

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of ST. GEORGE ISLAND  
UTILITY COMPANY, LTD., for increased  
rates and service availability charges  
for water service provided to the  
general public in Franklin County,  
Florida

DOCKET NO. 871177-WU  
ORDER NO. 20913  
ISSUED: 3-17-89

ORDER DISPOSING OF MOTION FOR JUDICIAL NOTICE

BY THE COMMISSION:

On February 21, 1989, the Office of Public Counsel filed a Motion for PSC to take Judicial Notice of Certain Documents, ("Motion"), in the above referenced docket. The Motion requests that this Commission take judicial notice of the documents attached thereto, pursuant to Section 90.202(12), Florida Statutes, and Rule 25-22.048(3), Florida Administrative Code. The attached documents appear to be a copy of the Federal Income Tax Return filed by Leisure Properties, Ltd., on October 15, 1980, and a copy of certain financial statements of Leisure Properties, Ltd., examined and certified by Thompson, Brock & Company, CPAs, on September 24, 1980.

Rule 25-22.048(3), Florida Administrative Code, provides that any relevant evidence shall be admitted if it is the sort of evidence which is normally admissible in civil trials in Florida or which reasonably prudent persons are accustomed to relying upon in the conduct of their affairs. Section 90.202(12), Florida Statutes, confers discretionary authority for civil trial judges to take judicial notice of "facts that are not subject to dispute because they are capable of accurate and ready determination by resort to sources whose accuracy cannot be questioned."

Section 90.203, Florida Statutes, provides that a court shall take judicial notice of any matter in Section 90.202 when a party requests it and:

- (1) gives each adverse party timely written notice of the request, proof of which is filed with the court, to enable the adverse party to prepare to meet the request.
- (2) furnishes the court with sufficient information to enable it to take judicial notice of the matter.

According to the Certificate of Service signed by the attorney for the Office of Public Counsel, the Motion was sent to the attorney for St. George Island Utility Company, Ltd., ("utility"), on February 21, 1989. Pursuant to Rule 25-22.037, Florida Administrative Code, a pleading in opposition to a motion may be filed within seven days after service of that motion. No responsive pleading has been filed and the time for filing same has expired.

The Motion does not state with specificity the facts for which judicial notice is sought. The Prehearing Officer is not convinced that each statement in the subject documents falls squarely within the provisions of Section 90.202(12), Florida Statutes. However, all parties were notified of the Motion and no pleading in opposition was filed. There being no opposition to the granting of this Motion, the Prehearing Officer finds it appropriate to take administrative notice of the facts that the attached copy of the Federal Income Tax Return was filed by

SEARCHED 3/17/89

INDEXED 3/17/89

FPC-RECORDS/REPORTING

ORDER NO. 20913  
 DOCKET NO. 871177-WU  
 PAGE 2

Leisure Properties, Ltd., on October 15, 1980, and the attached copy of certain financial statements of Leisure Properties, Ltd., was examined and certified by Thompson, Brock & Company, CPAs, on September 24, 1980. Said notice does not include recognition of the truth of the statements in the subject documents.

Wherefore, in consideration of the foregoing, it is

ORDERED by Commissioner John T. Herndon, as Prehearing Officer, that the facts that the attached copy of the Federal Income Tax Return was filed by Leisure Properties, Ltd., on October 15, 1980, and the attached copy of certain financial statements of Leisure Properties, Ltd., were examined and certified by Thompson, Brock & Company, CPAs, on September 24, 1980 are administratively noticed. It is further

ORDERED that said administrative notice does not include recognition of the truth of the statements in the copies of the 1979 Federal Income Tax Return and Financial Statements of the Leisure Properties, Ltd. It is further

ORDERED that the copies of the 1979 Federal Income Tax Return and Financial Statements of the Leisure Properties, Ltd., attached hereto are incorporated herein. It is further

ORDERED that the copies of the 1979 Federal Income Tax Return and Financial Statements of the Leisure Properties, Ltd., attached hereto are administratively noticed and incorporated into the record of the above styled matter in accordance with the terms of this Order.

By ORDER of the Commissioner John T. Herndon, as Prehearing Officer, this 17th day of MARCH, 1989.

John T. Herndon  
 JOHN T. HERNDON, Commissioner  
 and Prehearing Officer

( S E A L )

DS

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 3

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or sewer utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 4

U.S. Federal Income Tax Return

1978

19-1369592  
11-19-71  
113,726.591

10/15/80

1266 64 2879  
59 1408080  
32301

IMPORTANT: You must fill in all lines and schedules. If more space is needed, see page 2 of instructions. Enter any items specially allocated to the partners on Schedule K, line 16, and enter on the numbered lines on this page or in Schedules A through J.

Income	1a	Gross receipts or sales \$	424,500	1b	Less returns and allowances \$		1c	424,500
	2	Cost of goods sold and/or operations (Schedule A, line 24)		2			2	69,327
	3	Gross profit (subtract line 2 from line 1a)		3			3	355,173
	4	Ordinary income (loss) from other partnerships and fiduciaries (attach statement)		4			4	(5,371)
	5	Nonqualifying dividends		5			5	
	6	Interest		6			6	217,388
	7	Net income (loss) from rents (Schedule D, line 2)		7			7	2,685
	8	Net income (loss) from royalties (attach schedule)		8			8	
	9	Net farm profit (loss) (attach Schedule F (Form 1040))		9			9	
	10	Net gain (loss) (Form 4797, line 11)		10			10	
	11	Other income (attach schedule)		11			11	663,351
12	TOTAL income (loss) (combine lines 2 through 11)		12			12	1,328,225	
Deductions	13a	Sales and excise taxes (other than to partners) \$	75,200	13b	Less Jobs Credit \$		13c	75,200
	14	Guaranteed payments to partners (see page 4 of instructions)		14			14	
	15	Rent		15			15	10,652
	16	Interest		16			16	525,729
	17	Taxes		17			17	149,109
	18	Bad debts (see page 5 of instructions)		18			18	
	19	Repairs		19			19	15,129
	20	Depreciation (Schedule J, line 5)		20			20	29,156
	21	Amortization (attach schedule)		21			21	
	22	Explosion (other than oil and gas, attach schedule--see page 5 of instructions)		22			22	
	23a	Retirement plans, etc. (see page 5 of instructions). (Enter number of plans)		23a			23a	
	23b	Employee benefit programs (see page 5 of instructions)		23b			23b	
	24	Other deductions (attach schedule)		24			24	490,484
	25	TOTAL deductions (add lines 13c through 24)		25			25	1,295,459
26	Ordinary income (loss) (subtract line 25 from line 12)		26			26	32,767	
Inventory	27	Inventory at beginning of year (if different from last year's closing inventory, attach explanation)		27			27	
	28a	Cost of goods sold		28a			28a	
	28b	Less cost of items withdrawn for personal use \$		28b			28b	
	29	Materials and supplies		29			29	
	30	Other costs (attach schedule)		30			30	
	31	Total of lines 27 through 31		31			31	
	32	Inventory at end of year		32			32	
33	Cost of goods sold (subtract line 32 from line 31. Enter here and on line 28 above)		33			33		

Please Sign Here

*William H. Stocker Sr.*

10/15/80

THOMSON, BROCK & COMPANY  
Tallahassee, Florida



ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 5

Form 1065 (1979)

Schedule A (Continued)

Page 2

35 a Check all methods used for valuing closing inventory: (i)  Cost (ii)  Lower of cost or market as described in regulations section 1.471-4 (see page 6 of instructions) (iii)  Writedown of "sub-normal" goods as described in regulations section 1.471-2(c) (see page 6 of instructions)

b Did you use any other method of inventory valuation not described in line 35a? 

Yes	No
	X

  
If "Yes," specify methods used and attach explanation.

c Is Form 970 or other statement attached for adoption of LIFO inventory methods? 

Yes	No
	X

d Are you engaged in manufacturing? 

Yes	No
	X

  
If "Yes," did you value your inventory using the full absorption method (regulations section 1.471-11)?

e Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory? 

Yes	No
	X

  
If "Yes," attach explanation.

Schedule D—CAPITAL GAINS AND LOSSES (See Page 6 of Instructions)

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other basis	f. Gain (less) for the year (if less 0)
1					
2 Partnership's share of net short-term gain (loss), including specially allocated items, from other partnerships and from fiduciaries . . . . .					
3 Net short-term gain (loss) from lines 1 and 2. Enter here and on Schedule K (Form 1065), line 5. . . . .					
<b>Part II Long-term Capital Gains and Losses—Assets Held More Than One Year</b>					
4	Installment sale - schedule attached				102,594
5 Partnership's share of net long-term gain (loss), including specially allocated items, from other partnerships and from fiduciaries . . . . .					
6 Capital gain distributions . . . . .					
7 Net long-term gain (loss) from lines 4, 5, and 6. Enter here and on Schedule K (Form 1065), line 6. . . . .					
					102,594

Schedule H—INCOME FROM RENTS (See Page 4 of Instructions) If more space is needed, attach schedule.

a. Kind and location of property	b. Amount of rent	c. Depreciation (explain in Schedule J)	d. Repairs (attach schedule)	e. Other expenses (attach schedule)
Office building - Tallahassee	13,285	2,800	Interest	6,221
			Taxes	1,579
1 Totals	13,285	2,800		7,800
2 Net income (loss) (subtract total of columns c, d, and e from column b). Enter here and on page 1, line 7. . . . .				
				2,685

Schedule I—BAD DEBTS (See Page 5 of Instructions)

a. Year	b. Trade notes and accounts receivable outstanding at end of year	c. Sales on account	Amount added to reserve		f. Amount charged against reserve	g. Reserve for bad debts at end of year
			d. Current year's provision	e. Recoveries		
1974						
1975						
1976						
1977						
1978						
1979						

Schedule J—DEPRECIATION (See Page 6 of Instructions) If more space is needed, use Form 4562.

a. Description of property	b. Date acquired	c. Cost or other basis	d. Depreciation allowed or allowable in prior years	e. Method of computing depreciation	f. Life or rate	g. Depreciation for this year
1 Total additional first-year depreciation (NOT to exceed \$2,000). (Do not include in items below. Enter here and on Schedule K, line 2.)						
2 Other depreciation:						
Buildings	Various	333,469	17,755	S.L.	Var.	9,490
Furniture and fixtures	Various	45,874	22,424	Various	Var.	6,404
Transportation equipment	Various	26,956	19,736	Various	Var.	2,856
Machinery and other equipment	Various	62,151	21,351	Various	Var.	11,898
Other (specify): Signs	Various	9,070	1,802	S.L.	5 yrs.	1,308
3 Totals						
						31,956
4 Amount of depreciation claimed in Schedules A and H. . . . .						2,800
5 Balance (subtract line 4 from line 3). Enter here and on page 1, line 20. . . . .						29,156

DETAILED SCHEDULES MAINTAINED

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 6

Form 1065 (1979)

Page 3

**Schedule K—PARTNERS' SHARES OF INCOME, CREDITS, DEDUCTIONS, ETC.** (See Pages 7-10 of Instructions)

Enter the total distributive amount for each applicable item listed below.

Note: Enter each partner's distributive share on Schedule K-1.

Prepare a separate Schedule K-1 for each partner.

Enter the number of partners in the partnership **4**

Are any partners in this partnership also partnerships?  Yes  No

a. Distributive share items		b. Total amount		
1 a Guaranteed payments to partners: (1) Deductible by the partnership (page 1, line 14) . . . . .				
(2) Capitalized by the partnership (see page 4 of Instructions) . . . . .				
b Ordinary income (loss) (page 1, line 26) . . . . .		32,767		
2 Additional first-year depreciation (Schedule J, line 1) . . . . .				
3 Gross farming or fishing income . . . . .				
4 Dividends qualifying for exclusion (attach list) . . . . .				
5 Net short-term capital gain (loss)    a After 10/31/78 . . . . .				
from transactions entered into:    b Before 11/1/78 . . . . .				
6 Net long-term capital gain (loss)    a After 10/31/78 . . . . .		102,594		
from transactions entered into:    b Before 11/1/78 . . . . .				
7 Net gain (loss) from involuntary conversions due to casualty or theft:    a After 10/31/78 . . . . .				
b Before 11/1/78 . . . . .				
8 Other net gain (loss) under section 1231 from transactions entered into:    a After 10/31/78 . . . . .		203,942		
b Before 11/1/78 . . . . .				
9 Net earnings (loss) from self-employment (Schedule N, line 12) . . . . .		30,082		
10 a Charitable contributions (attach list): 50% 18,755, 30% 1,052,000, 20% . . . . .		1,070,755		
b Other itemized deductions (attach list) . . . . .				
11 Expense account allowance . . . . .				
12 Jobs credit . . . . .				
13 Taxes paid by regulated investment companies on undistributed capital gains (attach schedule) . . . . .				
14 a Payments for partners to a Keogh Plan. (Type of plan ▶ . . . . .)				
b Payments for partners to an IRA or Simplified Employee Pension (SEP) . . . . .				
15 a Foreign taxes paid (see page 9 of Instructions) . . . . .				
b Other income, deductions, etc. (attach schedule) . . . . .				
c Oil and gas depletion. (Enter amount (not for partner's use) ▶ . . . . .)				
16 Specially allocated items (attach schedule): a Short-term capital gain (loss) . . . . .				
b Long-term capital gain (loss) . . . . .				
c Ordinary gain (loss) . . . . .				
d Other . . . . .				
17 Tax preference items (see page 10 of Instructions): a Accelerated depreciation on real property:				
(1) Certified historic structure rehabilitation (167(o) or amortization under 191) . . . . .				
(2) Low-income rental housing (167(k)) . . . . .				
(3) Other government assisted low-income housing . . . . .				
(4) Other real property . . . . .				
b Accelerated depreciation on personal property subject to a lease . . . . .				
Amortization: c . . . . . d . . . . . e . . . . . f . . . . .				
g Reserves for losses on bad debts of financial institutions . . . . .				
h Depletion (other than oil and gas) . . . . .				
i (1) Excess intangible drilling costs from oil, gas or geothermal wells . . . . .				
(2) Net income from oil, gas or geothermal wells . . . . .				
18 Interest on investment indebtedness: a Investment interest expense: (1) Incurred before 12/17/69 . . . . .				
(2) Incurred before 9/11/75, but after 12/16/69 . . . . .				
(3) Incurred after 9/10/75 . . . . .				
b Net investment income (loss) . . . . .				
c Excess expenses from "net lease property" . . . . .				
d Excess of net long-term capital gain over net short-term capital loss from investment property . . . . .				
19 Investment in property that qualifies for investment credit:	Basis of new investment property	a 3 or more but less than 5 years . . . . .	17,288	
		b 5 or more but less than 7 years . . . . .	3,308	
		c 7 or more years . . . . .	300	
	New commuter highway vehicle	d 3 or more years . . . . .		
	Qualified progress expenditures	e 7 or more years	1974 through 1978 . . . . .	
		f 7 or more years	1979 . . . . .	
Cost of used investment property	g 3 or more but less than 5 years . . . . .			
	h 5 or more but less than 7 years . . . . .			
	i 7 or more years . . . . .			

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 7

Form 1065 (1979)

Page 4

Schedule L—BALANCE SHEETS (See Page 10 of Instructions)

ASSETS	Beginning of taxable year		End of taxable year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
1 Cash		168,473		162,542
2 Trade notes and accounts receivable	3,340,473		9,722,231	
a Less allowance for bad debts		3,340,473		9,722,231
3 Inventories				550,119
4 Government obligations: a U.S. and instrumentalities				
b State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)		69,267		96,270
6 Mortgage and real estate loans				
7 Other investments (attach schedule)		183,315		219,929
8 Buildings and other fixed depreciable assets	972,440		477,520	
a Less accumulated depreciation	89,543	882,897	115,024	362,496
9 Depletable assets				
a Less accumulated depletion				
10 Land (net of any amortization)		2,501,250		2,381,009
11 Intangible assets (amortizable only)				
a Less accumulated amortization				
12 Other assets (attach schedule)		296,750		231,991
13 Total assets		7,442,425		13,726,591
LIABILITIES AND CAPITAL				
14 Accounts payable		298,266		265,995
15 Mortgages, notes, and bonds payable in less than 1 year		1,886,841		958,016
16 Other current liabilities (attach schedule)		789,476		744,526
17 All nonrecourse loans (attach schedule)				
18 Mortgages, notes, and bonds payable in 1 year or more		1,630,183		3,694,517
19 Other liabilities (attach schedule)		2,039,548		7,729,956
20 Partners' capital accounts		798,111		333,581
21 Total liabilities and capital		7,442,425		13,726,591

Schedule M—RECONCILIATION OF PARTNERS' CAPITAL ACCOUNTS (See Page 11 of Instructions)  
(Show reconciliation of each partner's capital account on Schedule K-1, block M)

a. Capital account at beginning of year	b. Capital contributed during year	c. Ordinary income (loss) from page 1, line 26	d. Income not included in column c, plus non-taxable income	e. Losses not included in column c, plus unallowable deductions	f. Withdrawals and distributions	g. Capital account at end of year
798,111		32,767	1,287,707	1,785,004		333,581

Schedule N—COMPUTATION OF NET EARNINGS FROM SELF-EMPLOYMENT (See Page 11 of Instructions)

1 Ordinary income (loss) (Form 1065, page 1, line 26)	1	32,767
2 Guaranteed payments to partners included on Schedule K, lines 1a(1) and 1a(2)	2	
3 Net loss from rental of real estate	3	
4 Net loss from Form 4797 (Form 1065, page 1, line 10)	4	
5 Total (add lines 2, 3, and 4)	5	
6 Add lines 1 and 5. (If line 1 is a loss, reduce line 1 by the amount on line 5)	6	32,767
7 Nonqualifying dividends (Form 1065, page 1, line 5)	7	
8 Interest	8	
9 Net income from rental of real estate	9	2,685
10 Net gain from Form 4797 (Form 1065, page 1, line 10)	10	
11 Total (add lines 7, 8, 9, and 10)	11	2,685
12 Net earnings (loss) from self-employment (subtract line 11 from line 6). Enter on Schedule K, line 9	12	30,082

Additional Information Required

	Yes	No		Yes	No
I Is the partnership a limited partnership (see page 2 of Instructions)?	X		M Has any material regarding the offering of a partnership interest or other security ever been registered or filed with a Federal or State agency or authority? If "Yes," attach a statement giving the name and address of the agency(s)		X
J Is this partnership a partner in another partnership?	X		N At any time during the tax year, did the partnership have an interest in or a signature or other authority over a bank account, securities account, or other financial account in a foreign country (see page 11 of Instructions)?		X
K (1) Did you elect to claim amortization (under section 191) or depreciation (under section 167(e)) for a rehabilitated certified historic structure (see page 11 of Instructions)?		X	O Was the partnership the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not the partnership or any partner has any beneficial interest in it? If "Yes," you may have to file Forms 3520, 3520-A, or 926.		
(2) Amortizable basis (see page 11 of Instructions)					
L Will the character of any liabilities in Schedule L (Balance Sheets), other than line 17, change to nonrecourse or become covered by a guarantee or similar arrangement in the future? If "Yes," enter the year(s) and amount(s) of the anticipated		X			



ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 8

Form **4797**  
Department of the Treasury  
Internal Revenue Service

### Supplemental Schedule of Gain and Losses

(Includes Gains and Losses From Sales or Exchanges of Assets Used in a Trade or Business and Involuntary Conversions)

To be filed with Form 1040, 1041, 1065, 1120, etc.—See Separate Instructions

**1979**

Name(s) as shown on return

Identifying number as shown on page 1 of your tax return

Leisure Properties, Ltd.

59-1369592

#### Part I Sales or Exchanges of Property Used in Trade or Business, and Involuntary Conversions (Section 1231)

Caution: If you sold property on which you claimed the investment credit, you may be liable for recapture of that credit. See Form 4255 for additional information.

##### SECTION A.—Involuntary Conversions Due to Casualty and Theft (See Instruction F)

a. Kind of property (if necessary, attach additional descriptive details not shown below)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Depreciation allowed (or allowable) since acquisition	f. Cost or other basis, and cost of subsequent improvements (if not purchased, attach explanation)	g. Gain or loss (d plus or less f)
1						

2 Gain, if any, from line 25, Part III on back of this form attributable to casualty and theft . . . . .

3 Combine the amounts on lines 1 and 2. Enter here, and on the appropriate line as follows . . . . .

(a) For all except partnership returns:

(1) If line 3 is zero or a gain, enter that amount in line 4, column g.

(2) If line 3 is a loss, enter the loss on line 7.

(b) For partnership returns: Enter the amount shown on line 3 above, on Schedule K (Form 1065), line 7.

##### SECTION B.—Sales or Exchanges of Property Used in Trade or Business and Certain Involuntary Conversions (Not Reportable in Section A) (See Instruction F)

a. Kind of property (if necessary, attach additional descriptive details not shown below)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Depreciation allowed (or allowable) since acquisition	f. Cost or other basis, and cost of subsequent improvements (if not purchased, attach explanation)	g. Gain or loss (d plus or less f)
4						

5 Gain, if any, from line 25, Part III on back of this form attributable to other than casualty and theft . . . . .

6 Combine the amounts on lines 4 and 5. Enter here, and on the appropriate line as follows . . . . .

203,942

203,942

(a) For all except partnership returns:

(1) If line 6 is a gain, enter the gain as a long-term capital gain on Schedule D (Form 1040, 1120, etc.) that is being filed. See instruction F.

(2) If line 6 is zero or a loss, enter that amount on line 8.

(b) For partnership returns: Enter the amount shown on line 6 above, on Schedule K (Form 1065), line 8.

#### Part II Ordinary Gains and Losses

a. Kind of property (if necessary, attach additional descriptive details not shown below)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Depreciation allowed (or allowable) since acquisition	f. Cost or other basis, and cost of subsequent improvements (if not purchased, attach explanation)	g. Gain or loss (d plus or less f)
7 Amount, if any, from line 3(a)(2) . . . . .						
8 Amount, if any, from line 6(a)(2) . . . . .						
9 Gain, if any, from line 24, Part III on back of this form . . . . .						
10 Other ordinary gains and losses:						

11 Combine amounts on lines 7 through 10. Enter here, and on the appropriate line as follows . . . . .

(a) For all except individual returns: Enter the gain or (loss) shown on line 11, on the line provided for on the return (Form 1120, etc.) being filed. See instruction G for specific line reference.

(b) For individual returns:

(1) If the gain or (loss) on line 11, includes losses that are to be treated as an itemized deduction on Schedule A (Form 1040) (see instruction G), enter the total of the loss(es) here. Include that amount on Schedule A (Form 1040), line 29 and identify as "loss from Form 4797, line 11(b)(1)".

(2) Redetermine the gain or (loss) on line 11, excluding the loss (if any) entered on line 11(b)(1). Enter here and on Form 1040, line 16.

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 9

Form 4797 (1979)

**Part III** Gain From Disposition of Property Under Sections 1245, 1250, 1251, 1252, 1254, 1255—Assets Held More Than One Year (See Separate Instructions)

Note: For livestock, see section 1231(b)(3) or Instruction A for a longer holding period.  
Skip lines 20 and 21 if there are no dispositions of farm property or farmland, or if this form is filed by a partnership.

12 Description of sections 1245, 1250, 1251, 1252, 1254, and 1255 property:	Date acquired (mo., day, yr.)	Date sold (mo., day, yr.)		
(A) Water distribution system - installment sale	Various	11-9-79		
(B) (schedule attached)				
(C)				
(D)				
Relate lines 12(A) through 12(D) to these columns ▶▶▶	Property (A)	Property (B)	Property (C)	Property (D)
13 Gross sales price less expense of sale . . . . .				
14 Cost or other basis . . . . .				
15 Depreciation (or depletion) allowed (or allowable) . . . . .				
16 Adjusted basis, subtract line 15 from line 14 . . . . .				
17 Total gain, subtract line 16 from line 13 . . . . .				
18 If section 1245 property:				
(a) Depreciation allowed (or allowable) after applicable date (see instructions) . . . . .				
(b) Enter smaller of line 17 or 18(a) . . . . .				
19 If section 1250 property:				
(a) Additional depreciation after 12/31/75 (see instructions) . . . . .				
(b) Applicable percentage times the smaller of line 17 or line 19(a) (see instruction H.4) . . . . .				
(c) Subtract line 19(a) from line 17. (If line 17 is not more than line 19(a), skip lines 19(d) through 19(h). Enter the amount from line 19(b) on line 19(i)) . . . . .				
(d) Additional depreciation after 12/31/69 and before 1/1/76 . . . . .				
(e) Applicable percentage times the smaller of line 19(c) or 19(d) (see instruction H.4) . . . . .				
(f) Subtract line 19(d) from line 19(c). (If line 19(c) is not more than line 19(d), skip lines 19(g) and 19(h). Combine the amounts on lines 19(b) and 19(e) on line 19(i)) . . . . .				
(g) Additional depreciation after 12/31/63 and before 1/1/70 . . . . .				
(h) Applicable percentage times the smaller of line 19(f) or 19(g) (see instruction H.4) . . . . .				
(i) Add lines 19(b), 19(e), and 19(h) . . . . .				
20 If section 1251 property:				
(a) If farmland, enter soil, water, and land clearing expenses for current year and the four preceding years . . . . .				
(b) If farm property other than land, subtract line 18(b) from line 17; if farmland, enter smaller of line 17 or 20(a) (see instruction H.5) . . . . .				
(c) Excess deductions account (see instruction H.5) . . . . .				
(d) Enter smaller of line 20(b) or 20(c) . . . . .				
21 If section 1252 property:				
(a) Soil, water, and land clearing expenses made after 12/31/69 . . . . .				
(b) Amount from line 20(d), if none enter a zero . . . . .				
(c) Subtract line 21(b) from line 21(a). (If line 21(b) is more than line 21(a), enter zero.) . . . . .				
(d) Line 21(c) times applicable percentage (see instruction H.5) . . . . .				
(e) Subtract line 21(b) from line 17 . . . . .				
(f) Enter smaller of line 21(d) or 21(e) . . . . .				
22 If section 1254 or 1255 property:				
(a) Intangible drilling and development costs deducted after 12/31/75 or ordinary income under section 1255 (see instruction H.6) . . . . .				
(b) Enter smaller of line 17 or 22(a) . . . . .				

Summary of Part III Gains (Complete Property columns (A) through (D) through line 22(b) before going to line 23)	
23 Total gains for all properties (add columns (A) through (D), line 17). Schedule attached . . . . .	203,942
24 Add columns (A) through (D), lines 18(b), 19(i), 20(d), 21(f), and 22(b). Enter here and on Part II, line 9 . . . . .	-0-
25 Subtract line 24 from line 23. Enter the portion attributable to casualty and theft on Part I, line 2; enter the portion attributable to other than casualty and theft on Part I, line 5 . . . . .	203,942



ORDER NO. 20913  
 DOCKET NO. 871177-WU  
 PAGE 10

LEISURE PROPERTIES, LTD.  
 59-1369592  
 CALENDAR YEAR 1979  
 FORM 1065

PAGE 1, LINE 2 - COST OF SALES:

Cost of lots sold (sales not qualifying  
 for installment reporting)

\$ 69,327

PAGE 1, LINE 4 - ORDINARY INCOME (LOSS) FROM PARTNERSHIPS:

St. George Island Utility Company, Ltd., 59-1950858  
 Sunset Beach, Ltd., 59-1964014

\$ (4,408)  
(963)

\$ (5,371)

PAGE 1, LINE 11 - OTHER INCOME:

Gross profit realized on installment sales -  
 detailed records maintained

Current year sales

Prior year sales

Gain from settlement of liability  
 Forfeited deposits and other

\$421,406

116,498

\$537,904

75,347

50,100

TOTAL \$663,351

PAGE 1, LINE 24 - OTHER DEDUCTIONS:

Commissions

Cash discounts allowed

Bridge tolls

Utilities

Telephone

Office expense

Janitor service

Legal and accounting

Loan fees

Insurance

Title insurance and recording

Dues and subscriptions

Advertising

Travel

Auto and truck expense

Utility system testing expense

Other

\$165,015

3,867

2,517

6,600

7,801

5,323

701

190,949

10,320

11,037

6,156

2,025

7,836

10,965

23,545

28,695

7,132

TOTAL \$490,424

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 11

LEISURE PROPERTIES, LTD.  
59-1369592  
CALENDAR YEAR 1979  
FORM 1065

PAGE 2, PART II - LONG-TERM CAPITAL GAINS:

Bargain sale of approximately 70 acres  
of land located in Unit No. 4, St. George  
Island Gulf Beaches, Franklin County,  
Florida, on December 31, 1979

Value of Property -

Value of entire Unit No. 4, based on  
MAI appraisal

\$3,275,000

Less portions of Unit not included  
in sale:

Approximately 45 acres known  
as Pine Avenue lots, based on  
MAI appraisal

\$ 500,000

53 lots, value determined from  
information contained in MAI  
appraisals referred to above

623,000      1,123,000

Value of property deeded in  
bargain sale

2,152,000

Sales price

1,100,000

Excess of value over sales price,  
reflected as contributions in  
Schedule K, Line 10a

\$1,052,000

Sales price

\$1,100,000

Basis, acquired 1971

\$ 144,890

Less portion of basis allocated to  
contribution (48.8848%)

70,829      74,061

Long-term capital gain \$1,025,939

SALES  
PRICE

GAIN

1979 GAIN  
RECOGNIZED

Collected in current year

\$ 110,000

\$ 102,594

\$ 102,594

To be collected in future years

990,000

923,345

TOTALS \$1,100,000      \$1,025,939      \$ 102,594

Taxpayer hereby elects to report above sale  
as an installment sale under I.R.C. Section 453.

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 12

LEISURE PROPERTIES, LTD.  
59-1369592  
CALENDAR YEAR 1979  
FORM 1065

PAGE 3, SCHEDULE K, LINE 10a - CHARITABLE CONTRIBUTIONS:

Land contributed to Trust for Public Land, statement attached	\$1,052,000
From partnership, Sunset Beach, Ltd., I.D. No. 59-1964014	<u>18,755</u>
TOTAL	<u>\$1,070,755</u>

PAGE 4, SCHEDULE M, COLUMN D - INCOME NOT INCLUDED  
IN COLUMN C, PLUS NONTAXABLE INCOME:

Long-term capital gain	\$ 102,594
Gain under section 1231	203,942
Excess of fair market value over basis of property contributed to charitable organization	<u>981,171</u>
TOTAL	<u>\$1,287,707</u>

PAGE 4, SCHEDULE M, COLUMN D - UNALLOWABLE DEDUCTIONS:

Charitable contributions	\$1,070,755
Nondeductible expenses	6,694
Adjust for difference in tax basis and book basis of water distribution system sold	<u>707,555</u>
TOTAL	<u>\$1,785,004</u>

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 13

LEISURE PROPERTIES, LTD.  
59-1369592  
CALENDAR YEAR 1979  
FORM 1065

## PAGE 4, SCHEDULE L - BALANCE SHEETS:

	<u>BEGINNING OF YEAR</u>	<u>END OF YEAR</u>
LINE 5 - OTHER CURRENT ASSETS -		
Prepaid expenses	\$ 12,299	\$ 5,623
Cash held in trust	<u>56,968</u>	<u>90,647</u>
TOTALS	<u>\$ 69,267</u>	<u>\$ 96,270</u>
LINE 7 - OTHER INVESTMENTS -		
Common stock - Citizens Commercial Bank	\$ 183,315	\$ 183,315
Partnership interest - St. George Island Utility Company, Ltd.		(4,408)
Partnership interest - Sunset Beach, Ltd.		<u>41,022</u>
TOTALS	<u>\$ 183,315</u>	<u>\$ 219,929</u>
LINE 12 - OTHER ASSETS -		
Investment in mortgage	\$ 220,770	\$ 144,791
Investment in real estate	24,839	24,839
Unamortized advertising costs	18,814	11,228
Unamortized loan costs	31,612	25,062
Utility deposits	715	2,690
Deferred charge - contributions		<u>23,385</u>
TOTALS	<u>\$ 296,750</u>	<u>\$ 231,995</u>
LINE 16 - OTHER CURRENT LIABILITIES -		
Accrued interest and taxes	\$ 447,306	\$ 465,304
Binders and deposits	277,777	189,269
Liability for future development costs	<u>64,393</u>	<u>89,953</u>
TOTALS	<u>\$ 789,476</u>	<u>\$ 744,526</u>
LINE 19 - OTHER LIABILITIES -		
Deferred gain on installment sales - lots	\$2,039,548	\$4,010,553
Deferred gain on installment sales - other		<u>3,719,403</u>
TOTALS	<u>\$2,039,548</u>	<u>\$7,729,956</u>

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 14

LEISURE PROPERTIES, LTD.  
59-1369592  
CALENDAR YEAR 1979  
FORM 1065

FORM 4797, PART III - GAIN FROM DISPOSITION  
OF PROPERTY UNDER SEC. 1245:

Installment sale of water distribution  
system, 11-9-79, constructed by taxpayer  
commencing in 1976 -

Sales price	\$3,000,000
Basis (A)	<u>-0-</u>
Gain	<u>\$3,000,000</u>
Percent of gain to sales price	<u>100%</u>

	<u>SALES PRICE</u>	<u>GAIN</u>	<u>RECOGNIZED GAIN-1979</u>
Collected in current year	\$ 203,942	\$ 203,942	\$ 203,942
To be collected in future years	<u>2,796,058</u>	<u>2,796,058</u>	<u>          </u>
TOTALS	<u>\$3,000,000</u>	<u>\$3,000,000</u>	<u>\$ 203,942</u>

Gain reported in Part III, Line 23

Taxpayer hereby elected to report above sale  
as an installment sale under I.R.C. Section 453.

(A) Taxpayer elected to treat investment in  
water system as a reinvestment of proceeds  
from involuntarily converted property.



ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 15

LEISURE PROPERTIES, LTD.  
59-1369592  
CALENDAR YEAR 1979  
FORM 1065

INFORMATION SUBMITTED PURSUANT TO  
REGULATION 1.170A - 1 a(2) REGARDING  
CHARITABLE CONTRIBUTION OF PROPERTY

- (a) The name and address of the organization to which the contribution was made.  
THE TRUST FOR PUBLIC LAND (a California corporation not for profit)  
Local office: 219 East Fifth Avenue, Tallahassee, Florida  
National office: c/o Ralph Denson, 82 Second Street, San Francisco, CA 94105
- (b) The date of the actual contribution.  
December 31, 1979. Per deed recorded in O.R. Book 164, Page 347  
of the Public Records of Franklin County, Florida.
- (c) A description of the property in sufficient detail to identify the particular property contributed.  
Unit 4, St. George Island Gulf Beaches, Franklin County, Florida, less and except 158 lots.
- (d) The manner of acquisition.  
Purchased in 1971.
- (e) The fair market value of the property at the time the contribution was made, the method utilized in determining the fair market value, and, if the valuation was determined by appraisal, a copy of the signed report of the appraiser.

Fair market value of the property at the time the time the contribution was made	\$2,152,000
Sales price - bargain sale	<u>1,100,000</u>
Amount of charitable contribution	<u>\$1,052,000</u>

Method used in determining the fair market value.  
MAI appraisal adjusted for portion of Unit 4 not included.  
See schedule attached for Page 2, Part II.

Copy of appraisal report for Unit 4 and appraisal report for a portion of excluded property is attached.

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 16

SCHEDULE K-1  
(Form 1065)

Partner's Share of Income, Credits, Deductions, etc.—1979

For calendar year 1979 or fiscal year

Department of the Treasury  
Internal Revenue Service

Beginning 1979, and ending 19  
Complete for each partner

Partner's identifying number ▶ 263-72-2979

Partnership's identifying number ▶ 59-1369592

Partner's name, address, and ZIP code

Partnership's name, address, and ZIP code

Gene D. Brown  
P. O. Box 1109  
Tallahassee, Florida 32302

Leisure Properties, Ltd.  
P. O. Box 430  
Apalachicola, Florida 32320

**A** (i) Date(s) partner acquired any partnership interest during the year ▶

(ii) Did partner have any partnership interest before 1/1/77?  Yes  No

**B** Is partner a nonresident alien?  Yes  No

**C** (i) Is partner a limited partner (see page 2 of instructions)?  Yes  No

(ii) If "Yes," is partner also a general partner?  Yes  No

**D** (i) Did partner ever contribute property other than money to the partnership (if "Yes," complete line 21)?  Yes  No

(ii) Did partner ever receive a distribution other than money from the partnership (if "Yes," complete line 22)?  Yes  No

(iii) Was any part of the partner's interest ever acquired from another partner?  Yes  No

**E** (i) Did partnership interest terminate during the year?  Yes  No

(ii) Did partnership interest decrease during the year?  Yes  No

**F** Enter partner's percentage of:

	(i) Before decrease or termination	(ii) End of year
Profit sharing . . . . .	33-1/3 %	33-1/3 %
Loss sharing . . . . .	33-1/3 %	33-1/3 %
Ownership of capital . . . . .	33-1/3 %	33-1/3 %

Time devoted to business . . . . . Part . . . %

**G** IRS Center where partnership return filed ▶ Atlanta, Ga.

**H** What type of entity is this partner? ▶ Individual

**I** Partner's share of liabilities (see page 8 of instructions):

	(i) Incurred before 1/1/77	(ii) Incurred after 12/31/76
Nonrecourse . . . \$		
Other . . . \$		

**J** Enter total amount of liabilities other than nonrecourse for which the partner is protected against loss through guarantees, stop loss agreements, or similar arrangements of which the partnership has knowledge:

Incurred before 1/1/77 . . . . . \$

Incurred after 12/31/76 . . . . . \$

**K** Partner's share of any pre 1976 loss(es) from a section 465(c)(1) activity (i.e. film or video tape, section 1245 property leasing, farm, or oil and gas property) for which there existed a corresponding amount of nonrecourse liability at the end of the year in which loss(es) occurred . . . . . \$

**M Reconciliation of partner's capital account:**

a. Capital account at beginning of year	b. Capital contributed during year	c. Ordinary income (loss) from line 1b	d. Income not included in column c, plus non-taxable income	e. Losses not included in column c, plus unallowable deductions	f. Withdrawals and distributions	g. Capital account at end of year
254,536		10,256	429,236	595,001		109,027

a. Distributive share item	b. Amount	c. 1065 files enter col. b amount as shown
1 a Guaranteed payments to partner: (1) Deductible by the partnership . . . . .		Sch. E, Part III
(2) Capitalized by the partnership . . . . .		Sch. E, Part III
b Ordinary income (loss) . . . . .	10,256	Sch. E, Part III
2 Additional first-year depreciation . . . . .		Sch. E, Part III
3 Gross farming or fishing income . . . . .		Sch. E, Part IV
4 Dividends qualifying for exclusion . . . . .		Sch. B, Part II, line 3
5 Net short-term capital gain (loss) . . . . .		Sch. D, line 2
from transactions entered into: a After 10/31/78 . . . . .		Sch. D, line 7
b Before 11/1/78 . . . . .		Sch. D, line 10
6 Net long-term capital gain (loss) . . . . .	34,198	Sch. D, line 19
from transactions entered into: a After 10/31/78 . . . . .		Form 4797, line 1
b Before 11/1/78 . . . . .		Form 4797, line 1
7 Net gain (loss) from involuntary conversions due to casualty or theft: a After 10/31/78 . . . . .	67,981	Form 4797, line 4
b Before 11/1/78 . . . . .		Form 4797, line 4
8 Other net gain (loss) under section 1231 from transactions entered into: a After 10/31/78 . . . . .	9,361	Sch. SE, Part I or Part II
b Before 11/1/78 . . . . .		Sch. A, line 21 or 22
9 Net earnings (loss) from self-employment . . . . .	356,919	See Sch. A
10 a Charitable contributions: 50% 6,252, 30% 350,667, 20% . . . . .		Form 5884, line 9
b Other itemized deductions (attach list) . . . . .		Line G1, add words "from 1065"
11 Expense account allowance . . . . .		Line 26
12 Jobs credit . . . . .		Line 25
13 Taxes paid by regulated investment company . . . . .		Form 1116
14 a Payments for partner to a Keogh Plan (Type of plan ▶) . . . . .		(Enter an applicable line of your return)
b Payments for partner to an IRA or Simplified Employee Pension (SEP) . . . . .		
15 a Foreign taxes paid (attach schedule) . . . . .		
b Other income, deductions, etc. (attach schedule) . . . . .		
c Oil and gas depletion. (Enter amount (not for partner's use) ▶) . . . . .		
16 Specially allocated items (see attached schedule): a Short term capital gain (loss) . . . . .		Sch. D, line 2
b Long term capital gain (loss) . . . . .		Sch. D, line 10
c Ordinary gain (loss) . . . . .		Form 4797, line 10
d Other . . . . .		Sch. E, Part III

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 17

LEISURE PROPERTIES, LTD  
89-1389592  
CALENDAR YEAR 1979  
FORM 1065

INFORMATION SUBMITTED PURSUANT TO  
REGULATION 1.170A - 1 a(2) REGARDING CHARITABLE  
CONTRIBUTION OF PROPERTY (CONTINUED)

(f) The cost or other basis.  
\$144,890

(g) In the case of property to which Section 170(e) applies, the cost or other basis, adjusted as provided by Section 1016, the reduction by reason of Section 170(e)(1) in the amount of the charitable contribution otherwise taken into account, and the manner in which such reduction was determined.

Cost	\$144,890
Less portion allocated as basis in bargain sale of property ( $\$1,100,000/\$2,152,000 = 51.1152\%$ )	<u>74.061</u>
Basis allocated to portion of property contributed ( $\$1,052,000/\$2,152,000 = 48.8848\%$ )	<u>\$ 70.829</u>

As the property was not tangible personal property and the donee is not a private foundation, no reduction by reason of Section 170(e)(1) is required.

(h) The terms of any agreement or understanding entered into by or on behalf of the taxpayer which related to the use, sale or disposition of the property contributed.

Property is subject to purchase money mortgage in the amount of \$990,000 arising from bargain sale and purchase.

(i) The total amount claimed as a deduction for the year due to the contribution of the property.  
\$1,052,000

ORDER NO. 20913  
 DOCKET NO. 871177-WU  
 PAGE 18

<b>17 Items of tax preference: a Accelerated depreciation on real property—</b>			
(1) Certified historic structure rehabilitation (167(e) or amortization under 191)	.....	Form 4625, line 1(a)(1)	
(2) Low income rental housing (167(k))	.....	Form 4625, line 1(a)(1)	
(3) Other government assisted low income housing	.....	Form 4625, line 1(a)(1)	
(4) Other real property	.....	Form 4625, line 1(a)(2)	
<b>b Accelerated depreciation on personal property subject to a lease</b>	.....	Form 4625, line 1(b)	
Amortization: c....., d....., e....., f.....	.....	Form 4625, line 1(c) thru (f)	
<b>g Reserves for losses on bad debts of financial institutions</b>	.....	Form 4625, line 1(g)	
<b>h Depletion (other than oil and gas)</b>	.....	Form 4625, line 1(f)	
<b>i (1) Excess intangible drilling costs from oil, gas or geothermal wells</b>	.....	See Form 4625 instr.	
(2) Net income from oil, gas or geothermal wells	.....		
<b>18 Interest on investment indebtedness: a Investment interest expense—</b>			
(1) Indebtedness incurred before 12/17/69	.....	Form 4952, line 1	
(2) Indebtedness incurred before 9/11/75, but after 12/16/69	.....	Form 4952, line 15	
(3) Indebtedness incurred after 9/10/75	.....	Form 4952, line 5	
<b>b Net investment income (loss)</b>	.....	Form 4952, line 2 or line 10(a)	
<b>c Excess expenses from "net lease property"</b>	.....	Form 4952, lines 11 and 19	
<b>d Excess of net long term capital gain over net short-term capital loss from investment property</b>	.....	Form 4952, line 20	

<b>19 Property qualified for investment credit:</b>			
Basis of new investment property	a 3 or more but less than 5 years	5,763	Form 3468, line 1(a)
	b 5 or more but less than 7 years	1,103	Form 3468, line 1(b)
	c 7 or more years	100	Form 3468, line 1(c)
New commuter highway vehicle	d 3 or more years		Form 3468, line 1(d)
	Qualified progress expenditures	e 7 or more years 1974 through 1978	
f 7 or more years 1979			Form 3468, line 1(f)
Cost of used investment property	g 3 or more but less than 5 years		Form 3468, line 1(g)
	h 5 or more but less than 7 years		Form 3468, line 1(h)
	i 7 or more years		Form 3468, line 1(i)
Used commuter highway vehicle	j 3 or more years		Form 3468, line 1(j)

**20 Property used in recomputing a prior year investment credit (enter in corresponding column of Form 4255):**

(1) Description of property (also state whether new or used)	(2) Date placed in service	(3) Cost or basis	(4) Estimated useful life	(5) Applicable percentage	(6) Original qualified investment (column 3 X column 5)	(8) Date item ceased to be investment credit property	(9) Period actually used	(10) Applicable percentage	(11) Distributed investment (column 3 X column 10)
a									
b									

**21 a** Basis to partner of contributed property (other than money) at time(s) of contribution to partnership  
**b** Value of contributed property in line 21a as reflected in the partner's capital account

**22 a** Basis to partnership of distributed property (other than money) at time(s) of distribution to the partner  
**b** Value of distributed property in line 22a as reflected in the partner's capital account

<b>23 Partnership information on international boycotting. For partner's reporting requirements see Form 5713.</b>	a Did partnership have operations in a boycotting country?	Yes	No	b Did partnership participate in or cooperate with an international boycott?	Yes	No
		X				X
				c Did partnership file Form 5713?		X

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 19

SCHEDULE K-1  
(Form 1065)

Partner's Share of Income, Credits, Deductions, etc.—1979

For calendar year 1979 or fiscal year

Department of the Treasury  
Internal Revenue Service

Beginning 1979, and ending 19.....  
Complete for each partner

Partner's identifying number ▶ 258-50-7096 Partner's name, address, and ZIP code John R. Stocks P. O. Box 430 Apalachicola, Florida 32320	Partnership's identifying number ▶ 50-1369592 Partnership's name, address, and ZIP code Leisure Properties, Ltd. P. O. Box 430 Apalachicola, Florida 32320
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<p><b>A</b> (i) Date(s) partner acquired any partnership interest during the year ▶ <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:50px;">Yes</td><td>No</td></tr><tr><td style="text-align: center;">X</td><td style="text-align: center;">X</td></tr></table></p> <p>(ii) Did partner have any partnership interest before 1/1/77? <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:50px;">X</td><td></td></tr></table></p> <p><b>B</b> Is partner a nonresident alien? <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:50px;">X</td><td></td></tr></table></p> <p><b>C</b> Is partner a limited partner (see page 2 of Instructions)? <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:50px;">X</td><td></td></tr></table></p> <p>(ii) If "Yes," is partner also a general partner? <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:50px;">X</td><td></td></tr></table></p> <p><b>D</b> (i) Did partner ever contribute property other than money to the partnership (if "Yes," complete line 21)? <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:50px;">X</td><td></td></tr></table></p> <p>(ii) Did partner ever receive a distribution other than money from the partnership (if "Yes," complete line 22)? <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:50px;">X</td><td></td></tr></table></p> <p>(iii) Was any part of the partner's interest ever acquired from another partner? <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:50px;">X</td><td></td></tr></table></p> <p><b>E</b> (i) Did partnership interest terminate during the year? <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:50px;">X</td><td></td></tr></table></p> <p>(ii) Did partnership interest decrease during the year? <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:50px;">X</td><td></td></tr></table></p> <p><b>F</b> Enter partner's percentage of:</p> <table style="width:100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">(i) Before decrease or termination</td> <td style="text-align: center;">(ii) End of year</td> </tr> <tr> <td>Profit sharing . . . . .</td> <td style="text-align: center;">%</td> <td style="text-align: center;">66-2/3 %</td> </tr> <tr> <td>Loss sharing . . . . .</td> <td style="text-align: center;">%</td> <td style="text-align: center;">66-2/3 %</td> </tr> <tr> <td>Ownership of capital . . . . .</td> <td style="text-align: center;">%</td> <td style="text-align: center;">66-2/3 %</td> </tr> </table>	Yes	No	X	X	X		X		X		X		X		X		X		X		X			(i) Before decrease or termination	(ii) End of year	Profit sharing . . . . .	%	66-2/3 %	Loss sharing . . . . .	%	66-2/3 %	Ownership of capital . . . . .	%	66-2/3 %	<p>Time devoted to business . . . . . Part %</p> <p><b>G</b> IRS Center where partnership return filed ▶ Atlanta, Ga.</p> <p><b>H</b> What type of entity is this partner? ▶ Individual</p> <p><b>I</b> Partner's share of liabilities (see page 8 of Instructions):</p> <table style="width:100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">(i) Incurred before 1/1/77</td> <td style="text-align: center;">(ii) Incurred after 12/31/76</td> </tr> <tr> <td>Nonrecourse . . . \$</td> <td></td> <td></td> </tr> <tr> <td>Other . . . \$</td> <td></td> <td></td> </tr> </table> <p><b>J</b> Enter total amount of liabilities other than nonrecourse for which the partner is protected against loss through guarantees, stop loss agreements, or similar arrangements of which the partnership has knowledge:</p> <table style="width:100%; border-collapse: collapse;"> <tr> <td>Incurred before 1/1/77 . . . . .</td> <td>\$</td> </tr> <tr> <td>Incurred after 12/31/76 . . . . .</td> <td>\$</td> </tr> </table> <p><b>K</b> Partner's share of any pre-1976 loss(es) from a section 465(c)(1) activity (i.e. film or video tape, section 1245 property leasing, farm, or oil and gas property) for which there existed a corresponding amount of nonrecourse liability at the end of the year in which loss(es) occurred . . . . . \$</p>		(i) Incurred before 1/1/77	(ii) Incurred after 12/31/76	Nonrecourse . . . \$			Other . . . \$			Incurred before 1/1/77 . . . . .	\$	Incurred after 12/31/76 . . . . .	\$
Yes	No																																															
X	X																																															
X																																																
X																																																
X																																																
X																																																
X																																																
X																																																
X																																																
X																																																
X																																																
	(i) Before decrease or termination	(ii) End of year																																														
Profit sharing . . . . .	%	66-2/3 %																																														
Loss sharing . . . . .	%	66-2/3 %																																														
Ownership of capital . . . . .	%	66-2/3 %																																														
	(i) Incurred before 1/1/77	(ii) Incurred after 12/31/76																																														
Nonrecourse . . . \$																																																
Other . . . \$																																																
Incurred before 1/1/77 . . . . .	\$																																															
Incurred after 12/31/76 . . . . .	\$																																															

M. Reconciliation of partner's capital account:			d. Income net included in column c, plus non-taxable income	e. Losses net included in column c, plus unallowable deductions	f. Withdrawals and distributions	g. Capital account at end of year
a. Capital account at beginning of year	b. Capital contributed during year	c. Ordinary income (loss) from line 10	858,471	1,190,003		216,554
527,575		20,511				

a. Distributive share item	b. Amount	c. 1040 filers enter col. b amount as shown
1 a Guaranteed payments to partner: (1) Deductible by the partnership . . . . .		Sch. E, Part III
(2) Capitalized by the partnership . . . . .		Sch. E, Part III
b Ordinary income (loss) . . . . .	20,511	Sch. E, Part III
2 Additional first-year depreciation . . . . .		Sch. E, Part III
3 Gross farming or fishing income . . . . .		Sch. E, Part IV
4 Dividends qualifying for exclusion . . . . .		Sch. E, Part II, line 3
5 Net short-term capital gain (loss) . . . . .		Sch. D, line 2
from transactions entered into: a After 10/31/78 . . . . .		Sch. D, line 7
b Before 11/1/78 . . . . .		Sch. D, line 10
6 Net long-term capital gain (loss) . . . . .	68,396	Sch. D, line 19
from transactions entered into: a After 10/31/78 . . . . .		Form 4797, line 1
b Before 11/1/78 . . . . .		Form 4797, line 1
7 Net gain (loss) from involuntary conversions due to casualty or theft: a After 10/31/78 . . . . .		Form 4797, line 4
b Before 11/1/78 . . . . .	135,961	Form 4797, line 4
8 Other net gain (loss) under section 1231 from transactions entered into: a After 10/31/78 . . . . .		Form 4797, line 4
b Before 11/1/78 . . . . .	18,721	Sch. SE, Part I or Part II
9 Net earnings (loss) from self-employment . . . . .	713,836	Sch. A, line 21 or 22
10 a Charitable contributions: 50% 12,503, 30% 701, 333, 20% . . . . .		See Sch. A
b Other itemized deductions (attach list) . . . . .		
11 Expense account allowance . . . . .		Form 5884, line 9
12 Jobs credit . . . . .		Line 61, add words "from 1065"
13 Taxes paid by regulated investment company . . . . .		Line 26
14 a Payments for partner to a Keogh Plan (Type of plan ▶ . . . . .)		Line 25
b Payments for partner to an IRA or Simplified Employee Pension (SEP) . . . . .		Form 1116
15 a Foreign taxes paid (attach schedule) . . . . .		(Enter on applicable lines of your return)
b Other income, deductions, etc. (attach schedule) . . . . .		
c Oil and gas depletion. (Enter amount (not for partner's use) ▶ . . . . .)		
16 Specially allocated items (see attached schedule): a Short-term capital gain (loss) . . . . .		Sch. D, line 2
b Long-term capital gain (loss) . . . . .		Sch. D, line 10
c Ordinary gain (loss) . . . . .		Form 4797, line 10
d Other . . . . .		Sch. E, Part III



ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 20

17 Items of tax preference: a Accelerated depreciation on real property—									
(1) Certified historic structure rehabilitation (167(c) or amortization under 191) . . . . .									
(2) Low income rental housing (167(k)) . . . . .									
(3) Other government assisted low income housing . . . . .									
(4) Other real property . . . . .									
b Accelerated depreciation on personal property subject to a lease . . . . .									
Amortization: c . . . . ., d . . . . ., e . . . . ., f . . . . .									
g Reserves for losses on bad debts of financial institutions . . . . .									
h Depletion (other than oil and gas) . . . . .									
i (1) Excess intangible drilling costs from oil, gas or geothermal wells . . . . .									
(2) Net income from oil, gas or geothermal wells . . . . .									
18 Interest on investment indebtedness: a Investment interest expense—									
(1) Indebtedness incurred before 12/17/69 . . . . . 11,525									
(2) Indebtedness incurred before 9/11/75, but after 12/16/69 . . . . . 2,205									
(3) Indebtedness incurred after 9/10/75 . . . . . 200									
b Net investment income (loss) . . . . .									
c Excess expenses from "net lease property" . . . . .									
d Excess of net long-term capital gain over net short-term capital loss from investment property . . . . .									
19 Property qualified for investment credit:									
Basis of new investment property		a 3 or more but less than 5 years . . . . .							
		b 5 or more but less than 7 years . . . . .							
		c 7 or more years . . . . .							
New commuter highway vehicle		d 3 or more years . . . . .							
Qualified progress expenditures		e 7 or more years		1974 through 1978 . . . . .					
		f 7 or more years		1979 . . . . .					
Cost of used investment property		g 3 or more but less than 5 years . . . . .							
		h 5 or more but less than 7 years . . . . .							
		i 7 or more years . . . . .							
Used commuter highway vehicle		j 3 or more years . . . . .							
20 Property used in recomputing a prior year investment credit (enter in corresponding column of Form 4255):									
(1) Description of property (also state whether new or used)	(2) Date placed in service	(3) Cost or basis	(4) Estimated useful life	(5) Applicable percentage	(6) Original qualified investment (column 3 x column 5)	(8) Date term ceased to be investment credit property	(9) Period actually used	(10) Applicable percentage	(11) Qualified investment (column 3 x column 10)
a									
b									
21 a Basis to partner of contributed property (other than money) at time(s) of contribution to partnership . . . . .									
b Value of contributed property in line 21a as reflected in the partner's capital account . . . . .									
22 a Basis to partnership of distributed property (other than money) at time(s) of distribution to the partner . . . . .									
b Value of distributed property in line 22a as reflected in the partner's capital account . . . . .									
23 Partnership information on international boycotting. For partner's reporting requirements see Form 5713.									
a Did partnership have operations in a boycotting country? . . . . .				Yes	No	b Did partnership participate in or cooperate with an international boycott? . . . . .			
				X		c Did partnership file Form 5713? . . . . .			
						X			

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 21

SCHEDULE K-1  
(Form 1065)

Department of the Treasury  
Internal Revenue Service

Partner's Share of Income, Credits, Deductions, etc.—1979

For calendar year 1979 or fiscal year

Beginning 1979, and ending 19

Complete for each partner

Partner's identifying number ▶ 258-50-7096

Partnership's identifying number ▶ 59-1369592

Partner's name, address, and ZIP code

Partnership's name, address, and ZIP code

John R. Stocks, General Partner  
P. O. Box 430  
Apalachicola, Florida 32320

Leisure Properties, Ltd.  
P. O. Box 430  
Apalachicola, Florida 32320

- A** (i) Date(s) partner acquired any partnership interest during the year ▶  Yes  No
- (ii) Did partner have any partnership interest before 1/1/77?  Yes  No
- B** Is partner a nonresident alien?  Yes  No
- C** (i) Is partner a limited partner (see page 2 of Instructions)?  Yes  No
- (ii) If "Yes," is partner also a general partner?  Yes  No
- D** (i) Did partner ever contribute property other than money to the partnership (if "Yes," complete line 21)?  Yes  No
- (ii) Did partner ever receive a distribution other than money from the partnership (if "Yes," complete line 22)?  Yes  No
- (iii) Was any part of the partner's interest ever acquired from another partner?  Yes  No
- E** (i) Did partnership interest terminate during the year?  Yes  No
- (ii) Did partnership interest decrease during the year?  Yes  No

- Time devoted to business . . . . . Part. %
- G** IRS Center where partnership return filed ▶ Atlanta, Ga.
- H** What type of entity is this partner? ▶ Individual
- I** Partner's share of liabilities (see page 8 of Instructions):
- (i) Incurred before 1/1/77 (ii) Incurred after 12/31/76
- Nonrecourse . . . \$ . . . \$
- Other . . . \$ . . . \$
- J** Enter total amount of liabilities other than nonrecourse for which the partner is protected against loss through guarantees, stop loss agreements, or similar arrangements of which the partnership has knowledge:
- Incurred before 1/1/77 . . . . . \$ . . . . .
- Incurred after 12/31/76 . . . . . \$ . . . . .
- K** Partner's share of any pre-1976 loss(es) from a section 465(c)(1) activity (i.e. film or video tape, section 1245 property leasing, farm, or oil and gas property) for which there existed a corresponding amount of nonrecourse liability at the end of the year in which loss(es) occurred . . . . . \$

**F** Enter partner's percentage of:

	(i) Before decrease or termination	(ii) End of year
Profit sharing . . . . .	0%	0%
Loss sharing . . . . .	0%	0%
Ownership of capital . . . . .	0%	0%

**M** Reconciliation of partner's capital account:

a. Capital account at beginning of year	b. Capital contributed during year	c. Income net included in column c, plus non-taxable income	d. Losses not included in column c, plus unallowable deductions	e. Withdrawals and distributions	f. Capital account at end of year
3,000		1,000			4,000

a. Distributive share item

b. Amount

c. 1040 filers enter col. b amount as shown

a. Distributive share item	b. Amount	c. 1040 filers enter col. b amount as shown
1 a Guaranteed payments to partner: (1) Deductible by the partnership . . . . .		Sch. E, Part III
(2) Capitalized by the partnership . . . . .		Sch. E, Part III
b Ordinary income (loss) . . . . .	1,000	Sch. E, Part III
2 Additional first-year depreciation . . . . .		Sch. E, Part III
3 Gross farming or fishing income . . . . .		Sch. E, Part IV
4 Dividends qualifying for exclusion . . . . .		Sch. B, Part II, line 3
5 Net short-term capital gain (loss) . . . . .		Sch. D, line 2
from transactions entered into: a After 10/31/78 . . . . .		Sch. D, line 7
b Before 11/1/78 . . . . .		Sch. D, line 10
6 Net long-term capital gain (loss) . . . . .		Sch. D, line 19
from transactions entered into: a After 10/31/78 . . . . .		Form 4797, line 1
b Before 11/1/78 . . . . .		Form 4797, line 1
7 Net gain (loss) from involuntary conversions due to casualty or theft: a After 10/31/78 . . . . .		Form 4797, line 4
b Before 11/1/78 . . . . .		Form 4797, line 4
8 Other net gain (loss) under section 1231 from transactions entered into: a After 10/31/78 . . . . .		Sch. SE, Part I or Part II
b Before 11/1/78 . . . . .		Sch. A, line 21 or 22
9 Net earnings (loss) from self-employment . . . . .	1,000	See Sch. A
10 a Charitable contributions: 50% . . . . . 30% . . . . . 20%		Form 5884, line 9
b Other itemized deductions (attach list) . . . . .		Line 61, add words "from 1065"
11 Expense account allowance . . . . .		Line 26
12 Jobs credit . . . . .		Line 25
13 Taxes paid by regulated investment company . . . . .		Form 1116
14 a Payments for partner to a Keogh Plan (Type of plan ▶) . . . . .		(Enter on applicable lines of your return)
b Payments for partner to an IRA or Simplified Employee Pension (SEP) . . . . .		Sch. D, line 2
15 a Foreign taxes paid (attach schedule) . . . . .		Sch. D, line 10
b Other income, deductions, etc. (attach schedule) . . . . .		Form 4797, line 10
c Oil and gas depletion. (Enter amount (not for partner's use) ▶) . . . . .		Sch. E, Part III
16 Specially allocated items (see attached schedule): a Short term capital gain (loss) . . . . .		
b Long term capital gain (loss) . . . . .		
c Ordinary gain (loss) . . . . .		
d Other . . . . .		

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 22

17 Items of tax preference: a Accelerated depreciation on real property—		
(1) Certified historic structure rehabilitation (167(e) or amortization under 191)		Form 4625, line 1(a)(1)
(2) Low income rental housing (167(k))		Form 4625, line 1(a)(1)
(3) Other government assisted low-income housing		Form 4625, line 1(a)(1)
(4) Other real property		Form 4625, line 1(a)(2)
b Accelerated depreciation on personal property subject to a lease		Form 4625, line 1(b)
Amortization: c..... d..... e..... f.....		Form 4625, line 1(c) thru (f)
g Reserves for losses on bad debts of financial institutions		Form 4625, line 1(g)
h Depreciation (other than oil and gas)		Form 4625, line 1(i)
i (1) Excess intangible drilling costs from oil, gas or geothermal wells		See Form 4625 instr.
(2) Net income from oil, gas or geothermal wells		
18 Interest on investment indebtedness: a Investment interest expense—		
(1) Indebtedness incurred before 12/17/69		Form 4952, line 1
(2) Indebtedness incurred before 9/11/75, but after 12/16/69		Form 4952, line 15
(3) Indebtedness incurred after 9/10/75		Form 4952, line 5
b Net investment income (loss)		Form 4952, line 2 or line 10(a)
c Excess expenses from "net lease property"		Form 4952, lines 11 and 19
d Excess of net long-term capital gain over net short-term capital loss from investment property		Form 4952, line 20

19 Property qualified for investment credit:		
Basis of new investment property	a 3 or more but less than 5 years	Form 3468, line 1(a)
	b 5 or more but less than 7 years	Form 3468, line 1(b)
	c 7 or more years	Form 3468, line 1(c)
New commuter highway vehicle	d 3 or more years	Form 3468, line 1(d)
	e 7 or more years	Form 3468, line 1(e)
Qualified progress expenditures	1974 through 1978	Form 3468, line 1(e)
	f 7 or more years 1979	Form 3468, line 1(f)
Cost of used investment property	g 3 or more but less than 5 years	Form 3468, line 1(g)
	h 5 or more but less than 7 years	Form 3468, line 1(h)
	i 7 or more years	Form 3468, line 1(i)
Used commuter highway vehicle	j 3 or more years	Form 3468, line 1(i)

20 Property used in recomputing a prior year investment credit (enter in corresponding column of Form 4255):										
(1) Description of property (also state whether new or used)	(2) Date placed in service	(3) Cost or basis	(4) Estimated useful life	(5) Applicable percentage	(6) Original qualified investment (column 5 x column 6)	(8) Date item ceased to be investment credit property	(9) Period actually used	(10) Applicable percentage	(11) Qualified investment (column 7 x column 10)	
a										
b										

21 a Basis to partner of contributed property (other than money) at time(s) of contribution to partnership	
b Value of contributed property in line 21a as reflected in the partner's capital account	
22 a Basis to partnership of distributed property (other than money) at time(s) of distribution to the partner	
b Value of distributed property in line 22a as reflected in the partner's capital account	

23 Partnership information on international boycotting. For partner's reporting requirements see Form 5713.	Yes	No	b Did partnership participate in or cooperate with an international boycott?	Yes	No
					X
	a Did partnership have operations in a boycotting country?	Y		c Did partnership file Form 5713?	

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 23

SCHEDULE K-1  
(Form 1065)

Partner's Share of Income, Credits, Deductions, etc.—1979

For calendar year 1979 or fiscal year

Department of the Treasury  
Internal Revenue Service

Beginning ..... 1979, and ending ..... 19.....

Complete for each partner

Partner's identifying number ▶ 263-72-2479

Partnership's identifying number ▶ 59-1369592

Partner's name, address, and ZIP code

Partnership's name, address, and ZIP code

Gene Brown, General Partner  
P. O. Box 1109  
Tallahassee, Florida 32302

Leisure Properties, Ltd.  
P. O. Box 430  
Apalachicola, Florida 32320

A (i) Date(s) partner acquired any partnership interest during the year ▶	Yes	No	Time devoted to business . . . . .	Part . . . %
(ii) Did partner have any partnership interest before 1/1/77 . . . . .	X		G IRS Center where partnership return filed ▶	Atlanta, Ga. . . . .
B Is partner a nonresident alien? . . . . .		X	H What type of entity is this partner? ▶	Individual . . . . .
C (i) Is partner a limited partner (see page 2 of Instructions)? . . . . .	X		I Partner's share of liabilities (see page 8 of Instructions):	
(ii) If "Yes," is partner also a general partner? . . . . .	X		(i) Incurred before 1/1/77	(ii) Incurred after 12/31/76
D (i) Did partner ever contribute property other than money to the partnership (if "Yes," complete line 21)? . . . . .		X	Nonrecourse . . . \$	\$
(ii) Did partner ever receive a distribution other than money from the partnership (if "Yes," complete line 22)? . . . . .		X	Other . . . \$	\$
(iii) Was any part of the partner's interest ever acquired from another partner? . . . . .		X	J Enter total amount of liabilities other than nonrecourse for which the partner is protected against loss through guarantees, stop loss agreements, or similar arrangements of which the partnership has knowledge:	
E (i) Did partnership interest terminate during the year? . . . . .		X	Incurred before 1/1/77 . . . . .	\$
(ii) Did partnership interest decrease during the year? . . . . .		X	Incurred after 12/31/76 . . . . .	\$
F Enter partner's percentage of:	(i) Before decrease or termination	(ii) End of year	K Partner's share of any pre-1976 loss(es) from a section 465(c)(1) activity (i.e. film or video tape, section 1745 property leasing, farm, or oil and gas property) for which there existed a corresponding amount of nonrecourse liability at the end of the year in which loss(es) occurred . . . . .	\$
Profit sharing . . . . .	%	%		
Loss sharing . . . . .	%	%		
Ownership of capital . . . . .	%	%		

M Reconciliation of partner's capital account:						
a. Capital account at beginning of year	b. Capital contributed during year	c. Ordinary income (loss) from line 10	d. Income not included in column c, plus non-taxable income	e. Losses not included in column c, plus allowable deductions	f. Withdrawals and distributions	g. Capital account at end of year
3,000		1,000				4,000

a. Distributive share item	b. Amount	c. 1040 filers enter col. b amount as shown
1 a Guaranteed payments to partner: (1) Deductible by the partnership . . . . .		Sch. E, Part III
(2) Capitalized by the partnership . . . . .		Sch. E, Part III
b Ordinary income (loss) . . . . .	1,000	Sch. E, Part III
2 Additional first-year depreciation . . . . .		Sch. E, Part III
3 Gross farming or fishing income . . . . .		Sch. E, Part IV
4 Dividends qualifying for exclusion . . . . .		Sch. B, Part II, line 3
5 Net short term capital gain (loss) . . . . .		Sch. D, line 2
from transactions entered into: a After 10/31/78 . . . . .		Sch. D, line 7
b Before 11/1/78 . . . . .		Sch. D, line 10
6 Net long-term capital gain (loss) . . . . .		Sch. D, line 19
from transactions entered into: a After 10/31/78 . . . . .		Form 4797, line 1
b Before 11/1/78 . . . . .		Form 4797, line 1
7 Net gain (loss) from involuntary conversions due to casualty or theft: a After 10/31/78 . . . . .		Form 4797, line 4
b Before 11/1/78 . . . . .		Form 4797, line 4
8 Other net gain (loss) under section 1231 from transactions entered into: a After 10/31/78 . . . . .		Sch. SE, Part I or Part II
b Before 11/1/78 . . . . .		Sch. A, line 21 or 22
9 Net earnings (loss) from self-employment . . . . .	1,000	See Sch. A
10 a Charitable contributions: 50% . . . . ., 30% . . . . ., 20% . . . . .		See Sch. A
b Other itemized deductions (attach list) . . . . .		Form 5884, line 9
11 Expense account allowance . . . . .		Line 61, add words "from 1065"
12 Jobs credit . . . . .		Line 26
13 Taxes paid by regulated investment company . . . . .		Line 25
14 a Payments for partner to a Keogh Plan (Type of plan ▶) . . . . .		Form 1116
b Payments for partner to an IRA or Simplified Employee Pension (SEP) . . . . .		(Enter on applicable lines of your return)
15 a Foreign taxes paid (attach schedule) . . . . .		
b Other income, deductions, etc. (attach schedule) . . . . .		
c Oil and gas depletion. (Enter amount (not for partner's use) ▶) . . . . .		
16 Specially allocated items (see attached schedule): a Short term capital gain (loss) . . . . .		Sch. D, line 2
b Long term capital gain (loss) . . . . .		Sch. D, line 10
c Ordinary gain (loss) . . . . .		Form 4797, line 10
d Other . . . . .		Sch. E, Part III

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 24

17 Items of tax preference: a Accelerated depreciation on real property—											
(1) Certified historic structure rehabilitation (167(c) or amortization under 191)			Form 4625, line 1(a)(1)								
(2) Low income rental housing (167(k))			Form 4625, line 1(a)(1)								
(3) Other government assisted low-income housing			Form 4625, line 1(a)(1)								
(4) Other real property			Form 4625, line 1(a)(2)								
b Accelerated depreciation on personal property subject to a lease			Form 4625, line 1(b)								
Amortization: c..... d..... e..... f.....			Form 4625, line 1(c) thru (f)								
g Reserves for losses on bad debts of financial institutions			Form 4625, line 1(g)								
h Depletion (other than oil and gas)			Form 4625, line 1(i)								
i (1) Excess intangible drilling costs from oil, gas or geothermal wells			See Form 4625 instr.								
(2) Net income from oil, gas or geothermal wells											
18 Interest on investment indebtedness: a Investment interest expense—											
(1) Indebtedness incurred before 12/17/69			Form 4952, line 1								
(2) Indebtedness incurred before 9/11/75, but after 12/16/69			Form 4952, line 5								
(3) Indebtedness incurred after 9/10/75			Form 4952, line 5								
b Net investment income (loss)			Form 4952, line 2 or line 10(a)								
c Excess expenses from "net lease property"			Form 4952, lines 11 and 19								
d Excess of net long-term capital gain over net short-term capital loss from investment property			Form 4952, line 20								
19 Property qualified for investment credit:											
Basis of new investment property	a 3 or more but less than 5 years		Form 3468, line 1(a)								
	b 5 or more but less than 7 years		Form 3468, line 1(b)								
New commuter highway vehicle	c 7 or more years		Form 3468, line 1(c)								
	d 3 or more years		Form 3468, line 1(d)								
Qualified progress expenditures	e 7 or more years	1974 through 1978	Form 3468, line 1(e)								
	f 7 or more years	1979	Form 3468, line 1(f)								
Cost of used investment property	g 3 or more but less than 5 years		Form 3468, line 1(g)								
	h 5 or more but less than 7 years		Form 3468, line 1(h)								
Used commuter highway vehicle	i 7 or more years		Form 3468, line 1(i)								
	j 3 or more years		Form 3468, line 1(i)								
20 Property used in recomputing a prior year investment credit (enter in corresponding column of Form 4255):											
(1) Description of property (also state whether new or used)	(2) Date placed in service	(3) Cost or basis	(4) Estimated useful life	(5) Applicable percentage	(6) Original qualified investment (column 3 x column 5)	(8) Date item ceased to be investment credit property	(9) Period actually used	(10) Applicable percentage	(11) Qualified investment (column 3 x column 10)		
a											
b											
21 a Basis to partner of contributed property (other than money) at time(s) of contribution to partnership											
b Value of contributed property in line 21a as reflected in the partner's capital account											
22 a Basis to partnership of distributed property (other than money) at time(s) of distribution to the partner											
b Value of distributed property in line 22a as reflected in the partner's capital account											
23 Partnership information on international boycotting. For partner's reporting requirements see Form 5713.											
a Did partnership have operations in a boycotting country?				Yes	No	b Did partnership participate in or cooperate with an international boycott?				Yes	No
				X							X
						c Did partnership file Form 5713?					Y



ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 25

LEISURE PROPERTIES, LTD.  
59-1369592  
CALENDAR YEAR 1979  
FORM 1065

INSTALLMENT SALES SCHEDULE AND ELECTION

PRIOR YEAR SALES:

Deferred gross profit, 1-1-79	\$2,039,548
Less amount recognized on 1979 collections	<u>116,498</u>
Deferred gross profit, 12-31-79	<u>\$1,923,050</u>

CURRENT YEAR SALES:

Sales price	\$2,743,670
Cost of lots sold	<u>234,761</u>
Gross profit	<u>2,508,909</u>
Less amount recognized on 1979 collections	<u>421,406</u>
Deferred gross profit, 12-31-79	<u>\$2,087,503</u>

Taxpayer hereby elects to report all current year sales  
which qualify as installment sales under I.R.C.  
Section 453.

SUMMARY:

Gross profit recognized on prior year sales	\$ 116,498
Gross profit recognized on current year sales	<u>421,406</u>

TOTAL PROFIT RECOGNIZED - TO SCHEDULE FOR PAGE 1, LINE 11 - OTHER INCOME	<u>\$ 537,904</u>
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DETAILED SCHEDULE MAINTAINED ON ABOVE  
INSTALLMENT SALES

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 26

LEISURE PROPERTIES, LTD.  
ST. GEORGE ISLAND, FLORIDA  
FINANCIAL STATEMENTS  
DECEMBER 31, 1979

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 27

---

CONTENTS

	<u>PAGE</u>
Accountants' Report	3
Balance Sheet - Exhibit A	4-5
Statement of Partners' Equity - Exhibit B	6
Statement of Income - Exhibit C	7
Statement of Changes in Financial Position - Exhibit D	8
Notes to Financial Statements	9-21

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 28

LEISURE PROPERTIES, LTD.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 1979

NOTE 12 - LIMITED PARTNERS

Under the partnership agreement, certain limited partners do not share in the profits and losses of the Partnership until they have made capital contributions aggregating \$120,000. Failure to make such contributions when due under the Partnership Agreement will result in forfeiture of the limited partners' interest in the Partnership.

NOTE 13 - GAIN FROM SETTLEMENT OF LIABILITY

In 1979, the Partnership settled a disputed account with a vendor for services rendered in prior years and accumulated interest. The account, totaling \$125,347 was settled for \$25,000 in cash and a \$25,000 note, secured by real estate, resulting in a gain of \$75,347. The amounts requested by the vendor had been charged to operations in prior years.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Partnership has an exclusive right of sale agreement with a real estate brokerage firm owned by one of the general partners. The other general partner serves as general legal counsel to the Partnership. There is disagreement between the general partners regarding the current terms of these agreements. See Note 11.

In 1979, the Partnership conveyed to a general partner, two lots costing \$9,710 for consideration of \$42,700.

A commercial office building was purchased in 1979 from a general partner and other individuals affiliated with the general partners at a purchase price of \$300,000. The Partnership also purchased improved real estate for resale from an individual affiliated with the general partners at a purchase price of \$539,982. Additionally, the Partnership has loans outstanding to this and other affiliated individuals totaling \$464,678, as described in Note 2.

In connection with the formation and capitalization of limited partnerships described in Notes 4 and 5, a general partner and the law firm of a general partner charged the limited partnerships legal and syndication fees totaling \$290,000. Additionally, the general partners and affiliates purchased substantial limited partnership interests as disclosed in Notes 4 and 5.

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 29

LEISURE PROPERTIES, LTD.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 1979

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The general partners have been assessed substantial federal income tax deficiencies resulting from examinations of the Partnership's and general partners' federal income tax returns for tax years 1972 through 1975. The Partnership has no liability for income taxes. The partners have filed petitions in Tax Court contesting the deficiencies and legal counsel for the Partnership has indicated settlement negotiations are in process. In the opinion of counsel, these negotiations should result in a settlement favorable to the general partners and there will be no material effect on the Partnership arising from the settlement of these claims. Additionally, the Internal Revenue Service is currently in the process of examining the Partnership's returns for tax years 1976 through 1978 and has not as yet reported its findings.

The Partnership is involved in various litigation or claims involving disputed contractual obligations, potential liabilities, and environmental and zoning matters, none of which are considered to have a potential material effect on the financial position of the Partnership.

The Partnership has agreed to convey approximately 60 acres of land to the general partner at a consideration of \$8,000 per acre. The land, costing approximately \$2,000 per acre, is reflected in land inventory pending agreement between the partners regarding certain details and consumation of the transactions.

Prior to December 31, 1979, the Partnership entered into an agreement to exchange three lots on St. George Island for an office building in Tallahassee, Florida. The exchange was completed in 1980, subsequent to the balance sheet date.

As described in Note 14, a real estate brokerage firm owned by one of the general partners serves as exclusive sales agent for the Partnership and the other general partner serves as general legal counsel under agreements which have been amended from time to time. In 1979, a disagreement between the general partners occurred as to commissions and legal fees due, primarily relating to the bulk transactions described in Notes 3 and 4 and which are being reported under various methods of deferred income recognition. While adjustment to the amounts accrued at the balance sheet date may result from the resolution of the disagreement, it is not considered that such potential adjustments would have a material effect on the financial statements as of December 31, 1979. Should additional revenue be recognized in future periods on any of the bulk sale transactions, the amount of net income realized by the Partnership will be contingent upon the resolution of the disagreement.



ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 30

LEISURE PROPERTIES, LTD.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 1979

NOTE 9 - CUSTOMER DEPOSITS

Deposits as of December 31, 1979 are summarized as follows:

Refundable utility deposit - State of Florida	\$126,980
Binders and deposits on lot sales	41,354
Customer deposits for real estate taxes	19,460
Other	<u>1,475</u>
	<u>\$189,269</u>

The deposit from the State of Florida is under an agreement with the Department of Natural Resources relating to extension of the water system to the State Park on the east end of the Island. The Partnership is to refund to the State \$150 for each water meter hookup which occurs between the pumping station and the boundary of the State Park until the entire deposit has been refunded.

NOTE 10 - LIABILITY FOR IMPROVEMENTS

On partially developed lots, there is an obligation to complete the land improvements on certain specified dates generally to be within twelve months of the date lots in a unit are offered for sale.

A portion of the funds received from the sale of partially developed lots is required to be deposited in improvement trust funds for use only in completing the improvements. As of December 31, 1979, the Partnership had made sales from only one unit that was not fully developed. The Partnership is required to deposit 48% of all principal collections from sales in this unit and had deposited \$55,705 for this unit as of December 31. The total cost to complete the improvements to the tract from which sales have been made is estimated at December 31, 1979 to be \$106,000.

Additionally, the Partnership has accrued \$64,393 for improvements in developed areas which are planned but not contractually required.

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 31

LEISURE PROPERTIES, LTD.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 1979

NOTE 8 - NOTES AND MORTGAGES PAYABLE - CONTINUED

15% mortgage, payable to mortgage company, secured by building and land, interest payable semi-annually with the unpaid principal due in 1982	498,927
10% second mortgage, payable to bank, secured by building and land, entire balance due currently	62,099
11-3/4% note, payable to bank, unsecured, due in 1980	8,250
9 1/2% mortgage, payable to savings and loan association, secured by building and land, due in monthly installments of \$1,818 including interest, final payment due in 1996	183,339
16-1/4% note, payable to bank, secured by certain notes receivable, due on demand, with installments of \$12,500 plus interest payable quarterly	250,000
12% mortgage, payable to bank, secured by land, water system, and assignment of life insurance policies, principal payable on a minimum cumulative basis of \$20,000 by the end of the first year, \$40,000 by the end of the second year, \$340,000 by the end of the third year, \$640,000 by the end of the fourth year, and the balance at the end of the fifth year	896,966
Noninterest bearing notes, payable to individuals, unsecured	<u>43,974</u>
	TOTAL <u>\$4,757,742</u>

During 1976 and 1977, the Partnership acquired a 28% ownership interest in the 12% mortgage reflected above at a principal balance of \$468,130. For financial statement purposes, the mortgage balance has been reduced by the Partnership's interest as follows:

12% mortgage payable	\$471,543
Less: Partnership's interest	<u>144,791</u>
Mortgage balance reflected in financial statements	<u>\$326,752</u>

ORDER NO. 20913  
 DOCKET NO. 871177-WU  
 PAGE 32

LEISURE PROPERTIES, LTD.  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 1979

NOTE 8 - NOTES AND MORTGAGES PAYABLE - CONTINUED

12% mortgage, payable to bank, secured by land, due on demand	100,000
15% mortgage, payable to individual, secured by land, due on demand	11,927
15 - 18% financing agreements with mortgage company, secured by assignment of certain mortgage notes receivable, payable over 10 years from dates of various assignments	862,866
15% mortgage, payable to mortgage company, secured by mortgage notes receivable and land, payable in monthly installments of \$10,000 including interest	736,420
15% mortgage, payable to bank, secured by building and land, payable in monthly installments of \$1,000 including interest with the unpaid principal due in 1980	45,840
9.5% mortgage, payable to savings and loan association, secured by building and land, due in monthly installments of \$608 including interest, final payment due in 2000	59,930
4% note, payable to vendor, secured by mortgage note receivable, due in annual principal installments of \$17,600	17,600
8½% note, payable to individual in 3 annual installments of \$2,498 including interest, unsecured	4,424
Equipment and insurance obligations, payable in monthly installments of \$1,954 including interest, final payment due in 1982	25,732
10% mortgage, payable to vendor, secured by land, due in 1980	25,000
12.26% note, payable to individuals, unsecured, due on demand	65,482

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 33

LEISURE PROPERTIES, LTD.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 1979

NOTE 7 - INVESTMENT IN COMMON STOCK

On December 26, 1978, the Partnership acquired 5,500 shares of common stock in Citizens Commercial Bank of Tallahassee for \$183,315. Due to a decline in the market value of the stock in 1979, management has provided, by a charge to operations of \$150,000, for this reduction in value. The stock, now reflected at \$33,315, is pledged as collateral for a note payable to a bank.

NOTE 8 - NOTES AND MORTGAGES PAYABLE

Maturities of debt outstanding at December 31, 1979 follows:

<u>Final Year of Maturity</u>	<u>Amount</u>
1980	\$1,208,016
1981	442,164
1982	917,942
1983	1,099,745
1984	372,878
Thereafter	<u>716,997</u>
	TOTAL <u>\$4,757,742</u>

Substantially all of the Partnership's assets are pledged as collateral for its indebtedness.

Notes and mortgages payable are summarized as follows:

12% mortgage, payable to bank, secured by land, due on demand	\$ 225,000
14% mortgage, payable to mortgage company, secured by land and certain mortgage notes payable, due on demand	128,599
9-10% notes, payable to individuals, unsecured, due on demand	23,615
15% mortgage, payable to mortgage company, secured by land, due on demand	155,000
12% purchase money mortgage, payable to individuals, secured by land, due in 1981	326,752

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 34

LEISURE PROPERTIES, LTD.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 1979

NOTE 5 - OTHER LAND SALES - CONTINUED

Sunset Beach, Ltd. has total subscribed capital of \$1,600,000 from limited partners of which \$450,000 had been paid in as of December 31, 1979. Of the total subscribed capital of \$1,600,000, \$700,000 was subscribed by general partners of Leisure Properties, Ltd. or affiliates. The collection of the balance of the purchase by Leisure, which is the general partner in Sunset Beach, Ltd., will be dependent upon collection of the total subscribed limited partnership contributions and the ability of Sunset to dispose of its property at a profit. As a result, Leisure has reported the transaction at a sales price of \$1,600,000 (the capital subscribed in Sunset) and is recognizing income on the transaction under the cost recovery method. The amounts due from limited partners of Sunset of \$1,150,000 has been deferred until collected and all unrecoverable costs associated with the transaction have been expensed against the \$450,000 in revenues recognized in 1979. The costs total \$285,094 and include the cost of both tracts of land, less the portion retained through an ownership interest in Sunset, syndication costs and fees, and commissions. Additional commissions of as much as 10% of future revenues recognized on the transaction may be due and will be chargeable against such future revenues.

NOTE 6 - OTHER PROPERTY, PLANT AND EQUIPMENT

Other property, plant and equipment is summarized as follows:

St. George Island -	
Building and improvements	\$174,343
Furniture, fixtures and equipment	134,980
Land	12,900
Tallahassee -	
Office building (including land of \$132,154)	300,350
	<u>TOTAL \$622,573</u>

Substantially all of the above assets are pledged as collateral on various notes and mortgages payable (See Note 8).



LEISURE PROPERTIES, LTD.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 1979

## NOTE 4 - SALE OF WATER SYSTEM - CONTINUED

Due to the continuing involvement of Leisure in the operation of the utility system as General Partner, and because the collection of the balance of the sales price is largely dependent upon future positive cash flow from the utility's operation, the transaction has not been recorded as a sale for financial reporting purposes. Consequently, the water system is reflected in these financial statements at cost (\$830,145), less accumulated depreciation (\$22,660). Additionally, liabilities of the utility for which Leisure is liable as general partner, co-maker, or guarantor of \$287,404 are reflected. No gain from the sale has been recognized; however, interest received from the utility partnership of \$28,152 has been included in net income from water system of \$27,011.

## NOTE 5 - OTHER LAND SALES

The Partnership entered into two transactions in 1979 involving bulk sales of land. In December 1979, the Partnership sold approximately 70 acres of land to a non-profit organization for \$10,000 in cash, a parcel of land in Bay County, Florida valued at \$100,000, and a mortgage note receivable in the amount of \$990,000. The note bears interest at 7% per annum and is due in full in December 1980. The 70 acre tract has an appraised value of \$2,152,000 and the Partnership intends to claim a charitable deduction of approximately \$1,000,000 when the transaction is completed by satisfaction of the mortgage. The transaction is being reported using the installment method of recognizing revenue resulting in recognition of \$95,511 of gross profit in 1979 with the balance of the profit of \$859,599 being deferred until collection of the balance of the sales price. The Partnership has accrued \$11,000 in commission expense as of December 31, 1979, and may incur additional expense of as much as \$99,000 upon collection of the note receivable.

On December 31, 1979, Leisure Properties, Ltd. sold 18 acres of land to a newly formed limited partnership, Sunset Beach, Ltd. at a purchase price of \$1,800,000. Additionally, Leisure contributed 33 acres of land to the Limited Partnership in exchange for a 40% ownership interest plus a note in the amount of \$500,000. Also on December 31, Sunset Beach, Ltd. contributed the 18 acre tract to a non-profit organization and recorded a charitable contribution in the amount of \$1,875,507. As of December 31, 1979, notes receivable by Leisure from Sunset Beach, Ltd. from the transfer of the two tracts were \$1,525,000 and \$500,000, respectively.

ORDER NO. 20913  
DOCKET NO, 871177-WU  
PAGE 36

LEISURE PROPERTIES, LTD.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 1979

NOTE 4 - SALE OF WATER SYSTEM

On November 9, 1979, the Partnership sold the entire water system to St. George Island Utility Company, Ltd., a limited partnership formed at that date for the purpose of owning and operating the utility. Leisure Properties, Ltd. is the general partner and holds directly a 10% ownership interest in the newly formed partnership. Additionally, the general partners of Leisure hold a 13.5% ownership and Sunset Beach, Ltd., an affiliated partnership (See Note 5), holds a 9% interest.

The sales price of the water system was \$3,000,000, payable \$200,00 at closing and the balance represented by a nonrecourse note in the amount of \$2,800,000 bearing interest at 6% per annum. The note provides for monthly payments of \$15,966 including interest and is secured by the water system.

The partnership agreement of St. George Island Utility Company, Ltd. provides for capital contributions by its limited partners totaling \$1,300,000 of which \$180,000 was paid in 1979 and the balance is to be paid over five years with interest at 10% per annum. Of the \$1,300,000 total subscribed capital, \$292,500 was subscribed by the general partners of Leisure Properties, Ltd. or affiliates. The General Partner, Leisure Properties, Ltd., is to manage the business of the Partnership and is to receive a fee of 1% of the gross operating receipts. If any limited partner fails to make all required capital contributions, the General Partner shall succeed to such interest and make the required capital contributions. The General Partner is also responsible for losses in excess of limited partners' capital contributions.

The Partnership Agreement further provides that for the years 1980 through 1989, the Partnership shall distribute to the Limited Partners, 10% of their beginning of the year capital investment as a guaranteed payment. If positive cash flow exceeds the required minimum distribution, any excess is to be distributed first to the Limited Partners to the extent of any unrecovered cash capital contributions, then to all Partners in proportion to the ownership of capital. Income, gain, loss, deductions, and credits are to be allocated in the same manner as positive cash flow. If there is no positive cash flow distributions, such items are to be allocated 1% to the General Partner and 9% to the Limited Partners through 1989 and according to the ownership of capital thereafter. In the event of sale or refinancing of the properties, proceeds shall be distributed first to the creditors, including any amounts due Leisure on the original purchase price. The General Partner is not to receive repayment of any loans to fund negative cash flows or any equity distributions until the Limited Partners have recovered their cash contributions to partnership capital.

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 37

LEISURE PROPERTIES, LTD.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 1979

NOTE 2 - RECEIVABLES - CONTINUED

Maturities of notes and contracts receivable are as follows:

Year of Maturity	Notes Receivable - Lots	Contracts Receivable - Lots	Notes Receivable - Other Land Sales
1980	\$ 73,999	\$ 15,327	\$2,140,000
1981	51,195	42,637	
1982	73,670	10,184	
1983	60,932	9,811	
1984	63,722	10,513	
1985 (and subsequent years)	<u>3,124,132</u>	<u>36,006</u>	
	<u>\$3,447,650</u>	<u>\$124,478</u>	<u>\$2,140,000</u>

A contract or note on which no payment is received during a thirty-one day period following a payment due date, based on current contract terms, is considered to be delinquent. The amount of such delinquent receivables at December 31, 1979 was \$765,639 in delinquent notes receivable and \$22,503 in delinquent contracts receivable. Of the total delinquent receivables, \$637,026 are notes and contracts reported under the installment method.

Other receivables of \$548,673 include secured advances to affiliated individuals of \$464,678. Advances of \$329,678 bear interest at 12% per annum and advances of \$135,000 bear interest at 10%. Security includes real estate, common stocks and assignment of partnership interests.

NOTE 3 - INVENTORIES

Inventories include land located on St. George Island, Florida and improved real property located in Tallahassee, Florida. Substantially all of the Partnership's inventory is mortgaged to secure notes payable as described in Note 8.

Land costing approximately \$180,000 is subject to contracts for sale which have not been recognized in accordance with the Partnership's accounting policies.

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 38

LEISURE PROPERTIES, LTD.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 1979

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - Income taxes resulting from annual tax-basis earnings are an obligation of the partners individually and tax-basis losses are deductible by the partners individually. Tax effects therefore are not included in the financial statements.

NOTE 2 - RECEIVABLES

Notes receivable from sale of lots of \$3,447,650 are collectible generally over periods ranging from twenty to thirty years and provide for interest at rates from 4% to 10% per annum. The weighted average interest rate of notes receivable from lot sales was 8.00% at December 31, 1979.

Land contracts receivable of \$124,478 are collectible generally over periods ranging from five to ten years and provide for interest at rates from 6% to 10% per annum. At December 31, 1979 the weighted average interest rate of land contracts receivable was 8.35%.

Notes receivable from lot sales of \$1,469,387 and contracts receivable of \$52,174 are being reported under the installment method.

Notes receivable from other land sales include a note in the amount of \$990,000 due December 28, 1980, with interest at 7% per annum. The note is secured by land. The balance of \$1,150,000 represents amounts due from an affiliate partnership which are reflected at the amount of notes due the limited partnership by limited partners. The notes are due in 1980 with interest at 10% and include \$700,000 from affiliated individuals. The \$990,000 note is being reported under the installment method and \$1,150,000 note under the cost recovery method. See Note 5.

Substantially all notes and contracts receivable are pledged as collateral for various notes and mortgages payable.

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 39

LEISURE PROPERTIES, LTD.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 1979

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Other Land and Property Sales - Sales of bulk land tracts and other properties such as the water system are accounted for in accordance with the American Institute of Certified Public Accountants' Guide, Accounting for Profit Recognition on Sales of Real Estate. Under this guide, transactions have been reported using the installment method, cost recovery method, or deposit method depending on the economic substance of the transactions, the buyer's investment in the property, the extent of the seller's continued involvement in the property, and the evaluation of the collectibility of the sales price.

Development Cost Estimates - The estimated costs of improving land for drainage, roads and utilities are based on internal engineering estimates which provide for anticipated inflation factors. Management's policy is to complete development prior to or as soon as possible after opening a subdivision for sales.

Interest and Property Taxes - Interest and real estate taxes are charged to operations as incurred.

Amenities - The Partnership is not contractually obligated to provide recreational facilities to any lots it has sold other than a tennis court already constructed. If such facilities are constructed, the portion of cost not projected to be recovered through operations of the facility will be allocated as a development cost to those lots whose sale was benefited. The water system is expected to provide a return sufficient to recover costs both of operation and of construction.

Depreciation - Provision for depreciation is made using straight-line and declining-balance methods over estimated useful lives of the related assets, as follows:

	<u>Years</u>
Buildings	5-30
Machinery, equipment and vehicles	3-5
Furniture and fixtures	3-10
Water system	40

Expenditures for repairs and maintenance are charged to operations as incurred.



ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 40

LEISURE PROPERTIES, LTD.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1979

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background - Leisure Properties, Ltd. is a Florida limited partnership formed in 1971. It is currently developing and selling land on St. George Island, Florida.

Retail Land Sales - The Partnership sells fully developed building lots primarily under terms which provide for a 20% down payment and monthly installments, including interest at rates ranging from 6.5% to 10% over a twenty year period. The Partnership also sells partially developed building lots under terms and conditions similar to the above. With few exceptions, when these sales are closed, title passes to the purchaser, the deed is recorded, and a purchase money mortgage and note are executed by the purchaser. unit 4

Under the accrual accounting method utilized, these sales are recognized at closing. As the purchaser has a substantial investment in the property, prevailing market rates of interest are charged on the mortgage, and the purchaser is fully liable on this obligation, no discount of sales price is deemed necessary to fairly value consideration received for the sale. The portion of the sale price which is applicable to uncompleted improvements to the lot is deferred and is recognized as the improvements are completed.

The amount of the provision for uncollectibles is based upon collection history and evaluation of the individual accounts. The provision is provided only for receivables reported under the accrual method.

In prior periods, certain land sales have been recorded on the installment method where a 10% down payment was obtained and contracts for deed or mortgage notes executed for the balance of the consideration. Deferred income is recognized as principal payments are received on these sales.

Costs of land is allocated to various phases of the development on a per acre basis. Development costs are accumulated by subdivision. Within a subdivision, land and development costs are allocated to the individual lots either equally or on the basis of assigned sale prices.

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 41

EXHIBIT D

LEISURE PROPERTIES, LTD.  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
YEAR ENDED DECEMBER 31, 1979

## OPERATIONS:

## Resources received from -

Collections on notes and contracts receivables (including interest)		\$ 419,811
Cash sales of lots		252,108
Down payments on lot sales		206,683
Down payments on other land sales (including land of \$100,000)		560,000
Other		<u>63,387</u>
		1,501,989

## Resources expended for -

Payments on land purchase mortgage	\$ 141,378	
Land acquisition and improvement	155,209	
Commissions and selling expenses	328,780	
Interest and loan costs	533,340	
Legal and accounting	193,843	
Property and other taxes	95,600	
Salaries and wages	75,200	
Other general and administrative	<u>147,063</u>	<u>1,670,413</u>
	RESOURCES (USED IN) OPERATIONS	(168,424)

## OTHER SOURCES:

Short-term borrowings	473,875	
Long-term borrowings	<u>1,777,614</u>	<u>2,251,489</u>
		2,083,065

## OTHER USES:

Repayment of short-term debt	440,335	
Repayment of long-term debt	233,288	
Acquisition of improved real property held for resale	546,195	
Acquisition of other property and equipment	301,840	
Additions to water system	126,529	
Increase in other receivables	318,359	
Increase in improvement trust fund deposits	65,629	
Decrease in customer, utility and other deposits	<u>56,500</u>	<u>2,088,675</u>

(DECREASE) IN CASH \$ (5,610)

See accompanying notes to financial statements.

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 42

EXHIBIT C

LEISURE PROPERTIES, LTD.  
STATEMENT OF INCOME  
YEAR ENDED DECEMBER 31, 1979

## REVENUES:

Sales of lots (\$42,700 to affiliate)		\$1,133,170
Other land sales (\$1,600,000 to affiliates) - Note 5		<u>2,700,000</u>
		3,833,170
Less: Deferred profit	\$2,009,599	
Deferred revenue - future improvements	<u>139,470</u>	<u>(2,149,069)</u>
Net sales		1,684,101
Improvement revenue - prior sales		37,901
Deferred profit recognized - prior sales		4,706
Interest		284,236
Net income from water system - Note 4		27,011
Other income		<u>17,331</u>
		2,055,286
COSTS AND EXPENSES OF SALES:		
Cost of lots sold	182,468	
Cost of other land sold	214,806	
Commissions and selling expense (primarily to affiliates)	346,348	
Improvement cost - prior sales	<u>6,917</u>	<u>750,539</u>
		1,304,747
OTHER EXPENSES:		
Interest and loan costs	542,270	
Legal and accounting (primarily to affiliates)	190,949	
Property and other taxes	150,688	
Salaries and wages	75,200	
Depreciation	31,956	
Other general and administrative expenses	<u>141,471</u>	<u>1,132,534</u>
		INCOME FROM OPERATIONS 172,213
OTHER INCOME (EXPENSE):		
Gain from settlement of liability - Note 13	75,347	
Provision for decline in value of common stock - Note 7	<u>(150,000)</u>	<u>(74,653)</u>
		NET INCOME \$ <u>97,560</u>

See accompanying notes to financial statements.

ORDER NO. 20913  
 DOCKET NO. 871177-WU  
 PAGE 43

EXHIBIT B

LEISURE PROPERTIES, LTD.  
 STATEMENT OF PARTNERS' EQUITY  
YEAR ENDED DECEMBER 31, 1979

	<u>GENERAL PARTNERS</u>	<u>LIMITED PARTNERS</u>	<u>TOTAL</u>
Balance at January 1, 1979	\$6,000	\$1,732,581	\$1,738,581
Net income - Exhibit C	<u>2,000</u>	<u>95,560</u>	<u>97,560</u>
Balance at December 31, 1979	<u>\$8,000</u>	<u>\$1,828,141</u>	<u>\$1,836,141</u>

See accompanying notes to financial statements.

ORDER NO. 20913  
 DOCKET NO. 871177-WU  
 PAGE 44

## EXHIBIT A

LIABILITIES AND PARTNERS' EQUITY

## LIABILITIES:

Accounts payable (\$105,270 to affiliates)	\$ 327,785
Customer, utility and other deposits - Note 9	189,269
Property, payroll and other taxes (including tax certificates of \$134,213)	216,593
Accrued interest payable	248,711
Notes and mortgages payable (including current maturities of \$1,208,016) - Note 8	4,757,742
Reserve for future development costs - Note 10	64,393
Deferred improvement revenue	<u>139,470</u>
	5,943,963

COMMITMENTS AND CONTINGENCIES - Note 11

PARTNERS' EQUITY - Exhibit B:  
 General partners  
 Limited partners - Note 12

\$ 8,000	
<u>1,828,141</u>	<u>1,836,141</u>
TOTAL	<u>\$7,780,104</u>



ORDER NO. 20913  
 DOCKET NO. 871177-WU  
 PAGE 45

LEISURE PROPERTIES, LTD.  
 BALANCE SHEET  
DECEMBER 31, 1979

ASSETS

ASSETS:

Cash		\$ 162,807
Cash held in escrow		16,056
Cash in improvement trust funds		74,590
Receivables - Note 2		
Notes and contracts - from sale of lots	\$3,572,128	
Notes - from other land sales - Note 5	2,140,000	
Other	548,673	
Accrued interest	54,786	
	<u>6,315,587</u>	
Less: Deferred profit on installment lot sales	974,170	
Deferred profit on other land sales - Note 5	2,009,599	
Allowance for uncollectibles	55,351	3,276,467
Land held for development and sale, at cost, mortgaged - Notes 3 and 7		
Developed land	312,870	
Land under development	244,156	
Undeveloped land	<u>1,710,812</u>	2,267,838
Improved real property purchased for resale, at cost - Notes 3 and 14		550,120
Investment in water system - Note 4		<u>807,485</u>
Other property, plant and equipment, at cost - mortgaged - Note 6	622,573	
Less: Allowance for depreciation	<u>116,339</u>	506,234
Investment in common stock - Note 7		33,315
Prepaid expenses, unamortized loan costs and other		<u>85,192</u>
		TOTAL <u>\$7,780,104</u>

See accompanying notes to financial statements.

ORDER NO. 20913  
DOCKET NO. 871177-WU  
PAGE 46

THOMSON, BROCK & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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LEE C. DAVIDSON, C.P.A.  
KAY G. LUGER, C.P.A.  
ANDREA A. SPOTTSWOOD, C.P.A.

September 24, 1980

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
FLORIDA INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

To the Partners  
Leisure Properties, Ltd.  
St. George Island, Florida

We have examined the balance sheet of Leisure Properties, Ltd. (a limited partnership) as of December 31, 1979, and the related statements of income, partners' equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Leisure Properties, Ltd. as of December 31, 1979, and the results of its operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Thomson, Brock & Company*  
THOMSON, BROCK & COMPANY  
Certified Public Accountants