

# CITY OF LEESBURG, FLORIDA COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR  
ENDING SEPT. 30, 2012**



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**CITY OF LEESBURG, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**



**Prepared by Department of Finance**

**CITY OF LEESBURG, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**TABLE OF CONTENTS**

**Introductory Section**

Transmittal Letter ..... i  
Principal City Officials ..... viii  
Organizational Chart ..... ix  
Certificate of Achievement ..... x

**Financial Section**

**Independent Auditors' Report** ..... 1  
**Management's Discussion and Analysis** ..... 3

**Basic Financial Statements**

City-wide Financial Statements:  
Statement of Net Assets ..... 18  
Statement of Activities ..... 19

Fund Financial Statements:  
Balance Sheet - All Governmental Funds ..... 21  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets ..... 22  
Statement of Revenues, Expenditures, and Changes in Fund  
Balances - All Governmental Funds ..... 23  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of the Governmental Funds to the  
Statement of Activities ..... 24  
Statement of Net Assets - Proprietary Funds ..... 26  
Statement of Revenues, Expenses, and Changes in Fund Net  
Assets - Proprietary Funds ..... 28  
Statement of Cash Flows - Proprietary Funds ..... 29  
Statement of Fiduciary Net Assets ..... 32  
Statement of Changes in Fiduciary Net Assets ..... 33

Notes to Financial Statements ..... 34

**Required Supplementary Information**

Schedule of Revenues, Expenditures, and Changes in Fund  
Balance - Budget and Actual - General Fund ..... 79  
Schedule of Revenues, Expenditures, and Changes in Fund  
Balance - Budget and Actual - Community Redevelopment  
Fund ..... 80

**CITY OF LEESBURG, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**TABLE OF CONTENTS**  
*(Continued)*

**Financial Section (Concluded)**

**Required Supplementary Information (Concluded)**

Schedules of Funding Progress.....	81
Schedules of Contributions from Employer and Others .....	82

**Supplemental Information**

**Combining Statements and Schedules**

Supplemental Information:

Combining Balance Sheet - Nonmajor Governmental Funds .....	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.....	86
Schedule of Revenues and Expenditures - Budget and Actual:	
Capital Projects Fund .....	88
Affordable Housing Fund .....	89
Police Forfeitures Fund .....	90
Police Education Fund .....	91
Discretionary Sales Tax Fund.....	92
Gas Tax Fund .....	93
Police Impact Fee Fund.....	94
Fire Impact Fee Fund .....	95
Recreation Impact Fee Fund .....	96
Building Permits Fund .....	97
Debt Service Fund.....	98
Combining Statement of Net Assets – Nonmajor Enterprise Funds .....	100
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Enterprise Funds .....	102
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	103
Combining Statement of Net Assets - Internal Service Funds .....	106
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds.....	107
Combining Statement of Cash Flows - Internal Service Funds.....	108
Combining Schedule of Assets, Liabilities, and Fund Balance – Community Redevelopment Agencies .....	110
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Community Redevelopment Agencies.....	111

**Statistical Section (Unaudited)**

Net Assets by Component .....	112
Changes in Net Assets .....	114
Fund Balances of Governmental Funds .....	118
Changes in Fund Balances of Governmental Funds.....	120

**CITY OF LEESBURG, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**TABLE OF CONTENTS**  
*(Continued)*

**Statistical Section (Unaudited) (Concluded)**

Assessed Value of Taxable Property .....	122
Direct and Overlapping Governments.....	123
Principal Property Taxpayers .....	124
Property Tax Levies and Collections .....	125
Governmental Activities Tax Revenues by Source .....	126
Greater Leesburg Community Redevelopment Agency.....	127
Carver Heights/Montclair Area Community Redevelopment Agency .....	128
U.S. Highway 441/27 Community Redevelopment Agency.....	129
Ratios of Outstanding Debt by Type.....	130
Direct and Overlapping Governmental Activities Debt .....	131
Legal Debt Margin Information.....	132
Pledged-Revenue Coverage:	
Series 2004 Capital Improvement Revenue Bonds .....	133
Series 2008 Carver Heights/Montclair Area CRA Revenue Note .....	135
Series 2009 US Highway 441 & 27 Area CRA BAN.....	136
Electric System Revenue Bonds .....	137
Utility System Revenue Bonds .....	139
Communications System Capital Improvement Refunding Revenue Note, Series 2009 .....	141
Demographic and Economic Statistics.....	142
Principal Employers.....	143
Full-time Equivalent City Government Employees by Function .....	144
Operating Indicators by Function .....	145
Capital Asset Statistics by Function.....	146

**Single Audit Section**

Schedule of Expenditures of Federal Awards .....	147
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	149
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.....	151
Schedule of Findings and Questioned Costs .....	153
Corrective Action Plan in Accordance with OMB Circular A-133 .....	155
Independent Auditor's Management Letter .....	156
Schedule of Recommendations and Responses.....	158

**CITY OF LEESBURG, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**TABLE OF CONTENTS**  
*(Concluded)*

**Debt Disclosure Section (Unaudited)**

Historical Statement of Pledged Revenues and Debt Service Coverage.....	159
Inter-Utility Comparison of Typical Monthly Utility Bills .....	167
Ten Largest Utility Customers .....	172
City Ordinances Related to Utility Rates .....	174
Anti-Dilution Test.....	204
Covenant to Budget and Appropriate Worksheets.....	205



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## **INTRODUCTORY SECTION**



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## MISSION STATEMENT

"Dedicated to Our Community, Committed to Service Excellence"

March 4, 2013

Honorable Mayor and  
Members of the City Commission, and  
Citizens of the City of Leesburg, Florida

It is our pleasure to submit this Comprehensive Annual Financial Report (CAFR) for the City of Leesburg, Florida for the fiscal year ended September 30, 2012. The report fulfills the requirements set forth by State law, in accordance with the Florida Statutes Section 166.241 and Chapter 10.500 Rules of the Auditor General requires that all general purpose local governments publish each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants.

This CAFR consists of management's representations concerning the finances of the City of Leesburg. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Leesburg has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Leesburg's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Leesburg's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Florida Statutes require that an annual financial audit be performed by independent certified public accountants. This year the audit was performed by Moore, Stephens, Lovelace, P.A. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Leesburg for the fiscal year ended September 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Leesburg's financial statements for the fiscal year ended September 30, 2012 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.



The independent audit of the financial statements of the City of Leesburg was part of a broader, mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements - with special emphasis involving the administration of federal and state awards. These reports are included in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Leesburg's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City of Leesburg was founded and first settled in 1857 by Evander H. Lee, a native of Sumter, South Carolina. The City received its name as a result of shipping directions given by Calvin Lee, Evander's brother, during a merchandising trip to New York City in 1866. By a citizen vote of 23 to 2, the City of Leesburg was incorporated on July 12, 1875. The City was originally part of Sumter County and served as the County seat until 1882 when the Florida Legislature created Lake County. The City has been a part of Lake County since then and is the oldest and second highest populated of the fourteen incorporated municipalities in Lake County, which include Astatula, Clermont, Eustis, Fruitland Park, Groveland, Howey-in-the-Hills, Lady Lake, Mascotte, Minneola, Montverde, Mount Dora, Tavares and Umatilla.

The City of Leesburg is a political subdivision of the State of Florida. As such, it is governed by, and derives its operating authority from, the constitution and laws of the State of Florida. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

The City operates under a commission/manager form of government, with a governing body consisting of five City Commissioners, elected to staggered four-year terms. Three of the commission members must meet district residency requirements. The remaining two commissioners are elected at-large without a district residency requirement. One of the commissioners is selected by the other four as Mayor to serve an annual term. The City Commission is responsible for, among other things, passing ordinances and resolutions, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances adopted by the City Commission, for overseeing day-to-day operations of the City, appointing the department heads and approving the hiring of all employees.

The City provides a traditional mix of governmental services, including police and fire protection, the construction and maintenance of streets and infrastructure, library, recreational activities, cultural events, planning, zoning, housing, and administrative services. The City also provides a full range of utility services, including electric, natural gas, solid waste, communications (which includes internet and fiber optic cable services), water, reuse water, wastewater treatment and stormwater drainage. In addition the City has three Community Redevelopment Agencies, (CRA), which are Greater Leesburg, Carver and U.S. Highway 441/27.

The City of Leesburg is situated between Lake Harris and Lake Griffin and continues south on U.S. Highway 27 to the intersection of County Road 48. The City occupies a land area of 39.26 square miles and has a population exceeding 20,000. The City of Leesburg is located in north central Florida midway between the Gulf of Mexico and the Atlantic Ocean, approximately 200 miles southeast of the State Capital, Tallahassee, 80 miles northeast of Tampa, 40 miles northwest of Orlando and 70 miles southwest of Daytona Beach. The City is intersected by State Road 44, U.S. Highway 27, and U.S. Highway 441 with Interstate 75 and the Florida Turnpike close by.

The City of Leesburg is known for its scenic beauty, relaxed lifestyle, recreational facilities, temperate climate, extensive waterways, and affordable housing. Waterfront living is a way of life with 1,400 beautiful lakes located in Lake County.

Leesburg's geographic location enables the City to offer three parks that include lake access to the beautiful Harris Chain of Lakes, one on Lake Griffin [Herlong Park] and two on Lake Harris [Venetian Gardens and Singletary Park]. Venetian Gardens offers a variety of recreational amenities, including great shoreline fishing opportunities, as seven pedestrian bridges connect islands within this picturesque setting. Other recreational amenities in Venetian Gardens include outdoor volleyball courts, a community swimming pool, Kids Korner Playground, pavilions, the Community Building, Venetian Cove Marina and Pat Thomas Stadium/Buddy Lowe Field that has hosted professional baseball in the past and is the current home of Leesburg High School varsity baseball and the Leesburg Lightning of the Florida Collegiate Summer League.

In 2005, the City opened the Sleepy Hollow Sports Complex, which includes two football/soccer fields, two youth softball fields, two Babe Ruth Baseball fields, four adult softball fields, concessions, locker rooms, restrooms and a pavilion. Sleepy Hollow is the site of numerous tournaments and attracts over 1,000 athletic teams each year to Leesburg. In 2007, the USSSA voted the Sleepy Hollow Sports Complex their "Facility of the Year" for the State of Florida.

The Leesburg Recreational Complex was opened in 2008 featuring two indoor regulation basketball courts, four indoor volleyball courts, an outdoor basketball court, playground and offices for the Parks and Recreation Department.

These outstanding recreational facilities of regional impact are complemented with numerous community and neighborhood parks. The Susan Street Complex includes four youth baseball fields, one regulation football field, four tennis courts, four outdoor racquetball courts, concessions and restrooms. The Palmetto Street Complex features four tennis courts as well as a battery of 24 shuffleboard courts. Other quality recreational facilities throughout the City include Berry Park, Fountain Lake Park, John L. Johnson Park, Leesburg's Dog Park and Town Square, which serves as the focal point during major festivals hosted within the City. A hiking/biking trail system throughout the City is currently under construction and will link many of Leesburg's recreational facilities as well as provide continuity with other trail systems throughout Central Florida.

Leesburg also takes pride in preserving its rich heritage through the Leesburg Historical Museum and Mote Morris House, which is on the National Register of Historic Places and offers a fine example of Victorian architecture.

Leesburg International Airport is an 850-acre controlled general aviation airport that houses fixed-wing aircraft and helicopters. The airport is experiencing significant growth in corporate jet-type aircraft. Businesses on airport property employ over 425 people. The airport features two runways, four non-precision instrument approach landings, two RNAV/GPS precision approaches, tie downs, hangar facilities, flight schools, maintenance shops, an upholstery shop, with restaurants and two motels within ½ mile. The Fixed Base Operator offers many services.

The City has committed to an aggressive improvement program and has obtained grant funding for the extension of Runway 13/31, as well as overlay of some existing runways. The airport has a Memorandum of Understanding with U.S. Customs and Border Protection, Department of Homeland Security, which designates Leesburg International Airport as a “user fee” airport, allowing for international flights to be inspected and cleared at Leesburg. This agreement will play a key role in attracting new industries to the region, improving the local economy with new access to corporate and chartered flights.

## **Budgetary Controls**

The annual budget serves as the foundation for the City’s financial planning and control. Department heads are required to submit requests for appropriations to the City Manager, who uses those requests as the starting point for developing a proposed budget. The City Manager is required by the City Charter to keep the City Commission fully advised as to the financial condition and needs of the City and to submit an annual budget for its consideration. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget by September 30, the close of the City’s fiscal year. The appropriated budget is prepared by fund, function and department.

The City’s adopted budget policy establishes budgetary control (i.e., the level at which expenditures cannot exceed the appropriated amount) at the fund level. Budgets for all governmental fund types are adopted on a basis consistent with GAAP. Department heads may make transfers of appropriations within a category from one division to another in their respective department, and transfers of appropriations between departments or categories can be approved by the City Manager. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget adopted by the City Commission. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and major special revenue funds, these comparisons are presented as required supplementary information. For other governmental funds with appropriated annual budgets, these comparisons are presented in the Supplemental Information section of this report.

## **ECONOMIC CONDITION**

The information presented in the financial statements is, perhaps, best understood when it is considered from the broader perspective of the specific environment within which the City of Leesburg operates.

### **Local Economy**

The City and Lake County, as a whole, have transitioned from agricultural roots to a growth-driven economy that is heavily centered in real estate, retail, personal services, and healthcare. With the economic slowdown, many businesses have become creative in luring customers into their doors. Lake County has emerged as Greater Orlando’s new suburban frontier. New residents have been attracted to its subdivisions because of easy access to Orlando, rolling landscape, multiple lakes, and plentiful outdoor recreational opportunities.

Leesburg’s top private sector employer is Leesburg Regional Medical Center, boasting a labor force of 1,770. Other principal employers within the City include Lifestream Behavioral Center, the City of Leesburg, Lake County School District and Lake Sumter State College. These employers account for almost 3% of all employment in Lake County. Health care, social assistance and construction are the sectors with the highest employment levels in Lake County. The County is striving to overcome a lack of higher-wage jobs that could improve the local economy. One factor in the County’s difficulty in attracting such employers could be related to

the education attainment of other suburban counties in Sun Belt locations. Typically, higher-wage employers place cities and counties on their site selection lists who exceed 30% of adults having higher educational degrees. Education should be a focal point for additional improvements, as Lake County statistics show only 17% of adults have attained these higher educational degrees.

The City is home to the largest distributor of GE appliances to contractors in the State of Florida. A variety of stores, specialty shops, and commercial businesses serve the convenience and general merchandise shopping demands of Lake County residents, as well as Leesburg. Leesburg's retail shopping center inventory is largely concentrated in three geographic nodes. These include the U.S. Highway 27/County Road 48 area, the U.S. Highway 441 Lake Square Mall area, and the U.S. Highway 27/Talley Road area.

With the slumping real estate market and rising fuel prices, the unemployment rate has risen to the highest in 34 years. The home construction slowdown has affected building, retail and financial companies across the County. Lake County's September 2012 unemployment rate decreased to 8.4%, compared to a year ago when the rate was 10.2%.

The high unemployment rate reflects the large dislocations associated with the housing slump. In addition, the slumping housing market has resulted in significant layoffs in the region's small business sectors. In the past, population growth has fueled the State's economy contributing to both high employment numbers and income growth. The continuing slump in the housing and commercial real estate markets, a challenging lending environment, and sluggish population growth has had a significant impact on the City's taxable value. FY2008 saw the peak of the City's property values at \$1.625 billion; subsequently the taxable value decreased 32% to this year's value of \$1.113 billion. This decrease in the City's taxable value, coupled with property tax reform, has resulted in corresponding decreases in property tax revenues. Since FY2008, the City has seen the annual property tax revenues decrease from \$6.5 million to \$4.5 million. The taxable value is projected to decrease over the next year, but the rate of decline is not anticipated to be as drastic as it has been the past few years.

The population in Lake County nearly doubled from 1980 to 2000 (210,508 persons) and is projected by the State Demographer to again double over the next 25 years and reach a population of 500,000 persons by 2030. Growth in the City of Leesburg has retreated from the peak experienced in 2005-2006. The overall upward trend is expected to resume once the economy recovers, due to the declining inventory of available land in West Orange and South Lake counties.

The Leesburg area is positioned at the crossroads of geographic expansion, as the retirement market continues to push from the north and family households sustain the market segment to the south. This area has embraced both market segments and, as a result, has become one of the emerging economic submarkets in all of Central Florida.

### **Long-term Financial Planning**

The Core Values adopted by the City Commission will drive the long-term planning process. One of the Core Values "Fiscal Responsibility," shows the City Commission and City Manager's respect for the citizens whose taxes support our organization and commitment for the thoughtful prioritization and careful management of our financial resources. Also addressed in this Core Value is the recognition that resources are limited and that this necessitates fresh approaches and creativity in addressing current operations and community needs.

The 10-year Capital Improvement Plan was developed to maximize the “pay as you go approach” while recognizing the benefit of financing. Utility improvements and replacements will be scheduled and integrated into the street paving work plan. The plan includes a detailed explanation regarding development of revenue projections and assumptions regarding capital needs. Due to limited resources, capital spending is limited to that which is absolutely necessary. The major sources of funding include grants, remaining bond proceeds and renewal and replacement funds.

In the past, the City typically extended services beyond the current available infrastructure based on a calculation to recoup the initial investment over a 5 to 7-year period. However, Leesburg’s City Commission has taken the environmentally friendly (and financially sound) approach of requiring natural gas installation in all new subdivisions where it is financially feasible. This eliminates the up-front capital investment by the utility and expands the customer base.

Additional long-range planning for the following departments is listed below:

- **Electric** – The utility consistently evaluates the costs of outsourcing specific activities. There is a plan to convert certain overhead utility lines within the City to underground over the next 30 years to avoid future safety code compliance issues associated with poles, weather related damage and to provide other savings. In addition, the utility has received federal stimulus money to upgrade its metering technology. The new technology will enable the utility to develop and employ time of use rates which will provide consumers with the ability to curtail energy consumption during peak demand, the period when energy is most expensive.
- **Gas** – The City is a member of Florida Gas Utility (FGU), which is made up of natural gas users with a common goal of acquiring gas at a reduced price, if possible. Prior to 2006, the department followed a guideline of extending service to new customers based on a seven-year calculated return on initial investment. All new expansions are now funded by the developer which has substantially improved the financial performance of the utility.
- **Communications** – The City continues to expand its fiber optic customer base by connecting new customers who are located close to our existing infrastructure, thereby taking advantage of available fiber optic capacity. Additionally, the City has connected new broadband internet customers during the year. These commercial customers are connected to the City’s internet service provider network via the City’s fiber optic cable. The Communications utility continues to experience moderate expansion of its customer base year over year.
- **Information and Technology (IT)** – The IT Department is an important part of the City’s operations, thus long-term financial planning includes preparing to replace computers as they become obsolete. All computer equipment is owned by the IT Department and leased to the other City departments, based on a five-year payback period. IT is actively involved with upgrading business technology as financial resources become available.
- **Fleet Maintenance** – All City vehicles are owned by Fleet Services, which is responsible for repairs, vehicle bid specifications and purchases. A lease fee, based on useful life, is charged to the user department. Fleet Services also maintains the City’s two fuel sites.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Leesburg for its comprehensive annual financial report for the fiscal year ended September 30, 2011. This is the twenty-second consecutive year (fiscal years ended 1990-2011) that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City of Leesburg also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year 2011-12. This was the fourteenth consecutive year the City received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, as a financial document, as an operations guide, and as a communications device.

The preparation of this report on a timely basis was made possible through the efficient, dedicated and professional efforts of the entire staff of the Finance Department. The significant amount of year-end closing procedures required prior to the audit could not have been accomplished without members of the department who made personal sacrifices. Other City departments, although not extensively involved in year-end audit activities, contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year. Credit must also be given to the Mayor and Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Leesburg's finances.

We believe that this report clearly illustrates the financial position of the City of Leesburg and wish to thank you for your support and commitment to maintaining the financial integrity of the City.

Respectfully submitted,



Raymond S. Sharp  
Interim City Manager



William Spinelli, CPA  
Finance Director



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**CITY OF LEESBURG, FLORIDA  
PRINCIPAL CITY OFFICIALS  
SEPTEMBER 30, 2012**

**CITY COMMISSION**

Sanna Henderson	Seat One, District One	Mayor
John Christian	Seat Two, District Two	Mayor, Pro-Tem
Lewis Puckett	Seat Three, District Three	Commissioner
Bill Polk	Seat Four, At-Large	Commissioner
David Knowles	Seat Five, At-Large	Commissioner

Jay M. Evans  
City Manager

Fred A. Morrison  
McLin & Burnsed P.A.  
City Attorney

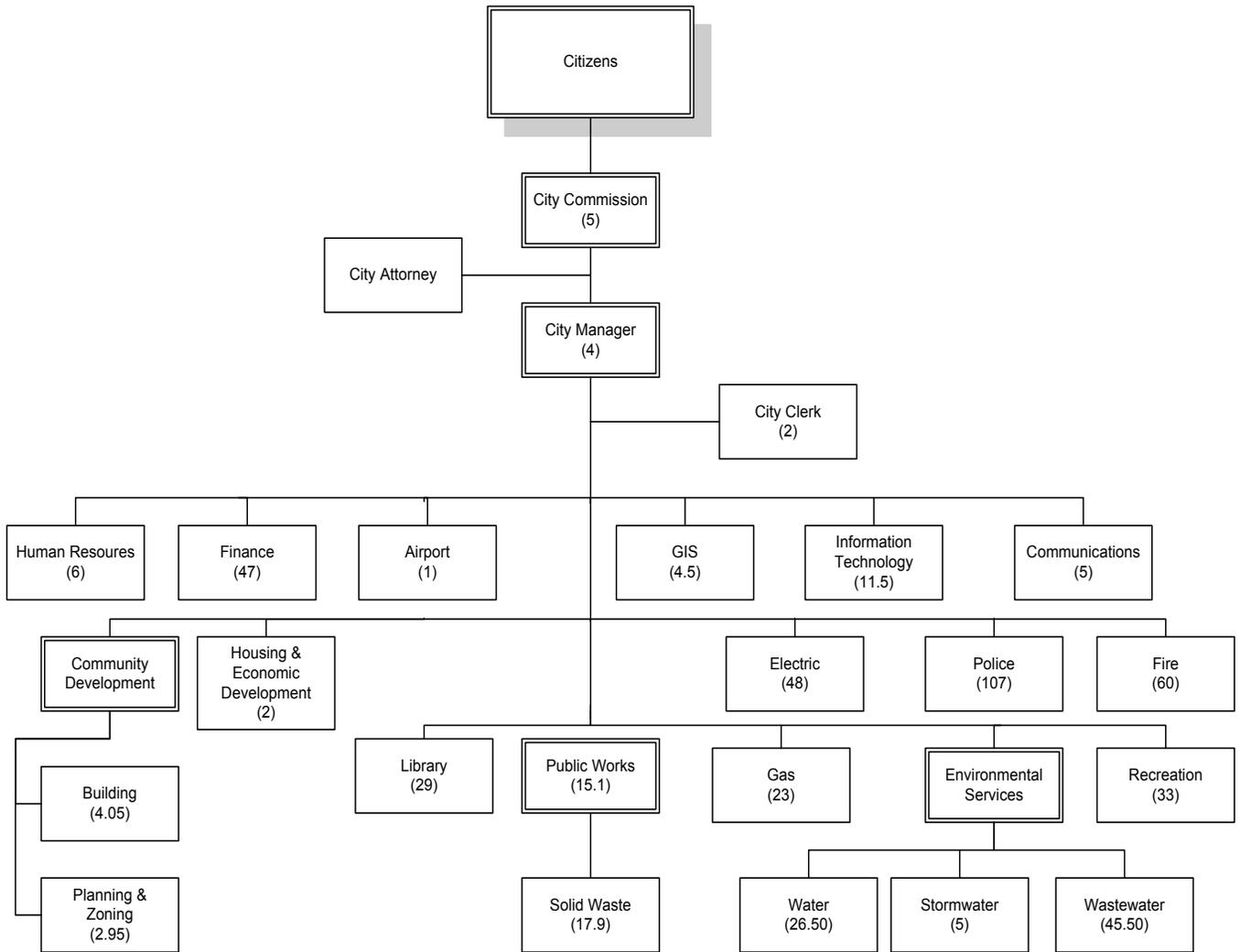
William Spinelli, CPA  
Director of Finance

Moore Stephens Lovelace, P.A.  
City Auditors

Jakki Cunningham Perry  
Gladys E. Johnson  
Stan Carter  
William J. Chrisman  
Kevin R. Bowman  
William O. Wiley Jr.  
Kenneth L. Thomas  
Lucy B. Gangone  
Bruce L. Ericson  
Paul D. Kalv  
Jack G. Rogers Jr.  
Raymond S. Sharp  
Betty M. Richardson

Human Resources/Safety Director  
Deputy Finance Director  
Information Technology Director  
Police Chief  
Fire Chief  
Community Development Director  
Housing & Economic Development Director  
Library Director  
Recreation & Parks Director  
Director of Electric  
Director of Gas  
Director of Environmental Services  
City Clerk

# ORGANIZATION CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Leesburg  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2011

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



*Christopher P. Morill*

President

*Jeffrey R. Enev*

Executive Director



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## **FINANCIAL SECTION**



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MOORE STEPHENS  
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the City Commission  
City of Leesburg, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leesburg, Florida (the "City"), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2012, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable Mayor and  
Members of the City Commission  
City of Leesburg, Florida

**INDEPENDENT AUDITOR'S REPORT**  
*(Concluded)*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the supplemental information section, the statistical section, and the debt disclosure section, as listed in the table of contents, are presented for additional analysis and are not a required part of the financial statements. The supplemental information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory, statistical, and debt disclosure sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
March 4, 2013

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

The City of Leesburg, Florida's (the City) management's discussion and analysis presents an overview of the City's financial activities for the fiscal year ended September 30, 2012. Please read it in conjunction with the letter of transmittal, beginning on page i, and the financial statements, beginning on page 18.

**Financial Highlights**

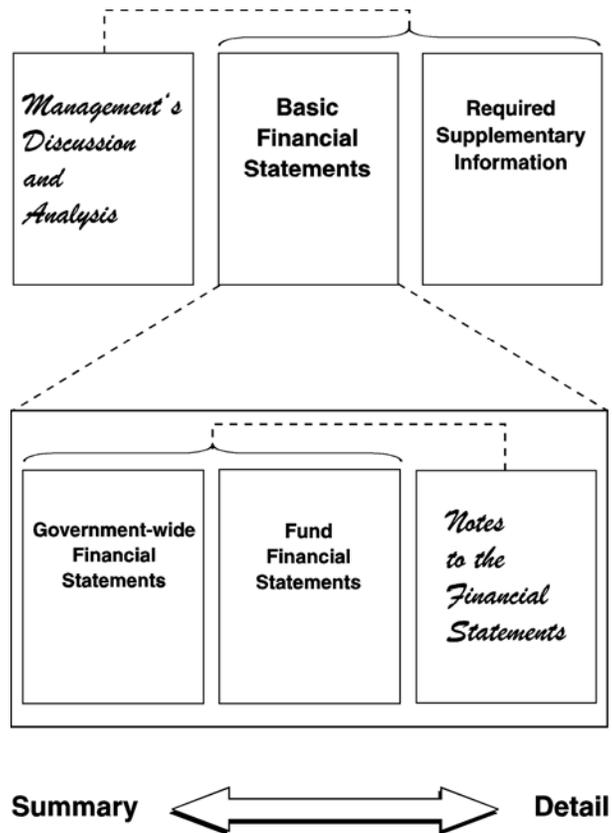
- The assets of the City exceeded its liabilities at the close of fiscal year 2012 by \$219.3 million (net assets). Of this amount, \$40.7 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$6.1 million or 2.8%. Net assets for governmental activities decreased by \$6.1 million or 10.4%, while business type net assets increased by \$12.2 million, or 7.9%.
- The significant factors contributing to the decrease in the governmental net assets was the City's change of accounting treatment for the Housing Fund. In fiscal year 2012, the City collapsed the Housing Fund from an enterprise fund into the general fund. The general fund acquired the \$4.5 million long term note and eliminated the \$657 thousand deficit balance of the housing fund. The other significant change was due to the approximately \$1.4 million increase in the City's OPEB liability in fiscal year 2012.
- The \$12.2 million increase in business-type net assets is primarily the result of operating revenues in excess of operating expenses for the utility fund operations. Also contributing to the increase was the receipt by the Electric Utility Fund of \$4.2 million in capital grants for the Smart Grid project.
- As of September 30, 2012, the City's governmental funds reported combined ending fund balances of \$22.2 million, a decrease of \$789 thousand in comparison with the reported amount of \$23 million in prior year.
- On September 30, 2012, unassigned fund balance for the general fund was \$7.2 million, or 27% of total general fund expenditures and transfers out of \$26.7 million.
- Governmental funds' total revenues, excluding transfers in, decreased by \$935 thousand, or 4.2%. The decrease was attributed to a continued lethargic economic environment coupled with results of legislative efforts to reduce property taxes.
- Business-type activities' total revenues, excluding transfers in, decreased by \$150 thousand, or less than 1%. An increase of approximately \$3.5 million in capital grants and contributions related to the City's implementation of an electrical smart grid system was offset by a reduction in charges for services of approximately \$4.7 million, which was partially fueled by continued cost reductions of purchased energy.
- The City's total debt as of September 30, 2012, was \$133.5 million. There was no new debt issued in fiscal year 2012. However, the City did draw down \$3.7 million on the 2010 Electric Utility Revenue Note.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

**Overview of the Financial Statements**

This management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) city-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements that explain information from the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

This report also contains other supplementary information in addition to the basic financial statements that provide details about the City's nonmajor governmental and internal service funds, each of which are added together and presented in single columns in the basic financial statements. The required parts of this annual report are arranged and relate to one another as shown in the following graphical representation:



**City-wide Financial Statements**

The city-wide financial statements are the statement of net assets and the statement of activities. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. Emphasis is placed on the net assets of governmental activities and business-type activities, and the change in net assets. Governmental activities are principally supported by taxes and intergovernmental revenues. Governmental activities include most of the City's basic services, including police, fire, public works, parks and recreation, library, and general administration. Business-type activities are intended to recover all or a significant portion of their costs through user fees and charges. The City's water and sewer system, electric system, communications system, storm water system, gas system, and solid waste operations are reported as business-type activities.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

The city-wide financial statements include not only the City of Leesburg itself but also the Greater Leesburg Community Redevelopment Agency, Caver Heights/Montclair Area Community Redevelopment Agency, and the U.S. Highway 441/27 Community Redevelopment Agency (all three "CRA"). The CRA, though legally separate, is reported as part of the primary government as a blended component unit due to the City Commission serving as the CRA's governing board.

- The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The *Statement of Activities* presents information showing how the government's net assets changed during fiscal year 2012. All changes in net assets are reported as soon as the occasion arises, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and unused vacation leave when earned).

Both of these financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities include general government, public safety, public works, economic development, human services, airport, marina, and culture and recreation. The business-type activities include electric, gas, water, wastewater, communications, solid waste disposal, stormwater, and housing.

The internal service funds, namely health insurance and workers' compensation, are recorded as governmental activities but presented with the proprietary funds.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the City's major funds- not the City as a whole. Fund accounting helps to ensure and demonstrate compliance with finance-related legal requirements. Based on restrictions on the use of monies, the City has established many funds that account for the multitude of services provided to residents. These fund financial statements focus on the City's most significant funds: governmental, proprietary, and fiduciary.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the city-wide financial statements. However, unlike the city-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the city-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the city-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

The City maintains thirteen individual governmental funds. Separate information for the general fund, capital projects fund, and the community redevelopment agency fund, which are considered to be major funds, is presented in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplemental information section of this report.

Annual appropriated budgets are adopted for the governmental funds. Budgetary comparison statements and/or schedules have been provided for these funds to demonstrate budgetary compliance.

**Proprietary Funds**

The City maintains two different types of proprietary funds: enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the city-wide financial statements. The City uses enterprise funds to account for its electric, gas, water and reuse water, wastewater, communications (internet and fiber optic), solid waste, stormwater, and housing and community revitalization operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance healthcare and workers' compensation programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the city-wide financial statements.

Proprietary funds provide the same type of information as the city-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Electric Utility, Gas Utility, Water Utility, and Wastewater Utility enterprise funds, which are considered to be major funds of the City. The remaining three non-major enterprise funds are aggregated into a single presentation. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the form of combining statements in the supplementary information section of this report.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the city-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to proprietary funds. The fiduciary funds include pension trust funds for police, fire, and general employees.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the city-wide and fund financial statements, including the City's progress in funding its obligations to provide pension benefits and other post-employment benefits to its employees.

**Other Information**

In addition to the basic financial statements and accompanying notes, required supplementary information is included which presents budgetary comparison schedules for the City's general fund, major special revenue funds, as well as historical trend information for pension trust funds and the City's OPEB plan.

The combining statements and budgetary comparison schedules referred to earlier in connection with nonmajor governmental and internal service funds are presented in the supplemental information section of this report.

**City-wide Financial Analysis**

**Statement of Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$219.3 million at the close of the fiscal year ended September 30, 2012.

At the end of fiscal year 2012, the City is able to report positive balances in all three categories of net assets, both for the government as a whole and for its separate governmental and business-type activities. The following table reflects the condensed Statement of Net Assets for the current year as compared to the prior year:

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

**City of Leesburg's Net Assets**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Assets</b>						
Current and other assets	\$ 29,981,313	\$ 29,036,862	\$ 93,068,730	\$ 95,898,494	\$123,050,043	\$124,935,356
Capital assets (net)	<u>77,817,569</u>	<u>80,452,041</u>	<u>195,123,432</u>	<u>181,747,985</u>	<u>272,941,001</u>	<u>262,200,026</u>
<b>Total assets</b>	<u>107,798,882</u>	<u>109,488,903</u>	<u>288,192,162</u>	<u>277,646,479</u>	<u>395,991,044</u>	<u>387,135,382</u>
<b>Liabilities</b>						
Current and other liabilities	7,991,865	6,352,493	20,132,368	20,414,421	28,124,233	26,766,914
Long term liabilities	<u>47,181,329</u>	<u>42,890,726</u>	<u>101,339,854</u>	<u>102,682,498</u>	<u>148,521,183</u>	<u>145,573,224</u>
<b>Total liabilities</b>	<u>55,173,194</u>	<u>49,243,219</u>	<u>121,472,222</u>	<u>123,096,919</u>	<u>176,645,416</u>	<u>172,340,138</u>
<b>Net assets</b>						
Invested in capital assets net of related debt	45,112,290	52,626,016	120,694,245	114,637,624	165,806,535	167,263,640
Restricted	3,628,410	3,377,029	9,168,859	7,527,921	12,797,269	10,904,950
Unrestricted	<u>3,884,988</u>	<u>4,242,639</u>	<u>36,856,836</u>	<u>32,384,015</u>	<u>40,741,824</u>	<u>36,626,654</u>
<b>Total net assets</b>	<u>\$ 52,625,688</u>	<u>\$ 60,245,684</u>	<u>\$166,719,940</u>	<u>\$154,549,560</u>	<u>\$219,345,628</u>	<u>\$214,795,244</u>

The largest portion of the City's net assets are reflected in the investment in capital assets (e.g., land, buildings, and equipment) less any related outstanding debt used to acquire those assets. Investments in capital assets total \$165.8 million, or 41.9% of all assets, which total \$396 million. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate the debt.

A portion of the City's net assets, \$12.8 million, or 5.8% of total net assets, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net assets totaling \$41 million may be used to meet the City's ongoing obligations to citizens and creditors, and provide funding for various projects.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

**Statement of Activities**

The following table reflects the condensed Statement of Activities for the current year as compared to the prior year.

**City of Leesburg's Changes in Net Assets**

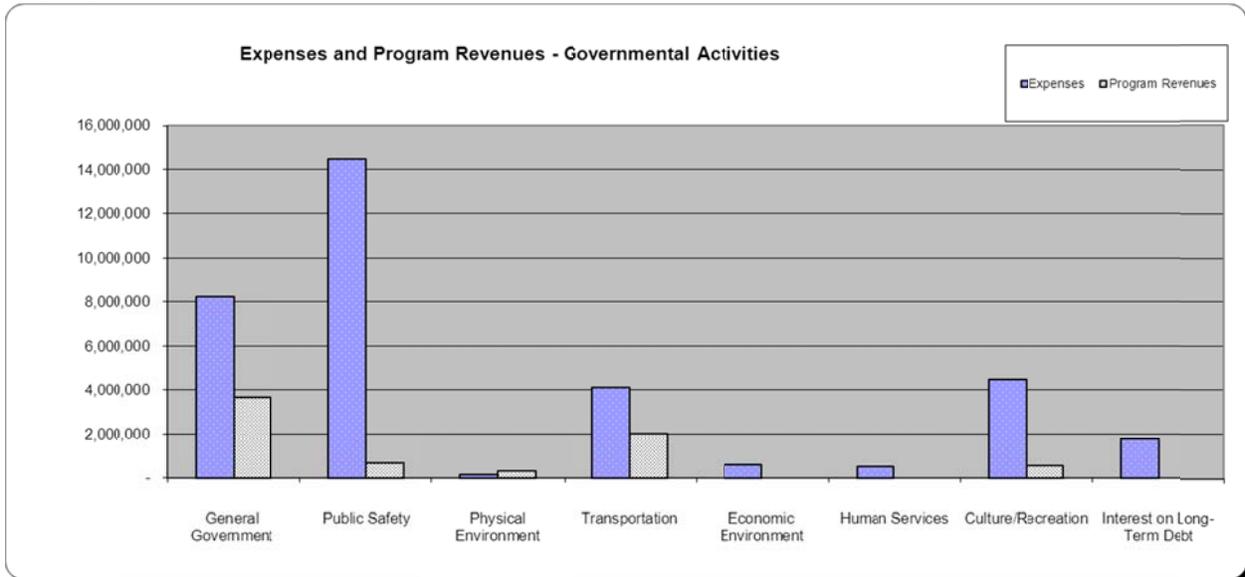
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program Revenues						
Charges for Services	\$ 5,488,043	\$ 5,866,613	\$ 86,870,566	\$ 92,776,933	\$ 92,358,609	\$ 98,643,546
Operating Grants and Contributions	705,802	869,208	48,396	87,958	754,198	957,166
Capital Grants and Contributions	956,929	413,865	3,635,520	576,880	4,592,449	990,745
General Revenues						
Taxes						
Property Taxes	4,858,023	5,361,571	-	-	4,858,023	5,361,571
Sales Taxes	1,647,465	1,611,777	-	-	1,647,465	1,611,777
Utility Service Taxes	3,102,871	3,182,188	-	-	3,102,871	3,182,188
Communication Service Taxes	1,107,841	1,049,816	-	-	1,107,841	1,049,816
Other Taxes	999,139	1,030,149	-	-	999,139	1,030,149
State-shared Revenues, Unrestricted	1,588,511	1,587,489	-	-	1,588,511	1,587,489
County-shared Revenues, Unrestricted	451,529	467,764	-	-	451,529	467,764
Investment Income	290,742	471,791	214,620	572,093	505,362	1,043,884
Miscellaneous	56,819	115,080	2,109,318	(10,954)	2,166,137	104,126
Total Revenues	<u>21,253,714</u>	<u>22,027,311</u>	<u>92,878,420</u>	<u>94,002,910</u>	<u>114,132,134</u>	<u>116,030,221</u>
Expenses						
General Government	8,225,542	4,516,704	-	-	8,225,542	4,516,704
Public Safety	14,475,082	16,325,651	-	-	14,475,082	16,325,651
Physical Environment	144,545	133,276	-	-	144,545	133,276
Transportation	4,110,736	3,710,588	-	-	4,110,736	3,710,588
Economic Environment	599,815	1,072,203	-	-	599,815	1,072,203
Human Services	520,403	37,567	-	-	520,403	37,567
Culture/Recreation	4,486,471	5,090,129	-	-	4,486,471	5,090,129
Interest on Long-Term Debt	1,749,214	1,778,947	-	-	1,749,214	1,778,947
Electric	-	-	49,405,166	53,561,809	49,405,166	53,561,809
Gas	-	-	4,940,220	5,964,253	4,940,220	5,964,253
Water	-	-	5,375,968	6,828,647	5,375,968	6,828,647
Wastewater	-	-	8,502,626	7,991,155	8,502,626	7,991,155
Stormwater	-	-	1,276,750	1,392,024	1,276,750	1,392,024
Solid Waste	-	-	2,979,724	3,022,958	2,979,724	3,022,958
Communications	-	-	1,109,831	1,126,159	1,109,831	1,126,159
Housing	-	-	161,114	162,600	161,114	162,600
Total Expenses	<u>34,311,808</u>	<u>32,665,065</u>	<u>73,751,399</u>	<u>80,049,605</u>	<u>108,063,207</u>	<u>112,714,670</u>
Change in Net Assets Before Transfers	(13,058,094)	(10,637,754)	19,127,021	13,953,305	6,068,927	3,315,551
Transfers	6,956,641	(1,244,813)	(6,956,641)	1,244,813	-	-
Change in Net Assets	(6,101,453)	(11,882,567)	12,170,380	15,198,118	6,068,927	3,315,551
Prior Period Adjustment	(1,518,543)	-	-	(687,600)	(1,518,543)	(687,600)
Net Assets - Beginning	60,245,684	72,128,251	154,549,560	140,039,042	214,795,244	212,167,293
Net Assets - Ending	<u>\$ 52,625,688</u>	<u>\$ 60,245,684</u>	<u>\$166,719,940</u>	<u>\$154,549,560</u>	<u>\$219,345,628</u>	<u>\$214,795,244</u>

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

**Governmental Activities**

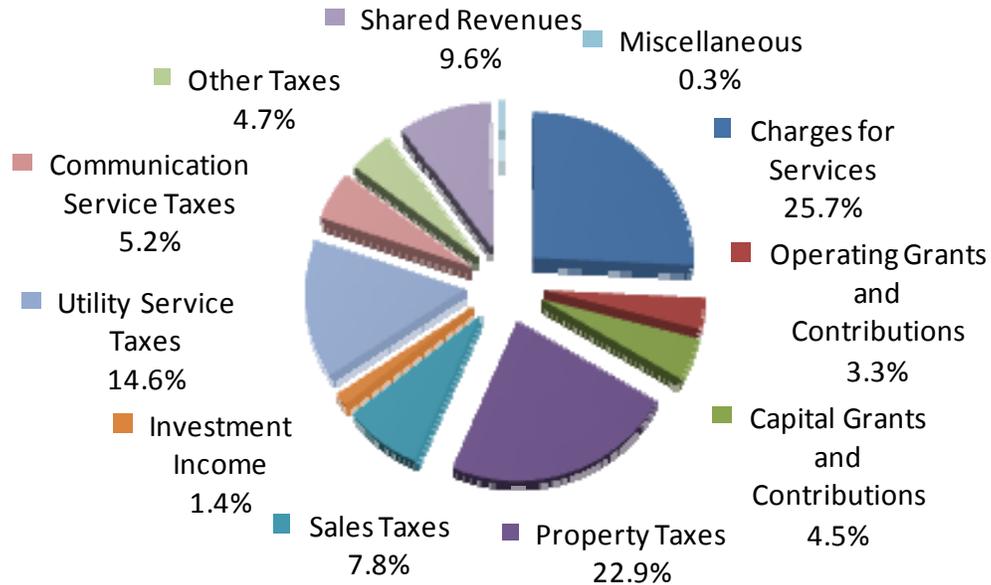
Governmental activities for the current fiscal year decreased the City's net assets by \$6.1 million or by 10.4%. The decrease in net assets is attributable to numerous factors which include the economic downturn, reduced tax revenues and increased operating costs. Revenues from operating and capital grants increased \$380 thousand, or 30% from the prior year's receipts. The receipt of revenue from property taxes was down from \$5.4 million to \$4.9 million, a reduction of 9.4%.

The expenses and program revenues depicted in the following bar graph are from the Statement of Activities. Please note that expenses precede revenues as governments seek to identify the needs of citizens and then raise the resources needed to meet those needs. The excess of expenses over program revenues are then funded by the remaining general revenues of the government. The pie chart depicting revenues by source for governmental activities reflects the percentage of individual revenue sources to total revenue sources for governmental activities.



**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

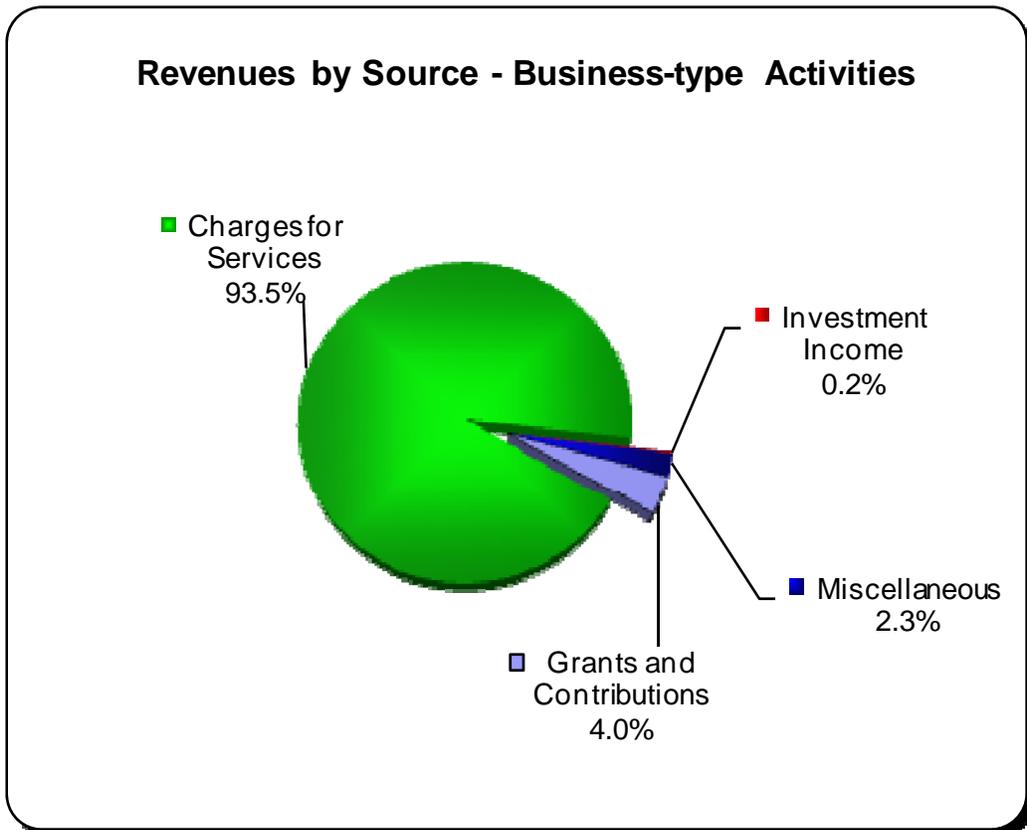
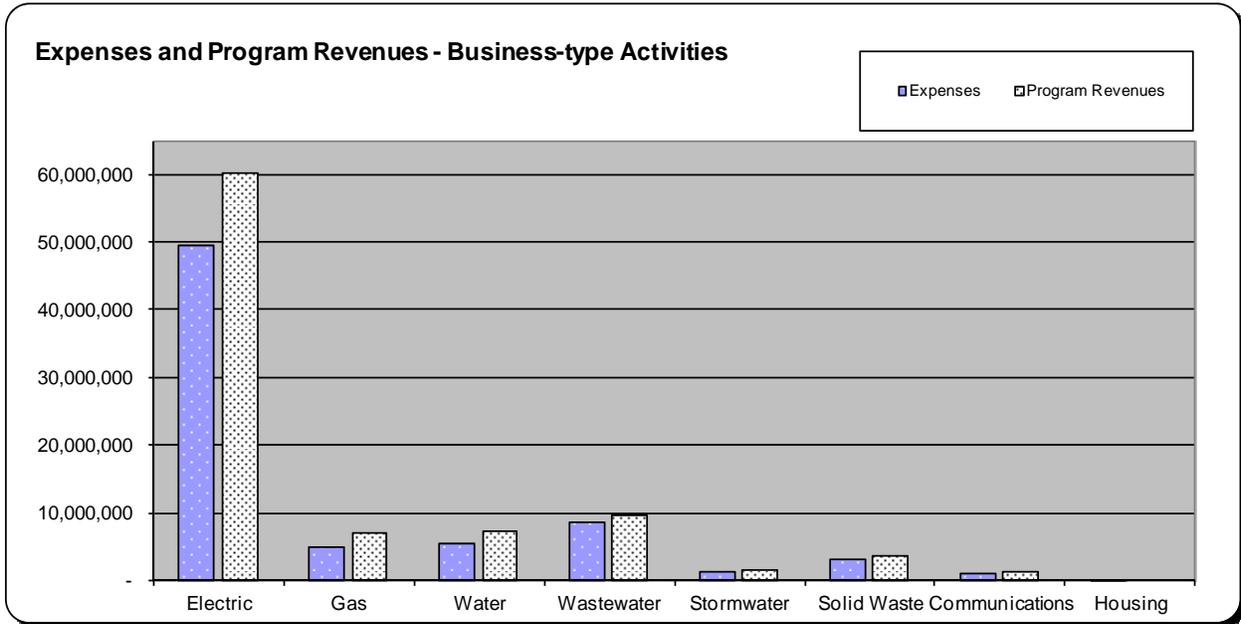
**Revenues by Source - Governmental Activities**



**Business-type Activities** - Business-type activities for the current fiscal year increased the City's net assets by \$12.2 million, or 7.9%. The increase was primarily related to close fiscal management of available resources and the funding of various projects from the City's governmental activities.

The expenses and program revenues depicted in the following bar graph are from the Statement of Activities. Please note that expenses precede revenues in this presentation. Business-type activities differ from governmental-type activities, in that, charges for services revenues are designed specifically to recover the cost of providing those services, including capital costs, such as depreciation or debt service. The pie chart reflecting revenues by source for business-type activities presents charges for services as 93.5% of overall business-type activities.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**



**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

**Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2012, the City's governmental funds reported combined ending fund balances of \$22.2 million, a decrease of \$789 thousand from the prior year, which is attributable to slower capital project implementation due to continued unavailability of capital grants to fund the projects. Unassigned fund balance of the governmental funds is \$7 million, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for other uses.

**General Fund**

The general fund is the primary general government operating fund of the City. At the end of fiscal year 2012, the fund balance of the general fund was \$9.5 million, of which \$7.2 million was unassigned. This was a decrease of \$133 thousand from the prior fiscal year unassigned balance of \$7.4 million. This decrease reflects the current depressed economy even though senior management continues to closely monitor financial activities of the City and exert fiscal oversight of the City's resources. Included in the total fund balance of the general fund, there are nonspendable funds totaling \$634 thousand, restricted funds of \$659 thousand, committed funds of \$4,563, and assigned funds of \$1 million.

**Proprietary Funds** - The City's proprietary funds provide the same type of information found in the city-wide financial statements but in more detail. Unrestricted net assets of proprietary funds at the end of the year increased by \$4.3 million, or 13.2%. Each of the utility funds showed an increase to the net assets over the prior year. The Housing Fund was terminated in 2012.

<b>Fund</b>	<b>Unrestricted Net Assets</b>		<b>Change</b>
	<b>2012</b>	<b>2011</b>	
Electric	\$ 13,976,514	\$ 13,926,839	\$ 49,675
Gas	9,594,767	8,199,797	1,394,970
Water	6,304,648	6,162,347	142,301
Wastewater	1,616,571	982,951	633,620
Stormwater	2,450,742	2,097,059	353,683
Solid Waste	1,609,004	1,160,830	448,174
Communications	1,304,590	511,010	793,580
Housing	-	(656,818)	656,818
<b>Total</b>	<b>\$ 36,856,836</b>	<b>\$ 32,384,015</b>	<b>\$ 4,472,821</b>

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

**General Fund Budgetary Highlights**

The final general fund budget of \$27.8 million was an increase of \$1.0 million over the original budget of \$26.8 million. The majority of the increase was rollovers from fiscal year 2011 in the amount of \$745 thousand. Of this amount \$67,198 was computer hardware and software, \$81,949 for public safety activities, \$534,857 for fleet purchases, \$49,000 for City Hall elevator repairs, and other ancillary items totaling \$12,012.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

Capital assets include land, buildings improvements other than buildings, intangible assets, equipment, and infrastructure. The infrastructure asset category includes long-lived capital assets, typically stationary in nature, such as roads, sidewalks and bridges. At September 30, 2012, the City had investments in capital assets of \$273 million (net of accumulated depreciation).

**City of Leesburg's Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 8,957,139	\$ 7,951,322	\$ 12,145,218	\$ 12,138,743	\$ 21,102,357	\$ 20,090,065
Buildings	43,467,260	42,037,917	33,601,773	33,598,149	77,069,033	75,636,066
Improvements Other Than Buildings	28,599,516	16,760,948	182,857,294	178,514,449	211,456,810	195,275,397
Intangible Assets	-	-	876,693	925,173	876,693	925,173
Equipment	29,523,193	28,502,439	28,522,582	28,094,916	58,045,775	56,597,355
Infrastructure	32,436,028	34,056,889	-	-	32,436,028	34,056,889
Construction in Progress	2,291,229	13,769,815	26,337,039	13,239,539	28,628,268	27,009,354
	145,274,365	143,079,330	284,340,599	266,510,969	429,614,964	409,590,299
Less: Accumulated Depreciation	(67,456,796)	(62,627,289)	(89,217,167)	(84,762,984)	(156,673,963)	(147,390,273)
Capital Assets, Net	\$ 77,817,569	\$ 80,452,041	\$195,123,432	\$181,747,985	\$272,941,001	\$262,200,026

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of September 30, 2012, increased by \$10.7 million to \$272.9 million, or 4.1%. The investment in capital assets includes land, buildings, improvements other than buildings, vehicles, equipment, infrastructure, and construction in progress. Significant changes include the following:

**Governmental-type Activities** - Construction Work-In-Progress (CWIP) decreased \$11.5 million. This reduction stemmed from prior period adjustments of \$11.7 million to assign these costs primarily to the Improvements Other than Buildings capital asset category.

**Business-type Activities –**

**Electric**

Lighting projects totaling	\$ 414,311
Electric distribution lines totaling	3,537,246
Transformer purchases totaling	666,283
Smart grid project totaling	4,145,847
Substations	1,340,019
Meters	4,240,666

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

**Gas**

Mains, meters and regulators for new customers      \$      241,029

**Water**

Mains (including reuse), storage and location radar      \$      1,999,868

**Wastewater**

Plant treatment and disposal, collecting sewers      \$      229,395

**Communications**

Infrastructure extensions      \$      794,669

**Stormwater**

Infrastructure improvements      \$      380,092

The electric fund's costs are primarily associated with the smart grid project that is estimated to be completed in late 2013. Additional information on the City's capital assets can be found in Note 6 of the notes to the financial statements.

**Long-term Debt**

At the end of fiscal year 2012, the City had total long-term debt outstanding of \$154 million, of which \$109.7 million is attributable to outstanding bonds. Of this outstanding bonds total, \$95.2 million represents bonds secured solely by specified revenue sources, while \$14.5 million is secured by tax increment financing. \$29.6 million of the bonds is applicable to governmental activities, and \$80.1 million is for the business-type activities. Other long-term debt items include notes payable, leases payable, CR #3 decommissioning cost payable, landfill post closure payable, compensated absences and other post-employment benefits.

There was no major financing activity associated with governmental activities during fiscal year 2012.

There was no new major financing activity associated with the City's business type activities during fiscal year 2012. Fiscal year 2012 draw downs from the 2010 Electric Utility Revenue Note taken out to fund the smart grid project totaled \$3.7 million. The project is expected to be completed in 2013.

The City is under constant surveillance and scrutiny from Wall Street rating agencies. Rating were unchanged during fiscal year 2012:

	Rating Agencies		
	Moody's	S&P	Fitch
Capital	A1	A-	AA-
Utility	Aa3	A	A+
Covenant to Budget and Appropriate	A2	A+	A+

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

Key rating drivers for the City's Capital Improvement Bonds included improvement in the City's financial profile and liquidity despite a pressured operating environment, sound and consistent debt service coverage and solid legal provisions.

Additional information on the City's debt can be found in Note 8 of the notes to the financial statements.

**Economic Factors and Next Year's Budget and Rates**

- The unemployment rate for Lake County at September 30, 2012, was 8.4%, a decrease from a rate of 10.2% a year ago. This compares to the national average rate of 7.8% at September 30, 2012.
- The taxable value of commercial and residential property decreased by 8.4% in fiscal year 2012 on the heels of a 11% decrease in fiscal year 2011. Taxable values are expected to continue their decline for the foreseeable future.
- Population remained stable at 20,263 compared to the prior fiscal year of 20,251 at April 1, 2012.
- The fiscal year 2013 budget process was again impacted by legislative pressure to lower local government spending. The 2012-2013 millage rate remains unchanged at 4.3179 mills. The City continues to experience declining property values resulting in projected fiscal year 2013 Ad Valorem revenues to decline of an additional \$162,951. Adverse economic conditions also continue to suppress other revenue sources.
- The City is refinancing its Capital Improvement, Utility System (Gas, Water and Wastewater), and Electrical System 2004 bond issues to benefit from existing low interest rates. These refinancing efforts are expected to be complete before the end of fiscal year 2013.

Power supply received through the Florida Municipal Power Agency (FMPA) and Leesburg's share of the St. Lucie nuclear power plant, together with the City's ownership in the Crystal River nuclear power plant, represent more than 75% of the electric department's annual operating expenses. Individual billing determinants that comprise the City's total power supply cost include customer charges, energy and demand billing rates for the FMPA-provided portion of our power supply, energy billing rates for the St. Lucie and Crystal River-provided portion of our power supply, and a transmission demand billing rate for all energy delivered to the City. In early 2013, Duke Energy, principle owner of the Crystal River #3 nuclear plant, announced it will discontinue efforts to place the plant back into operation after repair efforts failed. It is premature to identify whether there will be any financial impact from this action on the City.

In order to recommend appropriate retail electric rates to the City Commission, it is important to understand the contribution to our total power supply cost that is attributable to each customer class (Residential, General Service Non-Demand, and General Service Demand). Determining the proper cost allocation across customer classes is critically important in order to ensure that retail rates are developed to recover the appropriate share of our expenses from each customer class.

The City's gas utility has sought to reduce infrastructure costs associated with future developments. With the exception of the remaining lots in Arlington Ridge, The Legacy, and Sanders Grove, all future developments are required to fund the installation of mains and services. It is anticipated that the gas utility will be sharing joint trench space with the water department to increase capacity south of town and to provide a loop to the system. Capital maintenance is relatively low as the utility continues to install steel pipe, which increases the useful life of the asset over plastic pipe.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012**

The City's communications utility increased its Ethernet point-to-point service rates by the Gross Domestic Product Implicit Price Deflator Index, effective November 1, 2010. This will result in annual increases in Ethernet rates based on the index. The increase will contribute toward the utility's maintenance costs for the fiber optic network. The increase in rates for fiscal year 2012 was 2.4%. The utility analyzes all new network extensions in order to lessen capital costs, and utilize existing network capacity.

The City's general employee health insurance fund rebounded with an increase in net assets of \$1,374,481. This increase resulted from increased revenues partially resulting from a City-paid payment cap of \$400 placed on retiree medical insurance premiums. Expenses also declined in part from increased use of the City onsite wellness center, for which there is no cost to covered employees or dependents for visits and generic drugs dispensed from the center's formulary.

**Requests for Information**

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, please contact the City's Finance Department at 501 West Meadow Street (P.O. Box 490630), Leesburg, Florida, 34749-0630, or call (352) 728-9720.



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**CITY-WIDE FINANCIAL STATEMENTS**

**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2012**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Pooled Cash and Investments	\$ 17,250,858	\$ 27,646,664	\$ 44,897,522
Restricted Assets:			
Pooled Cash and Investments	9,897,403	35,787,496	45,684,899
Investments	-	6,037,374	6,037,374
Receivables, Net	465,905	11,762,031	12,227,936
Notes Receivable, Employees	34,191	-	34,191
Due from Other Governments	646,258	5,420,670	6,066,928
Prepaid Items	145,408	258,029	403,437
Inventories	553,977	4,477,095	5,031,072
Net Pension Asset	987,313	-	987,313
Unamortized Bond Issue Costs	-	1,679,371	1,679,371
Capital Assets Not Being Depreciated	11,248,368	38,482,257	49,730,625
Capital Assets Being Depreciated, Net of Depreciation	66,569,201	156,641,175	223,210,376
<b>Total Assets</b>	<u>107,798,882</u>	<u>288,192,162</u>	<u>395,991,044</u>
<b>Liabilities</b>			
Accounts Payable	1,157,133	4,014,832	5,171,965
Accrued Liabilities	579,242	554,171	1,133,413
Accrued Interest Payable	568,852	2,165,826	2,734,678
Customer Advances for Construction	-	59,953	59,953
Unearned Revenue	187,508	488,519	676,027
Claims Payable	1,824,539	-	1,824,539
Customer Deposits	92,161	5,165,677	5,257,838
Deferred Credit	5,944	4,698,689	4,704,633
Net Pension Obligation	820,397	-	820,397
Due to Other Governments	-	240,688	240,688
Noncurrent Liabilities:			
Due Within One Year	2,756,089	2,744,013	5,500,102
Due in More Than One Year	39,934,835	98,176,663	138,111,498
Other Postemployment Benefits Liability	7,246,494	3,163,191	10,409,685
<b>Total Liabilities</b>	<u>55,173,194</u>	<u>121,472,222</u>	<u>176,645,416</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	45,112,290	120,694,245	165,806,535
Restricted for:			
Hwy 441 Pond Maintenance	412,095	-	412,095
Public Safety	247,129	-	247,129
Capital Projects	1,087,459	8,912,859	10,000,318
Debt Service	1,881,727	-	1,881,727
Gas Depository Trust	-	256,000	256,000
Unrestricted	3,884,988	36,856,836	40,741,824
<b>Total Net Assets</b>	<u>\$ 52,625,688</u>	<u>\$ 166,719,940</u>	<u>\$ 219,345,628</u>

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

**CITY OF LEESBURG, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 8,225,542	\$ 3,422,553	\$ 219,516	\$ (4,583,473)	\$ -	\$ (4,583,473)	
Public Safety	14,475,082	470,043	185,368	(13,819,671)	-	(13,819,671)	
Physical Environment	144,545	23,379	297,384	176,218	-	176,218	
Transportation	4,110,736	1,091,481	-	(2,114,142)	-	(2,114,142)	
Economic Environment	599,815	-	-	(599,815)	-	(599,815)	
Human Services	520,403	-	-	(520,403)	-	(520,403)	
Culture/Recreation	4,486,471	480,587	3,534	(3,950,534)	-	(3,950,534)	
Interest on Long-term Debt	1,749,214	-	-	(1,749,214)	-	(1,749,214)	
<b>Total Governmental Activities</b>	<b>34,311,808</b>	<b>5,488,043</b>	<b>705,802</b>	<b>(27,161,034)</b>	<b>-</b>	<b>(27,161,034)</b>	
<b>Business-type Activities</b>							
Electric Utility	49,405,166	56,574,978	-	-	10,767,317	10,767,317	
Gas Utility	4,940,220	6,897,711	-	-	1,957,491	1,957,491	
Water Utility	5,375,968	7,182,081	17,469	38,015	1,861,597	1,861,597	
Wastewater Utility	8,502,626	9,626,267	30,927	-	1,154,568	1,154,568	
Stormwater System	1,276,750	1,532,913	-	-	256,163	256,163	
Solid Waste System	2,979,724	3,668,806	-	-	689,082	689,082	
Communication Services Utility	1,109,831	1,387,810	-	-	277,979	277,979	
Housing	161,114	-	-	-	(161,114)	(161,114)	
<b>Total Business-type Activities</b>	<b>\$ 73,751,399</b>	<b>\$ 86,870,566</b>	<b>\$ 48,396</b>	<b>\$ 3,635,520</b>	<b>-</b>	<b>16,803,083</b>	
<b>General Revenues</b>							
Taxes:							
Property Taxes				4,858,023	-	4,858,023	
Sales Taxes				1,647,465	-	1,647,465	
Utility Service Taxes				3,102,871	-	3,102,871	
Communication Services Taxes				1,107,841	-	1,107,841	
Other Taxes				999,139	-	999,139	
State-shared Revenues, Unrestricted				1,588,511	-	1,588,511	
County-shared Revenues, Unrestricted				451,529	-	451,529	
Investment Income				290,742	214,620	505,362	
Miscellaneous				56,819	2,109,318	2,166,137	
Transfers				6,956,641	(6,956,641)	-	
<b>Total General Revenues, Special Items and Transfers</b>				<b>21,059,581</b>	<b>(4,632,703)</b>	<b>16,426,878</b>	
<b>Change in Net Assets</b>				<b>(6,101,453)</b>	<b>12,170,380</b>	<b>6,068,927</b>	
<b>Net Assets, Beginning of Year (As Previously Reported)</b>				<b>60,245,684</b>	<b>154,549,560</b>	<b>214,795,244</b>	
<b>Prior Period Adjustment</b>				<b>(1,518,543)</b>	<b>-</b>	<b>(1,518,543)</b>	
<b>Net Assets, Beginning of Year (Restated)</b>				<b>58,727,141</b>	<b>154,549,560</b>	<b>213,276,701</b>	
<b>Net Assets, End of Year</b>				<b>\$ 52,625,688</b>	<b>\$ 166,719,940</b>	<b>\$ 219,345,628</b>	

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



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## **FUND FINANCIAL STATEMENTS**



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## MAJOR GOVERNMENTAL FUNDS

**General Fund** is the principal fund of the City and is used to account for all activities not included in other funds. The General Fund accounts for the normal recurring activities of the City (i.e., police, fire, public works, general government, etc.). These activities are funded principally by property taxes, intergovernmental revenues, and licenses and fees.

**Community Redevelopment Fund** consists of the Greater Leesburg Community Redevelopment Fund, Carver Heights/Montclair Area Community Redevelopment Fund, and U.S. Highway 441/27 Community Redevelopment Funds which are incremental tax districts established pursuant to Florida Statutes and accounted for as special revenue funds. The funds account for the incremental increase in ad valorem tax revenue collected within the designated community redevelopment areas. Revenues must be utilized and expended in accordance with the respective community redevelopment plans.

**Capital Projects Fund** accounts for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**CITY OF LEESBURG, FLORIDA  
BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012**

	<b>Major Funds</b>			<b>Other</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Community Redevelopment Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	
<b>Assets</b>					
Pooled Cash and Investments	\$ 9,057,124	\$ 1,256,026	\$ 869,024	\$ 1,945,072	\$ 13,127,246
Restricted Cash	400,995	9,435,016	59,049	2,343	9,897,403
Accounts Receivables, Net of allowance of \$45,340	287,390	-	-	673	288,063
Notes Receivable, Employees	34,191	-	-	-	34,191
Due from Other Funds	281,494	-	-	-	281,494
Due from Other Governments	418,139	-	149,394	78,725	646,258
Prepaid Items	144,845	85	-	478	145,408
Inventory	455,387	-	-	98,590	553,977
<b>Total Assets</b>	<b>11,079,565</b>	<b>10,691,127</b>	<b>1,077,467</b>	<b>2,125,881</b>	<b>24,974,040</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	505,951	182,995	149,905	5,264	844,115
Due to Other Funds	-	-	-	281,494	281,494
Due to Other Governments	3,206	-	-	2,738	5,944
Accrued Salaries	570,880	-	-	8,362	579,242
Accrued Interest	-	-	-	568,852	568,852
Deferred Revenue	187,976	-	-	-	187,976
Unearned Revenue	185,375	-	2,133	-	187,508
Deposits	89,661	2,500	-	-	92,161
<b>Total Liabilities</b>	<b>1,543,049</b>	<b>185,495</b>	<b>152,038</b>	<b>866,710</b>	<b>2,747,292</b>
<b>Fund Balances</b>					
Nonspendable:					
Prepays	144,845	-	-	478	145,323
Inventory	455,387	-	-	-	455,387
Notes Receivable - Employees	33,383	-	-	-	33,383
Restricted for:					
Hwy 441 Pond Maintenance	412,095	-	-	-	412,095
Public Safety and Other Expenditures	247,129	-	-	-	247,129
Capital Projects	-	8,002,471	-	-	8,002,471
Debt Service	-	1,717,915	865,891	597,715	3,181,521
Special Revenue Funds	-	-	-	953,358	953,358
Committed for:					
C.U.R.E. Program	4,563	-	-	-	4,563
Assigned for:					
Capital Projects	1,000,000	785,246	59,538	-	1,844,784
Unassigned (deficit)	7,239,114	-	-	(292,380)	6,946,734
<b>Total Fund Balances</b>	<b>9,536,516</b>	<b>10,505,632</b>	<b>925,429</b>	<b>1,259,171</b>	<b>22,226,748</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,079,565</b>	<b>\$ 10,691,127</b>	<b>\$ 1,077,467</b>	<b>\$ 2,125,881</b>	<b>\$ 24,974,040</b>

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

**CITY OF LEESBURG, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**AS OF SEPTEMBER 30, 2012**

**Total Fund Balances of Governmental Funds** \$ 22,226,748

**Amounts Reported for Governmental Activities in the Statement  
of Assets are Different Because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Cost of the Assets (including transfer of asset from Housing Fund)	\$ 145,274,364	
Accumulated Depreciation	<u>(67,456,795)</u>	77,817,569

The internal service fund is used by management to charge the costs of health insurance and workers' compensation services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 2,163,897

Deferred revenue is not available to cover current liabilities and therefore not considered revenue in the fund level statements. 187,976

Net pension asset (obligation) is not an available financial resource and, therefore, is not reported as an asset (liability) in the governmental funds:

General Employees Retirement Plan	(820,397)	
Municipal Police and Firement's Retirement Plans	<u>987,313</u>	166,916

Long-term liabilities are not due and payable in the current period and, accordingly, are not reported in the governmental funds. Long-term liabilities at year-end consist of:

Capital Improvement Revenue Bonds	(29,575,000)	
Notes Payable (Including note assumed from Housing Fund)	(11,145,788)	
Compensated Absences	(1,770,839)	
Capital Lease Payable	(199,297)	
Net Other Postemployment Benefit Obligation	<u>(7,246,494)</u>	<u>(49,937,418)</u>

**Total Net Assets of Governmental Activities** \$ 52,625,688

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

**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Major Funds</u>			<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Community Redevelopment Fund</u>	<u>Capital Projects Fund</u>		
<b>Revenues</b>					
Taxes	\$ 10,911,892	\$ -	\$ -	\$ 803,449	\$ 11,715,341
Licenses and Permits	133,435	-	-	325,363	458,798
Intergovernmental	2,084,254	289,945	981,824	150,313	3,506,336
Charges for Services	540,734	-	-	1,024	541,758
Fines and Forfeitures	122,391	-	-	36,746	159,137
Miscellaneous:					
Interest	24,094	23,545	2,088	1,216	50,943
Rental	1,129,768	-	-	-	1,129,768
Other	3,257,951	261	-	216,641	3,474,853
<b>Total Revenues</b>	<u>18,204,519</u>	<u>313,751</u>	<u>983,912</u>	<u>1,534,752</u>	<u>21,036,934</u>
<b>Expenditures</b>					
Current:					
General Government	2,730,096	-	-	-	2,730,096
Public Safety	14,005,197	-	-	466,898	14,472,095
Physical Environment	60,774	-	-	-	60,774
Transportation	1,797,017	-	-	144	1,797,161
Economic Environment	122,237	377,982	-	16,532	516,751
Human Services	520,403	-	-	-	520,403
Culture and Recreation	3,813,858	-	-	-	3,813,858
Debt Service:					
Principal Payments	-	197,162	-	605,172	802,334
Interest and Fees	-	726,770	-	1,022,444	1,749,214
Capital Outlay	1,561,192	257,359	1,523,494	27	3,342,072
<b>Total Expenditures</b>	<u>(24,610,774)</u>	<u>(1,559,273)</u>	<u>(1,523,494)</u>	<u>(2,111,217)</u>	<u>(29,804,758)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(6,406,255)</u>	<u>(1,245,522)</u>	<u>(539,582)</u>	<u>(576,465)</u>	<u>(8,767,824)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	68,233	-	-	-	68,233
Transfers from Other Funds	9,168,459	235,332	560,913	1,653,146	11,617,850
Transfers to Other Funds	(2,084,307)	(451,055)	(2,349)	(1,169,176)	(3,706,887)
<b>Total Other Financing Sources (Uses)</b>	<u>7,152,385</u>	<u>(215,723)</u>	<u>558,564</u>	<u>483,970</u>	<u>7,979,196</u>
<b>Net Change in Fund Balances</b>	746,130	(1,461,245)	18,982	(92,495)	(788,628)
<b>Fund Balances, Beginning of Year</b>	<u>8,790,386</u>	<u>11,966,877</u>	<u>906,447</u>	<u>1,351,666</u>	<u>23,015,376</u>
<b>Fund Balances, End of Year</b>	<u>\$ 9,536,516</u>	<u>\$ 10,505,632</u>	<u>\$ 925,429</u>	<u>\$ 1,259,171</u>	<u>\$ 22,226,748</u>

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

**CITY OF LEESBURG, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**Net Change in Fund Balances - Total Governmental Funds** \$ (788,628)

**Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:**

Governmental funds report capital purchases as an expenditure. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This reconciling item is the amount by which capital purchases, less net book value of disposals exceeds depreciation expense:

Capital Purchases	\$ 3,342,072	
Capital Assets Transferred from Housing Fund	3,525,503	
Contributions of Capital Assets	20,934	
Net Book Value of Disposals	(3,036,300)	
Depreciation Expense	<u>(4,968,138)</u>	(1,115,929)

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is a list of those repayments:

Principal Repayments:		
Capital Improvement Revenue Bonds	385,000	
Notes Payable	382,162	
Capital Lease Payable	<u>35,172</u>	802,334

Assumption of note payable from Housing Fund (business type activities) reduces transfers in the statement of activities but has no effect in the governmental funds (4,500,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated Absences	(290,235)	
Changes in Net Pension Obligation	(469,597)	
Change in Other Postemployment Benefit Liability	<u>(1,442,125)</u>	(2,201,957)

Revenues in the Statement of Activities that do not provided current financial resources are not reported as revenues in the funds. 187,976

The internal service funds are used by management to charge the costs of activities that benefit the entire government. The net revenue (expense) of the internal service funds is reported with governmental activities. 1,514,751

**Change in Net Assets of Governmental Activities** \$ (6,101,453)

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



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**Proprietary Funds** account for operations that are financed and operated in a manner similar to private business enterprises and where the costs of providing goods or services to the general public are recovered primarily through user charges; or where the City has decided that determination of net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Individual major proprietary funds are described below.

### **Major Proprietary Funds**

**Electric Utility Fund** accounts for the purchase and distribution of electric services.

**Gas Utility Fund** accounts for the purchase and distribution of gas services.

**Water Utility Fund** accounts for costs for collection, treatment, and distribution of water services.

**Wastewater Utility Fund** accounts for costs to provide wastewater and sanitary sewer services.

### **Internal Service Funds**

**Internal Service Funds** account for the financing of goods and services provided by one department to other departments of the governmental unit on a cost-reimbursement basis. The City maintains two internal service funds for the payment of employee health and medical claims and workers' compensation claims.

**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2012**

	<b>Business-type Activities - Enterprise Funds</b>						<b>Governmental Activities</b>
	<b>Major Funds</b>						<b>Internal Service Funds</b>
	<b>Electric Utility Fund</b>	<b>Gas Utility Fund</b>	<b>Water Utility Fund</b>	<b>Wastewater Utility Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>Assets</b>							
<b>Current Assets:</b>							
Pooled Cash and Investments	\$ 7,804,679	\$ 8,167,112	\$ 4,658,083	\$ 2,739,983	\$ 4,276,807	\$ 27,646,664	\$ 4,123,612
Restricted Pooled Cash and Investments							
Debt Service Account	3,263,885	1,038,327	1,007,783	861,035	96,955	6,267,985	-
Customer Deposits Account	4,402,128	678,621	473,835	4,310	10,761	5,569,655	-
Rate Stabilization	7,199,974	-	-	-	-	7,199,974	-
Landfill Escrow	-	-	-	-	89,152	89,152	-
Receivables:							
Customer Accounts, Unbilled	3,106,236	259,842	431,017	538,930	381,600	4,717,625	-
Customer Accounts, Billed	5,272,141	387,655	507,709	1,119,198	487,833	7,774,536	-
(Allowance for Doubtful Accounts)	(527,190)	(38,902)	(59,297)	(92,536)	(67,542)	(785,467)	-
Miscellaneous Receivables	55,337	-	-	-	-	55,337	177,842
Due from Other Funds	-	200,000	1,000,001	-	315,000	1,515,001	-
Due from Other Government	5,420,473	-	-	-	197	5,420,670	-
Prepaid Items	130,247	10,417	29,604	5,247	82,514	258,029	-
Inventory	3,919,533	316,527	58,797	-	182,238	4,477,095	-
<b>Total Current Assets</b>	<b>40,047,443</b>	<b>11,019,599</b>	<b>8,107,532</b>	<b>5,176,167</b>	<b>5,855,515</b>	<b>70,206,256</b>	<b>4,301,454</b>
<b>Noncurrent Assets:</b>							
Restricted Assets:							
Pooled Cash and Investments:							
Renewal and Replacement Account	2,850,836	-	2,128,010	3,672,121	1,085,451	9,736,418	-
Impact Fees Account	-	-	45,450	216,442	-	261,892	-
Depository Trust Account	-	256,000	-	-	-	256,000	-
Bond Proceeds	1,257,891	1,831,098	3,317,431	-	-	6,406,420	-
Investments:							
Crystal River Decommissioning Trust Account	6,037,374	-	-	-	-	6,037,374	-
<b>Total Restricted Assets</b>	<b>10,146,101</b>	<b>2,087,098</b>	<b>5,490,891</b>	<b>3,888,563</b>	<b>1,085,451</b>	<b>22,698,104</b>	<b>-</b>
Property, Plant and Equipment:							
Land	3,507,105	370,111	346,380	7,162,035	759,587	12,145,218	-
Buildings	2,516,827	534,770	6,043,696	24,492,624	13,856	33,601,773	-
Improvements Other Than Building	86,859,639	13,663,878	38,565,488	27,834,594	15,933,695	182,857,294	-
Machinery and Equipment	9,495,046	1,510,254	4,078,136	12,190,853	1,248,293	28,522,582	-
Less Accumulated Depreciation and Amortization	(35,808,801)	(5,297,762)	(17,179,468)	(24,730,788)	(6,200,348)	(89,217,167)	-
Intangible Assets	-	-	876,693	-	-	876,693	-
Construction in Progress	17,884,077	314,536	6,158,936	561,110	1,418,380	26,337,039	-
<b>Total Property, Plant and Equipment</b>	<b>84,453,893</b>	<b>11,095,787</b>	<b>38,889,861</b>	<b>47,510,428</b>	<b>13,173,463</b>	<b>195,123,432</b>	<b>-</b>
Other Assets:							
Assets Held for Sale	-	-	-	-	-	-	-
Unamortized Bond Issue Costs	788,096	119,916	445,524	325,835	-	1,679,371	-
<b>Total Other Assets</b>	<b>788,096</b>	<b>119,916</b>	<b>445,524</b>	<b>325,835</b>	<b>-</b>	<b>1,679,371</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>95,388,090</b>	<b>13,302,801</b>	<b>44,826,276</b>	<b>51,724,826</b>	<b>14,258,914</b>	<b>219,500,907</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 135,435,533</b>	<b>\$ 24,322,400</b>	<b>\$ 52,933,808</b>	<b>\$ 56,900,993</b>	<b>\$ 20,114,429</b>	<b>\$ 289,707,163</b>	<b>\$ 4,301,454</b>

*(Continued)*

**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2012**  
*(Concluded)*

	<b>Business-type Activities - Enterprise Funds</b>						<b>Governmental</b>
	<b>Major Funds</b>						<b>Activities</b>
	<b>Electric Utility Fund</b>	<b>Gas Utility Fund</b>	<b>Water Utility Fund</b>	<b>Wastewater Utility Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Liabilities</b>							
Current Liabilities:							
Accounts and Retainage Payable	\$ 3,238,971	\$ 142,906	\$ 343,065	\$ 55,449	\$ 234,441	\$ 4,014,832	\$ 313,018
Due to Other Funds	-	-	-	1,200,001	315,000	1,515,001	-
Due to Other Governments	222,513	15,923	-	-	2,252	240,688	-
Other Accrued Expenses	108,079	315,669	36,804	55,086	38,533	554,171	1,010,393
Compensated Absences	215,682	64,131	125,109	74,689	59,230	538,841	-
Customer Advances for Construction	51,053	-	-	8,900	-	59,953	-
Unearned Revenue	182,950	160,482	23,150	121,937	-	488,519	-
	<u>4,019,248</u>	<u>699,111</u>	<u>528,128</u>	<u>1,516,062</u>	<u>649,456</u>	<u>7,412,005</u>	<u>1,323,411</u>
Current Liabilities Payable from Restricted Assets:							
Customer Deposits	4,402,128	274,643	473,835	4,310	10,761	5,165,677	-
Estimated Landfill Closure Cost Payable	-	-	-	-	60,331	60,331	-
Decommissioning Costs Payable	394,841	-	-	-	-	394,841	-
Accrued Interest Payable	969,127	140,375	567,930	473,939	14,455	2,165,826	-
Bonds and Notes Payable - Current Portion	705,000	127,968	439,889	387,143	90,000	1,750,000	-
Rate Stabilization Deferred Credit	4,698,689	-	-	-	-	4,698,689	-
	<u>11,169,785</u>	<u>542,986</u>	<u>1,481,654</u>	<u>865,392</u>	<u>175,547</u>	<u>14,235,364</u>	<u>-</u>
<b>Total Current Liabilities</b>	<u>15,189,033</u>	<u>1,242,097</u>	<u>2,009,782</u>	<u>2,381,454</u>	<u>825,003</u>	<u>21,647,369</u>	<u>1,323,411</u>
Noncurrent Liabilities:							
Claims Payable	-	-	-	-	-	-	814,146
Capital Improvement Revenue Refunding Note	-	-	-	-	750,000	750,000	-
Electric Utility Revenue Note 2010	3,925,971	-	-	-	-	3,925,971	-
Revenue Bonds Payable, Series 2004	14,575,000	3,369,574	7,008,989	9,711,437	-	34,665,000	-
Revenue Bonds Payable, Series 2007	21,765,000	2,386,822	13,675,731	6,017,447	-	43,845,000	-
(Unamortized Discount and Loss on Refunding)	(1,620)	(25,626)	(44,102)	(74,016)	-	(145,364)	-
Utility Revenue Refunding Note Payable 2010	-	-	3,580,378	4,304,622	-	7,885,000	-
Compensated Absences	176,467	52,471	102,362	61,109	48,462	440,871	-
Landfill Postclosure Costs Payable	-	-	-	-	301,654	301,654	-
Nuclear Decommissioning Costs Payable	6,508,531	-	-	-	-	6,508,531	-
Other Postemployment Benefits	902,368	378,148	576,153	815,011	491,511	3,163,191	-
	<u>47,851,717</u>	<u>6,161,389</u>	<u>24,899,511</u>	<u>20,835,610</u>	<u>1,591,627</u>	<u>101,339,854</u>	<u>814,146</u>
<b>Total Noncurrent Liabilities</b>	<u>47,851,717</u>	<u>6,161,389</u>	<u>24,899,511</u>	<u>20,835,610</u>	<u>1,591,627</u>	<u>101,339,854</u>	<u>814,146</u>
<b>Total Liabilities</b>	<u>63,040,750</u>	<u>7,403,486</u>	<u>26,909,293</u>	<u>23,217,064</u>	<u>2,416,630</u>	<u>122,987,223</u>	<u>2,137,557</u>
<b>Net Assets</b>							
Invested in Capital Assets, Net of Related Debt	55,567,433	7,068,147	17,546,407	28,178,795	12,333,463	120,694,245	-
Restricted for:							
Capital Improvements	2,850,836	-	2,173,460	3,888,563	-	8,912,859	-
Gas Depository Trust	-	256,000	-	-	-	256,000	-
Unrestricted	13,976,514	9,594,767	6,304,648	1,616,571	5,364,336	36,856,836	2,163,897
<b>Total Net Assets</b>	<u>\$ 72,394,783</u>	<u>\$ 16,918,914</u>	<u>\$ 26,024,515</u>	<u>\$ 33,683,929</u>	<u>\$ 17,697,799</u>	<u>\$ 166,719,940</u>	<u>\$ 2,163,897</u>

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



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**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities</b>	
	<b>Major Funds</b>				<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
	<b>Electric Utility Fund</b>	<b>Gas Utility Fund</b>	<b>Water Utility Fund</b>	<b>Wastewater Utility Fund</b>			
<b>Operating Revenues</b>							
Charges for Services	\$ 54,119,794	\$ 6,753,278	\$ 6,989,067	\$ 9,450,656	\$ 6,508,634	\$ 83,821,429	\$ 6,277,374
Other	2,455,184	144,433	193,014	175,611	80,895	3,049,137	379,285
<b>Total Operating Revenues</b>	<b>56,574,978</b>	<b>6,897,711</b>	<b>7,182,081</b>	<b>9,626,267</b>	<b>6,589,529</b>	<b>86,870,566</b>	<b>6,656,659</b>
<b>Operating Expenses</b>							
Personal Services	3,162,914	1,223,020	1,626,611	2,543,220	1,565,475	10,121,240	-
Purchased Energy	36,453,304	1,984,513	-	-	-	38,437,817	-
Supplies and Materials	454,166	113,220	262,661	323,326	276,679	1,430,052	-
Maintenance Costs	929,672	59,599	170,288	334,700	271,121	1,765,380	-
Contracted Services	325,161	37,587	170,670	231,811	1,162,267	1,927,496	-
Other Services and Charges	3,919,031	1,054,181	1,734,745	2,512,277	1,430,869	10,651,103	1,237,045
Depreciation and Amortization	3,132,920	310,086	1,042,215	1,606,912	804,470	6,896,603	-
Change in Decommissioning/ Postclosure Estimate	-	-	-	-	(171,896)	(171,896)	-
Claims Expense	-	-	-	-	-	-	3,932,908
<b>Total Operating Expenses</b>	<b>(48,377,168)</b>	<b>(4,782,206)</b>	<b>(5,007,190)</b>	<b>(7,552,246)</b>	<b>(5,338,985)</b>	<b>(71,057,795)</b>	<b>(5,169,953)</b>
<b>Operating Income</b>	<b>8,197,810</b>	<b>2,115,505</b>	<b>2,174,891</b>	<b>2,074,021</b>	<b>1,250,544</b>	<b>15,812,771</b>	<b>1,486,706</b>
<b>Nonoperating Revenues (Expenses)</b>							
Investment Income	136,147	19,654	23,451	27,109	8,259	214,620	7,870
Other Nonoperating Income	75,793	(803)	-	-	-	74,990	-
Gain on Asset Transfer	-	-	-	-	974,497	974,497	-
Interest Expenses	(1,027,998)	(158,014)	(358,148)	(950,380)	(188,434)	(2,682,974)	-
Other Nonoperating Expense	-	-	(10,630)	-	-	(10,630)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(816,058)</b>	<b>(139,163)</b>	<b>(345,327)</b>	<b>(923,271)</b>	<b>794,322</b>	<b>(1,429,497)</b>	<b>7,870</b>
<b>Income Before Contributions and Transfers</b>	<b>7,381,752</b>	<b>1,976,342</b>	<b>1,829,564</b>	<b>1,150,750</b>	<b>2,044,866</b>	<b>14,383,274</b>	<b>1,494,576</b>
<b>Transfers and Capital Contributions</b>							
Capital Contributions	5,680,229	-	38,015	-	-	5,718,244	-
Transfers from Other Funds	412,845	9,834	-	-	310,617	733,296	20,175
Transfers to Other Funds	(5,798,809)	(668,347)	(861,209)	(763,350)	(572,719)	(8,664,434)	-
<b>Total Transfers and Capital Contributions</b>	<b>294,265</b>	<b>(658,513)</b>	<b>(823,194)</b>	<b>(763,350)</b>	<b>(262,102)</b>	<b>(2,212,894)</b>	<b>20,175</b>
<b>Change in Net Assets</b>	<b>7,676,017</b>	<b>1,317,829</b>	<b>1,006,370</b>	<b>387,400</b>	<b>1,782,764</b>	<b>12,170,380</b>	<b>1,514,751</b>
<b>Net Assets, Beginning of Year</b>	<b>64,718,766</b>	<b>15,601,085</b>	<b>25,018,145</b>	<b>33,296,529</b>	<b>15,915,035</b>	<b>154,549,560</b>	<b>649,146</b>
<b>Net Assets, End of Year</b>	<b>\$ 72,394,783</b>	<b>\$ 16,918,914</b>	<b>\$ 26,024,515</b>	<b>\$ 33,683,929</b>	<b>\$ 17,697,799</b>	<b>\$ 166,719,940</b>	<b>\$ 2,163,897</b>

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

**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Business-type Activities - Enterprise Funds					Governmental Activities	
	Major Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund	Wastewater Utility Fund			
<b>Cash Flows from Operating Activities</b>							
Receipts from Customers and Users	\$ 56,822,344	\$ 6,979,561	\$ 7,138,225	\$ 9,450,371	\$ 6,514,832	\$ 86,905,333	\$ 6,199,157
Payments to Suppliers for Goods and Services	(41,918,736)	(3,230,922)	(2,151,670)	(3,335,218)	(3,040,615)	(53,677,161)	(1,283,960)
Cash Paid for Insurance Claims	-	-	-	-	-	-	(3,470,752)
Cash Paid to Employees for Services	(2,948,055)	(1,143,023)	(1,525,381)	(2,419,919)	(1,459,954)	(9,496,332)	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>11,955,553</u>	<u>2,605,616</u>	<u>3,461,174</u>	<u>3,695,234</u>	<u>2,014,263</u>	<u>23,731,840</u>	<u>1,444,445</u>
<b>Cash Flows from Noncapital Financing Activities</b>							
Transfers from Other Funds	412,845	9,834	-	-	310,617	733,296	20,175
Transfers to Other Funds	(5,798,809)	(668,347)	(861,209)	(763,350)	(572,719)	(8,664,434)	-
Issuance of/Proceeds from Interfund Loan	-	100,000	500,000	(600,000)	-	-	-
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>(5,385,964)</u>	<u>(558,513)</u>	<u>(361,209)</u>	<u>(1,363,350)</u>	<u>(262,102)</u>	<u>(7,931,138)</u>	<u>20,175</u>
<b>Cash Flows from Capital and Related Financing Activities</b>							
Interest Paid on Revenue Bonds and Customer Deposits	(1,941,617)	(282,529)	(1,142,366)	(957,509)	(253,647)	(4,577,668)	-
Acquisition and Construction of Capital Assets	(14,770,168)	(240,225)	(2,005,900)	(229,394)	(1,174,979)	(18,420,666)	-
Proceeds/Loss from the Disposition of Capital Assets	75,793	-	-	-	-	75,793	-
Principal Paid on Capital Debt	3,000,971	(123,189)	(419,412)	(372,399)	(85,000)	2,000,971	-
Capital Contributions	718,939	-	38,015	-	206	757,160	-
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(12,916,082)</u>	<u>(645,943)</u>	<u>(3,529,663)</u>	<u>(1,559,302)</u>	<u>(1,513,420)</u>	<u>(20,164,410)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>							
Interest Received	127,832	19,654	23,451	27,109	8,259	206,305	7,870
Purchase of Crystal River Decommissioning Investments	(116,291)	-	-	-	-	(116,291)	-
Purchase of Asset Held for Resale	-	-	-	-	-	-	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>11,541</u>	<u>18,851</u>	<u>23,451</u>	<u>27,109</u>	<u>8,259</u>	<u>89,211</u>	<u>7,870</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(6,334,952)</u>	<u>1,420,011</u>	<u>(406,247)</u>	<u>799,691</u>	<u>247,000</u>	<u>(4,274,497)</u>	<u>1,472,490</u>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>33,114,345</u>	<u>10,551,147</u>	<u>12,036,839</u>	<u>6,694,200</u>	<u>5,312,126</u>	<u>67,708,657</u>	<u>2,651,122</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 26,779,393</u>	<u>\$ 11,971,158</u>	<u>\$ 11,630,592</u>	<u>\$ 7,493,891</u>	<u>\$ 5,559,126</u>	<u>\$ 63,434,160</u>	<u>\$ 4,123,612</u>

(Continued)

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

**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**  
*(Concluded)*

	<b>Business-type Activities - Enterprise Funds</b>						<b>Governmental</b>
	<b>Major Funds</b>						<b>Activities</b>
	<b>Electric Utility Fund</b>	<b>Gas Utility Fund</b>	<b>Water Utility Fund</b>	<b>Wastewater Utility Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b><u>Reconciliation of Cash and Cash Equivalents to Balance Sheet</u></b>							
Total Unrestricted Equity in Pooled Cash and Cash Equivalents	\$ 7,804,679	\$ 8,167,112	\$ 4,658,083	\$ 2,739,983	\$ 4,276,807	\$ 27,646,664	\$ 4,123,612
Total Restricted Equity in Pooled Cash and Cash Equivalents	18,974,714	3,804,046	6,972,509	4,753,908	1,282,319	35,787,496	-
<b>Total Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 26,779,393</u></b>	<b><u>\$ 11,971,158</u></b>	<b><u>\$ 11,630,592</u></b>	<b><u>\$ 7,493,891</u></b>	<b><u>\$ 5,559,126</u></b>	<b><u>\$ 63,434,160</u></b>	<b><u>\$ 4,123,612</u></b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u></b>							
Operating Income (Loss)	\$ 8,197,810	\$ 2,115,505	\$ 2,174,891	\$ 2,074,021	\$ 1,250,544	\$ 15,812,771	\$ 1,486,706
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Depreciation and Amortization	3,132,920	310,086	1,042,215	1,606,912	804,470	6,896,603	-
Decrease (Increase) in Assets:							
Customer Accounts (Net of Allowances)	116,885	46,082	(103,857)	(169,964)	(74,685)	(185,539)	-
Miscellaneous Receivables	51,456	-	-	-	-	51,456	(78,217)
Due from Other Funds	-	-	-	-	-	-	-
Prepaid Items	69,824	26,464	44,181	98,983	(27,191)	212,261	52,406
Inventory	(77,918)	2,461	11,361	-	22,092	(42,004)	-
Increase (Decrease) in Liabilities:							
Accounts Payable	(209,644)	(9,670)	131,152	(32,087)	103,072	(17,177)	(99,321)
Due to Other Governments	222,513	15,923	-	-	-	238,436	-
Accrued Expenses	(201,867)	(7,503)	8,636	10,594	11,054	(179,086)	-
Claims Payable	-	-	-	-	2,252	2,252	82,871
Rate Stabilization Deferred Credit	(319,871)	-	-	-	-	(319,871)	-
Other Postemployment Benefits Liability	161,766	68,836	89,488	144,556	89,488	554,134	-
Decommissioning/Postclosure Payable	394,841	-	-	-	(171,896)	222,945	-
Other	416,838	37,432	63,107	(37,781)	5,063	484,659	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>\$ 11,955,553</u></b>	<b><u>\$ 2,605,616</u></b>	<b><u>\$ 3,461,174</u></b>	<b><u>\$ 3,695,234</u></b>	<b><u>\$ 2,014,263</u></b>	<b><u>\$ 23,731,840</u></b>	<b><u>\$ 1,444,445</u></b>
<b><u>Noncash Investing, Capital or Financing Transactions</u></b>							
Contribution of Capital Assets to Governmental Activities	\$ -	-	-	-	\$ 974,497	-	-

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



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## **FIDUCIARY FUNDS**

**Pension Trust Fund** accounts for the activities of the firefighters and police officers pension funds, and the general employee's retirement fund, which accumulate resources for pension benefits and disability payments to qualified retirees.

**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2012**

	<b>Employee Retirement Funds</b>
<b>Assets</b>	
Cash	\$ 488
Investments, at Fair Value:	
U.S. Government Securities	8,069,041
Corporate Bonds	5,754,413
Corporate Stocks	28,725,265
Alternative Investments	7,245,691
Money Market	2,548,216
Mutual Funds	5,995,699
Total Investments	58,338,325
Accounts Receivable	37,474
Interest Receivable	85,513
<b>Total Assets</b>	<b>58,461,800</b>
<b>Total Liabilities</b>	<b>-</b>
<b>Net Assets</b>	
Held in Trust for:	
Employees' Pension Benefits	\$ 58,461,800

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

**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<b>Employee Retirement Funds</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 1,688,073
State	318,655
Employee	480,231
<b>Total Contributions</b>	<b>2,486,959</b>
Investment Income:	
Net Appreciation in Fair Value of Investments	6,672,837
Interest and Dividend Income	1,285,564
Other Income	6,184
<b>Total Investment Income</b>	<b>7,964,585</b>
<b>Total Additions</b>	<b>10,451,544</b>
<b>Deductions</b>	
Benefit Payments	3,444,272
Refund of Contributions	224,293
Administrative Expense	449,887
<b>Total Deductions</b>	<b>(4,118,452)</b>
<b>Change in Plan Net Assets</b>	<b>6,333,092</b>
<b>Net Assets Reserved for Employees'</b>	
<b>Pension Benefits:</b>	
<b>Beginning of Year</b>	<b>52,128,708</b>
<b>End of Year</b>	<b>\$ 58,461,800</b>

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



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## **NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting of the City of Leesburg, Florida (the City) conform to accounting principles generally accepted in the United States (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards. The more significant of these accounting policies are summarized below.

**A. Financial Reporting Entity**

The City is a Florida municipality governed by an elected five-member City Commission. The City was established by the adoption of its Charter in the Laws of Florida, Chapter 9820, 1923. The City provides a traditional mix of governmental services, including police and fire protection, the construction and maintenance of streets and infrastructure, library, recreational activities, cultural events, planning, zoning, housing, and administrative services. The City also provides a full range of utility services, including electric, natural gas, solid waste, communications (which includes internet and fiber optic cable services), water, reuse water, wastewater treatment and stormwater drainage. In addition the City has three Community Redevelopment Agencies, (CRA), which are Greater Leesburg, Carver and U.S. Highway 441/27.

The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy for the City. The execution of such policy is the responsibility of the Commission-appointed City Manager.

This report includes all funds, departments, agencies, boards and commissions, and other organizational units that are administered by the City Manager and/or controlled by or dependent upon City Commission as set forth in the City Charter. In GASB Statement No. 14, *The Financial Reporting Entity*, the GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.

As required by GAAP, these financial statements present the City of Leesburg (the primary government) and its component units. In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may or may not be financially accountable and, if applicable, has included them in the City's financial statements. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City has identified and included within the financial reporting entity, as its component units, legally separate organizations for which the City is financially accountable for which a significant relationship with the City exists such that exclusion would cause the City's financial statement to be misleading or incomplete.

Blended component unit: There is one component unit which is legally separate from the City, but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into appropriate funds listed below:

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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Community Redevelopment Agency (CRA): The City established the Greater Leesburg, Carver Heights/Montclair Area, and U.S. Highway 441/27 Community Redevelopment Agencies as component units of the City pursuant to Section 163.512, Florida Statutes.

The CRA's sole purpose is to administer funds distributed via state law for blighted areas within the City. The Governing Boards are composed of the City Commission plus two members appointed by the City Commission; therefore the City Commission has absolute influence over the CRA board. In accordance with Florida Statute 163.387, the amount and source of revenues in to, and the amount and purpose of expenditures from the CRA fund, including the amount of debt principal and interest paid during the current year, as well as the remaining amount of indebtedness to which revenues of the fund are pledged, are detailed in the supplemental schedule. The CRA is reported as a major special revenue fund.

## **B. Basic Financial Statements**

The basic financial statements include both city-wide and fund level statements. The City, as the primary government, is reported separately from its component units. The city-wide statements report on all activities of the City and its component units except those that are fiduciary in nature.

Statements for fiduciary activities, such as employee pension plans, are presented in a separate section of this report. Both the citywide and fund level statements classify primary activities of the City as either governmental activities, which are primarily supported by taxes and intergovernmental revenues, or business type activities, which are primarily supported by user fees and charges.

City-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements report on the government as a whole, both the primary government and its component units, and provide a consolidated financial picture of the government. As part of the consolidation process, interfund activities are eliminated to avoid distorted financial results. The amounts reported as internal balances represent the residual amounts due between governmental and business-type activities. Fiduciary funds of the government are not included in the presentation since these resources are not available for general government funding purposes. The Statement of Net Assets reports all financial and capital resources of the City's governmental and business-type activities. It is presented in a net asset format (assets less liabilities equal net assets) and shown with three components: (1) amounts invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets.

The Statement of Activities reports functional categories of programs provided by the City and demonstrates how and to what degree those programs are supported by specific revenues.

Program revenues are classified into three categories: (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues sections display revenues collected that help support all functions of the government.

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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The fund financial statements follow and report additional and detailed information about the City's operations for major funds individually, and non-major funds in the aggregate for governmental, proprietary and fiduciary funds. A reconciliation is provided that converts the results of governmental fund accounting to the city-wide presentation.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

City-wide financial statements, as well as the fund financial statements for proprietary funds and fiduciary funds, are reported using the economic resources measurement focus, and the accrual basis of accounting. Revenues are recognized in the period for which they are levied. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Operating revenues shown for proprietary operations generally result from producing or providing goods and services such as electric, gas, communications, water, wastewater, stormwater and solid waste services. Operating expenses include all costs related to providing the service or product. These costs include salaries and benefits, supplies, travel, contract services, depreciation, administrative expenses, and/or other expenses directly related to the cost of services. All other revenue and expenses not meeting these definitions are reported as non-operating revenues and expenses.

All governmental fund financial statements are reported using a current financial resources measurement focus and a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. This period is within 60 days of the end of the fiscal year, and jointly assessed taxes collected through other governments, are within 90 days.

Property taxes, franchise taxes, investment earnings and most charges for services are recorded as earned since they are measurable and available. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until received.

A significant portion of the City's grants and contracts are exchange transactions. Funds from these transactions are deemed to be earned and reported as revenue when such funds have been expended towards the designated purpose and eligibility requirements have been met.

Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated Paid Time Off, which is not reported until they have been paid; (2) prepaid insurance and similar items, which are reported only on the balance sheet and do not affect expenditures; and (3) principal and interest on long-term debt, which are recognized when due. Budgets for governmental funds are also prepared on the modified accrual basis.

The City charges centralized services through the general fund and internal service funds to functional activities through various charge methods. Expenses reported for functional activities include these indirect expenses, including an administrative component.

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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The accounting policies and the presentation of the financial report of the City have been designed to conform to GAAP as applicable to government units, in accordance with the Governmental Accounting Standards Board (GASB). The City applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989 in accounting and reporting for its proprietary operations, but has elected not to apply FASB pronouncements issued after November 30, 1989.

**D. Major Governmental Funds**

1. The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
2. The **Community Redevelopment Fund** includes the Greater Leesburg Community Redevelopment Agency, Carver Heights/Montclair Area Community Redevelopment Agency, and U.S. Highway 441/27 Community Redevelopment Agency. These are incremental tax districts established pursuant to Florida Statutes and accounted for in a special revenue fund. The fund accounts for the incremental increase in ad valorem tax revenue collected within the designated community redevelopment areas. Revenues must be utilized and expended in accordance with the respective community redevelopment plans.
3. The **Capital Projects Fund** accounts for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**E. Major Enterprise Funds**

1. The **Electric Utility Fund** accounts for the purchase and distribution of electric services.
2. The **Gas Utility Fund** accounts for the purchase and distribution of gas services.
3. The **Water Utility Fund** accounts for costs for collection, treatment, and distribution of water services.
4. The **Wastewater Utility Fund** accounts for costs to provide wastewater and sanitary sewer services.

**F. Internal Service Funds**

**Internal Service Funds** account for the financing of goods and services provided by one department to other departments of the governmental unit on a cost-reimbursement basis. The City maintains two internal service funds for the payment of employee health and medical claims and workers' compensation claims.

**G. Fiduciary Funds**

**Pension Trust Fund** accounts for the activities of the firefighters and police officers pension funds, and the general employee's retirement fund, which accumulate resources for pension benefits and disability payments to qualified retirees.

## H. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable budget appropriation, is utilized by the governmental funds of the City. Encumbrances lapse at the year end.

## I. Assets, Liabilities, and Net Assets or Equity

1. **Cash and Investments** - The City's cash and cash equivalents include cash on hand, demand deposits, and equity in pooled cash and investments. The equity in pooled cash and investments represents a fund's share of a cash and investment pool maintained by the City for use by all funds, except the pension funds and funds with agreements that require separate bank accounts. All investments are reported at fair value. For the purpose of the statement of cash flows, the City considers cash equivalents to be highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased. Interest earned from investments purchased with pooled cash is allocated to each participating fund based on the fund's average equity balance, except, as required by City charter. Funds that incur negative equity in pooled cash and investments during the year incur a charge for interest. Funds used to account for federal and state grants may have negative equity in pooled cash and investments throughout the year due to the reimbursement basis of the grant programs. The general fund, by definition, would absorb charges for interest to funds with net negative equity in pooled cash and investments.
2. **Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the city-wide financial statements as "internal balances."

Accounts receivable balances are shown net of the allowance for un-collectible accounts. The allowance amount in the enterprise funds is based on historical experience. In the governmental funds the allowance varies based on management estimates. Electric, Gas, Water and related wastewater charges to customers are based on actual consumption. Consumption is determined on a monthly cycle basis. The City recognizes as revenue the estimated unbilled consumption at fiscal year-end.

3. **Inventories and Prepaid Items** - Inventories of expendable supplies held for consumption are priced at the "first-in-first-out" method of accounting. Governmental fund type inventories are recorded using the consumption method. Reported inventories in governmental funds are included with nonspendable fund balance because it is not in spendable form. In proprietary fund types, inventories are expended when consumed.
4. **Capital Assets** - Capital assets, which include land, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the city-wide financial statements. Capital asset purchases are recorded as capital outlay expenditures in the fund level governmental funds in the year of acquisition. Property, plant, and equipment with initial, individual costs that equal or

CITY OF LEESBURG, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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exceed \$5,000 with estimated useful lives of over one year are recorded as capital assets. Roads, bridges, and sidewalks are capitalized when their initial costs equal or exceed \$25,000 as long as they possess estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

For intangible assets, the City maintains a \$100,000 threshold for related assets. The cost of normal maintenance and repairs that do not add to the fair value of the asset or materially extend the assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of major business-type activities is included as part of the capitalized value of the assets constructed. During 2012, \$1,809,656 of interest was capitalized.

Infrastructure, buildings, improvements other than buildings, utility plant, vehicles and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	10 - 50 Years
Improvements Other than Buildings	5 - 50 Years
Utility Plant	10 - 50 Years
Vehicles and Equipment	5 - 50 Years
Infrastructure	15 - 60 Years

Expenditures for repairs and maintenance are expensed when incurred. Additions, major renewals and replacements that increase the useful lives of the assets are capitalized.

5. **Contributions** - Contributions in the form of cash and capital assets to the governmental activities of the City are recognized on the Statement of Activities as revenues in the period they are received. Contributions of capital assets and primarily completed infrastructure from developers are recognized at the fair value at the date of donation. All contributions are reported on the Statement of Activities as program revenues, with operating contributions reported separately from capital contributions.
6. **Interfund Activity** - Interfund activity within and among the City's three fund categories (governmental, proprietary, and fiduciary) are classified as reciprocal interfund activity and nonreciprocal interfund activity. Reciprocal interfund resource flows between funds with an expectation of repayment are reported as interfund receivables and payables.

Reciprocal interfund resource flows without an expectation of repayment within a reasonable time, are reported as transfers between funds. Interfund services provided and used are sales and purchases of goods and services between funds for a price approximating their external value, and are reported as revenues and expenditures (or expenses) in the funds.

Non-reciprocal interfund activities are flows of assets between funds without an equivalent flow of assets in return, or without a requirement for repayment, are reported as transfers in governmental funds and non-operating revenues and expenses in proprietary funds.

As a rule, the effect of interfund activity has been eliminated from city-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and franchise fees, and other charges

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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between the City's Water, Wastewater, Solid Waste, and General Funds, as well as cost reimbursement transactions between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

7. **Restricted Assets** - Assets are reported as restricted in the citywide Statement of Net Assets and the enterprise fund level statements when constraints are placed on net asset use. The constraints are either: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law or through constitutional provisions or enabling legislation.
8. **Bond Discounts, Bond Premiums, and Issuance Costs** – In governmental funds, bond discounts, bond premiums and issuance costs are treated as period costs in the year of issue. Bond premiums and discounts are shown as an “Other Financing Source/Use”.

In proprietary funds (and for the governmental activities, in the city-wide statements) bond discounts, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the face amount of the revenue bonds payable, whereas issuance costs are recorded as other assets.

9. **Deferred Gain/Loss from Current Refunding or Advance Refunding of Debt** – In the proprietary funds (and for the governmental activities, in the city-wide statements) the difference between the re-acquisition price (new debt) and the net carrying value of the old debt on refunded debt transactions is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt. The deferred account is offset against the new liability.
10. **Deferred Revenue** – In the governmental funds, certain revenue transactions have been reported as deferred revenue. Revenue cannot be recognized until it has been earned and is available to finance expenditures of the current fiscal period.
11. **Self-Insurance Claims** – Liabilities for reported claims and incurred but not reported claims are estimated based on an actuarial review of claims pending and historical experience.
12. **Compensated Absences** - Employees earn paid time off (PTO) that is commensurate with their years of service with the City. A maximum of 560 hours can be accumulated and used for vacation, sick, personal business, etc. Upon termination or retirement, employees are paid for a maximum of 360 hours of PTO time. This PTO program replaced separate vacation and sick time programs under which some employees still have time available.

In governmental and proprietary fund financial statements, the amount of compensated absences associated with employee vacations that are recorded as expenditures (expenses) represent the amounts paid during the year, plus the amount accrued at year-end that would normally be liquidated with available spendable resources. Only the amount of the compensated absence liability that has matured is reported in the governmental fund financial statements and the general fund is typically used to liquidate this liability. In the government-wide financial statements, all governmental fund compensated absences are recorded and split between the

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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current and noncurrent portions. For proprietary funds, the entire liability for compensated absences of these funds is reflected in the respective financial statements split between the current and noncurrent portions.

13. **Long-Term Obligations** - In the city-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, and issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In proprietary funds, bond discounts, and gains or losses on bond refunding, are deferred and amortized using the straight line method, over the shorter of the life of the new debt or the old debt of the related issues, which approximates the interest method. Bond discounts and losses on bond refunding are presented as a reduction of the face amount of bonds payable. Both are recognized in the period incurred in governmental fund types.

14. **Fund Equity** - Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:
- a. **Nonspendable:** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.
  - b. **Restricted:** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.
  - c. **Committed:** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Commission. Those committed amounts cannot be used for any other purpose unless City Commission

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process.

Constraints imposed on the use of committed amounts are imposed by City Commission, and anything separate from these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- d. **Assigned:** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Commission, or a City official delegated that authority by City Charter or ordinance.
- e. **Unassigned:** Fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific proposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then by unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

- 15. **Use of Estimates** - The preparation of financial statements in conformity with GAAP accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.
- 16. **Minimum Fund Balance Policy** - The General Fund reserve target is 20% of the fund's current year budgeted appropriations. For the purpose of determining if the target has been met, the unassigned fund balance of the general fund is then compared with the annual appropriations budget.

For other major funds designated as major funds within the City's CAFR, the City has established a range of 15-25% of operating expenditures, which are utilized for the purposes allowed by these various fund types. Fiduciary funds do not have fund balance targets.

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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17. **Electric Rate Stabilization** -The City purchases bulk power from the Florida Municipal Power Agency (FMPA) and resells it to the electric utility customers. The Bulk Power Cost Adjustment can vary significantly from month to month. The Electric Rate Stabilization is designed to smooth out the electric utility rates paid by the electric utility customers. This stabilization process serves to minimize variances in the purchased power component of the City's electric utility service charge by passing along a more stable cost over time, even though the actual costs incurred by the City can vary. When bulk power costs are higher than usual, previously collected funds are used to stabilize the cost passed along to electric utility consumers. The converse occurs when actual costs are less than the amount charged since the difference between the actual cost and that charged consumers is reserved for future application.
18. **Reclassifications** – Certain 2011 amounts have been reclassified to conform to the 2012 presentation.

**NOTE 2 - BUDGET AND BUDGETARY DATA**

**A. Budget Policy**

The City, in accordance with its City code and State law, applies the following procedures in establishing the budgetary data reflected in the accompanying financial statements.

An annual operating budget is prepared by the Finance Department for the General, Special Revenue, Enterprise, Capital Improvements Projects and Debt Service Funds. The City Manager submits to the City Commission the proposed budget for the ensuing fiscal year.

The operating budget includes proposed expenditures and the means to fund them, as well as a proposed ad-valorem millage rate. Public hearings are conducted to obtain taxpayer comments on the proposed budget and ad-valorem millage rate. Prior to October 1, the City Commission legally enacts the operating budget and sets the ad-valorem millage rate by passage of an ordinance.

The City Manager is authorized to transfer budgeted amounts within any fund, but may not revise total fund expenditures without the approval of the City Commission. The budgetary data presented is in agreement with the originally adopted budget as amended by the City Commission.

Formal budgetary integration is employed as a management control device during the year for substantially all funds. Budgets are adopted on a basis consistent with GAAP. Total budgeted appropriations within a governmental fund-type may not be exceeded legally. Appropriations lapse at the end of the year. Budget data, when presented in the basic financial statements, is prepared on the same basis of accounting as that prescribed for the fund.

**B. Excess of Expenditures Over Appropriations**

The following fund contained an excess of expenditures over appropriations during the fiscal year ended September 30, 2012:

Police Education Fund

CITY OF LEESBURG, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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No other individual fund contained an excess of total expenditures over total appropriations during the fiscal year ended September 30, 2012, except insignificant variances. However, within various funds, there may be an excess of expenditures over appropriations at the line item level.

**C. Deficit Fund Equity**

The following individual funds show deficit equity balances at September 30, 2012, in the amounts shown below:

<b>Fund</b>	<b>Type</b>	<b>Deficit</b>
Fire Impact Fee Fund	Nonmajor Governmental Fund	\$ 73,940
Building Permits Fund	Nonmajor Governmental Fund	\$ 218,440

**NOTE 3 - PROPERTY TAXES**

The City is permitted under its charter to levy up to \$10 per \$1,000 of assessed valuation for general government services other than the payment of principal and interest on general long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. Additional taxes assessed for the payment of general long-term debt issues of the City must be approved by the public. The tax rate assessed by the City for the year ended September 30, 2012 was \$4.3179 per \$1,000 of assessed property value. Current tax collections (inclusive of legally available early payment discounts) for the City were approximately 101.3% of the total tax levy. The property calendar provides for the tax revenue to be billed and collected within the applicable fiscal year.

**A. Calendar of Property Tax Events**

January 1	Property taxes are based on assessed property value at this date as determined by the Lake County Property Appraiser.
July 1	Assessment roll approved by the state.
September 30	Millage resolution approved by the City Commission.
October 1	Beginning of fiscal year for which taxes have been levied.
November 1	Property taxes due and payable.
November 30	Last day for 4% maximum discount.
April 1	Unpaid property taxes become delinquent.
May 15	Tax certificates are sold by the Lake County Tax Collector. This is the first lien date on the properties.

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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**B. Tax Collection**

Property tax collections are governed by Chapter 197, Florida Statutes. The Lake County Tax Collector bills and collects all property taxes levied within the County. Discounts are allowed for early payment of 4% in November, 3% in December, 2% in January, and 1% in February. If property taxes are not paid by April 1, the County adds a 3% penalty on real estate, and 1.5% on personal property.

The Tax Collector advertises and sells tax certificates on all real property for delinquent taxes. Certificates not sold revert back to the County. The Tax Collector must receive payment before the certificates are issued. Any person owning land on which a tax certificate has been sold may redeem the land by paying the Tax Collector the face amount of the tax certificate plus interest and other costs. The owner of a tax certificate may at any time after taxes have been delinquent for two years, file an application for tax deed sale. The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent. Tax deeds are issued to the highest bidder for the property which is sold at public auction.

The Tax Collector remits current taxes collected through four distributions to the City in the first two months of the tax year and at least distribution each month thereafter. The City recognizes property tax revenue in the period in which they are levied.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

**A. Pooling of Cash and Investments**

The City maintains a cash and investment pool that is available for use by all funds except for monies legally restricted to separate administration (i.e., pension plan). The “Cash and Investments” on the City-Wide Financial Statements, consists of cash and investments owned by each fund and defined as resources that can be liquidated without delay or penalty. Cash and Investments held separately where contractual arrangements and bond covenants require such arrangements, are classified as “restricted assets”. Investment earnings are allocated to the individual funds monthly based on the funds’ weighted average daily cash balance.

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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Deposits and investments as of September 30, 2012, are classified in the accompanying financial statements as follows:

<b>Statement of Net Assets</b>		
Cash and Cash Equivalents		\$ 44,897,522
Restricted:		
Cash and Cash Equivalents		45,684,899
Investments		6,037,374
<b>Statement of Fiduciary Net Assets</b>		
Cash Equivalents		488
Investments		58,338,325
<b>Total Cash and Investments</b>		<u>\$ 154,958,608</u>

Deposits and investments consist of the following:

<b>Governmental and Business-Type Activities</b>		
Cash Deposits		\$ 35,888,896
Investments		51,572,658
Investments with Fiscal Agent:		
Debt Service Fund		1,102,817
Utilities CR3 Decommissioning Trust		6,037,374
Utilities Debt Service Account		1,762,050
Utilities Gas Deposit Account		256,000
<b>Fiduciary Net Assets</b>		
Cash		488
Defined Benefit Pension Plan Investments		58,338,325
<b>Total Cash and Investments</b>		<u>\$ 154,958,608</u>

## B. Primary Government Activities

### 1. Investments and Investment Practices

The City's investment guidelines are defined by City Ordinance and a written investment policy that is approved by the City Commission. The investment policies authorize the investment of funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, and obligations of the U.S. Government and its agencies and mutual funds. Investments may also include repurchase agreements and investments in local government investment pools, either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation. Revenue bond covenants also restrict the type and maturities of investments in bond-related funds.

For the fiscal year ended September 30, 2012, the City invested in the Florida Surplus Asset Fund Trust (FLSAFE) and State Board of Administration (SBA) investment pools. The investment pools operate under investment guidelines established by Section 215.47, Florida Statutes. Neither the FLSAFE nor SBA are registrants with the Securities and Exchange Commission; however, they have adopted operating procedures consistent with the requirements for a 2a-7-like fund and the fair value of the position in the pools is equal to the value of the pool shares. The City's investment in the FLSAFE and SBA were rated AAAM by Standard & Poor's. In addition, the City's investment

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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in Guaranteed Investment Contracts issued by GE Capital were rated AA+ by Standard & Poor's as of September 30, 2012.

As of September 30, 2012, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>		
	<u>Fair Value</u>	<u>Less</u>	
		<u>Than 1</u>	<u>1 - 5</u>
FLSAFE Investment Pool	\$ 25,394,648	\$ 25,394,648	\$ -
State Board of Administration	1,511,074	1,511,074	-
U.S. Government and Agencies	23,427,423	-	23,427,423
Guaranteed Investment Contracts	1,239,483	1,239,483	-
<b>Total</b>	<u>\$ 51,572,628</u>	<u>\$ 28,145,205</u>	<u>\$ 23,427,423</u>

## 2. Custodial Credit Risk

At September 30, 2012, the carrying amount of the City's deposits was \$35,888,896. Monies on deposit with financial institutions in the form of demand deposit accounts, time deposit accounts and certificates of deposits are defined as public deposits. The entire City's public deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act", and covered by federal depository insurance. This act requires that the City maintain deposits only in "qualified public depositories". All qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. In addition, qualified public depositories are required under the Act to assume mutual responsibility against loss caused by the default or insolvency of other qualified public depositories of the same type. Should a default or insolvency occur, the State Treasurer would implement procedures for payment of losses according to the validated claims of the City.

## 3. Interest Rate Risk

Interest rate risk is the risk that as market rates change, the fair value of an investment will vary. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. Operating funds invested consist primarily of shorter-term securities, money market mutual funds, or similar investment pools which limit the average maturity of the portfolio from 90 days to three years. Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five years. As of September 30, 2012 the City of Leesburg investments weighted average maturity in years was 2.72.

## 4. Credit Risk

The City's investment policy does not permit investments in commercial paper or corporate bonds. Authorized investments are outlined in Florida Statute 218.415 and are generally limited to (a) the State of Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in S. 163.01; (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating; (c) interest-bearing time deposits or savings accounts in qualified public depositories, as defined in S. 280.02; and (d) direct obligations of the U.S. Treasury.

CITY OF LEESBURG, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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**5. Concentration of Credit Risk**

The City's investments are guaranteed by the U.S. Government or held in FLSAFE and SBA investment pools except for the investment in Guaranteed Investment Contracts (GICs).

**C. Fiduciary Activities**

The City reports three pension funds in the accompanying financial statements. Each of the plans has a separate governing board of trustees, a separate investment policy, and differing investment restrictions/risks. Consequently each is disclosed separately below. All three plans are defined benefit plans. All investments at year-end were in compliance with the respective plan investment policies.

**1. Credit Rating – All Fiduciary Funds**

Ratings as of September 30, 2012, for the fiduciary funds' corporate and agency obligations by Standard & Poor's follows:

<b>Retirement Plan</b>	<b>Rating</b>					
	<b>Total</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>N/R</b>
Municipal Police Officers	\$ 1,599,089	\$ 90,939	\$ 118,331	\$ 641,626	\$ 644,072	\$ 104,121
Municipal Firemen	2,393,477	26,275	352,912	1,489,662	524,628	-
General Employees	1,964,307	-	733,994	1,230,313	-	-
<b>Totals</b>	<b>\$ 5,956,873</b>	<b>\$ 117,214</b>	<b>\$ 1,205,237</b>	<b>\$ 3,361,601</b>	<b>\$ 1,168,700</b>	<b>\$ 104,121</b>

All of the City's investments in debt securities, other than the above described corporate and agency obligations are backed by the U.S. Government.

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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**2. General Employees' Retirement Plan**

City of Leesburg General Employees' Retirement Plan  
Distribution by Asset Type  
September 30, 2012

Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Money Market	\$ 904,019	\$ 904,019	\$ -	\$ -	\$ -
U.S. Government and Agencies	4,646,641	635,876	3,111,521	899,244	-
Mutual Funds	1,283,601	1,283,601	-	-	-
Corporate Obligations	1,964,307	-	1,210,054	754,253	-
Total	8,798,568	\$ 2,823,496	\$ 4,321,575	\$ 1,653,497	\$ -
Alternative Investments*	6,091,043				
Corporate Stock	16,087,954				
Total	\$ 30,977,565				

\*Alternative Investments include partnerships and hedge fund.

**a. Custodial Credit Risk**

This is the risk that in the event of the failure of the counterparty, the plan will not be able to recover the value of its investments that are in the possession of an outside party. Consistent with the Plans' investment policy, the investments are held by the Plans' custodial bank and registered plans' name.

**b. Interest Rate Risk**

Interest rate risk is the risk that as market rate change, the fair value of an investment will vary. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. The Plan does not have a policy related to limiting its exposure to fair value losses arising from rising interest rates. As of September 30, 2012 the City of Leesburg investments weighted average maturity in years was 3.77.

**c. Credit Risk**

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The risk is generally measured by the assignment of a rating by a nationally recognized statistical rating agency. Purchases of bonds or debt obligations are limited to one of the four highest ratings issued by NRSRO. The Plans' investment policy utilizes portfolio diversification in order to control this risk.

**d. Concentration of Credit Risk**

The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. Investments in

CITY OF LEESBURG, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

corporate common stock and convertible bonds are limited to 60% of Plan assets. No more than 10% of Plan assets shall be invested in one company. Except for U.S. Government and agency obligations, no more than 10% of Plan assets can be invested in one issuer. No investments exceeded these thresholds at September 30, 2012.

**e. Foreign Currency**

The City has nominal exposure to foreign currencies due to investments in non-U.S. markets implemented through our money managers' portfolios. Foreign currencies will fluctuate relative to the U.S. dollar, but is believed that the diversification benefits outweigh potential risks. Given the limited exposure, foreign currency risk is considered minor.

**3. Municipal Police Retirement Plan**

City of Leesburg Municipal Police Retirement Plan  
 Distribution by Asset Type  
 September 30, 2012

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Money Market	\$ 530,038	\$ 530,038	\$ -	\$ -	\$ -
U.S. Government and Agencies	1,900,504	100,461	217,067	472,864	1,110,112
Mutual Funds	655,415	655,415	-	-	-
Corporate Obligations	1,599,089	5,211	662,082	696,521	235,275
Total	4,685,046	\$ 1,291,125	\$ 879,149	\$ 1,169,385	\$ 1,345,387
Alternative Investment*	1,154,648				
Corporate Stock	8,372,494				
Total	<u>\$ 14,212,188</u>				

\* Alternative Investment is a real estate partnership.

**a. Custodial Credit Risk**

This is the risk that in the event of the failure of the counterparty, the plan will not be able to recover the value of its investments that are in the possession of an outside party. Consistent with the Plans' investment policy, the investments are held by the Plans' custodial bank and registered plans' name.

**b. Interest Rate Risk**

Interest rate risk is the risk that as market rate change, the fair value of an investment will vary. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. The Plan does not have a policy related to limiting its exposure to fair value losses arising from rising interest rates. As of September 30, 2012 the City of Leesburg investments weighted average maturity in years was 11.85.

c. **Credit Risk**

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The risk is generally measured by the assignment of a rating by a nationally recognized statistical rating agency. Purchases of bonds or debt obligations are limited to one of the three highest ratings issued by Standard & Poor's or Moody's. The Plans' investment policy utilizes portfolio diversification in order to control this risk.

d. **Concentration of Credit Risk**

The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. Investments in corporate common stock may not exceed 70% of Plan assets. No more than 5% of Plan assets may be invested in the common stock of any one company. Foreign investments are limited to 10% of Plan assets. Investments in domestic fixed income obligations are limited to 45% of Plan assets. No investments exceeded these thresholds at September 30, 2012.

e. **Foreign Currency**

The City has nominal exposure to foreign currencies due to investments in non-U.S. markets implemented through our money managers' portfolios. Foreign currencies will fluctuate relative to the U.S. dollar, but is believed that the diversification benefits outweigh potential risks. Given the limited exposure, foreign currency risk is considered minor.

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

**4. Municipal Firemen’s Retirement Plan**

City of Leesburg Municipal Firemen’s Retirement Plan  
Distribution by Asset Type  
September 30, 2012

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Money Market	\$ 1,114,158	\$ 1,114,158	\$ -	\$ -	\$ -
U.S. Government and Agencies	1,272,128	-	576,438	32,958	662,732
Municipal Obligations	47,308	-	-	-	47,308
Mutual Funds	4,056,683	4,056,683	-	-	-
Corporate Obligations	2,393,477	108,319	1,033,952	1,178,598	72,608
Total	8,883,754	\$ 5,279,160	\$ 1,610,390	\$ 1,211,556	\$ 782,648
Corporate Stock	4,264,818				
Total	\$ 13,148,572				

**a. Custodial Credit Risk**

This is the risk that in the event of the failure of the counterparty, the plan will not be able to recover the value of its investments that are in the possession of an outside party. Consistent with the Plans’ investment policy, the investments are held by the Plans’ custodial bank and registered plans’ name.

**b. Interest Rate Risk**

Interest rate risk is the risk that as market rate change, the fair value of an investment will vary. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. The Plan does not have a policy related to limiting its exposure to fair value losses arising from rising interest rates. As of September 30, 2012 the City of Leesburg investments weighted average maturity in years was 10.34.

**c. Credit Risk**

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The risk is generally measured by the assignment of a rating by a nationally recognized statistical rating agency. The Plan’s investment policy requires that all bonds or other evidence of indebtedness acquired be listed on one or more of the recognized national exchanges and have a rating issued by a nationally recognized statistical rating organization (NRSRO) in one of the top four classifications, except that only 25% of the bond portfolio may be invested below the three highest classifications. The Plans’ investment policy utilizes portfolio diversification in order to control this risk.

CITY OF LEESBURG, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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**d. Concentration of Credit Risk**

The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. Investments in corporate common stock and convertible bonds are limited to 60% of Plan assets. No more than 5% of Plan assets may be invested in one company. Foreign investments are limited to 10% of Plan assets. No investments exceeded these thresholds at September 30, 2012.

**e. Foreign Currency**

The City has nominal exposure to foreign currencies due to investments in non-U.S. markets implemented through our money managers' portfolios. Foreign currencies will fluctuate relative to the U.S. dollar, but is believed that the diversification benefits outweigh potential risks. Given the limited exposure, foreign currency risk is considered minor.

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of September 30, 2012, is as follows:

**A. Interfund Receivables and Payables**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Stormwater Utility	Communications Utility	\$ 315,000
Gas Utility	Wastewater Utility	200,000
Water Utility	Wastewater Utility	1,000,001
General Fund	Nonmajor Governmental	281,494
<b>Total</b>		<u>\$ 1,796,495</u>

The purpose of the above interfund balances was to provide short-term financing and to defease a bond issue.

**B. Interfund Transfers**

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Funds:</b>		
<b>Governmental</b>		
General Fund	\$ 9,168,459	\$ 2,084,307
Community Redevelopment	235,332	451,055
Capital Projects	560,913	2,349
<b>Enterprise</b>		
Electric Utility	412,845	5,798,809
Gas Utility	9,834	668,347
Water Utility	-	861,209
Wastewater Utility	-	763,350
<b>Internal Service</b>	20,175	-
<b>Non-major Funds:</b>		
<b>Governmental</b>		
	1,653,146	1,169,176
<b>Enterprise</b>		
	310,617	572,719
	<u>\$ 12,371,321</u>	<u>\$ 12,371,321</u>

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Interfund transfers represent a major source of funding in the General Fund. The amount of utility contribution to the general fund may not exceed 10% of the enterprise fund's estimated operating revenues and is determined by applying an established percentage against each enterprise fund's charges for services excluding surcharge revenue, gross receipts tax, and franchise fees. The transfer may not result in the enterprise fund experiencing a net loss after transfers. In addition, surcharge revenue, which is collected from customers outside the corporate limits at the same rate as public service tax, is collected in the Electric, Gas, and Water Funds and transferred to the General Fund.

Additional significant transfers were made as follows: The transfer from the Housing Fund to the General Fund was related to close out of the Housing Fund. Transfers from the Electric Fund to the Communications Fund were reimbursements for costs associated with the Smart Grid Project.

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2012, was as follows:

**A. Governmental Activities**

<b>Governmental Activities</b>	Reported Beginning Balances	Prior Period Adjustments	Restated Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital Assets Not being Depreciated</b>						
Land	\$ 7,951,322	\$ 344,181	\$ 8,295,503	\$ 670,525	\$ 8,889	\$ 8,957,139
Construction in Progress	13,769,815	(11,688,354)	2,081,461	851,626	641,858	2,291,229
<b>Total Capital Assets Not Being Depreciated</b>	<b>21,721,137</b>	<b>(11,344,173)</b>	<b>10,376,964</b>	<b>1,522,151</b>	<b>650,747</b>	<b>11,248,368</b>
<b>Capital Assets Being Depreciated:</b>						
Buildings	42,037,917	1,321,040	43,358,957	3,160,927	3,052,624	43,467,260
Improvements Other than Buildings	16,760,948	10,641,910	27,402,858	1,205,917	9,259	28,599,516
Equipment	28,502,439	11,510	28,513,949	1,113,151	103,907	29,523,193
Infrastructure (Roads and Streets)	34,056,889	(2,149,081)	31,907,808	528,220	-	32,436,028
<b>Total Capital Assets Being Depreciated</b>	<b>121,358,193</b>	<b>9,825,379</b>	<b>131,183,572</b>	<b>6,008,215</b>	<b>3,165,790</b>	<b>134,025,997</b>
<b>Less Accumulated Depreciation for:</b>						
Buildings	9,824,869	52,680	9,877,549	968,031	30,886	10,814,694
Improvements Other than Buildings	9,788,436	1,241,470	11,029,906	1,308,982	4,449	12,334,439
Equipment	23,639,261	(457,038)	23,182,223	1,482,240	103,044	24,561,419
Infrastructure (Roads and Streets)	19,374,723	(837,364)	18,537,359	1,208,885	-	19,746,244
<b>Total Accumulated Depreciation</b>	<b>62,627,289</b>	<b>(252)</b>	<b>62,627,037</b>	<b>4,968,138</b>	<b>138,379</b>	<b>67,456,796</b>
<b>Total Being Depreciated, Net</b>	<b>58,730,904</b>	<b>9,825,631</b>	<b>68,556,535</b>	<b>1,040,077</b>	<b>3,027,411</b>	<b>66,569,201</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 80,452,041</b>	<b>\$ (1,518,542)</b>	<b>\$ 78,933,499</b>	<b>\$ 2,562,228</b>	<b>\$ 3,678,158</b>	<b>\$ 77,817,569</b>

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

**B. Business-type Activities**

<b>Business-type Activities</b>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets Not being Depreciated				
Land	\$ 12,138,743	\$ 6,475	\$ -	\$ 12,145,218
Construction in Progress	13,239,539	20,505,098	7,407,598	26,337,039
Total Capital Assets Not Being Depreciated	<u>25,378,282</u>	<u>20,511,573</u>	<u>7,407,598</u>	<u>38,482,257</u>
Capital Assets Being Depreciated:				
Buildings	33,598,149	3,624	-	33,601,773
Improvements Other than Buildings	178,514,449	6,944,536	2,601,691	182,857,294
Intangible Assets	969,614	-	-	969,614
Equipment	28,094,916	470,698	43,032	28,522,582
Total Capital Assets Being Depreciated	<u>241,177,128</u>	<u>7,418,858</u>	<u>2,644,723</u>	<u>245,951,263</u>
Less Accumulated Depreciation for:				
Buildings	5,780,857	716,413	-	6,497,270
Improvements Other than Buildings	58,943,140	4,720,606	1,904,328	61,759,418
Intangible Assets	44,441	48,480	-	92,921
Equipment	20,038,987	937,537	16,045	20,960,479
Total Accumulated Depreciation	<u>84,807,425</u>	<u>6,423,036</u>	<u>1,920,373</u>	<u>89,310,088</u>
Total Being Depreciated, Net	<u>156,369,703</u>	<u>995,822</u>	<u>724,350</u>	<u>156,641,175</u>
<b>Business-type Capital Assets, Net</b>	<u><u>\$ 181,747,985</u></u>	<u><u>\$ 21,507,395</u></u>	<u><u>\$ 8,131,948</u></u>	<u><u>\$ 195,123,432</u></u>

**C. Depreciation Expense**

**Depreciation Expense-Governmental Activities**

General Government and Administration	\$ 1,360,100
Public Safety	350,027
Physical Environment	56,236
Transportation	2,303,250
Economic Environment	76,180
Parks and Recreation	822,345

**Total Depreciation Expense-Governmental Activities**

\$ 4,968,138

**Depreciation Expense-Business-type Activities**

Electric Utility	\$ 2,704,049
Gas Utility	303,788
Water Utility	1,021,252
Wastewater Utility	1,589,477
Stormwater	474,869
Solid Waste Utility	19,218
Communication Services	310,383

**Total Depreciation Expense-Business-type Activities**

\$ 6,423,036

**NOTE 7 - ELECTRIC POWER AGREEMENTS**

**A. Florida Municipal Power Agency**

The City is a member of the Florida Municipal Power Agency (FMPA). FMPA was created pursuant to Chapter 163, Parts I and II (The Interlocal Act and The Joint Power Act) to, among other things, provide a means for the Florida municipal corporations to cooperate with each other to provide for their present and projected energy needs. The City has limited oversight authority over the operation of FMPA. This oversight is manifested in the appointment of one member to the 28-member Board of Directors of FMPA. Furthermore, the City, by agreement, has no equity interest in any of the assets owned by FMPA. The City participates in the following FMPA projects:

**1. St. Lucie No. 2 Power Purchase Agreement**

The City, through FMPA, has negotiated an agreement with Florida Power and Light Corporation. For the year ended 9/30/2012, the City's entitlement shares averaged 1,769 megawatts of generating capacity from the St. Lucie No. 2 nuclear generating plant. The annual entitlement shares amount is based on the City's percent participation in the St. Lucie FMPA Project applied to the output of the plant over the same period. The operating license for Unit No.2 is due to expire in 2043.

**2. All-Requirement Power Supply Agreement**

The City has an agreement with FMPA whereby the City purchases its electric power from FMPA on an all-requirement basis. The agreement will remain in effect until October 1, 2030, with two optional successive ten-year renewal periods. Power rates charged to the City by FMPA are subject to a majority vote of the Board of Directors of FMPA.

**B. Crystal River Unit No. 3 Participation Agreement**

The City is a participant in an agreement with Duke Energy Florida. Under terms of the agreement, the City acquired a 0.8244% ownership interest and generation entitlement share in the nuclear steam electric generating unit. Participants are entitled to energy output of the unit based upon their respective generation entitlement share.

Duke Energy Florida has been appointed by the participants to act as their agent and has sole authority to manage, control, maintain, and operate the unit. Operating costs of the unit, in general, are shared in proportion to each generation entitlement share on a monthly basis. Common and external facilities of the generating unit are solely owned by Duke Energy Florida, and participants share in the operating and maintenance expenses of such facilities. The participation agreement provides for reversion of the ownership interest of the unit to Duke Energy Florida upon retirement from service.

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

**NOTE 8 - LONG-TERM LIABILITIES**

A. Long-term liability activity for the year ended September 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Revenue Bonds and Notes:					
Capital Improvement Revenue Bonds - 2004	\$ 15,405,000	\$ -	\$ (370,000)	\$ 15,035,000	\$ 385,000
Tax Increment Bonds - 2009 Hwy 441/27 CRA	14,555,000	-	(15,000)	14,540,000	120,000
Note Payable - 1999 GLCRA	59,719	-	(21,423)	38,296	22,575
Note Payable - 2008 Carver Heights CRA	980,831	-	(160,739)	820,092	167,903
Note Payable - 2009 Magnolia Townhomes	-	4,500,000	-	4,500,000	840,000
Note Payable - 2009 Capital Improvement Revenue	5,987,400	-	(200,000)	5,787,400	210,000
Total Revenue Bonds and Notes	<u>36,987,950</u>	<u>4,500,000</u>	<u>(767,162)</u>	<u>40,720,788</u>	<u>1,745,478</u>
Other Liabilities:					
Compensated Absences	1,480,604	1,834,329	(1,544,094)	1,770,839	973,962
Capital Lease Payable	234,469	-	(35,172)	199,297	36,649
Total Other Liabilities	<u>1,715,073</u>	<u>1,834,329</u>	<u>(1,579,265)</u>	<u>1,970,136</u>	<u>1,010,611</u>
<b>Total Governmental Activities</b>	<u>\$ 38,703,022</u>	<u>\$ 6,334,329</u>	<u>\$ (2,346,427)</u>	<u>\$ 42,690,924</u>	<u>\$ 2,756,089</u>

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Business-type Activities</b>					
Revenue Bonds and Notes Payable:					
Electric System Revenue Bonds - 2004	\$ 15,320,000	\$ -	\$ (365,000)	\$ 14,955,000	\$ 380,000
Utility System Revenue Bonds - 2004	21,115,000	-	(505,000)	20,610,000	520,000
Utility System Revenue Bond - Series 2007A	21,785,000	-	(340,000)	21,445,000	360,000
Utility System Revenue Bond - Series 2007B	1,035,000	-	(20,000)	1,015,000	20,000
Electric System Revenue Bond - Series 2007A	11,265,000	-	-	11,265,000	-
Electric System Revenue Bond - Series 2007B	11,135,000	-	(310,000)	10,825,000	325,000
Less Deferred Refunding and Discounts	(140,401)	-	5,711	(146,112)	-
Capital Improvement Revenue Refunding Note - 2009	925,000	-	(85,000)	840,000	90,000
Magnolia Townhomes Note - 2009	4,500,000	-	(4,500,000)	-	-
Utility System Revenue Refunding Note - 2010	7,990,000	-	(50,000)	7,940,000	55,000
Electric Utility Revenue Note - 2010	250,000	3,675,971	-	3,925,971	-
Total Revenue Bonds and Notes Payable	<u>95,179,599</u>	<u>3,675,971</u>	<u>(6,169,289)</u>	<u>92,674,859</u>	<u>1,750,000</u>
Other Liabilities					
CR#3 Decommissioning Cost Payable	6,508,531	394,841	-	6,903,372	394,841
Landfill Postclosure Payable	533,881	-	(171,896)	361,985	60,331
Compensated Absences	983,774	815,284	(819,344)	979,714	538,841
Total Other Liabilities	<u>8,026,186</u>	<u>1,210,125</u>	<u>(991,240)</u>	<u>8,245,070</u>	<u>994,013</u>
<b>Total Business-type Activities</b>	<u>\$ 103,205,785</u>	<u>\$ 4,886,096</u>	<u>\$ (7,160,529)</u>	<u>\$ 100,919,929</u>	<u>\$ 2,744,013</u>

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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**B.** The following is a schedule of bonds and notes outstanding at September 30, 2012:

<u>Description of Bonds</u>	<u>Purpose of Issue</u>	<u>Issued</u>	<u>Outstanding</u>	<u>Rates</u>
<b>Governmental Activities</b>				
Revenue Bonds and Revenue Notes:				
Capital Improvement Revenue Bonds - 2004	Capital Improvement	\$ 17,110,000	\$ 15,035,000	2.5% - 5.25%
Tax Increment Bonds - 2009 Hwy 441/27 CRA	Capital Improvement	14,605,000	14,540,000	2%-5%
Capital Improvement Revenue Note - 2009	Capital Improvement	6,227,400	5,787,400	4.73%
Magnolia Townhomes Note – 2009	Capital Improvement	4,500,000	4,500,000	3.40%
Note Payable - Carver Heights CRA	Real Estate	1,431,878	820,092	4.36%
Note Payable - GLCRA	Real Estate	<u>249,284</u>	<u>38,296</u>	5.25%
<b>Total Governmental Activities</b>		<u>\$ 44,123,562</u>	<u>\$ 40,720,788</u>	
<b>Business-type Activities</b>				
Capital Improvement Revenue Refunding Note - 2009	Fiber Optic Cable	\$ 1,005,000	\$ 840,000	4.13%
Utility System Revenue Refunding Note - 2010	Water/Wastewater	8,000,000	7,940,000	3.85%
<sup>1</sup> Electric Utility Revenue Note – 2010	Electric	-	3,925,971	1.14%
Electric System Revenue Bonds - 2004	Electric Capital Projects	16,670,000	14,955,000	2.75% - 5.00%
Utility System Revenue Bonds - 2004	Gas/Water/Wastewater	22,985,000	20,610,000	2.75% - 5.00%
Utility System Revenue Bond - 2007A	Gas/Water/Wastewater	22,425,000	21,445,000	4.00% - 5.00%
Utility System Revenue Bond - 2007B	Wastewater	1,070,000	1,015,000	5.90%
Electric System Revenue Bond - 2007A	Electric	11,265,000	11,265,000	.625% - 5.00%
Electric System Revenue Bond - 2007B	Electric	<u>11,710,000</u>	<u>10,825,000</u>	5.64% - 5.90%
<b>Total Business-type Activities</b>		<u>\$ 95,130,000</u>	<u>\$ 92,820,971</u>	

<sup>1</sup>The Electric Utility Revenue Note - 2010 is a line of credit of up to \$20,000,000 to fund a grant-related project. The grant award is for 50% of the project or \$9,748,812. The grant funds will be used to pay down the line of credit leaving an amount at the end of the project of approximately \$10,000,000.

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

C. Debt service to maturity on the City's bonded indebtedness and notes payable are as follows:

<b>Bonds Payable</b>				
<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2013	\$ 505,000	\$ 1,403,202	\$ 1,605,000	\$ 3,899,608
2014	525,000	1,384,602	1,675,000	3,826,475
2015	540,000	1,365,290	1,745,000	3,748,995
2016	665,000	1,344,026	1,825,000	3,666,504
2017	685,000	1,318,002	1,905,000	3,579,927
2018-2022	4,315,000	6,095,831	10,980,000	16,346,973
2023-2027	6,465,000	5,262,264	14,045,000	13,105,320
2028-2032	8,495,000	2,559,740	18,045,000	8,914,979
2033-2036	7,380,000	719,363	20,615,000	3,602,039
2037-2038			7,675,000	124,755
<b>Total</b>	<b>\$ 29,575,000</b>	<b>\$ 21,452,320</b>	<b>\$ 80,115,000</b>	<b>\$ 60,815,573</b>

<b>Notes Payable</b>				
<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2013	\$ 1,240,478	\$ 444,726	\$ 145,000	\$ 335,606
2014	1,281,108	397,004	150,000	329,565
2015	1,313,204	348,314	625,000	314,270
2016	1,463,598	298,101	650,000	289,336
2017	1,215,000	241,463	670,000	263,632
2018-2022	1,145,000	771,326	3,525,000	781,100
2023-2027	1,760,000	696,582	3,015,000	367,098
2028-2031	1,727,400	95,830	-	-
<b>Total</b>	<b>\$ 11,145,788</b>	<b>\$ 3,293,346</b>	<b>\$ 8,780,000</b>	<b>\$ 2,680,608</b>

Note: The debt service maturity schedule above excludes the Electric Utility Revenue Note - 2010 as repayment terms have not been finalized as of September 30, 2012.

#### **D. Governmental Activity Liabilities**

A summary of all governmental long-term debt as of September 30, 2012, follows:

**1. Capital Improvement Bonds, 2004**

The 2004 Capital Improvement Bonds are fully registered bonds and are collateralized by a pledge of the proceeds of the local government half-cent sales tax, the guaranteed entitlement portion of state revenue sharing funds, the public service tax and investment income earned on trust funds held for bond holder. The 2004 bonds are not general obligations or indebtedness of the City within the meaning of the Constitution of the State of Florida. The bond ordinances provide for a current sinking fund and are callable at various dates at 100% of face value.

**2. Tax Increment Revenue Bonds, Series 2009**

On October 12, 2009, the City issued U.S. Highway 441 & 27 CRA Tax Increment Revenue Bonds in the amount of \$14,605,000 pursuant to Resolution No. 10 adopted by the CRA and Resolution No. 8525 adopted by the City. Bond proceeds have been used to finance the costs of undergrounding electric utility lines, relocation of the City owned electrical distribution and other utility lines, related improvements within the boundaries of the Agency and to retire the outstanding balance of the City of Leesburg, Florida Subordinate Capital Improvement Bond Anticipation Note, Series 2008. The bonds are secured by tax increment revenues and a covenant to budget and appropriate from legally available non-ad valorem revenues. The bond resolutions provide for debt service reserve accounts.

**3. Note Payable (GLCRA)**

The City signed a fifteen-year mortgage for the purchase of the Christley property by the Greater Leesburg Community Redevelopment Fund that extends through May 2014. Annual payments from the tax increment revenues total \$24,047.

**4. Tax Increment Revenue Note Payable, 2008 (Carver Heights CRA)**

On December 23, 2008, the City signed a note for the acquisition of lands for public purposes, rehabilitation of certain public facilities, undergrounding of certain City owned utilities, improvements to public parks, sidewalks and lighting improvements within the Carver Heights Community Redevelopment Agency. The note matures on May 1, 2016, and is collateralized by a pledge of tax increment revenue. To the extent tax increment revenues are insufficient, sales tax revenues, guaranteed entitlement, and public service tax are also pledged, subordinate to the Series 2004 bonds.

**5. Magnolia Townhomes Note, 2009**

On November 3, 2009, the City signed a note in the amount of \$4,500,000 to be used solely to refinance the City's outstanding Capital Improvement Bond Anticipation Note (BAN), Series 2006. The note is secured by a covenant to budget and appropriate from legally available non-ad valorem revenues. The original BAN was recorded in the Housing Fund, a business-type activity, and was used to finance the cost of capital improvements to the City owned housing project known as Magnolia Townhomes. However, this project has been put on hold by the Commission due to the downturn in the economy and housing market. As of September 30, 2012, the outstanding note obligation of \$4,500,000 was transferred from the Housing Fund to the City's governmental activities.

**6. Capital Improvement Revenue Refunding Note, 2009**

On December 4, 2009, the City signed a promissory note in the amount of \$6,227,400 which was used to refund its Capital Improvement Revenue Bonds, Series 1999. Although the debt was refunded, the Debt Service Delivery Agreement for the Capital Improvement Bonds, 1999 continues in force until the Series 2009 is paid. The note is secured by a pledge of the proceeds of the local government half-cent sales tax, the guaranteed entitlement portion of state revenue sharing funds and a covenant to budget and appropriate from legally available non-ad valorem revenues.

**7. Compensated Absences**

Compensated absences reported as governmental activities in the statement of net assets are liquidated by the general fund and the building permits special revenue fund.

**8. Capital Lease**

During 2008, the City signed a lease-purchase agreement with Mine Safety Appliances Company. The lease, in the amount \$376,725, is being used to finance the purchase of breathing apparatuses for the Fire Rescue Department. The lease is to be paid within ten years at an imputed interest rate of 4.2%.

**E. Business-type Activity Liabilities**

The following is a summary of all long-term liabilities of the proprietary funds at September 30, 2012:

**1. Electric System Revenue Bonds, Series 2004**

The 2004 bonds are fully registered bonds and are collateralized by a pledge of the net electric system revenues. Bond ordinances provide for a current sinking fund and the bonds are callable at various dates at 100% of face value.

**2. Utility System Revenue Bonds, Series 2004**

The 2004 bonds are fully registered bonds and are collateralized by a pledge of the net gas, water, and wastewater system revenues. Bond ordinances provide for a current sinking fund and the bonds are callable at various dates at 100% of face value.

**3. Electric System Revenue Bonds, Series 2007A and 2007B**

The City has issued \$11,265,000 and \$11,710,000, respectively, in Electric System Revenue Bonds, Series 2007A and Taxable Series 2007B. Both issues are fully registered. The bonds are payable solely from the net revenues of the Electric System on parity with the City's outstanding Electric System Revenue Bonds, Series 2004. The Series 2007 bonds are subject to early redemption prior to maturity. The bond resolutions provide for a sinking fund.

**4. Utility System Revenue Bonds, Series 2007A and 2007B**

The City has issued \$22,425,000 and \$1,070,000, respectively, in Utility System Revenue Bonds, Series 2007A and Taxable Series 2007B. Both issues are fully registered. Bonds are payable solely from the net revenues of the gas, water, and wastewater systems on parity with the City's outstanding Utility System Revenue Bonds, Series 2004. The Series 2007 bonds are subject to early redemption prior to maturity. The bond resolutions provide for a sinking fund.

CITY OF LEESBURG, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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**5. Capital Improvement Revenue Refunding Note, 2009**

On October 2, 2009, the City signed a note in the amount of \$1,005,000 used solely to refinance the note payable to FMPA. The note is secured by the Communications Enterprise revenues.

**6. Magnolia Townhomes Note, 2009**

Refer to Note 8.D.5 for information regarding this note. As of September 30, 2012, the outstanding note obligation of \$4,500,000 was transferred from the Housing Fund to the City's governmental activities.

**7. Utility System Revenue Refunding Note – 2010**

On July 8, 2010, the City issued an \$8,000,000 note to be used solely to refinance the City's Bond Anticipation Note (BAN), 2006. The original BAN was used to acquire a water and wastewater utility system from the Plantation of Leesburg Limited Partnership. The note is payable solely from the net revenues of the gas, water, and wastewater systems on parity with the City's outstanding Utility System Revenue Bonds, Series 2004, Series 2007A and Series 2007B.

**8. Electric Utility Revenue Note – 2010**

On July 26, 2010, the City issued a note in an amount not to exceed \$20,000,000 pursuant to Resolution No. 8688. Proceeds from the Note will be used to finance the acquisition and construction of improvements to the City's Electric System, including the AMI/Smart Grid Project. The note is payable from and secured solely by net revenues of the City's electric system on parity with the City's outstanding Electric System Revenue Bonds, Series 2004, Series 2007A, and Series 2007B, and grant proceeds from the U.S. Department of Energy and the Florida Department of Agriculture and Consumer Affairs. The City expects the final issuance price of the Note, to approximate \$10,500,000, which is the amount of project costs to be financed after taking into account grant proceeds.

**9. Estimated Landfill Closure and Postclosure Care Costs**

The City closed its present landfill site on September 1, 1995, at a total cost of \$3,326,000. The cost of the closure was financed by user fees over the useful life of the landfill. As required by state law, the City is now performing postclosure monitoring activities.

<b>Balance, September 30, 2011</b>	\$ 533,881
Adjustment of Estimate	(59,600)
Total Annual Costs Paid	<u>(112,296)</u>
<b>Balance, September 30, 2012</b>	361,985
(Current Maturities)	<u>(60,331)</u>
<b>Total</b>	<u>\$ 301,654</u>

In 1994, the City implemented GASB Statement No. 18 entitled *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs*. This statement requires accounting recognition be given to all estimated closure and post-closure care costs during the operating life of the landfill.

CITY OF LEESBURG, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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The \$301,654 liability recorded represents the estimated costs of post-closure care for six years after closure as required by state and federal laws and regulations. This amount was calculated by the City's consulting engineer. The actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required to deposit adequate funds into an escrow account before year-end to meet postclosure care costs for the following year. During the year ended September 30, 1992, the City established an escrow subaccount within the City's pooled cash system for this purpose. The following is a schedule of the transactions in this account during fiscal year 2012:

<u>Transaction Date</u>	<u>Amount</u>
<b>Balance, September 30, 2011</b>	\$ 89,954
Investment Loss	(802)
<b>Balance, September 30, 2012</b>	<b><u>\$ 89,152</u></b>

Escrow funds in the amount of \$89,152 remain on deposit with SunTrust Bank. The above schedule was prepared in accordance with the requirements of Rule 62, 701.630 of the Florida Administrative Code.

**10. Crystal River III Nuclear Decommission Costs Payable**

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

**11. Crystal River III Nuclear Decommissioning Trust Fund**

Federal law requires that an external trust fund be created to accumulate amounts to pay for future plant decommissioning costs. The City contributes to a common trust fund, maintained by Florida Municipal Power Agency (FMPA), for all its members that own a portion of the Crystal River III Nuclear Generating Unit. As of September 30, 2012, the City has a balance in the trust fund of \$6,037,374.

**12. Defeased Debt**

Defeased debt of the City that remains publicly traded is as follows:

Utility System Refunding Revenue Bonds, Series 1999 A/B	<u>\$19,950,000</u>
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**F. Pledged Revenues**

The City has pledged certain revenues to repay certain bonds and notes outstanding as of September 30, 2012. The following table reports the revenues pledged for each debt issue, the amounts of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2012:

CITY OF LEESBURG, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Debt Description	Pledged Revenues Used for FY2012 Debt Service Payments						Debt Service Payments Until Debt Maturity	Pledged Through
	Half Cent Sales Tax <sup>1</sup>	Guaranteed Entitlement <sup>2</sup>	Public Service Tax <sup>3</sup>	General Fund Transfer <sup>4</sup>	Tax Increment Revenues <sup>5</sup> CHCRA <sup>6</sup> 441/27CRA <sup>7</sup>			
2004 Capital Improvement Revenue Bonds	\$ 913,146	\$ 193,314					\$ 25,420,453	2035
2009 Capital Improvement Refunding Promissory Note	-	115,920	357,824				8,588,482	2029
2009 Capital Improvement Promissory Note (Magnolia Townhomes)				153,000			5,045,700	2017
2008 Redevelopment Revenue Note			27,272		\$ 176,231		817,873	2016
2009 Tax Increment Revenue Bonds			695,131				25,975,088	2036
<b>Total Debt Service</b>	<b>\$ 913,146</b>	<b>\$ 309,234</b>	<b>\$ 1,080,227</b>	<b>\$ 153,000</b>	<b>\$ 176,231</b>	<b>\$ -</b>	<b>\$ 65,847,595</b>	
Total pledged revenues available for fiscal year 2012 debt service	913,146	309,234	3,102,871	153,000	176,231	-		
Total pledged revenues used for fiscal year 2012 debt service	913,146	309,234	1,080,227	153,000	176,231	-		
Fiscal Year 2012 pledged revenues used as a percentage of revenues available	100.00%	100.00%	34.81%	100.00%	100.00%			

<sup>1</sup> Gross Sales Tax Revenues are defined pursuant to Resolution 5725 adopted August 12, 1999, as the proceeds of the local government half-cent sales tax as described in Title XIV, Chapter 218, Part VI Florida Statutes.

<sup>2</sup> Guaranteed Entitlement - State Revenue Sharing is the portion of state revenue sharing funds available to the City that are assigned, pledged, or set aside as a trust for the payment of principal or interest on the bonds pursuant to Title XIV, Chapter 218, Part II, Florida Statutes.

<sup>3</sup> Public Service Tax is levied and collected pursuant to Section 166.231, Florida Statutes. A municipality may levy a tax on the purchase of electricity, metered natural gas, liquified petroleum gas and water service not to exceed ten percent (10%) of the payments received by the seller.

<sup>4</sup> General Fund Transfer - the debt service payment of \$153,000 is covered by the covenant of the City to appropriate in its annual budget from the Non Ad Valorem Revenues, amounts sufficient to pay the amounts owed for this Note.

<sup>5</sup> Tax Increment Revenues of the Community Redevelopment Agencies for the Carver Heights/Montclair Avenue Area and the U.S. Highway 441 & 27 Area are the generally applicable taxes attributable to increases in assessed values within the redevelopment areas of the respective Agencies.

<sup>6</sup> Carver Heights/Monclair CRA debt service for Fiscal Year 2012 totaled \$203,503. Due to the downturn in property values, the revenues were not sufficient to cover the debt service. However, the fund balance for the CRA was able to cover the deficiency of \$27,272.

<sup>7</sup> US Highway 441 & 27 CRA debt service for Fiscal Year 2012 totaled \$695,131. Due to the downturn in property values, the debt service payment is being paid from the bond proceeds in accordance with bond covenants.

Debt Description	Electric Revenues <sup>1</sup>	Gas Revenues <sup>2</sup>	Water Revenues <sup>2</sup>	Wastewater Revenues <sup>2</sup>	TOTAL Gas, Water, Wastewater Revenues	Communi-cations Revenues <sup>3</sup>	Debt Service Payments Until Debt Maturity	Pledged Through
2004 Electric System Revenue Bonds	\$1,089,885						\$ 25,743,075	2035
2007 A Electric System Revenue Bonds	551,906						24,684,147	2038
2007 B Electric System Revenue Bonds	942,799						18,588,291	2032
2010 Electric System Anticipation Note <sup>4</sup>	2,852						Unknown <sup>4</sup>	2023
2004 Utility System Revenue Bonds		\$ 252,269	\$ 524,741	\$ 727,063	\$ 1,504,074		35,484,671	2035
2007 A Utility System Revenue Bonds		151,670	869,023	319,151	1,339,844		40,542,647	2038
2007 B Utility System Revenue Bonds				79,885	79,885		1,872,123	2034
2010 Utility System Revenue Note		49,197	169,667	136,826	355,690		10,798,818	2025
2009 Capital Improve Revenue Note						\$ 121,447	1,022,236	2019
<b>Total Debt Service</b>	<b>\$2,587,442</b>	<b>\$ 453,137</b>	<b>\$ 1,563,431</b>	<b>\$ 1,262,925</b>	<b>\$ 3,279,493</b>	<b>\$ 121,447</b>	<b>\$ 158,736,008</b>	
Total pledged revenues available for fiscal year 2012 debt service	11,955,515	2,454,276	3,240,557	3,708,042	9,402,875	733,992		
Total pledged revenues used for fiscal year 2012 debt service	2,587,442	453,137	1,563,431	1,262,925	3,279,493	121,447		
Fiscal year 2012 pledged revenues used as a percentage of revenues available	21.64%	18.46%	48.25%	34.06%	34.88%	16.55%		

**Definitions:**

**Operation and Maintenance Expenses** - defined as the cost of operation and maintenance as current expenses, paid or accrued, less depreciation and amortization expense.

**Pledged Revenues and Net Revenues** - defined as gross revenues less operation and maintenance expenses.

**Net Revenues and Pledged Revenues** - defined as gross revenues less operation and maintenance expenses plus capacity charges.

<sup>1</sup> **Gross Revenues** - defined pursuant to Resolution 7141 adopted June 14, 2004, as all income and earnings derived by the City from the ownership, operation, leasing, or use of the Electric System, and investment income excluding capital expansion and system improvement

<sup>2</sup> **Gross Revenues** - defined pursuant to Resolution 7143 adopted June 14, 2004, as all income and earnings derived by the City from the ownership, operation, leasing, or use of the Utility System, and investment income excluding capital expansion and system improvement

<sup>3</sup> **Gross Revenues** - defined pursuant to Resolution 8511 adopted September 14, 2009 as the Communications Enterprise Revenues set aside for the payment of debt service on the Note.

<sup>4</sup> **Grant Anticipation Note** - a debt instrument of the Electric System with a principal sum set not to exceed \$20,000,000. No advances shall be made subsequent to August 1, 2013. The City is drawing funds from this instrument to fund the Smart Grid Electric Project approximately 50% of the cost will be reimbursed to the City from federal grant proceeds. Therefore, the total debt service is unknown until the project is

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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**NOTE 9 – CONDUIT DEBT**

The City issued conduit debt to provide financial assistance to private-sector entities for the acquisition and construction of hospital facilities deemed to be in the public interest. Conduit debt refers to certain limited-obligation revenue bonds or similar debt instruments issued by the City for the express purpose of providing capital financing for a specific nongovernmental third party. Although conduit debt bears the name of the City as issuer, it is collateralized by the resources provided by the loan with the third party on whose behalf they are issued. The City acts solely as a conduit issuer with respect to the debt.

Conduit debt is collateralized by the property financed and is payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served the bond issue. None of the assets or revenues of the City are pledged to the payment of the bonds and under the constitution and laws of Florida, the City may not legally pledge any of its revenues or assets to the payment thereof. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2012, the City had an aggregate principal amount of hospital revenue refunding bonds approximately \$163,943,000. The amount of Leesburg Regional Medical Center outstanding was \$71,293,000. The amount of The Villages Tri-County Medical Center outstanding was \$30,000,000. The amount of Leesburg Regional Medical Center and The Villages Tri-County Medical Center outstanding was \$62,650,000.

**NOTE 10 – ARBITRAGE REBATE**

In accordance with the Tax Reform Act of 1986, any interest earnings on borrowed construction funds in excess of the interest costs are required to be rebated to the federal government.

There is no arbitrage rebate liability as of September 30, 2012.

CITY OF LEESBURG, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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**NOTE 11 – OPERATING LEASES**

The City is lessor on various leases of facilities located at the Leesburg Regional Airport and other leases for property owned by the City. Estimated amounts for leased assets are: cost \$11,825,592 and accumulated depreciation \$1,610,859. The following is a schedule of minimum future lease income on noncancelable operating leases:

Fiscal Year	Amount
2013	\$ 631,759
2014	610,293
2015	432,039
2016	415,499
2017	403,712
2018-2022	1,479,330
2023-2027	582,046
2028-2032	4,422
<b>Total Minimum Lease Payments</b>	<b>\$ 4,559,100</b>

**NOTE 12 – DEFINED BENEFIT PENSION PLANS (PLAN)**

**A. Plan Descriptions and Contribution Information**

The City maintains three separate single-employer pension plans, a supplemental one for police officers, one for firemen, and a general employees' retirement plan that covers substantially all other full-time City employees including police officers. These Plans are maintained as pension trust funds and included as part of the City's reporting entity. City ordinance and state law requires contributions to be determined by actuarial studies. The City Commission has the authority to establish and amend the benefit provisions of the Plans. Administrative costs are financed through contributions and investment earnings. Stand-alone financial reports are not issued.

**B. Basis of Accounting**

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are recorded with the custodian. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan.

**C. Methods Used to Value Investments**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

All three Plans provide retirement, disability, and death benefits to Plan members and their beneficiaries as described below:

**1. General Employees Retirement Plan (GERP)**

The General Employee Retirement Plan was frozen as of September 30, 2008. City contributions to the Plan will continue until such time as the pension obligation is fully funded. Effective October 1, 2008, active Plan members will no longer accrue benefits under this Plan (see Note 13). The Plan is a 100% employer contributory defined benefit Plan and covers all full time employees except firemen. Participants who have completed five years of credited service are fully vested in the Plan and become fully vested after ten years of credited service.

Normal retirement benefits are paid to participants who have reached age sixty-five. Benefits are payable at the rate of 2.0% of average final monthly compensation multiplied by the number of years of credited service up to a maximum of forty-five years. The Plan also provides for early retirement, late retirement, and disability retirement, and death benefits at rates defined in the Plan document.

The City is required to contribute at an actuarially determined rate. Plan members are not allowed to contribute. Contribution requirements are established by City Code Section 17.121. City Code Section 17.121 may be amended by the City Commission.

The City accrues and contributes an amount, as determined by an actuary, to fund the annual, normal cost and prior service cost amortized over forty years. The City's contribution was established at 3.97% of the covered payroll for fiscal year 2011-2012.

**2. Municipal Police Retirement Plan (MPRP)**

The Plan covers sworn police officers (other Police Department employees are covered in the GERP). Employees contribute 7.65% of their annual compensation, including overtime and educational incentive pay. The State of Florida collects and remits a 1% excise tax on gross premiums from casualty insurance policies covering property within the corporate limits to the fund pursuant to the provisions of Chapter 185, Florida Statutes.

Participants who have completed ten years of credited service are 100% vested in Plan benefits. Participants whose service is terminated prior to completing ten years of credited service are entitled to the return of their employee contributions without interest. Normal retirement benefits are payable to participants who have reached the earlier of age fifty with twenty-five years of credited service, or age fifty-five with ten years of credited service. Such benefits are payable at a rate of 2% of the average monthly compensation for the four highest years of service multiplied by the number of years of credited service. The Plan also provides for early retirement, disability retirement, and death benefits at rates defined in the Plan document.

Per City Code Section 17.91, the City Commission may amend established contribution requirements.

**3. Municipal Firemen's Retirement Plan (MFRP)**

The Plan covers firefighters who have completed one year of employment. Firemen contribute 6.5% of their annual compensation to the Plan. The State of Florida collects and remits a 1% excise tax on gross premiums from fire insurance covering property within the corporate limits to the fund pursuant to the provisions of Chapter 175, Florida Statutes.

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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Participants who have completed ten years of credited service are 100% vested in Plan benefits. Participants whose service is terminated prior to completing ten years of credited service are entitled to the return of their employee contributions plus interest at the rate of 5% compounded annually. Normal retirement benefits are payable to participants who have reached the earlier of age fifty-two with twenty-five years of credited service, or age fifty-five with ten years of credited service. Such benefits are payable at a rate of 3% of the average monthly compensation multiplied by the number of years of credited service. The Plan also provides for early retirement, deferred retirement, disability retirement, and death benefits at rates defined in the Plan document.

Pursuant to the Plan document, the City accrues and contributes an additional amount, determined by an actuary, to fund the annual normal cost and prior service cost amortized over forty years.

**D. Membership**

Membership of each Plan consisted of the following:

Date of Actuarial Valuation:	10/01/12	10/01/12	10/01/12
	<u>GERP</u>	<u>MPRP</u>	<u>MFRP</u>
Retirees and Beneficiaries Receiving Benefits	196	28	21
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	201	7	
Active Plan Members	290	70	56
<b>Total</b>	<u>687</u>	<u>105</u>	<u>77</u>

**E. Annual Pension Costs and Net Pension Obligation**

The City's annual pension cost and net pension obligation to GERP, MPRP and MFRP for the current year were as follows:

	<u>GERP</u>	<u>MPRP</u>	<u>MFRP</u>
Annual Required Contribution (ARC)	\$ 986,422	\$ 490,400	\$ 933,554
Interest on Net Pension Obligation (NPO)	28,709	(13,873)	(65,386)
Adjustment to Annual Contribution	(51,876)	20,578	90,666
Annual Pension Cost	<u>963,255</u>	<u>497,105</u>	<u>958,834</u>
Adjustment to Net Pension Obligation (NPO)		-	-
Contributions Made	(525,643)	(490,400)	(933,554)
Increase/Decrease in NPO	437,612	6,705	25,280
Net Pension Obligation (Asset), Beginning of Year	<u>382,785</u>	<u>(175,613)</u>	<u>(843,685)</u>
Net Pension Obligation (Asset), End of Year	<u>\$ 820,397</u>	<u>\$ (168,908)</u>	<u>\$ (818,405)</u>

**F. Other Pension Plan Information**

The annual required contribution, actuarial cost method and actuarial assumptions are described in the required supplementary information. The actuarial value of assets was determined using market value for all Plans.

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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The excess of the actuarial value of assets over the actuarial accrued liabilities is being amortized using the levels described in the required supplementary information.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
<b>GERP</b>			
09/30/10	852,340	94%	(427,568)
09/30/11	922,605	61%	382,785
09/30/12	963,255	55%	820,397
<b>MPRP</b>			
09/30/10	716,248	103%	(174,136)
09/30/11	737,098	100%	(175,613)
09/30/12	497,105	100%	(168,908)
<b>MFRP</b>			
09/30/10	1,151,720	113%	(815,591)
09/30/11	1,239,905	102%	(843,685)
09/30/12	958,834	100%	(818,405)

Below is a summarized schedule of the general, the police, and the fire pension Plan assets and the information as of the latest actuarial valuation follows:

	<u>GERP</u>	<u>MPRP</u>	<u>MFRP</u>
<b>Valuation Date</b>	October 1, 2012	October 1, 2012	October 1, 2012
<b>Actuarial Cost Method</b>	Entry Age Normal	Frozen Entry Age	Frozen Initial Liability
<b>Amortization Method</b>	Level Dollar, Closed	Level Percentage, Closed	Level Percentage, Closed
<b>Remaining Amortization</b>			
<b>Period</b>	26 Years	23 Years	16 Years
<b>Asset Valuation Method</b>	Market Value	Market Value	Market Value
<b>Actuarial Assumptions:</b>			
Investment Return	7.50%	7.90%	7.75%
Projected Salary Increases	6.00%	6.20%	5.00%
Cost of Living Adjustment (COLA)	None	None	None

CITY OF LEESBURG, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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The most recent actuarial valuation date for each Plan was October 1, 2012. The funded status and funding progress of each Plan is presented below:

	<b>GERP</b>	<b>MPRP</b>	<b>MFRP</b>
Actuarial Value of Assets	\$ 31,172,936	\$ 13,985,699	\$ 13,027,576
Actuarial Accrued Liability	38,821,147	14,793,748	14,866,354
Unfunded (Overfunded) Status (UAAL)	\$ 7,648,211	\$ 808,049	\$ 1,838,778
Funded Status	80.30%	94.54%	87.63%
Annual Covered Payroll	\$ 12,742,737	\$ 3,621,679	\$ 3,004,257
UAAL as Percent of Payroll	60.02%	22.31%	61.21%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

**SCHEDULE OF PENSION PLAN NET ASSETS AS OF SEPTEMBER 30, 2012**

	<b>General Employees' Retirement Plan</b>	<b>Municipal Police Retirement Plan</b>	<b>Municipal Firemen's Retirement Plan</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ 488	\$ -	\$ 488
Investments, at Fair Value:				
U.S. Government Securities	4,646,641	2,150,272	1,272,128	8,069,041
Corporate Bonds	1,964,307	1,349,321	2,440,785	5,754,413
Corporate Stocks	16,087,953	8,372,494	4,264,818	28,725,265
Alternative Investments	6,091,043	1,154,648	-	7,245,691
Money Market	904,020	530,038	1,114,158	2,548,216
Mutual Funds	1,283,601	655,415	4,056,683	5,995,699
<b>Total Investments</b>	<b>30,977,565</b>	<b>14,212,188</b>	<b>13,148,572</b>	<b>58,338,325</b>
Accounts Receivable	-	37,474	-	37,474
Interest Receivable	50,819	-	34,694	85,513
<b>Total Assets</b>	<b>31,028,384</b>	<b>14,250,150</b>	<b>13,183,266</b>	<b>58,461,800</b>
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets Reserved for Employees'</b>				
<b>Pension Benefits</b>	<b>\$ 31,028,384</b>	<b>\$ 14,250,150</b>	<b>\$ 13,183,266</b>	<b>\$ 58,461,800</b>

**SCHEDULE OF THE CHANGE IN PENSION PLAN NET ASSETS AS OF SEPTEMBER 30, 2012**

<b>Additions</b>				
Contributions:				
Employer	\$ 525,643	\$ 334,905	\$ 827,525	\$ 1,688,073
State	-	155,518	163,137	318,655
Employee	-	282,338	197,893	480,231
<b>Total Contributions</b>	<b>525,643</b>	<b>772,761</b>	<b>1,188,555</b>	<b>2,486,959</b>
Investment Income:				
Net Appreciation (Depreciation) in				
Fair Value of Investments	3,361,183	1,869,988	1,441,666	6,672,837
Interest and Dividend Income	638,624	297,392	349,548	1,285,564
Other Income	845	4,775	564	6,184
<b>Total Investment Income</b>	<b>4,000,652</b>	<b>2,172,155</b>	<b>1,791,778</b>	<b>7,964,585</b>
<b>Total Additions</b>	<b>4,526,295</b>	<b>2,944,916</b>	<b>2,980,333</b>	<b>10,451,544</b>
<b>Deductions</b>				
Benefit Payments	2,068,430	689,364	686,478	3,444,272
Refund of Contributions	9,478	168,578	46,237	224,293
Administrative Expense	229,016	112,019	108,852	449,887
<b>(Total Deductions)</b>	<b>(2,306,924)</b>	<b>(969,961)</b>	<b>(841,567)</b>	<b>(4,118,452)</b>
<b>Net Increase (Decrease)</b>	<b>2,219,371</b>	<b>1,974,955</b>	<b>2,138,766</b>	<b>6,333,092</b>
<b>Net Assets Reserved for Employees'</b>				
<b>Pension Benefits:</b>				
<b>Beginning of Year</b>	<b>28,809,013</b>	<b>12,275,195</b>	<b>11,044,500</b>	<b>52,128,708</b>
<b>End of Year</b>	<b>\$ 31,028,384</b>	<b>\$ 14,250,150</b>	<b>\$ 13,183,266</b>	<b>\$ 58,461,800</b>

CITY OF LEESBURG, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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**NOTE 13 - DEFINED CONTRIBUTION PENSION PLAN**

Effective October 1, 2008, general employees of the City participate in the 401(a) Defined Contribution Pension Plan administered by the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust. The Plan was authorized by City Commission Resolution 8212. All current employees are fully vested in any contributions authorized by the City Commission. New employees become fully vested over a three-year period. For the year ended September 30, 2012, the City Commission approved a contribution rate of 5% of compensation. Total contributions amounted to \$766,740 or 100% of the amount authorized.

Employees may not contribute to the Plan. Investments in Plan assets are directed by individual employees.

**NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The City provides postretirement health care benefits, in accordance with City ordinance, to all employees who retire from the City with at least fifteen years of continuous service. Employees retiring before age fifty-five may remain in the City's plan and pay all premium costs. Employees who retire between the ages of fifty-five and fifty-eight and continue health coverage will become eligible for employer subsidized premiums at age fifty-eight. Employees retiring on or after attaining age fifty-eight with at least fifteen years of service remain in the plan with all employee premiums paid by the City up to a maximum of \$400; if the cost to the City for health insurance coverage on the retired employee exceeds \$400 a month, the retiree will bear the cost over and above \$400. This explicit City subsidy is available only for retiree coverage and is not available in whole or in part as an explicit subsidy for spouse or dependent coverage.

Currently, the City's OPEB benefits are unfunded. That is, there is no separate Trust Fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation. Therefore, the ultimate subsidies which are provided over time are financed directly by general assets of the City. The City had an Actuarial Valuation for OPEB to measure the current year's subsidies, project these subsidies for decades into the future, and make an allocation of that cost to different years. Membership of each plan consisted of the following:

<b>Date of Actuarial Valuation:</b>	<b><u>10/01/11</u></b>
Retirees and Beneficiaries Receiving Benefits	<u>132</u>
Active Plan Members	<u>432</u>
<b>Total</b>	<b><u><u>564</u></u></b>

**A. Annual OPEB Costs and Net OPEB Obligation**

The Annual OPEB Cost is the amount that was expensed for the fiscal year. Since the City's OPEB plan is currently unfunded, the offset to that expense comes from subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the Employer Contribution, and equals the total age-adjusted premiums paid by the City for coverage for the retirees and their dependents for the year (net of the retiree's own payments for the year). The cumulative difference between the Annual OPEB Cost for the year and the Employer Contribution for the year is called the Net OPEB Obligation. The Net OPEB Obligation is reflected as a liability in the statement of net assets.

CITY OF LEESBURG, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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The following table shows the components of the City's Annual OPEB Cost for the year and the Net OPEB Obligation:

Annual Required Contribution (ARC)	\$ 2,750,986
Interest on Net OPEB Obligation (NOO)	336,537
Adjustment to ARC	(506,345)
Annual OPEB Cost	2,581,178
Employer Contributions Made	(584,919)
Increase(Decrease) in NOO	1,996,259
Net OPEB Obligation, Beginning of Year	8,413,426
Net OPEB Obligation, End of Year	\$ 10,409,685

The Annual OPEB Cost per covered employee is \$5,975 or approximately 14.2% of expected payroll. The City's plan is a single-employer plan with no separately issued audited financials.

**B. Schedule of Employer Contributions**

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
9/30/2012	\$ 2,581,178	22.7%	\$ 10,409,685
9/30/2011	2,386,435	22.8%	8,413,426
9/30/2010	2,524,856	30.7%	6,570,723
9/30/2009	2,338,322	30.7%	4,821,617

**C. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and Plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**D. Funded Status and Funding Progress**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funding status of a plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CITY OF LEESBURG, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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The following is a schedule of funding progress:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	(Overfunded)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
			Accrued Liability (UAAL)			
10/1/2011	\$ -	\$ 26,411,922	\$ 26,411,922	0.0%	\$ 18,187,292	145.2%
10/1/2010	-	24,870,238	24,870,238	0.0%	18,187,292	136.7%
10/1/2009	-	25,901,949	25,901,949	0.0%	19,957,715	129.8%
10/1/2008	-	25,901,949	25,901,949	0.0%	19,957,715	129.8%

The Required Supplementary Information immediately following the notes to the financial statements presents the Schedule of Funding Progress for the plan. This information is helpful in determining whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. The following table summarizes the actuarial methods and assumptions as of the latest actuarial valuation date:

<b>Valuation Date</b>	October 1, 2011
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Method</b>	Level Percentage, Closed
<b>Remaining Amortization Period</b>	25 Years
<b>Asset Valuation Method</b>	Market Value
<b>Actuarial Assumptions:</b>	
Investment Return	4.00%
Rate of Inflation	3.00%
Payroll Growth - All Employees	0.00%
Health Care Inflation	8% (grading down to 5%)

**NOTE 15 - SELF-INSURANCE FUND**

**A. Employee Health Insurance Fund**

The City maintains a self-insurance program for the payment of employee health and medical claims. The program provides for the payment of City and employee contributions into a self-insurance fund, which is managed by the City and its administrative agent. Employee claims up to \$85,000 per person are paid from the assets of the self-insurance fund; claims in excess of \$85,000, up to a maximum of \$5,000,000 per employee, per year, are paid from a reinsurance policy purchased by the City. The aggregate stop loss reinsurance policy indemnifies the City if total claims paid during the year exceed the aggregate attachment point.

**B. Workers' Compensation Insurance Fund**

The City maintains a self-insurance program for the payment of employee workers' compensation claims. The program provides for City contributions into a self-insurance fund which is managed by the City and its administrative agent. Employee claims up to \$500,000 per occurrence are paid from the assets of the self-insurance fund with amounts in excess of \$500,000 per occurrence being paid from a reinsurance policy purchased by the City.

CITY OF LEESBURG, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Changes in claims liabilities for the last two years follow:

	<b>Balance October 1, 2011</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>(Claims Paid)</b>	<b>Balance September 30, 2012</b>
Employee Health				
Insurance Fund	\$ 444,115	\$ 3,457,222	\$ (3,557,064)	\$ 344,273
Workers' Compensation				
Insurance Fund	1,297,553	475,686	(292,973)	1,480,266
	<u>\$ 1,741,668</u>	<u>\$ 3,932,908</u>	<u>\$ (3,850,037)</u>	<u>\$ 1,824,539</u>
	<b>Balance October 1, 2010</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>(Claims Paid)</b>	<b>Balance September 30, 2011</b>
Employee Health				
Insurance Fund	\$ 396,948	\$ 4,344,268	\$ (4,297,101)	\$ 444,115
Workers' Compensation				
Insurance Fund	1,402,986	346,643	(452,076)	1,297,553
	<u>\$ 1,799,934</u>	<u>\$ 4,690,911</u>	<u>\$ (4,749,177)</u>	<u>\$ 1,741,668</u>

Claim liabilities are calculated based on an actuarial valuation, which includes consideration of nonincremental claims adjustment expenses. Management estimates that \$666,120 Workers' Compensation and \$344,273 of Employee Health Insurance claim liabilities are payable within one year. No settlements in excess of claims have been incurred in each of the past three years.

**NOTE 16 – CONTINGENCIES AND COMMITMENTS**

The City participates in a number of state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the City expects such amounts, if any, to be immaterial.

The City is defending several claims and judgments arising from the normal course of business. The City expects to prevail in these matters; however, the final outcomes have not yet been determined.

**NOTE 17 – RISK MANAGEMENT**

The City's self-insurance programs and health insurance programs are accounted for in separate non-major special revenue funds. The City is a self-insured public entity and affords coverage for the risk exposures listed below:

- General and Automotive Liability
- Property Damage
- Workers' Compensation
- Excess Workers' Compensation, General Liability, & Police Liability

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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- Unemployment Compensation
- Group Medical
- Federal Flood Insurance
- Life Insurance
- Short Term Disability
- Long Term Disability

Exposures are limited by insurance coverage as noted. Settled general and automatic liability and workers compensation claims have not exceeded the self-insured statutory limits in any of the past five years.

**NOTE 18 – CONSTRUCTION COMMITMENTS**

As of September 30, 2012, the City had the following commitments related to significant unfinished construction projects:

	<u>Expended as of</u> <u>September 30, 2012</u>	<u>Remaining</u> <u>Commitment</u>
General Government:		
Update Airport Lighting	\$ 40,692	\$ 484,308
Airport Security Fencing Const	69,492	553,788
Public Safety Training Facility	1,944	45,820
Lake Pointe Circle	581	32,687
Transportation Projects	628,162	240,000
Venetian Gardens Bridge Replace	24,873	340,127
Community Building Improvements	-	74,000
Leesburg/Wildwood Trail Construction	68,590	995,645
Electric Utility:		
Meters	4,240,666	645,438
Capacitors	57,040	2,732.00
Distribution Lines	3,013,875	2,443,888
Sectionalizing Devices	510	503,761
Lights	414,311	223,255
Miscellaneous Equipment	251,432	173,836
Miscellaneous Subdivisions	-	52,923
Reconductoring	523,372	477,947
Substations	1,320,710	239,807
Structures	19,309	100,000
Smart Grid Technology	3,836,865	4,425,368
Gas Utility:		
Arlington Ridge Main	-	100,000
Water Plant to 470 Main	-	1,726,642
Bentley Ridge	-	79,445
Hidden Harbor	-	38,728
Miscellaneous Tools and Equipment	23,319	15,000

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Expended as of September 30, 2012</u>	<u>Remaining Commitment</u>
Water Utility:		
Hwy 441 Perkins to Griffin	\$ 43,684	\$ 11,269
Plantation Upgrade	-	3,246,638
Royal Highlands	-	120,000
Highland Lake Water Treatment Plant	1,897,073	50,000
Miscellaneous Tools and Equipment	43,855	6,450
Wastewater Utility:		
Bentley Road Force Main	2,755	47,245
Perkins to Griffin Line Rehab	1,857	458,797
Sodium Hypochlorite Tank	-	15,125
Liner Rehabs	14,967	331,563
Communication Utility:		
Line Installations	537,738	168,983
Smart Grid Project	110,752	65,000
Core and Remote Switching	-	98,832
Stormwater Utility:		
Basin Study Update	-	100,000
Tally Basin Construction	220,996	96,805
Lake Harris Construction	165,855	551,889
Stormwater System Pipe Upgrade	24,975	24,975
Butler St Curbs	11,259	13,741
Susan St Ditch Construction	118,370	38,302
Canal WWTP S. Side Ditch Construction	18,465	157,625
Romac Ditch Construction	20,825	350,000
<b>Totals</b>	<u>\$ 17,769,169</u>	<u>\$ 19,968,384</u>

**NOTE 19 – PRIOR PERIOD ADJUSTMENT**

During fiscal year 2012, the City reevaluated the capital assets and work in progress recorded in its governmental activities. Based on this reconciliation, the City determined that the following prior period adjustment to beginning net assets was necessary:

<u>City-wide Financial Statements</u>	<u>Governmental Activities</u>
Net assets at September 30, 2011, as last reported	\$ 60,245,684
Adjustments:	
Correct capital assets values and related depreciation	<u>(1,518,543)</u>
<b>Net assets as restated at October 1, 2011</b>	<u>\$ 58,727,141</u>

CITY OF LEESBURG, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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**NOTE 20 – SUBSEQUENT EVENTS**

A. On January 23, 2013, the City selected Underwriters for the following refunding bonds:

1. 2013 Capital Improvement Refunding Bonds not to exceed \$16 million – The issuance is going to be underwritten by Stifel Nicolaus, SunTrust Robinson Humphrey and Raymond James Morgan Keegan. The pricing will take place in April 2013. The proceeds will be used to reimburse the City's 2004 Capital Improvement Bonds. The serial debt payments will mature in 2035 and supported by a covenant to budget and appropriate legally available general fund revenues.
2. 2013 Electric System Refunding Bonds not to exceed \$16 million – The issuance is going to be underwritten by JPMorgan and Wells Fargo Capital Markets. The pricing will take place in May 2013. The proceeds will be used to reimburse the City's 2004 Electric System Bonds. The serial debt payments will mature in 2035 and supported by a covenant to budget and appropriate legally available electric system funds revenues.
3. 2013 Utility System Refunding Bonds not to exceed \$22 million – The issuance is going to be underwritten by RBC Capital Markets, First Southwest and Edward Jones. The pricing will take place in April 2013. The proceeds will be used to reimburse the City's 2004 Utility System Bonds. The serial debt payments will mature in 2035 and supported by a covenant to budget and appropriate legally available utility system funds revenues.

B. The City is a participant in an agreement with Duke Energy Florida. Under terms of the agreement, the City acquired a 0.8244% ownership interest and generation entitlement share in the nuclear steam electric generating unit. Participants are entitled to energy output of the unit based upon their respective generation entitlement share.

On February 6, 2013, Duke Energy announced it will retire its idled 35 year old Crystal River nuclear plant in Florida. The company said it is likely to ask state regulators for permission to replace Crystal River with a comparably sized gas-fired power plant. The City has not determined the impact to the City's financial statements from the closure of the nuclear plant.

## **REQUIRED SUPPLEMENTARY INFORMATION**

The following supplementary schedules present the major fund budgetary comparison schedules; trend information regarding the retirement plans for the City's general employees, municipal police and municipal firemen; and trend information regarding other postemployment benefits. This information is necessary for a fair presentation in conformity with generally accepted accounting principles.

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 10,790,440	\$ 10,790,440	\$ 10,911,892	\$ 121,452
Licenses and Permits	107,300	107,300	133,435	26,135
Intergovernmental	2,032,198	2,161,244	2,084,254	(76,990)
Charges for Services	529,094	556,331	540,734	(15,597)
Fines and Forfeitures	87,000	87,000	122,391	35,391
Miscellaneous:				
Interest	37,000	37,000	24,094	(12,906)
Rental Income	1,118,994	1,118,994	1,129,768	10,774
Other	3,236,740	3,238,372	3,257,951	19,579
<b>Total Revenues</b>	<u>17,938,766</u>	<u>18,096,681</u>	<u>18,204,519</u>	<u>107,838</u>
<b>Expenditures</b>				
Current:				
General Government	2,896,310	3,009,128	2,730,096	279,032
Public Safety	13,615,134	13,794,564	14,005,197	(210,633)
Physical Environment	79,231	80,431	60,774	19,657
Transportation	2,292,170	2,325,740	1,797,017	528,723
Economic Environment	168,744	113,945	122,237	(8,292)
Human Services	287,131	311,121	520,403	(209,282)
Culture and Recreation	3,708,955	3,750,981	3,813,858	(62,877)
Capital Outlay	1,740,899	2,575,870	1,561,192	1,014,678
<b>Total Expenditures</b>	<u>(24,788,574)</u>	<u>(25,961,780)</u>	<u>(24,610,774)</u>	<u>1,351,006</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(6,849,808)</u>	<u>(7,865,099)</u>	<u>(6,406,255)</u>	<u>1,458,844</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	68,233	68,233
Transfers from Other Funds	8,828,865	8,909,725	9,168,459	258,734
Transfers to Other Funds	(2,031,027)	(2,131,071)	(2,084,307)	46,764
Fund Balance Appropriated	51,970	1,086,445	-	(1,086,445)
<b>Total Other Financing Sources (Uses)</b>	<u>6,849,808</u>	<u>7,865,099</u>	<u>7,152,385</u>	<u>(712,714)</u>
<b>Net Change in Fund Balances</b>	-	-	746,130	746,130
<b>Fund Balance, Beginning of Year</b>	-	-	8,790,386	8,790,386
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,536,516</u>	<u>\$ 9,536,516</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**COMMUNITY REDEVELOPMENT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ 293,249	\$ 368,249	\$ 289,945	\$ (78,304)
Miscellaneous Interest and Other	340	340	23,806	23,466
<b>Total Revenues</b>	<u>293,589</u>	<u>368,589</u>	<u>313,751</u>	<u>(54,838)</u>
<b>Expenditures</b>				
Economic Environment:				
Operating Expenditures	329,989	868,282	377,982	490,300
Debt Service	920,637	920,637	923,932	(3,295)
Capital Outlay	200,000	1,065,206	257,359	807,847
<b>Total Expenditures</b>	<u>(1,450,626)</u>	<u>(2,854,125)</u>	<u>(1,559,273)</u>	<u>1,294,852</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,157,037)</u>	<u>(2,485,536)</u>	<u>(1,245,522)</u>	<u>1,240,014</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of Debt	735,805	2,949,901	-	(2,949,901)
Transfers from Other Funds	236,380	236,380	235,332	(1,048)
Transfers to Other Funds	(55,799)	(1,219,152)	(451,055)	768,097
Fund Balance Appropriated	240,651	518,407	-	(518,407)
<b>Total Other Financing (Uses)</b>	<u>1,157,037</u>	<u>2,485,536</u>	<u>(215,723)</u>	<u>(2,701,259)</u>
<b>Net Change in Fund Balance</b>	-	-	(1,461,245)	(1,461,245)
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>11,966,877</u>	<u>11,966,877</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,505,632</u>	<u>\$ 10,505,632</u>

**CITY OF LEESBURG, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS**

**General Employees' Retirement Plan**

Valuation Date	Unfunded (Overfunded)			Funded Ratio	Annual Covered Payroll	UAAL as Percent of Payroll
	Actuarial Value of Assets	Actuarial Accrued Liability	Accrued Liability (UAAL)			
10/1/2011	\$ 30,735,796	\$ 37,570,673	\$ 6,834,877	81.81%	\$ 13,550,400	50.44%
10/1/2010	32,543,273	36,539,203	3,995,930	89.06%	14,349,754	27.85%
10/1/2009	33,138,960	36,090,413	2,951,453	91.82%	15,069,783	19.59%
10/1/2008	33,832,920	35,542,768	1,709,848	95.19%	16,547,145	10.33%
10/1/2007	34,934,262	43,691,883	8,757,621	79.96%	17,757,533	49.32%
10/1/2006	31,368,026	33,016,791	1,648,765	95.01%	17,153,906	9.61%
10/1/2005	28,343,644	26,892,348	(1,451,296)	105.40%	15,645,117	-9.28%
10/1/2004	26,217,389	24,105,690	(2,111,699)	108.76%	12,599,144	-16.76%
10/1/2003	25,703,014	23,744,901	(1,958,113)	108.25%	11,842,737	-16.53%
10/1/2002	25,285,323	23,048,129	(2,237,194)	109.71%	11,009,129	-20.32%

**Municipal Police Retirement Plan**

Valuation Date	Unfunded (Overfunded)			Funded Ratio	Annual Covered Payroll	UAAL as Percent of Payroll
	Actuarial Value of Assets	Actuarial Accrued Liability	Accrued Liability (UAAL)			
10/1/2011	\$ 13,237,121	\$ 13,997,607	\$ 760,486	94.57%	\$ 3,687,749	20.62%
10/1/2010	13,318,716	14,063,487	744,771	94.70%	3,738,540	19.92%
10/1/2009	13,015,917	13,451,873	435,956	96.76%	3,479,653	12.53%
10/1/2008	13,185,827	13,661,930	476,103	96.52%	3,509,401	13.57%
10/1/2007	12,734,501	12,913,643	179,142	98.61%	3,603,003	4.97%
10/1/2006	11,635,558	11,828,037	192,479	98.37%	3,316,192	5.80%
10/1/2005	10,613,513	10,817,156	203,643	98.12%	2,929,992	6.95%
10/1/2004	10,074,080	10,270,878	196,798	98.08%	2,899,724	6.79%
10/1/2003	9,924,188	9,884,047	(40,141)	100.41%	2,813,551	-1.43%
10/1/2002	9,758,130	9,789,401	31,271	99.68%	2,566,611	1.22%

**Municipal Firemen's Retirement Plan**

Valuation Date	Unfunded (Overfunded)			Funded Ratio	Annual Covered Payroll	UAAL as Percent of Payroll
	Actuarial Value of Assets	Actuarial Accrued Liability	Accrued Liability (UAAL)			
10/1/2011	\$ 11,797,716	\$ 13,611,707	\$ 1,813,991	86.67%	\$ 3,073,457	59.02%
10/1/2010	11,574,175	13,580,057	2,005,882	85.23%	3,106,945	64.56%
10/1/2009	11,011,597	13,231,246	2,219,649	83.22%	3,211,696	69.11%
10/1/2008	10,447,796	12,905,892	2,458,096	80.95%	2,993,793	82.11%
10/1/2007	9,833,153	13,446,697	3,613,544	73.13%	2,895,956	124.78%

Only five years of funded status are available. Prior to the October 1, 2008, valuation, the MFRP used the Aggregate Actuarial Cost Method, which does not identify or separately amortize unfunded actuarial liabilities. The October 1, 2007, actuarial valuation report used the entry age actuarial cost method as a surrogate to calculate the Plan's funded status and funding progress, as required by GASB Statement No. 50.

**Other Postemployment Benefits**

Valuation Date	Unfunded (Overfunded)			Funded Ratio	Annual Covered Payroll	UAAL as Percent of Payroll
	Actuarial Value of Assets	Actuarial Accrued Liability	Accrued Liability (UAAL)			
10/1/2011	\$ -	\$ 26,411,922	\$ 26,411,922	0.00%	\$ 18,187,292	145.2%
10/1/2010	-	24,870,238	24,870,238	0.00%	18,187,292	136.7%
10/1/2009	-	25,901,949	25,901,949	0.00%	19,957,715	129.8%
10/1/2008	-	25,901,949	25,901,949	0.00%	19,957,715	129.8%
10/1/2007	-	42,307,839	42,307,839	0.00%	22,983,533	184.1%

**CITY OF LEESBURG, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF CONTRIBUTIONS FROM EMPLOYER AND OTHERS**

Year Ended 9/30	General Employees' Retirement Plan (GERP)		Municipal Police Retirement Plan (MPRP)		Municipal Firemen's Retirement Plan (MFRP)	
	Annual Required Contribution (ARC)	Percentage Contributed	Annual Required Contribution (ARC)	Percentage Contributed	Annual Required Contribution (ARC)	Percentage Contributed
2012	\$ 986,422	53.3%	\$ 490,400	100.0%	\$ 933,554	100.0%
2011	924,086	61.1%	452,835	100.0%	1,092,933	97.5%
2010	852,340	94.0%	445,066	100.0%	992,226	104.8%
2009	737,974	88.0%	437,542	99.9%	886,875	132.8%
2008	2,388,162	88.5%	411,998	99.5%	712,875	100.2%
2007	2,183,267	95.7%	376,923	99.1%	672,524	106.0%
2006	1,745,388	108.9%	357,152	98.0%	634,328	59.6%
2005	1,498,661	93.0%	328,829	97.8%	675,527	65.0%
2004	1,200,568	96.9%	254,744	94.7%	451,265	78.0%
2003	1,017,781	70.7%	111,757	100.0%	342,160	91.0%

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	\$ 2,581,178	22.7%	\$ 10,409,685
9/30/2011	2,386,435	0.0%	8,413,426
9/30/2010	2,524,856	30.7%	6,570,723
9/30/2009	2,338,322	30.7%	4,821,617



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## **SUPPLEMENTAL INFORMATION**

The following supplemental schedules present combining non-major fund statements and individual fund budgetary schedules.



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## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

**Special Revenue Funds** account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted to expenditure for specific purposes as described below.

**Affordable Housing** was established to create affordable housing for low and very low income households.

**Police Forfeiture** accounts for funds associated with Municipal and Federal seizures. Revenues are split between State and Federal forfeitures, each having their own rules and restrictions as to how the funds may be spent.

**Police Education** accounts for funds created by Criminal Justice Education Funding. Revenue is set aside for the specific funding of criminal justice education programs and training courses which include basic recruit, officer, and agency support personnel training.

**Gas Tax** accounts for income associated with Ninth-cent Fuel Tax, Local Option Fuel Tax, and Revenue Sharing Gas Tax, which are restricted for specific uses. Those uses include: construction, reconstruction and maintenance of roads, streets, bicycle paths and pedestrian pathways. Funds may also be used for utility relocation.

**Police Impact Fees** accounts for the Municipal Impact Fees collected on land developed within the City for the provision of Municipal Services Capital Facilities related to police services due to new development.

**Fire Impact Fees** accounts for the Municipal Impact Fees collected on land developed within the City for the provision of Municipal Services Capital Facilities related to fire services due to new development.

**Recreation Impact Fees** accounts for the Municipal Impact Fees collected on land developed within the City for the provision of Municipal Services Capital Facilities related to recreation services due to new development.

**Building Permit** accounts for the cost of building permit and inspection services, through the dedicated revenues generated in providing these services.

### DEBT SERVICE FUNDS

**Debt Service Funds** account for the accumulation of resources for, the payment of, interest and principal on most general governmental obligations.

**CITY OF LEESBURG, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012**

**Special Revenue Funds**

	<b>Affordable Housing Fund</b>	<b>Police Forfeitures Fund</b>	<b>Police Education Fund</b>	<b>Discretionary Sales Tax Fund</b>	<b>Gas Tax Fund</b>	<b>Police Impact Fee Fund</b>
<b>Assets</b>						
Pooled Cash and Investments	\$ 209,670	\$ 25,949	\$ 19,550	\$ -	\$ 204,222	\$ 147,085
Accounts Receivables, Net	-	-	-	-	-	-
Due from Other Governments	-	-	650	-	78,075	-
Prepaid Items	-	-	-	-	-	-
Inventory	98,590	-	-	-	-	-
Restricted Cash	2,343	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 310,603</b>	<b>\$ 25,949</b>	<b>\$ 20,200</b>	<b>\$ -</b>	<b>\$ 282,297</b>	<b>\$ 147,085</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	5	2,847	1,939	-	4	5
Accrued Salaries	-	-	-	-	-	-
Accrued Interest	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>5</b>	<b>2,847</b>	<b>1,939</b>	<b>-</b>	<b>4</b>	<b>5</b>
<b>Fund Balances</b>						
Nonspendable:						
Prepays	-	-	-	-	-	-
Restricted for:						
Debt Service	-	-	-	-	-	-
Special Revenue Funds	310,598	23,102	18,261	-	282,293	147,080
Unassigned deficit	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>310,598</b>	<b>23,102</b>	<b>18,261</b>	<b>-</b>	<b>282,293</b>	<b>147,080</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 310,603</b>	<b>\$ 25,949</b>	<b>\$ 20,200</b>	<b>\$ -</b>	<b>\$ 282,297</b>	<b>\$ 147,085</b>

**Special Revenue Funds**

<b>Fire Impact Fee Fund</b>	<b>Recreation Impact Fee Fund</b>	<b>Building Permits Fund</b>	<b>Total Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 172,029	\$ -	\$ 778,505	\$ 1,166,567	\$ 1,945,072
-	-	673	673	-	673
-	-	-	78,725	-	78,725
-	-	-	-	478	478
-	-	-	98,590	-	98,590
-	-	-	2,343	-	2,343
<u>\$ -</u>	<u>\$ 172,029</u>	<u>\$ 673</u>	<u>\$ 958,836</u>	<u>\$ 1,167,045</u>	<u>\$ 2,125,881</u>
-	5	459	5,264	-	5,264
-	-	8,362	8,362	-	8,362
-	-	-	-	568,852	568,852
-	-	2,738	2,738	-	2,738
73,940	-	207,554	281,494	-	281,494
<u>73,940</u>	<u>5</u>	<u>219,113</u>	<u>297,858</u>	<u>568,852</u>	<u>866,710</u>
-	-	-	-	478	478
-	-	-	-	597,715	597,715
-	172,024	-	953,358	-	953,358
(73,940)	-	(218,440)	(292,380)	-	(292,380)
<u>(73,940)</u>	<u>172,024</u>	<u>(218,440)</u>	<u>660,978</u>	<u>598,193</u>	<u>1,259,171</u>
<u>\$ -</u>	<u>\$ 172,029</u>	<u>\$ 673</u>	<u>\$ 958,836</u>	<u>\$ 1,167,045</u>	<u>\$ 2,125,881</u>

**CITY OF LEESBURG, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Special Revenue Funds</u>					
	<u>Affordable Housing Fund</u>	<u>Police Forfeitures Fund</u>	<u>Police Education Fund</u>	<u>Discretionary Sales Tax Fund</u>	<u>Gas Tax Fund</u>	<u>Police Impact Fee Fund</u>
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 803,449	\$ -
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	145,674	-
Charges for Services	-	-	-	-	-	-
Fines and Forfeitures	-	27,061	9,685	-	-	-
Miscellaneous:						
Interest	368	60	9	-	575	175
Other	216,641	-	-	-	-	-
<b>Total Revenues</b>	<u>217,009</u>	<u>27,121</u>	<u>9,694</u>	<u>-</u>	<u>949,698</u>	<u>175</u>
<b>Expenditures</b>						
Current:						
Public Safety	-	23,470	17,288	-	-	49
Transportation	-	-	-	-	144	-
Economic Environment	16,473	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other costs	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>(16,473)</u>	<u>(23,470)</u>	<u>(17,288)</u>	<u>-</u>	<u>(144)</u>	<u>(49)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>200,536</u>	<u>3,651</u>	<u>(7,594)</u>	<u>-</u>	<u>949,554</u>	<u>126</u>
<b>Other Financing Sources (Uses)</b>						
Transfers from Other Funds	-	-	-	-	-	-
Transfers to Other Funds	-	-	-	(181,792)	(977,924)	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(181,792)</u>	<u>(977,924)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	200,536	3,651	(7,594)	(181,792)	(28,370)	126
<b>Fund Balances (Deficits), Beginning of Year</b>	<u>110,062</u>	<u>19,451</u>	<u>25,855</u>	<u>181,792</u>	<u>310,663</u>	<u>146,954</u>
<b>Fund Balances (Deficits), End of Year</b>	<u>\$ 310,598</u>	<u>\$ 23,102</u>	<u>\$ 18,261</u>	<u>\$ -</u>	<u>\$ 282,293</u>	<u>\$ 147,080</u>

**Special Revenue Funds**

<b>Fire Impact Fee Fund</b>	<b>Recreation Impact Fee Fund</b>	<b>Building Permits Fund</b>	<b>Total Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 803,449	\$ -	\$ 803,449
-	-	325,363	325,363	-	325,363
-	-	4,639	150,313	-	150,313
-	-	1,024	1,024	-	1,024
-	-	-	36,746	-	36,746
9	183	(163)	1,216	-	1,216
-	-	-	216,641	-	216,641
<u>9</u>	<u>183</u>	<u>330,863</u>	<u>1,534,752</u>	<u>-</u>	<u>1,534,752</u>
-	-	426,091	466,898	-	466,898
-	-	-	144	-	144
-	59	-	16,532	-	16,532
-	-	-	-	605,172	605,172
-	-	-	-	1,022,444	1,022,444
-	-	27	27	-	27
-	(59)	(426,118)	(483,601)	(1,627,616)	(2,111,217)
<u>9</u>	<u>124</u>	<u>(95,255)</u>	<u>1,051,151</u>	<u>(1,627,616)</u>	<u>(576,465)</u>
-	-	580	580	1,652,566	1,653,146
-	(9,460)	-	(1,169,176)	-	(1,169,176)
-	(9,460)	580	(1,168,596)	1,652,566	483,970
9	(9,336)	(94,675)	(117,445)	24,950	(92,495)
(73,949)	181,360	(123,765)	778,423	573,243	1,351,666
<u>\$ (73,940)</u>	<u>\$ 172,024</u>	<u>\$ (218,440)</u>	<u>\$ 660,978</u>	<u>\$ 598,193</u>	<u>\$ 1,259,171</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 1,120,000	\$ 3,990,400	\$ 981,824	\$ (3,008,576)
Miscellaneous:				
Interest	-	-	2,088	2,088
<b>Total Revenues</b>	<u>1,120,000</u>	<u>3,990,400</u>	<u>983,912</u>	<u>(3,006,488)</u>
<b>Expenditures</b>				
Capital Outlays:				
General Government	120,500	163,343	58,087	105,256
Transportation	1,778,000	3,335,143	1,247,091	2,088,052
Culture and Recreation	335,000	2,209,457	218,316	1,991,141
<b>Total Expenditures</b>	<u>(2,233,500)</u>	<u>(5,707,943)</u>	<u>(1,523,494)</u>	<u>4,184,449</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,113,500)</u>	<u>(1,717,543)</u>	<u>(539,582)</u>	<u>1,177,961</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	588,500	692,464	560,913	(131,551)
Transfers to Other Funds	-	(2,349)	(2,349)	-
Fund Balance Appropriated	-	27,428	-	(27,428)
Issuance of Debt	525,000	1,000,000	-	(1,000,000)
<b>Total Other Financing Sources (Uses)</b>	<u>1,113,500</u>	<u>1,717,543</u>	<u>558,564</u>	<u>(1,158,979)</u>
<b>Net Change in Fund Balances</b>	-	-	18,982	18,982
<b>Fund Balance, Beginning of Year</b>	-	-	906,447	906,447
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 925,429</u>	<u>\$ 925,429</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**AFFORDABLE HOUSING FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Miscellaneous:			
Interest	\$ 368	\$ -	\$ 368
Other	216,641	-	216,641
<b>Total Revenues</b>	<u>217,009</u>	<u>-</u>	<u>217,009</u>
<b>Expenditures</b>			
Current Operating:			
Economic Environment:			
Operating Expenditures	16,473	-	(16,473)
<b>Total Expenditures</b>	<u>(16,473)</u>	<u>-</u>	<u>(16,473)</u>
<b>Net Change in Fund Balance</b>	200,536	-	200,536
<b>Fund Balance, Beginning of Year</b>	<u>110,062</u>	<u>-</u>	<u>110,062</u>
<b>Fund Balance, End of Year</b>	<u>\$ 310,598</u>	<u>\$ -</u>	<u>\$ 310,598</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**POLICE FORFEITURES FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Fines and Forfeitures	\$ 27,061	\$ -	\$ 27,061
Miscellaneous:			
Interest	60	-	60
<b>Total Revenues</b>	<u>27,121</u>	<u>-</u>	<u>27,121</u>
<b>Expenditures</b>			
Public Safety:			
Operating Expenditures	23,470	-	(23,470)
<b>Total Expenditures</b>	<u>(23,470)</u>	<u>-</u>	<u>(23,470)</u>
<b>Net Change in Fund Balance</b>	3,651	-	3,651
<b>Fund Balances, Beginning of Year</b>	<u>19,451</u>	<u>-</u>	<u>19,451</u>
<b>Fund Balances, End of Year</b>	<u>\$ 23,102</u>	<u>\$ -</u>	<u>\$ 23,102</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**POLICE EDUCATION FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Fines and Forfeitures	\$ 9,685	\$ -	\$ 9,685
Miscellaneous:			
Interest	9	-	9
<b>Total Revenues</b>	<u>9,694</u>	<u>-</u>	<u>9,694</u>
<b>Expenditures</b>			
Public Safety:			
Operating Expenditures	17,288	15,000	(2,288)
<b>Total Expenditures</b>	<u>(17,288)</u>	<u>(15,000)</u>	<u>(2,288)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(7,594)</u>	<u>(15,000)</u>	<u>7,406</u>
<b>Other Financing Sources (Uses)</b>			
Fund Balance Appropriated	-	15,000	(15,000)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>15,000</u>	<u>(15,000)</u>
<b>Net Change in Fund Balance</b>	(7,594)	-	(7,594)
<b>Fund Balances, Beginning of Year</b>	<u>25,855</u>	<u>-</u>	<u>25,855</u>
<b>Fund Balances, End of Year</b>	<u>\$ 18,261</u>	<u>\$ -</u>	<u>\$ 18,261</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**DISCRETIONARY SALES TAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Interest	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Public Safety:			
Operating Expenditures	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>			
Fund Balance Appropriated	-	-	-
Transfers to Other Funds	(181,792)	-	(181,792)
<b>Total Other Financing Sources (Uses)</b>	<u>(181,792)</u>	<u>-</u>	<u>(181,792)</u>
<b>Net Change in Fund Balance</b>	(181,792)	-	(181,792)
<b>Fund Balances, Beginning of Year</b>	<u>181,792</u>	<u>-</u>	<u>181,792</u>
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**GAS TAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Taxes	\$ 803,449	\$ 838,326	\$ (34,877)
Intergovernmental	145,674	139,379	6,295
Interest	575	-	575
<b>Total Revenues</b>	<u>949,698</u>	<u>977,705</u>	<u>(34,302)</u>
<b>Expenditures</b>			
Transportation:			
Operating Expenditures	144	-	(144)
<b>Total Expenditures</b>	<u>(144)</u>	<u>-</u>	<u>(144)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>949,554</u>	<u>977,705</u>	<u>(28,151)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(977,924)	(977,705)	(219)
Fund Balance Appropriated	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(977,924)</u>	<u>(977,705)</u>	<u>(219)</u>
<b>Net Change in Fund Balance</b>	(28,370)	-	(28,370)
<b>Fund Balances, Beginning of Year</b>	<u>310,663</u>	<u>-</u>	<u>310,663</u>
<b>Fund Balances, End of Year</b>	<u>\$ 282,293</u>	<u>\$ -</u>	<u>\$ 282,293</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**POLICE IMPACT FEE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Miscellaneous:			
Interest	\$ 175	\$ -	\$ 175
<b>Total Revenues</b>	<u>175</u>	<u>-</u>	<u>175</u>
<b>Expenditures</b>			
Public Safety:			
Operating Expenditures	49	-	(49)
Capital Outlay	-	5,800	5,800
<b>Total Expenditures</b>	<u>(49)</u>	<u>(5,800)</u>	<u>5,751</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>126</u>	<u>(5,800)</u>	<u>5,926</u>
<b>Other Financing Sources (Uses)</b>			
Fund Balance Appropriated	-	20,931	(20,931)
Transfers to Other Funds	-	(15,131)	15,131
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>5,800</u>	<u>(5,800)</u>
<b>Net Change in Fund Balance</b>	126	-	126
<b>Fund Balances, Beginning of Year</b>	<u>146,954</u>	<u>-</u>	<u>146,954</u>
<b>Fund Balances, End of Year</b>	<u>\$ 147,080</u>	<u>\$ -</u>	<u>\$ 147,080</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FIRE IMPACT FEE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Impact Fees	\$ -	\$ -	\$ -
Miscellaneous:			
Interest	9	-	9
<b>Total Revenues</b>	<u>9</u>	<u>-</u>	<u>9</u>
<b>Expenditures</b>			
Operating Expenditures	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	9	-	9
<b>Fund Balances, Beginning of Year</b>	<u>(73,949)</u>	<u>-</u>	<u>(73,949)</u>
<b>Fund Balances, End of Year</b>	<u>\$ (73,940)</u>	<u>\$ -</u>	<u>\$ (73,940)</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**RECREATION IMPACT FEE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Impact Fees	\$ -	\$ -	\$ -
Miscellaneous:			
Interest	183	-	183
<b>Total Revenues</b>	<u>183</u>	<u>-</u>	<u>183</u>
<b>Expenditures</b>			
Operating Expenditures	59	-	(59)
<b>Total Expenditures</b>	<u>(59)</u>	<u>-</u>	<u>(59)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>124</u>	<u>-</u>	<u>124</u>
<b>Other Financing Sources (Uses)</b>			
Fund Balance Appropriated	-	58,964	(58,964)
Transfers to Other Funds	(9,460)	(58,964)	49,504
<b>Total Other Financing Sources (Uses)</b>	<u>(9,460)</u>	<u>-</u>	<u>(9,460)</u>
<b>Net Change in Fund Balance</b>	(9,336)	-	(9,336)
<b>Fund Balances, Beginning of Year</b>	<u>181,360</u>	<u>-</u>	<u>181,360</u>
<b>Fund Balances, End of Year</b>	<u>\$ 172,024</u>	<u>\$ -</u>	<u>\$ 172,024</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**BUILDING PERMITS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Licenses and Permits	\$ 325,363	\$ 355,000	\$ (29,637)
Intergovernmental	4,639	1,500	3,139
Charges for Services	1,024	-	1,024
Miscellaneous:			
Interest	(163)	-	(163)
<b>Total Revenues</b>	<u>330,863</u>	<u>356,500</u>	<u>(25,637)</u>
<b>Expenditures</b>			
Public Safety:			
Personal Services	343,222	345,173	1,951
Operating Expenditures	82,869	90,434	7,565
Capital Outlay	27	-	(27)
<b>Total Expenditures</b>	<u>(426,118)</u>	<u>(435,607)</u>	<u>9,489</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(95,255)</u>	<u>(79,107)</u>	<u>(16,148)</u>
<b>Other Financing Sources (Uses)</b>			
Fund Balance Appropriated	-	79,107	(79,107)
Transfers from Other Funds	580	-	580
<b>Total Other Financing Sources (Uses)</b>	<u>580</u>	<u>79,107</u>	<u>(78,527)</u>
<b>Net Change in Fund Balance</b>	(94,675)	-	(94,675)
<b>Fund Balances, Beginning of Year</b>	<u>(123,765)</u>	<u>-</u>	<u>(123,765)</u>
<b>Fund Balances, End of Year</b>	<u>\$ (218,440)</u>	<u>\$ -</u>	<u>\$ (218,440)</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Total Revenues</b>	\$ -	\$ -	\$ -
<b>Expenditures</b>			
Debt Service:			
Principal	605,172	605,172	-
Interest	1,022,444	1,022,882	438
<b>Total Expenditures</b>	<u>(1,627,616)</u>	<u>(1,628,054)</u>	<u>438</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,627,616)</u>	<u>(1,628,054)</u>	<u>438</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	1,652,566	1,628,054	(24,512)
<b>Total Other Financing Sources (Uses)</b>	<u>1,652,566</u>	<u>1,628,054</u>	<u>(24,512)</u>
<b>Net Change in Fund Balance</b>	24,950	-	24,950
<b>Fund Balance, Beginning of Year</b>	<u>573,243</u>	<u>-</u>	<u>573,243</u>
<b>Fund Balance, End of Year</b>	<u>\$ 598,193</u>	<u>\$ -</u>	<u>\$ 598,193</u>

## **NON-MAJOR ENTERPRISE FUNDS**

**Enterprise Funds** account for operations that are financed and operated in a manner similar to private business enterprises and where the costs of providing goods or services to the general public are recovered primarily through user charges; or where the City has decided that determination of net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Individual non-major enterprise funds are described below.

**Stormwater Fund** accounts for the costs associated with the management, construction, maintenance, protections, control, regulation, use, and enhancement of stormwater systems and programs within City limits.

**Solid Waste Fund** accounts for the City's solid waste disposal and reduction needs, including residential and commercial collection, curbside recycling collection, yard waste collection, and post-closure monitoring of the closed landfill.

**Communication Services Fund** accounts for the provision of communication services, such as, Internet, fiber optic communications, and cellular telephone tower rental.

**Housing Fund** accounted for financial activities associated with efforts to improve a high-crime and blighted area now known as Magnolia Townhomes, by providing for the development of residential units to be owned by citizens who qualify under an affordable homes program. Due to inactivity, this fund was closed in fiscal year 2012 and assets and liabilities were transferred to the General Fund.

**CITY OF LEESBURG, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2012**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total Non Major Enterprise Funds</b>
	<b>Stormwater Fund</b>	<b>Solid Waste</b>	<b>Communication Services</b>	<b>Housing Fund</b>	
<b>Assets</b>					
Current Assets:					
Pooled Cash and Investments	\$ 1,613,426	\$ 1,715,556	\$ 947,825	\$ -	\$ 4,276,807
Restricted Pooled Cash and Investments:					
Debt Service Account	-	-	96,955	-	96,955
Customer Deposits Account	-	6,825	3,936	-	10,761
Landfill Escrow	-	89,152	-	-	89,152
Receivables:					
Customer Accounts, Unbilled	90,199	206,395	85,006	-	381,600
Customer Accounts, Billed	119,321	285,123	83,389	-	487,833
(Allowance for Doubtful Accounts)	(18,393)	(45,073)	(4,076)	-	(67,542)
Due from Other Funds	315,000	-	-	-	315,000
Due from Other Governments	-	197	-	-	197
Prepaid Items	-	-	82,514	-	82,514
Inventory	-	-	182,238	-	182,238
<b>Total Current Assets</b>	<b>2,119,553</b>	<b>2,258,175</b>	<b>1,477,787</b>	<b>-</b>	<b>5,855,515</b>
Noncurrent Assets:					
Restricted Assets:					
Pooled Cash and Investments:					
Renewal and Replacement Account	450,000	240,000	395,451	-	1,085,451
<b>Total Restricted Assets</b>	<b>450,000</b>	<b>240,000</b>	<b>395,451</b>	<b>-</b>	<b>1,085,451</b>
Property, Plant and Equipment:					
Land	730,887	28,700	-	-	759,587
Buildings	-	13,856	-	-	13,856
Improvements Other Than Buildings	8,114,201	191,691	7,627,803	-	15,933,695
Machinery and Equipment	5,390	99,893	1,143,010	-	1,248,293
Less Accumulated Depreciation and Amortization	(2,941,508)	(161,376)	(3,097,464)	-	(6,200,348)
Intangible Assets	-	-	-	-	-
Construction in Progress	464,808	-	953,572	-	1,418,380
<b>Total Property, Plant and Equipment</b>	<b>6,373,778</b>	<b>172,764</b>	<b>6,626,921</b>	<b>-</b>	<b>13,173,463</b>
<b>Total Noncurrent Assets</b>	<b>6,823,778</b>	<b>412,764</b>	<b>7,022,372</b>	<b>-</b>	<b>14,258,914</b>
<b>Total Assets</b>	<b>\$ 8,943,331</b>	<b>\$ 2,670,939</b>	<b>\$ 8,500,159</b>	<b>\$ -</b>	<b>\$ 20,114,429</b>

**CITY OF LEESBURG, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2012**  
*(Concluded)*

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total Non Major Enterprise Funds</b>
	<b>Stormwater Fund</b>	<b>Solid Waste</b>	<b>Communication Services</b>	<b>Housing Fund</b>	
<b>Liabilities</b>					
Current Liabilities:					
Accounts and Retainage Payable	\$ 40,199	\$ 95,193	\$ 99,049	\$ -	\$ 234,441
Due to Other Funds	-	-	315,000	-	315,000
Due to Other Governments	-	-	2,252	-	2,252
Accrued Expenses	5,120	22,804	10,609	-	38,533
Compensated Absences	5,393	41,140	12,697	-	59,230
	<u>50,712</u>	<u>159,137</u>	<u>439,607</u>	<u>-</u>	<u>649,456</u>
Current Liabilities Payable from Restricted Assets:					
Customer Deposits	-	6,825	3,936	-	10,761
Estimated Landfill Closure Cost Payable	-	60,331	-	-	60,331
Accrued Interest Payable	-	-	14,455	-	14,455
Bonds and Notes Payable - Current Portion	-	-	90,000	-	90,000
Current Liabilities Payable from Restricted Assets	<u>-</u>	<u>67,156</u>	<u>108,391</u>	<u>-</u>	<u>175,547</u>
Total Current Liabilities	<u>50,712</u>	<u>226,293</u>	<u>547,998</u>	<u>-</u>	<u>825,003</u>
Noncurrent Liabilities:					
Capital Improvement Revenue Refunding Note 2009	-	-	750,000	-	750,000
Compensated Absences	4,413	33,660	10,389	-	48,462
Landfill Postclosure Costs Payable	-	301,654	-	-	301,654
Other Postemployment Benefits	63,686	327,564	100,261	-	491,511
Total Noncurrent Liabilities	<u>68,099</u>	<u>662,878</u>	<u>860,650</u>	<u>-</u>	<u>1,591,627</u>
<b>Total Liabilities</b>	<u>118,811</u>	<u>889,171</u>	<u>1,408,648</u>	<u>-</u>	<u>2,416,630</u>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	6,373,778	172,764	5,786,921	-	12,333,463
Unrestricted	2,450,742	1,609,004	1,304,590	-	5,364,336
<b>Total Net Assets</b>	<u>\$ 8,824,520</u>	<u>\$ 1,781,768</u>	<u>\$ 7,091,511</u>	<u>\$ -</u>	<u>\$ 17,697,799</u>



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**CITY OF LEESBURG, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Business-type Activities - Enterprise Funds</u>				<u>Total Non Major Enterprise Funds</u>
	<u>Stormwater Fund</u>	<u>Solid Waste</u>	<u>Communication Services</u>	<u>Housing Fund</u>	
<b>Operating Revenues</b>					
Charges for Services	\$ 1,518,528	\$ 3,627,037	\$ 1,363,069	\$ -	\$ 6,508,634
Other	14,385	41,769	24,741	-	80,895
<b>Total Operating Revenues</b>	<u>1,532,913</u>	<u>3,668,806</u>	<u>1,387,810</u>	<u>-</u>	<u>6,589,529</u>
<b>Operating Expenses</b>					
Personal Services	217,964	990,953	356,558	-	1,565,475
Supplies and Materials	39,182	225,605	11,892	-	276,679
Maintenance Costs	86,978	176,026	8,117	-	271,121
Contracted Services	112,646	909,564	132,110	7,947	1,162,267
Other Services and Charges	345,111	830,235	255,523	-	1,430,869
Depreciation and Amortization	474,869	19,218	310,383	-	804,470
Postclosure Estimate	-	(171,896)	-	-	(171,896)
<b>Total Operating Expenses</b>	<u>(1,276,750)</u>	<u>(2,979,705)</u>	<u>(1,074,583)</u>	<u>(7,947)</u>	<u>(5,338,985)</u>
<b>Operating Income</b>	<u>256,163</u>	<u>689,101</u>	<u>313,227</u>	<u>(7,947)</u>	<u>1,250,544</u>
<b>Nonoperating Revenues (Expenses)</b>					
Investment Income	2,960	2,163	2,271	865	8,259
Gain on Asset Transfer	-	-	-	974,497	974,497
Interest Expenses	-	(19)	(35,248)	(153,167)	(188,434)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>2,960</u>	<u>2,144</u>	<u>(32,977)</u>	<u>822,195</u>	<u>794,322</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>259,123</u>	<u>691,245</u>	<u>280,250</u>	<u>814,248</u>	<u>2,044,866</u>
<b>Transfers and Capital Contributions</b>					
Transfers from Other Funds	-	-	157,617	153,000	310,617
Transfers to Other Funds	-	(262,289)	-	(310,430)	(572,719)
<b>Total Transfers and Capital Contributions</b>	<u>-</u>	<u>(262,289)</u>	<u>157,617</u>	<u>(157,430)</u>	<u>(262,102)</u>
<b>Change in Net Assets</b>	259,123	428,956	437,867	656,818	1,782,764
<b>Net Assets, Beginning of Year</b>	<u>8,565,397</u>	<u>1,352,812</u>	<u>6,653,644</u>	<u>(656,818)</u>	<u>15,915,035</u>
<b>Net Assets, End of Year</b>	<u>\$ 8,824,520</u>	<u>\$ 1,781,768</u>	<u>\$ 7,091,511</u>	<u>\$ -</u>	<u>\$ 17,697,799</u>

**CITY OF LEESBURG, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total Non Major Enterprise Funds</b>
	<b>Stormwater Fund</b>	<b>Solid Waste</b>	<b>Communication Services</b>	<b>Housing Fund</b>	
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers and Users	\$1,526,190	\$ 3,633,470	\$ 1,355,172	\$ -	\$ 6,514,832
Payments to Suppliers for Goods and Services	(568,096)	(2,100,165)	(364,401)	(7,953)	(3,040,615)
Cash Paid to Employees for Services	(201,431)	(926,841)	(331,682)	-	(1,459,954)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>756,663</u>	<u>606,464</u>	<u>659,089</u>	<u>(7,953)</u>	<u>2,014,263</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers from Other Funds	-	-	157,617	153,000	310,617
Transfers to Other Funds	-	(262,289)	-	(310,430)	(572,719)
Issuance of/Proceeds from Interfund Loan	(315,000)	-	315,000	-	-
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>(315,000)</u>	<u>(262,289)</u>	<u>472,617</u>	<u>(157,430)</u>	<u>(262,102)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Interest Paid on Revenue Bonds and Customer Deposits	-	(19)	(36,711)	(216,917)	(253,647)
Acquisition and Construction of Capital Assets	(380,309)	-	(794,670)	-	(1,174,979)
Principal Paid on Capital Debt	-	-	(85,000)	-	(85,000)
Capital Contributions	-	206	-	-	206
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(380,309)</u>	<u>187</u>	<u>(916,381)</u>	<u>(216,917)</u>	<u>(1,513,420)</u>
<b>Cash Flows from Investing Activities</b>					
Interest Received	2,960	2,163	2,271	865	8,259
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>2,960</u>	<u>2,163</u>	<u>2,271</u>	<u>865</u>	<u>8,259</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	64,314	346,525	217,596	(381,435)	247,000
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,999,112</u>	<u>1,705,008</u>	<u>1,226,571</u>	<u>381,435</u>	<u>5,312,126</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,063,426</u>	<u>\$ 2,051,533</u>	<u>\$ 1,444,167</u>	<u>\$ -</u>	<u>\$ 5,559,126</u>

**CITY OF LEESBURG, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**  
*(Concluded)*

	<u>Business-type Activities - Enterprise Funds</u>				<b>Total Non Major Enterprise Funds</b>
	<b>Stormwater Fund</b>	<b>Solid Waste</b>	<b>Communication Services</b>	<b>Housing Fund</b>	
<b><u>Reconciliation of Cash and Cash Equivalents to Balance Sheet</u></b>					
Total Unrestricted Equity in Pooled Cash and Cash Equivalents	\$ 1,613,426	\$ 1,715,556	\$ 947,825	\$ -	4,276,807
Total Restricted Equity in Pooled Cash and Cash Equivalents	450,000	335,977	496,342	-	1,282,319
<b>Total Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 2,063,426</u></b>	<b><u>\$ 2,051,533</u></b>	<b><u>\$ 1,444,167</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,559,126</u></b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u></b>					
Operating Income (Loss)	\$ 256,163	\$ 689,101	\$ 313,227	\$ (7,947)	\$ 1,250,544
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation and Amortization	474,869	19,218	310,383	-	804,470
Decrease (Increase) in Assets:					
Customer Accounts (Net of Allowances)	(6,723)	(35,491)	(32,471)	-	(74,685)
Prepaid Items	13,336	19,658	(60,185)	-	(27,191)
Inventory	-	-	22,092	-	22,092
Increase (Decrease) in Liabilities:					
Accounts Payable	2,485	21,607	78,986	(6)	103,072
Accrued Expenses	1,700	5,204	4,150	-	11,054
Claims Payable	-	-	2,252	-	2,252
Other Postemployment Benefits Liability	13,767	55,070	20,651	-	89,488
Decommissioning/Postclosure Payable	-	(171,896)	-	-	(171,896)
Other	1,066	3,993	4	-	5,063
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>\$ 756,663</u></b>	<b><u>\$ 606,464</u></b>	<b><u>\$ 659,089</u></b>	<b><u>\$ (7,953)</u></b>	<b><u>\$ 2,014,263</u></b>
<b><u>Noncash Investing, Capital or Financing Transactions</u></b>					
Contribution of Capital Assets net of related debt to Governmental Activities	\$ -	\$ -	\$ -	\$ 974,497	\$ 974,497



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## **INTERNAL SERVICE FUNDS**

**Internal Service Funds** account for the financing of goods and services provided by one City department or agency to other City departments or agencies on a cost-reimbursement basis. Descriptions of individual funds in this category are presented below.

**General Employees' Health Insurance** accounts for the employee welfare benefit maintained by the City that provides medical care for participants through insurance and directly through the Wellness Center.

**Workers' Compensation Insurance** accounts for the employee welfare benefit which provides coverage of medical and rehabilitation costs and lost wages for employees injured at work.

**CITY OF LEESBURG, FLORIDA  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2012**

	<b>General Employees' Health Insurance</b>	<b>Workers' Compensation Insurance</b>	<b>Total</b>
<b>Assets</b>			
Current Assets:			
Pooled Cash and Investments	\$ 2,072,403	\$ 2,051,209	\$ 4,123,612
Miscellaneous Receivables	106,314	71,528	177,842
Prepaid Items	-	-	-
<b>Total Current Assets</b>	<u>2,178,717</u>	<u>2,122,737</u>	<u>4,301,454</u>
<b>Total Assets</b>	<u>2,178,717</u>	<u>2,122,737</u>	<u>4,301,454</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	307,670	5,348	313,018
Claims Payable	344,273	666,120	1,010,393
<b>Total Current Liabilities</b>	<u>651,943</u>	<u>671,468</u>	<u>1,323,411</u>
Noncurrent Liabilities			
Claims Payable	-	814,146	814,146
<b>Total Liabilities</b>	<u>651,943</u>	<u>1,485,614</u>	<u>2,137,557</u>
<b>Net Assets</b>			
Unrestricted	<u>1,526,774</u>	<u>637,123</u>	<u>2,163,897</u>
<b>Total Net Assets</b>	<u>\$ 1,526,774</u>	<u>\$ 637,123</u>	<u>\$ 2,163,897</u>

**CITY OF LEESBURG, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<b>General Employees' Health Insurance</b>	<b>Workers' Compensation Insurance</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for Services	\$ 5,702,150	\$ 575,224	\$ 6,277,374
Other Operating Income	249,765	129,520	379,285
<b>Total Operating Revenues</b>	<u>5,951,915</u>	<u>704,744</u>	<u>6,656,659</u>
<b>Operating Expenses</b>			
Claims Expense	3,457,222	475,686	3,932,908
Administrative Expenses	828,295	29,580	857,875
Insurance Premiums	317,038	62,132	379,170
<b>Total Operating Expenses</b>	<u>(4,602,555)</u>	<u>(567,398)</u>	<u>(5,169,953)</u>
<b>Operating (Loss)</b>	<u>1,349,360</u>	<u>137,346</u>	<u>1,486,706</u>
<b>Nonoperating Revenues</b>			
Investment Income	4,946	2,924	7,870
<b>Total Nonoperating Revenues</b>	<u>4,946</u>	<u>2,924</u>	<u>7,870</u>
<b>Income Before Operating Transfers</b>	<u>1,354,306</u>	<u>140,270</u>	<u>1,494,576</u>
<b>Net Operating Transfers from Other Funds</b>	<u>20,175</u>	<u>-</u>	<u>20,175</u>
<b>Change in Net Assets</b>	1,374,481	140,270	1,514,751
<b>Total Net Assets, Beginning of Year</b>	<u>152,293</u>	<u>496,853</u>	<u>649,146</u>
<b>Total Net Assets, End of Year</b>	<u>\$ 1,526,774</u>	<u>\$ 637,123</u>	<u>\$ 2,163,897</u>

**CITY OF LEESBURG, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<b>General Employees' Health Insurance</b>	<b>Workers' Compensation Insurance</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Employees	\$ 5,684,319	\$ 514,838	\$ 6,199,157
Cash Paid to Suppliers for Goods and Services	(1,245,312)	(38,648)	(1,283,960)
Cash Paid for Insurance Claims	(3,307,299)	(163,453)	(3,470,752)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>1,131,708</b>	<b>312,737</b>	<b>1,444,445</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers from Other Funds	20,175	-	20,175
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>20,175</b>	<b>-</b>	<b>20,175</b>
<b>Cash Flows from Investing Activities</b>			
Investment Income	4,946	2,924	7,870
<b>Net Cash Flows from Investing Activities</b>	<b>4,946</b>	<b>2,924</b>	<b>7,870</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,156,829</b>	<b>315,661</b>	<b>1,472,490</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>915,574</b>	<b>1,735,548</b>	<b>2,651,122</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,072,403</b>	<b>\$ 2,051,209</b>	<b>\$ 4,123,612</b>
<b><u>Reconciliation of Operating Income (Loss) to Cash Provided by (Used in) Operating Activities</u></b>			
Operating Income (Loss)	\$ 1,349,360	\$ 137,346	\$ 1,486,706
Adjustment to Reconcile Operating Income to Cash Flows Provided by (Used in) Operating Activities:			
Decrease (Increase) in Miscellaneous Receivables	(17,831)	(60,386)	(78,217)
Decrease (Increase) in Prepaid Items	-	52,406	52,406
Increase (Decrease) in Accounts Payable	(99,979)	658	(99,321)
Increase (Decrease) in Claims Payable	(99,842)	182,713	82,871
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 1,131,708</b>	<b>\$ 312,737</b>	<b>\$ 1,444,445</b>

## **COMMUNITY REDEVELOPMENT AGENCIES**

**Community Redevelopment Fund**, a major special revenue fund of the City, consists of the Greater Leesburg Community Redevelopment Agency, Carver Heights/Montclair Area Community Redevelopment Agency, and U.S. Highway 441/27 Community Redevelopment Agency which are incremental tax districts established pursuant to Florida Statutes. The fund accounts for the incremental increase in ad valorem tax revenue collected within the designated community redevelopment areas. Revenues must be utilized and expended in accordance with the respective community redevelopment plans.

**CITY OF LEESBURG, FLORIDA**  
**COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES**  
**COMMUNITY REDEVELOPMENT AGENCIES**  
**SEPTEMBER 30, 2012**

	<b>Greater Leesburg Community Redevelopment Agency</b>	<b>Carver Heights/ Montclair Area Community Redevelopment Agency</b>	<b>U.S. Highway 441/27 Community Redevelopment Agency</b>	<b>Total Community Redevelopment Fund</b>
<b>Assets</b>				
Pooled Cash and Investments	\$ 464,629	\$ 48,804	\$ 742,593	\$ 1,256,026
Restricted Cash	32,000	972,470	8,430,546	9,435,016
Prepaid Items	-	-	85	85
<b>Total Assets</b>	<b>\$ 496,629</b>	<b>\$ 1,021,274</b>	<b>\$ 9,173,224</b>	<b>\$ 10,691,127</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	179,259	3,701	35	182,995
Deposits	-	-	2,500	2,500
<b>Total Liabilities</b>	<b>179,259</b>	<b>3,701</b>	<b>2,535</b>	<b>185,495</b>
<b>Fund Balances</b>				
Restricted for:				
Capital Projects	317,370	787,443	6,897,658	8,002,471
Debt Service	-	185,027	1,532,888	1,717,915
Assigned for:				
Capital Projects	-	45,103	740,143	785,246
<b>Total Fund Balances</b>	<b>317,370</b>	<b>1,017,573</b>	<b>9,170,689</b>	<b>10,505,632</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 496,629</b>	<b>\$ 1,021,274</b>	<b>\$ 9,173,224</b>	<b>\$ 10,691,127</b>

**CITY OF LEESBURG, FLORIDA  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
COMMUNITY REDEVELOPMENT AGENCIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<b>Greater Leesburg Community Redevelopment Agency</b>	<b>Carver Heights/ Montclair Area Community Redevelopment Agency</b>	<b>U.S. Highway 441/27 Community Redevelopment Agency</b>	<b>Total Community Redevelopment Fund</b>
<b>Revenues</b>				
Intergovernmental	\$ 193,839	\$ 96,106	\$ -	\$ 289,945
Miscellaneous:				
Interest	900	3,137	19,508	23,545
Other	-	261	-	261
<b>Total Revenues</b>	<u>194,739</u>	<u>99,504</u>	<u>19,508</u>	<u>313,751</u>
<b>Expenditures</b>				
Current:				
Economic Environment	246,821	116,102	15,059	377,982
Debt Service:				
Principal Payments	21,423	160,739	15,000	197,162
Interest and Fees	2,625	43,014	681,131	726,770
Capital Outlay	120,526	136,833	-	257,359
<b>Total Expenditures</b>	<u>(391,395)</u>	<u>(456,688)</u>	<u>(711,190)</u>	<u>(1,559,273)</u>
<b>Excess (Deficiency) of Revenues (Under) Expenditures</b>	<u>(196,656)</u>	<u>(357,184)</u>	<u>(691,682)</u>	<u>(1,245,522)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	156,846	78,486	-	235,332
Transfers to Other Funds	-	-	(451,055)	(451,055)
<b>Total Other Financing Sources (Uses)</b>	<u>156,846</u>	<u>78,486</u>	<u>(451,055)</u>	<u>(215,723)</u>
<b>Net Change in Fund Balances</b>	(39,810)	(278,698)	(1,142,737)	(1,461,245)
<b>Fund Balances, Beginning of Year</b>	<u>357,180</u>	<u>1,296,271</u>	<u>10,313,426</u>	<u>11,966,877</u>
<b>Fund Balances, End of Year</b>	<u>\$ 317,370</u>	<u>\$ 1,017,573</u>	<u>\$ 9,170,689</u>	<u>\$ 10,505,632</u>



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## **STATISTICAL SECTION**

*(Unaudited)*

Statistical schedules differ from financial statements because they usually cover more than one fiscal year and may present nonaccounting data. These schedules reflect social and economic data and financial trends of the City of Leesburg, Florida, and are designed to give the reader insights into the financial position of the City of Leesburg not readily apparent from the financial statements.

Statistical data are presented to provide greater detail information than reported in the preceding basic financial statements. This information in many cases has been spread throughout the report and is brought together here for greater clarity. Statistical data are not necessary for fair presentation in conformity with generally accepted accounting principles.

The schedule entitled "Computation of Legal Debt Margin," which is recommended for inclusion in the Comprehensive Annual Financial Report by the Government Finance Officers Association of the United States and Canada, is not included within this report inasmuch as no legal debt margin has been established for the City of Leesburg pursuant to the Constitution of the State of Florida, Florida Statutes, City ordinances or other laws applicable to the City of Leesburg. The City has had no general obligation debt outstanding during the past ten years.



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## **City of Leesburg, Florida STATISTICAL SECTION**

This part of the City of Leesburg's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

### **CONTENTS**

	<b>Page(s)</b>
<b>Financial Trends</b>	112-121
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	122-129
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	130-141
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	142-143
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	144-146
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year. The City implemented GASB Statement 34 for fiscal year 2003/04; schedules presenting government-wide information include information beginning in that year.

**City of Leesburg, Florida**  
**Net Assets by Component**  
**Last Nine Years**  
(unaudited accrual basis of accounting)  
*page 1 of 2*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 30,676,755	\$ 37,321,834	\$ 49,495,304	\$ 61,246,416	\$ 63,626,050
Restricted	17,203,324	17,657,048	10,446,080	3,107,601	2,587,501
Unrestricted	9,977,806	11,440,273	9,284,930	10,489,876	8,278,356
Total governmental activities net assets	<u>\$ 57,857,885</u>	<u>\$ 66,419,155</u>	<u>\$ 69,226,314</u>	<u>\$ 74,843,893</u>	<u>\$ 74,491,907</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 64,637,677	\$ 76,296,976	\$ 97,725,542	\$ 65,528,268	\$ 106,456,752
Restricted	35,369,218	23,322,485	3,244,393	29,206,718	3,644,206
Unrestricted	1,746,245	4,153,914	11,382,875	25,021,125	14,945,266
Total business-type activities net assets	<u>\$ 101,753,140</u>	<u>\$ 103,773,375</u>	<u>\$ 112,352,810</u>	<u>\$ 119,756,111</u>	<u>\$ 125,046,224</u>
Primary government					
Invested in capital assets, net of related debt	\$ 95,314,432	\$ 106,973,631	\$ 147,220,846	\$ 126,774,684	\$ 170,082,802
Restricted	52,572,542	40,979,533	13,690,473	32,314,319	6,231,707
Unrestricted	11,724,051	22,239,366	20,667,805	35,511,001	23,223,622
Total primary government net assets	<u>\$ 159,611,025</u>	<u>\$ 170,192,530</u>	<u>\$ 181,579,124</u>	<u>\$ 194,600,004</u>	<u>\$ 199,538,131</u>

Note: This information is provided as part of the Financial Trend Data and should be presented in a ten year format. For the City of Leesburg, 2004 is the first year in this presentation since it was the conversion year to GASB34.

**City of Leesburg, Florida**  
**Net Assets by Component**  
**Last Nine Years**  
(unaudited accrual basis of accounting)  
*page 2 of 2*

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 62,536,165	\$ 61,099,625	\$ 52,626,016	\$ 45,112,290
Restricted	2,814,583	3,512,585	3,377,029	3,628,410
Unrestricted	11,601,438	7,516,041	4,242,639	3,884,988
Total governmental activities net assets	<u>\$ 76,952,186</u>	<u>\$ 72,128,251</u>	<u>\$ 60,245,684</u>	<u>\$ 52,625,688</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 103,374,013	\$ 111,328,645	\$ 114,637,624	\$ 120,694,245
Restricted	6,132,597	5,821,230	7,527,921	9,168,859
Unrestricted	18,348,984	22,889,167	32,384,015	36,856,836
Total business-type activities net assets	<u>\$ 127,855,594</u>	<u>\$ 140,039,042</u>	<u>\$ 154,549,560</u>	<u>\$ 166,719,940</u>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 165,910,178	\$ 172,428,270	\$ 167,263,640	\$ 165,806,535
Restricted	8,947,180	9,333,815	10,904,950	12,797,269
Unrestricted	29,950,422	30,405,208	36,626,654	40,741,824
Total primary government net assets	<u>\$ 204,807,780</u>	<u>\$ 212,167,293</u>	<u>\$ 214,795,244</u>	<u>\$ 219,345,628</u>

**City of Leesburg, Florida**  
**Changes in Net Assets**  
**Last Nine Years**  
(unaudited accrual basis of accounting)  
*page 1 of 4*

<b>Expenses</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Governmental activities:</b>					
General Government	\$ 1,079,476	\$ 4,614,037	\$ 5,329,210	\$ 4,224,359	\$ 6,738,686
Public Safety	10,293,509	11,410,642	13,093,923	14,771,631	17,945,406
Physical Environment	675,409	862,018	898,955	1,300,500	1,249,213
Transportation	2,313,918	2,603,092	2,984,493	3,780,654	3,753,138
Economic Environment	1,545,359	571,765	620,672	682,791	698,052
Human Services	82,899	53,288	36,350	51,666	72,602
Culture and Recreation	4,424,409	4,968,600	5,397,094	5,677,875	6,503,046
Interest on Long Term Debt	627,346	1,170,569	1,180,340	1,148,265	1,145,566
<b>Total governmental activities expenses</b>	<b>\$ 21,042,325</b>	<b>\$ 26,254,011</b>	<b>\$ 29,541,037</b>	<b>\$ 31,637,741</b>	<b>\$ 38,105,709</b>
<b>Business-type activities:</b>					
Electric	\$ 41,185,843	\$ 45,311,308	\$ 54,527,802	\$ 53,857,113	\$ 64,081,610
Gas	7,566,229	7,875,054	9,252,854	7,193,152	8,239,648
Water	3,876,184	3,898,107	4,271,287	5,743,068	5,847,250
Wastewater	5,606,459	5,973,024	6,491,042	7,187,653	7,639,188
Stormwater	-	-	-	-	-
Solid Waste	3,440,650	3,284,484	2,902,126	2,906,956	3,431,491
Communication Services	540,922	819,244	774,033	864,566	1,161,766
Housing	-	-	-	137,094	516,424
<b>Total business-type activities expenses</b>	<b>62,216,287</b>	<b>67,161,221</b>	<b>78,219,144</b>	<b>77,889,602</b>	<b>90,917,377</b>
<b>Total primary government expenses</b>	<b>\$ 83,258,612</b>	<b>\$ 93,415,232</b>	<b>\$ 107,760,181</b>	<b>\$ 109,527,343</b>	<b>\$ 129,023,086</b>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General Government	\$ 220,943	\$ 3,044,485	\$ 3,371,932	\$ 4,276,155	\$ 3,504,864
Public Safety	1,141,507	1,224,873	1,500,316	859,042	878,024
Physical Environment	-	702,768	969,353	1,250,789	1,524,355
Transportation	515,453	593,200	605,382	782,433	816,221
Economic Environment	736,092	-	-	-	-
Culture and Recreation	432,850	483,677	516,577	586,023	637,220
Operating grants and contributions	1,863,441	454,762	3,616,947	1,859,700	1,498,098
Capital grants and contributions	1,505,260	3,729,099	531,283	3,436,369	4,781,781
<b>Total governmental activities program revenues</b>	<b>\$ 6,415,546</b>	<b>\$ 10,232,864</b>	<b>\$ 11,111,790</b>	<b>\$ 13,050,511</b>	<b>\$ 13,640,563</b>
<b>Business-type activities:</b>					
Charges for services	\$ 66,660,117	\$ 73,652,635	\$ 88,164,223	\$ 89,878,655	\$ 100,856,226
Operating grants and contributions	625,862	-	-	-	4,525
Capital grants and contributions	2,326,135	6,107,611	5,430,454	3,408,402	1,039,657
<b>Total business-type activities program revenues</b>	<b>69,612,114</b>	<b>79,760,246</b>	<b>93,594,677</b>	<b>93,287,057</b>	<b>101,900,408</b>
<b>Total primary government program revenues</b>	<b>\$ 76,027,660</b>	<b>\$ 89,993,110</b>	<b>\$ 104,706,467</b>	<b>\$ 106,337,568</b>	<b>\$ 115,540,971</b>
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (14,626,779)	\$ (16,021,147)	\$ (18,429,247)	\$ (18,587,230)	\$ (24,465,146)
Business-type activities	7,395,827	12,599,025	15,375,533	15,397,455	10,983,031
<b>Total primary government net expense</b>	<b>\$ (7,230,952)</b>	<b>\$ (3,422,122)</b>	<b>\$ (3,053,714)</b>	<b>\$ (3,189,775)</b>	<b>\$ (13,482,115)</b>

Note: This information is provided as part of the Financial Trend Data and should be presented in a ten year format. For the City of Leesburg, 2004 is the first year in this presentation since it was the conversion year to GASB34.

Stormwater was separated from the governmental activities in 2011 because it became a business-type fund.

**City of Leesburg, Florida**  
**Changes in Net Assets**  
**Last Nine Years**  
(unaudited accrual basis of accounting)  
*page 2 of 4*

<b>Expenses</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Governmental activities:</b>				
General Government	\$ 5,784,598	\$ 6,382,361	\$ 4,516,704	\$ 8,225,542
Public Safety	15,273,940	16,155,330	16,325,651	14,475,082
Physical Environment	1,150,387	1,227,739	133,276	144,545
Transportation	4,097,419	3,744,933	3,710,588	4,110,736
Economic Environment	919,372	672,501	1,072,203	599,815
Human Services	70,084	44,150	37,567	520,403
Culture and Recreation	5,271,228	4,941,906	5,090,129	4,486,471
Interest on Long Term Debt	1,223,864	2,272,405	1,778,947	1,749,214
<b>Total governmental activities expenses</b>	<b>\$ 33,790,892</b>	<b>\$ 35,441,325</b>	<b>\$ 32,665,065</b>	<b>\$ 34,311,808</b>
<b>Business-type activities:</b>				
Electric	\$ 66,020,760	\$ 60,427,920	\$ 53,561,809	\$ 49,405,166
Gas	6,298,715	6,689,610	5,964,253	4,940,220
Water	6,781,008	6,595,898	6,828,647	5,375,968
Wastewater	8,148,026	8,298,812	7,991,155	8,502,626
Stormwater	-	-	1,392,024	1,276,750
Solid Waste	3,085,584	2,862,176	3,022,958	2,979,724
Communication Services	1,003,830	1,073,772	1,126,159	1,109,831
Housing	286,307	327,956	162,600	161,114
<b>Total business-type activities expenses</b>	<b>91,624,230</b>	<b>86,276,144</b>	<b>80,049,605</b>	<b>73,751,399</b>
<b>Total primary government expenses</b>	<b>\$ 125,415,122</b>	<b>\$ 121,717,469</b>	<b>\$ 112,714,670</b>	<b>\$ 108,063,207</b>
<b>Program Revenues</b>				
<b>Governmental activities:</b>				
Charges for services:				
General Government	\$ 3,472,053	\$ 3,465,531	\$ 3,717,159	\$ 3,422,553
Public Safety	637,249	463,876	474,039	470,043
Physical Environment	1,544,948	1,556,173	47,831	23,379
Transportation	954,520	1,006,812	1,129,721	1,091,481
Economic Environment	-	-	-	-
Culture and Recreation	608,654	554,070	497,863	480,587
Operating grants and contributions	1,447,613	1,522,058	869,208	705,802
Capital grants and contributions	4,655,197	3,189,342	413,865	956,929
<b>Total governmental activities program revenues</b>	<b>\$ 13,320,234</b>	<b>\$ 11,757,862</b>	<b>\$ 7,149,686</b>	<b>\$ 7,150,774</b>
<b>Business-type activities:</b>				
Charges for services	\$ 100,505,333	\$ 99,206,014	\$ 92,776,933	\$ 86,870,566
Operating grants and contributions	9,044	292,907	87,958	48,396
Capital grants and contributions	1,965,837	1,188,719	576,880	3,635,520
<b>Total business-type activities program revenues</b>	<b>102,480,214</b>	<b>100,687,640</b>	<b>93,441,771</b>	<b>90,554,482</b>
<b>Total primary government program revenues</b>	<b>\$ 115,800,448</b>	<b>\$ 112,445,502</b>	<b>\$ 100,591,457</b>	<b>\$ 97,705,256</b>
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (20,470,658)	\$ (23,683,463)	\$ (25,515,379)	\$ (27,161,034)
Business-type activities	10,855,984	14,411,496	13,392,166	16,803,083
<b>Total primary government net expense</b>	<b>\$ (9,614,674)</b>	<b>\$ (9,271,967)</b>	<b>\$ (12,123,213)</b>	<b>\$ (10,357,951)</b>

(Continued)

**City of Leesburg, Florida**  
**Changes in Net Assets**  
**Last Nine Years**  
(unaudited accrual basis of accounting)  
*page 3 of 4*  
*(Concluded)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Property taxes	\$ 3,534,345	\$ 3,871,712	\$ 4,465,410	\$ 5,686,325	\$ 6,058,634
Other taxes	5,768,279	6,539,441	6,677,039	6,501,898	6,810,598
Intergovernmental revenues, unrestricted	1,298,657	1,846,260	1,979,715	2,234,248	2,293,718
Investment income	214,666.00	613,132	730,163	345,542	90,124
Miscellaneous	1,133,608	167,286	(153,755)	500,550	227,263
Transfers	7,496,300	11,544,586	7,537,834	8,936,226	8,632,823
<b>Total governmental activities</b>	<u>\$ 19,445,855</u>	<u>\$ 24,582,417</u>	<u>\$ 21,236,406</u>	<u>\$ 24,204,789</u>	<u>\$ 24,113,160</u>
Business-type activities:					
Investment income	788,042	391,921	578,497	844,203	982,710
Miscellaneous	375,494	606,572	163,239	97,866	1,957,195
Transfers	(7,496,300)	(11,544,586)	(7,537,834)	(8,936,226)	(8,632,823)
<b>Total business-type activities</b>	<u>(6,332,764)</u>	<u>(10,546,093)</u>	<u>(6,796,098)</u>	<u>(7,994,157)</u>	<u>(5,692,918)</u>
<b>Total primary government general revenues</b>	<u>\$ 13,113,091</u>	<u>\$ 14,036,324</u>	<u>\$ 14,440,308</u>	<u>\$ 16,210,632</u>	<u>\$ 18,420,242</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 4,819,076	\$ 8,561,270	\$ 2,807,159	\$ 5,617,559	\$ (351,986)
Business-type activities	1,063,063	2,052,932	8,579,435	7,403,298	5,290,113
<b>Total government</b>	<u>\$ 5,882,139</u>	<u>\$ 10,614,202</u>	<u>\$ 11,386,594</u>	<u>\$ 13,020,857</u>	<u>\$ 4,938,127</u>

Notes: This information is provided as part of the Financial Trend Data and should be presented in a ten year format. For the City of Leesburg, 2004 is the first year in this presentation since it was the conversion year to GASB34.

Stormwater was separated from the governmental activities in 2011 because it became a business-type fund.

**City of Leesburg, Florida**  
**Changes in Net Assets**  
**Last Nine Years**  
(unaudited accrual basis of accounting)

*page 4 of 4*  
*(Concluded)*

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Property taxes	\$ 6,294,746	\$ 6,049,834	\$ 5,361,571	4,858,023
Other taxes	6,830,873	6,647,069	6,873,930	6,857,316
Intergovernmental revenues, unrestricted	2,105,575	2,253,173	2,055,253	2,040,040
Investment income	251,224	163,166	471,791	290,742
Miscellaneous	283,484	175,785	115,080	56,819
Transfers	7,165,035	3,570,501	(1,244,813)	6,956,641
<b>Total governmental activities</b>	<u>\$ 22,930,937</u>	<u>\$ 18,859,528</u>	<u>\$ 13,632,812</u>	<u>\$ 21,059,581</u>
Business-type activities:				
Investment income	677,534	113,102	572,093	214,620
Miscellaneous	162,522	343,997	(10,954)	2,109,318
Transfers	(7,165,035)	(3,570,501)	1,244,813	(6,956,641)
<b>Total business-type activities</b>	<u>(6,324,979)</u>	<u>(3,113,402)</u>	<u>1,805,952</u>	<u>(4,632,703)</u>
<b>Total primary government general revenues</b>	<u>\$ 16,605,958</u>	<u>\$ 15,746,126</u>	<u>\$ 15,438,764</u>	<u>\$ 16,426,878</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 2,460,279	\$ (4,823,935)	\$ (11,882,567)	\$ (6,101,453)
Business-type activities	4,531,005	11,298,094	15,198,118	12,170,380
<b>Total government</b>	<u>\$ 6,991,284</u>	<u>\$ 6,474,159</u>	<u>\$ 3,315,551</u>	<u>\$ 6,068,927</u>

**City of Leesburg, Florida**  
**Fund Balances of Governmental Funds**  
**Last Nine Fiscal Years**  
(unaudited modified accrual basis of accounting)  
*page 1 of 2*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General fund</b>					
Reserved	\$ 290,728	\$ 773,874	\$ 1,569,642	\$ 586,207	\$ 1,043,782
Unreserved	6,573,937	6,249,790	4,104,481	3,278,639	2,978,290
Nonspendable					
Restricted					
Committed					
Assigned					
Unassigned (deficit)					
<b>Total general fund</b>	<u>\$ 6,864,665</u>	<u>\$ 7,023,664</u>	<u>\$ 5,674,123</u>	<u>\$ 3,864,846</u>	<u>\$ 4,022,072</u>
<b>All other governmental funds</b>					
Reserved	\$ 17,118,320	\$ 17,058,067	\$ 9,211,368	\$ 2,963,875	\$ 2,403,071
Unreserved					
Stormwater Fund	826,948	713,531	208,901	552,544	1,229,741
Redevelopment Funds	-	-	78,938	943,569	2,319,072
Special Revenue Funds	-	-	-	1,577,648	897,422
Nonspendable					
Restricted					
Committed					
Assigned					
Unassigned (deficit)					
<b>Total all other governmental funds</b>	<u>\$ 17,945,268</u>	<u>\$ 17,771,598</u>	<u>\$ 9,499,207</u>	<u>\$ 6,037,636</u>	<u>\$ 6,849,306</u>

Notes: This information is provided as part of the Financial Trend Data and should be presented in a ten year format. For the City of Leesburg, 2004 is the first year in this presentation since it was the conversion year to GASB34.

Beginning in 2011:

- a. Implementation of GASB54 has changed the fund balance designations;
- b. Stormwater is no longer classified as a governmental fund.

**City of Leesburg, Florida**  
**Fund Balances of Governmental Funds**  
**Last Nine Fiscal Years**  
(unaudited modified accrual basis of accounting)  
*page 2 of 2*

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General fund</b>				
Reserved	\$ 1,369,020	\$ 1,673,892		
Unreserved	4,358,936	5,697,109		
Nonspendable			\$ 763,445	\$ 633,615
Restricted			652,106	659,224
Committed			2,970	4,563
Assigned				1,000,000
Unassigned (deficit)			7,371,865	7,239,114
<b>Total general fund</b>	<u>\$ 5,727,956</u>	<u>\$ 7,371,001</u>	<u>\$ 8,790,386</u>	<u>\$ 9,536,516</u>
<b>All other governmental funds</b>				
Reserved	\$ 2,610,626	\$ 1,836,289		
Unreserved				
Stormwater Fund	1,557,861	1,755,566		
Redevelopment Funds	4,572,684	13,875,882		
Special Revenue Funds	816,455	533,772		
Nonspendable			\$ 2,976	\$ 478
Restricted			13,097,454	11,815,626
Committed				
Assigned			1,324,710	1,071,842
Unassigned (deficit)			(200,150)	(197,714)
<b>Total all other governmental funds</b>	<u>\$ 9,557,626</u>	<u>\$ 18,001,509</u>	<u>\$ 14,224,990</u>	<u>\$ 12,690,232</u>

**City of Leesburg, Florida**  
**Changes in Fund Balances of Governmental Funds**  
**Last Nine Fiscal Years**  
(unaudited modified accrual basis of accounting)  
*page 1 of 2*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>					
Taxes	\$ 9,493,603	\$ 9,947,626	\$ 10,430,225	\$ 12,188,222	\$ 12,869,231
Licenses and permits	781,503	1,039,497	1,287,389	835,735	774,430
Intergovernmental	4,238,060	5,617,919	6,262,243	6,951,061	8,209,539
Charges for services	929,067	982,851	1,363,599	1,752,548	2,083,117
Fines and penalties	365,409	339,962	383,075	248,483	331,313
Impact Fees				255,791	335,914
Interest	214,666	613,131	730,162	540,698	297,268
Miscellaneous	1,442,820	5,464,202	4,507,427	5,305,481	4,350,653
<b>Total revenues</b>	<u>\$ 17,465,128</u>	<u>\$ 24,005,188</u>	<u>\$ 24,964,120</u>	<u>\$ 28,078,019</u>	<u>\$ 29,251,465</u>
<b>Expenditures</b>					
General Government	\$ 1,045,098	\$ 2,393,514	\$ 3,192,720	\$ 1,828,424	\$ 3,496,612
Public Safety	10,298,327	11,641,923	12,802,000	14,734,007	15,021,295
Physical Environment	522,312	735,736	945,226	911,501	758,074
Transportation	998,659	1,144,742	1,532,023	1,959,937	1,853,750
Economic Environment	1,531,072	544,294	588,368	655,320	639,294
Human Services	45,518	53,288	36,861	51,666	66,475
Culture and Recreation	4,077,320	4,525,265	4,976,305	5,278,244	5,187,536
Capital Outlay	5,416,617	9,855,458	16,700,042	15,171,230	8,319,179
Debt Service:					
Principal payments	204,088	239,846	170,000	546,486	596,540
Interest and fees	627,346	1,170,569	1,180,340	1,148,265	1,133,566
<b>Total expenditures</b>	<u>\$ 24,766,357</u>	<u>\$ 32,304,635</u>	<u>\$ 42,123,885</u>	<u>\$ 42,285,080</u>	<u>\$ 37,072,321</u>
<b>Excess of revenues (under) over expenditures</b>	<u>\$ (7,301,229)</u>	<u>\$ (8,299,447)</u>	<u>\$ (17,159,765)</u>	<u>\$ (14,207,061)</u>	<u>\$ (7,820,856)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 156,929
Transfers in	8,286,608	8,756,309	7,903,521	13,647,670	12,189,197
Transfers out	(790,308)	(471,532)	(365,687)	(4,711,446)	(3,556,374)
Bond proceeds	17,154,981	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>\$ 24,651,281</u>	<u>\$ 8,284,777</u>	<u>\$ 7,537,834</u>	<u>\$ 8,936,224</u>	<u>\$ 8,789,752</u>
<b>Net change in fund balances</b>	<u>\$ 17,350,052</u>	<u>\$ (14,670)</u>	<u>\$ (9,621,931)</u>	<u>\$ (5,270,837)</u>	<u>\$ 968,896</u>
<b>Debt service as a percentage of noncapital expenditures</b>	4.3%	6.3%	5.3%	6.3%	6.0%

Notes: This information is provided as part of the Financial Trend Data and should be presented in a ten year format. For the City of Leesburg, 2004 is the first year in this presentation since it was the conversion year to GASB34.

**City of Leesburg, Florida**  
**Changes in Fund Balances of Governmental Funds**  
**Last Nine Fiscal Years**  
(unaudited modified accrual basis of accounting)  
*page 2 of 2*

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues</b>				
Taxes	\$ 13,125,620	\$ 12,893,021	\$ 12,235,501	\$ 11,715,341
Licenses and permits	571,963	421,374	457,142	458,798
Intergovernmental	8,073,940	6,516,608	3,371,485	3,506,336
Charges for services	2,178,942	2,211,398	595,467	541,758
Fines and penalties	219,845	144,991	163,197	159,137
Impact Fees	133,249	12,295	150	
Interest	206,424	164,588	203,118	50,943
Miscellaneous	4,329,343	4,566,046	4,946,580	4,604,621
<b>Total revenues</b>	<u>\$ 28,839,326</u>	<u>\$ 26,930,321</u>	<u>\$ 21,972,640</u>	<u>\$ 21,036,934</u>
<b>Expenditures</b>				
General Government	\$ 3,162,527	\$ 3,476,819	\$ 2,851,945	\$ 2,730,096
Public Safety	14,428,426	14,043,510	14,238,088	14,472,095
Physical Environment	705,068	700,369	65,877	60,774
Transportation	2,032,911	1,911,023	2,063,548	1,797,161
Economic Environment	868,017	615,937	989,381	516,751
Human Services	67,892	44,150	37,567	520,403
Culture and Recreation	4,433,489	3,807,355	3,893,225	3,813,858
Capital Outlay	7,057,151	6,667,866	3,179,436	3,342,072
Debt Service:				
Principal payments	699,248	749,000	822,963	802,334
Interest and fees	1,223,864	2,272,405	1,778,947	1,749,214
<b>Total expenditures</b>	<u>\$ 34,678,593</u>	<u>\$ 34,288,434</u>	<u>\$ 29,920,977</u>	<u>\$ 29,804,758</u>
<b>Excess of revenues (under) over expenditures</b>	<u>\$ (5,839,267)</u>	<u>\$ (7,358,113)</u>	<u>\$ (7,948,337)</u>	<u>\$ (8,767,824)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	\$ 97,633	\$ 47,121	\$ 77,760	\$ 68,233
Transfers in	12,185,286	11,394,539	12,582,692	11,617,850
Transfers out	(4,561,077)	(7,714,268)	(7,069,249)	(3,706,887)
Bond proceeds	2,531,629	13,717,649	-	-
<b>Total other financing sources (uses)</b>	<u>\$ 10,253,471</u>	<u>\$ 17,445,041</u>	<u>\$ 5,591,203</u>	<u>\$ 7,979,196</u>
<b>Net change in fund balances</b>	<u>\$ 4,414,204</u>	<u>\$ 10,086,928</u>	<u>\$ (2,357,134)</u>	<u>\$ (788,628)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	7.0%	10.9%	9.7%	9.6%

**City of Leesburg, Florida**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year <sup>1</sup>	Real Property <sup>2</sup>	Personal Property	Centrally Assessed Property <sup>3</sup>	Less: Tax - Ex e m p t P r o p e r t y			Taxable Value for Operating Millages	Total Direct Tax Rate
				Real Property <sup>2</sup>	Personal Property	Centrally Assessed <sup>3</sup>		
2003	\$ 754,313,985	\$ 243,968,265	\$ 328,106	\$ 219,112,625	\$ 94,724,286	\$ -	\$ 684,773,445	4.5000
2004	875,334,295	225,356,519	336,057	230,212,863	52,179,737	-	818,634,271	4.5000
2005	953,323,403	272,462,933	349,621	251,575,429	83,290,269	-	891,270,259	4.5000
2006	1,084,329,142	324,381,497	408,548	266,752,420	126,674,899	-	1,015,691,868	4.5000
2007	1,425,384,915	337,206,689	519,776	321,177,532	124,925,272	-	1,317,008,576	4.5000
2008	1,688,428,580	372,375,507	553,180	335,529,839	128,329,323	- <sup>4</sup>	1,597,498,105	4.2500
2009	1,748,767,789	299,835,709	563,123	412,232,355	106,449,581	112,317	1,530,372,368	4.3179
2010	1,643,094,805	307,393,370	592,083	402,058,703	116,537,221	126,521	1,432,357,813	4.3179
2011	1,462,752,813	294,871,468	441,398	375,488,425	108,013,558	107,628	1,274,456,068	4.3179
2012	1,345,917,698	284,962,752	- <sup>5</sup>	355,981,439	108,052,050	-	1,166,846,961	4.3179

Notes: <sup>1</sup> As of December 31st of each year listed.

<sup>2</sup> Except for the Save Our Homes cap noted in next sentence, Florida State Law requires all property to be assessed at current fair market value. The Save Our Homes cap establishes a limitation of the lesser of 3% or the increase in the Consumer Price Index during the relevant year, on property qualifying for and receiving Homestead Exemption of \$25,000.

<sup>3</sup> Beginning in FY2007, private railroad lines are no longer included as part of Centrally Assessed Property.

<sup>4</sup> New legislation (196.183, F.S.) allows for personal and centrally assessed property to be eligible for Homestead Exemption. In addition, 196.031(b), F.S. allows for an additional \$25,000 of Homestead Exemption. Or (196.075, S.S.) allows for an additional \$50,000 for any person who has attained age 65 and whose household income does not exceed \$20,000 (a "qualified resident").

New legislation was passed in Summer 2007 that caps millage rates, except with special approval, at a level allowing tax revenue to grow no more than the related proportion to per capita income and new construction.

<sup>5</sup> Beginning in FY2012, Florida Department of Revenue reported that there were no longer railroad lines in Leesburg, resulting in no Centrally Assessed Property.

Source: Lake County Property Appraiser Recapitulation of Taxes as extended on the Fiscal Tax Years Tax Roll for Leesburg (DR 403)

**City of Leesburg, Florida**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**(rate per \$1,000 of assessed value)**

Fiscal Year	Total Direct	Overlapping Governments						Total
	City	School District	Lake County	Ambulance District	Northwest Hospital District	Lake County Water Authority	Water Management District	
2003	4.5000	8.3950	5.9170	0.5290	1.0000	0.4820	0.4620	21.2850
2004	4.5000	8.4400	5.9170	0.5290	1.0000	0.4080	0.4620	21.2560
2005	4.5000	7.9900	5.8170	0.5289	1.0000	0.3831	0.4620	20.6810
2006	4.5000	7.9810	5.7970	0.5290	1.0000	0.3370	0.4620	20.6059
2007	4.5000	7.6480	5.9470	0.5289	1.0000	0.2530	0.4620	20.3389
2008	4.2500	7.6980	4.7410	0.4651	1.0000	0.2130	0.4158	18.7829
2009	4.3179	7.5170	4.7612	0.4651	1.0000	0.2130	0.4158	18.6900
2010	4.3179	7.5320	4.7612	0.4651	1.0000	0.2130	0.4158	18.7050
2011	4.3179	7.5230	4.8410	0.3853	1.0000	0.2405	0.4158	18.7235
2012	4.3179	7.3940	4.8410	0.3853	1.0000	0.2405	0.3313	18.5100

The Florida Constitution limits the City and County millage capacity (non-deby related) to 10.000 mills.

Source: Lake County Property Appraiser

**City of Leesburg, Florida**  
**Principal Property Taxpayers**  
**For the Current Calendar Year and Nine Years Ago**

Taxpayer	2012			2003		
	2011 Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	2002 Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Centrale Citrus Juices, U.S.A., Inc.	\$ 32,964,422	1	2.83%	\$ 43,093,559	2	6.29%
Embarq-Florida, Inc (fka Sprint-Florida)	25,398,505	2	2.18%	47,418,136	1	6.92%
Lake Port Square, LLC	18,925,632	3	1.62%	23,556,945	4	3.44%
SDG Macerich Properties	16,087,705	4	1.38%	28,683,181	3	4.19%
Minute Maid Company	12,145,967	5	1.04%			
Redus Arlington Ridge, FL, LLC	9,250,404	6	0.79%			
Lowe's Home Centers, Inc.	7,918,831	7	0.68%	7,502,707	6	1.10%
Leware Const Co of Florida, Inc.	7,373,421	8	0.63%			
City of Leesburg	7,178,541	9	0.62%			
Shoppes of Lake Village, LTD	6,754,603	10	0.58%			
Wal-Mart Stores, Inc				8,790,534	5	1.28%
Publix Super Markets, Inc.				6,851,223	7	1.00%
Huntington Banks				6,838,270	8	1.00%
Home Depot, U.S.A., Inc.				5,279,395	9	0.77%
SunTrust Banks of Central Florida				4,813,321	10	0.70%
<b>Subtotal</b>	<u>143,998,031</u>		12.34%	<u>182,827,271</u>		26.70%
All Others	<u>1,022,848,930</u>		87.66%	<u>501,946,174</u>		73.30%
Total	<u>\$ 1,166,846,961</u>		100.00%	<u>\$ 684,773,445</u>		100.00%

Note: Taxable Values (Florida Statutes Section 193.011 ) are as of January 1, 2002 and 2011, and represent total property values including real property, personal property and centrally assessed property.

Source: Lake County Property Appraiser

Note: Blank information in Taxable Assessed Value does not mean the business no longer exists.

**City of Leesburg, Florida**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended Sept 30	Taxes Levied for the Fiscal Year	Collections for the Fiscal Year of the Levy <sup>1</sup>			Total Collections to Date		
		Amount	Percentage of Levy	Collections for Previous Years of Levy	Amount	Percentage of Levy	
2003	\$ 3,081,481	\$ 2,958,618	96.01%	\$ 36,530	\$ 2,995,148	97.20%	
2004	3,683,854	3,505,122	95.15%	29,223	3,534,345	95.94%	
2005	4,010,716	3,849,333	95.98%	22,379	3,871,712	96.53%	
2006	4,570,613	4,413,454	96.56%	51,957	4,465,411	97.70%	
2007	5,859,148	5,655,750	96.53%	31,044	5,686,794	97.06%	
2008	6,789,367	6,210,604	91.48%	(151,970) <sup>2</sup>	6,058,634	89.24%	
2009	6,607,995	6,318,550	95.62%	(23,804) <sup>3</sup>	6,294,746	95.26%	
2010	6,184,778	5,958,860	96.35%	90,974	6,049,834	97.82%	
2011	5,502,974	5,317,825	96.64%	43,746	5,361,571	97.43%	
2012	5,038,328	4,846,506	96.19%	11,517	4,858,023	96.42%	

Notes: <sup>1</sup> Amounts collected within the fiscal year of the levy are inclusive of legally available early payment discounts (ranging from 4% to 1%).

<sup>2</sup> During Fiscal Year 2008, the Lake County Property Appraiser received an unfavorable ruling on the 2006 Agricultural Classification Lawsuit. This resulted in a loss to the City totaling \$425,000 in ad valorem taxes for previous years.

<sup>3</sup> During Fiscal Year 2009, the Florida Department of Revenue made an adjustment totaling \$84,669 related to an aircraft owned by the Villages Equipment Company as it was determined that aircraft are not taxable as tangible property.

Source: Lake County Property Appraiser

**City of Leesburg, Florida**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
(unaudited accrual basis of accounting)

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local Option Gas Tax</b>	<b>Sales Tax</b>	<b>Franchise Fees</b>	<b>Utility Service Tax</b>	<b>Communication Services Tax</b>	<b>Total</b>
2003	\$ 2,995,147	\$ 752,781	\$ 1,254,754	\$ 61,345	\$ 2,124,715	\$ 973,652	\$ 8,162,394
2004	3,534,345	827,156	1,445,759	86,870	2,601,302	998,171	9,493,603
2005	4,246,002	804,206	1,465,816	91,994	2,908,350	1,054,808	10,571,176
2006	4,465,410	834,878	1,807,292	95,503	2,706,875	1,118,540	11,028,498
2007	5,686,324	822,027	1,672,965	86,244	2,858,214	1,062,448	12,188,222
2008	6,058,634	620,290	1,623,035	101,585	3,058,468	1,099,675	12,561,687
2009	6,294,746	624,118	1,531,527	116,382	3,126,745	1,148,314	12,841,832
2010	6,049,834	630,727	1,526,403	109,857	3,214,820	1,078,903	12,610,543
2011	5,361,571	639,735	1,611,777	111,280	3,182,188	1,049,816	11,956,367
2012	4,858,023	614,906	1,647,465	133,135	3,102,871	1,107,841	11,464,242

**City of Leesburg, Florida  
Greater Leesburg Community Redevelopment Agency  
Historical Revenues**

Year	Taxable Values	HISTORICAL REVENUES		
		Ambulance	Lake County Water Authority	City of Leesburg
2003	\$ 112,950,832	\$ 126,622	\$ 9,466	\$ 88,397
2004	117,630,226	160,398	10,153	111,976
2005	124,303,137	186,119	11,236	131,981
2006	139,749,128	225,634	12,020	160,508
2007	152,321,905	315,942	12,737	226,539
2008	156,159,630	324,351	13,305	269,219
2009	148,158,153	337,409	14,084	285,507
2010	148,221,674	297,721	12,463	252,126
2011	132,822,347	223,103	10,525	188,958
2012	124,993,979	185,103	8,736	156,846

**Note:** The City of Leesburg created the Greater Leesburg Community Redevelopment Agency (GLCRA) on May 28, 1996 (Resolution 4994) pursuant to Section 163.512 Florida Statutes. The agency is part of the City's Comprehensive Plan to enhance the downtown district and surrounding areas. The base year was established in 1996 with an assessed taxable value of \$86,757,505. The agency generates a majority of its annual income from tax increment revenues and will expire in 2026.

**Source:** Lake County Property Appraiser

**City of Leesburg, Florida**  
**Carver Heights/Montclair Area Community Redevelopment Agency**  
**Historical Revenues**

Year	Taxable Values	HISTORICAL REVENUES		
		Ambulance	Lake County Water Authority	City of Leesburg
2003	\$ 60,314,527	\$ 3,556	\$ 266	\$ 2,483
2004	58,243,566	14,294	905	9,979
2005	63,884,250	1,587	96	1,126
2006	77,776,543	35,481	1,890	25,240
2007	89,281,278	118,028	4,758	84,629
2008	96,310,253	154,909	6,380	129,100
2009	88,132,712	186,390	7,798	158,077
2010	88,111,616	145,433	6,140	123,599
2011	81,604,263	113,672	5,397	96,906
2012	77,113,815	91,734	4,372	78,486

Note: The City of Leesburg created the Carver Heights/Montclair Area Community Redevelopment Agency (CHCRA) on December 10, 2001 (Ordinance 01-61) pursuant to Section 163.512 Florida Statutes. The agency was created to identify and address blighted conditions within its boundaries and to enable the City to establish a mechanism to finance redevelopment projects through Tax Increment Financing (TIF). The base year was established in 2001 with an assessed value of \$57,980,259. The agency generates a majority of its annual income from tax increment revenues and will expire in 2016.

Source: Lake County Property Appraiser

**City of Leesburg, Florida**  
**U.S. Highway 441/27 Community Redevelopment Agency**  
**Historical Revenues**

Year	Taxable Values	HISTORICAL REVENUES		
		Ambulance	Lake County Water Authority	City of Leesburg
2005	\$ 352,255,087	\$ -	\$ -	\$ -
2006	417,811,099	-	-	-
2007	479,923,989	390,852	15,756	280,252
2008	482,782,230	631,920	26,061	527,335
2009	454,799,607	634,919	26,593	539,090
2010	454,362,582	490,899	20,958	418,845
2011	388,395,355	170,255	8,257	148,248
2012	348,560,375	-	-	-

Note: The City of Leesburg created the U.S. Highway 441/27 Community Redevelopment Agency on February 13, 2006 (Ordinance 06-13) pursuant to Section 163.512 Florida Statutes. The agency determined the existence of blighted areas and is part of the City's plan to improve conditions within the corridor areas. The base year was established in 2006 with an assessed taxable value of \$352,255,087. The agency generates a majority of its annual income from tax increment revenues and will expire in 2035.

In FY 2012, taxable values dropped below the base year values resulting in zero tax revenue for the CRA.

Source: Lake County Property Appraiser

**City of Leesburg, Florida**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-Type Activities			% of Personal Income <sup>1</sup>	Per Capita <sup>2</sup>
	Capital Improvement Bonds	Notes Payable	Capital Lease	Utility System Revenue Bonds	Notes Payable	Total Primary Government		
2003	\$ 7,045,000	\$ 196,085		\$ 25,763,392	\$ 6,077,000	\$ 39,081,477	8.85%	\$ 27,106
2004	24,025,000	181,997		38,502,435	1,300,000	64,009,432	13.28%	28,893
2005	23,890,000	167,151		38,607,756	1,240,000	63,904,907	12.01%	30,456
2006	23,750,000	231,237		39,655,000	13,277,000	76,913,237	12.83%	31,812
2007	23,280,000	172,166		86,125,001	12,683,632	122,260,799	18.44%	33,266
2008	22,795,000	117,646		85,355,000	13,041,000	121,308,646	19.45%	31,044
2009	22,295,000	99,339	300,618	84,565,000	13,041,000	120,300,957	19.26%	30,460
2010	30,335,000	7,442,158	268,224	83,140,000	15,355,000	136,540,382	20.87%	31,520
2011	29,960,000	7,027,949	234,470	81,655,000	13,665,000	132,542,419	21.26%	30,785
2012	29,575,000	11,145,787	199,298	80,115,000	12,705,971	133,741,056	20.19%	32,697

Notes: Details regarding the City's outstanding debt can be found in the section titled Notes to Financial Statements. Totals do not include amortization of deferrals and discounts.

<sup>1</sup>See Demographic and Economic Statistics for personal income and population data.

<sup>2</sup>Florida Research and Economic Database (<http://fred.labormarketinfo.com>) for Lake County.

The actual per capita personal income for the City is not known. The County's per capita figures are multiplied by the City's population to determine the total personal income for the City.

**City of Leesburg, Florida**  
**Direct and Overlapping Governmental Activities Debt**

<u>Taxing District</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Direct Debt</u> - City of Leesburg			\$ 40,720,787
<u>Overlapping Debt</u>			
Lake County			
Board of County Commissioners	\$ 27,130,000	7.46%	2,024,668
School District	\$ -		-
Subtotal - Overlapping Debt			<u>2,024,668</u>
Total Direct and Overlapping Debt			<u><u>\$ 42,745,455</u></u>

Notes: The City has no general obligation debt. Utility revenue bonds are excluded.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Leesburg. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Sources: Lake County Board of County Commissioners

Lake County School District

Assessed value data used to estimate applicable percentage provided by the Lake County Property Appraiser.

**City of Leesburg, Florida**  
**Legal Debt Margin Information**

The City of Leesburg has no general obligation debt outstanding as of September 30, 2012.

There is no legal debt margin established for the City of Leesburg pursuant to Florida Statutes, city ordinance or other laws applicable to the City of Leesburg.



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**City of Leesburg**  
**Pledged Revenue Coverage**  
**Series 2004 Capital Improvement Revenue Bonds Last Nine Fiscal Years<sup>1</sup>**  
**Series 2009 Capital Improvement Refunding Promissary Note Last Three Fiscal Years<sup>2</sup>**

	<u>FY ENDING SEPT. 30, 2004</u>	<u>FY ENDING SEPT. 30, 2005</u>	<u>FY ENDING SEPT. 30, 2006</u>	<u>FY ENDING SEPT. 30, 2007</u>	<u>FY ENDING SEPT. 30, 2008</u>
Half-Cent Sales Tax	\$ 919,290	\$ 997,079	\$ 1,093,773	\$ 1,001,858	\$ 964,117
Guaranteed Entitlement	-	309,234	309,234	309,234	309,234
Net Revenues Available	<u>919,290</u>	<u>1,306,313</u>	<u>1,403,007</u>	<u>1,311,092</u>	<u>1,273,351</u>
Debt Service on 1999 Bonds	\$ 498,420	\$ 497,615	\$ 496,315	\$ 494,645	\$ 497,476
Debt Service on Refunding Promissory Note, Series 2009					
Combined Refunded & Refunding Debt					
Debt Service Coverage	1.84 X	2.63 X	2.83 X	2.65 X	2.56 X
2009 Senior Lien Note <sup>2</sup> Required	1.30 X <sup>1</sup>				
Net Revenues Available after Debt Service on 2009 Note	\$ 420,870	\$ 808,698	\$ 906,692	\$ 816,447	\$ 775,875
Plus Public Service Tax	<u>2,601,301</u>	<u>2,955,112</u>	<u>2,770,827</u>	<u>2,858,214</u>	<u>3,058,468</u>
Net Revenues Available	3,022,171	3,763,810	3,677,519	3,674,661	3,834,343
Debt Service on Series 2004 Bonds	\$ 126,286	\$ 797,595	\$ 797,595	\$ 1,114,470	\$ 1,111,220
Debt Service Coverage on Series 2004 Bonds	23.93 X	4.72 X	4.61 X	3.30 X	3.45 X
Required Minimum Coverage	1.30 X <sup>3</sup>				
Net Revenues Available after Debt Service on 1999, 2009 Note and 2004 Bonds				\$ 2,560,191	\$ 2,723,123

**Note:**

This information is provided as part of the Financial Trend Data and should be presented in a ten year format. The current presentation begins with the first year of the Series 2004 bonds.

**Definitions**

<sup>1</sup> **Series 2004**

Resolution 7162 adopted July 12, 2004, the City authorized the issuance of the Capital Improvement Revenue Bonds, Series 2004, that closed on August 4, 2004, pledging the net available revenues after considering the Series 2009 Bonds. In addition, Public Service Tax revenues were pledged to cover the Series 2004 Bonds. (See Senior Lien Note #4 below.)

**Series 2009**

<sup>2</sup> Resolution 8557 adopted October 26, 2009, the City authorized the issuance of a "bank qualified" loan to refund all of the outstanding Refunding and Capital Improvement Revenue Bonds, Series 1999 pledging the revenues as defined below.

Gross Sales Tax Revenues are defined as the proceeds of the local governmental half-cent sales tax as described in Title XIV, Chapter 218, Part VI Florida Statutes.

Guaranteed Portion-State Revenue Sharing is the portion of state revenue sharing funds available to the City that are pledged, or set aside as a trust for the payment of principal or interest on the bonds pursuant to Title XIV, Chapter 218, Part II, Florida Statutes.

<sup>3</sup> 1.30X Debt Service Coverage is not a Financial Covenant, rather an Additional Bonds Test Requirement.

No additional senior lien parity bonds can be issued.

**City of Leesburg**  
**Pledged Revenue Coverage**  
**Series 2004 Capital Improvement Revenue Bonds Last Nine Fiscal Years<sup>1</sup>**  
**Series 2009 Capital Improvement Refunding Promissory Note Last Three Fiscal Years<sup>2</sup>**

	<u>FY ENDING SEPT. 30, 2009</u>	<u>FY ENDING SEPT. 30, 2010</u>	<u>FY ENDING SEPT. 30, 2011</u>	<u>FY ENDING SEPT. 30, 2012</u>
Half-Cent Sales Tax	\$ 898,594	\$ 899,922	\$ 930,949	\$ 913,146
Guaranteed Entitlement	309,234	309,234	309,234	309,234
Net Revenues Available	<u>1,207,828</u>	<u>1,209,156</u>	<u>1,240,183</u>	<u>1,222,380</u>
Debt Service on Refunded 1999 Bonds	\$ 494,796	\$ 332,398	\$ -	\$ -
Debt Service on Refunding Promissory Note, Series 2009		<u>95,731</u>	<u>523,204</u>	<u>473,744</u>
Combined Refunded & Refunding Debt		<u>\$ 428,129</u>	<u>\$ 523,204</u>	<u>\$ 473,744</u>
Debt Service Coverage	2.44 X	2.82 X	2.37 X	2.58 X
2009 Senior Lien Note <sup>2</sup> Required	1.30 X	1.30 X	1.30 X	1.30 X <sup>3</sup>
Net Revenues Available after Debt Service on 2009 Note Plus Public Service Tax	<u>\$ 713,032</u>	<u>\$ 781,028</u>	<u>\$ 716,979</u>	<u>\$ 748,636</u>
Net Revenues Available	3,839,777	3,995,847	3,899,167	3,851,507
Debt Service on Series 2004 Bonds	\$ 1,111,020	\$ 1,109,645	\$ 1,108,485	\$ 1,106,460
Debt Service Coverage on Series 2004 Bonds	3.46 X	3.60 X	3.52 X	3.48 X
Required Minimum Coverage	1.30 X	1.30 X	1.30 X	1.30 X <sup>3</sup>
Net Revenues Available after Debt Service on 1999, 2009 Note and 2004 Bonds	\$ 2,728,757	\$ 2,886,202	\$ 2,790,682	\$ 2,745,047

**City of Leesburg**  
**Pledged Revenue Coverage**  
**Series 2008 Carver Heights/Montclair Area CRA**  
**Last Four Fiscal Years**

	<u>FY ENDING</u> <u>SEPT. 30, 2009</u>	<u>FY ENDING</u> <u>SEPT. 30, 2010</u>	<u>FY ENDING</u> <u>SEPT. 30, 2011</u>	<u>FY ENDING</u> <u>SEPT. 30, 2012</u>
Revenue:				
City of Leesburg	\$ 158,077	\$ 123,599	\$ 96,906	\$ 78,486
Lake County	194,188	151,573	119,069	96,106
Other	4,100	1,866	2,453	1,639
Total	<u>\$ 356,365</u>	<u>\$ 277,039</u>	<u>\$ 218,429</u>	<u>\$ 176,231</u>
Debt Service on 2008 Note	\$ 195,340	\$ 200,534	\$ 203,353	\$ 203,503
Debt Service Coverage on Series 2008 Note	1.82 X	1.38 X	1.07 X	0.87 X
Net Revenues Available after Debt Service on 2008 Note	\$ 161,024	\$ 76,505	\$ 15,075	\$ (27,272) <sup>1</sup>

**Note:**

This information is provided as part of the Financial Trend Data and should be presented in a ten year format. The current presentation begins with the first year of the Series 2008 Note.

**Definitions:**

Resolution 16 of the Community Redevelopment Agency for the Carver Heights/Montclair Area adopted December 8, 2008 authorized the issuance of the Revenue Note Series 2008, a "qualified tax-exempt obligation", pledging increment revenues. This note closed December 23, 2008.

Resolution 8349 adopted December 8, 2008, and as amended by Resolution 8357 adopted Dec. 22, 2008, the City authorized the credit support as needed for the Community Redevelopment Agency for the Carver Heights/Montclair Area of its Revenue Note, Series 2008, pledging the net available revenues after considering the Series 2009 Note and 2004 Bonds to the extent increment revenues are insufficient, but not in excess of the Reserve Account Requirement.

<sup>1</sup> Due to the downturn in property values, the revenues were not sufficient to cover the debt service. However, the fund balance for the CRA was able to cover the deficiency.

**City of Leesburg**  
**Pledged Revenue Coverage**  
**Series 2009 US Highway 441& 27 Area CRA**  
**Last Three Fiscal Years**

	<u>FY ENDING</u> <u>SEPT. 30, 2010</u>	<u>FY ENDING</u> <u>SEPT. 30, 2011</u>	<u>FY ENDING</u> <u>SEPT. 30, 2012</u>
Revenue:			
City of Leesburg	\$ 418,845	\$ 148,248	\$ -
Lake County	511,857	178,512	-
Other	28,492	27,404	10,292
Total	<u>\$ 959,194</u>	<u>\$ 354,163</u>	<u>\$ 10,292</u>
Debt Service on 2009 Note	\$ 354,753	\$ 695,431	\$ 695,131
Debt Service Coverage on Series 2009 Note	2.70 X	0.51 X	0.01 X
Net Revenues Available after Debt Service on 2009 Note	\$ 604,441	\$ (341,268)	\$ (684,839) <sup>1</sup>

**Note:**

This information is provided as part of the Financial Trend Data and should be presented in a ten year format. The current presentation begins with the first year of the Series 2008 Note.

**Definitions:**

Resolution 10 of the Community Redevelopment Agency for the U.S. Highway 441 & 27 Area adopted October 12, 2009 authorized the issuance of the Tax Increment Revenue Bonds, Series 2009 to refinance the Agency's Subordinate Capital Improvement Bond Anticipation Note, Series 2008 to finance the construction of projects in the redevelopment area. The pledged revenues are the tax increment revenues and amounts held in the funds and accounts established by this agreement.

Resolution 8525 adopted October 12, 2009, the City authorized the issuance of the Tax Increment Revenue Bonds, Series 2009 for the Community Redevelopment Agency for the US Highway 441 & 27 Area.

<sup>1</sup> Due to the downturn in property values, the debt service payment is being paid from the bond proceeds in accordance with bond covenants.

**City of Leesburg, Florida**  
**Pledged Revenue Coverage**  
**Electric System Revenue Bonds**  
**Series 2004, 2007A & 2007B and 2010**  
**Last Nine Fiscal Years**

	FY ENDING SEPT. 30, 2004	FY ENDING SEPT. 30, 2005	FY ENDING SEPT. 30, 2006	FY ENDING SEPT. 30, 2007	FY ENDING SEPT. 30, 2008
Gross Revenues	\$ 46,078,668	\$ 50,303,504	\$ 60,688,045	\$ 60,862,278	\$ 70,302,636
Less Operation and Maintenance Expenses	38,455,991	42,428,223	52,210,890	51,342,881	59,761,821
Net Revenues Available	\$ 7,622,677	\$ 7,875,281	\$ 8,477,155	9,519,397	10,540,815
Debt Service on 2004 Bonds <sup>1</sup>	see note <sup>1</sup>	see note <sup>1</sup>	see note <sup>1</sup>	\$ 779,813	\$ 1,095,875
Debt Service on 2007A Bonds <sup>3</sup>				see note <sup>4</sup>	see note <sup>4</sup>
Debt Service on 2007B Bonds <sup>3</sup>					
Debt Service on 2010 Bonds <sup>5</sup>					
Total Debt Service Series 2004, 2007 & 2010	\$ -	\$ -	\$ -	\$ 779,813	\$ 1,095,875
Debt Service Coverage 2004, 2007A&B Bonds	see note <sup>2</sup>	see note <sup>2</sup>	see note <sup>1</sup> X	12.21 X	9.62 X
Required Minimum Coverage			X	1.25 X	1.25 X
Total Net Revenues less Electric Utility Debt Service		\$ 7,875,281	\$ 8,477,155	\$ 8,739,585	\$ 9,444,940

**Note:**

This information is provided as part of the Financial Trend Data and should be presented in a ten year format. The current presentation begins with the first year of the Series 2004 bonds.

**Definitions**

<sup>1</sup> **Series 2004**

Resolution 7141 and supplemented by Resolution 7142 adopted June 14, 2004, the City authorized the issuance of the Electric System Revenue Bonds, Series 2004, that closed on July 14, 2004, pledging the net revenues derived by the City from the operation of the Electric System.

**Gross Revenues** - defined as all income and earnings derived by the City from the ownership, operation, leasing, or use of the system, and investment income excluding capital expansion and system improvement grants.

**Operation and Maintenance Expenses** - defined as the cost of operation and maintenance as current expenses, paid or accrued, less depreciation and amortization expense.

**Pledged Revenues and Net Revenues** - defined as gross revenues less operation and maintenance expenses.

<sup>2</sup> First three years of payments for these bonds are interest only. Payments began on October 1, 2004 and are due semiannually April 1 and October 1 thereafter. The annualized interest payments for fiscal years 2004, 2005 and 2006 were paid from the Capitalized Interest fund of \$1,726,419.

<sup>3</sup> **Series 2007A & 2007B**

Resolution 7964 adopted July 23, 2007, the City amended Resolution 7141 for the purpose of authorizing the issuance of the Electric System Revenue Bonds Series 2007A and Taxable Electric System Revenue Bonds, Series 2007B ("Series 2007 Bonds") on a parity with the City's outstanding Electric System Revenue Bonds, Series 2004.

<sup>4</sup> First two years of payments for these bonds are interest only. Payments began on October 1, 2007 and are due semiannually April 1 and October 1 thereafter. The annualized interest payments for fiscal years 2007 and 2008 were paid from the Capitalized Interest fund of \$1,341,602 along with interest earnings thereon.

<sup>5</sup> **Series 2010**

Resolution 8692 adopted August 4, 2010, the City authorized the issuance of an "up to \$20,000,000" Note with a 3 year interest only drawdown facility . Any outstanding balance as of 10/1/2013 will be paid off over a ten year term period.

**City of Leesburg, Florida**  
**Pledged Revenue Coverage**  
**Electric System Revenue Bonds**  
**Series 2004, 2007A & 2007B and 2010**  
**Last Nine Fiscal Years**

	<u>FY ENDING</u> <u>SEPT. 30, 2009</u>	<u>FY ENDING</u> <u>SEPT. 30, 2010</u>	<u>FY ENDING</u> <u>SEPT. 30, 2011</u>	<u>FY ENDING</u> <u>SEPT. 30, 2012</u>
Gross Revenues	\$ 71,566,530	\$ 73,280,305	\$ 62,355,773	\$ 57,006,478
Less Operation and Maintenance Expenses	<u>61,012,704</u>	<u>55,737,126</u>	<u>49,169,688</u>	<u>45,244,248</u>
Net Revenues Available	10,553,826	17,543,179	13,186,085	11,762,230
Debt Service on 2004 Bonds	\$ 1,090,975	\$ 1,090,095	\$ 1,093,025	\$ 1,089,885
Debt Service on 2007A Bonds	551,906	551,906	551,906	551,906
Debt Service on 2007B Bonds	682,713	946,921	945,283	942,799
Debt Service on 2010 Bonds <sup>5</sup>	<u>                    </u>	<u>                    </u>	<u>4,004</u>	<u>2,852</u>
Total Debt Service Series 2004, 2007 & 2010	\$ 2,325,594	\$ 2,588,922	\$ 2,594,218	\$ 2,587,442
Debt Service Coverage 2004, 2007A&B Bonds	4.54 X	6.78 X	5.08 X	4.55 X
Required Minimum Coverage	1.25 X	1.25 X	1.25 X	1.25 X
Total Net Revenues less Electric Utility Debt Service	\$ 8,228,232	\$ 14,954,257	\$ 10,591,867	\$ 9,174,788

**City of Leesburg, Florida**  
**Pledged Revenue Coverage**  
**Utility System Revenue Bonds**  
**(Gas, Water and Wastewater Systems)**  
**Series 2004, 2007A, 2007B & 2010**  
**Last Nine Fiscal Years**

	<u>FY ENDING</u> <u>SEPT. 30, 2004</u>	<u>FY ENDING</u> <u>SEPT. 30, 2005</u>	<u>FY ENDING</u> <u>SEPT. 30, 2006</u>	<u>FY ENDING</u> <u>SEPT. 30, 2007</u>
Gross Revenues	\$ 18,357,691	\$ 20,390,719	\$ 24,260,195	\$ 25,959,785
Less Expenses	<u>14,912,625</u>	<u>15,811,099</u>	<u>18,265,045</u>	<u>17,799,914</u>
Net Revenues Available	\$ 3,445,066	\$ 4,579,620	\$ 5,995,150	\$ 8,159,871
Debt Service on 2004 Bonds <sup>1</sup>	see note <sup>2</sup>	see note <sup>2</sup>	see note <sup>2</sup>	\$ 1,075,151
Debt Service on 2007A Bonds <sup>3</sup>				see note <sup>4</sup>
Debt Service on 2007B Bonds <sup>3</sup>				see note <sup>4</sup>
Debt Service on 2010 Bonds <sup>5</sup>				
Total Debt Service Series 2004, 2007 & 2010				<u>\$ 1,075,151</u>
Debt Service Coverage 2004, 2007A&B Bonds				7.59 X
Required Minimum Coverage				1.15 X
Plus Capacity Charges				\$ 2,630,474
Debt Service Coverage 2004, 2007A and B Bonds				10.04 X
Required Minimum Coverage including Capacity Charges				1.25 X
Total Net Revenues less Utility System Debt Service				<u>\$ 9,715,194</u>

**Note:**

This information is provided as part of the Financial Trend Data and should be presented in a ten year format. The current presentation begins with the first year of the Series 2004 bonds.

**Definitions**

<sup>1</sup> **Series 2004**

Resolution 7143 and supplemented by Resolution 7144 adopted June 14, 2004, the City authorized the issuance of the Utility System Revenue Bonds, Series 2004, that closed on July 14, 2004.

**Gross Revenues** - defined pursuant to Resolution 7143 adopted June 14, 2004, as all income and earnings derived by the City from the ownership, operation, leasing, or use of the system, and investment income, excluding capital expansion and system improvement grants. Gross Revenues excludes the Plantation Utility System water and wastewater revenues since this is a non-integrated utility system.

**Expenses** - defined as Operation and Maintenance Expenses paid or accrued, less depreciation and amortized expenses.

**Net Revenues and Pledged Revenues** - defined as gross revenues less operation and maintenance expenses plus capacity charges.

<sup>2</sup> First three years of payments for these bonds are interest only. Payments began on October 2004 and are due Semi-annually each April 1 and October 1 thereafter. The annualized interest payments for fiscal year 2004, 2005 and 2006 were paid from the Capitalized Interest Fund of \$2,380,265.

<sup>3</sup> **Series 2007A & 2007B**

Resolution 7965 adopted July 23, 2007, the City amended Resolution 7143 authorizing the issuance of the Utility System Revenue Bonds Series 2007A and Taxable Utility System Revenue Bonds, Series 2007B ("Series 2007 Bonds") on a parity with the City's outstanding Utility System Revenue Bonds, Series 2004.

<sup>4</sup> First two years of payments for these bonds are interest only. Payments began on October 1, 2007 and are due Semi-annually April 1 and October 1 thereafter. The annualized interest payments for fiscal years 2007 and 2008 were paid from the Capitalized Interest fund of \$1,341,602 along with interest earnings thereon.

<sup>5</sup> **Series 2010**

Resolution 8673 adopted June 28, 2010, the City authorized the issuance of an \$8,000,000 note that fully paid off a prior \$8,000,000 Plantation System seller's note. This prior note was part of the purchase price for this \$15,000,000 utility and the 2010 note is on parity with the 2004 and 2007A&B bonds.

**City of Leesburg, Florida**  
**Pledged Revenue Coverage**  
**Utility System Revenue Bonds**  
**(Gas, Water and Wastewater Systems)**  
**Series 2004, 2007A, 2007B & 2010**  
**Last Nine Fiscal Years**

	<u>FY ENDING</u> <u>SEPT. 30, 2008</u>	<u>FY ENDING</u> <u>SEPT. 30, 2009</u>	<u>FY ENDING</u> <u>SEPT. 30, 2010</u>	<u>FY ENDING</u> <u>SEPT. 30, 2011</u>	<u>FY ENDING</u> <u>SEPT. 30, 2012</u>
Gross Revenues	\$ 26,425,520	\$ 25,543,939	\$ 25,782,014	\$ 25,785,180	\$ 23,765,090
Less Expenses	19,022,708	16,634,389	16,584,012	15,651,085	14,382,430
Net Revenues Available	\$ 7,402,812	\$ 8,909,550	\$ 9,198,002	\$ 10,134,095	\$ 9,382,660
Debt Service on 2004 Bonds	\$ 1,507,914	\$ 1,509,114	\$ 1,508,914	\$ 1,507,254	\$ 1,504,074
Debt Service on 2007A Bonds	see note <sup>4</sup>	1,039,044	1,341,444	1,338,444	1,339,844
Debt Service on 2007B Bonds	see note <sup>4</sup>	63,130	77,245	81,065	79,885
Debt Service on 2010 Bonds <sup>5</sup>				317,615	355,690
Total Debt Service Series 2004, 2007 & 2010	\$ 1,507,914	\$ 2,611,288	\$ 2,927,603	\$ 3,244,378	\$ 3,279,493
Debt Service Coverage 2004, 2007A&B Bonds	4.91 X	3.41 X	3.14 X	3.46 X	2.86 X
Required Minimum Coverage	1.15 X				
Plus Capacity Charges	\$ 1,821,414	\$ 764,192	\$ 367,211	\$ 129,603	\$ 48,396
Debt Service Coverage 2004, 2007A and B Bonds	6.12 X	3.70 X	3.27 X	3.51 X	2.88 X
Required Minimum Coverage including Capacity Charges	1.25 X				
Total Net Revenues less Utility System Debt Service	\$ 7,716,312	\$ 7,062,454	\$ 6,637,610	\$ 7,019,320	\$ 6,151,563

**City of Leesburg, Florida**  
**Pledged Revenue Coverage**  
**Communications System Capital Improvement Revenue Refunding Note**  
**Series 2009**  
**Last Four Fiscal Years**

	<u>FY ENDING</u> <u>SEPT. 30, 2009</u>	<u>FY ENDING</u> <u>SEPT. 30, 2010</u>	<u>FY ENDING</u> <u>SEPT. 30, 2011</u>	<u>FY ENDING</u> <u>SEPT. 30, 2012</u>
Gross Revenues	\$ 1,229,503	\$ 1,343,242	\$ 1,334,548	\$ 1,390,081
Less Operation and Maintenance Expenses	<u>614,598</u>	<u>709,695</u>	<u>792,226</u>	<u>764,200</u>
Net Revenues Available	614,905	633,547	542,322	625,881
Debt Service on FMPA Note <sup>1</sup>	84,821	73,024	-	-
Debt Service on 2009 Note <sup>2</sup>	N/A	\$ -	\$ 143,951	\$ 121,447
Debt Service Coverage 2009 Bonds	7.25	8.68	3.77 X	5.15 X
Required Minimum Coverage	1.50 X	1.50 X	1.50 X	1.50 X
Total Net Revenues less Communications				

**Note:**

Resolution 8511 adopted September 14, 2009, the City authorized the issuance of the Capital Improvement Revenue Refunding Note, Series 2009, that closed on October 2, 2009 to refinance the outstanding promissory Note Payable to Florida Municipal Power Agency (FMPA). The pledged revenues for this Note are the Communications Enterprise Revenues, and as needed, legally available Non-Ad Valorem Revenues budgeted, appropriated and set aside for the payment of debt service on the Note.

<sup>1</sup>For Fiscal Years 2009 and 2010, the debt service due was for the Promissory Note Payable to FMPA. As noted above the FMPA Note was paid in full by the issuance of the \$1,005,000 Capital Improvement Revenue Refunding Note, Series 2009.

<sup>2</sup>Pursuant to the covenants for the Series 2009 Note and Section 4.03 of the Loan Agreement, the Communications Enterprise Revenues have equaled at least 150% of maximum amount of debt service for fiscal years ended 2009, 2010 and 2011. The Covenant to Budget and Appropriate from legally available non-advalorem revenues is released as of the fiscal year 2011 audit completion.

**City of Leesburg, Florida  
Demographic and Economic Statistics  
Last Ten Calendar Years**

Year	Population <sup>1</sup>	Personal Income (thousands of dollars) <sup>2</sup>	Per Capita Personal Income <sup>3</sup>	Median Age <sup>4</sup>	Unemployment Rate <sup>5</sup>		
					Lake County	Florida	United States
2003	16,290	\$ 441,557	\$ 27,106	45.9	4.8%	5.2%	6.1%
2004	16,679	481,906	28,893	46.0	4.2%	4.9%	5.1%
2005	17,467	531,975	30,456	45.1	3.6%	3.8%	5.1%
2006	18,842	599,402	31,812	42.4	3.0%	3.3%	4.3%
2007	19,934	663,124	33,266	46.4	4.7%	4.4%	4.8%
2008	20,093	623,767	31,044	42.4	7.5%	7.0%	6.5%
2009	20,506	624,613	30,460	42.1	12.7%	11.5%	9.4%
2010	20,757	654,261	31,520	43.5	12.5%	12.2%	9.3%
2011	20,251	623,427	30,785	41.9	10.2%	9.8%	8.2%
2012	20,263	662,539	32,697	42.6	8.4%	8.2%	7.5%

Sources: <sup>1</sup> Florida Bureau of Economic and Business Research (BEBR ) as of April 1, 2012.

<sup>2</sup> The actual per capita personal income for the City is not known. The County's per capita figures are multiplied by the City's population to determine the total personal income for the City. For Fiscal Year 2012, the latest information provided on this website was for 2010.

<sup>3</sup> State of Florida , Department of Labor and Employment Security, Bureau of Labor Market Information (http://freida.labormarketinfo.com) as of 2010.

<sup>4</sup> U. S. Census Bureau 2006-2010 5-year estimates (http://factfinder2.census.gov)

<sup>5</sup> State of Florida , Department of Labor and Employment Security, Bureau of Labor Market Information (http://freida.labormarketinfo.com) as of October 2012.

**City of Leesburg, Florida  
Principal Employers  
Current Year and Nine Years Ago**

<b>Employer<sup>1</sup></b>	<b>2012</b>			<b>2003</b>		
	<b>Employees<sup>1</sup></b>	<b>City Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees<sup>1</sup></b>	<b>City Rank</b>	<b>Percentage of Total County Employment</b>
Central Florida Health Alliance (fka LRMC)	1,770	1	1.35%	1,800	1	1.72%
Lake Sumter State College	531	2	0.41%	180	10	0.14%
Lifestream Behavioral Center	521	3	0.40%	450	5	0.34%
City of Leesburg	515	4	0.39%	477	4	0.36%
Lake County School District (fka LCSB)	505	5	0.39%	538	3	0.41%
Lake Port Properties	400	6	0.31%	400	7	0.31%
Publix (3 stores)	390	7	0.30%			
Cutrale Cirtus Juices USA, Inc	356	8	0.27%			
Lake-Sumter EMS, Inc.	260	9	0.20%			
First Baptist Church of Leesburg	153	10	0.12%			
Embarq-Florida, Inc (fka Sprint-Florida)				850	2	0.65%
Wal-Mart Stores, Inc.				424	6	0.32%
Dura-Stress, Inc.				300	8	0.23%
Hewitt Contracting				300	8	0.23%
Avante Group, Inc.				180	10	0.14%
<b>Total</b>	<b>5,401</b>		<b>4.13%</b>	<b>5,899</b>		<b>4.85%</b>
Lake County Labor Force <sup>2</sup>	<b>130,910</b>			<b>104,630</b>		

Source: <sup>1</sup>Economic Development Commission of Mid Florida, Inc.

<sup>2</sup>Labor Force data obtained for Lake County from Florida Labor Market Statistics, <http://freida.labormarketinfo.com>

**City of Leesburg, Florida**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government										
Legislative	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Executive	7.00	7.00	7.00	7.00	8.00	5.00	5.00	5.00	6.00	6.00
Finance	43.00	44.00	43.00	47.00	51.50	50.00	50.00	48.00	47.00	47.00
Human Resources	5.00	6.00	6.00	6.00	6.50	6.00	6.00	6.00	6.00	6.00
MIS	10.00	11.00	14.00	12.00	12.00	12.00	12.00	11.50	11.50	11.50
Police										
Officers	66.25	72.25	73.25	77.25	76.75	72.00	72.25	72.25	72.25	72.25
Civilians	25.75	25.75	25.75	26.00	30.00	34.25	34.00	34.00	34.00	34.00
Fire										
Firefighters and officers	37.00	43.00	49.00	56.00	68.00	66.00	66.00	65.00	59.00	59.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Works										
GIS / Engineering	7.34	8.34	8.50	12.00	13.00	7.00	7.00	4.50	3.50	4.50
Other	16.00	18.00	20.50	25.00	26.00	16.10	16.10	18.10	15.10	15.10
Planning & Zoning	11.66	11.66	14.00	18.00	20.00	5.50	5.50	5.70	4.95	2.95
Housing & Economic										
Development	4.00	4.00	4.00	4.00	5.00	3.00	3.00	4.00	4.00	2.00
Library	23.00	23.00	23.80	28.25	28.75	22.00	25.47	20.32	23.65	23.65
Recreation	43.75	43.65	45.65	51.00	56.50	52.00	52.00	42.00	37.00	33.00
Airport		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Subtotal for Governmental										
<b>Funds</b>	<b>305.75</b>	<b>324.65</b>	<b>341.45</b>	<b>376.50</b>	<b>409.00</b>	<b>357.85</b>	<b>361.32</b>	<b>343.37</b>	<b>330.95</b>	<b>323.95</b>
Electric	53.50	47.50	49.50	49.50	55.00	50.00	50.00	50.00	51.00	48.00
Gas	16.50	17.50	22.50	22.50	21.00	19.00	19.00	19.00	19.00	23.00
Water	23.59	27.00	28.50	30.50	30.50	34.50	34.50	37.00	36.00	26.50
Wastewater	38.91	37.00	38.00	41.50	43.50	46.50	46.50	45.00	44.00	45.50
Stormwater	5.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00
Communications		2.00	3.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Solid Waste	19.00	19.00	18.00	18.00	19.00	19.90	19.90	17.90	17.90	17.90
Carver Heights CRA						1.00	1.00	-	-	-
Building Permits					9.50	6.50	6.50	4.30	4.05	4.05
Subtotal for Business Type										
<b>Funds</b>	<b>157.00</b>	<b>154.00</b>	<b>163.50</b>	<b>171.00</b>	<b>187.50</b>	<b>186.40</b>	<b>186.40</b>	<b>182.20</b>	<b>180.95</b>	<b>174.95</b>
<b>Total</b>	<b>462.75</b>	<b>478.65</b>	<b>504.95</b>	<b>547.50</b>	<b>596.50</b>	<b>544.25</b>	<b>547.72</b>	<b>525.57</b>	<b>511.90</b>	<b>498.90</b>

Source: City Annual Budget

**City of Leesburg, Florida**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Police</b>										
Responses to calls for service	41,534	44,060	54,659	52,061	50,893	47,078	44,459	47,345	53,024	51,837
Part I crimes	1,236	1,365	1,563	1,532	1,429	1,565	1,572	1,312	1,246	1,235
Traffic crashes & citations	8,130	7,491	10,844	8,356	6,553	6,567	6,271	6,729	6,327	7,120
<b>Fire</b>										
Emergency responses	4,669	4,230	4,440	4,693	5,264	5,831	6,395	7,384	6,581	7,233
Inspections	1,805	1,900	1,351	1,278	1,392	1,344	1,803	1,601	374	215
Pre-fire plans	254	164	578	455	468	306	107	80	107	44
<b>Solid Waste</b>										
Residential tons taken to incinerator	6,000	6,108	1,832	7,730	8,167	8,167	7,457	8,047	8,552	8,036
Residential tons of recyclables	400	486	101	406	402	402	390	408	393	389
Hand commercial collected	608	786	164	763	784	784	864	695	624	588
Commercial dumpster collected	7,693	9,840	2,865	11,729	11,293	11,293	12,598	13,302	12,902	11,743
<b>Fleet Maintenance</b>										
Vehicles owned by the City	644	625	673	655	696	584	609	593	598	589
Percent maintained by Fleet	90%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Preventive maintenance complete	640	710	550	656	675	557	450	506	736	468
<b>Community Development</b>										
Building permits issued within the City	406	2,122	3,666	4,599	2,878	2,238	1,943	1,944	1,318	1,210
Construction value of permits (thousands)	\$ 23,483	\$ 42,477	\$ 135,535	\$ 162,042	\$ 86,858	\$ 82,479	\$ 36,367	\$ 13,079	\$ 35,953	\$ 19,419
<b>Culture and Recreation</b>										
Youth programs	83	85	54	144	131	166	150	36	36	34
Number of bookings at rental facilities	501	608	829	760	6,935	6,331	5,782	5,476	2,368	2,269
Total service hours	1,645	1,298	N/A	2,786	22,101	27,035	28,213	28,156	6,075	6,279
Participants using the pools	8,082	11,360	10,137	16,525	23,633	12,818	16,903	16,791	8,462	6,418
Library service hours	3,390	3,292	3,346	3,482	3,270	3,296	2,402	2,607	2,594	2,610
Circulation - adults	224,067	250,516	258,695	252,150	265,918	273,159	274,996	275,690	257,912	257,037
Circulation - juvenile	31,222	34,416	59,367	68,984	77,636	83,589	86,610	79,208	74,245	83,174
Internet use	34,146	33,198	34,985	44,264	65,210	138,985	141,556	129,735	153,092	141,924
<b>Electric</b>										
Number of residential customers	15,801	16,425	17,013	17,439	17,841	17,732	17,666	21,043	16,307	17,608
Average daily consumption (KWh)	36.67	33.70	35.23	36.14	33.86	33.11	32.65	29.64	33.79	25.74
<b>Gas</b>										
Number of residential customers	8,421	8,845	9,130	9,607	10,116	11,300	11,259	11,279	11,241	11,141
Average daily consumption (therms)	0.73	0.67	0.63	0.58	0.53	0.43	0.57	0.68	0.56	0.41
<b>Water</b>										
Number of residential customers	9,633	10,056	10,491	14,504	15,426	13,885	15,616	18,181	18,250	19,357
Average daily consumption (gallons)	284.38	311.65	293.68	286.18	322.30	478.44	530.00	462.00	480.55	396.76
<b>Wastewater</b>										
Number of residential customers	9,609	10,185	10,618	14,051	15,515	12,861	17,032	17,032	17,218	17,309
Average daily sewage treatment (gallons)	196.30	210.97	232.13	207.89	318.44	207.39	174.00	159.98	134.74	150.21

Notes: N/A - Information is not available.

In 2007, the Recreation Department began to use new computer software called RecTrac. This software has allowed for more precise and detailed tracking across all rental facilities managed by the department.

Sources: Various city departments

**City of Leesburg, Florida**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Public Safety</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	3	3	3	4	4	4	4	4	4	4
<b>Solid Waste</b>										
Collection trucks	22	24	23	21	23	23	19	17	17	18
Annexation Acres	1,025.04	125.49	1,005.12	1,704.21	2,374.07	271.04	1.63	93.60	316.65	18.88
<b>Corporate Limits:</b>										
Acres	18,882.51	19,008.00	20,013.12	21,717.33	24,371.00	24,642	24,652.66	24,787	25,106	25,125
Square Miles	29.50	29.70	31.26	33.78	38.08	38.50	38.52	38.70	39.23	39.26
<b>Streets</b>										
Paved (miles)	84.1	84.1	79.0	79.0	79.0	79.0	79.0	82.2	83.1	83.1
Unpaved (miles)	3.2	3.2	1.7	1.7	1.7	1.7	1.7	1.9	1.9	1.9
<b>Culture and Recreation</b>										
Rental facilities	3	3	6	6	224	225	225	225	225	25
Museum	1	1	1	1	1	1	1	1	1	1
Parks facilities managed	22	22	50	50	22	23	23	23	23	25
Parks acreage	280	280	290	290	300	300	300	300	300	360
Library facilities	1	1	1	1	1	1	1	1	1	1
Volumes in collection	114,492	133,604	139,394	140,990	132,914	128,849	129,882	134,961	135,996	142,441
<b>Electric</b>										
Primary electric lines within the city (miles)	376	382	389	392	392	392	440	444	443	445
Overhead conductor replaced (feet)	35,000	12,769	20,825	N/A	1,000	41,392	9,870	54,506	59,000	2,000
Underground primary conductor replaced (feet)	33,000	270	16,450	37,500	3,000	25,519	24,975	5,000	12,000	2,500
<b>Gas</b>										
Gas mains	218	226	227	236	237	238	239	240	240	240
Gate stations	2	2	2	2	2	2	2	2	2	2
<b>Water</b>										
Water mains (miles)	325	325	255	295	350	302	375	375	375	332
Maximum capacity (millions of gallons)	9.1	9.1	9.1	28.0	28	28	28	28	28	28
Deep wells	15	17	17	20	21	21	21	21	19	19
<b>Wastewater</b>										
Sewers force mains (miles)	103	103	61	63	77	81	81	81	81	87
Sewers gravity lines (miles)	70	116	130	133	165	169	169	169	169	178
Lift stations	102	110	114	124	146	173	162	163	173	174
Disposal plants	2	2	2	2	2	3	3	3	2	2
Maximum capacity (millions of gallons per day)	6.50	6.50	6.50	6.50	6.50	6.87	8.37	8.37	8.00	8.00
<b>Communication</b>										
Fiber optics cable (miles)	70	140	158	166	169	171	173	189	191	220

Notes: N/A - Information is not available.

In 2005, the City's Geographical Information Systems Department (GIS) completed the electronic mapping of the City's utility systems. The results enabled the City to accurately present its capital assets. Prior to completion of this project, the information was estimated.

In 2007, the Recreation Department began to use new computer software called RecTrac. This software has allowed for more precise and detailed tracking across all rental facilities managed by the department. In 2012, a correction was made to the number of rental facilities. Prior years included rooms within facilities as separate facilities.

Sources: Various city departments



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**SINGLE AUDIT SECTION**

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number / Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grants/Entitlement Grants:	14.218		
Indirect: Passed Through Lake County, Florida			
Neighborhood Stabilization Program		N/A	\$ 118,552
Total Program			<u>118,552</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>118,552</u></b>
<b>U.S. Department of Justice</b>			
	16.580		
Indirect: Passed Through City of Tampa			
Security Support for the FY2012 Republican Nominating Convention		2012-NC-BX-3070	<u>24,326</u>
			24,326
Public Safety Partnership and Community Policing Grants:	16.710		
Direct:			
ARRA - COPS Grant - 2 Sworn Positions		2009-RK-WX-0225	<u>78,014</u>
Total Program			78,014
Edward Byrne Memorial Justice Assistance Grant Program:	16.738		
Direct:			
Byrne Grant - Digital Equipment		2010-DJ-BX-1326	4,027
Byrne Grant - Tactical Equipment		2011-DJ-BX-2620	20,755
Indirect: Passed Through Lake County, Florida			
Byrne Grant - Tactical Equipment		2012-JAGC-LAKE-12-C4-132	<u>16,621</u>
Sub-Total Program			41,403
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government:	16.804		
Direct:			
ARRA - Byrne Grant - Police Overtime		2009-SB-B9-2036	<u>17,838</u>
Sub-Total Program			17,838
Total Program			<u>59,241</u>
<b>Total U.S. Department of Justice</b>			<b><u>161,581</u></b>
<b>U.S. Department of Transportation</b>			
Airport Improvement Program:	20.106		
Direct:			
Extend Runway 13/31 - Phase Two Land Mitigation		3-12-0042-018-2008	420,370
Runway 13/31 Obstruction Survey		3-12-0042-020-2009	21,346
Airside Master Signage Plan/Wildlife Hazard Mitigation Plan		3-12-0042-021-2011	<u>184,592</u>
Total Program			626,308
Highway Planning and Construction	20.205		
Indirect: Passed through State of Florida Department of Transportation			
Leesburg - Wildwood Trail		424444-1-58-01	<u>51,816</u>
			51,816
<b>Total U.S. Department of Transportation</b>			<b><u>678,124</u></b>

*(Continued)*

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**  
*(Concluded)*

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number / Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Energy</b>			
Electricity Delivery and Energy Reliability, Research, Development and Analysis:	81.122		
Direct:			
ARRA - Smart Grid Investment Project		OE0000236	\$ 4,220,669
Total Program			<u>4,220,669</u>
Indirect: Passed through State of Florida Department of Agriculture and Consumer Services			
ARRA - Energy Efficiency and Conservation Block Grant	81.128	17619	1,240,000
Total Program			<u>1,240,000</u>
<b>Total U.S. Department of Energy</b>			<b><u>5,460,669</u></b>
<b>U.S. Department of Homeland Security</b>			
Homeland Security Grant Program:	97.067		
Indirect: Passed through State of Florida Department of Financial Services			
Technical Resources 2010		010-DS-39-13-00-16-414	3,737
Technical Resources 2012		11-DS-9Z-13-00-16-436	2,076
Total Program			<u>5,813</u>
<b>Total U.S. Department of Homeland Security</b>			<b><u>5,813</u></b>
		<b>Total Expenditure of Federal Awards</b>	<b><u>\$ 6,424,739</u></b>

**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



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MOORE STEPHENS  
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor and  
Members of the City Commission  
City of Leesburg, Florida

We have audited the basic financial statements of the City of Leesburg, Florida (the "City"), as of and for the year ended September 30, 2012, and have issued our report thereon dated March 4, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control over Financial Reporting***

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Finding 2012-01, that we consider to be a significant deficiency in internal control over financial reporting. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Honorable Mayor and  
Members of the City Commission  
City of Leesburg, Florida

***Compliance and Other Matters***

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

The City's response to the finding identified in our audit is described in the Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, City Commission, management, the State of Florida Auditor General, and federal and state awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
March 4, 2013



MOORE STEPHENS  
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and  
Members of the City Commission  
City of Leesburg, Florida

***Compliance***

We have audited the compliance of the City of Leesburg, Florida (the "City"), with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

***Internal Control over Compliance***

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

The Honorable Mayor and  
Members of the City Commission  
City of Leesburg, Florida

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

***Schedule of Expenditures of Federal Awards***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2012, and have issued our report thereon dated March 4, 2013. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis, as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
March 4, 2013

**CITY OF LEESBURG, FLORIDA**  
**Schedule of Findings and Questioned Costs**  
**For The Year Ended September 30, 2012**

**Section I - Summary of Independent Auditor's Results**

**Financial Statements**

Type of Auditor's Report Issued:

**Unqualified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes       X  No
- Significant deficiency(ies) identified?  X  Yes      \_\_\_ None reported
- Noncompliance material to financial statements noted? \_\_\_ Yes       X  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes       X  No
- Significant deficiency(ies) identified? \_\_\_ Yes       X  None reported

Type of report issued on compliance for major federal program:

**Unqualified Opinion**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_ Yes       X  No

**Identification of Major Federal Programs:**

**CFDA Numbers**

**Name of Federal Programs**

81.122

ARRA – Smart Grid Investment Project

81.128

ARRA – Energy Efficiency and Conservation Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

X  Yes      \_\_\_ No

**CITY OF LEESBURG, FLORIDA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For The Year Ended September 30, 2012**

**Section II - Financial Statement Findings**

**Finding 2012-01 – Governmental Capital Assets**

**Condition**

While preparing for this year's audit, City staff identified errors in the classification and related accumulated depreciation of specific governmental capital assets. These errors were corrected through a prior-period adjustment in the current-year financial statements.

**Criteria**

In order to ensure that all capital costs and related accumulated depreciation are properly recorded, a complete reconciliation should be prepared by the City on an annual basis.

**Effect**

Unreconciled differences between the City's governmental capital assets inventory and capital asset classifications could allow errors in the amount recorded as cost basis and related accumulated depreciation to go undetected.

**Recommendation**

We recommend that the City formalize its policies and procedures for the reconciliation and proper classification of governmental capital assets. Any unreconciled differences should be adjusted on an annual basis.

**Section III - Federal Award Findings and Questioned Costs Section**

None Reported.

**Section IV - Prior Audit Findings**

None Reported.

**CITY OF LEESBURG, FLORIDA**  
**Corrective Action Plan in Accordance**  
**with OMB Circular A-133**  
**For The Year Ended September 30, 2012**

**Corrective Action Planned for Audit Finding**

**Finding 2012-01 – Governmental Capital Assets**

**Management Response**

The City concurs with the auditor's recommendation to formalize its policies and procedures for the reconciliation and proper classification of governmental capital assets, and will implement the appropriate solution for fiscal year 2013.



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**MOORE STEPHENS  
LOVELACE, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

The Honorable Mayor and  
Members of the City Commission  
City of Leesburg, Florida

We have audited the financial statements of the City of Leesburg, Florida (the "City"), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated March 4, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 4, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with the preceding audit, we did not have any such findings or recommendations.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have provided a recommendation identified as MLO 2012-02 in the attached Schedule of Recommendations and Responses.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

The Honorable Mayor and  
Members of the City Commission  
City of Leesburg, Florida

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Mayor, City Commission, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
March 4, 2013

**CITY OF LEESBURG, FLORIDA**  
**Schedule of Recommendations and Responses**  
**For the Year Ended September 30, 2012**

**MLO 2012-02 – Payee Positive Pay**

**Observation**

The City currently uses a Positive Pay validation process with its financial institution to protect the City against altered checks and counterfeit check fraud. However, we noted that the City's pay validation process does not include an available feature to match the payee's name reported on the City's check issue data with checks presented for payment.

**Criteria**

To strengthen fraud control measures and ensure greater security against check fraud, an appropriate positive pay process should be implemented.

**Recommendation**

We recommend that the City perform a cost-benefit analysis and consider adding the payee-matching feature to its positive pay process to further mitigate the risk of check fraud being committed against the City.

**Management Response**

The City concurs with the auditor's recommendation to consider adding the payee matching feature to its positive pay process, and will implement the appropriate solution for fiscal year 2013.



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**DEBT DISCLOSURE SECTION**  
*(Unaudited)*



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**City of Leesburg, Florida**  
**DEBT DISCLOSURE SECTION**

This part of the City of Leesburg's comprehensive annual financial report discloses information as required per the City's 2004 and 2007 bond covenants.

**CONTENTS**

	<b>Page(s)</b>
Historical Statement of Pledged Revenues and Debt Service Coverage	159-166
Inter-Utility Comparison of Typical Monthly Utility Bills	167-171
Ten Largest Utility Customers	172-173
City Ordinances Related to Utility Rates	174-203
Anti-Dilution Test	204
Covenant to Budget and Appropriate Worksheets	205-214



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## HISTORICAL STATEMENT OF PLEDGED REVENUES AND DEBT SERVICE COVERAGE

The information in the following table sets forth the historical Pledged Revenues, and the coverage provided by Sales Tax and Guaranteed Entitlements of debt service on 1999 Bonds through 2009. On November 30, 2009, these bonds were refunded by the Capital Improvement Refunding Promissory Note, Series 2009 with the same pledged revenues and coverage requirements. The table also sets forth the coverage provided by Pledged Revenues for the indicated years of maximum amount debt service on the Series 2004 Bonds for such years.

City of Leesburg, Florida Historical Operating Results	Amounts expressed in thousands										
Description	Fiscal Year Ended September 30										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Half-Cent Sales Tax	\$ 822	\$ 919	\$ 997	\$ 1,094	\$ 1,002	\$ 964	\$ 899	\$ 900	\$ 931	\$ 913	
Guaranteed Entitlement	309	309	309	309	309	309	309	309	309	309	
Miscellaneous Revenues	<u>2</u>	<u>5</u>	<u>3</u>	<u>-</u>							
Subtotal Revenues	\$ <u>1,134</u>	\$ <u>1,233</u>	\$ <u>1,309</u>	\$ <u>1,403</u>	\$ <u>1,311</u>	\$ <u>1,273</u>	\$ <u>1,208</u>	\$ <u>1,209</u>	\$ <u>1,240</u>	\$ <u>1,222</u>	
Debt Service on 1999 Bonds through 2009	\$ 499	\$ 498	\$ 498	\$ 496	\$ 495	\$ 497	\$ 500	\$ 332		\$	
Debt Service on 2009 Note beginning 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>\$ 523</u>	<u>474</u>	
Revenues less Debt Service on 1999 Bonds/2009 Note	\$ 635	\$ 735	\$ 812	\$ 907	\$ 816	\$ 776	\$ 708	\$ 781	\$ 717	\$ 749	
Public Services Tax	<u>2,125</u>	<u>2,601</u>	<u>2,955</u>	<u>2,771</u>	<u>2,858</u>	<u>3,058</u>	<u>3,127</u>	<u>3,215</u>	<u>3,182</u>	<u>3,103</u>	
Total	\$ <u>2,759</u>	\$ <u>3,336</u>	\$ <u>3,767</u>	\$ <u>3,678</u>	\$ <u>3,675</u>	\$ <u>3,834</u>	\$ <u>3,835</u>	\$ <u>3,996</u>	\$ <u>3,899</u>	\$ <u>3,852</u>	
Debt Service on Series 2004 Bonds	\$ -	\$ 126	\$ 798	\$ 798	\$ 1,114	\$ 1,111	\$ 1,111	\$ 1,110	\$ 1,108	\$ 1,106	
Debt Service Coverage	2.27 X	26.42 X	4.72 X	4.61 X	3.30 X	3.45 X	3.45 X	3.60 X	3.52 X	3.48 X	
Required Coverage <sup>2</sup>	1.25 X	1.30 X	1.30 X	1.30 X	1.30 X	1.30 X	1.30 X	1.30 X	1.30 X	1.30 X	

**Notes:**

<sup>1</sup>Small variances may exist in this schedule due to rounding.

<sup>2</sup>On July 21, 2004, the required coverage changed based on the new Capital Improvement Revenue Bonds, Series 2004.

### Historical Operating Results - Electric Utility

The historical operating results of the Electric System have been prepared pursuant to certain provisions of the Bond Resolution and therefore reflect certain differences from the City's audited financial statements. The historical operating results for the Electric System for each of the ten fiscal years ended September 30, 2003 through 2012 are shown in the table below.

City of Leesburg, Florida	Amounts expressed in thousands									
Historical Operating Results										
Description	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating Revenues	\$ 40,019	\$ 45,347	\$ 49,716	\$ 60,197	\$ 60,077	\$ 69,371	\$ 70,986	\$ 68,654	\$ 70,986	\$ 56,415
Less: Operating Expenses <sup>1</sup>	33,430	38,456	42,428	52,211	51,343	59,762	61,013	55,737	61,013	45,244
Net Operating Revenues	\$ 6,589	\$ 6,891	\$ 7,287	\$ 7,986	\$ 8,734	\$ 9,609	\$ 9,973	\$ 12,917	\$ 9,973	\$ 11,170
Other Income <sup>2</sup>	799	731	588	491	785	932	581	408	581	372
Total Available for Debt Service	\$ 7,388	\$ 7,623	\$ 7,875	\$ 8,477	\$ 9,519	\$ 10,541	\$ 10,554	\$ 13,325	\$ 10,554	\$ 11,543
<b>Debt Service</b>										
Series 1999A <sup>3</sup>	1,160	351	-	-	-	-	-	-	-	-
Series 2004 Bonds <sup>4</sup>	-	-	-	-	780	1,096	1,091	1,090	1,091	1,090
Series 2007A and 2007B Bonds <sup>5</sup>	-	-	-	-	-	1,235	1,235	1,499	1,235	1,495
Series 2010 Note <sup>6</sup>	-	-	-	-	-	-	-	-	-	3
Total Debt Service	\$ 1,160	\$ 351	\$ -	\$ -	\$ 780	\$ 2,331	\$ 2,326	\$ 2,589	\$ 2,326	\$ 2,587
Capital Contribution/Impact Fees	\$ 158	\$ 296	\$ 2,060	\$ 1,158	\$ 772	\$ 622	\$ 274	\$ 31	\$ 274	\$ 220
Amount Available for Working Capital, Transfer to General Fund & Capital Improvements	\$ 6,386	\$ 7,568	\$ 9,936	\$ 9,635	\$ 9,511	\$ 8,832	\$ 8,502	\$ 10,767	\$ 8,502	\$ 9,176
Total Transfers In/(Out)	(4,972)	(8,856)	(6,865)	(5,314)	(6,577)	(5,729)	(4,843)	(1,559)	(4,843)	(5,386)
Net Available from Operations	\$ 1,414	\$ (1,288)	\$ 3,071	\$ 4,321	\$ 2,934	\$ 3,103	\$ 3,659	\$ 9,209	\$ 3,659	\$ 3,789
<b>Debt Service Coverage:<sup>7</sup></b>										
Debt Service Coverage on Bonds	6.37 X	21.74 X	- X	- X	12.21 X	4.52 X	4.54 X	5.15 X	4.54 X	4.46 X
Required Coverage Test	1.25 X	1.25 X	1.25 X	1.25 X	1.25 X	1.25 X	1.25 X	1.25 X	1.25 X	1.25 X

**Definitions:**

**Gross Revenues** are defined pursuant to Resolution 7143 adopted June 14, 2004, as all income and earnings derived by the City from the ownership, operation, leasing, or use of the system, and investment income, excluding capital expansion and system improvement grants.

**Operation and Maintenance expenses** are defined as the cost of operation and maintenance as current expenses, paid or accrued, less depreciation and amortization expense.

**Net Revenues and Pledged Revenues** are defined as gross revenues less operation and maintenance expenses plus capacity

**Notes:**

<sup>1</sup> Amounts shown exclude depreciation and amortization expense.

<sup>2</sup> The amounts shown are as defined in the Bond Resolution and exclude interest earnings on Construction Fund balances.

<sup>3</sup> Allocable to the Electric System. 1999A Bonds defeased by revenues of the System.

<sup>4</sup> **Series 2004** - First three years of payments for these bonds are interest only. Payments began on October 1, 2004, and are due semiannually April 1 and October 1 thereafter. The annualized interest payments for fiscal years 2004, 2005 and 2006 were \$166,793, \$779,813 and \$779,813 respectively, and were paid 100% from the Capitalized Interest fund of \$1,726,418.

<sup>5</sup> **Series 2007A & 2007B** - In Resolution 7064 adopted July 23, 2007, the City amended Resolution 7141 for the purpose of authorizing the issuance of the Electric System Revenue Bonds, Series 2007A and Taxable Electric System Revenue Bonds, Series 2007B ("Series 2007 Bonds") on a parity with the City's outstanding Electric System Revenue Bonds, Series 2004. First payment due on October 1, 2007, for these bonds is interest only and will be paid 100% from the Capitalized Interest fund of \$1,341,602. 2007A - \$67,889 2007B - \$87,236 Total interest due \$155,125.

<sup>6</sup> **Series 2010 - In** Resolution 8692 adopted August 4, 2010, the City authorized the issuance of an "up to \$20,000,000" Note with a 3 year interest only drawdown facility. Any outstanding balance as of 10/1/2013 will be paid off over a ten year term period.

<sup>7</sup> Excludes revenues from capacity charges per Bond Resolution.

**Historical Operating Results - Gas Utility**

City of Leesburg, Florida Historical Operating Results	Amounts expressed in thousands									
	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Description										
Operating Revenues	\$ 6,674	\$ 7,601	\$ 8,605	\$ 10,324	\$ 8,575	\$ 10,071	\$ 8,255	\$ 9,403	\$ 8,158	\$ 6,898
Less: Operating Expenses	6,342	7,231	7,581	8,983	6,868	7,760	5,701	6,191	5,425	4,472
Net Operating Revenues	\$ 331	\$ 370	\$ 1,025	\$ 1,340	\$ 1,707	\$ 2,312	\$ 2,554	\$ 3,213	\$ 2,733	\$ 2,426
Other Income	102	78	55	78	127	97	73	(17)	48	19
Total Available for Debt Service	\$ 433	\$ 448	\$ 1,079	\$ 1,418	\$ 1,834	\$ 2,408	\$ 2,627	\$ 3,196	\$ 2,781	\$ 2,445
<b>Debt Service</b>										
Series 1999A and 1999B Bonds <sup>1</sup>	142	43	-	-	-	-	-	-	-	-
Series 2004 Bonds <sup>2</sup>	-	-	-	-	180	253	253	253	253	252
Series 2007A and 2007B Bonds <sup>3</sup>	-	-	-	-	-	125	118	152	152	152
Series 2010 Note <sup>4</sup>	-	-	-	-	-	-	-	-	44	49
Total Debt Service	\$ 142	\$ 43	\$ -	\$ -	\$ 180	\$ 378	\$ 371	\$ 405	\$ 449	\$ 453
Capital Contribution/Impact Fees	-	-	4	-	-	195	115	22	-	-
Amount Available for Working Capital, Transfer to General Fund & Capital Improvements	\$ 291	\$ 405	\$ 1,083	\$ 1,418	\$ 1,654	\$ 2,225	\$ 2,371	\$ 2,813	\$ 2,332	\$ 1,992
Total Transfers In/(Out)	(634)	(767)	(1,138)	(820)	(851)	(1,072)	(863)	(1,072)	(977)	(659)
Net Available from Operations	\$ (343)	\$ (362)	\$ (54)	\$ 598	\$ 803	\$ 1,153	\$ 1,508	\$ 1,741	\$ 1,355	\$ 1,333
<b>Debt Service Coverage:<sup>5</sup></b>										
Debt Service Coverage on Bonds	3.05 X	10.44 X	- X	- X	10.17 X	6.38 X	7.08 X	7.89 X	6.19 X	5.40 X
Required Coverage Test	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X
<b>Notes:</b>										
See notes on Combined Totals Sheet, pg. 2										

### Historical Operating Results - Water Utility

City of Leesburg, Florida Historical Operating Results	Amounts expressed in thousands									
Description	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating Revenues	\$ 3,961	\$ 4,490	\$ 4,401	\$ 5,565	\$ 7,383	\$ 6,996	\$ 6,874	\$ 6,811	\$ 7,751	\$ 7,182
Less: Operating Expenses	2,778	3,403	3,451	3,883	4,891	4,958	4,879	4,417	4,367	3,965
Net Operating Revenues	\$ 1,183	\$ 1,087	\$ 951	\$ 1,682	\$ 2,492	\$ 2,038	\$ 1,995	\$ 2,394	\$ 3,384	\$ 3,217
Other Income	241	176	127	148	178	161	95	54	40	23
Total Available for Debt Service	\$ 1,424	\$ 1,263	\$ 1,078	\$ 1,831	\$ 2,670	\$ 2,199	\$ 2,090	\$ 2,448	\$ 3,424	\$ 3,240
<b>Debt Service</b>										
Series 1999A and 1999B Bonds <sup>1</sup>	339	103	-	-	-	-	-	-	-	-
Series 2004 Bonds <sup>2</sup>	-	-	-	-	375	526	526	526	526	525
Series 2007A and 2007B Bonds <sup>3</sup>	-	-	-	-	-	715	674	870	868	869
Series 2010 Note <sup>4</sup>	-	-	-	-	-	-	-	-	152	170
Total Debt Service	\$ 339	\$ 103	\$ -	\$ -	\$ 375	\$ 1,241	\$ 1,200	\$ 1,396	\$ 1,546	\$ 1,564
Capital Contribution/Impact Fees	347	811	1,097	2,467	1,624	680	822	77	68	55
Amount Available for Working Capital, Transfer to General Fund & Capital Improvements	\$ 1,432	\$ 1,972	\$ 2,175	\$ 4,297	\$ 3,919	\$ 1,637	\$ 1,711	\$ 1,129	\$ 1,946	\$ 1,731
Total Transfers In/(Out)	(1,765)	(811)	(1,785)	(568)	(793)	(804)	(828)	(353)	(873)	(861)
Net Available from Operations	\$ (334)	\$ 1,161	\$ 390	\$ 3,729	\$ 3,126	\$ 833	\$ 883	\$ 776	\$ 1,073	\$ 870
<b>Debt Service Coverage:<sup>4</sup></b>										
Debt Service Coverage on Bonds	4.20 X	12.31 X	- X	- X	7.12 X	1.77 X	1.74 X	1.75 X	2.21 X	2.07 X
Required Coverage Test	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X
<b>Notes:</b>										
See notes on Combined Totals Sheet, pg. 2										

### Historical Operating Results - Water Utility

City of Leesburg, Florida Historical Operating Results	Amounts expressed in thousands									
Description	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating Revenues	\$ 4,609	\$ 5,868	\$ 7,079	\$ 7,908	\$ 9,157	\$ 9,630	\$ 9,426	\$ 9,439	\$ 9,713	\$ 9,626
Less: Operating Expenses	3,687	4,279	4,780	5,399	6,041	6,305	6,054	5,977	5,859	5,945
Net Operating Revenues	\$ 923	\$ 1,588	\$ 2,299	\$ 2,510	\$ 3,116	\$ 3,325	\$ 3,372	\$ 3,462	\$ 3,854	\$ 3,681
Other Income	93	145	123	237	539	82	591	372	74	27
Total Available for Debt Service	\$ 1,016	\$ 1,733	\$ 2,423	\$ 2,747	\$ 3,656	\$ 3,407	\$ 3,963	\$ 3,834	\$ 3,928	\$ 3,708
<b>Debt Service</b>										
Series 1999A and 1999B Bonds <sup>1</sup>	241	73	-	-	-	-	-	-	-	-
Series 2004 Bonds <sup>2</sup>	-	-	-	-	520	729	729	730	728	727
Series 2007A and 2007B Bonds <sup>3</sup>	-	-	-	-	-	263	311	397	400	399
Series 2010 Note <sup>4</sup>	-	-	-	-	-	-	-	-	122	137
Total Debt Service	\$ 241	\$ 73	\$ -	\$ -	\$ 520	\$ 991	\$ 1,040	\$ 1,127	\$ 1,250	\$ 1,263
Capital Contribution/Impact Fees	601	1,219	2,679	1,826	1,012	1,142	-	292	62	31
Amount Available for Working Capital, Transfer to General Fund & Capital Improvements	\$ 1,376	\$ 2,879	\$ 5,102	\$ 4,572	\$ 4,148	\$ 3,558	\$ 2,923	\$ 3,000	\$ 2,739	\$ 2,476
Total Transfers In/(Out)	(331)	(404)	(1,045)	(497)	(664)	(733)	(724)	(663)	(708)	(763)
Net Available from Operations	\$ 1,046	\$ 2,475	\$ 4,057	\$ 4,075	\$ 3,484	\$ 2,825	\$ 2,199	\$ 2,337	\$ 2,031	\$ 1,713
<b>Debt Service Coverage:<sup>4</sup></b>										
Debt Service Coverage on Bonds	- X	- X	- X	- X	7.03 X	3.44 X	3.81 X	3.40 X	3.14 X	2.94 X
Required Coverage Test	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X
<b>Notes:</b>										
See notes on Combined Totals Sheet, pg. 2										

### Historical Operating Results - Combined Gas, Water & Wastewater Utilities

The historical operating results of the Utilities System have been prepared by individual utility pursuant to certain provisions of the Bond Resolution and therefore reflect certain differences from the City's audited financial statements. The historical operating results for the Utilities System for each of the ten fiscal years ended September 30, 2003 through 2012 are shown in the table below.

City of Leesburg, Florida Historical Operating Results	Amounts expressed in thousands									
Description	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating Revenues	\$ 15,244	\$ 17,958	\$ 20,086	\$ 23,797	\$ 25,116	\$ 26,697	\$ 24,555	\$ 25,653	\$ 25,622	\$ 23,706
Less: Operating Expenses	12,807	14,913	15,811	18,265	17,800	19,023	16,634	16,585	15,651	14,382
Net Operating Revenues	\$ 2,437	\$ 3,045	\$ 4,275	\$ 5,532	\$ 7,316	\$ 7,674	\$ 7,921	\$ 9,069	\$ 9,971	\$ 9,324
Other Income	436	400	305	463	844	340	758	409	161	69
Total Available for Debt Service	\$ 2,873	\$ 3,445	\$ 4,580	\$ 5,995	\$ 8,160	\$ 8,014	\$ 8,679	\$ 9,478	\$ 10,132	\$ 9,393
<b>Debt Service</b>										
Series 1999A and 1999B Bonds <sup>1</sup>	722	218	-	-	-	-	-	-	-	-
Series 2004 Bonds <sup>2</sup>	-	-	-	-	1,075	1,508	1,509	1,509	1,507	1,504
Series 2007A and 2007B Bonds <sup>3</sup>	-	-	-	-	-	1,102	1,102	1,419	1,420	1,420
Series 2010 Note <sup>4</sup>	-	-	-	-	-	-	-	-	-	356
Total Debt Service	\$ 722	\$ 218	\$ -	\$ -	\$ 1,075	\$ 2,610	\$ 2,611	\$ 2,928	\$ 3,246	\$ 3,280
Capital Contribution/Impact Fees	\$ 948	\$ 2,030	\$ 3,781	\$ 4,292	\$ 2,636	\$ 2,016	\$ 937	\$ 392	\$ 130	\$ 86
Amount Available for Working Capital, Transfer to General Fund & Capital Improvements	\$ 3,099	\$ 5,257	\$ 8,360	\$ 10,287	\$ 9,721	\$ 7,420	\$ 7,006	\$ 6,942	\$ 7,017	\$ 6,199
Total Transfers In/(Out)	(2,730)	(1,982)	(3,968)	(1,885)	(2,309)	(2,609)	(2,415)	(2,088)	(2,558)	(2,283)
Net Available from Operations	\$ 369	\$ 3,275	\$ 4,392	\$ 8,402	\$ 7,413	\$ 4,811	\$ 4,591	\$ 4,854	\$ 4,459	\$ 3,916
<b>Debt Service Coverage:<sup>5</sup></b>										
Debt Service Coverage on Bonds	- X	- X	- X	- X	7.59 X	3.07 X	3.32 X	3.24 X	3.12 X	2.86 X
Required Coverage Test	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X	1.15 X

**Notes:**

**Gross Revenues** are defined pursuant to Resolution 7143 adopted June 14, 2004, as all income and earnings derived by the City from the ownership, operation ,  
**Operation and Maintenance expenses** are defined as the cost of operation and maintenance as current expenses, paid or accrued, less depreciation and  
**Net Revenues and Pledged Revenues** are defined as gross revenues less operation and maintenance expenses plus capacity charges.

<sup>1</sup>**Series 1999** - Allocable to the System. 1999A and 1999B Bonds defeased by revenues of the System.

<sup>2</sup>**Series 2004** - First three years of payments for these bonds are interest only. Payments began on October 1, 2004, and are due semiannually April 1 and October 1

<sup>3</sup>**Series 2007A & 2007B** - In Resolution 7965 adopted July 23, 2007, the City amended Resolution 7143 for the purpose of authorizing the issuance of the Utility System

<sup>4</sup>**Series 2010** - In Resolution 8673 adopted June 28, 2010, the City authorized the issuance of an \$8,000,000 note that fully paid off a prior \$8,000,000 Plantation

<sup>5</sup>Excludes revenues from capacity charges per Bond Resolution.



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**CITY OF LEESBURG, FLORIDA**

Electric System

Inter-Utility Comparison of Typical Monthly Electric Bills <sup>[1]</sup>

Line No.	Comparable Utility	Fuel Adj. (\$/1000 kWh)	Usage			
			500 kWh	1,000 kWh	2,000 kWh	3,000 kWh
<b>Residential Service</b>						
1	<b>City of Leesburg, Florida</b>	\$26.50	\$67.37	\$123.53	\$235.84	\$348.16
<b>Florida Municipalities or Cooperatives:</b>						
2	City of Gainesville	51.00	59.67	127.67	280.67	433.67
3	City of Lakeland	44.90	54.86	101.72	202.93	306.65
4	City of Ocala	25.00	63.99	118.64	143.64	168.64
5	Orlando Utilities Commission	37.25	58.72	109.43	230.86	352.29
6	Sumter Electric Cooperative, Inc.	8.30	70.73	126.95	239.40	351.85
7	City of Tallahassee	46.33	61.11	115.48	224.22	332.96
<b>Investor-Owned Utilities <sup>[2]</sup>:</b>						
8	Florida Power and Light	33.43	49.14	92.38	198.86	305.34
9	Progress Energy	48.60	64.44	120.11	252.37	384.63
10	Tampa Electric Company	38.40	57.37	104.23	217.96	331.69
11	Average		59.86	112.64	220.84	329.34
12	Minimum		49.14	92.38	143.64	168.64
13	Max		70.73	127.67	280.67	433.67
<b>General Service (Non-Demand)</b>						
14	<b>City of Leesburg, Florida</b>	\$26.50	\$71.16	\$131.11	\$251.01	\$370.90
<b>Florida Municipalities or Cooperatives:</b>						
15	City of Gainesville	51.00	91.50	157.00	302.00	461.00
16	City of Lakeland	44.90	58.96	107.92	205.83	303.75
17	City of Ocala	25.00	66.88	121.53	230.84	340.15
18	Orlando Utilities Commission	40.03	63.75	117.24	224.23	331.22
19	Sumter Electric Cooperative, Inc.	8.30	72.73	128.95	241.40	353.85
20	City of Tallahassee	46.33	54.31	100.17	191.90	283.63
<b>Investor-Owned Utilities <sup>[2]</sup>:</b>						
21	Florida Power and Light	50.38	79.51	152.12	297.35	442.58
22	Progress Energy	51.75	68.30	125.01	238.43	351.85
23	Tampa Electric Company	41.90	60.77	111.04	211.58	312.12
24	Average		70.30	127.60	243.96	362.07
25	Minimum		58.96	107.92	205.83	303.75
26	Max		91.50	157.00	302.00	461.00

**CITY OF LEESBURG, FLORIDA**

Electric System

Inter-Utility Comparison of Typical Monthly Electric Bills <sup>[1]</sup>

Line No.	Comparable Utility	Fuel Adj. (\$/1000 kWh)	Usage			
			50 kW 20,000 kWh	150 kW 40,000 kWh	300 kW 120,000 kWh	500 kW 200,000 kWh
<b>General Service Demand</b>						
27	<b>City of Leesburg, Florida</b>	\$26.50	\$1,971.85	\$4,461.87	\$11,711.95	\$19,504.03
<b>Florida Municipalities or Cooperatives:</b>						
28	City of Gainesville	51.00	2,552.50	5,517.50	15,065.00	25,075.00
29	City of Lakeland	44.90	1,681.72	3,683.44	9,940.32	16,510.20
30	City of Ocala	25.00	1,977.15	4,319.85	11,815.65	19,951.45
31	Orlando Utilities Commission	40.03	1,800.00	3,970.00	10,650.00	17,730.00
32	Sumter Electric Cooperative, Inc.	8.30	1,950.10	4,132.70	11,425.60	19,006.00
33	City of Tallahassee	46.33	1,561.52	3,577.92	9,043.52	15,029.12
<b>Investor-Owned Utilities <sup>[2]</sup>:</b>						
34	Florida Power and Light	36.87	1,581.64	3,648.84	9,407.64	32,151.13
35	Progress Energy	51.75	1,947.89	4,131.69	11,629.39	19,374.59
36	Tampa Electric Company	41.90	1,849.20	4,187.40	10,810.20	17,979.00
37	Average		1,917.53	4,198.93	11,342.98	20,972.17
38	Minimum		1,581.64	3,648.84	9,407.64	16,510.20
39	Max		2,552.50	5,517.50	15,065.00	32,151.13

**Notes:**

- [1] Amounts shown are based on the rates for single phase service and reflect when applicable, inside city service. In addition, where applicable amounts include billing adjustments such as fuel and environmental charges but do not include taxes or franchise fees.
- [2] Amounts shown include the energy conservation, capacity and environmental cost recovery charges where appropriate, as filed with the Florida Public Service Commission (FPSC).
- [3] Average, minimum and maximum are for comparable utilities only and exclude the City of Leesburg.

**CITY OF LEESBURG, FLORIDA**

Natural Gas System

Inter-Utility Comparison of Typical Monthly Natural Gas Bills <sup>[1]</sup>

Line No.	Comparable Utility	Usage					
		Residential (Therms)					
		10	30	50	70	90	100
1	<b>City of Leesburg, Florida</b>	\$17.49	\$37.18	\$56.88	\$76.57	\$96.26	\$106.11
<b>Florida Municipalities:</b>							
2	Energy Services of Pensacola	24.14	54.51	84.88	115.25	145.62	160.80
3	City of Gainesville	19.86	40.55	61.23	81.91	102.60	112.94
4	City of Tallahassee	21.93	45.54	69.15	92.75	116.36	128.16
<b>Regulated Natural Gas Companies:</b>							
5	City Gas Company of Florida <sup>[2]</sup>	23.54	54.61	85.69	116.76	147.84	160.91
6	Peoples Gas System, Inc. <sup>[3]</sup>	24.85	50.56	76.27	101.98	127.69	140.54
7	St. Joe Natural Gas Company	28.45	59.36	90.27	121.18	152.09	167.55
8	Average	23.80	50.86	77.91	104.97	132.03	145.15
9	Minimum	19.86	40.55	61.23	81.91	102.60	112.94
10	Max	28.45	59.36	90.27	121.18	152.09	167.55
		Commercial (Therms)					
		100	300	500	700	1000	2000
11	<b>City of Leesburg, Florida</b>	\$109.94	\$306.89	\$503.83	\$700.77	\$996.19	\$1,980.91
<b>Florida Municipalities:</b>							
12	Energy Services of Pensacola	167.39	470.47	773.56	1,076.64	1,531.26	3,046.67
13	City of Gainesville	125.35	306.05	486.75	667.45	938.50	1,842.00
14	City of Tallahassee	119.13	321.10	523.07	725.04	1,028.00	2,037.85
<b>Regulated Natural Gas Companies:</b>							
15	City Gas Company of Florida <sup>[2]</sup>	160.91	457.09	754.48	955.38	1,359.69	2,400.06
16	Peoples Gas System, Inc. <sup>[3]</sup>	159.84	429.53	699.21	968.89	1,373.42	2,553.94
17	St. Joe Natural Gas Company	143.79	391.36	638.94	886.51	1,257.87	2,273.96
18	Average	146.07	395.93	646.00	879.99	1,248.12	2,359.08
19	Minimum	119.13	306.05	486.75	667.45	938.50	1,842.00
20	Max	167.39	470.47	773.56	1,076.64	1,531.26	3,046.67

**Notes:**

- [1] Unless otherwise noted, amounts shown reflect standard residential and commercial rates and purchased gas adjustments in effect as of December 2012 and are exclusive of utility taxes and franchise fees and, where appropriate, reflect inside the city limits service, all as reported by each indicated utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each indicated utility. Additionally, amounts were calculated using rates based on therms or ccf; assumed heat content of 99,976.12 BTU/therm.
- [2] City Gas Company of Florida provides natural gas service to customers in Brevard County located on the central east coast of Florida and to customers in the Miami area in Dade and Broward Counties.
- [3] Peoples Gas System, Inc. provides natural gas service to cities throughout Florida, including Orlando, Tampa, Lakeland, Jacksonville, Kissimmee, and St. Petersburg.
- [4] Average, minimum and maximum are for comparable utilities only and exclude the City of Leesburg.

**CITY OF LEESBURG, FLORIDA**

Water System

Inter-Utility Comparison of Typical Monthly Water Bills <sup>[1]</sup>

Line No.	Comparable Utility	Usage					
<b>5/8" Meter Residential</b>							
		3,000 Gallons	5,000 Gallons	7,500 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons
1	<b>City of Leesburg</b>	\$11.03	\$13.10	\$15.96	\$20.22	\$28.26	\$39.14
<b>Other Florida Utilities:</b>							
2	Brevard County Utilities	12.32	20.04	29.69	42.82	70.82	108.86
3	Fort Pierce Utilities Authority	20.94	27.00	34.58	42.15	61.10	83.85
4	Gainesville Regional Utilities	15.30	19.70	25.98	35.35	54.10	72.85
5	City of Homestead	9.41	11.63	14.41	17.37	24.32	33.07
6	City of Ocala	12.09	14.01	16.42	18.83	26.10	38.20
7	Orange County Public Utilities	9.64	12.50	16.08	19.65	33.85	48.05
8	Orlando Utilities Commission	9.40	11.56	14.50	18.48	26.42	35.61
9	St. Lucie County	32.00	38.74	53.89	69.04	109.44	156.59
10	City of St. Petersburg	19.85	26.75	37.01	50.86	80.11	118.86
11	City of Tallahassee	10.46	13.36	16.98	20.87	30.72	40.57
12	City of Vero Beach	16.09	17.75	31.65	45.55	73.35	80.30
13	Average	15.23	19.37	26.47	34.63	53.67	74.25
14	Minimum	9.40	11.56	14.41	17.37	24.32	33.07
15	Max	32.00	38.74	53.89	69.04	109.44	156.59
<b>2" Meter Commercial</b>							
		50,000 Gallons	150,000 Gallons	200,000 Gallons	500,000 Gallons		
16	<b>City of Leesburg</b>	\$85.54	\$240.12	\$317.41	\$781.15		
<b>Other Florida Utilities:</b>							
17	Brevard County Utilities	212.10	937.76	1,433.82	4,715.82		
18	Fort Pierce Utilities Authority	434.01	737.01	888.51	1,797.51		
19	Gainesville Regional Utilities	196.20	571.20	758.70	1,883.70		
20	City of Homestead	112.35	231.67	291.34	649.31		
21	City of Ocala	178.29	301.28	362.78	731.76		
22	Orange County Public Utilities	101.68	244.68	316.18	745.18		
23	Orlando Utilities Commission	98.80	252.90	329.95	792.25		
24	St. Lucie County <sup>[2]</sup>	487.47	1,520.20	2,036.57	5,134.77		
25	City of St. Petersburg <sup>[3]</sup>	254.17	599.17	771.67	1,806.67		
26	City of Tallahassee	78.79	249.79	335.29	848.29		
27	City of Vero Beach	184.15	444.15	574.15	1,354.15		
28	Average	212.55	553.62	736.27	1,859.95		
29	Minimum	78.79	231.67	291.34	649.31		
30	Max	487.47	1,520.20	2,036.57	5,134.77		

**Notes:**

- [1] Unless otherwise indicated, amounts shown reflect single-family residential and commercial service rates in effect during December 2012, and are exclusive of utility taxes or franchise fees, if any, and reflect "inside the City limits" service, all as reported by each indicated utility. This comparison is intended to show comparable charges for similar services for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each indicated utility.
- [2] Commercial user bills are calculated based upon equivalent residential units. 1 ERU = 7,500 gallons.
- [3] The City of St. Petersburg, Florida utilizes a blocked rate for commercial water customers based on each individual customer's average consumption. For purposes of this comparison, customer use is assumed to be average.
- [4] Average, minimum and maximum are for comparable utilities only and exclude the City of Leesburg.

**CITY OF LEESBURG, FLORIDA**

Wastewater System

Inter-Utility Comparison of Typical Monthly Wastewater Bills <sup>[1]</sup>

Line No.	Comparable Utility	Usage					
<b>5/8" Meter Residential</b>							
		3,000 Gallons	5,000 Gallons	7,500 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons
1	<b>City of Leesburg</b>	\$26.45	\$29.52	\$33.34	\$37.17	\$44.83	\$44.83
<b>Other Florida Utilities:</b>							
2	Brevard County Utilities <sup>[2]</sup>	25.94	32.66	41.06	49.46	56.18	56.18
3	Ft. Pierce Utilities Authority	30.52	41.06	54.24	67.41	67.41	67.41
4	Gainesville Regional Utilities	24.80	36.40	50.90	65.40	94.40	123.40
5	City of Homestead	24.97	31.44	39.53	47.62	63.80	79.98
6	City of Ocala	31.06	36.89	44.18	51.46	52.84	52.84
7	Orange County Public Utilities	25.66	32.60	41.28	49.95	63.83	63.83
8	City of Orlando <sup>[3]</sup>	29.29	37.49	47.74	57.99	74.39	74.39
9	St. Lucie County	44.14	58.08	75.51	92.93	92.93	92.93
10	City of St. Petersburg	23.11	31.35	41.65	51.95	72.55	93.15
11	City of Tallahassee <sup>[5]</sup>	32.31	42.85	56.03	69.20	95.55	121.90
12	City of Vero Beach	30.66	37.84	46.82	55.79	55.79	55.79
13	Average	29.32	38.06	48.99	59.92	71.79	80.16
14	Minimum	23.11	31.35	39.53	47.62	52.84	52.84
15	Max	44.14	58.08	75.51	92.93	95.55	123.40
<b>2" Meter Commercial</b>							
		50,000 Gallons	150,000 Gallons	200,000 Gallons	500,000 Gallons		
16	<b>City of Leesburg</b>	\$195.55	\$509.24	\$666.08	\$1,607.16		
<b>Other Florida Utilities:</b>							
17	Brevard County Utilities <sup>[2]</sup>	300.17	900.50	1,200.67	3,001.67		
18	Ft. Pierce Utilities Authority	381.40	908.40	1,171.90	2,752.90		
19	Gainesville Regional Utilities	297.40	877.40	1,167.40	2,907.40		
20	City of Homestead	252.87	576.45	738.23	1,708.96		
21	City of Ocala	514.09	805.54	951.26	1,825.59		
22	Orange County Public Utilities	275.94	622.94	796.44	1,837.44		
23	City of Orlando <sup>[3]</sup>	325.63	978.59	1,305.91	3,263.09		
24	St. Lucie County <sup>[4]</sup>	298.16	685.38	878.99	2,040.66		
25	City of St. Petersburg	303.81	715.81	921.81	2,157.81		
26	City of Tallahassee	395.39	922.39	1,185.89	2,766.89		
27	City of Vero Beach	273.48	632.48	811.98	1,888.98		
28	Average	328.94	784.17	1,011.86	2,377.40		
29	Minimum	252.87	576.45	738.23	1,708.96		
30	Max	514.09	978.59	1,305.91	3,263.09		

**Notes:**

- [1] Unless otherwise indicated, amounts shown reflect single-family residential and commercial service rates in effect during December 2012, and are exclusive of utility taxes or franchise fees, if any, and reflect "inside the City limits" service, all as reported by each indicated utility. This comparison is intended to show comparable charges for similar services for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each indicated utility.
- [2] Commercial user bills are calculated based upon equivalent residential units. 1 ERU = 6,000 gallons.
- [3] Commercial user bills are calculated based upon equivalent residential units. 1 ERU = 7,000 gallons.
- [4] Commercial user bills are calculated based upon equivalent residential units. 1 ERU = 9,000 gallons.
- [5] The City calculates maximum residential sewer charges annually based on bills from December - March. The maximum charged in any month during the following 12 months is the second highest water consumption during those previous 4 months.
- [6] Average, minimum and maximum are for comparable utilities only and exclude the City of Leesburg.



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## City of Leesburg

Ten largest Customers (Revenue Based)  
For the fiscal Year ending September 30, 2012

Electric	Revenues	Volume (KWh)	% of Total
CUTRALE CITRUS JUICES USA INC	\$2,429,533	232,359	4.64%
LRMC	1,775,947	196,860	3.39%
LAKE HARRIS HEALTH SYSTEMS LLC	763,828	76,597	1.46%
CENTURYLINK	488,550	51,215	0.93%
LAKE SUMTER COMMUNITY COLLEGE	474,315	45,630	0.91%
WALMART STORE INC 01 800	469,068	53,426	0.90%
LEESBURG HIGH SCHOOL	445,533	40,197	0.85%
CENTRAL FLORIDA FREEZER, INC	295,594	32,920	0.56%
LIFESTREAM BEHAVIORAL CENTER	294,442	30,231	0.56%
LOWES HOME CENTERS INC #569	284,777	30,215	0.54%
Total 10 Largest Electric Customers	\$ 7,721,588	789,650	14.75%

**Total Electric System Revenues                    \$    52,364,509                    451,163,902                    100%**

Gas	Revenues	Volume (Therms)	% of Total
FEDERAL CORRECTIONAL COMPLEX	\$831,805	834,204	14.61%
LRMC	783,948	783,521	13.77%
CUTRALE CITRUS JUICES USA INC	271,934	139,360	4.78%
DAB CONSTRUCTORS	176,477	423,685	3.10%
LAKE COUNTY BOARD COMM	119,732	120,275	2.10%
LIFESTREAM BEHAVIORAL CENTER	74,636	74,127	1.31%
LAKE HARRIS HEALTH SYSTEMS LLC	71,237	70,928	1.25%
LAKES AT LEESBURG HTA 1080	37,223	36,478	0.65%
BEYERS, ROGER A	32,712	32,632	0.57%
COLORED AGGREGATE SYSTEMS	28,259	29,150	0.50%
Total 10 Largest Gas Customers	\$2,427,964	2,544,360	42.64%

**Total Gas System Revenues                    \$    5,694,622                    5,188,071                    100.00%**

## City of Leesburg

Ten largest Customers (Revenue Based)  
For the fiscal Year ending September 30, 2012

Water & Irrigation	Revenues	Volume (100 Cubic Feet)	% of Total
LRMC	\$89,196	106,621	1.41%
LAKE HARRIS HEALTH SYSTEMS LLC	64,870	24,290	1.02%
COACHWOOD COLONY MHP LLC	18,909	16,818	0.30%
COMMUNITY HOUSING PARTNERS COR	17,678	15,550	0.28%
KURTELL GROWTH INDUSTRIES LTD	16,806	15,486	0.26%
MACERICH EQ LTD PARTNERSHIP	14,409	12,669	0.23%
RANGE PROPERTIES LLC	14,287	7,448	0.23%
MARONDA HOMES, INC.	12,271	10,743	0.19%
SLEEPY HOLLOW PHASE II	11,654	6,930	0.18%
CITY OF LEESBURG	10,588	9,208	0.17%
<b>Total 10 Largest Water Customers</b>	<b>\$ 270,668</b>	<b>225,763</b>	<b>4.26%</b>

**Total Water System Revenues      \$    6,347,504                    3,210,031                    100.00%**

Wastewater	Revenues	Volume (100 Cubic Feet)	% of Total
LAKE HARRIS HEALTH SYSTEMS LLC	\$ 143,998	24,290	1.73%
LRMC	179,169	106,621	2.15%
BEACON COLLEGE	27,498	5,759	0.33%
CUTRALE CITRUS JUICES USA INC	24,441	5,347	0.29%
COMMUNITY HOUSING PARTNERS COR	24,351	5,328	0.29%
LIFESTREAM BEHAVIORAL CENTER	22,766	6,172	0.27%
COACHWOOD COLONY MHP LLC	21,559	16,818	0.26%
BLUEBERRY HILL APTS LTD, 7521	21,445	5,812	0.26%
LAKE SUMTER COMMUNITY COLLEGE	21,051	5,719	0.25%
SUN MANAGEMENT 2011 LLC	20,705	5,001	0.25%
<b>Total 10 Largest Water Customers</b>	<b>\$ 506,983</b>	<b>186,867</b>	<b>6.09%</b>

**Total Wastewater System Revenues      \$    8,320,911                    3,210,031                    100.00%**

AN ORDINANCE OF THE CITY OF LEESBURG, FLORIDA,  
AMENDING SECTION 22-196 OF THE CODE OF ORDINANCES  
PERTAINING TO ELECTRIC RATES; ESTABLISHING  
UPDATED RATES FOR ELECTRIC; PROVIDING FOR RATES  
TO BE EFFECTIVE JANUARY 1, 2010; PROVIDING FOR  
CONFLICTS AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LEESBURG,  
FLORIDA:

SECTION 1.

Section 22-196 of the Code of Ordinances of the City of Leesburg, Florida is hereby amended to read as follows:

Sec. 22-196. Electric rates; schedules; adjustments; deposits.

The rates for the furnishing of electrical service by the city shall be as follows:

(1) *Rate schedule RS, residential service.*

e. Rate per month.

Customer charge . . .	<del>\$10.41</del>	\$10.62
All kwh, per kwh . . .	<del>0.07642</del>	0.08129

(2) *Rate schedule GS, general service, nondemand.*

d. Rate per month.

Customer charge . . .	<del>\$10.41</del>	\$10.62
All kwh . . .	<del>0.08345</del>	0.08847

(3) *Rate schedule GSD, general service, demand.*

f. Rate per month.

Customer charge . . .	<del>\$22.11</del>	\$22.57
All kw, per kw . . .	<del>—9.11</del>	10.51
All kwh, per kwh . . .	<del>0.04066</del>	0.04149

SECTION 2.

All ordinances or parts of ordinances which are in conflict with this ordinance are hereby repealed, to the extent necessary to alleviate the conflict, but shall continue in effect insofar as they are not in conflict herewith, unless repeal of the conflicting portion destroys the overall intent and effect of any of the conflicting ordinances, in which case those ordinances so effected shall be hereby repealed in their entirety.

**SECTION 3.**

If any portion of this ordinance is declared invalid or unenforceable, and to the extent it is possible to do so without destroying the overall intent and effect of this ordinance, the portion deemed invalid or unenforceable shall be severed herefrom and the remainder of this ordinance shall continue in full force and effect as if it were enacted without including the portion found to be invalid or unenforceable.

**SECTION 4.**

This ordinance shall become effective upon passage

PASSED AND ADOPTED at the regular meeting of the City Commission of the City of Leesburg, Florida, held on the 14 day of December, 2009

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk

ORDINANCE NO. 10-82

AN ORDINANCE OF THE CITY OF LEESBURG, FLORIDA, AMENDING SECTION 22-196 OF THE CODE OF ORDINANCES PERTAINING TO ELECTRIC RATES; ESTABLISHING UPDATED RATES FOR ELECTRIC GENERAL SERVICE DEMAND (GSD); PROVIDING FOR RATES TO BE EFFECTIVE NOVEMBER 1, 2010; PROVIDING FOR CONFLICTS AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA:

SECTION 1.

Section 22-196 of the Code of Ordinances of the City of Leesburg, Florida is hereby amended as follows:

	Existing GSD Rate	Proposed Rates
GSD-1		
Billing Demand of 21kW-499kW		
Rate Schedule	GSD	GSD-1
Customer Charge	22.57	22.66
Demand Charge	10.51	10.55
Energy Rate	.04149	.04165

APPLICATION:

For electric service for commercial or industrial lighting, power and any other purpose to any Customer with a measured demand in excess of 20 kW and less than 500 kW. Customers with a demand of 20 kW or less may enter into an agreement for service under this schedule based on a demand charge for a minimum of 21 kW.

Term of service:

Not less than one year.

**SECTION 2.**

All ordinances or parts of ordinances which are in conflict with this ordinance are hereby repealed, to the extent necessary to alleviate the conflict, but shall continue in effect insofar as they are not in conflict herewith, unless repeal of the conflicting portion destroys the overall intent and effect of any of the conflicting ordinances, in which case those ordinances so effected shall be hereby repealed in their entirety.

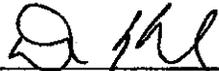
**SECTION 3.**

If any portion of this ordinance is declared invalid or unenforceable, and to the extent it is possible to do so without destroying the overall intent and effect of this ordinance, the portion deemed invalid or unenforceable shall be severed herefrom and the remainder of this ordinance shall continue in full force and effect as if it were enacted without including the portion found to be invalid or unenforceable.

**SECTION 4.**

This ordinance shall become effective upon passage

PASSED AND ADOPTED at the regular meeting of the City Commission of the City of Leesburg, Florida, held on the 25th day of October, 2010.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk



# LEESBURG

*The Lakefront City*

## 5B. AGENDA MEMORANDUM

<b>Meeting Date:</b>	October 11, 2010
<b>From:</b>	Jerry Boop, Finance Director, CPA, CGFO
<b>Subject:</b>	Ordinance amending Section 22-196 of the Code of Ordinances pertaining to section (3) General Service Demand (GSD), updating section f., Rate per Month, a component of Electric Service Rates.

### **Staff Recommendation:**

Staff recommends adopting the proposed rates and revisions to Section 22-196 pertaining to General Service Demand, updating section f., Rate per Month.

### **Analysis:**

Following adoption of resolution 8467 by the City Commission June 8, 2009, the City of Leesburg engaged Doug Handley, doing business as, Utility Consulting Services, to perform certain rate analysis of the City's electric rates and provide recommendations for consideration. Two recommendations came forward as a result of that study. The first recommendation which involved a reallocation of power costs between base rates and the Bulk Power Cost Adjustment (BPCA) was adopted upon second reading at the regular City Commission meeting December 14, 2009. The second recommendation was to study the City's Demand Rate Structure and propose adjustments to this structure, if necessary. Both studies were performed and completed with the understanding that any and all adjustments recommended by the consultant were to be revenue neutral.

The intent of the second recommendation was to evaluate and recommend potential restructured rates for the general service demand class to (a) segregate the class according to size and (b) to implement an appropriate price signal that more closely reflects demand charges from the Florida Municipal Power Agency (FMPA) and, therefore, encourages energy conservation and efficiency by large customers.

Utility Consulting Services proposes that the City segregate its basic demand customers into three separate rate classes as follows:

- GSD-1            Demand over 20 kW and less than 500 kW
- GSD-2            Demand of 500 kW or more but less than 2,000 kW
- GSD 3            Demand of 2,000 kW or more



ORDINANCE NO. 07-40

AN ORDINANCE OF THE CITY OF LEESBURG, FLORIDA, AMENDING §22-246 OF THE CODE OF ORDINANCES PERTAINING TO NATURAL GAS RATES; INCREASING MONTHLY CHARGES FOR ALL CLASSIFICATIONS OF CUSTOMER; PROVIDING FOR ANNUAL INFLATION ADJUSTMENT; CHANGING THE GROSS PROFIT MARGIN OF THE CITY; CHANGING THE CALCULATION METHOD FOR THE FUEL ADJUSTMENT CHARGE; REPEALING CONFLICTING ORDINANCES; PROVIDING A SEVERANCE CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE CITY OF LEESBURG, FLORIDA:

SECTION I.

§22-246 of the Code of Ordinances for the City of Leesburg, Florida, is hereby amended in its entirety to read as set forth below:

Sec. 22-246. Gas service rate schedule.

The rates for the furnishing of gas service by the city shall be as set forth below. Rates shown shall be subject to periodic adjustment under §22-166 of this Code. The automatic annual adjustment described by 22-166 shall not apply to the Energy Conservation Adjustment. Rates described herein shall be effective for all utility bills rendered on or after the first day of the month following adoption of this Ordinance.

(1) Residential.

- a. Applicable. Service under the rate shall apply only to gas service used in a single private dwelling unit and its appurtenances and used for other than heating only and shall not be resold. Each dwelling unit in an apartment house shall be separately metered. Housing projects in which gas service is furnished by the lessor may be singularly metered and billed.
- b. Deposits. Deposits for each account shall be required as set forth more particularly in § 22-181 of this Code.
- c. Monthly rate.
  - Availability charge exclusive of use . . . \$6.78
  - Delivery Charge per therm, effective 6-1-2007 . . . . . 0.464400

(2) Heating only, residential.

- a. Applicable. Service under this rate shall apply only to gas service used for heating only in a single private dwelling unit and its appurtenances and shall

not be resold. Each dwelling unit in an apartment shall be separately metered. Housing projects in which gas service is furnished by the lessor may be singularly metered and billed.

- b. Deposits. Deposits for each account shall be required as set forth more particularly in § 22-181 of this Code.
- c. Monthly rate.  
Availability charge, exclusive of use . . . \$10.17  
  
Delivery Charge per therm, effective 6-1-2007 . . . . .0.464400

(3) Public building, commercial and small industrial (not contract).

- a. Applicable. To all publicly owned buildings, school buildings, commercial and industrial consumers.
- b. Monthly rate.  
Availability charge, exclusive of use . . . \$10.17  
Energy Charge per therm, effective 6-1-2007 . . . . . 0.464400

(4) Large industrial--Contract.

- a. Applicable. Gas service under this rate shall apply to large consumers of gas.
- b. Rate. The rate shall be as fixed by contract between the city and the consumer, negotiated by the city manager, with the approval of the city commission.

(5) Reconnection charge. When any service is cut off for nonpayment of bill, and when connection service is requested to be performed after normal business hours, the reconnection charge shall be pursuant to the Utility Service Fee Schedule described in §22-6 of this Code. Service will not be restored after it is cut off for nonpayment until the account is paid current and the reconnection charge is paid.

(6) Fuel adjustment charge. All non-contract natural gas rates shall include a fuel adjustment charge. The fuel adjustment charge is the average cost of natural gas, per delivered therm. The calculation of the fuel adjustment charge shall be based upon past and estimated future costs. The fuel adjustment charge shall be calculated by the Finance Director, or his delegate, and revised as frequently as necessary to assure that the City recovers the total cost of all natural gas purchased.

(7) Turn-off and turn-on fee for gas service interrupted at customer's request. Any gas service interrupted at the request of the customer and restored for the same customer at the same address shall have the fees assessed according to the Utility Service Fee Schedule pursuant to §22-6 of this Code.

(8) Master metering. Where natural gas service charges are measured, in whole or in part, by a master meter, the availability charge on the master meter shall be the number of units served by the master meter times the rate per month availability charge. All consumption on the master meter shall be billed at the monthly rate per therm, as applicable, plus all other charges. The master meter shall be classified to the rate schedule which yields the highest

revenue consistent with the applicability clauses of the rate classes. Each and every user served by the master meter may be billed, at the discretion of the city, for the fixed charge assessed for each user within the particular user's service classification, and the person or entity in whose name the master meter is registered on the city's records shall in such event be billed for the variable charge assessed for the service being provided. As used in this subsection, the following terms shall have the meanings indicated:

- a. Master meter: Shall refer to a meter measuring the service provided to two (2) or more occupancy units being served by a single meter.
- b. Occupancy unit: Shall refer to that portion of any commercial establishment, single- or multi-unit residential building, or trailer, mobile home, manufactured housing, or recreational vehicle park, or marina which is set apart from the rest of such facility by clearly determinable boundaries, as described in the rental, lease or ownership agreement for such unit, or in the absence of such an agreement, where that portion of the facility is clearly set apart from the rest of the facility in a manner which evidences an intent to render the unit suitable for occupancy as a residential, commercial or other space as a discrete unit, separate and apart from the use or occupancy of other units within the same facility.
- c. User: Shall refer to the occupant(s) of any individual occupancy unit served by a master meter.
- d. Fixed charge: Shall refer to the minimum charge imposed by the city during a billing period, in the particular customer's service classification, for the availability of the service, if no service is actually used by the customer in a given billing period.
- e. Variable charge: Shall refer to that portion of the bill for the utility service which is assessed in addition to the fixed charge and which is based on actual usage in a given billing period.

(9) Initial connection fee. An initial connection fee per utility shall be charged according to the Utility Service Fee Schedule described in §22-6 of this Code.

(10) Energy conservation adjustment (Rider ECA). A rider applicable to all firm standard natural gas therm rates to recover the cost of energy conservation programs undertaken by the Leesburg Gas System and approved by the city manager. The ECA will not be applied to interruptible natural gas or contract rates. The currently calculated ECA rate is:

Natural gas rate schedule ECA, per therm . . . \$0.05

The above ECA rate is based on twelve (12) months projected expense levels. This ECA rate will normally be reviewed semi-annually in April and October and may be adjusted upward or downward based on actual and projected energy conservation program costs and projected consumption levels in order to recover the total cost of applicable gas system programs, including energy conservation incentive payments as well as the labor and other costs attributable to such energy conservation programs. The over and under recovery of these ECA costs will be computed and an adjustment in the ECA rate will be made. However, the ECA rate will be adjusted anytime the over or under recovery for a 12-month

period exceeds or is projected to exceed fifty thousand dollars (\$50,000.00) Any adjustment must be approved by the city manager and will be reported to the city commission at the first regularly scheduled commission meeting following the adjustment.

(11) Tax adjustment clause, TAC.

- a. Applicability. Tax adjustment clause shall be applicable to the monthly rate of each filed rate schedule as indicated with reference to billing adjustment.
- b. Calculation of tax adjustment. Calculation shall be minus or plus the applicable proportionate part of any taxes and assessments imposed by any governmental authority below or in excess of those in effect on the effective date hereof including, but not limited to, the City of Leesburg's Utility Service Tax, which are assessed on the basis of revenues from natural gas or service sold or the volume of natural gas purchased for sale or sold. Such taxes and assessments are to be reflected on the bills of only those customers within the jurisdiction of the governmental authority imposing the taxes and assessments.

SECTION II.

If any portion of this ordinance is declared invalid or unenforceable, then to the extent it is possible to do so without destroying the overall intent and effect of this ordinance, the portion deemed invalid or unenforceable shall be severed herefrom and the remainder of this ordinance shall continue in full force and effect as if it were enacted without including the portion found to be invalid or unenforceable.

SECTION III.

All ordinances or parts of ordinances which are in conflict with this ordinance are hereby repealed, to the extent necessary to alleviate the conflict, but shall continue in effect insofar as they are not in conflict herewith, unless repeal of the conflicting portion destroys the overall intent and effect of any of the conflicting ordinance, in which case those ordinances so affected shall be hereby repealed in their entirety.

SECTION IV.

This ordinance shall become effective immediately upon its passage.

THE CITY OF LEESBURG, FLORIDA

By: Sanna Henderson  
Mayor

Attest: Jetty M. Richardson  
City Clerk

ORDINANCE NO. 09- 89

AN ORDINANCE OF THE CITY OF LEESBURG, FLORIDA, AMENDING SECTION 22-211 OF THE CODE OF ORDINANCES PERTAINING TO WATER SERVICE RATES, AS AMENDED PREVIOUSLY BY ORDINANCE 09 - 64; ESTABLISHING A NEW RATE SCHEDULE FOR WATER; PROVIDING FOR RATES EFFECTIVE AS OF NOVEMBER 1, 2009; PROVIDING FOR RATES EFFECTIVE AS OF NOVEMBER 1, 2010; PROVIDING FOR RATES INSIDE AND OUTSIDE THE CITY LIMITS; PROVIDING FOR ADOPTION OF RECONNECTION CHARGES BY RESOLUTION; PROVIDING FOR CONTINUOUS SERVICE TO FIRE PROTECTION SYSTEMS FOR SAFETY REASONS IN THE EVENT OF A CUTOFF OF SERVICE; PROVIDING FOR CONFLICTS; PROVIDING A SAVINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE CITY OF LEESBURG, FLORIDA, that:

**SECTION 1.**

Section 22-211, of the Code of Ordinances of the City of Leesburg, Florida, is hereby amended in its entirety to read as:

(a) *Water conservation service rate:*

(1) *Inside The City Water Rates (CCF):*

Line No.	Description	Proposed Rates Effective 11/01/2009	Proposed Rates Effective 11/01/2010
	Customer Charge Residential, Master-Meter, Commercial, and Sprinklers		
1.	All Meter Sizes	\$7.70	\$7.85
	Customer Charge Irrigation		
2.	All Meter Sizes	\$4.03	\$4.31
	Consumption Charge (Per 1 CCF = 100 Cubic Feet = 748 Gallons)		
	Consumption Charge Potable Water Residential <u>Block Rates (Per CCF)</u>		
3.	BAS1 (0 - 6)	\$0.64	\$0.65
4.	BAS2 (7 - 12)	\$0.77	\$0.82

5.	BAS3 (13 – 21)	\$1.07	\$1.14
6.	BAS4 (22 – 45)	\$1.45	\$1.55
7.	BAS5 (Over 45)	\$2.66	\$2.84

Consumption Charge Potable Water Commercial  
Block Rates (Per CCF)

8.	All CCF (No Cap)	\$1.03	\$1.10
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Consumption Charge Irrigation Residential  
Block Rates (Per CCF)

9.	BAS1 (0 – 9)	\$1.07	\$1.14
10.	BAS2 (10 – 33)	\$1.45	\$1.55
11.	BAS3 (Over 33)	\$2.66	\$2.84

Consumption Charge Irrigation Commercial and Common Area  
Block Rates (Per CCF)

12.	BAS1 (0 – 33)	\$1.07	\$1.14
13.	BAS2 (Over 33)	\$1.45	\$1.55

(2) *Inside The City Water Rates (TGAL):*

Line No.	Description	Proposed Rates Effective 11/01/2009	Proposed Rates Effective 11/01/2010
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Customer Charge Residential, Master-Meter, Commercial, and Sprinklers

14.	All Meter Sizes	\$7.70	\$7.85
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Customer Charge Irrigation

15.	All Meter Sizes	\$4.03	\$4.31
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Consumption Charge (Per 1 TGAL = 1000 Gallons)

Consumption Charge Potable Water Residential  
Block Rates (Per TGAL)

16.	BAS1 (0 – 4)	\$0.86	\$0.88
17.	BAS2 (5 – 8)	\$1.02	\$1.09
18.	BAS3 (9 – 15)	\$1.43	\$1.53
19.	BAS4 (16 – 33)	\$1.94	\$2.07
20.	BAS5 (Over 33)	\$3.56	\$3.80

Consumption Charge Potable Water Commercial  
Block Rates (Per TGAL)

21.	All CCF (No Cap)	\$1.38	\$1.47
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Consumption Charge Irrigation Residential  
Block Rates (Per TGAL)

22.	BAS1 (0 – 7)	\$1.43	\$1.53
23.	BAS2 (8 – 25)	\$1.94	\$2.07
24.	BAS3 (Over 25)	\$3.56	\$3.80

Consumption Charge Irrigation Commercial and Common Area  
Block Rates (Per TGAL)

25.	BAS1 (0 – 25)	\$1.43	\$1.53
26.	BAS2 (Over 25)	\$1.94	\$2.07

(3) *Outside The City Water Rates (CCF):*

<u>Line No.</u>	<u>Description</u>	<u>Proposed Rates Effective 11/01/2009</u>	<u>Proposed Rates Effective 11/01/2010</u>
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Customer Charge Residential, Master-Meter, Commercial, and Sprinklers

27.	All Meter Sizes	\$9.63	\$9.81
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Customer Charge Irrigation

28.	All Meter Sizes	\$5.04	\$5.39
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Consumption Charge (Per 1 CCF = 100 Cubic Feet = 748 Gallons)

Consumption Charge Potable Water Residential  
Block Rates (Per CCF)

29.	BAS1 (0 – 6)	\$0.80	\$0.81
30.	BAS2 (7 – 12)	\$0.96	\$1.03
31.	BAS3 (13 – 21)	\$1.34	\$1.43
32.	BAS4 (22 – 45)	\$1.81	\$1.94
33.	BAS5 (Over 45)	\$3.33	\$3.55

Consumption Charge Potable Water Commercial  
Block Rates (Per CCF)

34.	All CCF (No Cap)	\$1.29	\$1.38
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Consumption Charge Irrigation Residential  
Block Rates (Per CCF)

35.	BAS1 (0 – 9)	\$1.34	\$1.43
36.	BAS2 (10 – 33)	\$1.81	\$1.94
37.	BAS3 (Over 33)	\$3.33	\$3.55

Consumption Charge Irrigation Commercial and Common Area  
Block Rates (Per CCF)

38.	BAS1 (0 – 33)	\$1.34	\$1.43
39.	BAS2 (Over 33)	\$1.81	\$1.94

(4) *Outside The City Water Rates (TGAL):*

Line No.	Description	Proposed Rates Effective 11/01/2009	Proposed Rates Effective 11/01/2010
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Customer Charge Residential, Master-Meter, Commercial, and Sprinklers

40.	All Meter Sizes	\$9.63	\$9.81
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Customer Charge Irrigation

41.	All Meter Sizes	\$5.04	\$5.39
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Consumption Charge (Per 1 TGAL = 1000 Gallons)

Consumption Charge Potable Water Residential  
Block Rates (Per TGAL)

42.	BAS1 (0 – 4)	\$1.08	\$1.10
43.	BAS2 (5 – 8)	\$1.28	\$1.36
44.	BAS3 (9 – 15)	\$1.79	\$1.91
45.	BAS4 (16 – 33)	\$2.43	\$2.59
46.	BAS5 (Over 33)	\$4.45	\$4.75

Consumption Charge Potable Water Commercial  
Block Rates (Per TGAL)

47.	All CCF (No Cap)	\$1.73	\$1.84
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Consumption Charge Irrigation Residential  
Block Rates (Per TGAL)

48.	BAS1 (0 – 7)	\$1.79	\$1.91
49.	BAS2 (8 – 25)	\$2.43	\$2.59
50.	BAS3 (Over 25)	\$4.45	\$4.75

Consumption Charge Irrigation Commercial and Common Area  
Block Rates (Per TGAL)

51.	BAS1 (0 – 25)	\$1.79	\$1.91
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52. BAS2 (Over 25) \$2.43 \$2.59

In all categories, for installations which have fire protection systems utilizing city water, whether or not metered, there shall be imposed a monthly availability charge, regardless of actual usage, in the amount of \$2.00 per inch diameter of service pipe serving the fire protection system.

(b) Deposits for each account shall be required as set forth more particularly in section 22-181 of this Code.

(c) A reconnection charge, when service is cut off for nonpayment of bill, and when connection service is requested to be performed after normal business hours, will be imposed as provided in the utility service fee schedule adopted or amended from time to time by Resolution of the City Commission.

(d) Service will not be turned on after it is cut off for nonpayment until the account is paid current and cut-on charge is paid. In those installations which have fire protection systems which are operated by city water, service shall remain turned on to the fire protection system as a matter of public safety, however there shall be charged, in addition to the normal reconnection charge, a reconnection surcharge of two dollars (\$2.00) per month per inch diameter of service pipe serving the installation.

(e) Where water service charges are measured, in whole or in part, by a master meter, the availability charge on the master meter shall be the number of units served by the master meter times the rate per month availability charge. All consumption on the master meter shall be billed at the charge per one hundred (100) cubic feet, as applicable, plus all other charges. The master meter shall be classified to the rate schedule which yields the highest revenue consistent with the applicability clauses of the rate classes. Each and every user served by the master meter may be billed, at the discretion of the city, for the fixed charge assessed for each user within the particular user's service classification, and the person or entity in whose name the master meter is registered on the city's records shall in such event be billed for the variable charge assessed for the service being provided. As used in this subsection, the following terms shall have the meanings indicated:

(1) *Master meter*: Shall refer to a meter measuring the service provided to two (2) or more occupancy units being served by a single meter.

(2) *Occupancy unit*: Shall refer to that portion of any commercial establishment, single- or multi-unit residential building, or trailer, mobile home, manufacture housing, or recreational vehicle park, or marina which is set apart from the rest of such facility by clearly determinable boundaries, as described in the rental, lease or ownership agreement for such unit, or in the absence of such an agreement, where that portion of the facility is clearly set apart from the rest of the facility in a manner which evidences an intent to render the unit suitable for occupancy as a residential, commercial or other space as a discrete unit, separate and apart from the use or occupancy of other units within the same facility.

(3) *User*: Shall refer to the occupant(s) of any individual occupancy unit served by a master meter.

(4) *Fixed charge*: Shall refer to the minimum charge imposed by the city during a billing period, in the particular customer's service classification, for the availability of the service, whether or not service is actually used by the customer in a given billing period.

(5) *Variable charge*: Shall refer to that portion of the bill for the utility service which is assessed in addition to the fixed charge and which is based on actual usage in a given billing period.

## SECTION 2.

All ordinances or parts of ordinances which are in conflict with this ordinance are hereby repealed, to the extent necessary to alleviate the conflict, but shall continue in effect insofar as they are not in conflict herewith, unless repeal of the conflicting portion destroys the overall intent and effect of any of the conflicting ordinances, in which case those ordinances so effected shall be hereby repealed in their entirety. Except as specifically modified by this Ordinance, the provisions of Ordinance 09 – 64 are hereby ratified and confirmed as originally enacted and shall be and remain in full force *nunc pro tunc* to its original adoption date of October 26, 2009.

## SECTION 3.

If any portion of this ordinance is declared invalid or unenforceable, and to the extent it is possible to do so without destroying the overall intent and effect of this ordinance, the portion deemed invalid or unenforceable shall be severed herefrom and the remainder of this ordinance shall continue in full force and effect as if it were enacted without including the portion found to be invalid or unenforceable.

## SECTION 4.

This ordinance shall become effective upon passage.

**PASSED AND ADOPTED** at the regular meeting of the City Commission of the City of Leesburg, Florida, held on the 21 day of December, 2009.

**THE CITY OF LEESBURG**

By: \_\_\_\_\_

Mayor

ATTEST:

\_\_\_\_\_  
Betty Richardson  
City Clerk

AN ORDINANCE OF THE CITY OF LEESBURG, FLORIDA, AMENDING §22 – 211 OF THE CODE OF ORDINANCES PERTAINING TO WATER RATES, PROVIDING NEW RATE TABLES FOR CUSTOMERS CONNECTED TO THE ROYAL HIGHLANDS WATER TREATMENT PLANT; AMENDING SUBSECTIONS (a)(3) AND (a)(4) OF §22 – 211 TO EXCLUDE FROM THE RATE TABLES IN THOSE SUBSECTIONS ANY CUSTOMERS CONNECTED TO THE ROYAL HIGHLANDS WATER TREATMENT PLANT; CREATING SUBSECTIONS (a)(5) AND (a)(6) OF §22 – 211 TO SPECIFY THE RATES FOR CUSTOMERS CONNECTED TO THE ROYAL HIGHLANDS WATER TREATMENT PLANT; LIMITING CONNECTIONS TO THE ROYAL HIGHLANDS WATER TREATMENT PLANT TO CONFORM TO THE WITHDRAWAL LIMITATIONS FOR THAT FACILITY IN THE CITY'S CONSUMPTIVE USE PERMIT; SETTING FOR LEGISLATIVE FINDINGS; REPEALING CONFLICTING ORDINANCES; AND PROVIDING AN EFFECTIVE DATE.

NOW THEREFORE, BE IT ENACTED BY THE PEOPLE OF THE CITY OF LEESBURG, FLORIDA:

SECTION I.

The City Commission of the City of Leesburg, Florida, makes the following legislative findings with respect to the rates charged for water supplied by the City's Royal Highlands Water Treatment Plant:

- The City of Leesburg provides potable water to its customers under the provisions of Consumptive Use Permit (CUP) # 94, issued by St. Johns River Water Management District (SJRWMD).
- CUP # 94 was issued by SJRWMD on November 16, 2010.
- SJRWMD has previously established Minimum Flows and Levels (MFL's) for Lake Apshawa (North and South).
- The MFL's for Lake Apshawa have been violated in the historic period since establishment of the MFL's for that body of water.
- CUP permitting rules prohibit issuance of a permit which will impact an MFL which has been violated.
- Hydrogeologic modeling of ground water withdrawals from the Royal Highlands Wellfield demonstrated that the MFL's for Lake Apshawa would be impacted by then-current withdrawals, necessitating a reduction of ground water withdrawals from the Royal Highlands Wellfield.
- CUP # 94 contains Condition # 24, which allocates maximum annual groundwater withdrawals from the Royal Highlands Wellfield as follows:
  - 354.05 million gallons (0.97 million gallons per day (mgd) average) in 2010,
  - 321.20 million gallons (0.88 mgd average) in 2011,
  - 292.00 million gallons (0.80 mgd average) in 2012,
  - 277.40 million gallons (0.76 mgd average) in 2013,
  - 266.45 million gallons (0.73 mgd average) in 2014,

- 259.15 million gallons (0.71 mgd average) in 2015 and,
- 251.85 million gallons (0.69 mgd average) in 2016 through 2030.
- 2010 groundwater withdrawals from the Royal Highlands Wellfield were 0.94 mgd, which is acceptable under condition # 24 but exceeds the allocation for 2011.
- Implementation of an enhanced conservation rate structure is necessary to discourage high water consumption that would cause overwithdrawal from the Royal Highlands Wellfield and therefore violate Condition 24 of CUP # 94 in 2011 and succeeding years.
- The enhanced conservation rate structure should be applied to all residential customers attached to the Royal Highlands Water Treatment Plant.

**SECTION II.**

§22 – 211(a) of the Code of Ordinances of the City of Leesburg, Florida, is hereby amended to read as follows:

(a) *Water conservation service rate:*

(1) *Inside the city water rates (CCF):*

TABLE INSET:

Line No.	Description	Rates Effective 11/01/2009	Rates Effective 11/01/2010
	Customer Charge Residential, Master-Meter, Commercial, and Sprinklers		
	Meter Size		
1.	ALL METER SIZES	\$7.70	\$7.85
	Customer Charge Irrigation		
	Meter Size		
2.	ALL METER SIZES	\$4.03	4.31
	Consumption Charge (Per 1 CCF = 100 Cubic Feet = 748 Gallons)		
	Consumption Charge Potable Water Residential		
	Block Rates (Per CCF)		
3.	BAS1 (0--6)	\$0.64	\$0.65
4.	BAS2 (7--12)	\$0.77	\$0.82
5.	BAS3 (13--21)	\$1.07	\$1.14
6.	BAS4 (22--45)	\$1.45	\$1.55
7.	BAS5 (Over 45)	\$2.66	\$2.84
	Consumption Charge Potable Water Commercial		
	Block Rates (Per CCF)		
8.	All CCF (No Cap)	\$1.03	\$1.10
	Consumption Charge Residential Irrigation		
	Block Rates (Per		

	CCF)		
9.	BAS1 (0--9)	\$1.07	\$1.14
10.	BAS2 (10--33)	\$1.45	\$1.55
11.	BAS3 (Over 33)	\$2.66	\$2.84
	Consumption Charge Commercial and Common Area Irrigation		
	Block Rates (Per CCF)		
12.	BAS1 (0--33)	\$1.07	\$1.14
13.	BAS2 (Over 33)	\$1.45	\$1.55

(2) Inside the city water rates (TGAL):

TABLE INSET:

Line No.	Description	Rates Effective 11/01/2009	Rates Effective 11/01/2010
	Customer Charge Residential, Master-Meter, Commercial, and Sprinklers		
	Meter Size		
14.	ALL METER SIZES	\$7.70	\$7.85
	Customer Charge Irrigation		
15.	ALL METER SIZES	\$4.03	\$4.31
	Consumption Charge (Per 1,000 Gallons)		
	Consumption Charge Potable Water Residential		
	Block Rates (Per TGAL)		
16.	BAS1 (0--4)	\$0.86	\$0.88
17.	BAS2 (5--8)	\$1.02	\$1.09
18.	BAS3 (9--15)	\$1.43	\$1.53
19.	BAS4 (16--33)	\$1.94	\$2.07
20.	BAS5 (Over 33)	\$3.56	\$3.80
	Consumption Charge Potable Water Commercial		
	Block Rates (Per TGAL)		
21.	All CCF (No Cap)	\$1.38	\$1.47
	Consumption Charge Irrigation Residential		
	Block Rates (Per TGAL)		
22.	BAS1 (0--7)	\$1.43	\$1.53
23.	BAS2 (8--25)	\$1.94	\$2.07
24.	BAS3 (Over 25)	\$3.56	\$3.80

	Consumption Charge Irrigation Commercial and Common Area		
	Block Rates (Per TGAL)		
25.	BAS1 (0--25)	\$1.43	\$1.53
26.	BAS2 (Over 25)	\$1.94	\$2.07

(3) Outside the city water rates excluding customers connected to the Royal Highlands Water Treatment Plant (CCF):

TABLE INSET:

Line No.	Description	Rates Effective 11/01/2009	Rates Effective 11/01/2010
	Customer Charge Residential, Master-Meter, Commercial, Irrigation and Sprinklers		
	Meter Size		
27.	ALL METER SIZES	\$9.63	\$9.81
	Customer Charge Irrigation		
28.	ALL METER SIZES	\$5.04	\$5.39
	Consumption Charge (Per 1 CCF = 100 Cubic Feet = 748 Gallons)		
	Consumption Charge Potable Water Residential		
	Block Rates (Per CCF)		
29.	BAS1 (0--6)	\$0.80	\$0.81
30.	BAS2 (7--12)	\$0.96	\$1.03
31.	BAS3 (13--21)	\$1.34	\$1.43
32.	BAS4 (22--45)	\$1.81	\$1.94
33.	BAS5 (Over 45)	\$3.33	\$3.55
	Consumption Charge Potable Water Commercial		
	Block Rates (Per CCF)		
34.	All CCF (No Cap)	\$1.29	\$1.38
	Consumption Charge Irrigation Residential		
	Block Rates (Per CCF)		
35.	BAS1 (0--9)	\$1.34	\$1.43
36.	BAS2 (10--33)	\$1.81	\$1.94
37.	BAS3 (Over 33)	\$3.33	\$3.55
	Consumption Charge Irrigation Commercial and Common Area		
	Block Rates (Per CCF)		
38.	BAS1 (0--33)	\$1.34	\$1.43
39.	BAS2 (Over 33)	\$1.81	\$1.94

(4) *Outside the city water rates excluding customers connected to the Royal Highlands Water Treatment Plant (TGAL):*

TABLE INSET:

Line No.	Description	Rates Effective 11/01/2009	Rates Effective 11/01/2010
	Customer Charge Residential, Master-Meter, Commercial, and Sprinklers		
	Meter Size		
40.	ALL METER SIZES	\$9.63	\$9.81
	Customer Charge Irrigation		
	Meter Size		
41.	ALL METER SIZES	\$5.04	\$5.39
	Consumption Charge (Per 1 TGAL = 1000 Gallons)		
	Consumption Charge (Per 1,000 Gallons)		
	Consumption Charge Potable Water Residential		
	Block Rates (Per TGAL)		
42.	BAS1 (0--4)	\$1.08	\$1.10
43.	BAS2 (5--8)	\$1.28	\$1.36
44.	BAS3 (9--15)	\$1.79	\$1.91
45.	BAS4 (16--33)	\$2.43	\$2.59
46.	BAS5 (Over 33)	\$4.45	\$4.75
	Consumption Charge Potable Water Commercial		
	Block Rates (Per TGAL)		
47.	All CCF (No Cap)	\$1.73	\$1.84
	Consumption Charge Irrigation Residential		
	Block Rates (Per TGAL)		
48.	BAS1 (0--7)	\$1.79	\$1.91
49.	BAS2 (8--25)	\$2.43	\$2.59
50.	BAS3 (Over 25)	\$4.45	\$4.75
	Consumption Charge Commercial and Common Area Irrigation		
	Block Rates (Per TGAL)		
51.	BAS1 (0--25)	\$1.79	\$1.91
52.	BAS2 (Over 25)	\$2.43	\$2.59

(3) *Outside the city water rates only for customers connected to the Royal Highlands Water Treatment Plant (CCF):*

TABLE INSET:

Line No.	Description	Rates Effective 08/01/2011
	Customer Charge Residential, Master-Meter, Commercial, Irrigation and Sprinklers	
	Meter Size	
27.	ALL METER SIZES	\$9.81
	Customer Charge Irrigation	
28.	ALL METER SIZES	\$5.39
	Consumption Charge (Per 1 CCF = 100 Cubic Feet = 748 Gallons)	
	Consumption Charge Potable Water Residential	
	Block Rates (Per CCF)	
29.	BAS1 (0--6)	\$0.81
30.	BAS2 (7--12)	\$1.03
31.	BAS3 (13--21)	\$1.43
32.	BAS4 (22--45)	\$3.88
33.	BAS5 (Over 45)	\$10.65
	Consumption Charge Potable Water Commercial	
	Block Rates (Per CCF)	
34.	All CCF (No Cap)	\$1.38
	Consumption Charge Irrigation Residential	
	Block Rates (Per CCF)	
35.	BAS1 (0--9)	\$1.43
36.	BAS2 (10--33)	\$3.88
37.	BAS3 (Over 33)	\$10.65
	Consumption Charge Irrigation Commercial and Common Area	
	Block Rates (Per CCF)	
38.	BAS1 (0--33)	\$1.43
39.	BAS2 (Over 33)	\$1.94

(4) Outside the city water rates only for customers connected to the Royal Highlands Water Treatment Plant (TGAL):

TABLE INSET:

Line No.	Description	Rates Effective 11/01/2010
	Customer Charge Residential, Master-Meter, Commercial, and Sprinklers	
	Meter Size	
40.	ALL METER SIZES	\$9.81
	Customer Charge Irrigation	
	Meter Size	
41.	ALL METER SIZES	\$5.39
	Consumption Charge (Per 1 TGAL = 1000 Gallons)	
	Consumption Charge (Per 1,000 Gallons)	
	Consumption Charge Potable Water Residential	
	Block Rates (Per TGAL)	
42.	BAS1 (0--4)	\$1.10
43.	BAS2 (5--8)	\$1.36
44.	BAS3 (9--15)	\$1.91
45.	BAS4 (16--33)	\$5.18
46.	BAS5 (Over 33)	\$14.25
	Consumption Charge Potable Water Commercial	
	Block Rates (Per TGAL)	
47.	All CCF (No Cap)	\$1.84
	Consumption Charge Irrigation Residential	
	Block Rates (Per TGAL)	
48.	BAS1 (0--7)	\$1.91
49.	BAS2 (8--25)	\$5.18
50.	BAS3 (Over 25)	\$14.25
	Consumption Charge Commercial and Common Area Irrigation	
	Block Rates (Per TGAL)	
51.	BAS1 (0--25)	\$1.91
52.	BAS2 (Over 25)	\$2.59

If the withdrawals from the Royal Highlands Wellfield have been within limits established in Condition 24 of Consumptive Use Permit 94 for two consecutive full calendar years after the effective date of this Ordinance, the BAS4 rates shown in subsections (3) and (4) above, for customers connected to the Royal Highlands Water Treatment Plant only, as those rates may have been adjusted under §22 - 166 of this Code, shall decrease by 25%, and BAS5 rates shown in those same subsections (as adjusted under §22 - 166) shall decrease by 33%. However, if in any calendar year withdrawals exceed the limits of Condition 24, the BAS4 and BAS5 rates in those subsections

shall revert to the higher rate for BAS4 and BAS5, computed based on the rates shown in those subsections as adjusted under §22 – 166 up to the time of the increase.

No additional connections shall be made to the Royal Highlands Water Treatment Plant following the effective date of this Ordinance, except for the following:

- (i) Lots within the following plats comprising the development Royal Highlands, which have never been connected to the Royal Highlands Water Treatment Plant before the effective date of this Ordinance: Plat Book 37, Page 3; Plat Book 43, Page 66; Plat Book 39, Page 32; Plat Book 40, Page 34; Plat Book 41, Page 49; Plat Book 44, Page 31; Plat Book 44, Page 91; Plat Book 46, Page 59; Plat Book 50, Page 30; and Plat Book 38, Page 16; all in the Public Records of Lake County, Florida.
- (ii) Lots within the plat of Whitemarsh, according to the plat thereof recorded in Plat Book 61, Page 22, Public Records of Lake County, Florida, which have never been connected to the Royal Highlands Water Treatment Plant before the effective date of this Ordinance.
- (iii) Such other connections as are approved by Resolution adopted by the Leesburg City Commission.

In all categories, for installations which have fire protection systems utilizing City water, whether or not metered, there shall be imposed a monthly availability charge, regardless of actual usage, in the amount of two dollars (\$2.00) per inch diameter of service pipe serving the fire protection system.

### SECTION III.

All ordinances or part of ordinances which are in conflict with this Ordinance are hereby repealed, to the extent necessary to alleviate the conflict, but shall continue in effect insofar as they are not in conflict herewith, unless repeal of the conflicting portion destroys the overall intent and effect of any of the conflicting ordinance, in which case those ordinances so affected shall be hereby repealed in their entirety.

### SECTION IV.

If any portion of this Ordinance is declared invalid or unenforceable, and to the extent that it is possible to do so without destroying the overall intent and effect of this Ordinance, the portion deemed invalid or unenforceable shall be severed herefrom and the remainder of the ordinance shall continue in full force and effect as if it were enacted without including the portion found to be invalid or unenforceable.

SECTION V.

This Ordinance shall become effective upon its passage and adoption according to law.

PASSED AND ADOPTED at the regular meeting of the City Commission of the City of Leesburg, Florida, held on the 25 day of July, 2011.

THE CITY OF LEESBURG, FLORIDA

BY: Bill Polk  
MAYOR

Attest: Betty Richardson  
CITY CLERK

**ORDINANCE NO. 08-14**

**AN ORDINANCE OF THE CITY OF LEESBURG, FLORIDA, AMENDING SECTION 22-227 OF THE CODE OF ORDINANCES PERTAINING TO POLLUTION ABATEMENT CHARGES; ESTABLISHING NEW RATE SCHEDULES FOR POLLUTION ABATEMENT CHARGES; PROVIDING FOR RATES EFFECTIVE MARCH 1, 2008; PROVIDING NEW PROPOSED BLOCK RATES; PROVIDING FOR RATES INSIDE AND OUTSIDE CITY LIMITS; PROVIDING FOR CONFLICTS; PROVIDING A SAVINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**BE IT ENACTED BY THE PEOPLE OF THE CITY OF LEESBURG, FLORIDA, that:**

**SECTION 1.**

Section 22-227, of the Code of Ordinances of the City of Leesburg, Florida, is hereby amended in its entirety to read as:

Each classification of user shall be assessed the following charges for pollution abatement:

**(1) Inside the City Wastewater Rates (CCF):**

Customer Charge Residential and Master-Meter

Line No.	Description	Proposed Rates Rates Effective 03/01/2008	New Proposed Block Rates 03/01/2008
<u>Meter Size</u>			
1.	ALL METER SIZES	\$ 20.10	
Consumption Charge (Per 1 CCF = Cubic Feet = 748 Gallons)			
<u>Consumption Charge Wastewater Residential</u>			<u>New Proposed</u>
<u>Block Rates (Per CCF)</u>			<u>Block Rates CCF)</u>
2.	Usage Up to 15 CCF	\$ 1.04200	Up to 21 CCF
<u>Customer Charge Commercial and Municipal</u>			
<u>Commercial and Municipal Classes</u>			
3.	COMMERCIAL I	\$ 20.91	
4.	COMMERCIAL II	\$ 35.59	
5.	COMMERCIAL III	\$ 87.43	
6.	COMMERCIAL IV	\$ 20.10	

Consumption Charge (Per 1 CCF = 100 Cubic Feet = 748 Gallons)

Consumption Charge Wastewater Commercial and Municipal Block Rates (Per CCF)

7.	COMMERCIAL I All CCF (No CAP)	\$ 1.71900
8.	COMMERCIAL II All CCF (No CAP)	\$ 2.13600
9.	COMMERCIAL III All CCF (No CAP)	\$ 2.65700
10.	COMMERCIAL IV All CCF (No CAP)	\$ 1.04200

**(2) Inside the City Wastewater rates (1,000 Gallons):**

Customer Charge Residential and Master-Meter

	<u>Meter Size</u>	
1.	ALL METER SIZES	\$ 20.10

Consumption Charge (Per 1,000 Gallons)  
Consumption Charge Wastewater Residential  
Block Rates (Per 1,000 Gallons)

2.	Usage Up to 11,000 Gallons	\$ 1.39400	New Proposed <u>Blocks(Th. Gall.)</u> Up to 15,000 Gall.
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Customer Charge Commercial and Municipal  
Commercial and Municipal Classes

3.	COMMERCIAL I	\$ 20.91
4.	COMMERCIAL II	\$ 35.59
5.	COMMERCIAL III	\$ 87.43
6.	COMMERCIAL IV	\$ 20.10

Consumption Charge Wastewater Commercial and Municipal  
Block Rates (Per 1,000 Gallons)

7.	COMMERCIAL I All CCF (No CAP)	\$ 2.29800
8.	COMMERCIAL II All CCF (No CAP)	\$ 3.85600

9. COMMERCIAL III  
All CCF (No CAP) \$ 3.55200

10. COMMERCIAL IV  
All CCF (No CAP) \$ 1.39400

**(3) Outside the City Wastewater Rates (CCF):**

Customer Charge Residential and Master-Meter

Line No.	Description	Proposed Rates Rates Effective 03/01/2008	New Proposed Block Rates 03/01/2008
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Meter Size

1. ALL METER SIZES \$ 25.13

Consumption Charge (Per 1 CCF = 100 Cubic Feet = 748 Gallons)

Consumption Charge Wastewater Residential <u>Block Rates (Per CCF)</u>	New Proposed <u>Block Rates Th. Gall).</u>
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2. Usage Up to 15 CCF \$ 1.30300 Up to 21 CCF

Customer Charge Commercial and Municipal  
Commercial and Municipal Classes

3. COMMERCIAL I \$ 26.14  
4. COMMERCIAL II \$ 44.49  
5. COMMERCIAL III \$ 109.29  
6. COMMERCIAL IV \$ 25.13

Consumption Charge (Per 1 CCF = 100 Cubic Feet = 748 Gallons)

Consumption Charge Wastewater Commercial and Municipal  
Block Rates (Per CCF)

7. COMMERCIAL I  
All CCF (No CAP) \$ 2.14900

8. COMMERCIAL II  
All CCF (No CAP) \$ 2.67000

9. COMMERCIAL III  
All CCF (No CAP) \$ 3.32100

10. COMMERCIAL IV  
All CCF (No CAP) \$ 1.30300

**(4) Outside the City Wastewater Rates (1,000 Gallons):**

Customer Charge Residential and Master-Meter

Line No.	Description	Proposed Rates Rates Effective 03/01/2008	New Proposed Block Rates 03/01/2008
<u>Meter Size</u>			
1.	ALL METER SIZE Consumption Charge (Per 1,000 Gallons) Consumption Charge Wastewater Residential	\$ 25.13	
<u>Block Rates (Per 1,000 Gallons)</u>			New Proposed <u>Block Rates (Th. Gall.)</u>
2.	Usage Up to 11,000 Gallons	\$ 1.74200	Up to 15,000 Gall.
Customer Charge Commercial and Municipal <u>Commercial and Municipal Classes</u>			
3.	COMMERCIAL I	\$ 26.14	
4.	COMMERCIAL II	\$ 44.49	
5.	COMMERCIAL III	\$ 109.29	
6.	COMMERCIAL IV	\$ 25.13	
Consumption Charge Wastewater Commercial and Municipal <u>Block Rates (Per 1,000 Gallons)</u>			
7.	COMMERCIAL I All CCF (No CAP)	\$ 2.87300	
8.	COMMERCIAL II All CCF (No CAP)	\$ 3.57000	
9.	COMMERCIAL III All CCF (No CAP)	\$ 4.44000	
10.	COMMERCIAL IV All CCF (No CAP)	\$ 1.74200	

**SECTION 2.**

All ordinances or part of ordinances which are in conflict with this Ordinance are hereby repealed, to the extent necessary to alleviate the conflict, but shall continue in effect insofar as they are not in conflict herewith, unless repeal of the conflicting portion destroys the overall intent and effect of any of the conflicting ordinance, in which case those ordinances so affected shall be hereby repealed in their entirety.

**SECTION 3.**

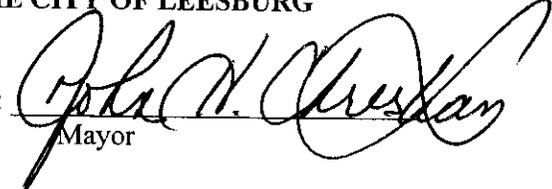
If any portion of this Ordinance is declared invalid or unenforceable, and to the extent that it is possible to do so without destroying the overall intent and effect of this Ordinance, the portion deemed invalid or unenforceable shall be severed herefrom and the remainder of the ordinance shall continue in full force and effect as if it were enacted without including the portion found to be invalid or unenforceable.

**SECTION 4.**

This Ordinance shall become effective upon its passage and adoption according to law.

**PASSED AND ADOPTED** at the regular meeting of the City Commission of the City of Leesburg, Florida, held on the 11th day of February, 2008.

**THE CITY OF LEESBURG**

By:   
Mayor

**ATTEST:**

  
City Clerk

## City of Leesburg, Florida

### Anti-Dilution Test - Base Method

<u>First Test</u>		<u>FY04/FY05</u>	<u>FY05/FY06</u>	<u>FY06/FY07</u>	<u>FY07/FY08</u>	<u>FY08/FY09</u>	<u>FY09/FY10</u>	<u>FY10/FY11</u>	<u>FY11/FY12</u>	
2 Year Average Legally Available Non-Ad Valorem Revenues		16,569,744	19,141,986	20,736,664	21,113,231	20,471,401	20,046,893	19,194,767	20,023,496	
Maximum Annual Debt Service on Non-Ad Valorem Revenue Debt		3,835,962	3,835,962	3,835,962	3,835,962	3,835,962	3,813,647	3,686,634	3,650,239	
<b>Coverage <sup>(1)</sup></b>		<b>4.32</b>	<b>4.99</b>	<b>5.41</b>	<b>5.50</b>	<b>5.34</b>	<b>5.26</b>	<b>5.21</b>	<b>5.49</b>	
<u>Second Test</u>		<u>FYE 2004</u>	<u>FYE 2005</u>	<u>FYE 2006</u>	<u>FYE 2007</u>	<u>FYE 2008</u>	<u>FYE 2009</u>	<u>FYE 2010</u>	<u>FYE 2011</u>	<u>FYE 2012</u>
Legally Available Non-Ad Valorem Revenues	<b>A</b>	14,374,556	18,764,932	19,519,040	21,954,288	20,272,174	20,670,628	19,423,157	18,966,378	21,080,615
Non-Enterprise Fund Revenues <sup>(2)</sup>	<b>B</b>	17,908,901	22,636,644	23,984,451	27,640,613	26,330,808	26,965,374	25,472,991	24,556,338	25,938,639
Costs of Essential Services	<b>C</b>	11,343,425	14,035,437	15,993,630	15,484,386	17,446,181	16,982,852	16,694,437	16,607,201	16,735,293
MADS Secured by a Lien on Pledgeable Non-Ad Valorem Revenues	<b>D</b>	1,827,066	1,827,066	1,827,066	1,827,066	1,827,066	1,827,066	1,850,718	1,850,718	1,786,841
Maximum Annual Debt Service on Covenant Debt	<b>E</b>	2,019,868	2,019,868	2,019,868	2,019,868	2,019,868	2,019,868	2,009,790	1,881,869	1,866,059
Available Revenues - [A - ((A/B) * C) - D] =	<b>F</b>	3,442,706	5,303,013	4,676,029	7,828,340	5,013,237	5,825,155	4,842,929	4,288,892	5,692,819
<b>Coverage [F/E] <sup>(3)</sup></b>		<b>1.70</b>	<b>2.63</b>	<b>2.32</b>	<b>3.88</b>	<b>2.48</b>	<b>2.88</b>	<b>2.41</b>	<b>2.28</b>	<b>3.05</b>

<sup>(1)</sup> 1.10 times coverage required - Additional Bonds Test

<sup>(2)</sup> line A plus Ad Valorem Taxes as shown on page 209 titled "Historical Non-Ad Valorem Revenues Worksheet"

<sup>(3)</sup> 2.00 times coverage required - Additional Bonds Test

## City of Leesburg, Florida

### Historical Non-Ad Valorem Revenues Worksheet

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>CB&amp;A Worksheet - CB&amp;A Non-Ad Valorem Revenues</b>									
1. Charges for Services (1)				\$ 501,759	\$ 558,761	\$ 633,992	\$ 655,224	443,736	540,734
2. Intergovernmental (1)				2,783,708	2,634,143	2,769,819	2,326,359	1,922,082	2,084,254
3. Licenses and Permits (1)				234,022	135,999	151,094	128,271	112,255	133,435
4. Fines and Forfeitures (1)				213,821	187,940	152,687	120,716	101,084	122,391
5. Investment Income (1)				281,554	144,887	98,646	78,736	68,429	24,093
6. Miscellaneous (1)				4,952,339	4,500,274	4,419,416	4,580,172	3,797,123	4,455,953
7. Non Advalorem Taxes (sum of Utility Taxes and Other Taxes less restricted) (1)				4,828,932	5,187,563	4,675,228	4,686,057	4,426,503	6,053,868
8. Utility and Business Unit Transfers (1)				10,073,394	8,914,449	9,034,052	8,332,236	9,347,764	8,858,030
9. Less funds detailed in worksheet "Diverse General Fund Reveue Sources"				(1,915,241)	(1,991,842)	(1,264,306)	(1,484,613)	(1,252,598)	(1,192,143)
<b>Legally Available Non-Ad Valorem</b>	<b>\$ 14,374,556</b>	<b>\$ 18,764,932</b>	<b>\$ 19,519,040</b>	<b>\$ 21,954,288</b>	<b>\$ 20,272,174</b>	<b>\$ 20,670,628</b>	<b>\$ 19,423,157</b>	<b>\$ 18,966,378</b>	<b>\$ 21,080,615</b>
2 Year Average		16,569,744	19,141,986	20,736,664	21,113,231	20,471,401	20,046,893	19,194,767	20,023,496
Advalorem Taxes (2)	3,534,345	3,871,712	4,465,411	5,686,325	6,058,634	6,294,746	6,049,834	5,361,571	4,858,024
<b>Total Revenue</b>	<b>\$ 17,908,901</b>	<b>\$ 22,636,644</b>	<b>\$ 23,984,451</b>	<b>\$ 27,640,613</b>	<b>\$ 26,330,808</b>	<b>\$ 26,965,374</b>	<b>\$ 25,472,991</b>	<b>\$ 24,327,949</b>	<b>\$ 25,938,639</b>
<b>Cost of Essential Services</b>									
General Government (1)	1,045,098	2,393,514	3,192,720	1,828,424	3,496,612	3,162,527	3,130,308	2,851,945	2,730,096
Public Safety (1)	10,298,327	11,641,923	12,800,910	13,655,962	13,949,569	13,820,325	13,564,129	13,755,256	14,005,197
<b>Total Cost of Essential Services</b>	<b>\$ 11,343,425</b>	<b>\$ 14,035,437</b>	<b>\$ 15,993,630</b>	<b>\$ 15,484,386</b>	<b>\$ 17,446,181</b>	<b>\$ 16,982,852</b>	<b>\$ 16,694,437</b>	<b>\$ 16,607,201</b>	<b>\$ 16,735,293</b>
<b>Legally Available Non-Ad Valorem</b>	<b>\$ 14,374,556</b>	<b>\$ 18,764,932</b>	<b>\$ 19,519,040</b>	<b>\$ 21,954,288</b>	<b>\$ 20,272,174</b>	<b>\$ 20,670,628</b>	<b>\$ 19,423,157</b>	<b>\$ 18,966,378</b>	<b>\$ 21,080,615</b>
Less MADS on Senior Lien as of 9/30/12	(1,827,066)	(1,827,066)	(1,827,066)	(1,827,066)	(1,827,066)	(1,827,066)	(1,850,718)	(1,850,718)	(1,786,841)
Less Allocable Essential Services (3)	(9,104,785)	(11,634,853)	(13,015,945)	(12,298,883)	(13,431,871)	(13,018,407)	(12,729,509)	(12,947,185)	(13,600,955)
Available Revenues	3,442,705	5,303,013	4,676,028	7,828,339	5,013,237	5,825,155	4,842,929	4,168,474	5,692,819
MADS on Covenant Debt	2,019,868	2,019,868	2,019,868	2,019,868	2,019,868	2,019,868	1,881,869	1,881,869	1,866,059
<b>Coverage</b>	<b>1.70</b>	<b>2.63</b>	<b>2.32</b>	<b>3.88</b>	<b>2.48</b>	<b>2.88</b>	<b>2.57</b>	<b>2.22</b>	<b>3.05</b>

(1) Source is the Statement of Revenues - the current year CAFR

(2) Source is the Statement of Activities - the current year CAFR

(3) This is a calculation: Total Cost of Essential Services multiplied by (Legally Available Non-Ad Valorem Revenue divided by Total Revenues )

## City of Leesburg, Florida

### Diverse General Fund Revenue Sources

	2004 ACTUAL	2005 ACTUAL	2006 ACTUAL	2007 ACTUAL	2008 ACTUAL	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL
<b>Revenues Available for CB&amp;A</b>	-	-	-	\$ 21,954,291	\$ 20,272,174	\$ 20,670,625	\$ 19,423,157	\$ 20,218,976	\$ 22,272,758
<b>Revenues not available for CB&amp;A:</b>									
<b>Ad Valorem Revenues</b>	\$ 3,534,345	\$ 3,871,712	\$ 4,465,411	\$ 5,686,325	\$ 6,058,634	\$ 6,294,746	\$ 6,049,834	\$ 5,361,571	\$ 4,858,024
<b>Non-Ad Valorem Revenues:</b>									
Other Taxes	636,177	653,839	684,101	622,224	620,290	-	-	-	-
Intergovernmental Revenue	405,985	475,777	477,365	510,361	564,802	518,263	502,674	336,265	318,765
Charges For Services	-	-	2,585	146,745	153,336	133,420	151,785	150,954	132,575
Miscellaneous Revenues	523,450	594,478	606,740	635,911	653,414	612,623	830,154	765,379	740,804
	<b>1,565,612</b>	<b>1,724,094</b>	<b>1,770,791</b>	<b>1,915,241</b>	<b>1,991,842</b>	<b>1,264,306</b>	<b>1,484,613</b>	<b>1,252,598</b>	<b>1,192,143</b>
<b>Total not available for CB&amp;A</b>	<b>\$ 5,099,957</b>	<b>\$ 5,595,806</b>	<b>\$ 6,236,202</b>	<b>\$ 7,601,566</b>	<b>\$ 8,050,476</b>	<b>\$ 7,559,052</b>	<b>\$ 7,534,447</b>	<b>\$ 6,614,169</b>	<b>\$ 6,050,167</b>

## CITY OF LEESBURG, FLORIDA

### Summary of Maximum Annual Non Advalorem Debt Service

Fiscal Year	Series 2004 Cap Improv	Series 2008 TIF - CRA Carver <sup>1</sup>	Series 2009 Cap Improv	Series 2009 TIF - CRA 441/27 <sup>1</sup>	Series 2009 Magnolia Townhomes	Aggregate Debt Service
2013	\$ 1,109,370	\$ 203,659	\$ 473,812	\$ 799,831	\$ 964,440	\$ 3,551,112
2014	1,109,370	203,822	473,406	801,231	964,860	3,552,690
2015	1,108,808	203,993	472,526	797,481	964,260	3,547,067
2016	1,106,608	206,399	471,174	903,419	962,640	3,650,239
2017	1,103,808		474,112	900,194	960,000	3,438,113
2018	1,104,743		471,578	901,194		2,477,514
2019	1,098,143		473,334	901,194		2,472,670
2020	1,101,175		474,380	1,005,794		2,581,349
2021	1,093,613		469,954	1,005,794		2,569,360
2022	1,094,475		469,818	1,109,706		2,673,999
2023	1,089,025		468,972	1,108,669		2,666,666
2024	1,091,738		467,418	1,111,144		2,670,299
2025	1,087,875		469,916	1,211,863		2,769,654
2026	1,087,175		466,706	1,214,563		2,768,444
2027	1,084,638		467,550	1,215,600		2,767,788
2028	1,080,263		462,684	1,214,975		2,757,922
2029	1,082,738		461,872	1,217,688		2,762,297
2030	1,083,313		462,400	1,218,500		2,764,213
2031	1,077,638			1,220,250		2,297,888
2032	1,074,600			1,219,750		2,294,350
2033	1,069,200			1,222,000		2,291,200
2034	1,070,913			1,221,750		2,292,663
2035	1,065,000			1,224,000		2,289,000
2036				1,228,500		1,228,500
	\$ 25,074,223	\$ 817,873	\$ 8,451,612	\$ 25,975,088	\$ 4,816,200	\$ 65,134,995

<b>Maximum:</b>	\$ 3,650,239
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Note: This schedule excludes the Series 2009 Communications Note, as this enterprise fund is self supporting. In the future, if there is a deficiency, the City will support this note via the CB&A.

## CITY OF LEESBURG, FLORIDA

### AGGREGATE SENIOR LIEN EXISTING DEBT SERVICE Bonds Secured by Express Lien on Non-Ad Valorem Revenues

Fiscal Year	Series 2004 Cap Improv	Series 2008 CRA-Carver	Series 2009 Cap Improv	Aggregate Debt Service
2013	\$ 1,109,370	\$ 203,659	\$ 473,812	\$ 1,786,841
2014	1,109,370	203,822	473,406	1,786,598
2015	1,108,808	203,993	472,526	1,785,326
2016	1,106,608	206,399	471,174	1,784,180
2017	1,103,808		474,112	1,577,920
2018	1,104,743		471,578	1,576,321
2019	1,098,143		473,334	1,571,477
2020	1,101,175		474,380	1,575,555
2021	1,093,613		469,954	1,563,567
2022	1,094,475		469,818	1,564,293
2023	1,089,025		468,972	1,557,997
2024	1,091,738		467,418	1,559,156
2025	1,087,875		469,916	1,557,791
2026	1,087,175		466,706	1,553,881
2027	1,084,638		467,550	1,552,188
2028	1,080,263		462,684	1,542,947
2029	1,082,738		461,872	1,544,610
2030	1,083,313		462,400	1,545,713
2031	1,077,638			1,077,638
2032	1,074,600			1,074,600
2033	1,069,200			1,069,200
2034	1,070,913			1,070,913
2035	1,065,000			1,065,000
	\$ 24,009,223	\$ 817,873	\$ 8,451,612	\$ 34,343,707
	<b>Maximum</b>			\$ 1,786,841

# CITY OF LEESBURG, FLORIDA

## AGGREGATE CB&A DEBT SERVICE Maximum Annual Covenant Debt Service

Fiscal Year	Series 2009 CRA 441/27	Series 2009 Magnolia Townhomes	Aggregate Debt Service
2013	\$ 799,831	\$ 964,440	\$ 1,764,271
2014	801,231	964,860	1,766,091
2015	797,481	964,260	1,761,741
2016	903,419	962,640	1,866,059
2017	900,194	960,000	1,860,194
2018	901,194		901,194
2019	901,194		901,194
2020	1,005,794		1,005,794
2021	1,005,794		1,005,794
2022	1,109,706		1,109,706
2023	1,108,669		1,108,669
2024	1,111,144		1,111,144
2025	1,211,863		1,211,863
2026	1,214,563		1,214,563
2027	1,215,600		1,215,600
2028	1,214,975		1,214,975
2029	1,217,688		1,217,688
2030	1,218,500		1,218,500
2031	1,220,250		1,220,250
2032	1,219,750		1,219,750
2033	1,222,000		1,222,000
2034	1,221,750		1,221,750
2035	1,224,000		1,224,000
2036	1,228,500		1,228,500
	\$ 25,975,088	\$ 4,816,200	\$ 30,791,288

<b>Maximum:</b>	\$ 1,866,059
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Note: This schedule excludes the Series 2009 Communications Note, as this enterprise fund is self supporting. In the future, if there is a deficiency, the City will support this note via the CB&A.

# CITY OF LEESBURG, FLORIDA

## Capital Improvement Revenue Bonds, Series 2004

4/1/2009

4/1/2009

Date	Principal	Interest	Debt Service	Annual Debt Service
10/1/2012	\$ 385,000	\$ 368,730	\$ 753,730	\$ 753,730
4/1/2013		362,185	362,185	
10/1/2013	400,000	362,185	762,185	1,124,370
4/1/2014		354,685	354,685	
10/1/2014	415,000	354,685	769,685	1,124,370
4/1/2015		346,904	346,904	
10/1/2015	430,000	346,904	776,904	1,123,808
4/1/2016		338,304	338,304	
10/1/2016	445,000	338,304	783,304	1,121,608
4/1/2017		329,404	329,404	
10/1/2017	465,000	329,404	794,404	1,123,808
4/1/2018		319,871	319,871	
10/1/2018	480,000	319,871	799,871	1,119,743
4/1/2019		309,071	309,071	
10/1/2019	505,000	309,071	814,071	1,123,143
4/1/2020		298,088	298,088	
10/1/2020	525,000	298,088	823,088	1,121,175
4/1/2021		284,306	284,306	
10/1/2021	555,000	284,306	839,306	1,123,613
4/1/2022		269,738	269,738	
10/1/2022	580,000	269,738	849,738	1,119,475
4/1/2023		254,513	254,513	
10/1/2023	615,000	254,513	869,513	1,124,025
4/1/2024		238,369	238,369	
10/1/2024	645,000	238,369	883,369	1,121,738
4/1/2025		221,438	221,438	
10/1/2025	680,000	221,438	901,438	1,122,875
4/1/2026		203,588	203,588	
10/1/2026	715,000	203,588	918,588	1,122,175
4/1/2027		184,819	184,819	
10/1/2027	750,000	184,819	934,819	1,119,638
4/1/2028		165,131	165,131	
10/1/2028	790,000	165,131	955,131	1,120,263
4/1/2029		146,369	146,369	
10/1/2029	830,000	146,369	976,369	1,122,738
4/1/2030		126,656	126,656	
10/1/2030	870,000	126,656	996,656	1,123,313
4/1/2031		103,819	103,819	
10/1/2031	915,000	103,819	1,018,819	1,122,638
4/1/2032		79,800	79,800	
10/1/2032	960,000	79,800	1,039,800	1,119,600
4/1/2033		54,600	54,600	
10/1/2033	1,015,000	54,600	1,069,600	1,124,200
4/1/2034		27,956	27,956	
10/1/2034	1,065,000	27,956	1,092,956	1,120,913
	\$ 15,035,000	\$ 10,407,953	\$ 25,442,953	\$ 25,442,953

# CITY OF LEESBURG, FLORIDA

## Redevelopment Revenue Note, Series 2008 (CRA for Carver Heights/Montclair TIF Project)<sup>1</sup>

5/1/2009

5/1/2009

Date	Principal	Interest	Debt Service	Annual Debt Service
11/1/2012		\$ 17,878	\$ 17,878	
5/1/2013	\$ 167,903	17,878	185,781	\$ 203,659
11/1/2013		14,218	14,218	
5/1/2014	175,387	14,218	189,605	203,822
11/1/2014		10,394	10,394	
5/1/2015	183,204	10,394	193,598	203,993
11/1/2015		6,400	6,400	
5/1/2016	193,598	6,400	199,998	206,399
	\$ 720,092	\$ 97,781	\$ 817,873	\$ 817,873

Resolution 16 of the Community Redevelopment Agency for the Carver Heights/Montclair Area adopted December 8, 2008 authorized the issuance of the Revenue Note Series 2008, a "qualified tax-exempt obligation". This note closed December 23, 2008.

Resolution 8349 adopted December 8, 2008, and as amended by Resolution 8357 adopted Dec. 22, 2008, the City authorized the credit support as needed for the Community Redevelopment Agency for the Carver Heights/Montclair Area of its Revenue Note, Series 2008, pledging the net available revenues after considering the Series 2009 Note and 2004 Bonds to the extent increment revenues are insufficient, but not in excess of the Reserve Account Requirement.

<sup>1</sup>TIF is an acronym for Tax Increment Financing that is a public financing method which has been used for redevelopment and community improvement projects.

## CITY OF LEESBURG, FLORIDA

### Capital Improvement Refunding Promissory Note, Series 2009

12/4/2009

12/4/2009

Date	Principal	Interest	Debt Service	Annual Debt Service
10/1/2012	\$ 210,000	\$ 136,872	\$ 346,872	
4/1/2013		131,906	131,906	\$ 478,778
10/1/2013	220,000	131,906	351,906	
4/1/2014		126,703	126,703	478,608
10/1/2014	230,000	126,703	356,703	
4/1/2015		121,263	121,263	477,966
10/1/2015	240,000	121,263	361,263	
4/1/2016		115,587	115,587	476,850
10/1/2016	255,000	115,587	370,587	
4/1/2017		109,556	109,556	480,143
10/1/2017	265,000	109,556	374,556	
4/1/2018		103,289	103,289	477,845
10/1/2018	280,000	103,289	383,289	
4/1/2019		96,667	96,667	479,956
10/1/2019	295,000	96,667	391,667	
4/1/2020		89,690	89,690	481,357
10/1/2020	305,000	89,690	394,690	
4/1/2021		82,477	82,477	477,167
10/1/2021	320,000	82,477	402,477	
4/1/2022		74,909	74,909	477,386
10/1/2022	335,000	74,909	409,909	
4/1/2023		66,986	66,986	476,895
10/1/2023	350,000	66,986	416,986	
4/1/2024		58,709	58,709	475,695
10/1/2024	370,000	58,709	428,709	
4/1/2025		49,958	49,958	478,667
10/1/2025	385,000	49,958	434,958	
4/1/2026		40,853	40,853	475,811
10/1/2026	405,000	40,853	445,853	
4/1/2027		31,275	31,275	477,128
10/1/2027	420,000	31,275	451,275	
4/1/2028		21,342	21,342	472,617
10/1/2028	440,000	21,342	461,342	
4/1/2029		10,936	10,936	472,278
10/1/2029	462,400	10,936	473,336	
4/1/2030			-	473,336
	\$ 5,787,400	\$ 2,801,082	\$ 8,588,482	\$ 8,588,482

**CITY OF LEESBURG, FLORIDA**  
**Tax Increment Revenue Bonds, Series 2009**  
**(CRA for US Highway 441/27 TIF Project)<sup>1</sup>**

11/12/2009

11/12/2009

<b>Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Fiscal Annual Debt Service</b>
11/1/2012	- \$	339,916 \$	339,916	
5/1/2013	\$ 120,000	339,916	459,916	\$ 799,831
11/1/2013	-	338,116	338,116	
5/1/2014	125,000	338,116	463,116	801,231
11/1/2014	-	336,241	336,241	
5/1/2015	125,000	336,241	461,241	797,481
11/1/2015	-	334,209	334,209	
5/1/2016	235,000	334,209	569,209	903,419
11/1/2016	-	330,097	330,097	
5/1/2017	240,000	330,097	570,097	900,194
11/1/2017	-	325,597	325,597	
5/1/2018	250,000	325,597	575,597	901,194
11/1/2018	-	320,597	320,597	
5/1/2019	260,000	320,597	580,597	901,194
11/1/2019	-	315,397	315,397	
5/1/2020	375,000	315,397	690,397	1,005,794
11/1/2020	-	307,897	307,897	
5/1/2021	390,000	307,897	697,897	1,005,794
11/1/2021	-	299,853	299,853	
5/1/2022	510,000	299,853	809,853	1,109,706
11/1/2022	-	289,334	289,334	
5/1/2023	530,000	289,334	819,334	1,108,669
11/1/2023	-	278,072	278,072	
5/1/2024	555,000	278,072	833,072	1,111,144
11/1/2024	-	265,931	265,931	
5/1/2025	680,000	265,931	945,931	1,211,863
11/1/2025	-	249,781	249,781	
5/1/2026	715,000	249,781	964,781	1,214,563
11/1/2026	-	232,800	232,800	
5/1/2027	750,000	232,800	982,800	1,215,600
11/1/2027	-	214,988	214,988	
5/1/2028	785,000	214,988	999,988	1,214,975
11/1/2028	-	196,344	196,344	
5/1/2029	825,000	196,344	1,021,344	1,217,688
11/1/2029	-	176,750	176,750	
5/1/2030	865,000	176,750	1,041,750	1,218,500
11/1/2030	-	155,125	155,125	
5/1/2031	910,000	155,125	1,065,125	1,220,250
11/1/2031	-	132,375	132,375	
5/1/2032	955,000	132,375	1,087,375	1,219,750
11/1/2032	-	108,500	108,500	
5/1/2033	1,005,000	108,500	1,113,500	1,222,000
11/1/2033	-	83,375	83,375	
5/1/2034	1,055,000	83,375	1,138,375	1,221,750
11/1/2034	-	57,000	57,000	
5/1/2035	1,110,000	57,000	1,167,000	1,224,000
11/1/2035	-	29,250	29,250	
5/1/2036	1,170,000	29,250	1,199,250	1,228,500
	\$ 14,540,000	\$ 11,435,088	\$ 25,975,088	\$ 25,975,088

Resolution 10 of the Community Redevelopment Agency for the U.S. Highway 441 & 27 Area adopted October 12, 2009 authorized the issuance of the Tax Increment Revenue Bonds, Series 2009 to refinance the Agency's Subordinate Capital Improvement Bond Anticipation Note, Series 2008 to finance the construction of projects in the redevelopment area. The pledged revenues are the tax increment revenues and amounts held in the funds and accounts established by this agreement.

Resolution 8525 adopted October 12, 2009, the City authorized the issuance of the Tax Increment Revenue Bonds, Series 2009 for the Community Redevelopment Agency for the US Highway 441 & 27 Area.

<sup>1</sup>TIF is an acronym for Tax Increment Financing that is a public financing method which has been used for redevelopment and community improvement projects.

# CITY OF LEESBURG, FLORIDA

## Capital Improvement Refunding Revenue Note, Series 2009 (Magnolia Townhomes Project)

11/3/2009

11/3/2009

Date	Principal	Interest	Debt Service	Annual Debt Service
11/1/2012	\$ 840,000	\$ 76,500	\$ 916,500	-
5/1/2013	-	62,220	62,220	\$ 978,720
11/1/2013	870,000	62,220	932,220	-
5/1/2014	-	47,430	47,430	979,650
11/1/2014	900,000	47,430	947,430	-
5/1/2015	-	32,130	32,130	979,560
11/1/2015	930,000	32,130	962,130	-
5/1/2016	-	16,320	16,320	978,450
11/1/2016	960,000	16,320	976,320	976,320
	\$ 4,500,000	\$ 392,700	\$ 4,892,700	\$ 4,892,700

Resolution 8556 adopted November 3, 2009, the City authorized the issuance of Capital Improvement Refunding Revenue Note, Series 2009 to refinance the City's Capital Improvement Bond anticipation Note, Series 2006 (taxable) which closed on November 2, 2009. The revenues pledged are the Budgeted Non Ad Valorem Revenues as shown in the first three schedules in the Covenant to Budget and Appropriate Section.



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