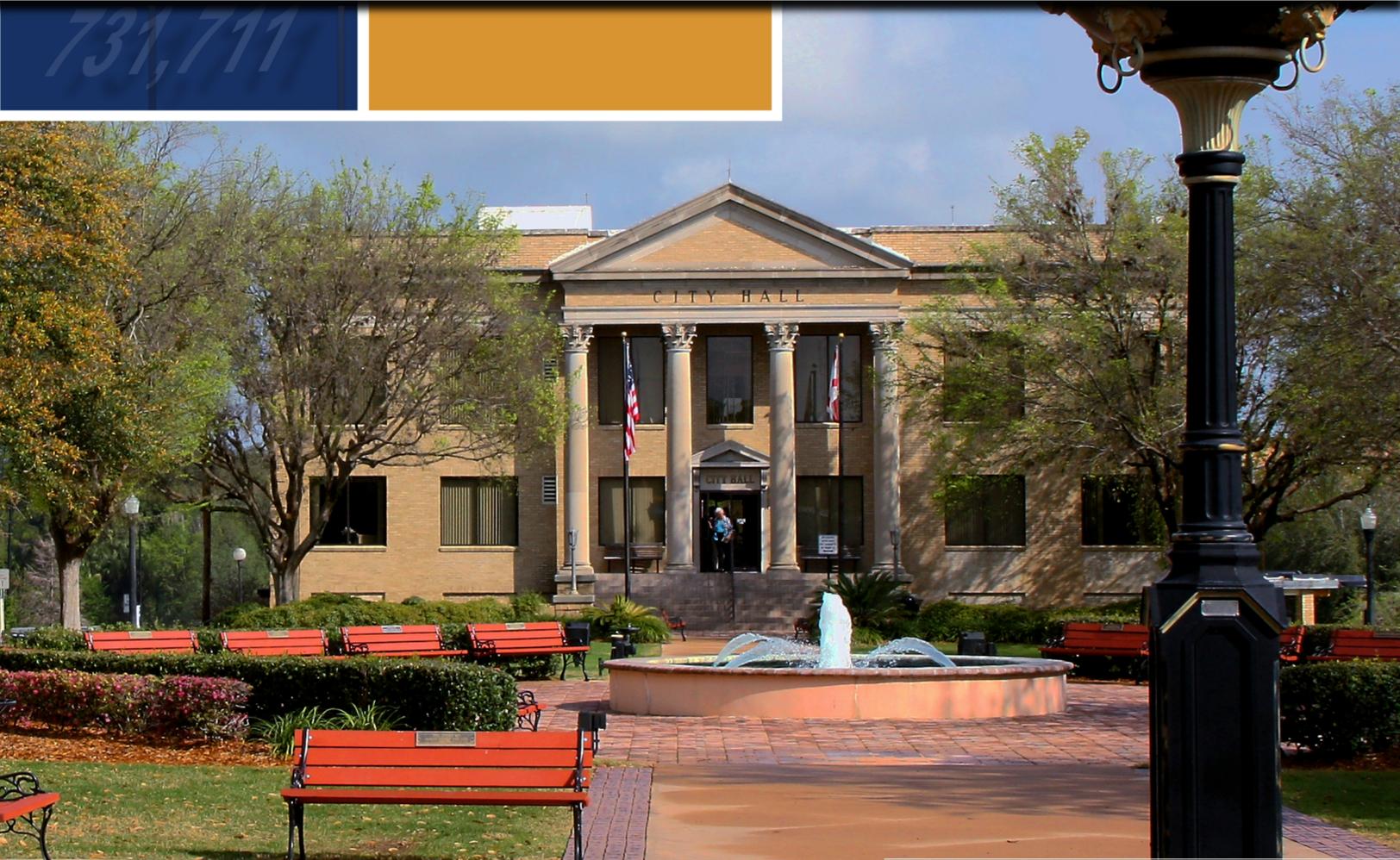




# City of Leesburg, Florida

## Comprehensive Annual Financial Report

### Fiscal Year Ending September 30, 2011





This page intentionally left blank.

**CITY OF LEESBURG, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

**Prepared by:**  
**Finance Department**



This page intentionally left blank.

**CITY OF LEESBURG, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

**TABLE OF CONTENTS**

**Introductory Section**

Transmittal Letter ..... i-x  
Certificate of Achievement ..... xi  
Organizational Chart ..... xii  
Principal City Officials ..... xiii

**Financial Section**

**Independent Auditors' Report**..... 1-2

**Management's Discussion and Analysis** ..... 3-17

**Basic Financial Statements**

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

Fund Financial Statements:  
Balance Sheet - All Governmental Funds..... 20-21  
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 ..... 23-24  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of the Governmental Funds to the  
Statement of Activities ..... 25  
Statement of Net Assets - Proprietary Funds..... 26-29  
Statement of Revenues, Expenses, and Changes in Fund Net  
Assets - Proprietary Funds ..... 30-31  
Statement of Cash Flows - Proprietary Funds ..... 32-35  
Statement of Fiduciary Net Assets..... 36  
Statement of Changes in Fiduciary Net Assets..... 37

Notes to Financial Statements ..... 38-78

**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 – Greater Leesburg Community  
Redevelopment Fund ..... 80

**CITY OF LEESBURG, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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

**Financial Section (Concluded)**

**Required Supplementary Information (Concluded)**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Carver Heights/Montclair Area Community Redevelopment Fund .....	81
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – U.S. Highway 441/27 Community Redevelopment Fund .....	82
Schedules of Funding Progress .....	83
Schedules of Contributions from Employer and Others .....	84-85

**Supplemental Information**

**Combining Statements and Schedules**

Supplemental Information:

Combining Balance Sheet - Nonmajor Governmental Funds .....	86-87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds .....	88-89
Schedule of Revenues and Expenditures - Budget and Actual:	
Capital Projects Fund .....	90
Affordable Housing Fund .....	91
Police Forfeitures Fund .....	92
Police Education Fund .....	93
Discretionary Sales Tax Fund .....	94
Gas Tax Fund .....	95
Police Impact Fee Fund .....	96
Fire Impact Fee Fund .....	97
Recreation Impact Fee Fund .....	98
Building Permits Fund .....	99
Debt Service Fund .....	100
Combining Statement of Net Assets - Internal Service Funds .....	101
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds .....	102
Combining Statement of Cash Flows - Internal Service Funds .....	103

**Statistical Section (Unaudited)**

Net Assets by Component .....	104-105
Changes in Net Assets .....	106-109
Fund Balances of Governmental Funds .....	110-111
Changes in Fund Balances of Governmental Funds .....	112-113

**CITY OF LEESBURG, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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

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

Assessed Value of Taxable Property .....	114
Direct and Overlapping Governments .....	115
Principal Property Taxpayers.....	116
Property Tax Levies and Collections.....	117
Governmental Activities Tax Revenues by Source.....	118
Greater Leesburg Community Redevelopment Agency .....	119
Carver Heights/Montclair Area Community Redevelopment Agency.....	120
U.S. Highway 441/27 Community Redevelopment Agency .....	121
Ratios of Outstanding Debt by Type .....	122
Direct and Overlapping Governmental Activities Debt.....	123
Legal Debt Margin Information.....	124
Pledged-Revenue Coverage:	
Series 2004 Capital Improvement Revenue Bonds.....	125-126
Series 2008 Carver Heights/Montclair Area CRA Revenue Note .....	127
Series 2009 US Highway 441 & 27 Area CRA BAN.....	128
Electric System Revenue Bonds .....	129-130
Utility System Revenue Bonds .....	131-132
Communications System Capital Improvement Refunding Revenue Note, Series 2009 .....	133
Demographic and Economic Statistics .....	134
Principal Employers.....	135
Full-time Equivalent City Government Employees by Function .....	136
Operating Indicators by Function .....	137
Capital Asset Statistics by Function.....	138

**Single Audit Section**

Schedule of Expenditures of Federal Awards .....	139-140
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 .....	141-142
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.....	143-144
Schedule of Findings and Questioned Costs .....	145-146
Summary Schedule of Prior Audit Findings and Corrective Action Plan in Accordance with OMB Circular A-133 .....	147
Independent Auditor's Management Letter .....	148-149



This page intentionally left blank.

## MISSION STATEMENT

"Dedicated to Our Community, Committed to Service Excellence"

February 27, 2012

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Leesburg, Florida for the fiscal year ended September 30, 2011. In addition to meeting legal requirements of the City Charter, Florida Statutes, and the *Rules of the Auditor General* of the State of Florida, the report maintains the City's continuing commitment to full financial disclosure.

Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the management of the City. This report was compiled by the Accounting Division of the Finance Department, and represents the official report of the City's financial position and operations to the citizens, City Commission, management, rating agencies and other interested parties. We believe the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial activity of the various funds; and that all disclosures necessary to enable the reader to gain a complete understanding of the City's financial activities have been included.

To provide a reasonable basis for making these representations, the City has established an internal control structure that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). This internal control framework has been designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that this financial report is complete and reliable in all material respects.

Pursuant to Florida Statutes, Chapter 11.45 and Chapter 10.550 of the *Rules of the Auditor General* of the State of Florida, an audit of the annual financial statements of the City of Leesburg has been completed by Moore, Stephens, Lovelace, P.A., a firm of independent certified public accountants, whose opinion is included as the first component of the financial section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Leesburg's financial statements for the fiscal year ended September 30, 2011, are fairly presented in conformity with GAAP.



Post Office Box 490630 • Leesburg, Florida 34749-0630  
352/728-9700 • Fax 352/728-9734 • TDD 352/728-4138

- AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER -

The independent audit of the financial statements of the City was performed in conjunction with the federal-mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditors 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 on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Single Audit section of this document.

GAAP require 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**

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 38.52 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, 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, rest rooms 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 rest rooms. 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.

### **Factors Affecting Financial 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 2,355. Other principal employers within the City include Lifestream Behavioral Center, the City of Leesburg, Lake County School District and Lake Sumter Community College. These employers account for almost 3.4% 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 slow-down has affected building, retail and financial companies across the county. Lake County's September 2011 unemployment rate decreased to 10.6%, compared to a year ago when the rate was 12.5%.

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.

Throughout 2011, the City continued to work with Embry-Riddle Aeronautical University-Worldwide (ERAU-W) to develop the future plans and conceptual uses for the Leesburg International Airport titled the Leesburg Enterprise Aerospace Plan (LEAP). The potential benefits of LEAP include:

- Making greater use of the Leesburg International Airport as an economic development tool to benefit the greater Leesburg community.
- Supporting the creation and retention of local jobs connected to the aerospace industry – an industry where wages are typically 50 to 100% greater than those earned by workers employed in other sectors of manufacturing.
- Supporting and developing an aeronautical job incubator and related educational curriculum.

During 2011 the City began planning for the Florida Energy and Aerospace Technology Park (FEAT). The park, which is quickly gaining interest from companies, was created to showcase high-tech and skilled manufacturing jobs. This 640-acre facility, located off of Florida's Turnpike and County Road 470, will have a research and manufacturing area for environmentally conscious power sources, a light-sport aircraft complex complete with paved and grass airstrips and a business development incubator. City officials recently met with representatives from several key businesses to begin initial development of the site.

**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 economy continues to suppress property values which adversely impacts ad valorem revenue. Ad valorem revenues have fallen from their peak of \$6,485,620 in fiscal year 2007-08 to budgeted projections of \$4,778,568 for fiscal year 2011-12. The general fund has been able to make adjustments to compensate for the lower revenue, however, two of the City's three CRA's are strained by the reductions due to their debt service requirements.

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.

**Cash Management Policies and Practices** – The investment policy which was embedded within Resolutions 4342, 4886, 4923 and 5538 was substantially updated in Resolution 8163 and subsequently approved by the Commission on April 14, 2008. The policy includes updates from Florida Statutes 163, 218.415 and 280. Florida Statute 163, Intergovernmental Programs, provides guidance with respect to Local Government Investment Pools (LGIPs). Florida Statute 218.415, Financial Matters Pertaining to Political Subdivisions, provides guidance to local governments regarding investment policies. Florida Statute 280, Security for Public Deposits, provides definitions and guidance with respect to public deposits. Subsequent changes in these statutes have been incorporated into the new policy. Staff also reviewed the Government Finance Officers Association (GFOA) best practices for guidance. The revised policy includes a continuing education requirement of a minimum of eight hours per year for the Finance Director or designee. The Finance Director is responsible for the implementation of the investment policy. Included in the new policy is the ability to invest in LGIPs other than the State of Florida LGIP State Board of Administration (SBA). The policy in all respects provides for the highest standards of integrity and ethical conduct and reinforces the highest priority of the safety of principal and liquidity of funds. Optimization of investment returns is considered secondary to the requirements of safety and liquidity.

Future levels of interest rates are impossible to predict with any certainty. Therefore, Finance Department staff examines market prices daily and studies trends to enable prudent investment decisions. Funds are invested in accordance with the Investment Policy utilizing short-term maturities (over-night repurchase agreements) to 5-year maturities, which is the maximum maturity allowed by the policy.

The City's cash and investment pool, investment portfolio was \$93,746,573 at September 30, 2011. Average investment yield was less than .65% for the year compared to the two year average agency index benchmark of .82% which continues to drop as the older agencies mature or are called and re-invested at much lower rates.

**Cash Reserve Policy** – On August 13, 2007, the City Commission adopted Ordinance 07-80, substantially changing the Fund Balance Policy to clearly define terminology used in the policy and to tailor it to the particular needs of the City with respect to each Fund in order to maintain adequate reserves and provide capacity to:

- Provide sufficient cash flow for daily financial needs
- Secure and maintain investment grade bond ratings
- Offset significant economic downturns or revenue shortfalls
- Provide funds for unforeseen expenditures related to emergencies

Creation of Reserves – Ordinance 07-80

The reservation of cash is in addition to all other reserves or designations of fund balance and is created by fund type, as follows:

- General Fund – 20% of the current fiscal year budget
- Special Revenue Funds – none
- Debt Service Fund – as required by bond covenants
- Capital Projects Fund – none
- Enterprise Funds -
  - Electric Utility –  $(\text{Total Revenues} - \text{Cost of Purchased Power} + \text{Operating Transfers to the General Fund} + \text{Cost of Surcharge Transfers}) / 365 \text{ days} \times 120 \text{ days}$
  - Gas Utility -  $(\text{Total Revenues} - \text{Cost of Purchased Gas} + \text{Operating Transfers to the General Fund} + \text{Cost of Surcharge Transfers}) / 365 \text{ days} \times 90 \text{ days}$
  - Water, Wastewater, Communications and Solid Waste – 25% of current fiscal year budget
- Internal Service Funds – Greater than or equal to zero (break even)

**Risk Management** - Risk management is the process of managing the City's activities in order to minimize the potential adverse effects of certain types of losses. Various risk management techniques have been implemented to minimize accident-related losses that the City may be exposed to during the ordinary course of operations. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the City. In the opinion of the City's management and legal counsel, legal claims and litigation are not anticipated to have a material impact on the financial position of the City.

- **Workers' Compensation** - The City maintains a self-insured risk management program for workers' compensation, which accumulates resources to meet potential losses associated with this risk. Additional information can be found in Note 15 of the notes to the financial statements. The workers' compensation program is funded through City contributions in a self-insurance fund, which is managed by the City and an independent third-party administrator. Employee claims up to \$500,000 per occurrence are paid from the assets of the self-insurance fund.

Claims in excess of \$500,000 are paid by the City's reinsurance carrier. The City maintains funding at 90% of the expected actuarial claims liability. The incurred but not reported claims liability (IBNR), is adjusted annually to the actuarial recommendation.

- **Employee Healthcare** - The healthcare self-insurance program was established on October 1, 1984, for the payment of employee health and medical claims. The program receives contributions from employees, retirees and the City. There are 4 major types of expenses paid from the health insurance fund which are medical claims, stop loss coverage, expenses associated with the city wellness center and administrative fees. All medical claims are paid by the programs third-party administrator for which they are paid administrative fees. The City's stop loss coverage provides that claims in excess of \$80,000 per covered individual per year are paid by the reinsurer. The aggregate stop loss reinsurance policy indemnifies the City if total claims paid during the year exceed \$5,193,463. The employee healthcare self-insurance program is managed by the City and an independent third-party administrator.

The Workers' Compensation and Healthcare self-insurance programs are reviewed annually for solvency by the City's independent actuaries, as well as the State of Florida. The actuarial reports are also used by the City to determine appropriate funding levels for each program. The preparation of the 2011-12 healthcare budget appeared to indicate that additional funding may be needed for the program. Accordingly, a substantial rate increase was approved during the budget process which provides for the necessary funding. Additional funds totaling \$568,000 were also identified in the Workers Compensation Fund to assist with the payment of healthcare claims should it become necessary.

**Pension and Other Postemployment Benefits** - The City froze its General Employees' Pension Fund as of September 30, 2008. In its place, the City implemented a Defined Contribution Plan 401(a) through the International City/County Management Association-Retirement Corporation (ICMA-RC). The remaining two pension trust funds are the Municipal Police Officers' Retirement Trust Fund and the Municipal Firemen's Retirement Trust Fund. All investments are managed by outside fund managers.

As required, an independent actuary engaged by the pension board calculates the amount of the annual contribution the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City relies upon projections provided by an independent actuary to determine the appropriate level of funding for the Police, Fire and General Employee Pension Plans. The annual budget includes the contributions necessary to keep the respective plans actuarially sound and in compliance with applicable laws, rules or regulations. Firefighters and sworn police officers are covered by a defined benefit plan established pursuant to Chapters 175 and 185, Florida Statutes, respectively. The fire employees make a 6.5% contribution and the police officers contribute 7.65% to their respective plans, and the State contributes funds collected from insurance premium excise taxes. The sworn police officers are also participants in the Defined Contribution Plan. Therefore, the firefighters receive pension payments from one plan, while the police officers are part of two pension plans.

The City of Leesburg also provides postretirement healthcare benefits (OPEB) for retirees and their dependents. At the end of the current fiscal year, there were 100 retired employees receiving these benefits, which are currently financed on a pay-as-you-go basis.

Additional information on the City of Leesburg's pension arrangements and postemployment benefits can be found in Notes 12 and 14 in the notes to the financial statements.

## 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, 2010. This is the twenty-first consecutive year (fiscal years ended 1990-2010) 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 2010-11. This was the thirteenth 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,



Jay M. Evans  
City Manager



Gladys E. Johnson  
Interim Finance Director

# 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, 2010

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.



*Linda C. Danison*

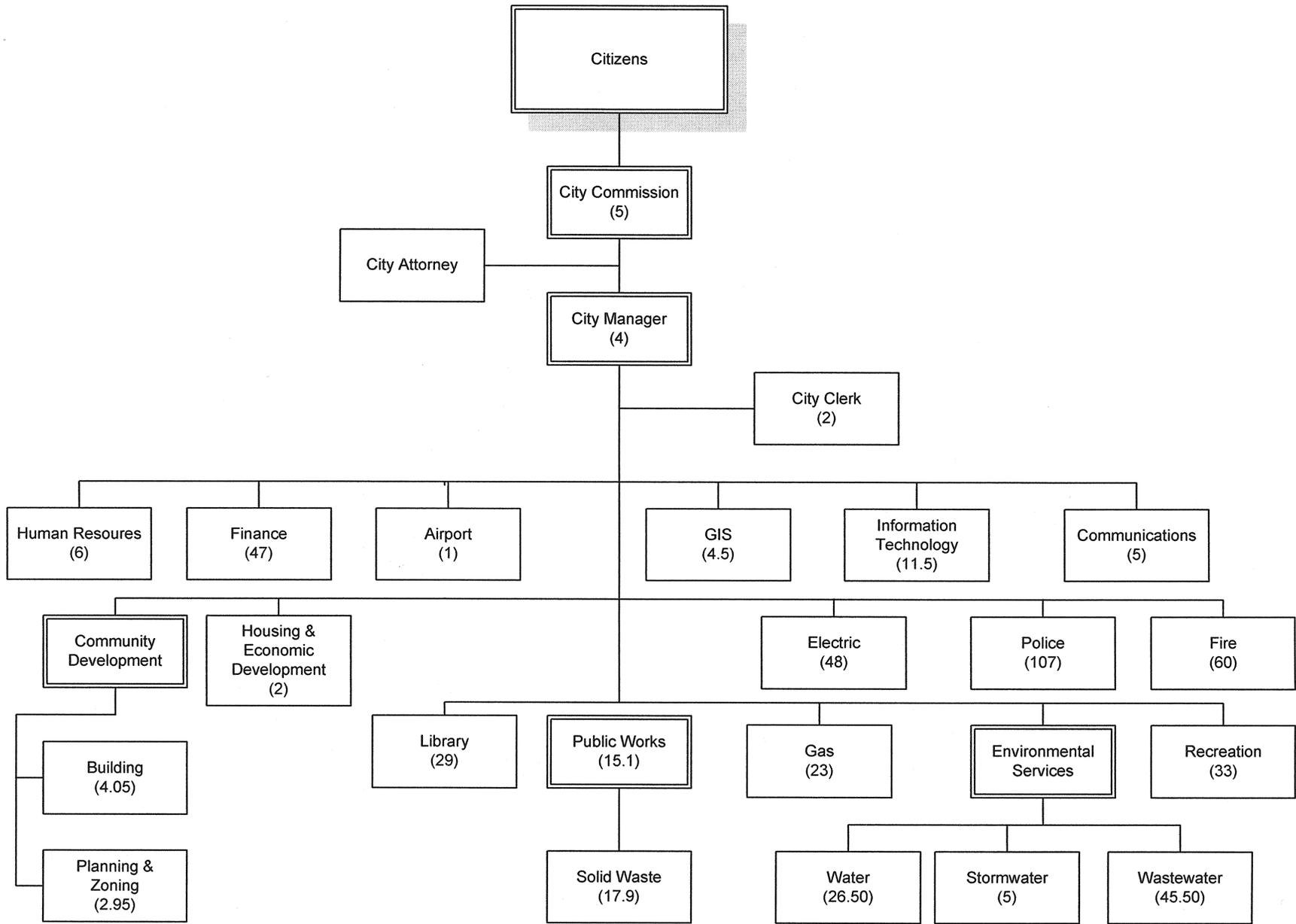
President

*Jeffrey R. Emer*

Executive Director



This page intentionally left blank.



**CITY OF LEESBURG, FLORIDA  
PRINCIPAL CITY OFFICIALS  
SEPTEMBER 30, 2011**

**CITY COMMISSION**

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

Jay M. Evans  
City Manager

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

Jerry Boop  
Finance Director

Moore Stephens Lovelace, P.A.  
City Auditors

Jakki Cunningham Perry

Human Resources/Safety Director

Gladys E. Johnson

Deputy Finance Director

Stan Carter

Management Information Systems Director

William J. Chrisman

Police Chief

Kevin R. Bowman

Fire Chief

William O. Wiley Jr.

Community Development Director

Kenneth L. Thomas

Housing & Economic Development Director

Lucy B. Gangone

Library Director

Bruce L. Ericson

Recreation & Parks Director

Paul D. Kalv

Director of Electric

Jack G. Rogers Jr.

Director of Gas

Raymond S. Sharp

Director of Environmental Services

Betty M. Richardson

City Clerk

## **FINANCIAL SECTION**



This page intentionally left blank.



**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, 2011, 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, 2011, 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 February 20, 2012, 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 other supplementary information section, and the statistical section, listed in the table of contents, and the debt disclosure section are presented for additional analysis and are not a required part of the financial statements. The other supplementary 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  
February 20, 2012

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

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, 2011. 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 2011 by \$214,795,244 (net assets). Of this amount, \$36,626,654 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's governmental net assets decreased by \$11,882,567, from \$72,128,251 to \$60,245,684. Business type net assets increased by \$14,510,518, from \$140,039,042 to \$154,549,560. The combined total net assets of the City increased by \$2,627,951.
- As of September 30, 2011, the City's governmental funds reported combined ending fund balances of \$23,015,376, a decrease of \$2,357,134 in comparison with the reported amount of \$25,372,510 in prior year. The decrease was primarily due to the reclassification of the stormwater transactions from within the general government funds to a business-type fund.
- On September 30, 2011, unassigned fund balance for the general fund was \$7,371,865, or 29% of total general fund expenditures and transfers out of \$25,413,760.
- Governmental funds' total revenues decreased by \$4,957,681, from \$26,930,321 to \$21,972,640. In addition to the reductions related to the economy and continuing legislative pressure to reduce property taxes, the stormwater fund was reclassified in FY2011 as a business-type activity.
- Business-type activities' total revenues, excluding transfers in, decreased by \$7,141,829, from \$101,144,739 to \$94,002,910. The change reflects reduced costs of purchased power and purchased gas, and a decrease in capital grants and contributions.
- The City's total debt as of September 30, 2011, was \$132,307,950. There was no new debt issued in fiscal year 2011. Additionally, the draw in fiscal year 2010 in the amount of \$1,850,000 for the Electric Utility GAN was paid back in full. The only other draw from the GAN was in the amount of \$250,000 during fiscal 2011 and represents the balance owed.

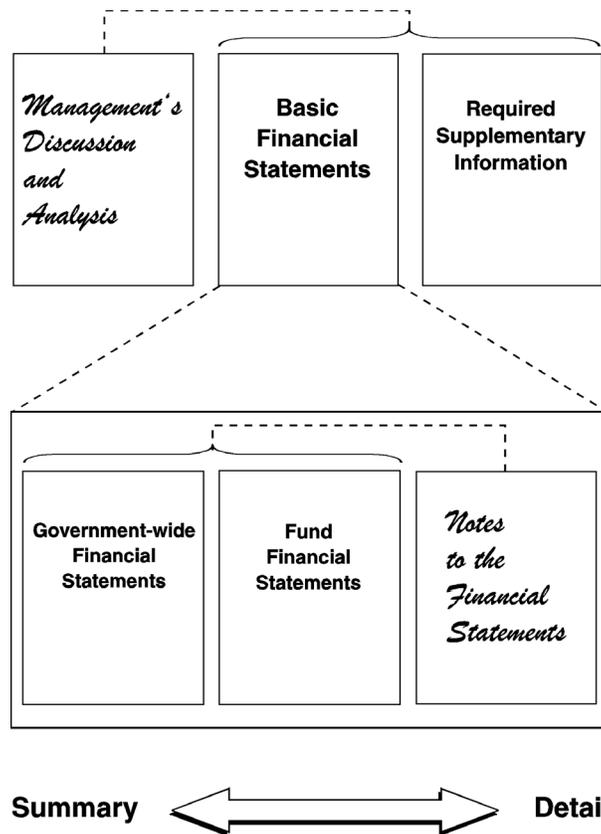
**Overview of the Financial Statements**

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and a supplemental section that presents combined statements for nonmajor governmental funds and internal service funds.

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) government-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.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

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:



**Government-wide Financial Statements** - The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

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 2011. 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).

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

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.

The City established the Greater Leesburg Community Redevelopment Agency, Carver Heights/Montclair Area Community Redevelopment Agency, and U.S. Highway 441/27 Community Redevelopment Agency as blended component units of the City. The Governing Boards are composed of the City Commission plus two members appointed by the City Commission and are appropriately blended as governmental activities on the government-wide financial statements.

The government-wide financial statements can be found on pages 18 and 19 of this report.

**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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories:

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-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 government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-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.

The City maintains fifteen individual governmental funds. Separate information for the general fund, capital projects fund, and the community redevelopment agency funds, 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. The City adopts an annual appropriated budget for all governmental funds. Budgetary comparison schedules have been provided for these funds to demonstrate budgetary compliance.

The governmental fund financial statements can be found on pages 20 through 25 of this report.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**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 government-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 government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all of the City's proprietary funds.

The proprietary fund financial statements can be found on pages 26 through 35 of this report.

**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 government-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.

The fiduciary fund financial statements can be found on pages 36 and 37 of this report.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38 through 78 of this report.

**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. Required supplementary information can be found on pages 79 through 85 of this report.

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. Combining statements and individual fund schedules for the nonmajor governmental funds, as well as for the internal service funds, can be found on pages 86 through 103 of this report.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**Government-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 \$214,795,244 at the close of the fiscal year ended September 30, 2011.

At the end of fiscal year 2011, 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's Net Assets**

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Assets</b>						
Current and other assets	\$ 29,036,862	\$ 33,512,090	\$ 95,898,494	\$ 87,973,201	\$124,935,356	\$121,485,291
Capital assets (net)	<u>80,452,041</u>	<u>88,154,603</u>	<u>181,747,985</u>	<u>175,912,781</u>	<u>262,200,026</u>	<u>264,067,384</u>
<b>Total assets</b>	<u>109,488,903</u>	<u>121,666,693</u>	<u>277,646,479</u>	<u>263,885,982</u>	<u>387,135,382</u>	<u>385,552,675</u>
<b>Liabilities</b>						
Current and other liabilities	6,352,493	7,036,475	20,414,421	17,992,755	26,766,914	25,029,230
Long term liabilities	<u>42,890,726</u>	<u>42,501,967</u>	<u>102,682,498</u>	<u>105,854,185</u>	<u>145,573,224</u>	<u>148,356,152</u>
<b>Total liabilities</b>	<u>49,243,219</u>	<u>49,538,442</u>	<u>123,096,919</u>	<u>123,846,940</u>	<u>172,340,138</u>	<u>173,385,382</u>
<b>Net assets</b>						
Invested in capital assets net of related debt	52,626,016	61,099,625	114,637,624	111,328,645	167,263,640	172,428,270
Restricted	3,377,029	3,512,585	7,527,921	5,821,230	10,904,950	9,333,815
Unrestricted	<u>4,242,639</u>	<u>7,516,041</u>	<u>32,384,015</u>	<u>22,889,167</u>	<u>36,626,654</u>	<u>30,405,208</u>
<b>Total net assets</b>	<u>\$ 60,245,684</u>	<u>\$ 72,128,251</u>	<u>\$154,549,560</u>	<u>\$140,039,042</u>	<u>\$214,795,244</u>	<u>\$212,167,293</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. Capital assets total \$262,200,026, or 67.7% of all assets, which total \$387,135,382. 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, \$10,904,950, or 5% 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 \$36,626,654 may be used to meet the City's ongoing obligations to citizens and creditors and to provide funding for various projects.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**Statement of Activities** - The following table reflects the condensed Statement of Activities for the current year as compared to the prior year. For more detailed information see the Statement of Activities on page 19.

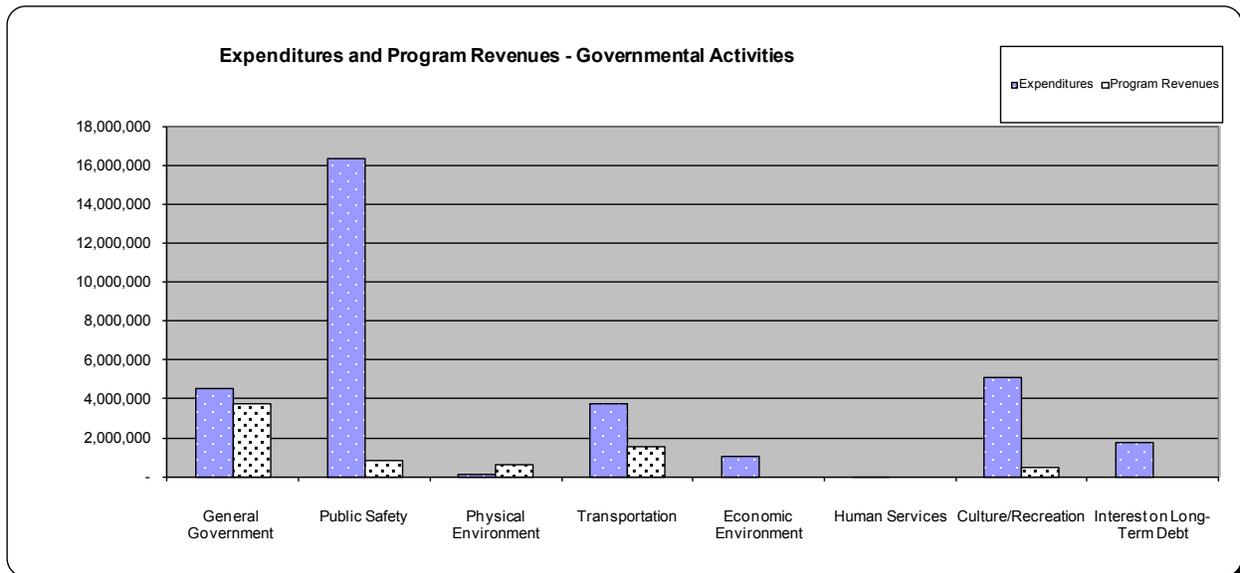
**City of Leesburg's Changes in Net Assets**

	Governmental		Business-Type		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services	\$ 5,866,613	\$ 7,046,462	\$ 92,776,933	\$ 99,206,014	\$ 98,643,546	\$106,252,476
Operating Grants and Contributions	869,208	1,522,058	87,958	292,907	957,166	1,814,965
Capital Grants and Contributions	413,865	3,189,342	576,880	1,188,719	990,745	4,378,061
General Revenues						
Taxes						
Property Taxes	5,361,571	6,049,834	-	-	5,361,571	6,049,834
Sales Taxes	1,611,777	1,526,403	-	-	1,611,777	1,526,403
Utility Service Taxes	3,182,188	3,214,820	-	-	3,182,188	3,214,820
Communication Service Taxes	1,049,816	1,078,903	-	-	1,049,816	1,078,903
Other Taxes	1,030,149	826,943	-	-	1,030,149	826,943
State-shared Revenues, Unrestricted	1,587,489	1,728,013	-	-	1,587,489	1,728,013
County-shared Revenues, Unrestricted	467,764	525,160	-	-	467,764	525,160
Investment Income	471,791	163,166	572,093	113,102	1,043,884	276,268
Miscellaneous	115,080	175,785	(10,954)	343,997	104,126	519,782
Total Revenues	<u>22,027,311</u>	<u>27,046,889</u>	<u>94,002,910</u>	<u>101,144,739</u>	<u>116,030,221</u>	<u>128,191,628</u>
Expenses						
General Government	4,516,704	6,382,361	-	-	4,516,704	6,382,361
Public Safety	16,325,651	16,155,330	-	-	16,325,651	16,155,330
Physical Environment	133,276	1,227,739	-	-	133,276	1,227,739
Transportation	3,710,588	3,744,933	-	-	3,710,588	3,744,933
Economic Environment	1,072,203	672,501	-	-	1,072,203	672,501
Human Services	37,567	44,150	-	-	37,567	44,150
Culture/Recreation	5,090,129	4,941,906	-	-	5,090,129	4,941,906
Interest on Long-Term Debt	1,778,947	2,272,405	-	-	1,778,947	2,272,405
Electric	-	-	53,561,809	60,427,920	53,561,809	60,427,920
Gas	-	-	5,964,253	6,689,610	5,964,253	6,689,610
Water	-	-	6,828,647	6,595,898	6,828,647	6,595,898
Wastewater	-	-	7,991,155	8,298,812	7,991,155	8,298,812
Stormwater	-	-	1,392,024	-	1,392,024	-
Solid Waste	-	-	3,022,958	2,862,176	3,022,958	2,862,176
Communications	-	-	1,126,159	1,073,772	1,126,159	1,073,772
Housing	-	-	162,600	327,956	162,600	327,956
Total Expenses	<u>32,665,065</u>	<u>35,441,325</u>	<u>80,049,605</u>	<u>86,276,144</u>	<u>112,714,670</u>	<u>121,717,469</u>
Change in Net Assets Before Transfers	(10,637,754)	(8,394,436)	13,953,305	14,868,595	3,315,551	6,474,159
Transfers	(1,244,813)	3,570,501	1,244,813	(3,570,501)	-	-
Change in Net Assets	(11,882,567)	(4,823,935)	15,198,118	11,298,094	3,315,551	6,474,159
Prior Period Adjustment	-	-	(687,600)	885,354	(687,600)	885,354
Net Assets - Beginning	72,128,251	76,952,186	140,039,042	127,855,594	212,167,293	204,807,780
Net Assets - Ending	<u>\$ 60,245,684</u>	<u>\$ 72,128,251</u>	<u>\$154,549,560</u>	<u>\$140,039,042</u>	<u>\$214,795,244</u>	<u>\$212,167,293</u>

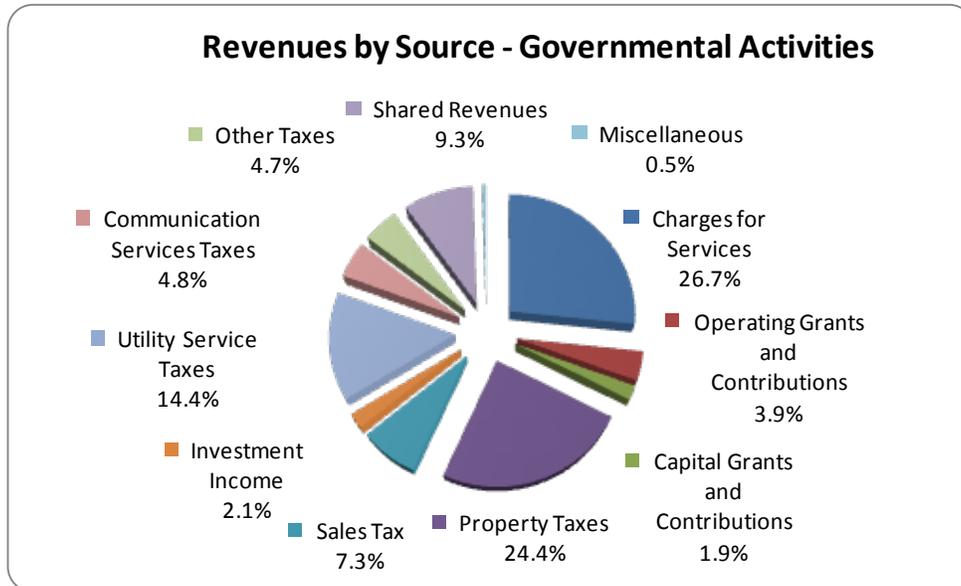
**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**Governmental Activities** - Governmental activities for the current fiscal year decreased the City's net assets by \$3,557,041, or by 4.9%. The decrease in net assets is attributable to many factors which include, the downturn of the economy, availability of federal and state grant funding, continuing legislative pressure to reduce property taxes, and removal of the stormwater assets and liabilities from the general fund, which included creating an enterprise fund to record the transactions related to the stormwater activities. Revenues from operating and capital grants decreased \$3,428,327, which is a reduction of almost 73% from the prior year's receipts. The receipt of revenue from property taxes was down from \$6,049,834 to \$5,361,571, a reduction of 11.4%. The effect of removing the stormwater fund resulted in lowering the revenue from charges for services 5.7%, or more than \$1,559,000. Further effect on net assets was the stormwater transfer of \$8,325,526. This transfer was for the reclassification of the stormwater activity from a general government fund to a business-type fund.

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 expenditures 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.



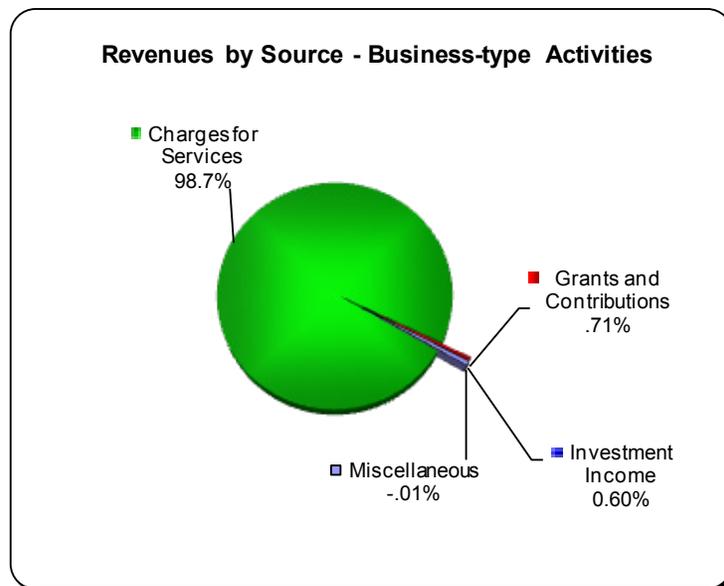
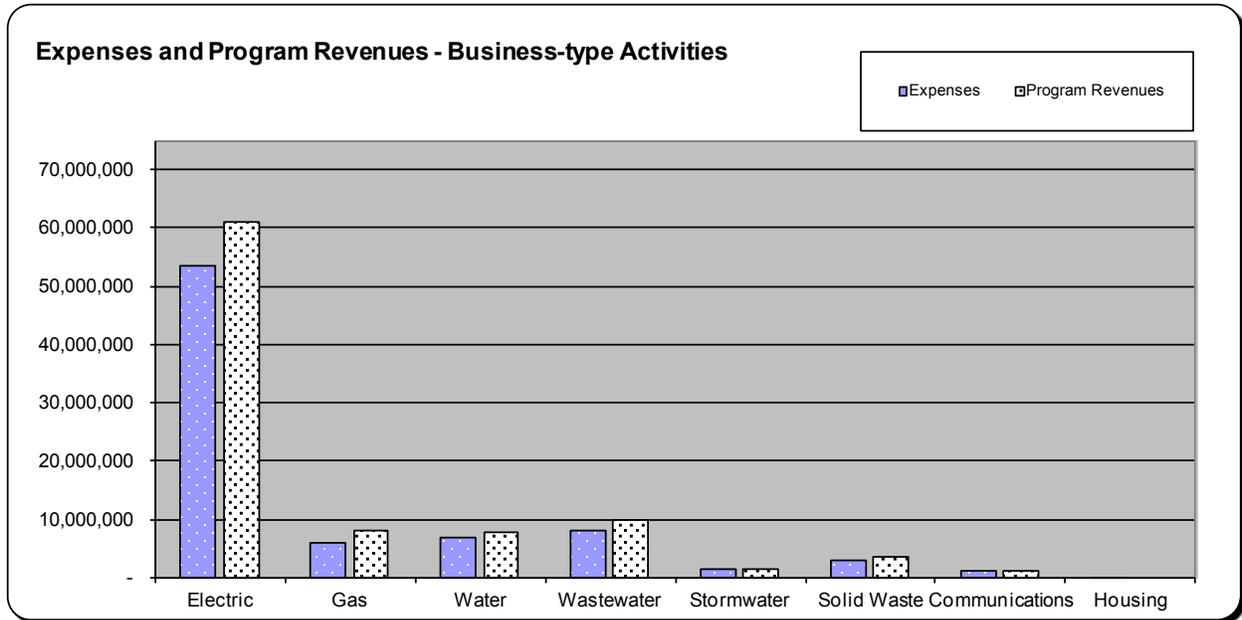
**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**



**Business-type Activities** - Business-type activities for the current fiscal year increased the City's net assets by \$14,510,518, or 10.4%. 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 98.7% of overall business-type activities.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**



**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.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**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 2011, the City's governmental funds reported combined ending fund balances of \$23,015,376, a decrease of \$2,357,134 from the prior year, which is attributable to the transfer of the stormwater assets and liabilities to a new enterprise fund. Additionally, capital projects slowed during the year due to the unavailability of capital grants to fund the projects. Unassigned fund balance of the governmental funds is \$7,171,715, 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 2011, the fund balance of the general fund was \$8,790,386, of which \$7,371,865 was unassigned. This was an increase of \$1,674,756 from the prior fiscal year unassigned balance of \$5,697,109, as restated for GASB 54. This increase is directly attributable to the close monitoring of financial activities and the fiscal oversight of the individual directors and senior management over the use of the City's resources. Of the total fund balance of the general fund, there are nonspendable funds totaling \$763,445, restricted funds of \$652,106 and committed funds of \$2,970. These balances have been identified during the implementation of GASB 54, and reported in this document.

**Proprietary Funds** - The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. All proprietary funds are reported as major funds. Unrestricted net assets of proprietary funds at the end of the year increased by \$9,494,849, or 41.5%. Each of the utility funds, with the exception of the housing fund, showed an increase to the net assets over the prior year. The housing fund is vacant property owned by the City in one of the blighted areas. The City is and has been attempting to sell the property. The decrease in the housing fund unrestricted net assets of \$7,782 was primarily attributable to ongoing minor maintenance costs of the property without revenue to offset the costs. The stormwater fund has been added to the proprietary funds for FY2011 which increased unrestricted net assets by 9% as of October 1, 2010.

<u>Fund</u>	<b>Unrestricted Net Assets</b>		
	<u>2011</u>	<u>2010</u>	<u>Change</u>
Electric	\$ 13,926,839	\$ 9,932,518	\$ 3,994,321
Gas	8,199,797	6,862,488	1,337,309
Water	6,162,347	5,930,281	232,066
Wastewater	982,951	7,796	975,155
Stormwater	2,097,059	-	2,097,059
Solid Waste	1,160,830	729,981	430,849
Communications	511,010	75,138	435,872
Housing	(656,818)	(649,036)	(7,782)
Total	<u>\$ 32,384,015</u>	<u>\$ 22,889,166</u>	<u>\$ 9,494,849</u>

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**General Fund Budgetary Highlights**

The final general fund budget of \$26,548,587 was an increase over the original budget, \$24,852,821, of \$1,695,766. The majority of the increase was rollovers from fiscal year 2010 in the amount of \$953,740. Of this amount \$363,459 was for equipment and vehicle purchases: 7 police cruisers for \$151,193, a solid waste truck for \$208,800 and a generator analysis of \$3,466. There were direct economic costs related to the City of Leesburg's International Airport totaling \$93,219. The City Manager's office has engaged in an attempt for economic development attempting to entice related businesses to come to the Airport. Information Technology Department is upgrading many aspects of their department due to the upcoming involvement in the SmartGrid initiative, as well as, ensuring our system software is cutting edge. Some of the projects not completed in fiscal year 2010 were implementation of an IVR system, \$101,500; One Solution Training, \$10,000; e-mail archiving project, \$37,039 and hardware/software upgrades and maintenance, \$65,368. Public Safety received grants for overtime, training and equipment totaling \$141,477. The remaining \$141,678 was various other projects, expenses and repairs. The City's elevator had to have a major overhaul which was to cost approximately \$5,000.

The variance of the actual transactions to the final budget amount is due to projects in transportation not being completed, some vehicles and equipment not received until after the year end, but mostly due to the close monitoring of financial activities and the fiscal oversight of the individual directors and senior management over the use of the City's resources.

**Capital Assets and Debt Administration**

**Capital Assets** - The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of September 30, 2011, decreased by \$1,867,358 to \$262,200,026, or less than 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 \$3,257,217. A portion of this decrease was related to the stormwater fund transfer. The net capital asset decrease of \$7,702,562 in the governmental-type activities can be attributed to the stormwater assets being removed from the governmental assets, offset by the following project expenditures in the current year:

Stormwater	(7,817,491)
Airport	662,219
Public Works (less transportation)	893,487
Recreation	36,810
Debt Arbitrage	1,250

These projects were funded by grants (38%) and other sources (62%).

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**Business-type Activities –**

**Electric**

Lighting projects totaling	\$ 308,695
Electric distribution lines totaling	2,245,934
Peak load reduction equipment totaling	205,162
Transformer purchases totaling	436,567
Smart grid technology totaling	141,511
Substations	814,325
Meters and reconductors	897,426

**Gas**

Mains, meters and regulators for new customers	\$ 212,255
--	------------

**Water**

Plant improvements, storage and reuse mains	\$ 320,106
---	------------

**Wastewater**

Plant treatment and disposal, collecting sewers	\$ 320,106
---	------------

**Communications**

Infrastructure extensions	\$ 67,969
---------------------------	-----------

**Stormwater**

Infrastructure improvements	\$ 447,703
-----------------------------	------------

The electric fund's costs are primarily associated with major corridor improvements on Highways 441 and 27. The other funds' costs were minor improvements or minor extensions to existing infrastructure.

**City of Leesburg's Capital Assets**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Land	\$ 7,951,322	\$ 8,433,146	\$ 12,138,743	\$ 13,533,821	\$ 20,090,065	\$ 21,966,967
Buildings	42,037,917	41,487,606	33,598,149	32,714,885	75,636,066	74,202,491
Improvements Other Than Buildings	16,760,948	19,298,876	178,514,450	158,103,760	195,275,398	177,402,636
Intangible Assets	-	-	925,173	-	925,173	-
Equipment	28,502,439	28,032,888	28,094,916	25,184,264	56,597,355	53,217,152
Infrastructure	34,056,889	35,182,569	-	-	34,056,889	35,182,569
Construction in Progress	13,769,815	17,027,032	13,239,539	23,297,142	27,009,354	40,324,174
	143,079,330	149,462,117	266,510,970	252,833,872	409,590,300	402,295,989
Less: Accumulated Depreciation	(62,627,289)	(61,307,514)	(84,762,985)	(76,921,091)	(147,390,274)	(138,228,605)
Capital Assets, Net	<u>\$ 80,452,041</u>	<u>\$ 88,154,603</u>	<u>\$181,747,985</u>	<u>\$175,912,781</u>	<u>\$262,200,026</u>	<u>\$264,067,384</u>

Additional information on the City's capital assets can be found in Note 6 on pages 54 -55 of this report.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**Long-term Debt** - At the end of fiscal year 2011, the City had total long-term debt outstanding of \$150,322,234, of which \$111,615,000 is attributable to outstanding bonds. Of this outstanding bonds total, \$97,060,000 represents bonds secured solely by specified revenue sources, while \$14,555,000 is secured by tax increment financing. \$29,960,000 of the bonds is applicable to governmental activities, and \$81,655,000 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 2011.

There was no new major financing activity associated with the City's business type activities during fiscal year 2011. There were no major draws from the 2010 Variable Interest Rate Electric Utility Revenue Note taken out to fund costs associated with the 50% grant-funded Department of Energy smart grid project. The project is expected to become active during the last half of fiscal year 2012.

The City is under constant surveillance and scrutiny from Wall Street rating agencies. Over the past year the following rating changes took place:

	Rating Agencies			
	Moody's		S&P	
	From	To	From	To
Capital	A3	A1		
Utility	A2	Aa3		
Covenant to Budget and Appropriate	A3	A2	A+	A

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 on pages 56 - 63 of this report.

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

- The unemployment rate for Lake County at September 30, 2011, was 10.2%, a slight decrease from a rate of 12.3% a year ago. This compares to the national average rate of 8.2% at September 30, 2011.
- The taxable value of commercial and residential property decreased by 11% in fiscal year 2011 on the heels of a 6.4% decrease in fiscal year 2010. Taxable values are expected to continue their decline for the foreseeable future.
- Population decreased 2.4% from the prior fiscal year to 20,251 at April 1, 2011.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

- The State Legislature is attempting to push through legislation that will offer an individual licensed and operating as a broker associate or sales associate an exemption from a local business tax. They will not be required to pay a local business tax, or obtain a local business tax receipt. This proposal further erodes the stable, reliable source of general revenue for local governments. Elimination of a portion of this revenue would require an alternative revenue source to maintain current levels of service.
- The fiscal year 2012 budget process was again impacted by legislative pressure to lower local government spending. The 2011-2012 millage rate remains unchanged at 4.3179 mills. Even though the City continues to experience declining property values and adverse economic conditions continue to suppress other revenue sources, the challenge going into fiscal year 2012 will be to deal with the increased funding needed for the City's self-funded health insurance plan. Health costs have escalated and even with the Wellness Center's positive impact, the shortfall City-wide is an increase of \$1.5M, with the general fund's share being \$951K. To help offset the impact on the general fund, the City made the decision to attempt to outsource the marketing and maintenance of the Sleepy Hollow Complex which would eliminate the need for some staffing and operating costs. This decision will be reflected in the fiscal year 2012 budget.

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 76% 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 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. This year, the General Service Demand rate was split into tiers to better meet the needs of our demand customers.

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. For the third year in a row, the utility's annual report submitted to the Department of Transportation reported the City's unaccounted for gas to be zero percent. Two or three percent is not uncommon for the gas industry.

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 2011 was .98%. Ethernet point-to-point fiber optic services represented 43% of the utility's total fiscal year 2011 operating revenue. The utility analyzes all new network extensions in order to lessen capital costs, and utilize existing network capacity.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

The City's Solid Waste Utility performed a review of its ongoing operations which has resulted in a restructuring of its daily operations and downsizing of operational equipment. The efficiencies gained from their operational study and program improvements have resulted in a significant increase in liquidity and compliance with the City's cash reserve policy.

The City's general employee health insurance fund experienced a decrease in net assets of \$875,039 which was directly attributable to higher than expected claims payments. The City built and funded a substantial rate increase in its 2011-12 budget. Additionally, retirees are now paying for medical insurance premiums in excess of the \$400 rate. Risk management also saw the need to create an onsite wellness center which is expected to reduce long term medical costs through early detection. The City's wellness center is open Monday, Wednesday and Friday, eight hours per day. 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.



This page intentionally left blank.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 15,345,857	\$ 31,012,522	\$ 46,358,379
Restricted Assets:			
Temporarily Restricted:			
Cash and Cash Equivalents	11,015,427	36,696,135	47,711,562
Investments	-	5,921,083	5,921,083
Receivables, Net	489,663	11,627,948	12,117,611
Prepaid Items	411,438	470,290	881,728
Due from Other Governments	730,490	459,586	1,190,076
Inventories	351,028	4,435,091	4,786,119
Notes Receivable, Employees	56,446	-	56,446
Assets Held for Sale	-	3,525,503	3,525,503
Net Pension Asset	636,513	-	636,513
Unamortized Bond Issue Costs	-	1,750,336	1,750,336
Capital Assets, Net of Accumulated Depreciation:			
Land	7,951,322	12,138,743	20,090,065
Buildings	32,213,048	27,817,292	60,030,340
Improvements Other Than Building	6,972,512	119,571,309	126,543,821
Intangible Assets	-	925,173	925,173
Machinery and Equipment	4,863,178	8,055,929	12,919,107
Infrastructure	14,682,166	-	14,682,166
Construction in Progress	13,769,815	13,239,539	27,009,354
<b>Total Assets</b>	<b>109,488,903</b>	<b>277,646,479</b>	<b>387,135,382</b>
<b>Liabilities</b>			
Accounts Payable	1,606,814	4,032,009	5,638,823
Accrued Liabilities	370,131	733,257	1,103,388
Due to Other Funds	-	-	-
Customer Advances for Construction	-	73,597	73,597
Accrued Interest Payable	515,845	2,250,864	2,766,709
Unearned Revenue	402,152	508,299	910,451
Claims Payable	1,741,668	-	1,741,668
Customer Deposits	86,111	4,665,491	4,751,602
Deferred Credit	13,106	5,018,560	5,031,666
Noncurrent Liabilities:			
Due Within One Year	1,616,666	3,132,344	4,749,010
Due in More Than One Year	37,086,357	100,073,441	137,159,798
Other Postemployment Benefits Liability	5,804,369	2,609,057	8,413,426
<b>Total Liabilities</b>	<b>49,243,219</b>	<b>123,096,919</b>	<b>172,340,138</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	52,626,016	114,637,624	167,263,640
Restricted for:			
Hwy 441 Pond Maintenance	412,095	-	412,095
Public Safety	240,011	-	240,011
Capital Projects	1,979,835	7,086,921	9,066,756
Debt Service	745,088	-	745,088
Gas Depository Trust	-	441,000	441,000
Unrestricted	4,242,639	32,384,015	36,626,654
<b>Total Net Assets</b>	<b>\$ 60,245,684</b>	<b>\$ 154,549,560</b>	<b>\$ 214,795,244</b>

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, 2011**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Assets		
	Expenses	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	\$ 4,516,704	\$ 3,717,159	\$ 14,513	\$ -	\$ (785,032)	\$ -	\$ (785,032)
Public Safety	16,325,651	474,039	312,026	20,668	(15,518,918)	-	(15,518,918)
Physical Environment	133,276	47,831	541,138	-	455,693	-	455,693
Transportation	3,710,588	1,129,721	-	393,197	(2,187,670)	-	(2,187,670)
Economic Environment	1,072,203	-	-	-	(1,072,203)	-	(1,072,203)
Human Services	37,567	-	-	-	(37,567)	-	(37,567)
Culture/Recreation	5,090,129	497,863	1,531	-	(4,590,735)	-	(4,590,735)
Interest on Long-term Debt	1,778,947	-	-	-	(1,778,947)	-	(1,778,947)
<b>Total Governmental Activities</b>	<b>32,665,065</b>	<b>5,866,613</b>	<b>869,208</b>	<b>413,865</b>	<b>(25,515,379)</b>	<b>-</b>	<b>(25,515,379)</b>
<b>Business-type Activities</b>							
Electric	53,561,809	60,620,777	-	536,234	-	7,595,202	7,595,202
Gas	5,964,253	8,158,489	-	-	-	2,194,236	2,194,236
Water	6,828,647	7,750,539	27,153	40,646	-	989,691	989,691
Wastewater	7,991,155	9,713,048	60,805	-	-	1,782,698	1,782,698
Stormwater	1,392,024	1,559,511	-	-	-	167,487	167,487
Solid Waste	3,022,958	3,690,281	-	-	-	667,323	667,323
Communication Services	1,126,159	1,284,288	-	-	-	158,129	158,129
Housing	162,600	-	-	-	-	(162,600)	(162,600)
<b>Total Business-type Activities</b>	<b>\$ 80,049,605</b>	<b>\$ 92,776,933</b>	<b>\$ 87,958</b>	<b>\$ 576,880</b>	<b>-</b>	<b>13,392,166</b>	<b>13,392,166</b>
<b>General Revenues</b>							
Taxes:							
Property Taxes					5,361,571	-	5,361,571
Sales Taxes					1,611,777	-	1,611,777
Utility Service Taxes					3,182,188	-	3,182,188
Communication Services Taxes					1,049,816	-	1,049,816
Other Taxes					1,030,149	-	1,030,149
State-shared Revenues, Unrestricted					1,587,489	-	1,587,489
County-shared Revenues, Unrestricted					467,764	-	467,764
Investment Income					471,791	572,093	1,043,884
Miscellaneous					115,080	(10,954)	104,126
<b>Transfers</b>					(1,244,813)	1,244,813	-
<b>Total General Revenues, Special Items and Transfers</b>					<b>13,632,812</b>	<b>1,805,952</b>	<b>15,438,764</b>
<b>Change in Net Assets</b>					<b>(11,882,567)</b>	<b>15,198,118</b>	<b>3,315,551</b>
<b>Net Assets, Beginning of Year (Unadjusted)</b>					<b>72,128,251</b>	<b>140,039,042</b>	<b>212,167,293</b>
<b>Prior Period Adjustment</b>					<b>-</b>	<b>(687,600)</b>	<b>(687,600)</b>
<b>Net Assets, Beginning of Year (Restated)</b>					<b>72,128,251</b>	<b>139,351,442</b>	<b>211,479,693</b>
<b>Net Assets, End of Year</b>					<b>\$ 60,245,684</b>	<b>\$ 154,549,560</b>	<b>\$ 214,795,244</b>

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

**CITY OF LEESBURG, FLORIDA  
BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	Major Funds			
	General Fund	Greater Leesburg Community Redevelopment Fund	Carver Heights/ Montclair Area Community Redevelopment Fund	U.S. Highway 441/27 Community Redevelopment Fund
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 8,392,907	\$ 384,696	\$ 84,827	\$ 994,630
Receivables, Net	381,845	-	192	-
Restricted Cash	412,095	16,000	1,214,748	9,321,250
Due from Other Funds	301,967	-	-	-
Due from Other Governments	301,599	-	-	-
Prepaid Items	355,971	-	-	85
Inventory	351,028	-	-	-
Notes Receivable, Employees	56,446	-	-	-
<b>Total Assets</b>	<b>10,553,858</b>	<b>400,696</b>	<b>1,299,767</b>	<b>10,315,965</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	903,223	43,516	3,496	39
Accrued Wages and Payroll Tax	363,556	-	-	-
Accrued Interest	-	-	-	-
Unearned Revenue	402,152	-	-	-
Deposits	83,611	-	-	2,500
Due to Other Governments	10,930	-	-	-
Due to Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>1,763,472</b>	<b>43,516</b>	<b>3,496</b>	<b>2,539</b>
<b>Fund Balances</b>				
Nonspendable:				
Prepays	355,971	-	-	-
Inventory	351,028	-	-	-
Notes Receivable - Employees	56,446	-	-	-
Restricted for:				
Hwy 441 Pond Maintenance	412,095	-	-	-
Public Safety and Other Expenditures	240,011	-	-	-
Capital Projects	-	357,180	1,029,955	7,831,987
Debt Service	-	-	184,793	1,489,263
Special Revenue Funds	-	-	-	-
Committed for:				
C.U.R.E. Program	2,970	-	-	-
Assigned for:				
Capital Projects	-	-	81,523	992,176
Debt Service	-	-	-	-
Unassigned (deficit)	7,371,865	-	-	-
<b>Total Fund Balances</b>	<b>8,790,386</b>	<b>357,180</b>	<b>1,296,271</b>	<b>10,313,426</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,553,858</b>	<b>\$ 400,696</b>	<b>\$ 1,299,767</b>	<b>\$ 10,315,965</b>

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

**Major Funds**

<b>Capital Projects Fund</b>	<b>Other Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,005,522	\$ 1,832,153	\$ 12,694,735
-	8,001	390,038
48,965	2,369	11,015,427
-	-	301,967
201,294	227,597	730,490
-	2,976	359,032
-	-	351,028
-	-	56,446
<u>1,255,781</u>	<u>2,073,096</u>	<u>25,899,163</u>
239,352	4,849	1,194,475
-	6,575	370,131
-	515,845	515,845
-	-	402,152
-	-	86,111
-	2,176	13,106
<u>109,982</u>	<u>191,985</u>	<u>301,967</u>
<u>349,334</u>	<u>721,430</u>	<u>2,883,787</u>
-	2,976	358,947
-	-	351,028
-	-	56,446
-	-	412,095
-	-	240,011
857,482	-	10,076,604
-	370,657	2,044,713
-	976,137	976,137
-	-	2,970
48,965	-	1,122,664
-	202,046	202,046
-	(200,150)	7,171,715
<u>906,447</u>	<u>1,351,666</u>	<u>23,015,376</u>
<u>\$ 1,255,781</u>	<u>\$ 2,073,096</u>	<u>\$ 25,899,163</u>

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



This page intentionally left blank.

**CITY OF LEESBURG, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**AS OF SEPTEMBER 30, 2011**

<b>Total Fund Balances of Governmental Funds</b>		\$ 23,015,376
 <b>Amounts Reported for Governmental Activities in the Statement of Assets are Different Because:</b>		
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Cost of the Assets	\$ 143,079,330	
Accumulated Depreciation	<u>(62,627,289)</u>	80,452,041
 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.		
		649,146
 Net pension obligation is not an available financial resource and, therefore, is not reported as an asset in the governmental funds.		
		636,513
 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	(29,960,000)	
Notes Payable	(7,027,950)	
Compensated Absences	(1,480,604)	
Capital Lease Payable	(234,469)	
Net Other Postemployment Benefit Obligation	<u>(5,804,369)</u>	<u>(44,507,392)</u>
 <b>Total Net Assets of Governmental Activities</b>		 <b><u><u>\$ 60,245,684</u></u></b>

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, 2011**

	Major Funds			
	General Fund	Greater Leesburg Community Redevelopment Fund	Carver Heights/ Montclair Area Community Redevelopment Fund	U.S. Highway 441/27 Community Redevelopment Fund
<b>Revenues</b>				
Taxes	\$ 9,788,074	\$ -	\$ -	\$ -
Licenses and Permits	112,255	-	-	-
Intergovernmental	2,258,348	233,628	119,069	178,512
Charges for Services	594,690	-	-	-
Fines and Forfeitures	101,084	-	-	-
Impact Fees	-	-	-	-
Miscellaneous:				
Interest	68,428	2,776	31,877	80,429
Other	4,484,743	-	325	-
<b>Total Revenues</b>	<u>17,407,622</u>	<u>236,404</u>	<u>151,271</u>	<u>258,941</u>
<b>Expenditures</b>				
Current:				
General Government	2,851,945	-	-	-
Public Safety	13,755,256	-	-	-
Physical Environment	65,853	-	-	-
Transportation	2,063,495	-	-	-
Economic Environment	260,114	318,376	47,360	40,611
Human Services	37,567	-	-	-
Culture and Recreation	3,893,225	-	-	-
Capital Outlay	1,367,685	-	94,878	123,106
Debt Service:				
Principal Payments	-	20,329	153,880	15,000
Interest and Fees	-	3,718	49,473	681,346
<b>(Total Expenditures)</b>	<u>(24,295,140)</u>	<u>(342,423)</u>	<u>(345,591)</u>	<u>(860,063)</u>
<b>(Deficiency) Excess of Revenues (Under)</b>				
<b>Over Expenditures</b>	<u>(6,887,518)</u>	<u>(106,019)</u>	<u>(194,320)</u>	<u>(601,122)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	77,760	-	-	-
Transfers from Other Funds	9,347,763	188,958	96,906	148,248
Transfers to Other Funds	(1,118,620)	-	(59,600)	(1,382,056)
<b>Total Other Financing Sources (Uses)</b>	<u>8,306,903</u>	<u>188,958</u>	<u>37,306</u>	<u>(1,233,808)</u>
<b>Net Change in Fund Balances</b>	1,419,385	82,939	(157,014)	(1,834,930)
<b>Fund Balances, Beginning of Year</b>	<u>7,371,001</u>	<u>274,241</u>	<u>1,453,285</u>	<u>12,148,356</u>
<b>Fund Balances, End of Year</b>	<u>\$ 8,790,386</u>	<u>\$ 357,180</u>	<u>\$ 1,296,271</u>	<u>\$ 10,313,426</u>

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

**Major Funds**

<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 2,447,427	\$ 12,235,501
-	344,887	457,142
430,453	151,475	3,371,485
-	777	595,467
-	62,113	163,197
-	150	150
980	18,628	203,118
-	461,512	4,946,580
<u>431,433</u>	<u>3,486,969</u>	<u>21,972,640</u>
-	-	2,851,945
-	482,832	14,238,088
-	24	65,877
-	53	2,063,548
-	322,920	989,381
-	-	37,567
-	-	3,893,225
1,593,767	-	3,179,436
-	633,754	822,963
-	1,044,410	1,778,947
<u>(1,593,767)</u>	<u>(2,483,993)</u>	<u>(29,920,977)</u>
<u>(1,162,334)</u>	<u>1,002,976</u>	<u>(7,948,337)</u>
-	-	77,760
990,767	1,810,050	12,582,692
<u>(158,119)</u>	<u>(4,350,854)</u>	<u>(7,069,249)</u>
<u>832,648</u>	<u>(2,540,804)</u>	<u>5,591,203</u>
(329,686)	(1,537,828)	(2,357,134)
<u>1,236,133</u>	<u>2,889,494</u>	<u>25,372,510</u>
<u>\$ 906,447</u>	<u>\$ 1,351,666</u>	<u>\$ 23,015,376</u>

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



This page intentionally left blank.

**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, 2011**

**Net Change in Fund Balances - Total Governmental Funds** \$ (2,357,134)

**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	\$ 3,179,436	
Capital Assets Transferred to Stormwater Business-Type Activity	(6,569,960)	
Contributions of Capital Assets	37,871	
Net Book Value of Disposals	(55,854)	
Depreciation Expense	<u>(4,253,264)</u>	(7,661,771)

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	375,000	
Notes Payable	414,209	
Capital Lease Payable	<u>33,754</u>	822,963

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	65,126	
Changes in Net Pension Obligation	(780,782)	
Change in Other Postemployment Benefit Liability	<u>(1,258,071)</u>	(1,973,727)

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.

(712,898)

**Change in Net Assets of Governmental Activities** \$ (11,882,567)

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

**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2011**

	<b>Business-type Activities</b>			
	<b>Electric Utility Fund</b>	<b>Gas Utility Fund</b>	<b>Water Utility Fund</b>	<b>Wastewater Utility Fund</b>
<b>Assets</b>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 12,558,607	\$ 7,299,455	\$ 3,837,622	\$ 2,712,347
Restricted Cash and Cash Equivalents:				
Debt Service Account	3,377,249	265,841	995,327	853,419
Customer Deposits Account	4,003,232	640,930	409,834	4,700
Rate Stabilization	7,435,809	-	-	-
Landfill Escrow	-	-	-	-
Due from Other Funds	-	300,000	1,500,001	-
Due from Other Governments	459,183	-	-	-
Receivables:				
Customer Accounts, Unbilled	3,296,992	336,564	462,198	569,041
Customer Accounts, Billed	5,111,499	347,389	355,435	893,027
(Allowance for Doubtful Accounts)	(440,419)	(29,276)	(42,061)	(66,440)
Miscellaneous Receivables	106,793	-	-	-
Inventory	3,841,615	318,988	70,158	-
Prepaid Items	200,071	36,881	73,785	104,230
<b>Total Current Assets</b>	<b>39,950,631</b>	<b>9,516,772</b>	<b>7,662,299</b>	<b>5,070,324</b>
Noncurrent Assets:				
Restricted Assets:				
Equity in Pooled Cash and Equivalents:				
Renewal and Replacement Account	2,436,970	-	1,499,048	2,936,237
Impact Fees Account	-	-	27,169	187,497
Depository Trust Account	-	441,000	-	-
Bond Proceeds	3,302,478	1,903,921	5,267,839	-
Investments:				
Crystal River Decommissioning Trust Account	5,921,083	-	-	-
<b>Total Restricted Assets</b>	<b>11,660,531</b>	<b>2,344,921</b>	<b>6,794,056</b>	<b>3,123,734</b>
Property, Plant and Equipment:				
Land	3,507,105	370,111	346,380	7,162,035
Buildings	2,516,827	531,146	6,043,696	24,492,624
Improvements Other Than Buildings	83,503,343	13,616,130	38,565,488	27,834,594
Machinery and Equipment	9,495,047	1,421,434	4,034,281	11,981,036
(Accumulated Depreciation and Amortization)	(34,472,075)	(5,547,025)	(16,206,696)	(23,141,311)
Intangible Assets	-	-	925,173	-
Construction in Progress	7,341,470	645,332	3,437,354	541,532
<b>Total Property, Plant and Equipment</b>	<b>71,891,717</b>	<b>11,037,128</b>	<b>37,145,676</b>	<b>48,870,510</b>
Other Assets:				
Assets Held for Sale	-	-	-	-
Unamortized Bond Issue Costs	821,290	125,049	464,092	339,905
<b>Total Other Assets</b>	<b>821,290</b>	<b>125,049</b>	<b>464,092</b>	<b>339,905</b>
<b>Total Noncurrent Assets</b>	<b>84,373,538</b>	<b>13,507,098</b>	<b>44,403,824</b>	<b>52,334,149</b>
<b>Total Assets</b>	<b>\$ 124,324,169</b>	<b>\$ 23,023,870</b>	<b>\$ 52,066,123</b>	<b>\$ 57,404,473</b>

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

<b>Total Combined Utility</b>	<b>Business-type Activities</b>					<b>Governmental Activities</b>
	<b>Stormwater Fund</b>	<b>Solid Waste</b>	<b>Communication Services</b>	<b>Housing Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 26,408,031	\$1,999,112	\$ 1,488,384	\$ 799,310	\$ 317,685	\$ 31,012,522	\$ 2,651,122
5,491,836	-	0	93,834	63,750	5,649,420	-
5,058,696	-	6,670	4,103	-	5,069,469	-
7,435,809	-	-	-	-	7,435,809	-
-	-	89,954	-	-	89,954	-
1,800,001	-	-	-	-	1,800,001	-
459,183	-	403	-	-	459,586	-
4,664,795	102,050	212,939	61,156	-	5,040,940	-
6,707,350	95,149	241,182	70,692	-	7,114,373	-
(578,196)	(12,795)	(43,167)	-	-	(634,158)	-
106,793	-	-	-	-	106,793	99,625
4,230,761	-	-	204,330	-	4,435,091	-
414,967	13,336	19,658	22,329	-	470,290	52,406
<u>62,200,026</u>	<u>2,196,852</u>	<u>2,016,023</u>	<u>1,255,754</u>	<u>381,435</u>	<u>68,050,090</u>	<u>2,803,153</u>
6,872,255	-	120,000	329,324	-	7,321,579	-
214,666	-	-	-	-	214,666	-
441,000	-	-	-	-	441,000	-
10,474,238	-	-	-	-	10,474,238	-
<u>5,921,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,921,083</u>	<u>-</u>
<u>23,923,242</u>	<u>-</u>	<u>120,000</u>	<u>329,324</u>	<u>-</u>	<u>24,372,566</u>	<u>-</u>
11,385,631	724,412	28,700	-	-	12,138,743	-
33,584,293	-	13,856	-	-	33,598,149	-
163,519,555	7,476,902	191,691	7,326,302	-	178,514,450	-
26,931,798	5,390	99,893	1,057,835	-	28,094,916	-
(79,367,107)	(2,466,639)	(142,158)	(2,787,081)	-	(84,762,985)	-
925,173	-	-	-	-	925,173	-
11,965,688	728,273	-	545,578	-	13,239,539	-
<u>168,945,031</u>	<u>6,468,338</u>	<u>191,982</u>	<u>6,142,634</u>	<u>-</u>	<u>181,747,985</u>	<u>-</u>
-	-	-	-	3,525,503	3,525,503	-
1,750,336	-	-	-	-	1,750,336	-
<u>1,750,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,525,503</u>	<u>5,275,839</u>	<u>-</u>
194,618,609	6,468,338	311,982	6,471,958	3,525,503	211,396,390	-
<u>\$ 256,818,635</u>	<u>\$8,665,190</u>	<u>\$ 2,328,005</u>	<u>\$ 7,727,712</u>	<u>\$ 3,906,938</u>	<u>\$ 279,446,480</u>	<u>\$ 2,803,153</u>

(Continued)

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

**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2011**  
*(Concluded)*

	<b>Business-type Activities</b>			
	<b>Electric Utility Fund</b>	<b>Gas Utility Fund</b>	<b>Water Utility Fund</b>	<b>Wastewater Utility Fund</b>
<b>Liabilities</b>				
Current Liabilities:				
Accounts and Retainage Payable	\$ 3,448,615	\$ 152,576	\$ 211,913	\$ 87,536
Accrued Expenses	309,946	323,172	28,168	44,492
Compensated Absences	205,814	63,216	123,401	92,205
Customer Advances for Construction	64,697	-	-	8,900
Due to Other Funds	-	-	-	1,800,001
Unearned Revenue	191,265	162,405	27,150	127,479
	<u>4,220,337</u>	<u>701,369</u>	<u>390,632</u>	<u>2,160,613</u>
Current Liabilities Payable from Restricted Assets:				
Customer Deposits	4,003,232	236,952	409,834	4,700
Estimated Landfill Closure Cost Payable	-	-	-	-
Accrued Interest Payable	971,510	142,669	575,949	481,068
Current Portion of Bonds and Notes Payable	675,000	123,189	419,413	372,398
Rate Stabilization Deferred Credit	5,018,560	-	-	-
Current Liabilities Payable from Restricted Assets	<u>10,668,302</u>	<u>502,810</u>	<u>1,405,196</u>	<u>858,166</u>
Total Current Liabilities	<u>14,888,639</u>	<u>1,204,179</u>	<u>1,795,828</u>	<u>3,018,779</u>
Noncurrent Liabilities:				
Claims Payable	-	-	-	-
Capital Improvement Revenue Refunding Note 2009	-	-	-	-
Electric Utility Revenue Note 2010	250,000	-	-	-
Revenue Bonds Payable, Series 2004	14,955,000	3,456,790	7,190,407	9,962,803
Revenue Bonds Payable, Series 2007	22,090,000	2,427,574	13,909,227	6,123,199
(Unamortized Discount and Loss on Refunding)	4,238	(26,792)	(40,465)	(77,382)
Utility Revenue Refunding Note Payable 2010	-	-	3,605,352	4,334,648
Magnolia Townhomes Note 2009	-	-	-	-
Compensated Absences	168,393	51,722	100,964	75,442
Landfill Postclosure Costs Payable	-	-	-	-
Decommissioning Costs Payable	6,508,531	-	-	-
Other Postemployment Benefits Liability	740,602	309,312	486,665	670,455
Total Noncurrent Liabilities	<u>44,716,764</u>	<u>6,218,606</u>	<u>25,252,150</u>	<u>21,089,165</u>
<b>Total Liabilities</b>	<u>59,605,403</u>	<u>7,422,785</u>	<u>27,047,978</u>	<u>24,107,944</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	48,354,957	6,960,288	17,329,581	29,189,844
Restricted for:				
Capital Projects	2,436,970	-	1,526,217	3,123,734
Gas Depository Trust	-	441,000	-	-
Unrestricted (Accumulated Deficit)	13,926,839	8,199,797	6,162,347	982,951
<b>Total Net Assets</b>	<u>\$ 64,718,766</u>	<u>\$ 15,601,085</u>	<u>\$ 25,018,145</u>	<u>\$ 33,296,529</u>

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

<b>Business-type Activities</b>						<b>Governmental Activities</b>
<b>Total Combined Utility</b>	<b>Stormwater Fund</b>	<b>Solid Waste</b>	<b>Communication Services</b>	<b>Housing Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 3,900,640	\$ 37,714	\$ 73,586	\$ 20,063	\$ 6	\$ 4,032,009	\$ 412,339
705,778	3,420	17,600	6,459	-	733,257	1,028,014
484,636	4,807	39,029	12,603	-	541,075	-
73,597	-	-	-	-	73,597	-
1,800,001	-	-	-	-	1,800,001	-
508,299	-	-	-	-	508,299	-
<u>7,472,951</u>	<u>45,941</u>	<u>130,215</u>	<u>39,125</u>	<u>6</u>	<u>7,688,238</u>	<u>1,440,353</u>
4,654,718	-	6,670	4,103	-	4,665,491	-
-	-	76,269	-	-	76,269	-
2,171,196	-	-	15,918	63,750	2,250,864	-
1,590,000	-	-	85,000	840,000	2,515,000	-
5,018,560	-	-	-	-	5,018,560	-
<u>13,434,474</u>	<u>-</u>	<u>82,939</u>	<u>105,021</u>	<u>903,750</u>	<u>14,526,184</u>	<u>-</u>
<u>20,907,425</u>	<u>45,941</u>	<u>213,154</u>	<u>144,146</u>	<u>903,756</u>	<u>22,214,422</u>	<u>1,440,353</u>
-	-	-	-	-	-	713,654
-	-	-	840,000	-	840,000	-
250,000	-	-	-	-	250,000	-
35,565,000	-	-	-	-	35,565,000	-
44,550,000	-	-	-	-	44,550,000	-
(140,401)	-	-	-	-	(140,401)	-
7,940,000	-	-	-	-	7,940,000	-
-	-	-	-	3,660,000	3,660,000	-
396,521	3,933	31,933	10,312	-	442,699	-
-	-	457,612	-	-	457,612	-
6,508,531	-	-	-	-	6,508,531	-
2,207,034	49,919	272,494	79,610	-	2,609,057	-
<u>97,276,685</u>	<u>53,852</u>	<u>762,039</u>	<u>929,922</u>	<u>3,660,000</u>	<u>102,682,498</u>	<u>713,654</u>
<u>118,184,110</u>	<u>99,793</u>	<u>975,193</u>	<u>1,074,068</u>	<u>4,563,756</u>	<u>124,896,920</u>	<u>2,154,007</u>
101,834,670	6,468,338	191,982	6,142,634	-	114,637,624	-
7,086,921	-	-	-	-	7,086,921	-
441,000	-	-	-	-	441,000	-
29,271,934	2,097,059	1,160,830	511,010	(656,818)	32,384,015	649,146
<u>\$ 138,634,525</u>	<u>\$ 8,565,397</u>	<u>\$ 1,352,812</u>	<u>\$6,653,644</u>	<u>\$ (656,818)</u>	<u>\$ 154,549,560</u>	<u>\$ 649,146</u>

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

**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<b>Business-type Activities</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	\$ 57,329,629	\$ 8,011,273	\$ 7,523,207	\$ 9,498,151
Other	3,291,148	147,216	227,332	214,897
<b>Total Operating Revenues</b>	<u>60,620,777</u>	<u>8,158,489</u>	<u>7,750,539</u>	<u>9,713,048</u>
<b>Operating Expenses</b>				
Power Generation and Transmission	2,773,084	-	-	-
Purchased Energy	37,032,391	3,016,010	-	-
Supply and Pumping	-	-	-	2,039,822
Treatment	-	-	1,557,333	197,993
Distribution and Collection	4,626,527	972,000	1,329,406	2,030,937
Customer Accounts	1,821,633	457,721	683,949	822,188
General and Administrative Operations	2,916,053	979,417	796,600	767,709
Depreciation and Amortization	-	-	-	-
Change in Decommissioning/ Postclosure Estimate	3,126,757	397,263	1,563,208	1,467,153
<b>(Total Operating Expenses)</b>	<u>(52,296,445)</u>	<u>(5,822,411)</u>	<u>(5,930,496)</u>	<u>(7,325,802)</u>
<b>Operating Income</b>	<u>8,324,332</u>	<u>2,336,078</u>	<u>1,820,043</u>	<u>2,387,246</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Income	396,239	47,765	39,719	58,254
Other Nonoperating Income	-	-	-	15,984
Interest Expenses	(1,107,317)	(141,842)	(387,744)	(665,353)
Other Nonoperating Expense	(158,047)	-	(510,407)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(869,125)</u>	<u>(94,077)</u>	<u>(858,432)</u>	<u>(591,115)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>7,455,207</u>	<u>2,242,001</u>	<u>961,611</u>	<u>1,796,131</u>
<b>Transfers and Capital Contributions</b>				
Capital Contributions	536,234	-	40,646	-
Transfers from Other Funds	1,338,757	-	691	691
Transfers to Other Funds	(5,750,500)	(976,577)	(914,410)	(708,781)
<b>Total Transfers and Capital Contributions</b>	<u>(3,875,509)</u>	<u>(976,577)</u>	<u>(873,073)</u>	<u>(708,090)</u>
<b>Change in Net Assets</b>	<u>3,579,698</u>	<u>1,265,424</u>	<u>88,538</u>	<u>1,088,041</u>
<b>Net Assets, Beginning of Year</b>	61,139,068	14,335,661	24,532,020	33,293,675
<b>Prior Period Adjustment</b>	-	-	397,587	(1,085,187)
<b>Net Assets, Beginning of Year (Adjusted)</b>	<u>61,139,068</u>	<u>14,335,661</u>	<u>24,929,607</u>	<u>32,208,488</u>
<b>Net Assets, End of Year</b>	<u>\$ 64,718,766</u>	<u>\$ 15,601,085</u>	<u>\$ 25,018,145</u>	<u>\$ 33,296,529</u>

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

Total Combined Utility	Business-type Activities					Governmental Activities
	Stormwater Fund	Solid Waste	Communication Services	Housing Fund	Total	Internal Service Funds
\$ 82,362,260	\$ 1,544,176	\$ 3,643,048	\$ 1,248,951	\$ -	\$ 88,798,435	\$ 5,063,304
3,880,593	15,335	47,233	35,337	-	3,978,498	238,865
<u>86,242,853</u>	<u>1,559,511</u>	<u>3,690,281</u>	<u>1,284,288</u>	<u>-</u>	<u>92,776,933</u>	<u>5,302,169</u>
2,773,084	-	-	-	-	2,773,084	-
40,048,401	-	-	-	-	40,048,401	-
2,039,822	-	-	-	-	2,039,822	-
1,755,326	-	-	-	-	1,755,326	-
8,958,870	-	-	-	-	8,958,870	-
3,785,491	-	-	-	-	3,785,491	-
5,459,779	876,908	3,072,720	792,226	-	10,201,633	780,640
-	-	-	-	9,600	9,600	5,062,931
6,554,381	515,116	20,438	266,890	-	7,356,825	-
-	-	(70,228)	-	-	(70,228)	-
<u>(71,375,154)</u>	<u>(1,392,024)</u>	<u>(3,022,930)</u>	<u>(1,059,116)</u>	<u>(9,600)</u>	<u>(76,858,824)</u>	<u>(5,843,571)</u>
<u>14,867,699</u>	<u>167,487</u>	<u>667,351</u>	<u>225,172</u>	<u>(9,600)</u>	<u>15,918,109</u>	<u>(541,402)</u>
541,977	11,414	9,973	6,961	1,768	572,093	16,800
15,984	60,970	-	-	50	77,004	-
(2,302,256)	-	(28)	(38,481)	(153,000)	(2,493,765)	-
(668,454)	-	-	(28,562)	-	(697,016)	-
<u>(2,412,749)</u>	<u>72,384</u>	<u>9,945</u>	<u>(60,082)</u>	<u>(151,182)</u>	<u>(2,541,684)</u>	<u>16,800</u>
<u>12,454,950</u>	<u>239,871</u>	<u>677,296</u>	<u>165,090</u>	<u>(160,782)</u>	<u>13,376,425</u>	<u>(524,602)</u>
576,880	6,569,960	-	-	-	7,146,840	-
1,340,139	1,755,566	-	43,299	153,000	3,292,004	-
(8,350,268)	-	(266,883)	-	-	(8,617,151)	(188,296)
<u>(6,433,249)</u>	<u>8,325,526</u>	<u>(266,883)</u>	<u>43,299</u>	<u>153,000</u>	<u>1,821,693</u>	<u>(188,296)</u>
<u>6,021,701</u>	<u>8,565,397</u>	<u>410,413</u>	<u>208,389</u>	<u>(7,782)</u>	<u>15,198,118</u>	<u>(712,898)</u>
133,300,424	-	942,399	6,445,255	(649,036)	140,039,042	1,362,044
(687,600)	-	-	-	-	(687,600)	-
<u>132,612,824</u>	<u>-</u>	<u>942,399</u>	<u>6,445,255</u>	<u>(649,036)</u>	<u>139,351,442</u>	<u>1,362,044</u>
<u>\$ 138,634,525</u>	<u>\$ 8,565,397</u>	<u>\$ 1,352,812</u>	<u>\$ 6,653,644</u>	<u>\$ (656,818)</u>	<u>\$ 154,549,560</u>	<u>\$ 649,146</u>

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, 2011**

	<b>Business-type Activities</b>			
	<b>Electric Utility Fund</b>	<b>Gas Utility Fund</b>	<b>Water Utility Fund</b>	<b>Wastewater Utility Fund</b>
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 64,576,285	\$ 8,125,574	\$ 7,898,307	\$ 9,799,324
Cash Paid to Suppliers for Goods and Services	(45,622,469)	(4,503,625)	(2,280,851)	(3,768,092)
Cash Paid for Insurance Claims	-	-	-	-
Cash Paid to Employees for Services	(3,817,917)	(1,149,994)	(1,671,356)	(2,348,554)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>15,135,899</u>	<u>2,471,955</u>	<u>3,946,100</u>	<u>3,682,678</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from Other Funds	1,338,757	-	691	691
Transfers to Other Funds	(5,750,500)	(976,577)	(914,410)	(708,781)
Issuance of/Proceeds from Interfund Loan	-	100,000	499,999	(599,999)
Proceeds from Noncapital Debt	-	-	-	-
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>(4,411,743)</u>	<u>(876,577)</u>	<u>(413,720)</u>	<u>(1,308,089)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Interest Paid on Revenue Bonds and Customer Deposits	(1,966,212)	(285,727)	(1,114,877)	(925,531)
Acquisition and Construction of Capital Assets	(4,383,275)	(212,258)	(781,888)	(268,277)
Proceeds/Loss from the Disposition of Capital Assets	-	-	-	15,984
Principal Paid on Capital Debt	(2,250,000)	(118,975)	(386,287)	(339,738)
Capital Contributions	989,346	-	40,646	-
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(7,610,141)</u>	<u>(616,960)</u>	<u>(2,242,406)</u>	<u>(1,517,562)</u>
<b>Cash Flows from Investing Activities</b>				
Interest Received	179,378	47,765	39,719	58,254
Purchase of Crystal River Decommissioning Investments	(8,491)	-	-	-
Purchase of Asset Held for Resale	-	-	-	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>170,887</u>	<u>47,765</u>	<u>39,719</u>	<u>58,254</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	3,284,902	1,026,183	1,329,693	915,281
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>29,829,443</u>	<u>9,524,964</u>	<u>10,707,146</u>	<u>5,778,919</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 33,114,345</u>	<u>\$ 10,551,147</u>	<u>\$ 12,036,839</u>	<u>\$ 6,694,200</u>

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

<b>Total Combined Utility</b>	<b>Business-type Activities</b>					<b>Governmental Activities</b>
	<b>Stormwater Fund</b>	<b>Solid Waste</b>	<b>Communication Services</b>	<b>Housing Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 90,399,490	\$ 1,564,576	\$ 3,712,236	\$ 1,354,236	\$ -	\$ 97,030,538	\$ 5,185,776
(56,175,037)	(681,043)	(2,160,396)	(722,259)	(9,605)	(59,748,340)	(1,395,101)
-	-	-	-	-	-	(4,510,312)
<u>(8,987,821)</u>	<u>(165,981)</u>	<u>(901,349)</u>	<u>(369,929)</u>	<u>-</u>	<u>(10,425,080)</u>	<u>-</u>
<u>25,236,632</u>	<u>717,552</u>	<u>650,491</u>	<u>262,048</u>	<u>(9,605)</u>	<u>26,857,118</u>	<u>(719,637)</u>
1,340,139	1,622,670	-	43,299	153,000	3,159,108	-
(8,350,268)	-	(266,883)	-	-	(8,617,151)	(188,296)
-	-	-	-	-	-	-
-	-	-	-	(429,000)	(429,000)	-
<u>(7,010,129)</u>	<u>1,622,670</u>	<u>(266,883)</u>	<u>43,299</u>	<u>(276,000)</u>	<u>(5,887,043)</u>	<u>(188,296)</u>
(4,292,347)	-	(30)	(63,963)	(153,000)	(4,509,340)	-
(5,645,698)	(359,199)	-	(67,969)	-	(6,072,866)	-
15,984	6,675	-	-	-	22,659	-
(3,095,000)	-	-	(80,000)	-	(3,175,000)	-
<u>1,029,992</u>	<u>-</u>	<u>234</u>	<u>-</u>	<u>-</u>	<u>1,030,226</u>	<u>-</u>
<u>(11,987,069)</u>	<u>(352,524)</u>	<u>204</u>	<u>(211,932)</u>	<u>(153,000)</u>	<u>(12,704,321)</u>	<u>-</u>
325,116	11,414	9,973	6,961	1,768	355,232	16,800
(8,491)	-	-	-	-	(8,491)	-
-	-	-	-	(15,370)	(15,370)	-
<u>316,625</u>	<u>11,414</u>	<u>9,973</u>	<u>6,961</u>	<u>(13,602)</u>	<u>331,371</u>	<u>16,800</u>
6,556,059	1,999,112	393,785	100,376	(452,207)	8,597,125	(891,133)
<u>55,840,472</u>	<u>-</u>	<u>1,311,223</u>	<u>1,126,195</u>	<u>833,642</u>	<u>59,111,532</u>	<u>3,542,255</u>
<u>\$ 62,396,531</u>	<u>\$ 1,999,112</u>	<u>\$ 1,705,008</u>	<u>\$ 1,226,571</u>	<u>\$ 381,435</u>	<u>\$ 67,708,657</u>	<u>\$ 2,651,122</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, 2011**  
*(Concluded)*

	<b>Business-type Activities</b>			
	<b>Electric Utility Fund</b>	<b>Gas Utility Fund</b>	<b>Water Utility Fund</b>	<b>Wastewater Utility Fund</b>
<b><u>Reconciliation of Cash and Cash Equivalents to Balance Sheet</u></b>				
Total Unrestricted Equity in Pooled Cash and Cash Equivalents	\$ 12,558,607	\$ 7,299,455	\$ 3,837,622	\$ 2,712,347
Total Restricted Equity in Pooled Cash and Cash Equivalents	20,555,738	3,251,692	8,199,217	3,981,853
<b>Total Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 33,114,345</u></b>	<b><u>\$ 10,551,147</u></b>	<b><u>\$ 12,036,839</u></b>	<b><u>\$ 6,694,200</u></b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u></b>				
Operating Income (Loss)	\$ 8,324,332	\$ 2,336,078	\$ 1,820,043	\$ 2,387,246
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation and Amortization	3,126,757	397,263	1,563,208	1,467,153
Decrease (Increase) in Assets:				
Customer Accounts (Net of Allowances)	1,299,785	(53,774)	79,371	92,454
Miscellaneous Receivables	51,456			-
Prepaid Items	(124,623)	(25,755)	371,580	(104,064)
Inventory	(678,432)	(228,298)	22,171	107
Increase (Decrease) in Liabilities:				
Accounts Payable	(11,658)	(4,284)	38,845	(228,799)
Claims Payable	-	-	-	-
Accrued Expenses	(76,224)	(45,621)	(66,547)	(75,250)
Rate Stabilization Deferred Credit	2,102,123	-	-	-
Other Postemployment Benefits Liability	166,509	70,304	92,505	162,809
Decommissioning/Postclosure Payable	394,841	-	-	-
Other	561,033	26,042	24,924	(18,978)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>\$ 15,135,899</u></b>	<b><u>\$ 2,471,955</u></b>	<b><u>\$ 3,946,100</u></b>	<b><u>\$ 3,682,678</u></b>
<b><u>Noncash Investing, Capital or Financing Transactions</u></b>				
Contribution of Capital Assets from Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

<b>Total Combined Utility</b>	<b>Business-type Activities</b>					<b>Governmental Activities</b>
	<b>Stormwater Fund</b>	<b>Solid Waste</b>	<b>Communication Services</b>	<b>Housing Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 26,408,031	\$ 1,999,112	\$ 1,488,384	\$ 799,310	\$ 317,685	\$ 29,013,410	\$ 2,651,122
35,988,500	-	216,624	427,261	63,750	36,696,135	-
<u>\$ 62,396,531</u>	<u>\$ 1,999,112</u>	<u>\$ 1,705,008</u>	<u>\$ 1,226,571</u>	<u>\$ 381,435</u>	<u>\$ 67,708,657</u>	<u>\$ 2,651,122</u>
\$ 14,867,699	\$ 167,487	\$ 667,351	\$ 225,172	\$ (9,600)	\$ 15,918,109	\$ (541,402)
6,554,381	515,116	20,438	266,890	-	7,356,825	-
1,417,836	5,065	27,850	69,987	-	1,520,738	-
51,456	-	-	-	-	51,456	122,472
117,138	(13,336)	(19,658)	(10,248)	-	73,896	(37,406)
(884,452)	-	-	(204,330)	-	(1,088,782)	-
(205,896)	(9,602)	2,367	(92,971)	(5)	(306,107)	(205,035)
-	-	-	-	-	-	(58,266)
(263,642)	(6,761)	(27,471)	(16,220)	-	(314,094)	-
2,102,123	-	-	-	-	2,102,123	-
492,127	49,919	59,203	18,501	-	619,750	-
394,841	-	(70,227)	-	-	324,614	-
593,021	9,664	(9,362)	5,267	-	598,590	-
<u>\$ 25,236,632</u>	<u>\$ 717,552</u>	<u>\$ 650,491</u>	<u>\$ 262,048</u>	<u>\$ (9,605)</u>	<u>\$ 26,857,118</u>	<u>\$ (719,637)</u>
<u>\$ -</u>	<u>\$ 6,569,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,569,960</u>	<u>\$ -</u>

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

**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2011**

	<b>Employee Retirement Funds</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 5,326
Investments, at Fair Value:	
U.S. Government Securities	11,373,364
Corporate Bonds	5,331,223
Alternative Investments	3,990,123
Corporate Stocks	24,160,037
Money Market	2,100,965
Mutual Funds	4,967,591
Total Investments	51,923,303
Accounts Receivable	122,616
Interest Receivable	103,626
<b>Total Assets</b>	<b>52,154,871</b>
<b>Liabilities</b>	
Accounts Payable	26,162
<b>Total Liabilities</b>	<b>26,162</b>
<b>Net Assets</b>	
Held in Trust for:	
Employees' Pension Benefits	\$ 52,128,709

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, 2011**

	<b>Employee Retirement Funds</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 1,810,429
State	309,803
Employee	488,557
Total Contributions	2,608,789
Investment Income:	
Net Appreciation in Fair Value of Investments	(1,081,466)
Interest and Dividend Income	1,313,857
Other Income	11,331
Total Investment Income	243,722
<b>Total Additions</b>	<b>2,852,511</b>
<b>Deductions</b>	
Benefit Payments	3,419,789
Refund of Contributions	136,062
Administrative Expense	512,547
<b>(Total Deductions)</b>	<b>(4,068,398)</b>
<b>Change in Plan Net Assets</b>	<b>(1,215,887)</b>
<b>Net Assets Reserved for Employees'</b>	
<b>Pension Benefits:</b>	
<b>Beginning of Year</b>	53,344,596
<b>End of Year</b>	\$ 52,128,709

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

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

**Note 1 - Description of Funds and Summary of Significant Accounting Policies**

The financial statements of the City of Leesburg, Florida (the City), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant City accounting policies are described below:

**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 services to its citizens including fire and police protection, electric, gas, water, wastewater, communications, solid waste, parks and recreation, streets, and other general governmental activities. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed City Manager.

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. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's Governing Board and: 1) it is able to impose its will on the organization; or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Management has determined that there are three includable component units:

- 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 Governing Boards are composed of the City Commission plus two members appointed by the City Commission, and are appropriately blended as major governmental funds into the primary government. Separate financial statements are not issued for any of the Redevelopment Agencies.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity, except interfund services provided and used, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Government-wide and Fund Financial Statements (Concluded)**

other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and proprietary funds; fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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

■ **Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

■ **Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
*(Continued)*

The City operates the following major governmental funds:

- 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.
- The **Greater Leesburg Community Redevelopment Fund, Carver Heights/Montclair Area Community Redevelopment Fund, and U.S. Highway 441/27 Community Redevelopment Fund** 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.
- 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).

Proprietary funds are financed and operated in a manner similar to private business enterprises and extend outside the City limits in all cases except solid waste. Electric and gas utilities are served to Fruitland Park residents. The City reports the following major proprietary funds:

- The **Electric Utility Fund** accounts for the purchase and distribution of electric services.
- The **Gas Utility Fund** accounts for the purchase and distribution of gas services.
- The **Water Utility Fund** accounts for costs for collection, treatment, and distribution of water services.
- The **Wastewater Utility Fund** accounts for costs to provide wastewater and sanitary sewer services.
- The **Stormwater Fund** accounts for costs for collection and distribution of stormwater.
- The **Solid Waste Fund** accounts for the collection, transportation, and disposal of solid waste.
- The **Communication Services Fund** accounts for the provision of communication services; such as, internet, fiber optic connections, and cellular tower rental.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
*(Concluded)*

- The **Housing Fund** accounts 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 that will be owned by citizens who qualify under an affordable homes program.

Additionally, the City reports the following fund types:

- The **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.
- The **Debt Service Fund** accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest.
- The **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.
- The **Pension Trust Funds** account for the activities of the City's firemen's, general employees', and police officers' retirement systems, which accumulate resources for pension benefit payments to qualified retiring employees. They are excluded from the government-wide financial statements because they are fiduciary in nature and do not represent resources available to the government for operation.

**Summary of Significant Accounting Policies**

The City conforms all significant accounting policies to GAAP applicable to governmental units. The following is a summary of the more significant principles and practices used in the preparation of these financial statements:

■ **Proprietary Funds**

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Based on the accounting and reporting standards set forth in GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the City has opted not to follow subsequent private sector guidance.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Summary of Significant Accounting Policies *(Continued)***

■ **Proprietary Funds *(Concluded)***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to generally use restricted resources first, and then unrestricted resources, as they are needed for their intended purposes; however, this decision is frequently made on a case-by-case basis based upon facts and circumstances.

■ **Transfers**

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

■ **Grants - Proprietary Funds**

Unrestricted grants, entitlements or shared revenues received are reported as nonoperating revenues in all proprietary funds.

■ **Cash Equivalents**

For purposes of the statement of cash flows, the City considers all highly liquid investments held outside of the City's pooled cash system (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. All cash and investments held by the pooled cash system are considered cash equivalents for the cash flow statement.

■ **Investments**

In all funds, investments are stated at fair value in accordance with GASB Statement No. 31.

■ **Utility Receivables**

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

■ **Inventories**

All inventories, including fuel held for consumption, are priced by the weighted-average cost method which approximates market. Inventory is accounted for by use of the consumption method.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Summary of Significant Accounting Policies (Continued)**

■ **Prepaid Expenses**

Prepays represent payments made to vendors for services that will benefit beyond September 30, 2011. These payments are recorded as expenditures or expenses when consumed rather than when purchased.

■ **Amortization**

Bond issue costs and discounts are amortized over the life of the bonds using the straight-line method.

■ **Cost Reimbursements**

Certain personal services and operating expenses recorded in various funds and departments are a result of services performed and expenses/expenditures incurred for the benefit of other funds and departments. Cost reimbursements are recorded as a contra-expense in the receiving division of the fund. The funds and departments that benefit from the services and expenses/expenditures record a cost reimbursement as an increase in expenditures or expenses.

■ **Capital Assets**

Capital assets, which include 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 government-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 exceed \$5,000 and 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 and 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.

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 2011, \$1,915,626 of interest was capitalized.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	10 - 50 Years
Improvements Other than Buildings	15 - 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.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Summary of Significant Accounting Policies (Continued)**

■ **Compensated Absences**

Employees earn personal 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 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.

■ **Long-term Obligations**

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.

■ **Encumbrances**

Encumbrances represent contractual commitments in the form of purchase orders and contracts. Such encumbrances are not recorded as current year expenditures. They will become expenditures upon vendor performance and will be charged against the ensuing year's budget. Encumbrances outstanding at year-end are deemed canceled and amounts sufficient to re-establish the commitment are included in the appropriations for the subsequent year.

■ **Fund Equity**

The City has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2011, which revises the presentation of fund balance for governmental funds. In the fund financial statements, fund balance for governmental funds is now reported in classifications that are based on the relative strength of the constraints that control how amounts in the funds can be spent.

Fund balance is reported in the following five components:

Nonspendable - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements. This would include inventories, deposits, and prepaid items.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Summary of Significant Accounting Policies (Continued)**

■ **Fund Equity (Concluded)**

Spendable Fund Balance

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by third-parties (creditors, grantors, contributors) or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are can be used only for the specific purposes that are internally imposed by a formal action of the government’s highest level of decision making authority, which includes ordinances and resolutions. Commitments may be changed by the government only by taking the same action that imposed the constraint initially. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The authority for assigning fund balance is expressed by the City Commission, City Manager, or their designee.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for other governmental funds besides the general fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted (committed, assigned, and unassigned) fund resources are available for use, it is the City’s policy to generally use restricted resources first, and then unrestricted resources. When unrestricted resources are available for use, it is the City’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

■ **Property Taxes**

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

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Summary of Significant Accounting Policies (Continued)**

■ **Property Taxes (Concluded)**

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

Chapter 193, Florida Statutes, requires that all property shall be assessed at just or fair value as of January 1 of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if it meets all of the appropriate requirements of the Florida Statutes.

All taxes are assessed, due, and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the County Tax Collector. Unpaid taxes become delinquent on April 1 of the subsequent year. Discounts are allowed at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. The taxes paid in March are without discount.

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

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

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

**Note 2 - Stewardship, Compliance, and Accountability**

■ **Budgetary Information**

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

- The City Manager is responsible for preparing a proposed operating budget for all governmental and proprietary funds for the upcoming year prior to September 30 that includes estimated revenues, proposed expenditures, and other financing sources and uses.
- Public hearings are held to obtain taxpayer comments and suggestions. The budget is enacted by 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.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 2 - Stewardship, Compliance, and Accountability (Concluded)**

■ **Budgetary Information (Concluded)**

- 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.

■ **Excess of Expenditures Over Appropriations**

The following funds contained an excess of expenditures over appropriations during the fiscal year ended September 30, 2011:

Police Forfeitures Fund  
 Building Permits Fund

No other individual fund contained an excess of total expenditures over total appropriations during the fiscal year ended September 30, 2011, except insignificant variances. However, within various funds, there may be an excess of expenditures over appropriations at the line item level.

■ **Deficit Fund Equity**

The following individual funds show deficit equity balances at September 30, 2011, in the amounts shown below:

<b>Fund</b>	<b>Type</b>	<b>Deficit</b>
Fire Impact Fee Fund	Nonmajor Governmental Fund	\$ (73,949)
Building Permits Fund	Nonmajor Governmental Fund	(123,765)

■ **Net Assets Restricted by Enabling Legislation**

The government-wide statement of net assets reports \$10,904,950 of restricted net assets, of which \$9,306,767 is restricted by enabling legislation.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Deposits and Investments**

Deposits and investments as of September 30, 2011, are classified in the accompanying financial statements as follows:

<b>Statement of Net Assets</b>		
Cash and Cash Equivalents		\$ 46,358,379
Restricted:		
Cash and Cash Equivalents		47,711,562
Investments		5,921,083
<b>Statement of Fiduciary Net Assets</b>		
Cash Equivalents		5,326
Investments		51,923,303
<b>Total Cash and Investments</b>		<u><u>\$ 151,919,653</u></u>

Deposits and investments consist of the following:

<b>Governmental and Business-Type Activities</b>		
Cash Deposits		\$ 48,353,389
Investments		42,439,473
Investments with Fiscal Agent:		
Debt Service Fund		1,088,548
Utilities CR3 Decommissioning Trust		5,921,083
Utilities Debt Service Account		1,747,531
Utilities Gas Deposit Account		441,000
<b>Fiduciary Net Assets</b>		
Cash		5,326
Defined Benefit Pension Plan Investments		51,923,303
<b>Total Cash and Investments</b>		<u><u>\$ 151,919,653</u></u>

**Investment Policies**

The City's total deposits and investments are comprised of two major components, each with its own set of legal and contract provisions as described below:

■ **Governmental and Business-type Activities**

● **Deposits**

All of the City's deposits are maintained in banks and financial institutions which are covered by the Florida Security for Public Deposits Act (the Act), Chapter 280 of the Florida Statutes. The Act established a multiple financial institution collateral pool with the ability to assess member institutions to provide protection. Accordingly, all of the City's cash deposits are considered to be fully insured.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Deposits and Investments (Continued)**

■ **Governmental and Business-type Activities (Continued)**

● **Investments**

Florida Statutes, the City Charter and 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, 2011, 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 or 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 in Guaranteed Investment Contracts issued by GE Capital were rated AA+ by Standard & Poor's as of September 30, 2011.

As of September 30, 2011, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>		
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>
FLSAFE Investment Pool	\$ 16,872,615	\$ 16,872,615	\$ -
State Board of Administration	1,506,461	1,506,461	-
U.S. Government and Agencies	15,161,062	-	15,161,062
Guaranteed Investment Contracts	8,899,335	7,666,813	1,232,522
<b>Total</b>	<b>\$ 42,439,473</b>	<b>\$ 26,045,889</b>	<b>\$ 16,393,584</b>

*Interest Rate Risk*—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.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Deposits and Investments (Continued)**

■ **Governmental and Business-type Activities (Concluded)**

● **Investments (Concluded)**

*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.

*Custodial Credit Risk*—For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business are prequalified in accordance with the City’s investment policy.

*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. All of the investments listed in the above table, with the exception of SBA, exceed 5% of invested assets.

■ **Fiduciary Net Assets**

As of September 30, 2011, the **General Employees’ Retirement Plan** (the Plan) had the following investments and maturities:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Money Market	\$ 836,972	\$ 836,972	\$ -	\$ -	\$ -
U.S. Government and Agencies	7,722,934	1,851,028	4,023,614	1,848,292	-
Mutual Funds	970,939	970,939	-	-	-
Corporate Obligations	1,948,255	-	1,300,592	647,663	-
Total	11,479,100	\$ 3,658,939	\$ 5,324,206	\$ 2,495,955	\$ -
Alternative Investments	2,956,453				
Corporate Stock	14,331,840				
Total	<u>\$ 28,767,393</u>				

*Interest Rate Risk*—The Plan does not have a policy related to limiting its exposure to fair value losses arising from rising interest rates.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Deposits and Investments (Continued)**

■ **Fiduciary Net Assets (Continued)**

*Credit Risk*—The Plan’s investment policy requires that equity securities be purchased only on nationally recognized exchanges. Purchases of bonds or debt obligations are limited to one of the four highest ratings issued by NRSRO.

*Custodial Credit Risk*—All funds are managed by investment managers. All funds are held by third party custodians and are required to be held in the name of the Plan.

*Concentration of Credit Risk*—Investments in corporate common stock and convertible bonds are limited to 60% of Plan assets and 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, 2011.

As of September 30, 2011, the **Municipal Police Retirement Plan** (the Plan) had the following investments and maturities:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Money Market	\$ 524,870	\$ 524,870	\$ -	\$ -	\$ -
U.S. Government and Agencies	1,916,032	-	-	428,736	1,487,296
Mutual Funds	606,528	606,528	-	-	-
Corporate Obligations	1,401,959	66,969	688,723	646,267	-
Total	4,449,389	\$ 1,198,367	\$ 688,723	\$ 1,075,003	\$ 1,487,296
Alternative Investments	1,033,670				
Corporate Stock	6,731,989				
Total	\$ 12,215,048				

*Interest Rate Risk*—The Plan does not have a policy related to limiting its exposure to fair value losses arising from rising interest rates.

*Credit Risk*—The Plan’s investment policy requires that equity securities be purchased only on nationally recognized exchanges. Purchases of bonds or debt obligations are limited to one of the three highest ratings issued by Standard & Poor’s or Moody’s.

*Custodial Credit Risk*—All funds are managed by investment managers. All funds are held by third party custodians and are required to be held in the name of the Plan.

*Concentration of Credit Risk*—Investments in corporate common stock shall not exceed 70% of Plan assets. No more than 5% of the Plan’s assets may be invested in the common stock of any one company. Investments in foreign equities 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 as of September 30, 2011.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Deposits and Investments (Continued)**

■ **Fiduciary Net Assets (Concluded)**

As of September 30, 2011, the **Municipal Firemen’s Retirement Plan** (the Plan) had the following investments and maturities:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Money Market	\$ 739,123	\$ 739,123	\$ -	\$ -	\$ -
U.S. Government and Agencies	1,734,398	1,393,683	173,985	53,895	112,835
Municipal Obligations	46,046	-	-	-	46,046
Mutual Funds	3,390,124	3,390,124	-	-	-
Corporate Obligations	1,934,963	156,537	1,253,022	525,404	-
Total	7,844,654	\$ 5,679,467	\$ 1,427,007	\$ 579,299	\$ 158,881
Corporate Stock	3,096,208				
Total	<u>\$ 10,940,862</u>				

*Interest Rate Risk*—The Plan does not have a policy related to limiting its exposure to fair value losses arising from rising interest rates.

*Credit Risk*—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.

*Custodial Credit Risk*—All funds are managed by investment managers. All funds are held by third party custodians and are in the name of the Plan.

*Concentration of Credit Risk*—Investments in corporate common stock and convertible bonds are limited to 60% of Plan assets. No more than 5% of Plan assets shall be invested in one company. Foreign investments are limited to 10% of Plan assets. No investments exceeded these thresholds at September 30, 2011

■ **Credit Ratings**

Ratings for the fiduciary funds’ corporate and agency obligations by Standard & Poor’s follows:

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Deposits and Investments (Concluded)**

**Credit Ratings (Concluded)**

<u>Retirement Plan</u>	<u>Total</u>	<u>Rating</u>				
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>N/R</u>
Municipal Police Officers	\$ 1,401,959	\$ -	\$ 111,707	\$ 471,368	\$ 500,340	\$ 318,544
Municipal Firemen	1,934,963	26,521	406,165	1,353,764	148,513	-
General Employees	1,948,255	-	645,719	1,302,536	-	-
<b>Totals</b>	<b>\$ 5,285,177</b>	<b>\$ 26,521</b>	<b>\$ 1,163,591</b>	<b>\$ 3,127,668</b>	<b>\$ 648,853</b>	<b>\$ 318,544</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.

**Note 4 - Accounts Receivable**

Receivables as of the year-end for the City's individual major funds and nonmajor special revenue funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Type of Receivable</u>	<u>General</u>	<u>Carver Heights/ Montclair Area Community Redevelopment</u>	<u>Proprietary</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	
Accounts Receivable, Billed	\$ 429,363	\$ 192	\$ 7,114,373	\$ 8,001	\$ 7,551,929
Accounts Receivable, Unbilled	-	-	5,040,940	-	5,040,940
Miscellaneous Receivables	-	-	106,793	122,616	229,409
Total Accounts Receivable	429,363	192	12,262,106	130,617	12,822,278
(Allowance for Uncollectible Accounts)	(47,518)	-	(634,158)	-	(681,676)
<b>Receivables, Net</b>	<b>\$ 381,845</b>	<b>\$ 192</b>	<b>\$ 11,627,948</b>	<b>\$ 130,617</b>	<b>\$ 12,140,602</b>

**Note 5 - Unearned Revenue**

Governmental funds report deferred revenue in conjunction with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The \$402,152 reported as deferred revenue in the governmental funds consists of the following:

<u>Type of Unearned Revenue</u>	<u>Amount</u>
Occupational License Revenue	\$ 163,188
Customer Deposits and Advance Property Rentals	41,908
Unearned Interest	196,521
Other	535
<b>Total</b>	<b>\$ 402,152</b>

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 6 - Capital Assets**

Capital asset activity for the year ended September 30, 2011, was as follows:

<b>Governmental Activities</b>	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not being Depreciated				
Land	\$ 8,433,146	\$ -	\$ (481,824)	\$ 7,951,322
Construction in Progress	17,027,032	827,109	(4,084,326)	13,769,815
Total Capital Assets Not Being Depreciated	25,460,178	827,109	(4,566,150)	21,721,137
Capital Assets Being Depreciated:				
Buildings	41,487,606	576,269	(25,958)	42,037,917
Improvements Other than Buildings	19,298,876	227,822	(2,765,750)	16,760,948
Equipment	28,032,888	1,287,083	(817,532)	28,502,439
Infrastructure (Roads and Streets)	35,182,569	3,482,560	(4,608,240)	34,056,889
Total Capital Assets Being Depreciated	124,001,939	5,573,734	(8,217,480)	121,358,193
Less Accumulated Depreciation for:				
Buildings	(8,881,619)	(945,010)	1,760	(9,824,869)
Improvements Other than Buildings	(9,830,748)	(742,534)	784,846	(9,788,436)
Equipment	(22,910,322)	(1,542,501)	813,562	(23,639,261)
Infrastructure (Roads and Streets)	(19,684,825)	(1,023,219)	1,333,321	(19,374,723)
Total Accumulated Depreciation	(61,307,514)	(4,253,264)	2,933,489	(62,627,289)
Total Being Depreciated, Net	62,694,425	1,320,470	(5,283,991)	58,730,904
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 88,154,603</b>	<b>\$ 2,147,579</b>	<b>\$ (9,850,141)</b>	<b>\$ 80,452,041</b>

<b>Business-type Activities</b>	Reported Beginning Balances	Prior Period Adjustments	Restated Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not being Depreciated						
Land	\$ 13,533,821	\$ (2,129,715)	\$ 11,404,106	\$ 734,637	\$ -	\$ 12,138,743
Construction in Progress	23,297,142	(8,284,584)	15,012,558	8,391,959	(10,164,978)	13,239,539
Total Capital Assets Not Being Depreciated	36,830,963	(10,414,299)	26,416,664	9,126,596	(10,164,978)	25,378,282
Capital Assets Being Depreciated:						
Buildings	32,714,885	1,533,269	34,248,154	80,196	(730,201)	33,598,149
Improvements Other than Buildings	158,103,760	7,130,847	165,234,607	16,353,750	(3,073,908)	178,514,449
Intangible Assets	-	522,053	522,053	447,561	-	969,614
Equipment	25,184,264	1,769,561	26,953,825	1,238,627	(97,536)	28,094,916
Total Capital Assets Being Depreciated	216,002,909	10,955,730	226,958,639	18,120,134	(3,901,645)	241,177,128
Less Accumulated Depreciation for:						
Buildings	(4,863,752)	(184,325)	(5,048,077)	(820,549)	87,769	(5,780,857)
Improvements Other than Buildings	(53,592,817)	(144,390)	(53,737,207)	(7,277,576)	2,071,643	(58,943,140)
Intangible Assets	-	-	-	(44,441)	-	(44,441)
Equipment	(18,464,522)	(900,316)	(19,364,838)	(692,213)	18,064	(20,038,987)
Total Accumulated Depreciation	(76,921,091)	(1,229,031)	(78,150,122)	(8,834,779)	2,177,476	(84,807,425)
Total Being Depreciated, Net	139,081,818	9,726,699	148,808,517	9,285,355	(1,724,169)	156,369,703
<b>Business-type Capital Assets, Net</b>	<b>\$ 175,912,781</b>	<b>\$ (687,600)</b>	<b>\$ 175,225,181</b>	<b>\$ 18,411,951</b>	<b>\$ (11,889,147)</b>	<b>\$ 181,747,985</b>

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 6 - Capital Assets (Concluded)**

<b>Depreciation Expense-Governmental Activities</b>		
General Government and Administration		\$ 1,351,984
Public Safety		376,202
Physical Environment		38,402
Transportation		1,635,603
Economic Environment		65,801
Parks and Recreation		785,272
<b>Total Depreciation Expense-Governmental Activities</b>		<u><u>\$ 4,253,264</u></u>
<b>Depreciation Expense-Business-type Activities</b>		
Electric Utility		\$ 2,697,886
Gas Utility		390,965
Water Utility		1,542,245
Wastewater Utility		1,449,718
Stormwater		515,116
Solid Waste Utility		20,437
Communication Services		266,889
<b>Total Depreciation Expense-Business-type Activities</b>		<u><u>\$ 6,883,256</u></u>

**Note 7 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of September 30, 2011, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 109,982
General Fund	Nonmajor Governmental	191,985
Gas Utility	Wastewater Utility	300,000
Water Utility	Wastewater Utility	1,500,001
<b>Total</b>		<u><u>\$ 2,101,968</u></u>

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

**Interfund Transfers**

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Funds:</b>		
<b>Governmental</b>		
General Fund	\$ 9,347,763	\$ 1,118,620
Greater Leesburg CRA	188,958	-
Carver Heights CRA	96,906	59,600
US Hwy 441/27 CRA	148,248	1,382,056
Capital Projects	990,767	158,119
<b>Enterprise</b>		
Electric	1,338,757	5,750,500
Gas Utility	-	976,577
Water Utility	691	914,410
Wastewater Utility	691	708,781
Stormwater	1,755,566	-
Solid Waste	-	266,883
Communication	43,299	-
Housing	153,000	-
<b>Internal Service</b>	-	188,296
<b>Non-major Funds:</b>		
<b>Governmental</b>	1,810,050	4,350,854
	<u><u>\$ 15,874,696</u></u>	<u><u>\$ 15,874,696</u></u>

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 7 - Interfund Receivables, Payables, and Transfers (Concluded)**

Interfund transfers are made to finance activities in other funds. In addition, the City transferred \$1,755,566 from its nonmajor governmental funds to its new Stormwater enterprise fund on October 1, 2010 for the purpose of establishing a stormwater enterprise activity.

**Note 8 - Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Revenue Bonds and Notes:					
Capital Improvement Revenue Bonds - 2004	\$ 15,765,000	\$ -	\$ (360,000)	\$ 15,405,000	\$ 370,000
Tax Increment Bonds - 2009 Hwy 441/27 CRA	14,570,000	-	(15,000)	14,555,000	15,000
Note Payable - 1999 GLCRA	80,048	-	(20,329)	59,719	21,423
Note Payable - 2008 Carver Heights CRA	1,134,711	-	(153,880)	980,831	160,739
Note Payable - 2009 Capital Improvement Revenue	6,227,400	-	(240,000)	5,987,400	200,000
<b>Total Revenue Bonds and Notes</b>	<u>37,777,159</u>	<u>-</u>	<u>(789,209)</u>	<u>36,987,950</u>	<u>767,162</u>
Other Liabilities:					
Compensated Absences	1,551,403	1,520,454	(1,591,253)	1,480,604	814,332
Capital Lease Payable	268,223	-	(33,754)	234,469	35,172
<b>Total Other Liabilities</b>	<u>1,819,626</u>	<u>1,520,454</u>	<u>(1,625,007)</u>	<u>1,715,073</u>	<u>849,504</u>
<b>Total Governmental Activities</b>	<u>\$ 39,596,785</u>	<u>\$ 1,520,454</u>	<u>\$ (2,414,216)</u>	<u>\$ 38,703,023</u>	<u>\$ 1,616,666</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Business-type Activities</b>					
Revenue Bonds and Notes Payable:					
Electric System Revenue Bonds - 2004	\$ 15,675,000	\$ -	\$ (355,000)	\$ 15,320,000	\$ 365,000
Utility System Revenue Bonds - 2004	21,605,000	-	(490,000)	21,115,000	505,000
Utility System Revenue Bond - Series 2007A	22,110,000	-	(325,000)	21,785,000	340,000
Utility System Revenue Bond - Series 2007B	1,055,000	-	(20,000)	1,035,000	20,000
Electric System Revenue Bond - Series 2007A	11,265,000	-	-	11,265,000	-
Electric System Revenue Bond - Series 2007B	11,430,000	-	(295,000)	11,135,000	310,000
Less Deferred Refunding and Discounts	(131,834)	(8,567)	-	(140,401)	-
Capital Improvement Revenue Refunding Note - 2009	1,005,000	-	(80,000)	925,000	85,000
Magnolia Townhomes Note - 2009	4,500,000	-	-	4,500,000	840,000
Utility System Revenue Refunding Note - 2010	8,000,000	-	(10,000)	7,990,000	50,000
Electric Utility Revenue Note - 2010	1,850,000	250,000	(1,850,000)	250,000	-
<b>Total Revenue Bonds and Notes Payable</b>	<u>98,363,166</u>	<u>241,433</u>	<u>(3,425,000)</u>	<u>95,179,599</u>	<u>2,515,000</u>
Other Liabilities					
CR#3 Decommissioning Cost Payable	6,113,690	394,841	-	6,508,531	-
Landfill Postclosure Payable	604,108	-	(70,227)	533,881	76,269
Lake County SHIP Bridge Loan	429,000	-	(429,000)	-	-
Compensated Absences	965,396	842,342	(823,964)	983,774	541,075
<b>Total Other Liabilities</b>	<u>8,112,194</u>	<u>1,237,183</u>	<u>(1,323,191)</u>	<u>8,026,186</u>	<u>617,344</u>
<b>Total Business-type Activities</b>	<u>\$ 106,475,360</u>	<u>\$ 1,478,616</u>	<u>\$ (4,748,191)</u>	<u>\$ 103,205,785</u>	<u>\$ 3,132,344</u>

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 8 - Long-term Liabilities (Continued)**

The following is a schedule of bonds and notes outstanding at September 30, 2011:

Description of Bonds	Purpose of Issue	Issued	Outstanding	Rates
<b>Governmental Activities</b>				
Revenue Bonds and Revenue Notes:				
Capital Improvement Revenue				
Bonds - 2004	Capital Improvement	\$ 17,110,000	\$ 15,405,000	2.5% - 5.25%
Tax Increment Bonds - 2009				
Hwy 441/27 CRA	Capital Improvement	14,605,000	14,555,000	2%-5%
Capital Improvement Revenue				
Note - 2009	Capital Improvement	6,227,400	5,987,400	4.73%
Note Payable - Carver Heights CRA	Real Estate	1,431,878	980,831	4.36%
Note Payable - GLCRA	Real Estate	249,284	59,719	5.25%
<b>Total Governmental Activities</b>		<u>\$ 39,623,562</u>	<u>\$ 36,987,950</u>	
<b>Business-type Activities</b>				
Capital Improvement Revenue Refunding				
Note - 2009	Fiber Optic Cable	\$ 1,005,000	\$ 925,000	4.13%
Magnolia Townhomes Note – 2009	Capital Improvement	4,500,000	4,500,000	3.4%
Utility System Revenue Refunding				
Note - 2010	Water/Wastewater	8,000,000	7,990,000	3.85%
Electric Utility Revenue Note – 2010	Electric	1,850,000	250,000	unknown
Electric System Revenue Bonds - 2004	Electric Capital Projects	16,670,000	15,320,000	2.75% - 5.00%
Utility System Revenue Bonds - 2004	Gas/Water/Wastewater	22,985,000	21,115,000	2.75% - 5.00%
Utility System Revenue Bond - 2007A	Gas/Water/Wastewater	22,425,000	21,785,000	4.00% - 5.00%
Utility System Revenue Bond - 2007B	Wastewater	1,070,000	1,035,000	5.9%
Electric System Revenue Bond - 2007A	Electric	11,265,000	11,265,000	4.625% - 5.00%
Electric System Revenue Bond - 2007B	Electric	11,710,000	11,135,000	5.64% - 5.90%
<b>Total Business-type Activities</b>		<u>\$ 101,480,000</u>	<u>\$ 95,320,000</u>	

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

Fiscal Year	Bonds Payable			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 385,000	\$ 1,416,591	\$ 1,540,000	\$ 3,968,393
2013	505,000	1,403,201	1,605,000	3,899,608
2014	525,000	1,384,601	1,675,000	3,826,475
2015	540,000	1,365,289	1,745,000	3,748,995
2016	665,000	1,344,027	1,825,000	3,666,504
2017-2021	3,935,000	6,275,651	10,470,000	16,889,606
2022-2026	6,065,000	5,601,832	13,365,000	13,823,618
2027-2031	8,090,000	2,935,003	17,155,000	9,832,124
2032-2036	9,250,000	1,142,713	19,660,000	4,620,140
2037-2041	-	-	12,615,000	508,505
<b>Total</b>	<u>\$ 29,960,000</u>	<u>\$ 22,868,908</u>	<u>\$ 81,655,000</u>	<u>\$ 64,783,968</u>

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 8 - Long-term Liabilities (Continued)**

<b>Fiscal Year</b>	<b>Notes Payable</b>			
	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2012	\$ 382,162	\$ 323,863	\$ 975,000	\$ 494,345
2013	400,478	306,006	1,015,000	474,326
2014	411,108	287,354	1,050,000	439,215
2015	413,204	268,754	1,555,000	393,830
2016	533,598	249,651	1,610,000	321,466
2017-2021	1,095,000	824,302	3,510,000	922,218
2022-2026	1,680,000	796,622	3,700,000	522,253
2027-2031	2,112,400	167,958	-	-
<b>Total</b>	<b>\$ 7,027,950</b>	<b>\$ 3,224,510</b>	<b>\$ 13,415,000</b>	<b>\$ 3,567,653</b>

The debt service maturity schedule above excludes the Electric Utility Revenue Note - 2010 as repayment terms have not been finalized as of September 30, 2011.

**Governmental Activity Liabilities**

A summary of all governmental long-term debt as of September 30, 2011, follows:

■ **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.

■ **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.

■ **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%.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 8 - Long-term Liabilities (Continued)**

**Governmental Activity Liabilities (Concluded)**

■ **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 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.

■ **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 will be 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.

■ **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.

■ **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.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 8 - Long-term Liabilities (Continued)**

**Business-type Activity Liabilities**

The following is a summary of all long-term liabilities of the proprietary funds at September 30, 2011:

■ **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.

■ **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.

■ **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 provides for a sinking fund.

■ **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 provides for a sinking fund.

■ **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.

■ **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 original BAN 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. The note is secured by a covenant to budget and appropriate from legally available non-ad valorem revenues.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 8 - Long-term Liabilities (Continued)**

**Business-type Activity Liabilities (Continued)**

■ **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.

■ **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.

■ **Lake County SHIP Bridge Loan**

The City entered into a Memorandum of Understanding with Lake County, whereby Lake County provided State Housing Initiatives Partnership (SHIP) funds. These funds were originally intended 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. The loan was repaid in full January 10, 2011.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 8 - Long-term Liabilities (Continued)**

**Business-type Activity Liabilities (Continued)**

■ **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, 2010</b>	\$ 604,108
Adjustment of Estimate	32,752
Total Annual Costs Paid	<u>(102,979)</u>
<b>Balance, September 30, 2011</b>	533,881
(Current Maturities)	<u>(76,269)</u>
<b>Total</b>	<u><u>\$ 457,612</u></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 postclosure care costs during the operating life of the landfill.

The \$457,612 liability recorded represents the estimated costs of postclosure care for thirteen 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 2011:

<u>Transaction Date</u>	<u>Amount</u>
<b>Balance, September 30, 2010</b>	\$ 89,650
Investment Gain	<u>304</u>
<b>Balance, September 30, 2011</b>	<u><u>\$ 89,954</u></u>

Escrow funds in the amount of \$89,954 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.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 8 - Long-term Liabilities (Concluded)**

**Business-type Activity Liabilities (Concluded)**

■ **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.

■ **Crystal River III 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 FMPA, for all its members that own a portion of the Crystal River III Nuclear Generating Unit. As of September 30, 2011, the City has a balance in the trust fund of \$5,921,083.

■ **Defeased Debt**

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

Utility System Refunding Revenue Bonds, Series 1999 A/B	<u>\$20,735,000</u>
---	---------------------

**Note 9 - Pledged Revenues**

The City has pledged certain revenues to repay certain bonds and notes outstanding as of September 30, 2011. 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, 2011:

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 9 - Pledged Revenues (Concluded)**

Debt Description	Pledged Revenues Used for FY2011 Debt Service Payments					Debt Service Payments Until Debt Maturity	Pledged Through
	Half Cent	Guaranteed	Public	Tax Increment Revenues <sup>4</sup>			
	Sales Tax <sup>1</sup>	Entitlement <sup>2</sup>	Service Tax <sup>3</sup>	CHCRA <sup>4</sup>	441/27CRA <sup>4,5</sup>		
2004 Capital Improvement Revenue Bonds	\$ 930,949	\$ 183,117				\$ 27,267,168	2035
2009 Capital Improvement Refunding Promissory Note		126,117	402,763			9,595,836	2029
2008 Redevelopment Revenue Note				\$ 203,353		1,324,730	2016
2009 Tax Increment Revenue Bonds <sup>5</sup>			368,671	-	\$ 326,760	27,365,650	2036
<b>Total Debt Service</b>	<b>\$ 930,949</b>	<b>\$ 309,234</b>	<b>\$ 771,434</b>	<b>\$ 203,353</b>	<b>\$ 326,760</b>	<b>\$ 65,553,384</b>	
Total pledged revenues available for fiscal year 2011 debt service	930,949	309,234	3,182,188	215,975	326,760		
Total pledged revenues used for fiscal year 2011 debt service	930,949	309,234	771,434	203,353	326,760		
Fiscal Year 2011 pledged revenues used as a percentage of revenues available	100.00%	100.00%	24.24%	94.16%	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>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>5</sup>US Highway 441 & 27 CRA debt service for Fiscal Year 2011 totaled \$695,431. Due to the downturn in property values and the relative youth of the CRA at just five years old, the revenues were not sufficient to cover the debt service. However, the fund balance for the CRA was able to cover the deficiency of \$368,671.

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	Communications Revenues <sup>3</sup>	Magnolia Townhomes <sup>5</sup>	Debt Service Payments Until Debt Maturity	Pledged Through
2004 Electric System Revenue Bonds	\$ 1,093,025							\$ 26,108,075	2035
2007 A Electric System Revenue Bonds	551,906							24,684,147	2038
2007 B Electric System Revenue Bonds	945,283							18,898,291	2032
2010 Electric System Anticipation Note	4,004							Unknown <sup>4</sup>	2023
2004 Utility System Revenue Bonds		\$ 252,803	\$ 525,851	\$ 728,601	\$ 1,507,255			35,989,671	2035
2007 A Utility System Revenue Bonds		151,512	868,115	318,817	1,338,444			40,882,647	2038
2007 B Utility System Revenue Bonds				81,065	81,065			1,892,123	2034
2010 Utility System Revenue Note		43,931	151,505	122,179	317,615			10,848,818	2025
2009 Capital Improve Revenue Note						\$ 143,951		1,107,236	2019
2009 Capital Improvement Promissory Note (Magnolia Townhomes) <sup>5</sup>							\$ 145,218	5,045,700	2017
<b>Total Debt Service</b>	<b>\$ 2,594,218</b>	<b>\$ 448,246</b>	<b>\$ 1,545,471</b>	<b>\$ 1,250,662</b>	<b>\$ 3,244,379</b>	<b>\$ 143,951</b>	<b>\$ 145,218</b>	<b>\$ 165,456,708</b>	
Total pledged revenues available for fiscal year 2011 debt service	13,186,085	2,781,106	3,423,661	3,929,328	10,134,095	542,322	145,218		
Total pledged revenues used for fiscal year 2011 debt service	2,594,218	448,246	1,545,471	1,250,662	3,244,379	143,951	145,218		
Fiscal year 2011 pledged revenues used as a percentage of revenues available	19.67%	16.12%	45.14%	31.83%	32.01%	26.54%	100.00%		

**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.

**Expenses** - defined as operation and maintenance expenses, paid or accrued, less depreciation and amortization expense.

**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 system, and investment income excluding capital expansion and system improvement grants.

<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 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 nonintegrated utility system.

<sup>3</sup>Gross Revenues - defined pursuant to Resolution 8511 adopted September 14, 2009 as the Communications Enterprise Revenues and Non-Ad Valorem Revenues budgeted, appropriated and 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 complete.

<sup>5</sup>The debt service for the Magnolia Townhomes 2009 Promissory Note for Fiscal Year 2011 totaled \$153,000. The shortfall of \$7,782 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.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 10 - 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 \$11,813,766 and accumulated depreciation \$1,602,898. The following is a schedule of minimum future lease income on noncancelable operating leases:

Fiscal Year	Amount
2012	\$ 617,313
2013	619,243
2014	600,535
2015	421,532
2016	405,028
2017-2021	1,627,152
2022-2026	768,882
2027-2031	10,002
<b>Total Minimum Lease Payments</b>	<b>\$ 5,069,687</b>

**Note 11 - Electric Power Agreements**

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

The City is a participant in an agreement with Progress Energy Florida. Under terms of the agreement, the City acquired an 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.

Progress 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 Progress 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 Progress Energy Florida upon retirement from service. The book value of the investment included in utility plant in service on September 30, 2011, was \$18,157 (cost of \$7,590,215 less accumulated depreciation of \$7,572,058).

**FMPA**

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:

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 11 - Electric Power Agreements (Concluded)**

**FMPA (Concluded)**

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

The City, through FMPA, has negotiated an agreement with Florida Power and Light Corporation guaranteeing the City the right to purchase up to 2.326 megawatts of generating capacity from the St. Lucie No. 2 nuclear generating plant. This plant became operational in 1984. The cost of this agreement has been capitalized and is being amortized over the plant's expected useful life.

■ **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, 2020, 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.

**Note 12 - Defined Benefit Pension Plans (Plan)**

**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.

**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.

**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:

■ **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.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 12 - Defined Benefit Pension Plans (Continued)**

**Methods Used to Value Investments (Continued)**

■ **General Employees Retirement Plan (GERP) (Concluded)**

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 2010-2011.

■ **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.

■ **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 FINANCIAL STATEMENTS**  
*(Continued)*

**Note 12 - Defined Benefit Pension Plan (Continued)**

**Methods Used to Value Investments (Concluded)**

■ **Municipal Firemen's Retirement Plan (MFRP) (Concluded)**

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.

Membership of each Plan consisted of the following:

<b>Date of Actuarial Valuation:</b>	<b>10/01/10</b>	<b>10/01/10</b>	<b>10/01/10</b>
	<b>GERP</b>	<b>MPRP</b>	<b>MFRP</b>
Retirees and Beneficiaries Receiving Benefits	175	24	19
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	179	7	3
Active Plan Members	350	72	61
<b>Total</b>	<b>704</b>	<b>103</b>	<b>83</b>

**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:

	<b>GERP</b>	<b>MPRP</b>	<b>MFRP</b>
Annual Required Contribution (ARC)	\$ 924,086	\$ 750,855	\$ 1,303,113
Interest on Net Pension Obligation (NPO)	1,836	(13,757)	(63,208)
Adjustment to Annual Contribution	(3,317)	-	-
Annual Pension Cost	922,605	737,098	1,239,905
Adjustment to Net Pension Obligation (NPO)	452,046	-	-
Contributions Made	(564,298)	(738,575)	(1,267,999)
Increase/Decrease in NPO	810,353	(1,477)	(28,094)
Net Pension Obligation (Asset), Beginning of Year	(427,568)	(174,136)	(815,591)
Net Pension Obligation (Asset), End of Year	<b>\$ 382,785</b>	<b>\$ (175,613)</b>	<b>\$ (843,685)</b>

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 12 - Defined Benefit Pension Plan (Continued)**

**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.

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.

**Three Year Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<b>GERP</b>			
09/30/09	\$ 698,407	93%	\$ (478,911)
09/30/10	852,340	94%	(427,568)
09/30/11	922,608	61%	382,785
<b>MPRP</b>			
09/30/09	\$ 721,073	97%	\$ (150,527)
09/30/10	716,248	103%	(174,136)
09/30/11	737,098	100%	(175,613)
<b>MFRP</b>			
09/30/09	\$ 1,069,907	136%	\$ (670,509)
09/30/10	1,151,720	113%	(815,591)
09/30/11	1,239,905	102%	(843,685)

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, 2010	October 1, 2010	October 1, 2010
<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>	27 Years	24 Years	17 Years
<b>Asset Valuation Method</b>	Market Value	Market Value	Market Value
<b>Actuarial Assumptions:</b>			
Investment Return	7.50%	8.00%	7.75%
Projected Salary Increases	6.00%	6.20%	6.00%
Cost of Living Adjustment (COLA)	None	None	None

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 12 - Defined Benefit Pension Plan (Continued)**

**Other Pension Plan Information (Concluded)**

The most recent actuarial valuation date for each Plan was October 1, 2010. The funded status and funding progress of each Plan is presented below:

	<u>GERP</u>	<u>MPRP</u>	<u>MFRP</u>
Actuarial Value of Assets	\$ 32,543,273	\$ 13,318,716	\$ 11,574,175
Actuarial Accrued Liability	36,539,203	14,063,487	13,580,057
Unfunded (Overfunded) Status (UAAL)	<u>\$ 3,995,930</u>	<u>\$ 744,771</u>	<u>\$ 2,005,882</u>
Funded Status	89.06%	94.70%	85.23%
Annual Covered Payroll	<u>\$ 14,349,754</u>	<u>\$ 3,738,540</u>	<u>\$ 3,106,945</u>
UAAL as Percent of Payroll	27.85%	19.92%	64.56%

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 FINANCIAL STATEMENTS**  
*(Continued)*

**Note 12 - Defined Benefit Pension Plan (Concluded)**

	<b>Employees' Retirement Plan</b>	<b>Police Retirement Plan</b>	<b>Firemen's Retirement Plan</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 4,874	\$ 452	\$ -	\$ 5,326
Investments, at Fair Value:				
U.S. Government Securities	7,722,934	1,916,032	1,734,398	11,373,364
Corporate Bonds	1,948,255	1,401,959	1,981,009	5,331,223
Corporate Stocks	14,331,840	6,731,989	3,096,208	24,160,037
Alternative Investments	2,956,453	1,033,670	-	3,990,123
Money Market	836,972	524,870	739,123	2,100,965
Mutual Funds	970,939	606,528	3,390,124	4,967,591
<b>Total Investments</b>	<b>28,767,393</b>	<b>12,215,048</b>	<b>10,940,862</b>	<b>51,923,303</b>
Accounts Receivable	-	59,696	62,920	122,616
Interest Receivable	62,908	-	40,718	103,626
<b>Total Assets</b>	<b>28,835,175</b>	<b>12,275,196</b>	<b>11,044,500</b>	<b>52,154,871</b>
<b>Liabilities</b>				
Accounts Payable	26,162	-	-	26,162
<b>Total Liabilities</b>	<b>26,162</b>	<b>-</b>	<b>-</b>	<b>26,162</b>
<b>Net Assets Reserved for Employees'</b>				
<b>Pension Benefits</b>	<b>\$ 28,809,013</b>	<b>\$ 12,275,196</b>	<b>\$ 11,044,500</b>	<b>\$ 52,128,709</b>

**SCHEDULE OF THE CHANGE IN PENSION PLAN NET ASSETS AS OF SEPTEMBER 30, 2011**

<b>Additions</b>				
Contributions:				
Employer	\$ 564,298	\$ 291,398	\$ 954,733	\$ 1,810,429
State	-	161,437	148,366	309,803
Employee	-	285,740	202,817	488,557
<b>Total Contributions</b>	<b>564,298</b>	<b>738,575</b>	<b>1,305,916</b>	<b>2,608,789</b>
Investment Income:				
Net Appreciation (Depreciation) in				
Fair Value of Investments	(6,065)	(402,910)	(672,491)	(1,081,466)
Interest and Dividend Income	657,285	340,575	315,997	1,313,857
Other Income	1,698	2,902	6,731	11,331
<b>Total Investment Income</b>	<b>652,918</b>	<b>(59,433)</b>	<b>(349,763)</b>	<b>243,722</b>
<b>Total Additions</b>	<b>1,217,216</b>	<b>679,142</b>	<b>956,153</b>	<b>2,852,511</b>
<b>Deductions</b>				
Benefit Payments	2,142,471	610,256	667,062	3,419,789
Refund of Contributions	-	19,420	116,642	136,062
Administrative Expense	266,303	134,502	111,742	512,547
<b>(Total Deductions)</b>	<b>(2,408,774)</b>	<b>(764,178)</b>	<b>(895,446)</b>	<b>(4,068,398)</b>
<b>Net Increase (Decrease)</b>	<b>(1,191,558)</b>	<b>(85,036)</b>	<b>60,707</b>	<b>(1,215,887)</b>
<b>Net Assets Reserved for Employees'</b>				
<b>Pension Benefits:</b>				
Beginning of Year	30,000,571	12,360,232	10,983,793	53,344,596
End of Year	<b>\$ 28,809,013</b>	<b>\$ 12,275,196</b>	<b>\$ 11,044,500</b>	<b>\$ 52,128,709</b>

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**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, 2011, the City Commission approved a contribution rate of 5% of compensation. Total contributions amounted to \$777,207 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 retiring 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. The cost of retiree benefits is 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>10/01/10</u></b>
Retirees and Beneficiaries Receiving Benefits	132
Active Plan Members	<u>432</u>
<b>Total</b>	<b><u><u>564</u></u></b>

**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 FINANCIAL STATEMENTS**  
*(Continued)*

**Note 14 - Other Postemployment Benefits (OPEB) *(Continued)***

**Annual OPEB Costs and Net OPEB Obligation *(Concluded)***

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)	\$ 2,453,319
Interest on Net OPEB Obligation (NOO)	262,829
Adjustment to ARC	(329,713)
Annual OPEB Cost	2,386,435
Employer Contributions Made	(543,732)
Increase(Decrease) in NOO	1,842,703
Net OPEB Obligation, Beginning of Year	6,570,723
Net OPEB Obligation, End of Year	\$ 8,413,426

The Annual OPEB Cost per covered employee is \$5,524 or approximately 13.1% of expected payroll. The City's plan is a single-employer plan with no separately issued audited financials.

**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>
9/30/2011	\$ 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

**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.

The following is a schedule of funding progress:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>(Overfunded) Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Payroll</b>
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%

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 14 - Other Postemployment Benefits (OPEB) (Concluded)**

**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.

The following table summarizes the actuarial methods and assumptions as of the latest actuarial valuation date:

<b>Valuation Date</b>	October 1, 2010
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Method</b>	Level Percentage, Closed
<b>Remaining Amortization Period</b>	26 Years
<b>Asset Valuation Method</b>	Market Value
<b>Actuarial Assumptions:</b>	
Investment Return	4.00%
Payroll Growth - Police/Fire	3.00%
Payroll Growth - General	0.00%
Health Care Inflation	8% (grading down to 5%)

**Note 15 - Self-Insurance Fund**

**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 \$80,000 per person are paid from the assets of the self-insurance fund; claims in excess of \$80,000, up to a maximum of \$920,000 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.

**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 FINANCIAL STATEMENTS**  
*(Continued)*

**Note 15 - Self-Insurance Fund (Concluded)**

Changes in claims liabilities for the last two years follow:

	<u>Balance October 1, 2010</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>(Claims Paid)</u>	<u>Balance September 30, 2011</u>
Employee Health				
Insurance Fund	\$ 396,948	\$ 4,344,268	\$ (4,297,101)	\$ 444,115
Workers' Compensation				
Insurance Fund	<u>1,402,986</u>	<u>346,643</u>	<u>(452,076)</u>	<u>1,297,553</u>
	<u>\$ 1,799,934</u>	<u>\$ 4,690,911</u>	<u>\$ (4,749,177)</u>	<u>\$ 1,741,668</u>
	<u>Balance October 1, 2009</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>(Claims Paid)</u>	<u>Balance September 30, 2010</u>
Employee Health				
Insurance Fund	\$ 406,136	\$ 4,229,051	\$ (4,238,239)	\$ 396,948
Workers' Compensation				
Insurance Fund	<u>1,319,975</u>	<u>472,839</u>	<u>(389,828)</u>	<u>1,402,986</u>
	<u>\$ 1,726,111</u>	<u>\$ 4,701,890</u>	<u>\$ (4,628,067)</u>	<u>\$ 1,799,934</u>

Claim liabilities are calculated based on an actuarial valuation, which includes consideration of nonincremental claims adjustment expenses. Management estimates that \$583,899 of Workers' Compensation and \$444,115 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 - Deferred Compensation Fund**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation plan assets are not available to employees until termination, retirement, death, or unforeseeable emergency.

In October 1997, the GASB issued Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This statement allows the employer to not report the assets and liabilities in their financial statements if the employer has met the new criteria of the Internal Revenue Code Section 457 and does not retain fiduciary accountability for the plan assets.

Accordingly, the City has implemented GASB Statement No. 32, and no longer includes the assets and liabilities of the deferred compensation fund in its financial statements. There is no effect on the City's overall fund balance or retained earnings, as the plan was an agency fund in which plan assets equal liabilities.

It is the opinion of the City that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 17 - 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.

During 2008, the City established three \$5,000,000 lines of credit, one each for the General Fund, Electric Fund, and other utilities. The credit lines were unused as of September 30, 2011.

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 18 - Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Insurance against losses are provided for the following types of risk:

- |                                    |                          |
|------------------------------------|--------------------------|
| ■ General and Automobile Liability | ■ Contractors' Equipment |
| ■ Commercial Property Damage       | ■ Crime                  |

The City is self-insured for workers' compensation and employee health as explained in Note 15. Amounts of settlements, if any, have not exceeded insurance coverage for each of the past three years.

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 19 - Construction Commitments**

As of September 30, 2011, the City had the following commitments related to significant unfinished construction projects:

	<u>Expended as of</u> <u>September 30, 2011</u>	<u>Remaining</u> <u>Commitment</u>
General Government:		
Runway 13/31 Extension	\$ 274,920	\$ 313,324
Runway 13/31 Obstruction Survey	17,115	24,904
Airport Signage	1,961	128,038
Security Improvements at Airport	307,769	86,821
Wildlife Hazard Assessment	3,800	117,536
Lake Pointe Circle	-	33,268
Transportation Projects	628,162	475,000
Lee Wild Trail	16,124	8,964
Electric Utility:		
Distribution Lines	2,245,934	7,043,931
Sectionalizing Devices	-	100,000
Lights	308,695	1,624,944
Miscellaneous Subdivisions	-	52,923
Reconductoring	787,002	967,564
Substation	814,325	280,702
Gas Utility:		
Miscellaneous Mains	3,598	29,147
Arlington Ridge Main	-	100,000
Water Plant at 470 Main	-	1,772,531
Bentley Ridge	-	79,445
Hidden Harbor	-	38,728
Water Utility:		
Hwy 441 Perkins to Griffin	320,703	50,427
SR 44 (LRMC/Marina Ext)	-	250,000
Miscellaneous Mains/ Hydrants	-	1,228,645
Highland Lake Water Treatment Plant	188,798	3,326,340
Miscellaneous Plant & Storage	-	388,726
City Core System	8,014	14,457
Wastewater Utility:		
Perkins to Griffin Line Rehab	18,623	81,410
Communication Utility:		
Perkins to Griffin	19,342	50,788
Net Enforcer and Router	(40,332)	53,332
Stormwater Utility:		
Tally Basin	28,601	289,200
Lake Hollywood	131,110	28,618
Hollywood Outfall	-	292,145
Whispering Pines Monitoring	103,616	9,748
Birchwood Design	30,574	536,919
Susan Street Ditch Enclosure	12,546	144,848
Canal WWTP S. Side Ditch	7,120	166,970
Commerce & Industrial St. Ditch	-	15,950
Ro Mac Ditch	-	400,000
<b>Totals</b>	<u>\$ 6,238,120</u>	<u>\$ 20,606,293</u>

**CITY OF LEESBURG, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Concluded)*

**Note 20 - Prior Period Adjustment**

During fiscal year 2011, the City reevaluated the capital assets and work in progress recorded in its Water and Wastewater operations. Based on these reconciliations, the City determined that the following prior period adjustments to beginning net assets were necessary:

	<b>Water Utility Fund</b>	<b>Wastewater Utility Fund</b>
<b><u>Proprietary Fund Financial Statements</u></b>		
Net assets at September 30, 2010,		
as last reported	\$ 24,532,020	\$ 33,293,675
Adjustments:		
Correct capital asset values and related depreciation	<u>397,587</u>	<u>(1,085,187)</u>
Net assets as restated at October 1, 2010	<u>\$ 24,929,607</u>	<u>\$ 32,208,488</u>
		<b>Business- type Activities</b>
<b><u>Government-wide Financial Statements</u></b>		
Net assets at September 30, 2010,		
as last reported		\$ 140,039,042
Adjustments:		
Correct capital asset values and related depreciation		<u>(687,600)</u>
Net assets as restated at October 1, 2010		<u>\$ 139,351,442</u>

## **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.



This page intentionally left blank.

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<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	\$ 9,555,700	\$ 9,555,700	\$ 9,788,074	\$ 232,374
Licenses and Permits	105,600	105,600	112,255	6,655
Intergovernmental	2,034,450	2,334,759	2,258,348	(76,411)
Charges for Services	740,820	770,820	594,690	(176,130)
Fines and Forfeitures	143,000	143,000	101,084	(41,916)
Miscellaneous:				
Interest	53,000	53,000	68,428	15,428
Other	4,218,908	4,482,267	4,484,743	2,476
<b>Total Revenues</b>	<u>16,851,478</u>	<u>17,445,146</u>	<u>17,407,622</u>	<u>(37,524)</u>
<b>Expenditures</b>				
Current:				
General Government	2,908,486	3,118,239	2,851,945	266,294
Public Safety	13,225,883	13,494,160	13,755,256	(261,096)
Physical Environment	65,685	65,685	65,853	(168)
Transportation	2,329,641	2,533,525	2,063,495	470,030
Economic Environment	266,674	286,498	260,114	26,384
Human Services	344,796	457,710	37,567	420,143
Culture and Recreation	4,064,340	4,101,740	3,893,225	208,515
Capital Outlay	1,647,316	2,491,030	1,367,685	1,123,345
<b>(Total Expenditures)</b>	<u>(24,852,821)</u>	<u>(26,548,587)</u>	<u>(24,295,140)</u>	<u>2,253,447</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(8,001,343)</u>	<u>(9,103,441)</u>	<u>(6,887,518)</u>	<u>2,215,923</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	24,796	77,760	52,964
Transfers from Other Funds	9,123,979	9,457,809	9,347,763	(110,046)
Transfers to Other Funds	(1,122,636)	(1,234,921)	(1,118,620)	116,301
Fund Balance Appropriated	-	855,757	-	(855,757)
<b>Total Other Financing Sources (Uses)</b>	<u>8,001,343</u>	<u>9,103,441</u>	<u>8,306,903</u>	<u>(796,538)</u>
<b>Net Change in Fund Balances</b>	-	-	1,419,385	1,419,385
<b>Fund Balance, Beginning of Year</b>	-	-	7,371,001	7,371,001
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,790,386</u>	<u>\$ 8,790,386</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**GREATER LEESBURG COMMUNITY REDEVELOPMENT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<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	\$ 233,356	\$ 233,356	\$ 233,628	\$ 272
Interest			2,776	2,776
<b>Total Revenues</b>	<u>233,356</u>	<u>233,356</u>	<u>236,404</u>	<u>3,048</u>
<b>Expenditures</b>				
Economic Environment:				
Operating Expenditures	219,552	435,552	318,376	117,176
Debt Service	24,047	24,047	24,047	-
<b>(Total Expenditures)</b>	<u>(243,599)</u>	<u>(459,599)</u>	<u>(342,423)</u>	<u>117,176</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(10,243)</u>	<u>(226,243)</u>	<u>(106,019)</u>	<u>120,224</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	189,073	189,073	188,958	(115)
Reserve - Future Capital	(178,830)	(162,830)	-	162,830
Fund Balance Appropriated	-	200,000	-	(200,000)
<b>Total Other Financing Sources (Uses)</b>	<u>10,243</u>	<u>226,243</u>	<u>188,958</u>	<u>(37,285)</u>
<b>Net Change in Fund Balance</b>	-	-	82,939	82,939
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>274,241</u>	<u>274,241</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 357,180</u>	<u>\$ 357,180</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**CARVER HEIGHTS/MONTCLAIR AREA COMMUNITY REDEVELOPMENT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<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	\$ 116,914	\$ 116,914	\$ 119,069	\$ 2,155
Miscellaneous Interest and Other	340	340	32,202	31,862
<b>Total Revenues</b>	<u>117,254</u>	<u>117,254</u>	<u>151,271</u>	<u>34,017</u>
<b>Expenditures</b>				
Economic Environment:				
Operating Expenditures	32,094	237,094	47,360	189,734
Debt Service	203,353	203,353	203,353	-
Capital Outlay	-	949,205	94,878	854,327
<b>(Total Expenditures)</b>	<u>(235,447)</u>	<u>(1,389,652)</u>	<u>(345,591)</u>	<u>1,044,061</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(118,193)</u>	<u>(1,272,398)</u>	<u>(194,320)</u>	<u>1,078,078</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of Debt	45,429	1,199,634	-	(1,199,634)
Transfers from Other Funds	128,409	128,409	96,906	(31,503)
Transfers to Other Funds	(55,645)	(55,645)	(59,600)	(3,955)
<b>Total Other Financing (Uses)</b>	<u>118,193</u>	<u>1,272,398</u>	<u>37,306</u>	<u>(1,235,092)</u>
<b>Net Change in Fund Balance</b>	-	-	(157,014)	(157,014)
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>1,453,285</u>	<u>1,453,285</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,296,271</u>	<u>\$ 1,296,271</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<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	\$ 187,547	\$ 187,547	\$ 178,512	\$ (9,035)
Miscellaneous Interest and Other	-	-	80,429	80,429
<b>Total Revenues</b>	<u>187,547</u>	<u>187,547</u>	<u>258,941</u>	<u>71,394</u>
<b>Expenditures</b>				
Economic Environment:				
Operating Expenditures	2,500	152,500	40,611	111,889
Debt Service	695,306	695,306	696,346	(1,040)
Capital Outlay	-	1,522,218	123,106	1,399,112
<b>(Total Expenditures)</b>	<u>(697,806)</u>	<u>(2,370,024)</u>	<u>(860,063)</u>	<u>1,509,961</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(510,259)</u>	<u>(2,182,477)</u>	<u>(601,122)</u>	<u>1,581,355</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of Debt	240,064	7,600,261	-	(7,600,261)
Transfers from Other Funds	153,027	153,027	148,248	(4,779)
Transfers to Other Funds	(240,064)	(6,078,043)	(1,382,056)	4,695,987
Fund Balance Appropriated	357,232	507,232	-	(507,232)
<b>Total Other Financing (Uses)</b>	<u>510,259</u>	<u>2,182,477</u>	<u>(1,233,808)</u>	<u>(3,416,285)</u>
<b>Net Change in Fund Balance</b>	-	-	(1,834,930)	(1,834,930)
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>12,148,356</u>	<u>12,148,356</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,313,426</u>	<u>\$ 10,313,426</u>

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

**General Employees' Retirement Plan**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Overfunded)		Annual Covered Payroll	UAAL as Percent of Payroll
			Accrued Liability (UAAL)	Funded Ratio		
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%
10/1/2001	24,823,681	22,587,237	(2,236,444)	109.90%	9,556,403	-23.40%

**Municipal Police Retirement Plan**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Overfunded)		Annual Covered Payroll	UAAL as Percent of Payroll
			Accrued Liability (UAAL)	Funded Ratio		
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%
10/1/2001	9,521,215	9,452,836	(68,379)	100.72%	2,211,172	-3.09%

**Municipal Firemen's Retirement Plan**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Overfunded)		Annual Covered Payroll	UAAL as Percent of Payroll
			Accrued Liability (UAAL)	Funded Ratio		
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 four 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	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Overfunded)		Annual Covered Payroll	UAAL as Percent of Payroll
			Accrued Liability (UAAL)	Funded Ratio		
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
2010	\$ 924,086	61.1%	\$ 750,855	98.4%	\$ 1,303,113	97.3%
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%
2002	717,664	96.4%	87,345	100.0%	342,711	105.0%
2001	591,947	107.5%	0	100.0%	208,798	122.0%

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
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

**Notes to Required Supplementary Information**

**Retirement Plans and Other Postemployment Benefits (OPEB)**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

<b>Retirement Plans</b>			
	<b>GERP</b>	<b>MPRP</b>	<b>MFRP</b>
<b>Valuation Date</b>	October 1, 2010	October 1, 2010	October 1, 2010
<b>Actuarial Cost Method</b>	Entry Age Normal	Frozen Entry Age	Frozen Initial Liability
<b>Amortization Method</b>	Level Dollar	Level Percentage, Closed	Level Percentage, Closed
<b>Remaining Amortization Period</b>	27 Years	24 Years	17 Years
<b>Asset Valuation Method</b>	Market Value	Market Value	Market Value
<b>Actuarial Assumptions:</b>			
Investment Return	7.50%	8.00%	7.75%
Projected Salary Increases	6.00%	6.20%	6.00%
COLA	None	None	None

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

**Notes to Required Supplementary Information (Concluded)**

**Other Postemployment Benefits**

<b>Valuation Date</b>	October 1, 2010
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Method</b>	Level Percentage, Closed
<b>Remaining Amortization Period</b>	26 Years
<b>Asset Valuation Method</b>	Market Value
<b>Actuarial Assumptions:</b>	
Investment Return	4.00%
Projected Salary Increases – Fire/Police	3.00%
Projected Salary Increases – General	0.00%
Healthcare Inflation	8% (graded down to 5%)

**Budgetary Information**

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

- The City Manager is responsible for preparing a proposed operating budget for all governmental funds for the upcoming year prior to September 30 that includes estimated revenues, proposed expenditures, and other financing sources and uses.
- Public hearings are held to obtain taxpayer comments and suggestions. The budget is enacted through passage of 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.

The following funds contained an excess of expenditures over appropriations during the fiscal year ended September 30, 2011:

- Police Forfeitures Fund
- Building Permits Fund

No other individual fund contained an excess of total expenditures over total appropriations during the fiscal year ended September 30, 2011, except insignificant differences. However, within various funds, there may be an excess of expenditures over appropriations at the line item level.



This page intentionally left blank.

## **SUPPLEMENTAL INFORMATION**

The following supplemental schedules present combining nonmajor fund statements and individual fund budgetary schedules.

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	<u>Special Revenue Funds</u>					
	<u>Affordable Housing Fund</u>	<u>Stormwater Fund</u>	<u>Police Forfeitures Fund</u>	<u>Police Education Fund</u>	<u>Discretionary Sales Tax Fund</u>	<u>Gas Tax Fund</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash						
Equivalents	\$ 108,026	\$ -	\$ 16,528	\$ 25,020	\$ 33,259	\$ 232,449
Receivables, Net	-	-	6,728	-	-	-
Due from Other Governments	-	-	-	836	148,538	78,223
Prepaid Items	-	-	-	-	-	-
Restricted Cash	2,369	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 110,395</u>	<u>\$ -</u>	<u>\$ 23,256</u>	<u>\$ 25,856</u>	<u>\$ 181,797</u>	<u>\$ 310,672</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	333	-	3,805	1	5	9
Accrued Wages and Payroll Tax	-	-	-	-	-	-
Accrued Interest	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>333</u>	<u>-</u>	<u>3,805</u>	<u>1</u>	<u>5</u>	<u>9</u>
<b>Fund Balances</b>						
Nonspendable:						
Prepays	-	-	-	-	-	-
Restricted for:						
Debt Service	-	-	-	-	-	-
Special Revenue Funds	110,062	-	19,451	25,855	181,792	310,663
Assigned for:						
Debt Service	-	-	-	-	-	-
Unassigned deficit	-	-	-	-	-	-
<b>Total Fund Balances</b>	<u>110,062</u>	<u>-</u>	<u>19,451</u>	<u>25,855</u>	<u>181,792</u>	<u>310,663</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 110,395</u>	<u>\$ -</u>	<u>\$ 23,256</u>	<u>\$ 25,856</u>	<u>\$ 181,797</u>	<u>\$ 310,672</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>
\$ -	\$ 181,365	\$ -	\$ 743,605	\$ 1,088,548	\$ 1,832,153
-	-	1,273	8,001	-	8,001
-	-	-	227,597	-	227,597
-	-	2,436	2,436	540	2,976
-	-	-	2,369	-	2,369
<u>\$ -</u>	<u>\$ 181,365</u>	<u>\$ 3,709</u>	<u>\$ 984,008</u>	<u>\$ 1,089,088</u>	<u>\$ 2,073,096</u>
-	5	687	4,849	-	4,849
-	-	6,575	6,575	-	6,575
-	-	-	-	515,845	515,845
-	-	2,176	2,176	-	2,176
73,949	-	118,036	191,985	-	191,985
<u>73,949</u>	<u>5</u>	<u>127,474</u>	<u>205,585</u>	<u>515,845</u>	<u>721,430</u>
-	-	2,436	2,436	540	2,976
-	-	-	-	370,657	370,657
-	181,360	-	976,137	-	976,137
				202,046	202,046
<u>(73,949)</u>	<u>-</u>	<u>(126,201)</u>	<u>(200,150)</u>	<u>-</u>	<u>(200,150)</u>
<u>(73,949)</u>	<u>181,360</u>	<u>(123,765)</u>	<u>778,423</u>	<u>573,243</u>	<u>1,351,666</u>
<u>\$ -</u>	<u>\$ 181,365</u>	<u>\$ 3,709</u>	<u>\$ 984,008</u>	<u>\$ 1,089,088</u>	<u>\$ 2,073,096</u>

**CITY OF LEESBURG, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<b>Special Revenue Funds</b>					
	<b>Affordable Housing Fund</b>	<b>Stormwater Fund</b>	<b>Police Forfeitures Fund</b>	<b>Police Education Fund</b>	<b>Discretionary Sales Tax Fund</b>	<b>Gas Tax Fund</b>
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,611,777	\$ 835,650
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	147,875
Charges for Services	-	-	-	-	-	-
Fines and Forfeitures	-	-	53,565	8,548	-	-
Impact Fees	-	-	-	-	-	-
Miscellaneous:						
Interest	526	-	15,194	148	498	1,294
Other	461,471	-	-	-	-	-
<b>Total Revenues</b>	<b>461,997</b>	<b>-</b>	<b>68,759</b>	<b>8,696</b>	<b>1,612,275</b>	<b>984,819</b>
<b>Expenditures</b>						
Current:						
Public Safety	-	-	54,132	9,072	-	-
Physical Environment	-	-	-	-	24	-
Transportation	-	-	-	-	-	53
Economic Environment	322,872	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other costs	-	-	-	-	-	-
<b>(Total Expenditures)</b>	<b>(322,872)</b>	<b>-</b>	<b>(54,132)</b>	<b>(9,072)</b>	<b>(24)</b>	<b>(53)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>139,125</b>	<b>-</b>	<b>14,627</b>	<b>(376)</b>	<b>1,612,251</b>	<b>984,766</b>
<b>Other Financing Sources (Uses)</b>						
Transfers from Other Funds	-	-	-	-	-	155,107
Transfers to Other Funds	(29,063)	(1,755,566)	-	-	(1,720,870)	(829,210)
<b>Total Other Financing Sources (Uses)</b>	<b>(29,063)</b>	<b>(1,755,566)</b>	<b>-</b>	<b>-</b>	<b>(1,720,870)</b>	<b>(674,103)</b>
<b>Net Change in Fund Balance</b>	<b>110,062</b>	<b>(1,755,566)</b>	<b>14,627</b>	<b>(376)</b>	<b>(108,619)</b>	<b>310,663</b>
<b>Fund Balances, Beginning of Year</b>	<b>-</b>	<b>1,755,566</b>	<b>4,824</b>	<b>26,231</b>	<b>290,411</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 110,062</b>	<b>\$ -</b>	<b>\$ 19,451</b>	<b>\$ 25,855</b>	<b>\$ 181,792</b>	<b>\$ 310,663</b>

**Special Revenue Funds**

<b>Police Impact Fee Fund</b>	<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>
\$ -	\$ -	\$ -	\$ -	\$ 2,447,427	\$ -	\$ 2,447,427
-	-	-	344,887	344,887	-	344,887
-	-	-	3,600	151,475	-	151,475
-	-	-	777	777	-	777
-	-	-	-	62,113	-	62,113
-	150	-	-	150	-	150
873	(439)	1,111	(577)	18,628	-	18,628
-	-	-	41	461,512	-	461,512
<u>873</u>	<u>(289)</u>	<u>1,111</u>	<u>348,728</u>	<u>3,486,969</u>	<u>-</u>	<u>3,486,969</u>
35	-	-	419,593	482,832	-	482,832
-	-	-	-	24	-	24
-	-	-	-	53	-	53
-	-	48	-	322,920	-	322,920
-	-	-	-	-	-	-
-	-	-	-	-	633,754	633,754
-	-	-	-	-	1,044,410	1,044,410
<u>(35)</u>	<u>-</u>	<u>(48)</u>	<u>(419,593)</u>	<u>(805,829)</u>	<u>(1,678,164)</u>	<u>(2,483,993)</u>
838	(289)	1,063	(70,865)	2,681,140	(1,678,164)	1,002,976
-	-	-	3,692	158,799	1,651,251	1,810,050
-	(20)	(16,125)	-	(4,350,854)	-	(4,350,854)
-	(20)	(16,125)	3,692	(4,192,055)	1,651,251	(2,540,804)
838	(309)	(15,062)	(67,173)	(1,510,915)	(26,913)	(1,537,828)
146,116	(73,640)	196,422	(56,592)	2,289,338	600,156	2,889,494
<u>\$ 146,954</u>	<u>\$ (73,949)</u>	<u>\$ 181,360</u>	<u>\$ (123,765)</u>	<u>\$ 778,423</u>	<u>\$ 573,243</u>	<u>\$ 1,351,666</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<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	\$ 181,450	\$ 1,260,629	\$ 430,453	\$ (830,176)
Miscellaneous:				
Interest	-	-	980	980
<b>Total Revenues</b>	<u>181,450</u>	<u>1,260,629</u>	<u>431,433</u>	<u>(829,196)</u>
<b>Expenditures</b>				
Capital Outlays:				
General Government	-	271,077	268,891	2,186
Transportation	787,205	3,091,684	1,288,066	1,803,618
Culture and Recreation	-	45,775	36,810	8,965
<b>(Total Expenditures)</b>	<u>(787,205)</u>	<u>(3,408,536)</u>	<u>(1,593,767)</u>	<u>1,814,769</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(605,755)</u>	<u>(2,147,907)</u>	<u>(1,162,334)</u>	<u>985,573</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	605,755	1,147,907	990,767	(157,140)
Transfers to Other Funds	-	(3,012)	(158,119)	(155,107)
Fund Balance Appropriated	-	3,012	-	(3,012)
Issuance of Debt	-	1,000,000	-	(1,000,000)
<b>Total Other Financing Sources (Uses)</b>	<u>605,755</u>	<u>2,147,907</u>	<u>832,648</u>	<u>(1,315,259)</u>
<b>Net Change in Fund Balances</b>	-	-	(329,686)	(329,686)
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>1,236,133</u>	<u>1,236,133</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 906,447</u>	<u>\$ 906,447</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**AFFORDABLE HOUSING FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Miscellaneous:			
Interest	\$ 526	\$ -	\$ 526
Other	461,471	-	461,471
<b>Total Revenues</b>	<u>461,997</u>	<u>-</u>	<u>461,997</u>
<b>Expenditures</b>			
Current Operating:			
Economic Environment:			
Operating Expenditures	322,872	-	(322,872)
<b>(Total Expenditures)</b>	<u>(322,872)</u>	<u>-</u>	<u>(322,872)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>139,125</u>	<u>-</u>	<u>139,125</u>
<b>Other Financing Sources (Uses)</b>			
Transfers to Other Funds	(29,063)	-	(29,063)
<b>Total Other Financing Sources (Uses)</b>	<u>(29,063)</u>	<u>-</u>	<u>(29,063)</u>
<b>Net Change in Fund Balance</b>	110,062	-	110,062
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 110,062</u>	<u>\$ -</u>	<u>\$ 110,062</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**POLICE FORFEITURES FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Fines and Forfeitures	\$ 53,565	\$ -	\$ 53,565
Miscellaneous:			
Interest	15,194	-	15,194
<b>Total Revenues</b>	<u>68,759</u>	<u>-</u>	<u>68,759</u>
<b>Expenditures</b>			
Public Safety:			
Operating Expenditures	54,132	14,000	(40,132)
<b>(Total Expenditures)</b>	<u>(54,132)</u>	<u>(14,000)</u>	<u>(40,132)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>14,627</u>	<u>(14,000)</u>	<u>28,627</u>
<b>Other Financing Sources (Uses)</b>			
Fund Balance Appropriated	-	14,000	(14,000)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>14,000</u>	<u>(14,000)</u>
<b>Net Change in Fund Balance</b>	14,627	-	14,627
<b>Fund Balances, Beginning of Year</b>	<u>4,824</u>	<u>-</u>	<u>4,824</u>
<b>Fund Balances, End of Year</b>	<u>\$ 19,451</u>	<u>\$ -</u>	<u>\$ 19,451</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**POLICE EDUCATION FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Fines and Forfeitures	\$ 8,548	\$ -	\$ 8,548
Miscellaneous:			
Interest	148	-	148
<b>Total Revenues</b>	<u>8,696</u>	<u>-</u>	<u>8,696</u>
<b>Expenditures</b>			
Public Safety:			
Operating Expenditures	9,072	10,350	1,278
<b>(Total Expenditures)</b>	<u>(9,072)</u>	<u>(10,350)</u>	<u>1,278</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(376)</u>	<u>(10,350)</u>	<u>9,974</u>
<b>Other Financing Sources (Uses)</b>			
Fund Balance Appropriated	-	10,350	(10,350)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>10,350</u>	<u>(10,350)</u>
<b>Net Change in Fund Balance</b>	(376)	-	(376)
<b>Fund Balances, Beginning of Year</b>	<u>26,231</u>	<u>-</u>	<u>26,231</u>
<b>Fund Balances, End of Year</b>	<u>\$ 25,855</u>	<u>\$ -</u>	<u>\$ 25,855</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**DISCRETIONARY SALES TAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Taxes	\$ 1,611,777	\$ 1,606,150	\$ 5,627
Interest	498	-	498
<b>Total Revenues</b>	<u>1,612,275</u>	<u>1,606,150</u>	<u>6,125</u>
<b>Expenditures</b>			
Public Safety:			
Operating Expenditures	24	-	(24)
<b>(Total Expenditures)</b>	<u>(24)</u>	<u>-</u>	<u>(24)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,612,251</u>	<u>1,606,150</u>	<u>6,101</u>
<b>Other Financing Sources (Uses)</b>			
Fund Balance Appropriated	-	156,219	(156,219)
Transfers to Other Funds	(1,720,870)	(1,762,369)	41,499
<b>Total Other Financing Sources (Uses)</b>	<u>(1,720,870)</u>	<u>(1,606,150)</u>	<u>(114,720)</u>
<b>Net Change in Fund Balance</b>	(108,619)	-	(108,619)
<b>Fund Balances, Beginning of Year</b>	<u>290,411</u>	<u>-</u>	<u>290,411</u>
<b>Fund Balances, End of Year</b>	<u>\$ 181,792</u>	<u>\$ -</u>	<u>\$ 181,792</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**GAS TAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Taxes	\$ 835,650	\$ 799,059	\$ 36,591
Intergovernmental	147,875	136,867	11,008
Interest	1,294	-	1,294
<b>Total Revenues</b>	<u>984,819</u>	<u>935,926</u>	<u>37,885</u>
<b>Expenditures</b>			
Transportation:			
Operating Expenditures	53	-	(53)
<b>(Total Expenditures)</b>	<u>(53)</u>	<u>-</u>	<u>(53)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>984,766</u>	<u>935,926</u>	<u>48,840</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	155,107	-	155,107
Transfers to Other Funds	(829,210)	(1,130,772)	301,562
Fund Balance Appropriated	-	194,846	(194,846)
<b>Total Other Financing Sources (Uses)</b>	<u>(674,103)</u>	<u>(935,926)</u>	<u>261,823</u>
<b>Net Change in Fund Balance</b>	310,663	-	310,663
<b>Fund Balances, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 310,663</u>	<u>\$ -</u>	<u>\$ 310,663</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**POLICE IMPACT FEE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Miscellaneous:			
Interest	\$ 873	\$ -	\$ 873
<b>Total Revenues</b>	<u>873</u>	<u>-</u>	<u>873</u>
<b>Expenditures</b>			
Public Safety:			
Operating Expenditures	35	-	(35)
Capital Outlay	-	-	-
<b>(Total Expenditures)</b>	<u>(35)</u>	<u>-</u>	<u>(35)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>838</u>	<u>-</u>	<u>838</u>
<b>Other Financing Sources (Uses)</b>			
Fund Balance Appropriated	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	838	-	838
<b>Fund Balances, Beginning of Year</b>	<u>146,116</u>	<u>-</u>	<u>146,116</u>
<b>Fund Balances, End of Year</b>	<u>\$ 146,954</u>	<u>\$ -</u>	<u>\$ 146,954</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FIRE IMPACT FEE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Impact Fees	\$ 150	\$ -	\$ 150
Miscellaneous:			
Interest	(439)	-	(439)
<b>Total Revenues</b>	<u>(289)</u>	<u>-</u>	<u>(289)</u>
<b>Expenditures</b>			
Operating Expenditures	-	-	-
<b>(Total Expenditures)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(289)</u>	<u>-</u>	<u>(289)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers to Other Funds	(20)	-	(20)
<b>Total Other Financing Sources (Uses)</b>	<u>(20)</u>	<u>-</u>	<u>(20)</u>
<b>Net Change in Fund Balance</b>	(309)	-	(309)
<b>Fund Balances, Beginning of Year</b>	<u>(73,640)</u>	<u>-</u>	<u>(73,640)</u>
<b>Fund Balances, End of Year</b>	<u>\$ (73,949)</u>	<u>\$ -</u>	<u>\$ (73,949)</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**RECREATION IMPACT FEE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Impact Fees	\$ -	\$ -	\$ -
Miscellaneous:			
Interest	1,111	-	1,111
<b>Total Revenues</b>	<u>1,111</u>	<u>-</u>	<u>1,111</u>
<b>Expenditures</b>			
Operating Expenditures	48	-	(48)
<b>(Total Expenditures)</b>	<u>(48)</u>	<u>-</u>	<u>(48)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,063</u>	<u>-</u>	<u>1,063</u>
<b>Other Financing Sources (Uses)</b>			
Fund Balance Appropriated	-	25,088	(25,088)
Transfers to Other Funds	(16,125)	(25,088)	8,963
<b>Total Other Financing Sources (Uses)</b>	<u>(16,125)</u>	<u>-</u>	<u>(16,125)</u>
<b>Net Change in Fund Balance</b>	(15,062)	-	(15,062)
<b>Fund Balances, Beginning of Year</b>	<u>196,422</u>	<u>-</u>	<u>196,422</u>
<b>Fund Balances, End of Year</b>	<u>\$ 181,360</u>	<u>\$ -</u>	<u>\$ 181,360</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**BUILDING PERMITS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Licenses and Permits	\$ 344,887	\$ 322,000	\$ 22,887
Intergovernmental	3,600	1,350	2,250
Charges for Services	777	-	777
Miscellaneous:			
Interest	(577)	-	(577)
Other	41	-	41
<b>Total Revenues</b>	<u>348,728</u>	<u>323,350</u>	<u>25,378</u>
<b>Expenditures</b>			
Public Safety:			
Personal Services	335,327	324,193	(11,134)
Operating Expenditures	84,266	90,280	6,014
<b>(Total Expenditures)</b>	<u>(419,593)</u>	<u>(414,473)</u>	<u>(5,120)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(70,865)</u>	<u>(91,123)</u>	<u>20,258</u>
<b>Other Financing Sources (Uses)</b>			
Fund Balance Appropriated	-	84,623	(84,623)
Transfers from Other Funds	3,692	6,500	(2,808)
<b>Total Other Financing Sources (Uses)</b>	<u>3,692</u>	<u>91,123</u>	<u>(87,431)</u>
<b>Net Change in Fund Balance</b>	(67,173)	-	(67,173)
<b>Fund Balances, Beginning of Year</b>	<u>(56,592)</u>	<u>-</u>	<u>(56,592)</u>
<b>Fund Balances, End of Year</b>	<u>\$ (123,765)</u>	<u>\$ -</u>	<u>\$ (123,765)</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<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	633,754	655,100	21,346
Interest	1,044,410	1,034,439	(9,971)
<b>(Total Expenditures)</b>	<u>(1,678,164)</u>	<u>(1,689,539)</u>	<u>11,375</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,678,164)</u>	<u>(1,689,539)</u>	<u>11,375</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	1,651,251	1,689,539	38,288
<b>Total Other Financing Sources (Uses)</b>	<u>1,651,251</u>	<u>1,689,539</u>	<u>38,288</u>
<b>Net Change in Fund Balance</b>	(26,913)	-	(26,913)
<b>Fund Balance, Beginning of Year</b>	<u>600,156</u>	<u>-</u>	<u>600,156</u>
<b>Fund Balance, End of Year</b>	<u>\$ 573,243</u>	<u>\$ -</u>	<u>\$ 573,243</u>

**CITY OF LEESBURG, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2011**

	<b>General Employees' Health Insurance</b>	<b>Workers' Compensation Insurance</b>	<b>Total</b>
<b>Assets</b>			
Current Assets:			
Equity in Pooled Cash and Cash			
Equivalents	\$ 915,574	\$ 1,735,548	\$ 2,651,122
Miscellaneous Receivables	88,483	11,142	99,625
Prepaid Items	-	52,406	52,406
Total Current Assets	<u>1,004,057</u>	<u>1,799,096</u>	<u>2,803,153</u>
<b>Total Assets</b>	<u>1,004,057</u>	<u>1,799,096</u>	<u>2,803,153</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	407,649	4,690	412,339
Claims Payable	444,115	583,899	1,028,014
Total Current Liabilities	<u>851,764</u>	<u>588,589</u>	<u>1,440,353</u>
Noncurrent Liabilities			
Claims Payable	-	713,654	713,654
<b>Total Liabilities</b>	<u>851,764</u>	<u>1,302,243</u>	<u>2,154,007</u>
<b>Net Assets</b>			
Unrestricted	<u>152,293</u>	<u>496,853</u>	<u>649,146</u>
<b>Total Net Assets</b>	<u>\$ 152,293</u>	<u>\$ 496,853</u>	<u>\$ 649,146</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, 2011**

	<b>General Employees' Health Insurance</b>	<b>Workers' Compensation Insurance</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for Services	\$ 4,482,700	\$ 580,604	\$ 5,063,304
Other Operating Income	238,865	-	238,865
<b>Total Operating Revenues</b>	<u>4,721,565</u>	<u>580,604</u>	<u>5,302,169</u>
<b>Operating Expenses</b>			
Claims Expense	4,344,268	346,643	4,690,911
Administrative Expenses	745,464	35,176	780,640
Insurance Premiums	327,461	44,559	372,020
<b>(Total Operating Expenses)</b>	<u>(5,417,193)</u>	<u>(426,378)</u>	<u>(5,843,571)</u>
<b>Operating (Loss)</b>	<u>(695,628)</u>	<u>154,226</u>	<u>(541,402)</u>
<b>Nonoperating Revenues</b>			
Investment Income	6,313	10,487	16,800
<b>Total Nonoperating Revenues</b>	<u>6,313</u>	<u>10,487</u>	<u>16,800</u>
<b>Income Before Operating Transfers</b>	<u>(689,315)</u>	<u>164,713</u>	<u>(524,602)</u>
<b>Net Operating Transfers to Other Funds</b>	<u>(185,724)</u>	<u>(2,572)</u>	<u>(188,296)</u>
<b>Change in Net Assets</b>	(875,039)	162,141	(712,898)
<b>Total Net Assets, Beginning of Year</b>	<u>1,027,332</u>	<u>334,712</u>	<u>1,362,044</u>
<b>Total Net Assets, End of Year</b>	<u>\$ 152,293</u>	<u>\$ 496,853</u>	<u>\$ 649,146</u>

**CITY OF LEESBURG, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<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	\$ 4,585,262	\$ 600,514	\$ 5,185,776
Cash Paid to Suppliers for Goods and Services	(1,264,281)	(130,820)	(1,395,101)
Cash Paid for Insurance Claims	(4,058,236)	(452,076)	(4,510,312)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(737,255)</u>	<u>17,618</u>	<u>(719,637)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers to Other Funds	(185,724)	(2,572)	(188,296)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>(185,724)</u>	<u>(2,572)</u>	<u>(188,296)</u>
<b>Cash Flows from Investing Activities</b>			
Investment Income	6,313	10,487	16,800
<b>Net Cash Flows from Investing Activities</b>	<u>6,313</u>	<u>10,487</u>	<u>16,800</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(916,666)	25,533	(891,133)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,832,240</u>	<u>1,710,015</u>	<u>3,542,255</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 915,574</u>	<u>\$ 1,735,548</u>	<u>\$ 2,651,122</u>
<b><u>Reconciliation of Operating Income (Loss) to Cash Provided by (Used in) Operating Activities</u></b>			
Operating Income (Loss)	\$ (695,628)	\$ 154,226	\$ (541,402)
Adjustment to Reconcile Operating Income to Cash Flows Provided by (Used in) Operating Activities:			
Decrease (Increase) in Miscellaneous Receivables	102,562	19,910	122,472
Decrease (Increase) in Prepaid Items	-	(37,406)	(37,406)
Increase (Decrease) in Accounts Payable	(191,356)	(13,679)	(205,035)
Increase (Decrease) in Claims Payable	47,167	(105,433)	(58,266)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ (737,255)</u>	<u>\$ 17,618</u>	<u>\$ (719,637)</u>



This page intentionally left blank.

## **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.



This page intentionally left blank.

## **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>	104-113
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>	114-121
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	122-133
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>	134-135
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>	136-138
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 Eight Years**  
(unaudited accrual basis of accounting)  
*page 1 of 2*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 30,676,755	\$ 37,321,834	\$ 49,495,304	\$ 61,246,416
Restricted	17,203,324	17,657,048	10,446,080	3,107,601
Unrestricted	9,977,806	11,440,273	9,284,930	10,489,876
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>
Business-type activities				
Invested in capital assets, net of related debt	\$ 64,637,677	\$ 76,296,976	\$ 97,725,542	\$ 65,528,268
Restricted	35,369,218	23,322,485	3,244,393	29,206,718
Unrestricted	1,746,245	4,153,914	11,382,875	25,021,125
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>
Primary government				
Invested in capital assets, net of related debt	\$ 95,314,432	\$ 106,973,631	\$ 147,220,846	\$ 126,774,684
Restricted	52,572,542	40,979,533	13,690,473	32,314,319
Unrestricted	11,724,051	22,239,366	20,667,805	35,511,001
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>

Note: This information is provided as part of the Financial Trend Data and should be presented in a ten year format. The City of Leesburg began accumulating this data in 2004 which is the first year in this presentation.

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 63,626,050	\$ 62,536,165	\$ 61,099,625	\$ 52,626,016
Restricted	2,587,501	2,814,583	3,512,585	3,377,029
Unrestricted	8,278,356	11,601,438	7,516,041	4,242,639
Total governmental activities net assets	<u>\$ 74,491,907</u>	<u>\$ 76,952,186</u>	<u>\$ 72,128,251</u>	<u>\$ 60,245,684</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 106,456,752	\$ 103,374,013	\$ 111,328,645	\$ 114,637,624
Restricted	3,644,206	6,132,597	5,821,230	7,527,921
Unrestricted	14,945,266	18,348,984	22,889,167	32,384,015
Total business-type activities net assets	<u>\$ 125,046,224</u>	<u>\$ 127,855,594</u>	<u>\$ 140,039,042</u>	<u>\$ 154,549,560</u>
Primary government				
Invested in capital assets, net of related debt	\$ 170,082,802	\$ 165,910,178	\$ 172,428,270	\$ 167,263,640
Restricted	6,231,707	8,947,180	9,333,815	10,904,950
Unrestricted	23,223,622	29,950,422	30,405,208	36,626,654
Total primary government net assets	<u>\$ 199,538,131</u>	<u>\$ 204,807,780</u>	<u>\$ 212,167,293</u>	<u>\$ 214,795,244</u>

**City of Leesburg, Florida**  
**Changes in Net Assets**  
**Last Eight 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>Governmental activities:</b>				
General Government	\$ 1,079,476	\$ 4,614,037	\$ 5,329,210	\$ 4,224,359
Public Safety	10,293,509	11,410,642	13,093,923	14,771,631
Physical Environment	675,409	862,018	898,955	1,300,500
Transportation	2,313,918	2,603,092	2,984,493	3,780,654
Economic Environment	1,545,359	571,765	620,672	682,791
Human Services	82,899	53,288	36,350	51,666
Culture and Recreation	4,424,409	4,968,600	5,397,094	5,677,875
Interest on Long Term Debt	627,346	1,170,569	1,180,340	1,148,265
<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>Business-type activities:</b>				
Electric	\$ 41,185,843	\$ 45,311,308	\$ 54,527,802	\$ 53,857,113
Gas	7,566,229	7,875,054	9,252,854	7,193,152
Water	3,876,184	3,898,107	4,271,287	5,743,068
Wastewater	5,606,459	5,973,024	6,491,042	7,187,653
Stormwater	-	-	-	-
Solid Waste	3,440,650	3,284,484	2,902,126	2,906,956
Communication Services	540,922	819,244	774,033	864,566
Housing	-	-	-	137,094
<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>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>Program Revenues</b>				
<b>Governmental activities:</b>				
Charges for services:				
General Government	\$ 220,943	\$ 3,044,485	\$ 3,371,932	\$ 4,276,155
Public Safety	1,141,507	1,224,873	1,500,316	859,042
Physical Environment	-	702,768	969,353	1,250,789
Transportation	515,453	593,200	605,382	782,433
Economic Environment	736,092	-	-	-
Culture and Recreation	432,850	483,677	516,577	586,023
Operating grants and contributions	1,863,441	454,762	3,616,947	1,859,700
Capital grants and contributions	1,505,260	3,729,099	531,283	3,436,369
<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>Business-type activities:</b>				
Charges for services	\$ 66,660,117	\$ 73,652,635	\$ 88,164,223	\$ 89,878,655
Operating grants and contributions	625,862	-	-	-
Capital grants and contributions	2,326,135	6,107,611	5,430,454	3,408,402
<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>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>Net (expense)/revenue</b>				
Governmental activities	\$ (14,626,779)	\$ (16,021,147)	\$ (18,429,247)	\$ (18,587,230)
Business-type activities	7,395,827	12,599,025	15,375,533	15,397,455
<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>

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 Eight Years**  
(unaudited accrual basis of accounting)  
*page 2 of 4*

<b>Expenses</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Governmental activities:</b>				
General Government	\$ 6,738,686	\$ 5,784,598	\$ 6,382,361	\$ 4,516,704
Public Safety	17,945,406	15,273,940	16,155,330	16,325,651
Physical Environment	1,249,213	1,150,387	1,227,739	133,276
Transportation	3,753,138	4,097,419	3,744,933	3,710,588
Economic Environment	698,052	919,372	672,501	1,072,203
Human Services	72,602	70,084	44,150	37,567
Culture and Recreation	6,503,046	5,271,228	4,941,906	5,090,129
Interest on Long Term Debt	1,145,566	1,223,864	2,272,405	1,778,947
<b>Total governmental activities expenses</b>	<b>\$ 38,105,709</b>	<b>\$ 33,790,892</b>	<b>\$ 35,441,325</b>	<b>\$ 32,665,065</b>
<b>Business-type activities:</b>				
Electric	\$ 64,081,610	\$ 66,020,760	\$ 60,427,920	\$ 53,561,809
Gas	8,239,648	6,298,715	6,689,610	5,964,253
Water	5,847,250	6,781,008	6,595,898	6,828,647
Wastewater	7,639,188	8,148,026	8,298,812	7,991,155
Stormwater	-	-	-	1,392,024
Solid Waste	3,431,491	3,085,584	2,862,176	3,022,958
Communication Services	1,161,766	1,003,830	1,073,772	1,126,159
Housing	516,424	286,307	327,956	162,600
<b>Total business-type activities expenses</b>	<b>90,917,377</b>	<b>91,624,230</b>	<b>86,276,144</b>	<b>80,049,605</b>
<b>Total primary government expenses</b>	<b>\$ 129,023,086</b>	<b>\$ 125,415,122</b>	<b>\$ 121,717,469</b>	<b>\$ 112,714,670</b>
<b>Program Revenues</b>				
<b>Governmental activities:</b>				
Charges for services:				
General Government	\$ 3,504,864	\$ 3,472,053	\$ 3,465,531	\$ 3,717,159
Public Safety	878,024	637,249	463,876	474,039
Physical Environment	1,524,355	1,544,948	1,556,173	47,831
Transportation	816,221	954,520	1,006,812	1,129,721
Economic Environment	-	-	-	-
Culture and Recreation	637,220	608,654	554,070	497,863
Operating grants and contributions	1,498,098	1,447,613	1,522,058	869,208
Capital grants and contributions	4,781,781	4,655,197	3,189,342	413,865
<b>Total governmental activities program revenues</b>	<b>\$ 13,640,563</b>	<b>\$ 13,320,234</b>	<b>\$ 11,757,862</b>	<b>\$ 7,149,686</b>
<b>Business-type activities:</b>				
Charges for services	\$ 100,856,226	\$ 100,505,333	\$ 99,206,014	\$ 92,776,933
Operating grants and contributions	4,525	9,044	292,907	87,958
Capital grants and contributions	1,039,657	1,965,837	1,188,719	576,880
<b>Total business-type activities program revenues</b>	<b>101,900,408</b>	<b>102,480,214</b>	<b>100,687,640</b>	<b>93,441,771</b>
<b>Total primary government program revenues</b>	<b>\$ 115,540,971</b>	<b>\$ 115,800,448</b>	<b>\$ 112,445,502</b>	<b>\$ 100,591,457</b>
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (24,465,146)	\$ (20,470,658)	\$ (23,683,463)	\$ (25,515,379)
Business-type activities	10,983,031	10,855,984	14,411,496	13,392,166
<b>Total primary government net expense</b>	<b>\$ (13,482,115)</b>	<b>\$ (9,614,674)</b>	<b>\$ (9,271,967)</b>	<b>\$ (12,123,213)</b>

(Continued)

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</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
Other taxes	5,768,279	6,539,441	6,677,039	6,501,898
Intergovernmental revenues, unrestricted	1,298,657	1,846,260	1,979,715	2,234,248
Investment income	214,666.00	613,132	730,163	345,542
Miscellaneous	1,133,608	167,286	(153,755)	500,550
Transfers	7,496,300	11,544,586	7,537,834	8,936,226
<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>
Business-type activities:				
Investment income	788,042	391,921	578,497	844,203
Miscellaneous	375,494	606,572	163,239	97,866
Transfers	(7,496,300)	(11,544,586)	(7,537,834)	(8,936,226)
<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>
<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>
<b>Change in Net Assets</b>				
Governmental activities	\$ 4,819,076	\$ 8,561,270	\$ 2,807,159	\$ 5,617,559
Business-type activities	1,063,063	2,052,932	8,579,435	7,403,298
<b>Total government</b>	<u>\$ 5,882,139</u>	<u>\$ 10,614,202</u>	<u>\$ 11,386,594</u>	<u>\$ 13,020,857</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.

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 Eight Years**  
(unaudited accrual basis of accounting)  
*page 4 of 4*  
*(Concluded)*

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Property taxes	\$ 6,058,634	\$ 6,294,746	\$ 6,049,834	\$ 5,361,571
Other taxes	6,810,598	6,830,873	6,647,069	6,873,930
Intergovernmental revenues, unrestricted	2,293,718	2,105,575	2,253,173	2,055,253
Investment income	90,124	251,224	163,166	471,791
Miscellaneous	227,263	283,484	175,785	115,080
Transfers	8,632,823	7,165,035	3,570,501	(1,244,813)
<b>Total governmental activities</b>	<u>\$ 24,113,160</u>	<u>\$ 22,930,937</u>	<u>\$ 18,859,528</u>	<u>\$ 13,632,812</u>
Business-type activities:				
Investment income	982,710	677,534	113,102	572,093
Miscellaneous	1,957,195	162,522	343,997	(10,954)
Transfers	(8,632,823)	(7,165,035)	(3,570,501)	1,244,813
<b>Total business-type activities</b>	<u>(5,692,918)</u>	<u>(6,324,979)</u>	<u>(3,113,402)</u>	<u>1,805,952</u>
<b>Total primary government general revenues</b>	<u>\$ 18,420,242</u>	<u>\$ 16,605,958</u>	<u>\$ 15,746,126</u>	<u>\$ 15,438,764</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ (351,986)	\$ 2,460,279	\$ (4,823,935)	\$ (11,882,567)
Business-type activities	5,290,113	4,531,005	11,298,094	15,198,118
<b>Total government</b>	<u>\$ 4,938,127</u>	<u>\$ 6,991,284</u>	<u>\$ 6,474,159</u>	<u>\$ 3,315,551</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>General fund</b>				
Reserved	\$ 290,728	\$ 773,874	\$ 1,569,642	\$ 586,207
Unreserved	6,573,937	6,249,790	4,104,481	3,278,639
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
<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>
<b>All other governmental funds</b>				
Reserved	\$ 17,118,320	\$ 17,058,067	\$ 9,211,368	\$ 2,963,875
Unreserved				
Stormwater Fund	826,948	713,531	208,901	552,544
Redevelopment Funds	-	-	78,938	943,569
Special Revenue Funds	-	-	-	1,577,648
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>

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 Eight Fiscal Years**  
(unaudited modified accrual basis of accounting)  
*page 2 of 2*

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General fund</b>				
Reserved	\$ 1,043,782	\$ 1,369,020	\$ 1,673,892	\$ -
Unreserved	2,978,290	4,358,936	5,697,109	-
Nonspendable	-	-	-	763,445
Restricted	-	-	-	652,106
Committed	-	-	-	2,970
Unassigned	-	-	-	7,371,865
<b>Total general fund</b>	<u>\$ 4,022,072</u>	<u>\$ 5,727,956</u>	<u>\$ 7,371,001</u>	<u>\$ 8,790,386</u>
<b>All other governmental funds</b>				
Reserved	\$ 2,403,071	\$ 2,610,626	\$ 1,836,289	\$ -
Unreserved				
Stormwater Fund	1,229,741	1,557,861	1,755,566	-
Redevelopment Funds	2,319,072	4,572,684	13,875,882	-
Special Revenue Funds	897,422	816,455	533,772	-
Nonspendable	-	-	-	2,976
Restricted	-	-	-	13,097,454
Committed	-	-	-	-
Assigned	-	-	-	1,324,710
Unassigned (deficit)	-	-	-	(200,150)
<b>Total all other governmental funds</b>	<u>\$ 6,849,306</u>	<u>\$ 9,557,626</u>	<u>\$ 18,001,509</u>	<u>\$ 14,224,990</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>				
Taxes	\$ 9,493,603	\$ 9,947,626	\$ 10,430,225	\$ 12,188,222
Licenses and permits	781,503	1,039,497	1,287,389	835,735
Intergovernmental	4,238,060	5,617,919	6,262,243	6,951,061
Charges for services	929,067	982,851	1,363,599	1,752,548
Fines and penalties	365,409	339,962	383,075	248,483
Impact Fees				255,791
Interest	214,666	613,131	730,162	540,698
Miscellaneous	1,442,820	5,464,202	4,507,427	5,305,481
<b>Total revenues</b>	<u>17,465,128</u>	<u>24,005,188</u>	<u>24,964,120</u>	<u>28,078,019</u>
<b>Expenditures</b>				
General Government	1,045,098	2,393,514	3,192,720	1,828,424
Public Safety	10,298,327	11,641,923	12,802,000	14,734,007
Physical Environment	522,312	735,736	945,226	911,501
Transportation	998,659	1,144,742	1,532,023	1,959,937
Economic Environment	1,531,072	544,294	588,368	655,320
Human Services	45,518	53,288	36,861	51,666
Culture and Recreation	4,077,320	4,525,265	4,976,305	5,278,244
Capital Outlay	5,416,617	9,855,458	16,700,042	15,171,230
Debt Service:				
Principal payments	204,088	239,846	170,000	546,486
Interest and fees	627,346	1,170,569	1,180,340	1,148,265
<b>Total expenditures</b>	<u>24,766,357</u>	<u>32,304,635</u>	<u>42,123,885</u>	<u>42,285,080</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>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	-	-
Transfers in	8,286,608	8,756,309	7,903,521	13,647,670
Transfers out	(790,308)	(471,532)	(365,687)	(4,711,446)
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>
<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>
<b>Debt service as a percentage of noncapital expenditures</b>	4.3%	6.3%	5.3%	6.3%

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**  
**Changes in Fund Balances of Governmental Funds**  
**Last Eight Fiscal Years**  
(unaudited modified accrual basis of accounting)  
*page 2 of 2*

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Revenues</b>				
Taxes	\$ 12,869,231	\$ 13,125,620	\$ 12,893,021	\$ 12,235,501
Licenses and permits	774,430	571,963	421,374	457,142
Intergovernmental	8,209,539	8,073,940	6,516,608	3,371,485
Charges for services	2,083,117	2,178,942	2,211,398	595,467
Fines and penalties	331,313	219,845	144,991	163,197
Impact Fees	335,914	133,249	12,295	150
Interest	297,268	206,424	164,588	203,118
Miscellaneous	4,350,653	4,329,343	4,566,046	4,946,580
<b>Total revenues</b>	<b>29,251,465</b>	<b>28,839,326</b>	<b>26,930,321</b>	<b>21,972,640</b>
<b>Expenditures</b>				
General Government	3,496,612	3,162,527	3,476,819	2,851,945
Public Safety	15,021,295	14,428,426	14,043,510	14,238,088
Physical Environment	758,074	705,068	700,369	65,877
Transportation	1,853,750	2,032,911	1,911,023	2,063,548
Economic Environment	639,294	868,017	615,937	989,381
Human Services	66,475	67,892	44,150	37,567
Culture and Recreation	5,187,536	4,433,489	3,807,355	3,893,225
Capital Outlay	8,319,179	7,057,151	6,667,866	3,179,436
Debt Service:				
Principal payments	596,540	699,248	749,000	822,963
Interest and fees	1,133,566	1,223,864	2,272,405	1,778,947
<b>Total expenditures</b>	<b>37,072,321</b>	<b>34,678,593</b>	<b>34,288,434</b>	<b>29,920,977</b>
<b>Excess of revenues (under) over expenditures</b>	<b>(7,820,856)</b>	<b>(5,839,267)</b>	<b>(7,358,113)</b>	<b>(7,948,337)</b>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	156,929	97,633	47,121	77,760
Transfers in	12,189,197	12,185,286	11,394,539	12,582,692
Transfers out	(3,556,374)	(4,561,077)	(7,714,268)	(7,069,249)
Bond proceeds	-	2,531,629	13,717,649	-
<b>Total other financing sources (uses)</b>	<b>8,789,752</b>	<b>10,253,471</b>	<b>17,445,041</b>	<b>5,591,203</b>
<b>Net change in fund balances</b>	<b>\$ 968,896</b>	<b>\$ 4,414,204</b>	<b>\$ 10,086,928</b>	<b>\$ (2,357,134)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	6.0%	7.0%	10.9%	9.7%

**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 - Exempt Property			Taxable Value for Operating Millages	Total Direct Tax Rate
				Real Property <sup>2</sup>	Personal Property	Centrally Assessed <sup>3</sup>		
2002	\$ 715,445,919	\$ 231,355,431	\$ 369,119	\$ 206,877,608	\$ 71,494,826	\$ -	\$ 668,798,035	4.5000
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	-	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

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.

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)**

<b>Fiscal Year</b>	<b>City</b>	<b>School District</b>	<b>Lake County</b>	<b>Ambulance District</b>	<b>Northwest Hospital District</b>	<b>Lake County Water Authority</b>	<b>Water Management District</b>	<b>Total</b>
2002	4.5000	8.2020	5.1170	0.5290	1.0000	0.5000	0.4620	20.3100
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

The Florida Constitution limits the City and County millage capacity (non-debt 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	2011			2002		
	2010 Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	2001 Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Embarq-Florida, Inc (fka Sprint-Florida)	\$ 31,397,101	1	2.46%	\$ 45,428,482	1	6.79%
Cutrale Citrus Juices, U.S.A., Inc.	29,723,563	2	2.33%	36,482,498	2	5.45%
Lake Port Square, LLC	21,152,087	3	1.66%	26,024,836	3	3.89%
SDG Macerich Properties	18,451,087	4	1.45%			
Minute Maid Company	13,412,671	5	1.05%			
Redus Arlington Ridge, FL, LLC	11,638,811	6	0.91%			
Leware Const Co of Florida, Inc.	8,558,452	7	0.67%			
Lowe's Home Centers, Inc.	8,525,824	8	0.67%	7,450,471	6	1.11%
City of Leesburg	7,721,101	9	0.61%			
Shoppes of Lake Village, LTD	7,472,154	10	0.59%			
Wal-Mart Stores, Inc				8,557,440	4	1.28%
Huntington Banks				7,759,416	5	1.16%
Publix Super Markets, Inc.				6,175,913	7	0.92%
Bulldog Investments				4,912,398	8	0.73%
Rodgers Brothers Land Company				4,487,588	9	0.67%
SunTrust Banks of Central Florida				4,205,389	10	0.63%
<b>Subtotal</b>	<u>158,052,851</u>		12.40%	<u>151,484,431</u>		22.65%
All Others	<u>1,116,403,217</u>		87.60%	<u>517,313,604</u>		77.35%
Total	<u>\$ 1,274,456,068</u>		100.00%	<u>\$ 668,798,035</u>		100.00%

Note: Taxable Values (Florida Statutes Section 193.011 ) are as of January 1, 2001 and 2010, 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>		Collections for Previous Years of Levy	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 3,009,591	\$ 2,791,790	92.76%	\$ 42,742	\$ 2,834,532	94.18%
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%

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>
2002	\$ 2,834,532	\$ 702,803	\$ 1,266,879	\$ 50,007	\$ 1,858,623	\$ 899,359	\$ 7,612,203
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

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

Year	Taxable Values	HISTORICAL REVENUES		
		Ambulance	Lake County Water Authority	City of Leesburg
2002	\$ 107,435,264	\$ 108,417	\$ 9,601	\$ 86,412
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

**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.

In the 2010 CAFR, the 2010 taxable value was used due to a change in the source of information. This should have reflected the 2009 taxable value and has been corrected in the 2011 CAFR.

*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
2002	\$ 58,561,002.00	\$ -	\$ -	\$ -
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

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.

In the 2010 CAFR, the 2010 taxable value was used due to a change in the source of information. This should have reflected the 2009 taxable value and has been corrected in the 2011 CAFR.

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

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 the 2010 CAFR, the 2010 taxable value was used due to a change in the source of information. This should have reflected the 2009 taxable value and has been corrected in the 2011 CAFR.

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		Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>2</sup>
	Capital Improvement Bonds	Notes Payable	Capital Lease	Utility System Revenue Bonds	Notes Payable			
2002	\$ 7,170,000	\$ 209,455	\$ -	\$ 26,199,171	\$ -	\$ 33,578,626	8.05%	\$ 25,901
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	349,925	85,355,000	13,041,000	121,658,571	19.50%	31,044
2009	22,295,000	99,340	300,617	84,565,000	13,041,000	120,300,957	19.26%	30,460
2010	30,335,000	7,442,158	268,223	83,140,000	15,355,000	136,540,381	20.87%	31,520
2011	29,960,000	7,027,950	234,469	81,655,000	13,665,000	132,542,419	21.26%	30,785

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			\$ 36,987,950
<u>Overlapping Debt</u>			
Lake County			
Board of County Commissioners	\$ 28,500,000	7.49%	2,134,843
School District	\$ -		-
Subtotal - Overlapping Debt			<u>2,134,842.60</u>
Total Direct and Overlapping Debt			<u><u>\$ 39,122,793</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, 2011.

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.



This page intentionally left blank.

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

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

**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 Eight Fiscal Years<sup>1</sup>**  
**Series 2009 Capital Improvement Refunding Promissory Note Last Two Fiscal Years<sup>2</sup>**

	<u>FY ENDING SEPT. 30, 2008</u>	<u>FY ENDING SEPT. 30, 2009</u>	<u>FY ENDING SEPT. 30, 2010</u>	<u>FY ENDING SEPT. 30, 2011</u>
Half-Cent Sales Tax	\$ 964,117	\$ 898,594	\$ 899,922	\$ 930,949
Guaranteed Entitlement	<u>309,234</u>	<u>309,234</u>	<u>309,234</u>	<u>309,234</u>
Net Revenues Available	1,273,351	1,207,828	1,209,156	1,240,183
Debt Service on Refunded 1999 Bonds	\$ 497,476	\$ 494,796	\$ 332,398	\$ -
Debt Service on Refunding Promissory Note, Series 2009			<u>95,731</u>	<u>523,204</u>
Combined Refunded & Refunding Debt Service			\$ 428,129	\$ 523,204
Debt Service Coverage	2.56 X	2.44 X	2.82 X	2.37 X
2009 Senior Lien Note <sup>2</sup> Required Minimum Coverage	1.30 X <sup>1</sup>	1.30 X <sup>1</sup>	1.30 X <sup>4</sup>	1.30 X <sup>4</sup>
Net Revenues Available after Debt Service on 2009 Note	\$ 775,875	\$ 713,032	\$ 781,028	\$ 716,979
Plus Public Service Tax	<u>3,058,468</u>	<u>3,126,745</u>	<u>3,214,820</u>	<u>3,182,188</u>
Net Revenues Available	3,834,343	3,839,777	3,995,847	3,899,167
Debt Service on Series 2004 Bonds	\$ 1,111,220	\$ 1,111,020	\$ 1,109,645	\$ 1,108,485
Debt Service Coverage on Series 2004 Bonds	3.45 X	3.46 X	3.60 X	3.52 X
Required Minimum Coverage	1.30 X <sup>3</sup>	1.30 X <sup>3</sup>	1.30 X <sup>3</sup>	1.30 X <sup>3</sup>
Net Revenues Available after Debt Service on 1999, 2009 Note and 2004 Bonds	\$ 2,723,123	\$ 2,728,757	\$ 2,886,202	\$ 2,790,682

**City of Leesburg**  
**Pledged Revenue Coverage**  
**Series 2008 Carver Heights/Montclair Area CRA Last 3 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>
Revenue:			
City of Leesburg	\$ 158,077	\$ 123,599	\$ 96,906
Lake County	194,188	151,573	119,069
Other	<u>4,100</u>	<u>1,866</u>	<u>2,453</u>
Total Revenues	356,365	277,039	218,429
Debt Service on 2008 Note	\$ 195,340	\$ 200,534	\$ 203,353
Debt Service Coverage on Series 2008 Note	1.82 X	1.38 X	1.07 X
Net Revenues Available after Debt Service on 2008 Note	\$ 161,024	\$ 76,505	\$ 15,075

**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.

**City of Leesburg**  
**Pledged Revenue Coverage**  
**Series 2009 US Highway 441& 27 Area CRA Last 2 Years**

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

**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.

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

	FY ENDING SEPT. 30, 2004	FY ENDING SEPT. 30, 2005	FY ENDING SEPT. 30, 2006	FY ENDING SEPT. 30, 2007
Gross Revenues	\$ 46,078,668	\$ 50,303,504	\$ 60,688,045	\$ 60,862,278
Less Operation and Maintenance Expenses	38,455,991	42,428,223	52,210,890	51,342,881
Net Revenues Available	\$ 7,622,677	\$ 7,875,281	\$ 8,477,155	9,519,397
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
Debt Service on 2007A Bonds <sup>3</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
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
Required Minimum Coverage			X	1.25 X
Total Net Revenues less Electric Utility Debt Service		\$ 7,875,281	\$ 8,477,155	\$ 8,739,585

**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 Eight Fiscal Years**

	<b>FY ENDING SEPT. 30, 2008</b>	<b>FY ENDING SEPT. 30, 2009</b>	<b>FY ENDING SEPT. 30, 2010</b>	<b>FY ENDING SEPT. 30, 2011</b>
Gross Revenues	\$ 70,302,636	\$ 71,566,530	\$ 73,280,305	\$ 62,355,773
Less Operation and Maintenance Expenses	<u>59,761,821</u>	<u>61,012,704</u>	<u>55,737,126</u>	<u>49,169,688</u>
Net Revenues Available	10,540,815	10,553,826	17,543,179	13,186,085
Debt Service on 2004 Bonds	\$ 1,095,875	\$ 1,090,975	\$ 1,090,095	\$ 1,093,025
Debt Service on 2007A Bonds	see note <sup>4</sup>	551,906	551,906	551,906
Debt Service on 2007B Bonds		682,713	946,921	945,283
Debt Service on 2010 Bonds <sup>5</sup>				<u>4,004</u>
Total Debt Service Series 2004, 2007 & 2010	\$ 1,095,875	\$ 2,325,594	\$ 2,588,922	\$ 2,594,218
Debt Service Coverage 2004, 2007A&B Bonds	9.62 X	4.54 X	6.78 X	5.08 X
Required Minimum Coverage	1.25 X	1.25 X	1.25 X	1.25 X
Total Net Revenues less Electric Utility Debt Service	\$ 9,444,940	\$ 8,228,232	\$ 14,954,257	\$ 10,591,867

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

	<b>FY ENDING SEPT. 30, 2004</b>	<b>FY ENDING SEPT. 30, 2005</b>	<b>FY ENDING SEPT. 30, 2006</b>	<b>FY ENDING SEPT. 30, 2007</b>
Gross Revenues	\$ 18,357,691	\$ 20,390,719	\$ 24,260,195	\$ 25,959,785
Less Expenses	14,912,625	15,811,099	18,265,045	17,799,914
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				\$ 1,075,151
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				\$ 9,715,194

**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 Eight 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>
Gross Revenues	\$ 26,425,520	\$ 25,543,939	\$ 25,782,014	\$ 25,785,180
Less Expenses	<u>19,022,708</u>	<u>16,634,389</u>	<u>16,584,012</u>	<u>15,651,085</u>
Net Revenues Available	\$ 7,402,812	\$ 8,909,550	\$ 9,198,002	\$ 10,134,095
Debt Service on 2004 Bonds	\$ 1,507,914	\$ 1,509,114	\$ 1,508,914	\$ 1,507,254
Debt Service on 2007A Bonds	see note <sup>4</sup>	1,039,044	1,341,444	1,338,444
Debt Service on 2007B Bonds	see note <sup>4</sup>	63,130	77,245	81,065
Debt Service on 2010 Bonds <sup>5</sup>				<u>317,615</u>
Total Debt Service Series 2004, 2007 & 2010	\$ 1,507,914	\$ 2,611,288	\$ 2,927,603	\$ 3,244,378
Debt Service Coverage 2004, 2007A&B Bonds	4.91 X	3.41 X	3.14 X	3.46 X
Required Minimum Coverage	1.15 X	1.15 X	1.15 X	1.15 X
Plus Capacity Charges	\$ 1,821,414	\$ 764,192	\$ 367,211	\$ 129,603
Debt Service Coverage 2004, 2007A and B Bonds	6.12 X	3.70 X	3.27 X	3.51 X
Required Minimum Coverage including Capacity Charges	1.25 X	1.25 X	1.25 X	1.25 X
Total Net Revenues less Utility System Debt Service	\$ 7,716,312	\$ 7,062,454	\$ 6,637,610	\$ 7,019,320

**City of Leesburg, Florida**  
**Pledged Revenue Coverage**  
**Communications System Capital Improvement Revenue Refunding Note**  
**Series 2009**  
**Last 2 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>
Gross Revenues	\$ 1,229,503	\$ 1,343,242	\$ 1,334,548
Less Operation and Maintenance Expenses	<u>614,598</u>	<u>709,695</u>	<u>792,226</u>
Net Revenues Available	614,905	633,547	542,322
Debt Service on FMPA Note <sup>1</sup>	84,821	73,024	-
Debt Service on 2009 Note <sup>2</sup>	N/A	\$ -	\$ 143,951
Debt Service Coverage 2009 Bonds	7.25	8.68	3.77 X
Required Minimum Coverage	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-advallorem 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
2002	16,104	\$ 417,110	\$ 25,901	46.5	4.7%	5.5%	5.4%
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%

Sources: <sup>1</sup> Florida Bureau of Economic and Business Research (BEBR ) as of April 1, 2011.

<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 2011, the latest information provided on this website was for 2009.

<sup>3</sup> State of Florida , Department of Labor and Employment Security, Bureau of Labor Market Information (http://fred.labormarketinfo.com) as of 2009.

<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://fred.labormarketinfo.com) as of November 2011.

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

<b>Employer<sup>1</sup></b>	<b>2011</b>			<b>2002</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)	2,355	1	1.72%	1,902	1	1.90%
Lake County School District (fka LCSB)	671	2	0.49%	524	3	0.38%
Lifestream Behavioral Center	550	3	0.40%	400	6	0.29%
Lake Sumter Community College	521	4	0.38%			
City of Leesburg	505	5	0.37%	461	5	0.34%
Lake Port Properties	400	6	0.29%	400	6	0.29%
Cutrale Cirtus Juices USA, Inc	300	7	0.22%			
Publix (2 stores)	275	8	0.20%			
Lake-Sumter EMS, Inc.	260	9	0.19%			
Electric Services, Inc.	232	10	0.17%			
Embarq-Florida, Inc (fka Sprint-Florida)				719	2	0.53%
Wal-Mart Stores, Inc.				465	4	0.34%
Dura-Stress, Inc.				384	8	0.28%
Cutrale Cirtus Juices USA, Inc				275	9	0.20%
Hewitt Contracting				250	10	0.18%
<b>Total</b>	<b>6,069</b>		<b>4.43%</b>	<b>5,780</b>		<b>4.74%</b>
Lake County Labor Force <sup>2</sup>	<b>136,860</b>			<b>99,853</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://fred.labormarketinfo.com>

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

<b>Function</b>	<b>2002</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>General government</b>										
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	7.00	8.00	5.00	5.00	5.00	6.00
Finance	41.00	43.00	44.00	43.00	47.00	51.50	50.00	50.00	48.00	47.00
Human Resources	5.00	5.00	6.00	6.00	6.00	6.50	6.00	6.00	6.00	6.00
MIS	8.00	10.00	11.00	14.00	12.00	12.00	12.00	12.00	11.50	11.50
<b>Police</b>										
Officers	62.10	66.25	72.25	73.25	77.25	76.75	72.00	72.25	72.25	72.25
Civilians	24.75	25.75	25.75	25.75	26.00	30.00	34.25	34.00	34.00	34.00
<b>Fire</b>										
Firefighters and officers	36.00	37.00	43.00	49.00	56.00	68.00	66.00	66.00	65.00	59.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Public Works</b>										
GIS / Engineering	7.00	7.34	8.34	8.50	12.00	13.00	7.00	7.00	4.50	3.50
Other	20.50	16.00	18.00	20.50	25.00	26.00	16.10	16.10	18.10	15.10
Planning & Zoning	12.00	11.66	11.66	14.00	18.00	20.00	5.50	5.50	5.70	4.95
<b>Housing &amp; Economic Development</b>										
Development	3.00	4.00	4.00	4.00	4.00	5.00	3.00	3.00	4.00	4.00
Library	22.30	23.00	23.00	23.80	28.25	28.75	22.00	25.47	20.32	23.65
Recreation	39.75	43.75	43.65	45.65	51.00	56.50	52.00	52.00	42.00	37.00
Airport			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Subtotal for Governmental Funds</b>										
	<b>294.40</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>Business Type</b>										
Electric	55.00	53.50	47.50	49.50	49.50	55.00	50.00	50.00	50.00	51.00
Gas	16.00	16.50	17.50	22.50	22.50	21.00	19.00	19.00	19.00	19.00
Water	22.50	23.59	27.00	28.50	30.50	30.50	34.50	34.50	37.00	36.00
Wastewater	37.50	38.91	37.00	38.00	41.50	43.50	46.50	46.50	45.00	44.00
Stormwater	6.50	5.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Communications			2.00	3.00	5.00	5.00	5.00	5.00	5.00	5.00
Solid Waste	19.00	19.00	19.00	18.00	18.00	19.00	19.90	19.90	17.90	17.90
Carver Heights CRA							1.00	1.00	-	-
Building Permits						9.50	6.50	6.50	4.30	4.05
<b>Subtotal for Business Type Funds</b>										
	<b>156.50</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>Total</b>										
	<b>450.90</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>

Source: City Annual Budget

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

<b>Function</b>	<b>2002</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>Police</b>										
Responses to calls for service	39,560	41,534	44,060	54,659	52,061	50,893	47,078	44,459	47,345	53,024
Part I crimes	1,363	1,236	1,365	1,563	1,532	1,429	1,565	1,572	1,312	1,246
Traffic crashes & citations	6,890	8,130	7,491	10,844	8,356	6,553	6,567	6,271	6,729	6,327
<b>Fire</b>										
Emergency responses	5,182	4,669	4,230	4,440	4,693	5,264	5,831	6,395	7,384	6,581
Inspections	1,822	1,805	1,900	1,351	1,278	1,392	1,344	1,803	1,601	374
Pre-fire plans	311	254	164	578	455	468	306	107	80	107
<b>Solid Waste</b>										
Residential tons taken to incinerator	5,672	6,000	6,108	1,832	7,730	8,167	8,167	7,457	8,047	8,552
Residential tons of recyclables	416	400	486	101	406	402	402	390	408	393
Hand commercial collected	1,126	608	786	164	763	784	784	864	695	624
Commercial dumpster collected	9,541	7,693	9,840	2,865	11,729	11,293	11,293	12,598	13,302	12,902
<b>Fleet Maintenance</b>										
Vehicles owned by the City	610	644	625	673	655	696	584	609	593	598
Percent maintained by Fleet	53%	90%	100%	100%	100%	100%	100%	100%	100%	100%
Preventive maintenance complete	302	640	710	550	656	675	557	450	506	736
<b>Community Development</b>										
Building permits issued within the City	311	406	2,122	3,666	4,599	2,878	2,238	1,943	1,944	1,318
Construction value of permits (thousands)	\$ 43,973	\$ 23,483	\$ 42,477	\$ 135,535	\$ 162,042	\$ 86,858	\$ 82,479	\$ 36,367	\$ 13,079	\$ 35,953
<b>Culture and Recreation</b>										
Youth programs	72	83	85	54	144	131	166	150	36	36
Number of bookings at rental facilities	539	501	608	829	760	6,935	6,331	5,782	5,476	2,368
Total service hours	1,469	1,645	1,298	N/A	2,786	22,101	27,035	28,213	28,156	6,075
Participants using the pools	7,029	8,082	11,360	10,137	16,525	23,633	12,818	16,903	16,791	8,462
Library service hours	3,350	3,390	3,292	3,346	3,482	3,270	3,296	2,402	2,607	2,594
Circulation - adults	216,761	224,067	250,516	258,695	252,150	265,918	273,159	274,996	275,690	257,912
Circulation - juvenile	32,840	31,222	34,416	59,367	68,984	77,636	83,589	86,610	79,208	74,245
Internet use	15,929	34,146	33,198	34,985	44,264	65,210	138,985	141,556	129,735	153,092
<b>Electric</b>										
Number of residential customers	15,551	15,801	16,425	17,013	17,439	17,841	17,732	17,666	21,043	16,307
Average daily consumption (KWh)	34.00	36.67	33.70	35.23	36.14	33.86	33.11	32.65	29.64	33.79
<b>Gas</b>										
Number of residential customers	8,186	8,421	8,845	9,130	9,607	10,116	11,300	11,259	11,279	11,241
Average daily consumption (therms)	0.60	0.73	0.67	0.63	0.58	0.53	0.43	0.57	0.68	0.56
<b>Water</b>										
Number of residential customers	9,372	9,633	10,056	10,491	14,504	15,426	13,885	15,616	18,181	18,250
Average daily consumption (gallons)	310.33	284.38	311.65	293.68	286.18	322.30	478.44	530.00	462.00	480.55
<b>Wastewater</b>										
Number of residential customers	9,357	9,609	10,185	10,618	14,051	15,515	12,861	17,032	17,032	17,218
Average daily sewage treatment (gallons)	177.34	196.30	210.97	232.13	207.89	318.44	207.39	174.00	159.98	134.74

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>2002</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>Public Safety</b>										
Police stations	2	1	1	1	1	1	1	1	1	1
Fire stations	2	3	3	3	4	4	4	4	4	4
<b>Solid Waste</b>										
Collection trucks	24	22	24	23	21	23	23	19	17	17
<b>Annexation Acres</b>	126.22	1,025.04	125.49	1,005.12	1,704.21	2,374.07	271.04	1.63	93.60	316.65
Corporate Limits:										
Acres	17,857.47	18,882.51	19,008.00	20,013.12	21,717.33	24,371.00	24,642	24,652.66	24,787	25,106
Square Miles	27.90	29.50	29.70	31.26	33.78	38.08	38.50	38.52	38.70	39.23
<b>Streets</b>										
Paved (miles)	80.9	84.1	84.1	79.0	79.0	79.0	79.0	79.0	82.2	83.1
Unpaved (miles)	3.2	3.2	3.2	1.7	1.7	1.7	1.7	1.7	1.9	1.9
<b>Culture and Recreation</b>										
Rental facilities	3	3	3	6	6	224	225	225	225	225
Museum	1	1	1	1	1	1	1	1	1	1
Parks facilities managed	10	22	22	50	50	22	23	23	23	23
Parks acreage	226	280	280	290	290	300	300	300	300	300
Library facilities	1	1	1	1	1	1	1	1	1	1
Volumes in collection	170,427	114,492	133,604	139,394	140,990	132,914	128,849	129,882	134,961	135,996
<b>Electric</b>										
Primary electric lines	371	376	382	389	392	392	392	440	444	443
within the city (miles)										
Overhead conductor replaced (feet)	38,769	35,000	12,769	20,825	N/A	1,000	41,392	9,870	54,506	59,000
Underground primary conductor replaced (feet)	22,000	33,000	270	16,450	37,500	3,000	25,519	24,975	5,000	12,000
<b>Gas</b>										
Gas mains	211	218	226	227	236	237	238	239	240	240
Gate stations	2	2	2	2	2	2	2	2	2	2
<b>Water</b>										
Water mains (miles)	332	325	325	255	295	350	302	375	375	375
Maximum capacity (millions of gallons)	7.9	9.1	9.1	9.1	28.0	28	28	28	28	28
Deep wells	15	15	17	17	20	21	21	21	21	19
<b>Wastewater</b>										
Sewers force mains (miles)	103	103	103	61	63	77	81	81	81	81
Sewers gravity lines (miles)	70	70	116	130	133	165	169	169	169	169
Lift stations	100	102	110	114	124	146	173	162	163	173
Disposal plants	2	2	2	2	2	2	3	3	3	2
Maximum capacity (millions of gallons per day)	6.50	6.50	6.50	6.50	6.50	6.50	6.87	8.37	8.37	8.00
<b>Communication</b>										
Fiber optics cable (miles)	50	70	140	158	166	169	171	173	189	191

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.

Sources: Various city departments



This page intentionally left blank.

**SINGLE AUDIT SECTION**



This page intentionally left blank.

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

<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	\$ 194,858
Total Program			<u>194,858</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>194,858</u></b>
<b>U.S. Department of Justice</b>			
Bulletproof Vest Partnership Program:	16.607		
Direct:			
Bulletproof Vest Partnership 2008		N/A	1,538
Bulletproof Vest Partnership 2010		N/A	<u>1,548</u>
Total Program			3,086
Public Safety Partnership and Community Policing Grants:	16.710		
Direct:			
ARRA - COPS Grant - 2 Sworn Positions		2009-RK-WX-0225	<u>94,969</u>
Total Program			94,969
Edward Byrne Memorial Justice Assistance Grant Program:	16.738		
Direct:			
Byrne Grant - Roll up door and OT		2009-DJ-BX-0108	12,810
Byrne Grant - Digital Equipment		2010-DJ-BX-1326	23,361
Indirect: Passed Through Lake County, Florida			
Byrne Grant - Dispatch Computer Console		2010-JAGC-LAKE-1-4X-010	<u>19,701</u>
Sub-Total Program			55,872
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Grant (JAG) Program/Grants to States and Territories:	16.803		
Indirect: Passed Through Lake County, Florida			
ARRA - JAG 2009 - Message Board		2010-ARRA-LAKE-5-W7-146	18,621
ARRA - Byrne Grant - Digital Equipment		2011-JAGC-LAKE-B2-126	<u>20,158</u>
Sub-Total Program			38,779
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Grant (JAG) Program/Grants to Units of Local Government:	16.804		
Direct:			
ARRA - Byrne Grant - Police Overtime		2009-SB-B9-2036	<u>33,215</u>
Sub-Total Program			33,215
Total Program			<u>127,866</u>
<b>Total U.S. Department of Justice</b>			<b><u>225,921</u></b>
<b>U.S. Department of Labor</b>			
WIA Adult Program:	17.258		
Indirect: Passed Through Workforce Central Florida:			
Workforce #623 - Fire ARFF Training		623	<u>3,690</u>
Total Program			3,690
<b>Total U.S. Department of Labor</b>			<b><u>3,690</u></b>

(Continued)

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**  
*(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 Transportation</b>			
Airport Improvement Program:	20.106		
Direct:			
Extend Runway 13/31 - Phase Two Land Mitigation		3-12-0042-018-2008	\$ 70,983
Runway 13/31 Obstruction Survey		3-12-0042-020-2009	16,260
Airside Master Signage Plan/Wildlife Hazard Mitigation Plan		3-12-0042-021-2011	5,473
Total Program			<u>92,716</u>
<b>Total U.S. Department of Transportation</b>			<u><b>92,716</b></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	459,183
Total Program			<u>459,183</u>
<b>Total U.S. Department of Energy</b>			<u><b>459,183</b></u>
<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	5,161
Total Program			<u>5,161</u>
<b>Total U.S. Department of Homeland Security</b>			<u><b>5,161</b></u>
		<b>Total Expenditure of Federal Awards</b>	<u><b>\$ 981,529</b></u>

**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*.



**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, 2011, and have issued our report thereon dated February 20, 2012. 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 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.

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*.

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  
February 20, 2012



**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, 2011. 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, 2011.

***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, 2011, and have issued our report thereon dated February 20, 2012. 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 State 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  
February 20, 2012



**CITY OF LEESBURG, FLORIDA**  
**Schedule of Findings and Questioned Costs *(Continued)***  
**For The Year Ended September 30, 2011**

**Section II - Financial Statement Findings**

None Reported.

**Section III - Federal Award Findings and Questioned Costs Section**

None Reported.

**CITY OF LEESBURG, FLORIDA**  
**Summary Schedule of Prior Audit Findings**  
**For The Year Ended September 30, 2011**

**Financial Statement Finding**

**Finding 01-09 – Construction Work in Progress**

Status of Corrective Action: Resolved. Planned corrective action has been implemented.



## 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, 2011, and have issued our report thereon dated February 20, 2012.

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, 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, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 20, 2012, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- 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 did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse 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.

**CITY OF LEESBURG, FLORIDA**  
**Schedule of Recommendations and Responses**  
*(Concluded)*

- 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, 2011, 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, 2011. 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Mayor, City Commission, management, and the State of Florida Auditor General 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  
February 20, 2012



This page intentionally left blank.

**DEBT DISCLOSURE**  
**CITY OF LEESBURG, FLORIDA**  
**SEPTEMBER 30, 2011**



This page intentionally left blank.

### 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	
Half-Cent Sales Tax	\$ 822	\$ 919	\$ 997	\$ 1,094	\$ 1,002	\$ 964	\$ 899	\$ 900	\$ 931	
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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal Revenues	\$ 1,134	\$ 1,233	\$ 1,309	\$ 1,403	\$ 1,311	\$ 1,273	\$ 1,208	\$ 1,209	\$ 1,240	
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>	
Revenues less Debt Service on 1999 Bonds/2009 Note	\$ 635	\$ 735	\$ 812	\$ 907	\$ 816	\$ 776	\$ 708	\$ 781	\$ 717	
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>	
Total	\$ 2,759	\$ 3,336	\$ 3,767	\$ 3,678	\$ 3,675	\$ 3,834	\$ 3,835	\$ 3,996	\$ 3,899	
Debt Service on Series 2004 Bonds	\$ -	\$ 126	\$ 798	\$ 798	\$ 1,114	\$ 1,111	\$ 1,111	\$ 1,110	\$ 1,108	
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	
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	

**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 nine fiscal years ended September 30, 2003 through 2011 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	
Operating Revenues	\$ 40,019	\$ 45,347	\$ 49,716	\$ 60,197	\$ 60,077	\$ 69,371	\$ 70,986	\$ 68,654	\$ 60,621	
Less: Operating Expenses <sup>1</sup>	33,430	38,456	42,428	52,211	51,343	59,762	61,013	55,737	49,170	
Net Operating Revenues	\$ 6,589	\$ 6,891	\$ 7,287	\$ 7,986	\$ 8,734	\$ 9,609	\$ 9,973	\$ 12,917	\$ 11,451	
Other Income <sup>2</sup>	799	731	588	491	785	932	581	408	396	
Total Available for Debt Service	\$ 7,388	\$ 7,623	\$ 7,875	\$ 8,477	\$ 9,519	\$ 10,541	\$ 10,554	\$ 13,325	\$ 11,847	
<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	1,093	
Series 2007A and 2007B Bonds <sup>5</sup>	-	-	-	-	-	1,235	1,235	1,499	1,497	
Series 2010 Note <sup>6</sup>	-	-	-	-	-	-	-	-	4	
Total Debt Service	\$ 1,160	\$ 351	\$ -	\$ -	\$ 780	\$ 2,331	\$ 2,326	\$ 2,589	\$ 2,590	
Capital Contribution/Impact Fees	\$ 158	\$ 296	\$ 2,060	\$ 1,158	\$ 772	\$ 622	\$ 274	\$ 31	\$ 72	
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	\$ 9,329	
Total Transfers In/(Out)	(4,972)	(8,856)	(6,865)	(5,314)	(6,577)	(5,729)	(4,843)	(1,559)	(4,412)	
Net Available from Operations	\$ 1,414	\$ (1,288)	\$ 3,071	\$ 4,321	\$ 2,934	\$ 3,103	\$ 3,659	\$ 9,209	\$ 4,917	
<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	4.57 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	

**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 charges.

**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									
Description	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Operating Revenues	\$ 6,674	\$ 7,601	\$ 8,605	\$ 10,324	\$ 8,575	\$ 10,071	\$ 8,255	\$ 9,403	\$ 8,158	
Less: Operating Expenses	6,342	7,231	7,581	8,983	6,868	7,760	5,701	6,191	5,425	
Net Operating Revenues	\$ 331	\$ 370	\$ 1,025	\$ 1,340	\$ 1,707	\$ 2,312	\$ 2,554	\$ 3,213	\$ 2,733	
Other Income	102	78	55	78	127	97	73	(17)	48	
Total Available for Debt Service	\$ 433	\$ 448	\$ 1,079	\$ 1,418	\$ 1,834	\$ 2,408	\$ 2,627	\$ 3,196	\$ 2,781	
<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	
Series 2007A and 2007B Bonds <sup>3</sup>	-	-	-	-	-	125	118	152	152	
Series 2010 Note <sup>4</sup>	-	-	-	-	-	-	-	-	44	
Total Debt Service	\$ 142	\$ 43	\$ -	\$ -	\$ 180	\$ 378	\$ 371	\$ 405	\$ 449	
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	
Total Transfers In/(Out)	(634)	(767)	(1,138)	(820)	(851)	(1,072)	(863)	(1,072)	(977)	
Net Available from Operations	\$ (343)	\$ (362)	\$ (54)	\$ 598	\$ 803	\$ 1,153	\$ 1,508	\$ 1,741	\$ 1,355	
<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	
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	

**Notes:**

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	
Operating Revenues	\$ 3,961	\$ 4,490	\$ 4,401	\$ 5,565	\$ 7,383	\$ 6,996	\$ 6,874	\$ 6,811	\$ 7,751	
Less: Operating Expenses	<u>2,778</u>	<u>3,403</u>	<u>3,451</u>	<u>3,883</u>	<u>4,891</u>	<u>4,958</u>	<u>4,879</u>	<u>4,417</u>	<u>4,367</u>	
Net Operating Revenues	\$ 1,183	\$ 1,087	\$ 951	\$ 1,682	\$ 2,492	\$ 2,038	\$ 1,995	\$ 2,394	\$ 3,384	
Other Income	<u>241</u>	<u>176</u>	<u>127</u>	<u>148</u>	<u>178</u>	<u>161</u>	<u>95</u>	<u>54</u>	<u>40</u>	
Total Available for Debt Service	\$ 1,424	\$ 1,263	\$ 1,078	\$ 1,831	\$ 2,670	\$ 2,199	\$ 2,090	\$ 2,448	\$ 3,424	
<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	
Series 2007A and 2007B Bonds <sup>3</sup>	-	-	-	-	-	715	674	870	868	
Series 2010 Note <sup>4</sup>	-	-	-	-	-	-	-	-	152	
Total Debt Service	\$ 339	\$ 103	\$ -	\$ -	\$ 375	\$ 1,241	\$ 1,200	\$ 1,396	\$ 1,546	
Capital Contribution/Impact Fees	<u>347</u>	<u>811</u>	<u>1,097</u>	<u>2,467</u>	<u>1,624</u>	<u>680</u>	<u>822</u>	<u>77</u>	<u>68</u>	
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	
Total Transfers In/(Out)	<u>(1,765)</u>	<u>(811)</u>	<u>(1,785)</u>	<u>(568)</u>	<u>(793)</u>	<u>(804)</u>	<u>(828)</u>	<u>(353)</u>	<u>(873)</u>	
Net Available from Operations	\$ (334)	\$ 1,161	\$ 390	\$ 3,729	\$ 3,126	\$ 833	\$ 883	\$ 776	\$ 1,073	
<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	
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	
<b>Notes:</b>										
See notes on Combined Totals Sheet, pg. 2										

<b>Historical Operating Results - Wastewater Utility</b>										
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	
Operating Revenues	\$ 4,609	\$ 5,868	\$ 7,079	\$ 7,908	\$ 9,157	\$ 9,630	\$ 9,426	\$ 9,439	\$ 9,713	
Less: Operating Expenses	<u>3,687</u>	<u>4,279</u>	<u>4,780</u>	<u>5,399</u>	<u>6,041</u>	<u>6,305</u>	<u>6,054</u>	<u>5,977</u>	<u>5,859</u>	
Net Operating Revenues	\$ 923	\$ 1,588	\$ 2,299	\$ 2,510	\$ 3,116	\$ 3,325	\$ 3,372	\$ 3,462	\$ 3,854	
Other Income	<u>93</u>	<u>145</u>	<u>123</u>	<u>237</u>	<u>539</u>	<u>82</u>	<u>591</u>	<u>372</u>	<u>74</u>	
Total Available for Debt Service	\$ 1,016	\$ 1,733	\$ 2,423	\$ 2,747	\$ 3,656	\$ 3,407	\$ 3,963	\$ 3,834	\$ 3,928	
<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	
Series 2007A and 2007B Bonds <sup>3</sup>	-	-	-	-	-	263	311	397	400	
Series 2010 Note <sup>4</sup>	-	-	-	-	-	-	-	-	<u>122</u>	
Total Debt Service	\$ 241	\$ 73	\$ -	\$ -	\$ 520	\$ 991	\$ 1,040	\$ 1,127	\$ 1,250	
Capital Contribution/Impact Fees	<u>601</u>	<u>1,219</u>	<u>2,679</u>	<u>1,826</u>	<u>1,012</u>	<u>1,142</u>	<u>-</u>	<u>292</u>	<u>62</u>	
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	
Total Transfers In/(Out)	<u>(331)</u>	<u>(404)</u>	<u>(1,045)</u>	<u>(497)</u>	<u>(664)</u>	<u>(733)</u>	<u>(724)</u>	<u>(663)</u>	<u>(708)</u>	
Net Available from Operations	\$ 1,046	\$ 2,475	\$ 4,057	\$ 4,075	\$ 3,484	\$ 2,825	\$ 2,199	\$ 2,337	\$ 2,031	
<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	
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	
<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 nine fiscal years ended September 30, 2003 through 2011 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	
Operating Revenues	\$ 15,244	\$ 17,958	\$ 20,086	\$ 23,797	\$ 25,116	\$ 26,697	\$ 24,555	\$ 25,653	\$ 25,622	
Less: Operating Expenses	<u>12,807</u>	<u>14,913</u>	<u>15,811</u>	<u>18,265</u>	<u>17,800</u>	<u>19,023</u>	<u>16,634</u>	<u>16,585</u>	<u>15,651</u>	
Net Operating Revenues	\$ 2,437	\$ 3,045	\$ 4,275	\$ 5,532	\$ 7,316	\$ 7,674	\$ 7,921	\$ 9,069	\$ 9,971	
Other Income	<u>436</u>	<u>400</u>	<u>305</u>	<u>463</u>	<u>844</u>	<u>340</u>	<u>758</u>	<u>409</u>	<u>162</u>	
Total Available for Debt Service	\$ 2,873	\$ 3,445	\$ 4,580	\$ 5,995	\$ 8,160	\$ 8,014	\$ 8,679	\$ 9,478	\$ 10,133	
<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	
Series 2007A and 2007B Bonds <sup>3</sup>	-	-	-	-	-	1,102	1,102	1,419	1,420	
Series 2010 Note <sup>4</sup>	-	-	-	-	-	-	-	-	318	
Total Debt Service	\$ 722	\$ 218	\$ -	\$ -	\$ 1,075	\$ 2,610	\$ 2,611	\$ 2,928	\$ 3,245	
Capital Contribution/Impact Fees	\$ 948	\$ 2,030	\$ 3,781	\$ 4,292	\$ 2,636	\$ 2,016	\$ 937	\$ 392	\$ 130	
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	\$ 7,019	
Total Transfers In/(Out)	<u>(2,730)</u>	<u>(1,982)</u>	<u>(3,968)</u>	<u>(1,885)</u>	<u>(2,309)</u>	<u>(2,609)</u>	<u>(2,415)</u>	<u>(2,088)</u>	<u>(2,558)</u>	
Net Available from Operations	\$ 369	\$ 3,275	\$ 4,392	\$ 8,402	\$ 7,413	\$ 4,811	\$ 4,591	\$ 4,854	\$ 4,461	
<b>Debt Service Coverage:<sup>5</sup></b>										
Debt Service Coverage on Bonds	-	-	-	-	7.59	3.07	3.32	3.24	3.12	
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	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

<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.



This page intentionally left blank.

**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>	\$29.50	\$67.44	\$123.97	\$237.02	\$350.08
<b><u>Florida Municipalities or Cooperatives:</u></b>						
2	City of Gainesville	51.00	59.67	127.67	280.67	433.67
3	City of Lakeland	52.50	58.66	109.32	218.13	329.45
4	City of Ocala	30.80	64.34	119.34	150.14	180.94
5	Orlando Utilities Commission	42.07	63.91	119.82	251.64	383.46
6	Sumter Electric Cooperative, Inc.	5.60	69.38	124.25	234.00	343.75
7	City of Tallahassee	53.10	63.87	121.10	235.57	350.04
<b><u>Investor-Owned Utilities <sup>[2]</sup>:</u></b>						
8	Florida Power and Light	38.00	50.02	94.13	202.36	310.59
9	Progress Energy	46.11	66.25	123.73	259.61	395.49
10	Tampa Electric Company	38.75	57.42	104.34	218.18	332.02
11	Average		61.20	115.32	226.84	338.67
12	Minimum		50.02	94.13	150.14	180.94
13	Max		69.38	127.67	280.67	433.67
<b>General Service (Non-Demand)</b>						
			<b>500 kWh</b>	<b>1,000 kWh</b>	<b>2,000 kWh</b>	<b>3,000 kWh</b>
14	<b>City of Leesburg, Florida</b>	\$29.50	\$71.13	\$131.35	\$251.78	\$372.22
<b><u>Florida Municipalities or Cooperatives:</u></b>						
15	City of Gainesville	51.00	91.50	157.00	302.00	461.00
16	City of Lakeland	52.50	62.76	115.52	221.03	326.55
17	City of Ocala	30.80	67.14	122.05	231.88	341.71
18	Orlando Utilities Commission	44.84	68.93	127.61	244.97	362.33
19	Sumter Electric Cooperative, Inc.	5.60	71.38	126.25	236.00	345.75
20	City of Tallahassee	53.10	57.17	106.04	203.78	301.52
<b><u>Investor-Owned Utilities <sup>[2]</sup>:</u></b>						
21	Florida Power and Light	54.03	83.07	159.24	311.59	463.94
22	Progress Energy	47.76	66.34	121.08	230.57	340.06
23	Tampa Electric Company	42.25	60.64	110.78	211.06	311.34
24	Average		71.47	129.94	248.64	369.09
25	Minimum		60.64	110.78	211.06	311.34
26	Max		91.50	159.24	311.59	463.94

**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	City of Leesburg, Florida	\$29.50	\$2,006.13	\$4,529.05	\$11,920.76	\$19,852.46
<b><u>Florida Municipalities or Cooperatives:</u></b>						
28	City of Gainesville	51.00	2,552.50	5,517.50	15,065.00	25,075.00
29	City of Lakeland	52.50	1,833.72	3,987.44	10,852.32	18,030.20
30	City of Ocala	30.80	1,986.15	4,347.85	11,899.65	20,091.45
31	Orlando Utilities Commission	44.84	1,947.00	4,264.00	11,532.00	19,200.00
32	Sumter Electric Cooperative, Inc.	5.60	1,896.10	4,024.70	11,101.60	18,466.00
33	City of Tallahassee	53.10	1,686.53	3,820.53	9,799.03	16,289.03
<b><u>Investor-Owned Utilities <sup>[2]</sup>:</u></b>						
34	Florida Power and Light	41.53	1,648.04	3,765.64	9,806.04	16,356.13
35	Progress Energy	47.76	1,868.09	3,972.09	11,150.59	18,576.59
36	Tampa Electric Company	42.25	1,822.52	4,108.54	10,650.12	17,712.20
37	Average		1,944.27	4,248.47	11,507.17	19,188.45
38	Minimum		1,648.04	3,765.64	9,806.04	16,356.13
39	Max		2,552.50	5,517.50	15,065.00	25,075.00

**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 fuel adjustments 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).

**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>	\$18.07	\$39.34	\$60.61	\$81.87	\$103.14	\$113.77
<b><u>Florida Municipalities:</u></b>							
2	Energy Services of Pensacola	17.18	33.65	50.12	66.58	83.05	91.28
3	City of Gainesville	20.28	41.81	63.34	84.87	106.40	117.16
4	City of Tallahassee	23.27	49.90	76.53	103.15	129.78	143.10
<b><u>Regulated Natural Gas Companies:</u></b>							
5	City Gas Company of Florida <sup>[2]</sup>	23.84	55.52	87.21	118.89	150.57	163.95
6	Peoples Gas System, Inc. <sup>[3]</sup>	23.15	45.46	67.76	90.07	112.37	123.52
7	St. Joe Natural Gas Company	30.54	65.61	100.68	135.75	170.82	188.36
8	Average	23.05	48.66	74.27	99.89	125.50	137.89
9	Minimum	17.18	33.65	50.12	66.58	83.05	91.28
10	Max	30.54	65.61	100.68	135.75	170.82	188.36
		<b>Commercial (Therms)</b>					
		100	300	500	700	1000	2000
11	<b>City of Leesburg, Florida</b>	\$117.50	\$330.17	\$542.83	\$755.49	\$1,074.49	\$2,137.81
<b><u>Florida Municipalities:</u></b>							
12	Energy Services of Pensacola	98.18	262.84	427.50	592.16	839.15	1,662.45
13	City of Gainesville	128.64	315.92	503.20	690.48	971.40	1,907.80
14	City of Tallahassee	134.75	368.57	602.39	836.21	1,186.94	2,356.05
<b><u>Regulated Natural Gas Companies:</u></b>							
15	City Gas Company of Florida <sup>[2]</sup>	163.95	466.19	769.66	1,000.32	1,423.88	2,555.40
16	Peoples Gas System, Inc. <sup>[3]</sup>	142.33	376.98	611.64	846.30	1,198.28	2,199.42
17	St. Joe Natural Gas Company	149.74	409.22	668.70	928.18	1,317.40	2,293.58
18	Average	136.26	366.62	597.18	815.61	1,156.18	2,162.45
19	Minimum	98.18	262.84	427.50	592.16	839.15	1,662.45
20	Max	163.95	466.19	769.66	1,000.32	1,423.88	2,555.40

**Notes:**

- [1] Unless otherwise noted, amounts shown reflect standard residential and commercial rates and purchased gas adjustments in effect as of December 2011 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.

**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, Florida</b>	\$10.74	\$12.76	\$15.55	\$19.69	\$27.52	\$38.12
<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	20.44	26.36	33.76	41.16	59.66	81.86
4	Gainesville Regional Utilities	14.80	18.90	24.83	33.95	52.20	70.45
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	9.45	12.23	15.71	19.18	32.98	46.78
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	10.31	13.17	16.74	20.57	30.27	39.97
12	City of Vero Beach	16.09	17.75	31.65	45.55	73.35	80.30
13	Average	15.10	19.19	26.24	34.35	53.24	73.69
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, Florida</b>	\$83.29	\$233.80	\$309.05	\$760.57		
<b>Other Florida Utilities:</b>							
17	Brevard County Utilities	212.10	937.76	1,433.82	4,715.82		
18	Fort Pierce Utilities Authority	331.74	627.74	775.74	1,663.74		
19	Gainesville Regional Utilities	191.15	556.15	738.65	1,833.65		
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	98.80	237.80	307.30	724.30		
23	Orlando Utilities Commission	98.80	252.90	329.95	792.25		
24	St. Lucie County <sup>[2]</sup>	612.47	1,945.20	2,611.57	6,609.77		
25	City of St. Petersburg <sup>[3]</sup>	254.17	599.17	771.67	1,806.67		
26	City of Tallahassee	77.78	245.78	329.78	833.78		
27	City of Vero Beach	184.15	444.15	574.15	1,354.15		
28	Average	213.80	579.96	775.16	1,974.11		
29	Minimum	77.78	231.67	291.34	649.31		
30	Max	612.47	1,945.20	2,611.57	6,609.77		

**Notes:**

- [1] Unless otherwise indicated, amounts shown reflect single-family residential and commercial service rates in effect during December 2011, 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.

**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, Florida</b>	\$25.97	\$28.95	\$32.68	\$36.41	\$43.86	\$43.86
<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	29.77	40.05	52.90	65.75	65.75	65.75
4	Gainesville Regional Utilities	23.90	34.90	48.65	62.40	89.90	117.40
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	24.92	31.66	40.09	48.51	61.99	61.99
8	City of Orlando <sup>[3]</sup>	27.88	35.68	45.43	55.18	70.78	70.78
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>	31.76	42.12	55.07	68.02	93.92	119.82
12	City of Vero Beach	30.66	37.84	46.82	55.79	55.79	55.79
13	Average	28.92	37.52	48.26	59.01	70.58	78.78
14	Minimum	23.11	31.35	39.53	47.62	52.84	52.84
15	Max	44.14	58.08	75.51	92.93	93.92	119.82
<b>2" Meter Commercial</b>							
		50,000 Gallons	150,000 Gallons	500,000 Gallons			
16	<b>City of Leesburg, Florida</b>	\$190.77	\$496.20	\$1,565.18			
<b>Other Florida Utilities:</b>							
17	Brevard County Utilities <sup>[2]</sup>	300.17	900.50	3,001.67			
18	Ft. Pierce Utilities Authority	372.02	886.02	2,685.02			
19	Gainesville Regional Utilities	282.40	832.40	2,757.40			
20	City of Homestead	252.87	576.45	1,708.96			
21	City of Ocala	514.09	805.54	1,825.59			
22	Orange County Public Utilities	267.96	604.96	1,784.46			
23	City of Orlando <sup>[3]</sup>	309.88	931.25	3,105.25			
24	St. Lucie County <sup>[4]</sup>	298.16	685.38	2,040.66			
25	City of St. Petersburg	303.81	715.81	2,157.81			
26	City of Tallahassee	388.69	906.69	2,719.69			
27	City of Vero Beach	273.48	632.48	1,888.98			
28	Average	323.96	770.68	2,334.14			
29	Minimum	252.87	576.45	1,708.96			
30	Max	514.09	931.25	3,105.25			

**Notes:**

- [1] Unless otherwise indicated, amounts shown reflect single-family residential and commercial service rates in effect during December 2011, 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.



This page intentionally left blank.





AN ORDINANCE OF THE CITY OF LEESBURG, FLORIDA, AMENDING §22 – 196 (1), (2), (3), and (4) OF THE CODE OF ORDINANCES; PERTAINING TO ELECTRIC RATES; CHANGING THE RATE STRUCTURE IN THE “RS” – RESIDENTIAL, “GS” – GENERAL SERVICE, AND “GSD” – GENERAL SERVICE DEMAND, RATE CLASSIFICATIONS; PROVIDING A SAVINGS CLAUSE; REPEALING CONFLICTING ORDINANCES; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE CITY OF LEESBURG, FLORIDA:

SECTION I.

Subsections 1 through 4, inclusive, of Section 22 – 196 of the Code of Ordinances of the City of Leesburg are hereby amended as set forth below.

**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.
  - a. **Availability:** This rate is available to all applicable customers in the service area;
  - b. **Applicability:** The residential electric rate applies to an electrical service supplying electricity to a single-family residence. Service provided under this section shall not be shared with or resold to others;
  - c. **Character of service:** Service shall be single-phase, sixty (60) cycles and approximately 120/240 volts. If three (3) phases are desired, additional charges must be paid by the customer;
  - d. **Limitations:** Service is subject to all of the rules and regulations of this tariff and general rules and regulations of the utility. Standby or resale service is not permitted;

e. Rate per month.

Customer charge . . . \$ 9.94 per month  
All kwh, per kwh . . . \$0.07296 per kwh

The rates per month shall become effective with all bills rendered on or after the first day of the month subsequent to adoption. Such rates per month are subject to the annual inflation adjustment component pursuant to §22 – 166.

- f. Minimum charge: The minimum monthly bill shall be the customer charge plus other applicable charges, covered by ordinance, state statutes or federal law;
- g. Terms of payment: All bills and charges for electric current are due and payable twenty (20) days following date of billing. If not paid within twenty (20) days a carrying charge equal to five (5) percent of the total bill is added. Service is discontinued if bill and carrying charge are not paid on or before thirty (30) days succeeding that in which electricity shall have been furnished by the city as stated in all bills rendered;
- h. Billing adjustments: See "Bulk Power Cost Adjustment," "Energy Conservation Cost Recovery," and "Tax Adjustment Clause";
- i. Deposits. Deposits for each account shall be required as set forth more particularly in section 22-181 of this Code.
- j. Reconnection charge: When service is cut off for nonpayment of bill, and when connection service is requested to be performed after normal business hours, the reconnection fee shall be as prescribed by the Utility Service Fee Schedule pursuant to §22–6 of this Code. When service is cut off for meter-tampering, the charge to reconnect shall be as prescribed by the Utility Service Fee Schedule pursuant to §22–6 of this Code plus damages and penalties allowed by state statutes.

(2) Rate schedule GS, general service, nondemand.

- a. Availability. This rate is available to all applicable customers in the service area;
- b. Applicability. This rate shall be applicable to all electrical services not covered by any of the other rate categories, residential electrical rate, general service demand rate and flat service rate;

c. Limitation. Service is subject to all of the rules and regulations of this tariff and general rules and regulations of the utility. Standby or resale is not permitted.

d. Rate per month.

Customer charge . . . \$ 9.94 per month  
All kwh. . . . . \$0.07968 per kwh

The rates per month shall become effective with all bills rendered on or after the first day of the month subsequent to adoption. Such rates per month are subject to the annual inflation adjustment component pursuant to section 22 – 166.

e. Minimum charge. The minimum monthly bill shall be the customer charge plus other applicable charges, covered by ordinance, state statutes or federal law;

f. Terms of payment. All bills and charges for electric current are due and payable twenty (20) days following date of billing. If not paid within twenty (20) days a carrying charge equal to five (5) percent of the total bill is added. Service is discontinued if bill and carrying charges are not paid on or before thirty (30) days succeeding that in which electricity shall have been furnished by the city as stated in all bills rendered;

g. Billing adjustments. See "Bulk Power Cost Adjustment," "Energy Conservation Cost Recovery," and "Tax Adjustment Clause";

h. Deposits. Deposits for each account shall be required as set forth more particularly in § 22-181 of this Code.

i. Reconnection charge: When 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 as prescribed by the Utility Service Fee Schedule pursuant to §22–6 of this Code. When service is cut off for meter tampering, such reconnection charge shall be as prescribed by the Utility Service Fee Schedule pursuant to §22–6 of this Code plus damages and penalties allowed by state statutes.

(3) Rate schedule GSD, general service, demand.

a. Availability. This rate is available to all applicable customers in the service area;

- b. Applicability. Such rate is applicable to nonresidential customers with an electrical demand requirement of 20 kw or more throughout the area served by the utility;
- c. Special provisions. Any customer whose demand is greater than twenty (20) kw, but less than fifty (50) kw, may at the option of the customer elect to be billed at the General Service Rate Schedule, GS Code 444.2. If the customer modifies electrical usage to the extent the General Service Demand rate, GSD Code 444.3, produces lower billing, customer may at its option rescind the election to be billed at the General Service Rate Schedule, GS Code 444.2, provided however, that the option of being billed at the General service rate schedule, GS Code 444.2 shall then no longer be available to such customer;
- d. Character of service. The service shall be three-phase, sixty (60) cycles and approximately one hundred twenty (120) volts or higher, at utility option;
- e. Limitations. Standby or resale is not permitted;
- f. Rate per month.

Customer charge . . . \$ **21.11** per month  
 All kw, per kw . . . \$**8.69400** per kw  
 All kwh, per kwh . . . \$**0.03882** per kwh

The rates per month shall become effective with all bills rendered on or after the first day of the month subsequent to adoption. Such rates per month are subject to the annual inflation adjustment component pursuant to Section 22-166.

- g. Minimum charge. The minimum monthly charge shall be not less than the sum of customer charge and the demand charge for the currently effective billing demand, plus other applicable charges covered by ordinances, state statutes or federal law;
- h. Billing demand. The maximum fifteen-minute integrated demand established during the current billing period;
- i. Power factor. When the power factor is less than ninety (90) percent, the billing demand may be determined upon the basis of ninety (90) percent of the calculated kVa, demand;
- j. Deposits. Deposits for each account shall be required as set forth more particularly in § 22-181 of this Code.

- k. Reconnection charge: When 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 as prescribed by the Utility Service Fee Schedule pursuant to §22-6 of this Code.. When service is cut off for meter tampering, there shall be a reconnection charge as prescribed by the Utility Service Fee Schedule pursuant to §22-6 of this Code, plus damages and penalties allowed by state statute;
- l. Terms of payment. All bills and charges for electric current are due and payable twenty (20) days following date of billing. If not paid within twenty (20) days a carrying charge equal to five (5) percent of the total bill is added. Service is discontinued if bill and carrying charge are not paid on or before thirty (30) days succeeding that in which electricity shall have been furnished by the city as stated in all bills rendered;
- m. Term of service. Service under this rate shall be for a minimum initial term of twelve (12) months from commencement of service and shall continue thereafter until receipt of notice by the city from the customer to disconnect, or upon disconnect by the city as provided by ordinance, or until the customer's demand is below twenty (20) kw for a consecutive twelve-month period. Customers taking service under another rate schedule who elect to transfer to this rate must remain on this rate for a minimum of twelve (12) months. Where special equipment to serve the customer is required, the city may require a specified term of service contract.
- n. Special provisions.
  - 1. Any customer other than residential whose monthly demand is greater than twenty (20) kw but does not exceed forty-nine (49) kw for more than two (2) months out of the preceding twelve (12) consecutive months ending with the current billing period may, at the option of the customer, elect to be billed at the General Service Rate Schedule, GS Code 4442. Provided, that once a customer has exceeded forty-nine (49) for more than two (2) months out of the preceding twelve (12) consecutive months, no rate change option is available. If the customer modifies electrical usage to the extent the General Service Demand Rate (GSD Code 4443) produces lower billing, customer may, at its option, rescind the election to be billed at the General Service Rate Schedule, GS Code 4442; provided, that the option of being billed at the General Service Rate Schedule, GS Code 4442, shall then no longer be available to such customer.

2. The city may, under the provisions of this rate, require a contract with the customer. Whenever the customer increases his electrical load, which increase requires the city to increase facilities installed for the specific use of the customer, a new term of service may be required.
  3. Any church or religious institution may, at their option, regardless of their demand, elect to be billed at the General Service Non Demand rate and may not rescind such election thereafter for a period of twelve (12) months. This election may be for the sanctuary and related Sunday School or religious educational buildings.
- o. Billing adjustments. See "Bulk Power Cost Adjustment," "Energy Conservation Cost Recovery," and "Tax Adjustment Clause";
- (4) Bulk Power Cost Adjustment, BPCA.
- a. Applicability. To the monthly rate of each filed rate schedule as indicated with reference to billing adjustment.
  - b. The rate charged by the City for electric energy furnished to consumers of electricity shall be decreased or increased \$0.0001 per kWh for each \$0.0001, or major fraction thereof, decrease below or increase above **\$0.04933** (The annual inflation adjustment component shall also be applied) per kWh as determined by the average cost to the City each month. This amount includes a demand related component of **\$0.04244** per kWh plus \$0.006990 per kWh for the cost of fuel on October 1, 1973. The Finance Director may apply a levelized bulk power cost adjustment to expand the recovery period based on a 12-month forward looking approach and can adjust the bulk power cost adjustment monthly if necessary. In addition, the Finance Director may calculate the cost to the City and exclude "true-up" credits received from the power supply agency. The City shall not impose a municipal public service tax on a "fuel adjustment charge" in accordance with Florida Statutes 166.231.

## 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 ordinances, in which case those ordinances so affected shall be hereby repealed in their entirety. However, except as specifically amended or repealed by this Ordinance, all portions of §22 – 196 shall continue in full force as they existed prior to the adoption of this Ordinance.

**SECTION IV.**

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 25th day of June, 2007.

THE CITY OF LEESBURG, FLORIDA

BY: *Sandra Henderson*  
Mayor

Attest: *Betty M. Richardson*  
City Clerk

06/25/07

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.

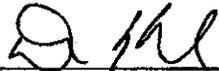
**SECTION 3.**

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

Table 2 presents a calculation of the annual revenues from the existing GSD rates and the proposed restructuring of GSD rates. As can be seen, the proposed rates are revenue neutral to each of the proposed classes of customers. Table 3 provides a summary of the existing rates, the restructured GSD rates, and the proposed rates to be effective November 1, 2010 after including the effect of the annual inflation adjustment applicable to each rate.

**Options:**

1. Adopt staff recommendation of the proposed rates and revisions to Ordinance 22-196 pertaining to General Service Demand, updating section f., Rate per Month, or;
2. Such alternative action as the Commission may deem appropriate

**Fiscal Impact:**

None. The demand rate restructuring was completed on the basis and with the understanding that it would be revenue neutral.

**Submission Date and Time:** 10/20/2010 9:00 AM

Department: <u>Finance</u> Prepared by: <u>Jerry Boop</u> Attachments: <u>Yes X</u> No Advertised: <u>Not Required</u> Dates: _____ Attorney Review: <u>Yes</u> No _____ Revised 6/10/04	Reviewed by: Dept. Head <u>JB</u> Finance Dept. <u>JB</u> Deputy C.M. _____ Submitted by: City Manager _____	Account No. _____ Project No. _____ WF No. _____ Budget _____ Available _____
---	--	---

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- 64

AN ORDINANCE OF THE CITY OF LEESBURG, FLORIDA, AMENDING SECTION 22-211 OF THE CODE OF ORDINANCES PERTAINING TO WATER SERVICE RATES; ESTABLISHING A NEW RATE SCHEDULE FOR WATER; PROVIDING FOR RATES TO BE EFFECTIVE NOVEMBER 1, 2009; PROVIDING FOR RATES TO BE EFFECTIVE NOVEMBER 1, 2010; PROVIDING FOR RATES INSIDE AND OUTSIDE THE 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 22-211, 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
----	------------------	--------	--------

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
-------------	-------------	--	--

Customer Charge Residential, Master-Meter, Commercial, and Sprinklers

14.	All Meter Sizes	\$7.70	\$7.85
-----	-----------------	--------	--------

Customer Charge Irrigation

15.	All Meter Sizes	\$4.03	\$4.31
-----	-----------------	--------	--------

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
-----	------------------	--------	--------

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):*

Line No.	Description	Proposed Rates Effective 11/01/2009	Proposed Rates Effective 11/01/2010
----------	-------------	-------------------------------------	-------------------------------------

Customer Charge Residential, Master-Meter, Commercial, and Sprinklers

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 (TGAL):*

Line No.	Description	Proposed Rates Effective 11/01/2009	Proposed Rates Effective 11/01/2010
----------	-------------	-------------------------------------	-------------------------------------

Customer Charge Residential, Master-Meter, Commercial, and Sprinklers

40.	All Meter Sizes	\$9.63	\$9.81
-----	-----------------	--------	--------

Customer Charge Irrigation

41.	All Meter Sizes	\$5.04	\$5.39
-----	-----------------	--------	--------

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
-----	------------------	--------	--------

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
-----	---------------	--------	--------

52. BAS2 (Over 25)

\$2.43

\$2.59

(b) Deposits for each account shall be required as set forth more particularly in section 22-181 of this Code.

(c) Reconnection charge, when service is cut off for nonpayment of bill, and when connection service is requested to be performed after normal business hours, charges will be imposed as provided in the utility service fee schedule.

(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, there shall be charged, in addition to the foregoing charge, 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, 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.

(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, if no 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.

**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 26 day of October, 2009.

**THE CITY OF LEESBURG**

By: \_\_\_\_\_

Mayor

**ATTEST:**

Betty Richardson  
City Clerk

10/26/09

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
----	------------------	--------	--------

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
----------	-------------	--	--

Customer Charge Residential, Master-Meter, Commercial, and Sprinklers

14.	All Meter Sizes	\$7.70	\$7.85
-----	-----------------	--------	--------

Customer Charge Irrigation

15.	All Meter Sizes	\$4.03	\$4.31
-----	-----------------	--------	--------

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
-----	------------------	--------	--------

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>
-----------------	--------------------	--	--

Customer Charge Residential, Master-Meter, Commercial, and Sprinklers

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 (TGAL):*

Line No.	Description	Proposed Rates Effective 11/01/2009	Proposed Rates Effective 11/01/2010
----------	-------------	-------------------------------------	-------------------------------------

Customer Charge Residential, Master-Meter, Commercial, and Sprinklers

40.	All Meter Sizes	\$9.63	\$9.81
-----	-----------------	--------	--------

Customer Charge Irrigation

41.	All Meter Sizes	\$5.04	\$5.39
-----	-----------------	--------	--------

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
-----	------------------	--------	--------

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
-----	---------------	--------	--------

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

**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.
----	----------------------------	------------	--

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
----------	-------------	---	---

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>
---	---

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.**

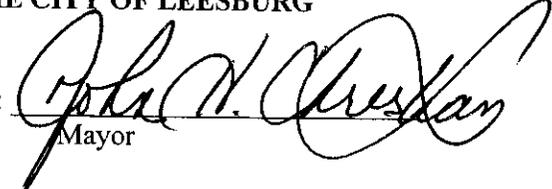
If any portion of this Ordinance is declared invalid or unenforceable, and to the extent that it is possible to do so without destroying the overall intent and effect of this Ordinance, the portion deemed invalid or unenforceable shall be severed herefrom and the remainder of the ordinance shall continue 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**

<b>First Test</b>		<b>FY04/FY05</b>	<b>FY05/FY06</b>	<b>FY06/FY07</b>	<b>FY07/FY08</b>	<b>FY08/FY09</b>	<b>FY09/FY10</b>	<b>FY10/FY11</b>	
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	
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	
<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>Second Test</b>		<b>FYE 2004</b>	<b>FYE 2005</b>	<b>FYE 2006</b>	<b>FYE 2007</b>	<b>FYE 2008</b>	<b>FYE 2009</b>	<b>FYE 2010</b>	<b>FYE 2011</b>
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
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
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
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
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
Available Revenues - $[(A/B) * C] - D$	<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
<b>Coverage <math>[ F / E ]</math> <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>

<sup>(1)</sup> 1.10 times coverage required - Additional Bonds Test

<sup>(2)</sup> line A plus Ad Valorem Taxes as shown on page 51 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
<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
2. Intergovernmental (1)				2,783,708	2,634,143	2,769,819	2,326,359	1,922,082
3. Licenses and Permits (1)				234,022	135,999	151,094	128,271	112,255
4. Fines and Forfeitures (1)				213,821	187,940	152,687	120,716	101,084
5. Investment Income (1)				281,554	144,887	98,646	78,736	68,429
6. Miscellaneous (1)				4,952,339	4,500,274	4,419,416	4,580,172	3,797,123
Taxes less restricted) (1)				4,828,932	5,187,563	4,675,228	4,686,057	4,426,503
8. Utility and Business Unit Transfers (1)				10,073,394	8,914,449	9,034,052	8,332,236	9,347,764
Reveue Sources"				(1,915,241)	(1,991,842)	(1,264,306)	(1,484,613)	(1,252,598)
<b>Legally Available Non-Ad Valorem Revenues</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
2 Year Average		16,569,744	19,141,986	20,736,664	21,113,231	20,471,401	20,046,893	19,194,767
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
<b>Total Revenue</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
<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
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
<b>Total Cost of Essential Services</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
<b>Legally Available Non-Ad Valorem Revenues</b>								
Less MADS on Senior Lien as of 9/30/11	(1,827,066)	(1,827,066)	(1,827,066)	(1,827,066)	(1,827,066)	(1,827,066)	(1,850,718)	(1,850,718)
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)	(12,826,767)
Available Revenues	3,442,705	5,303,013	4,676,028	7,828,339	5,013,237	5,825,155	4,842,929	4,288,892
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
<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>2.28</b>

(1) Source is the Statement of Revenues - FY2007 - FY2011 CAFR

(2) Source is the Statement of Activities - FY2004 - FY2011 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**

	<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>ACTUAL</b>							
<b>Revenues Available for CB&amp;A</b>	-	-	-	\$ 21,954,291	\$ 20,272,174	\$ 20,670,625	\$ 19,423,157	\$ 20,218,976
<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
<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
Charges For Services	-	-	2,585	146,745	153,336	133,420	151,785	150,954
Miscellaneous Revenues	523,450	594,478	606,740	635,911	653,414	612,623	830,154	765,379
	<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>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>5,361,571</b>

**CITY OF LEESBURG, FLORIDA**

**Summary of Maximum Annual Non Advalorem Debt Service**

<b>Fiscal Year</b>	<b>Series 2004 Cap Improv</b>	<b>Series 2008 TIF - CRA Carver<sup>1</sup></b>	<b>Series 2009 Cap Improv</b>	<b>Series 2009 TIF - CRA 441/27<sup>1</sup></b>	<b>Series 2009 Magnolia Townhomes</b>	<b>Aggregate Debt Service</b>
2012	\$ 1,107,460	\$ 203,503	\$ 473,744	\$ 695,131	\$ 153,000	2,632,839
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
	<b>\$ 26,181,683</b>	<b>\$ 1,021,376</b>	<b>\$ 8,925,356</b>	<b>\$ 26,670,219</b>	<b>\$ 4,969,200</b>	<b>\$ 67,767,834</b>

<b>Maximum:</b>	<b>\$ 3,650,239</b>
-----------------	---------------------

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**

<b>Fiscal Year</b>	<b>Series 2004 Cap Improv</b>	<b>Series 2008 CRA-Carver</b>	<b>Series 2009 Cap Improv</b>	<b>Aggregate Debt Service</b>
2012	\$ 1,107,460	\$ 203,503	\$ 473,744	\$ 1,784,707
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
	<b>\$ 25,116,683</b>	<b>\$ 1,021,376</b>	<b>\$ 8,925,356</b>	<b>\$ 36,128,415</b>

<b>Maximum</b>	<b>\$ 1,786,841</b>
----------------	---------------------

**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
2012	\$ 695,131	\$ 153,000	\$ 848,131
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
	<b>\$ 26,670,219</b>	<b>\$ 4,969,200</b>	<b>\$ 31,639,419</b>
	<b>Maximum:</b>		<b>\$ 1,866,059</b>

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**

Dated Date: 4/1/2009  
 Delivery Date: 4/1/2009

<b>Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
10/1/2011	\$ 370,000	\$ 374,743	\$ 744,743	\$ 744,743
4/1/2012		368,730	368,730	
10/1/2012	385,000	368,730	753,730	1,122,460
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
	<b>\$ 15,405,000</b>	<b>\$ 11,151,425</b>	<b>\$ 26,556,425</b>	<b>\$ 26,556,425</b>

**CITY OF LEESBURG, FLORIDA**

**Redevelopment Revenue Note, Series 2008  
(CRA for Carver Heights/Montclair TIF Project)<sup>1</sup>**

Dated Date: 5/1/2009  
Delivery Date: 5/1/2009

<b>Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
11/1/2011		\$ 21,382	\$ 21,382	
5/1/2012	\$ 160,739	21,382	182,121	\$ 203,503
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
	<u>\$ 880,831</u>	<u>\$ 140,545</u>	<u>\$ 1,021,376</u>	<u>\$ 1,021,376</u>

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**

Dated Date: 12/4/2009  
 Delivery Date: 12/4/2009

<b>Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
10/1/2011	\$ 200,000	\$ 141,602	\$ 341,602	
4/1/2012		136,872	136,872	\$ 478,474
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
	<b>\$ 5,987,400</b>	<b>\$ 3,079,556</b>	<b>\$ 9,066,956</b>	<b>\$ 9,066,956</b>

**CITY OF LEESBURG, FLORIDA**  
**Tax Increment Revenue Bonds, Series 2009**  
**(CRA for US Highway 441/27 TIF Project)<sup>1</sup>**

Dated Date: 11/12/2009  
Delivery Date: 11/12/2009

Date	Principal	Interest	Debt Service	Fiscal Annual Debt Service
11/1/2011	- \$	340,066 \$	340,066	
5/1/2012	\$ 15,000	340,066	355,066	\$ 695,131
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
	<b>\$ 14,555,000</b>	<b>\$ 12,115,219</b>	<b>\$ 26,670,219</b>	<b>\$ 26,670,219</b>

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)**

Dated Date: 11/3/2009  
 Delivery Date: 11/3/2009

<b>Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
11/1/2011		\$ 76,500	\$ 76,500	-
5/1/2012		76,500	76,500	\$ 153,000
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	\$ 545,700	\$ 5,045,700	\$ 5,045,700

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.