



# **Comprehensive Annual Financial Report**

**Fiscal Year Ending  
September 30, 2008**

**City of Leesburg, Florida**



**CITY OF LEESBURG, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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

**CITY OF LEESBURG, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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## **INTRODUCTORY SECTION**

This section contains the following subsections:

- ◆ Letter of Transmittal
  
- ◆ Certificate of Achievement for Excellence in Financial Reporting
  
- ◆ Organizational Chart
  
- ◆ Principal City Officials

## MISSION STATEMENT

"Dedicated to Our Community, Committed to Service Excellence"

February 15, 2009

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, 2008. 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 continues 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 Purvis, Gray and Company, 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, 2008, are fairly presented in conformity with GAAP.

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**LEESBURG**  
*The Lakefront City*

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 part of a broader, federal and state 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 City's separately issued Single Audit Report.

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 on an annual basis. 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, storm water drainage, the construction and maintenance of streets and infrastructure, library, recreational activities, cultural events, planning, zoning, housing, and administrative services. In addition to general government activities, 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 and wastewater treatment.

**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 appropriation 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, this comparison is presented on page 68 as part of the basic financial statements for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, beginning on page 76.

**The Lakefront City** - The City of Leesburg is situated between Lake Harris and Lake Griffin and continues south on US Highway 27 to the intersection of County Road 48. The City occupies a land area of 38.50 square miles and has a population of 20,093. 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 bisected by State Road 44, US Highway 27, and US 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 beautiful 110-acre Venetian Gardens Park, boasts amenities such as a public swimming pool with bath house, community building, baseball fields, volleyball courts, picnic tables, park benches, Kid's Korner playground, and the Venetian Cove Marina.

Sleepy Hollow Sports Complex was completed in June 2005 and includes two soccer/football fields, two youth girls' softball fields, two Babe Ruth Baseball fields and four adult softball fields. In addition, the complex also offers restroom and locker room facilities, a pavilion, and a concession stand. The City plans to construct nature walkways through the wetland area to add a passive recreation component to the complex.

The Leesburg Recreational Complex opened in April 2008. It is located on an 11-acre site that includes two regulation basketball/volleyball courts, restrooms and recreation offices as well as an outdoor basketball court. Additionally, in October 2008 a playground will be added to the site.

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. Two Fixed Base Operators offer 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 attracting new industries to the region improving the local economy with new access to corporate and chartered flights.

### **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 2,132. Other principal employers within the City include Lifestream Behavioral Center, Cutrale Citrus Juices USA, Inc. and Embarq. These employers account for almost 8% 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 US Highway 27/County Road 48, the US Highway 441 Lake Square Mall area, and the US Highway 27/Talley Road area.

With the slumping real-estate market and the impact of high fuel prices, the unemployment rate has risen to the highest in 12 years. The home construction slow-down has affected building, retail and financial companies across the county. Lake County's December 2008 unemployment rate stands at 7.5% which is slightly higher than the state average of 7.0%.

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. From 1998 to 2008, there was a 48% increase in Lake County's population, while the State of Florida grew only 23.5%. Growth in the City of Leesburg has retreated from the peak experienced in 2005-2006. The overall upward trend is expected to resume once the economy recovers due to the declining inventory of available land in West Orange and South Lake Counties.

The Leesburg area is positioned at the crossroads of geographic expansion as the retirement

market continues to push from the north and family households sustain the market segment to the south. This area has embraced both market segments, and as a result, has become one of the emerging economic submarkets in all of Central Florida.

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

The 10-year Capital Improvement Plan was developed to maximize the "pay as you go approach" while recognizing the benefit of financing. Utility improvements and replacements will be scheduled and completed based on the street paving work plan. The plan includes a detailed explanation regarding development of revenue projections and assumptions regarding capital needs.

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 utilities is listed below:

- **Electric** – The department consistently evaluates the costs of outsourcing specific activities. Conversion of overhead utility lines to underground within the City along the major corridors is part of a beautification and economic impact plan. This action will avoid future safety code compliance issues associated with poles and provide other savings.
- **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, however new expansion is funded by the developer.
- **Potable Water** – Design of improvements to the Highland Lakes Water Treatment Plant was started which will provide a three-fold increase in storage capacity at the existing plant and improve system pressure throughout the plant's service area for existing customers. The design, permitting, and construction costs are funded by bond proceeds.
- **Water Reuse** – Plans to construct reuse transmission lines will position the facilities for delivery of public access reuse water to existing customers from the new reuse system plant. Grants obtained through St. Johns Water Management District are used to fund 20% of the transmission line expansion. The new lines are expected to be in place by the end of Fiscal Year 2008-2009. Upon completion, approximately 1,300 residential customers, two golf courses, and a number of large users will be connected to, and using reclaimed water on a daily basis; this will offset approximately 1.0 Million Gallons per Day (MGD) of existing groundwater withdrawals, preserving this high quality water for future potable water users.

- **Wastewater** – Improvements to the Canal Street Treatment Plant are completed. These improvements served to rehabilitate and modernize equipment and processes to allow for production of public access reuse water from this facility. The operating permit renewal for the Turnpike Treatment Plant has been completed, and will be issued shortly by the Florida Department of Environmental Protection (FDEP). This renewal was accomplished with no issues of non-compliance.
- **Stormwater** – Work has begun on the Whispering Pines stormwater ponds; construction is expected to be complete in the Spring of 2009. Design and permitting work has begun to enclose two large existing ditchlines; one handles the flow into the Whispering Pines stormwater ponds, the other handles flow from Heritage Estates. Both of these projects are significant in that they will eliminate significant maintenance problems, allowing staff to focus efforts more productively elsewhere.
- **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. During the year, the City discontinued its residential dial-up internet service.
- **Solid Waste** – The Commercial Division is currently servicing roll-off containers and compactors within the city and all annexed areas. Replacement of all privately owned dumpsters with city-owned dumpsters will continue at all commercial accounts. The Residential Division is providing garbage, yard debris, appliance and recycle collection to 7900 customers within the city limits.
- **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.
- **Fleet Maintenance** – All City vehicles are owned by this department which is responsible for repairs, vehicle bid specifications and purchases. A lease fee, based on useful life, is charged to the user department. This department 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 his 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 them to make 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.

For the cash and investment pool, the average monthly investment portfolio was \$49,761,085 for fiscal year 2008, with an average yield on investments of 2.339%. The City's investment policy uses the SBA to benchmark its performance. The City earned investment income of \$1,427,013 on all of its investments for the fiscal year ended September 30, 2008.

**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 07-08**

The reservation of cash reserves 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 16 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.

- **Employee Healthcare** - The healthcare self-insurance program was established October 1, 1984, for the payment of employee health and medical claims. The program receives contributions from employees, retirees and the City. There are 3 major types of expenses paid from the health insurance fund which are medical claims, stop loss coverage 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 \$75,000 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 \$4,118,549. 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.

**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 received pension payments from one plan, while the police officers are part of two pension plans.

The City of Leesburg also provides postretirement healthcare benefits for retirees and their dependents. At the end of the current fiscal year, there were 98 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. The City is in the process of defining a plan to fund the costs associated with Other Post Employment Benefits (OPEB).

In preparation for implementing the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions* in fiscal 2008, the City engaged an actuarial firm to determine the estimated obligation associated with post-employment health insurance benefits as of October 1, 2007, the expected net OPEB obligation as of September 30, 2008 and the annual required contribution (ARC) for funding this obligation.

Additional information on the City of Leesburg's pension arrangements and post employment benefits can be found in Notes 11 and 12 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, 2007. This was the eighteenth consecutive year (fiscal years ended 1990-2007) 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 2008-09. This was the eleventh 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



Jerry D. Boop  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Leesburg  
Florida

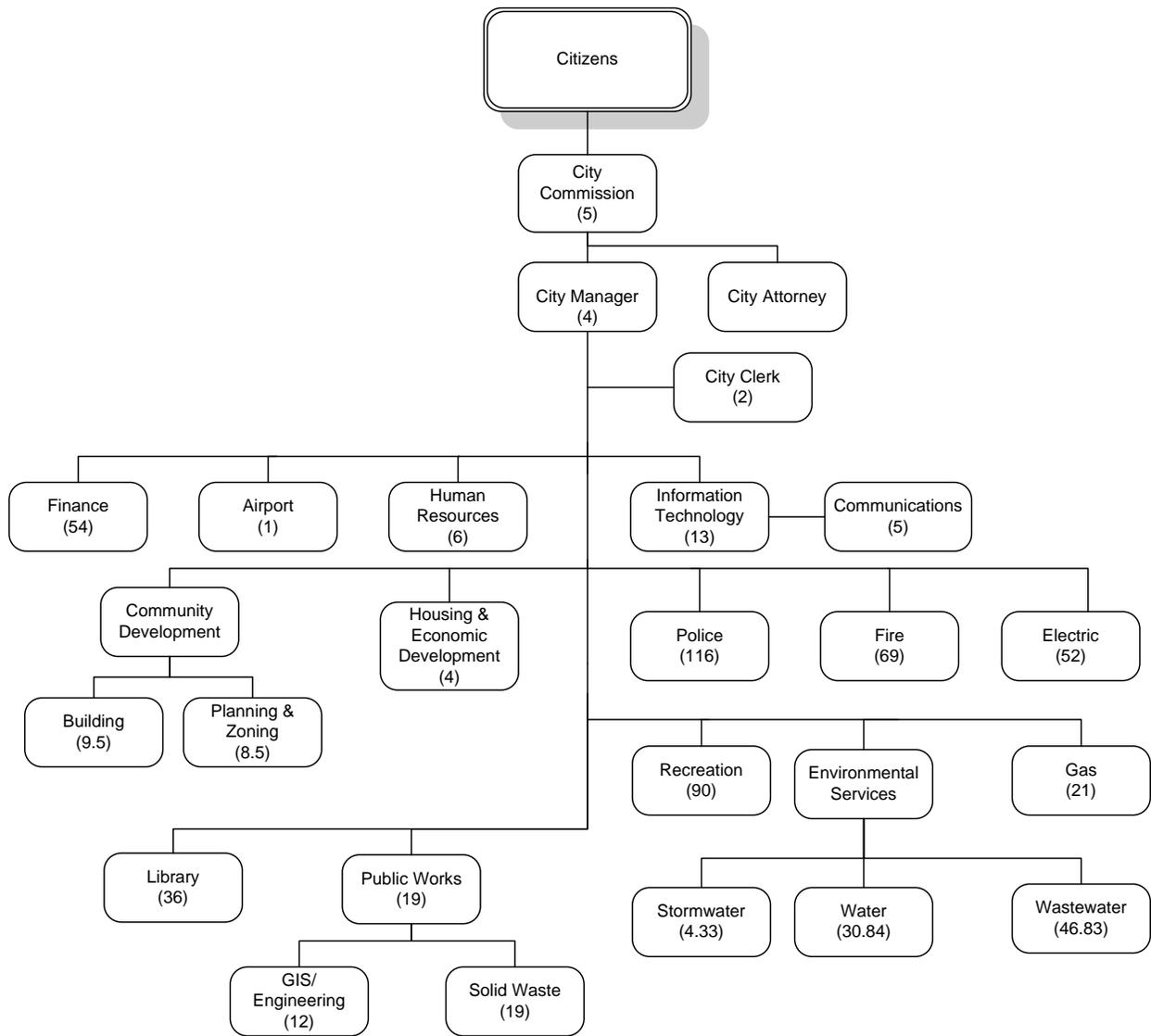
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2007

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.



President

Executive Director



**CITY OF LEESBURG, FLORIDA  
PRINCIPAL CITY OFFICIALS  
SEPTEMBER 30, 2008**

**CITY COMMISSION**

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

Purvis Gray and Company, LLP  
City Auditors

Edward F. Smyth, Jr.	Deputy City Manager
Jakki Cunningham Perry	Human Resources/Safety Director
Gladys E. Johnson	Deputy Finance Director
Stan Carter	Management Information Systems Director
William J. Chrisman	Police Chief
Dennis M. Sargent	Fire Chief
William O. Wiley, Jr.	Community Development Director
Kenneth L. Thomas	Housing & Economic Development Director
Barbara J. Morse	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 section contains the following subsections:

- ◆ Independent Auditor's Report
  
- ◆ Management's Discussion and Analysis
  
- ◆ Basic Financial Statements

Government-wide Financial Statements  
Fund Financial Statements  
Notes to the Financial Statements

- ◆ Required Supplementary Information

This subsection includes trend information regarding the three retirement plans and major fund budgetary comparison statements. This information is necessary for a fair presentation in conformity with generally accepted accounting principles.

- ◆ Supplemental Schedules

This subsection includes schedules that present combining non-major fund statements and individual fund budgetary schedules.

**INDEPENDENT AUDITORS' REPORT**

Honorable City Commission  
City of Leesburg  
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, 2008, 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 an opinion 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2008, 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.

As discussed in note 12 to the financial statements, the City adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting of Employers for Postemployment Benefits Other than Pensions*.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 10, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 important for assessing the results of our audit.

**Certified Public Accountants**

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
2201 Cantu Court, Suite #100 • Sarasota, Florida 34232 • (941) 379-2800 • FAX (941) 379-2899

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

Honorable City Commission  
City of Leesburg  
Leesburg, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

The management's discussion and analysis, the major fund budgetary comparison information and the pension fund information as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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, combining and individual nonmajor fund financial statements, schedules and statistical tables listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Purvis, Gray and Company, LLP*

March 10, 2009  
Gainesville, Florida

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

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, 2008. Please read it in conjunction with the letter of transmittal, beginning on page i, and the financial statements beginning on page 16.

**Financial Highlights**

- The assets of the City exceeded its liabilities at the close of fiscal year 2008 by \$199,538,131 (net assets). Of this amount, \$23,223,622 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$4,938,127.
- As of September 30, 2008, the City's governmental funds reported combined ending fund balances of \$10,871,378, an increase of \$968,896 in comparison with the prior year. The increase was primarily due to the fiscal stewardship of the directors and their staff. Additionally, the monthly utility and quarterly general government financial meetings with department directors created an awareness which assisted in making decisions that conserved financial resources.
- On September 30, 2008, unreserved undesignated fund balance for the general fund was \$2,978,290 or 10.6% of total general fund expenditures and transfers out.
- Governmental fund revenues increased by \$1,429,237 over the prior fiscal year. Growth in this area resulted primarily from grants associated with Airport improvements and other Capital Projects.
- Utility operating revenues (business-type activities) had an increase of \$10,977,579 from \$89,878,655 to \$100,856,234. Net income from operations before transfers was positive in all funds with the exception of the Housing Fund.
- The City's total debt as of September 30, 2008, was \$121,308,647. There was no new debt issued during this fiscal year.
- Infrastructure assets and accumulated depreciation for street and sidewalk improvements prior to October 1, 1999, were added as of October 1, 2002, based on estimations from the consultant's report. Assets added to this category since that time have been entered based on actual cost.

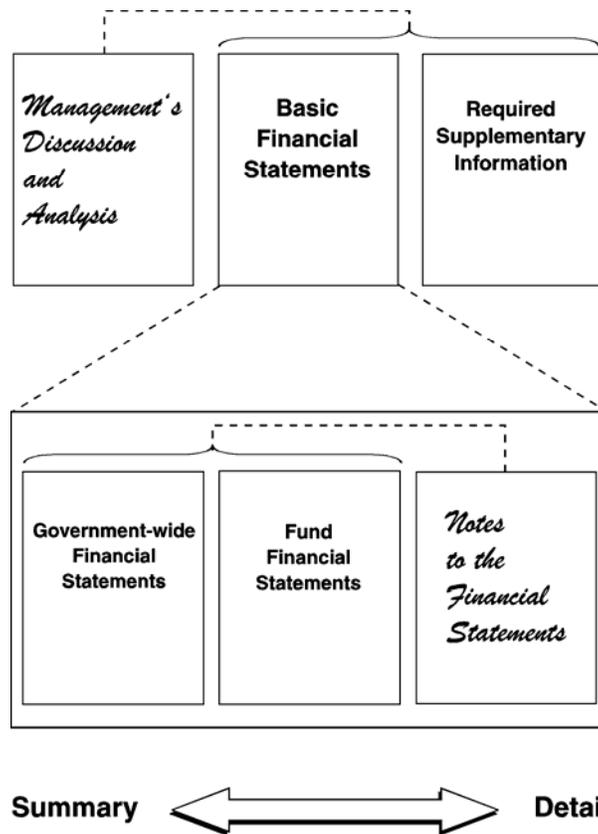
**Overview of the Financial Statements**

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining 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, 2008**

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 2008. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, 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 earned but unused vacation leave).

Both of these financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, public works, stormwater, economic development, human services, airport, marina, culture and recreation. The business-type activities include electric, gas, water, wastewater, communications, solid waste disposal and housing.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

The internal service funds, namely health insurance and workers' compensation, are recorded as governmental activities.

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 16 and 17 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 reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seventeen individual governmental funds. Separate information for each fund is presented in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund, which are considered to be major funds. Data from the other fifteen 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 other 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 18 through 21 of this report.

**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 and housing 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

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

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 22 through 31 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 32 and 33 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 34 through 67 of this report.

**Infrastructure Assets** - The City elected to early-implement the infrastructure portion related to general governmental assets acquired prior to October 1, 1999. Historically, a government's largest group of infrastructure assets, such as roads, bridges, and sidewalks have not been reported nor depreciated in governmental financial statements. The new standard requires that these assets be valued and reported within the governmental column of the government-wide financial statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life, or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government elects the asset management system (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation.

The City has elected to depreciate its infrastructure assets.

**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, as well as historical trend information for pension trust funds. Required supplementary information can be found on pages 68 through 71 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 other 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 72 through 91 of this report.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

**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 \$199,538,131 at the close of the fiscal year ended September 30, 2008.

At the end of fiscal year 2008, 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**

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Current and other assets	\$ 20,790,111	\$ 20,896,986	\$ 79,936,128	\$ 73,858,148	\$ 100,726,239	\$ 94,755,134
Capital assets (net)	86,888,622	84,698,583	164,114,685	162,483,919	251,003,307	247,182,502
<b>Total assets</b>	107,678,733	105,595,569	244,050,813	236,342,067	351,729,546	341,937,636
<b>Liabilities</b>						
Current and other liabilities	5,296,207	5,454,903	12,950,251	11,500,699	18,246,458	16,955,602
Long term liabilities:	27,890,619	25,296,773	106,054,338	105,085,257	133,944,957	130,382,030
<b>Total liabilities</b>	33,186,826	30,751,676	119,004,589	116,585,956	152,191,415	147,337,632
<b>Net assets</b>						
Invested in capital assets net of related debt	63,626,050	61,246,416	106,456,752	93,285,567	170,082,802	154,531,983
Restricted	2,587,501	3,107,601	3,644,206	1,449,419	6,231,707	4,557,020
Unrestricted:	8,278,356	10,489,876	14,945,266	25,021,125	23,223,622	35,511,001
<b>Total net assets</b>	<b>\$ 74,491,907</b>	<b>\$ 74,843,893</b>	<b>\$ 125,046,224</b>	<b>\$ 119,756,111</b>	<b>\$ 199,538,131</b>	<b>\$ 194,600,004</b>

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 \$251,003,307, which is 71% of all assets, which total \$351,729,546. The City uses these 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 3.1% represents resources that are subject to external restriction on how they may be used. The change from \$4,557,020 to \$6,231,707 was primarily attributable to resources set aside for renewal and replacement funds. The balance of unrestricted net assets totaling \$23,223,622 may be used to meet the government's ongoing obligations to citizens and creditors and to provide the funding for various projects.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

**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 17.

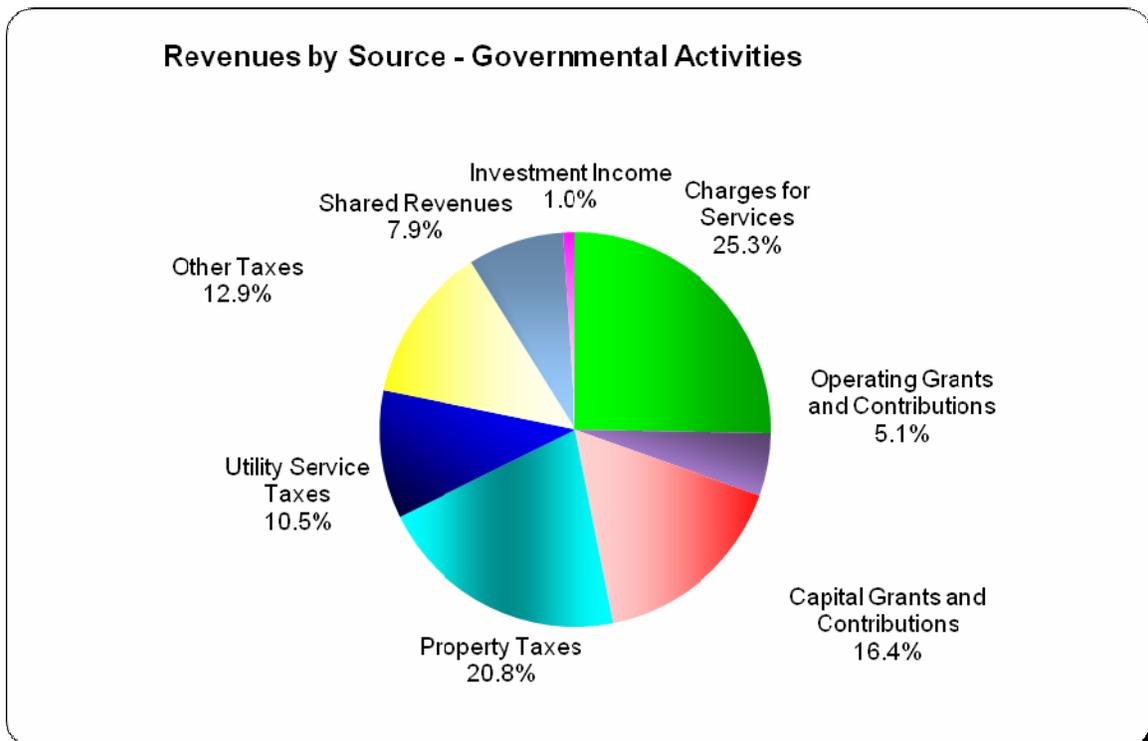
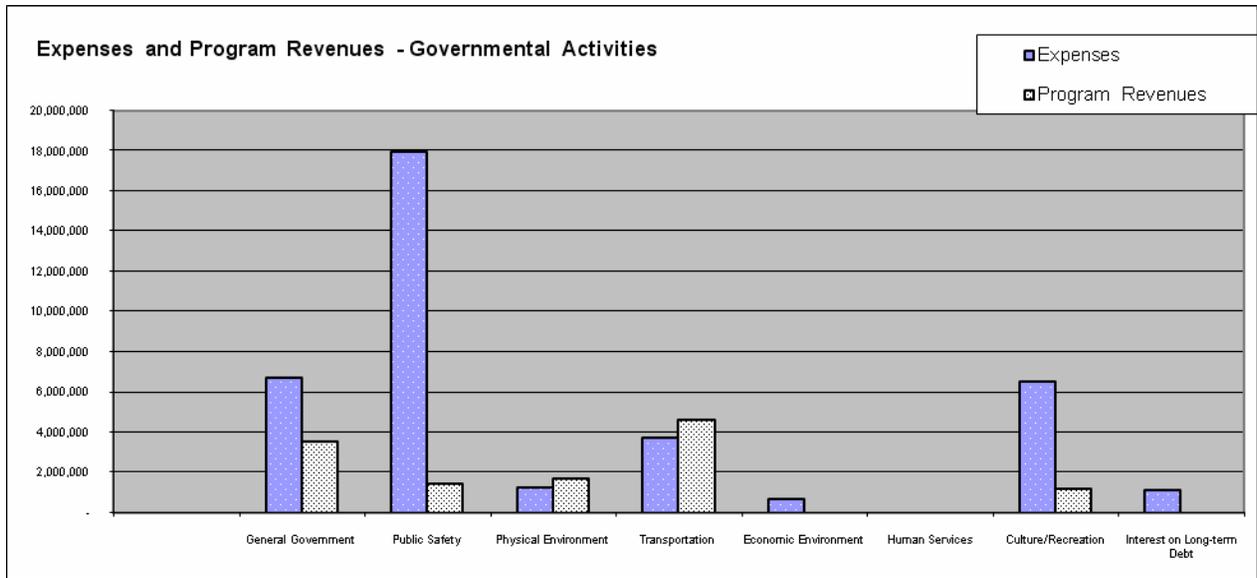
**City of Leesburg's Changes in Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Revenues:						
Program revenues:						
Charges for services	\$ 7,360,684	\$ 7,754,442	\$ 100,856,226	\$ 89,878,655	\$ 108,216,910	\$ 97,633,097
Operating grants and contributions	1,498,098	1,859,700	4,525	-	1,502,623	1,859,700
Capital grants and contributions	4,781,781	3,436,369	1,039,657	3,408,402	5,821,438	6,844,771
General revenues:						
Property taxes	6,058,634	5,686,325	-	-	6,058,634	5,686,325
Utility service taxes	3,058,468	2,858,214	-	-	3,058,468	2,858,214
Other taxes	3,752,130	3,643,684	-	-	3,752,130	3,643,684
Other	2,611,105	3,080,340	2,939,905	942,069	5,551,010	4,022,409
Total Revenues	<u>29,120,900</u>	<u>28,319,074</u>	<u>104,840,313</u>	<u>94,229,126</u>	<u>133,961,213</u>	<u>122,548,200</u>
Expenses:						
General Government	6,738,686	4,224,359	-	-	6,738,686	4,224,359
Public Safety	17,945,406	14,771,631	-	-	17,945,406	14,771,631
Physical Environment	1,249,213	1,300,500	-	-	1,249,213	1,300,500
Transportation	3,753,138	3,780,654	-	-	3,753,138	3,780,654
Economic Environment	698,052	682,791	-	-	698,052	682,791
Human Services	72,602	51,666	-	-	72,602	51,666
Culture/Recreation	6,503,046	5,677,875	-	-	6,503,046	5,677,875
Interest on long-term debt	1,145,566	1,148,265	-	-	1,145,566	1,148,265
Electric	-	-	64,081,610	53,857,113	64,081,610	53,857,113
Gas	-	-	8,239,648	7,193,152	8,239,648	7,193,152
Water	-	-	5,847,250	5,743,068	5,847,250	5,743,068
Wastewater	-	-	7,639,188	7,187,653	7,639,188	7,187,653
Solid Waste	-	-	3,431,491	2,906,956	3,431,491	2,906,956
Communications	-	-	1,161,766	864,566	1,161,766	864,566
Housing	-	-	516,424	137,094	516,424	137,094
Total expenses	<u>38,105,709</u>	<u>31,637,741</u>	<u>90,917,377</u>	<u>77,889,602</u>	<u>129,023,086</u>	<u>109,527,343</u>
Change in Net Assets Before Transfers	(8,984,809)	(3,318,667)	13,922,936	16,339,524	4,938,127	13,020,857
Transfers	8,632,823	8,936,226	(8,632,823)	(8,936,226)	-	-
Change in Net Assets	(351,986)	5,617,559	5,290,113	7,403,298	4,938,127	13,020,857
Net Assets - Beginning	74,843,893	69,226,334	119,756,111	112,352,813	194,600,004	181,579,147
Net Assets - Ending	<u>\$ 74,491,907</u>	<u>\$ 74,843,893</u>	<u>\$ 125,046,224</u>	<u>\$ 119,756,111</u>	<u>\$ 199,538,131</u>	<u>\$ 194,600,004</u>

**Governmental Activities** - Governmental activities for the current fiscal year decreased the City's net assets by \$351,986 or less than 0.5%. The decrease is attributable to the recognition of OPEB and losses recognized in the City's healthcare and workers' compensation Internal Service Funds.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

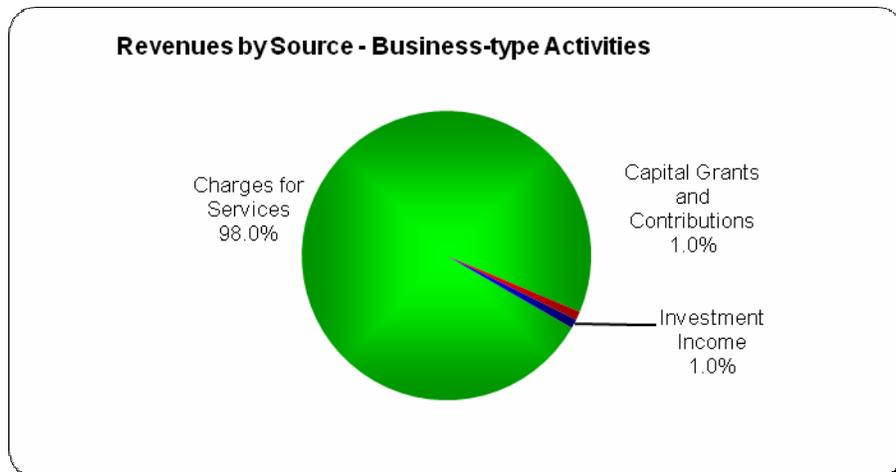
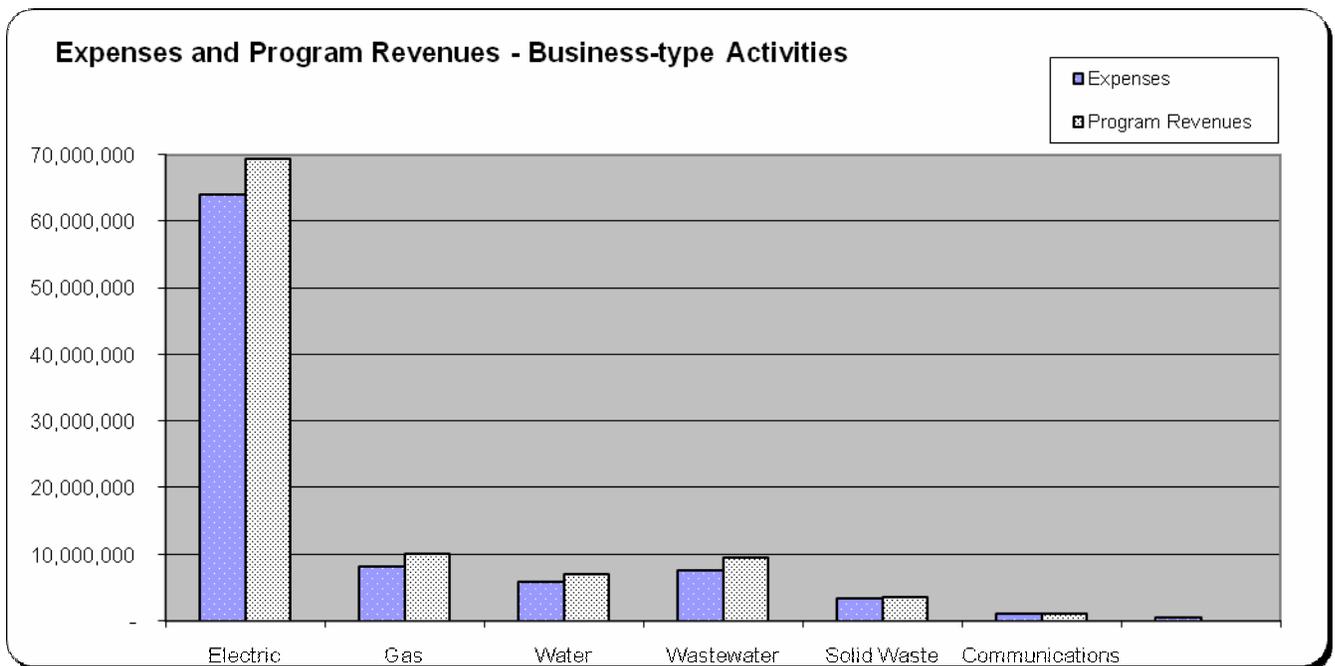
The expenses and program revenues depicted in the following bar graph are from the Statement of Activities. Please note that expenses precede revenues as governments seek to identify the needs of citizens and then raise the resources needed to meet those needs. The excess of expenditures over program revenues are then funded by the remaining general revenues of the government. The pie chart depicting revenues by source-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, 2008**

**Business-type Activities** - Business-type activities for the current fiscal year increased the City's net assets by \$5,290,113 or 4.4%. All of the major utilities experienced an increase in net assets greater than \$1,000,000. The increases were primarily related to close fiscal management of available resources.

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-business type activities presents charges for services as 98.0% of overall business-type activities.



**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

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

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

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

As of the end of fiscal year 2008, the City's governmental funds reported combined ending fund balances of \$10,871,378, an increase of \$968,896 from the prior year. This is mainly attributable to activities associated with Stormwater and U.S. Highway 441/27 Community Redevelopment Agency. Unreserved fund balance of the governmental funds is \$7,424,525, 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.

**General Fund** - The general fund is the primary general government operating fund of the City. At the end of fiscal year 2008, the fund balance of the General Fund was \$4,022,072 of which \$2,978,290 was unreserved. This was an increase of \$157,226 from the prior fiscal year balance of \$3,864,846. The change in fund balance is primarily related fiscal stewardship throughout the General Fund Activities.

**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 decreased by \$10,075,859 or 40%. The decrease is primarily attributable to the Series 2007B Bonds issued to provide funds reimbursing for prior years capital expenditures for the City's Electric and Wastewater utilities in the amounts of \$11,710,000 and \$1,070,000, respectively. These amounts were included as related debt and netted with investments in capital assets in the prior fiscal year.

<b>Fund</b>	<b>2008</b>	<b>2007</b>	<b>Change</b>
Electric	\$ 7,354,625	\$18,779,189	\$(11,424,564)
Gas	3,804,565	2,901,023	903,542
Water	6,773,666	6,591,634	182,032
Wastewater	(1,720,354)	(2,053,381)	333,027
Solid Waste	(319,709)	(174,632)	(145,077)
Communications	(375,311)	(886,598)	511,287
Housing	(572,216)	(136,110)	(436,106)
<b>Total</b>	<b><u>\$14,945,266</u></b>	<b><u>\$25,021,125</u></b>	<b><u>\$(10,075,859)</u></b>

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

**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, 2008, increased by \$3,820,805 to \$251,003,307, or 1.6%. The investment in capital assets includes land, buildings, improvements other than buildings, vehicles, equipment, infrastructure, and construction in progress.

**Governmental-type Activities** - Construction Work-In-Progress (CWIP) decreased \$9,848,742. The net capital asset increase of \$2,190,039 in the governmental-type activities can be attributed to the following expenditures in the current year:

Stormwater Projects	\$	170,686
Runway 13/31 Extension		1,327,577
FBO Ramp Space Phase II		762,552
Lake Street Resurfacing		369,930
Gymnasium and Access Road		3,653,208
Leesburg Public Library and Z Cafe		7,671,142

(Most of these projects had some portion funded by grants.)

**Business-type Activities**

**Electric**

- Lighting projects totaling \$410,514.
- Electric distribution lines totaling \$2,683,254 can be identified as follows: Highway 441 from south side of Tomato Road to Highway 44A, Radio Road to Lakes Boulevard, Carver Heights conversion and several other smaller projects.
- Improvements to subdivisions totaling \$306,101.
- Transformer purchases totaling \$677,293.

**Gas**

- Installation of gas mains, meters and regulators for new customers totaling \$393,236.

**Water**

- Water projects totaling \$1,941,946 included improvements to plant and storage, reuse, mains, hydrants and meters.

**Wastewater**

- Wastewater projects totaling \$1,088,548 included collecting sewers and the treatment and disposal plant.

**Communications**

- Communications projects totaling \$118,010 included customer and interdepartmental line extensions and splice case upgrades.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

**City of Leesburg's Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$8,270,147	\$8,195,052	\$9,228,707	\$9,228,707	\$17,498,854	\$17,423,759
Buildings	40,967,347	29,797,410	25,803,958	11,740,726	66,771,305	41,538,136
Improvements Other Than Buildings	17,616,935	16,613,696	139,135,205	114,812,709	156,752,140	131,426,405
Equipment	30,423,722	30,526,241	23,913,935	30,983,790	54,337,657	61,510,031
Infrastructure	32,376,221	27,817,245	-	-	32,376,221	27,817,245
Construction in Progress	10,722,296	20,571,038	32,010,200	57,451,845	42,732,496	78,022,883
	140,376,668	133,520,682	230,092,005	224,217,777	370,468,673	357,738,459
Less: Accumulated Depreciation	(53,488,046)	(48,822,099)	(65,977,320)	(61,733,858)	(119,465,366)	(110,555,957)
Capital Assets, Net	<u>\$86,888,622</u>	<u>\$84,698,583</u>	<u>\$164,114,685</u>	<u>\$162,483,919</u>	<u>\$251,003,307</u>	<u>\$247,182,502</u>

Additional information on the City's capital assets can be found in Note 6 on pages 47 - 48 of this report.

**Long-term Debt** - At the end of fiscal year 2008, the City had total long-term debt outstanding of \$130,345,231. Of this amount, \$117,191,000 represents bonds secured solely by specified revenue sources. \$22,795,000 of the revenue bonds is applicable to governmental activities, and \$94,396,000 is for the business-type activities. Other long-term debt items include notes payable, leases payable, suit settlement, CR #3 decommissioning cost payable, landfill postclosure payable and compensated absences.

Additional information on the City's debt can be found in Note 8 on pages 49 - 55 of this report.

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

- The unemployment rate for Lake County at September 30, 2008, was 7.5%, an increase from a rate of 4.7% a year ago. This compares to the national average rate of 6.5%.
- The taxable value of commercial and residential property increased by 21% in fiscal year 2008 as compared to an increase of 30% in fiscal year 2007.
- Building permits activity declined by 22% in fiscal year 2008 from 2,878 to 2,238 with an estimated construction value of \$82,479,000.
- Population increased 0.8% from the prior fiscal year to 20,093 at September 30, 2008, and when the economy recovers the City anticipates continued steady growth.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

The fiscal year 2009 budget process was again impacted by legislative pressure to lower local government spending. The 2008-2009 millage rate will increase to 4.3179 mills from the rate adopted the previous fiscal year of 4.31 mills. However, due to the increase in the homestead exemption from \$25,000 to \$50,000 the City realized a reduction in ad valorem revenue of \$149,323 from the previous fiscal year. (This year's increase in millage rate is not considered a tax increase as it has been adjusted for growth in per capita income.) This combined with the economic slowdown served to reduce the 2009 budget for the General Fund by \$1,392,303 or 5.6% to \$24,706,041 from the previous year of \$26,098,344. In addition to a zero based budgeting approach, the City reduced employee benefits and insurance, educational reimbursement, training and travel, take-home vehicle reimbursements, and reduced library and pool hours. Additionally, the General Fund Full Time Equivalents (FTEs) were reduced by 67.9 positions.

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 81% of the Electric Department's annual operating expense. Individual billing determinants that comprise the City's total power supply cost include customer charge, 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 Commission, it is important to understand the contribution to our total power supply cost that is attributable to each customer class (Residential, General Service Non-Demand, and General Service Demand). Determining the proper cost allocation across customer classes is critically important in order to ensure that retail rates are developed to recover the appropriate share of our expenses from each customer class.

The City's Gas Utility has sought to reduce the infrastructure costs associated with future developments. With the exception of Arlington Ridge, 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 provide a needed 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. The utility's 2008 annual report submitted to the Department of Transportation reported the City's unaccounted for gas to be zero percent, the lowest in seven years. Two or three percent is not uncommon for the gas industry.

The Department of Environmental Services updated its water, wastewater, and reclaimed water master plans with current cost figures for future capital project planning. These updates were presented during a Commission workshop. The stormwater master plan covers the entire stormwater service area. Among other things, it identifies projects for future years that are eligible for third party (grant) funding, generally with a 50% match. The portion of the stormwater master plan that related to areas with a potential for flooding were updated with data collected during Tropical Storm Fay, and all flooding models were recalculated; this will further identify stormwater capital projects based upon needs. The remaining utility master plans focus on growth areas of the City. The City has completed a system-wide water hydraulic model in order to facilitate future master planning of pressure and flow improvements to the water distribution system within the central city service area. In addition, the design work for reclaimed water transmission systems is nearing completion and the projects are ready for bidding. It is expected that these projects will be completed by September 30, 2009, and will qualify for a 20% matching grant from SJRWMD.

**CITY OF LEESBURG, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

The City's Communications Utility indexed its Ethernet point-to-point service rates to the Gross Domestic Product Implicit Price Deflator Index, effective October 1, 2008. This will result in annual increases in Ethernet rates based on the index. The increase will allow the utility to cover increased maintenance costs to the fiber optic network. The increase in rates for FY 2009 was 1.019%. Ethernet point-to-point fiber optic services represent 51% of the Utility's total operating revenue. The Utility's cash position improved to \$548,566 at the end of FY 2008. The Utility analyzes all new network extensions in order to lessen capital costs, and utilize existing network capacity.

In January 2008, the Solid Waste Management Services began offering compactor services to the commercial customers within the City limits. This service offers local business the opportunity to use high compaction to dispose of solid waste. The compaction units are offered in a variety of sizes from 10 to 50 cubic yards. The division has added 16 new accounts and will continue to investigate additional opportunities to expand this service.

**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 (PO Box 490630), Leesburg, Florida, 34749-0630, or call (352) 728-9720.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF LEESBURG, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2008**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 17,523,817	\$ 18,700,396	\$ 36,224,213
Restricted Assets:			
Temporarily Restricted:			
Cash and Cash Equivalents		32,405,640	32,405,640
Investments		5,009,258	5,009,258
Receivables, Net	787,689	14,369,506	15,157,195
Prepaid Items	85,195	29,534	114,729
Due from Other Governments	1,080,315	1,226	1,081,541
Inventories	225,550	3,932,853	4,158,403
Notes Receivable, Employees	101,646		101,646
Capital Assets, Net of Accumulated Depreciation:			
Land	8,270,147	9,228,707	17,498,854
Buildings	33,886,719	22,141,783	56,028,502
Improvements Other Than Building	9,308,117	93,896,148	103,204,265
Machinery and Equipment	8,781,423	6,837,847	15,619,270
Infrastructure	15,919,920		15,919,920
Construction in Progress	10,722,296	32,010,200	42,732,496
Assets Held for Sale		3,512,083	3,512,083
Net Pension Obligation	985,899		985,899
Unamortized Bond Issue Costs		1,975,632	1,975,632
<b>Total Assets</b>	<b>107,678,733</b>	<b>244,050,813</b>	<b>351,729,546</b>
<b>Liabilities</b>			
Accounts Payable	1,235,601	5,745,522	6,981,123
Accrued Liabilities	1,031,595	1,129,291	2,160,886
Customer Advances for Construction		129,198	129,198
Accrued Interest Payable	561,848	2,304,188	2,866,036
Unearned Revenue	604,069	671,242	1,275,311
Claims Payable, All Current	1,800,653		1,800,653
Customer Deposits	62,441	2,970,810	3,033,251
Noncurrent Liabilities:			
Due Within One Year	1,665,435	1,508,889	3,174,324
Due in More Than One Year	23,658,650	103,512,257	127,170,907
Other Postemployment Benefits (OPEB) Liability	2,566,534	1,033,192	3,599,726
<b>Total Liabilities</b>	<b>33,186,826</b>	<b>119,004,589</b>	<b>152,191,415</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	63,626,050	106,456,752	170,082,802
Restricted for:			
Public Safety	183,075		183,075
C.U.R.E. Program	1,355		1,355
Capital Projects	1,902,657	2,957,206	4,859,863
Debt Service	500,414		500,414
Gas Depository Trust		687,000	687,000
Unrestricted	8,278,356	14,945,266	23,223,622
<b>Total Net Assets</b>	<b>\$ 74,491,907</b>	<b>\$ 125,046,224</b>	<b>\$ 199,538,131</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, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Governmental Activities</b>							
General Government	\$ 6,738,686	\$ 3,504,864	\$ 28,149		\$ (3,205,673)		\$ (3,205,673)
Public Safety	17,945,406	878,024	307,854	\$ 254,451	(16,505,077)		(16,505,077)
Physical Environment	1,249,213	1,524,355	1,156,926	178,052	1,610,120		1,610,120
Transportation	3,753,138	816,221		3,800,604	863,687		863,687
Economic Environment	698,052				(698,052)		(698,052)
Human Services	72,602				(72,602)		(72,602)
Culture/Recreation	6,503,046	637,220	5,169	548,674	(5,311,983)		(5,311,983)
Interest on Long-term Debt	1,145,566				(1,145,566)		(1,145,566)
<b>Total Governmental Activities</b>	<b>38,105,709</b>	<b>7,360,684</b>	<b>1,498,098</b>	<b>4,781,781</b>	<b>(24,465,146)</b>	<b>\$ 0</b>	<b>(24,465,146)</b>
<b>Business-type Activities</b>							
Electric	64,081,610	69,371,132	4,525	617,632		5,911,679	5,911,679
Gas	8,239,648	10,071,145		194,665		2,026,162	2,026,162
Water	5,847,250	6,995,658		196,735		1,345,143	1,345,143
Wastewater	7,639,188	9,630,106		30,625		2,021,543	2,021,543
Solid Waste	3,431,491	3,620,668				189,177	189,177
Communication Services	1,161,766	1,167,517				5,751	5,751
Housing	516,424	0				(516,424)	(516,424)
<b>Total Business-type Activities</b>	<b>\$ 90,917,377</b>	<b>\$ 100,856,226</b>	<b>\$ 4,525</b>	<b>\$ 1,039,657</b>	<b>0</b>	<b>10,983,031</b>	<b>10,983,031</b>
<b>General Revenues</b>							
Taxes:							
Property Taxes					6,058,634		6,058,634
Utility Service Taxes					3,058,468		3,058,468
Other Taxes					3,752,130		3,752,130
State-shared Revenues, Unrestricted					1,648,419		1,648,419
County-shared Revenues, Unrestricted					645,299		645,299
Investment Income					444,303	982,710	1,427,013
Gain (Loss) on Disposal of Capital Assets					(354,179)		(354,179)
Miscellaneous					227,263	1,957,195	2,184,458
<b>Transfers</b>					8,632,823	(8,632,823)	0
<b>Total General Revenues, Special Items and Transfers</b>					<b>24,113,160</b>	<b>(5,692,918)</b>	<b>18,420,242</b>
<b>Change in Net Assets</b>					<b>(351,986)</b>	<b>5,290,113</b>	<b>4,938,127</b>
<b>Net Assets, Beginning of Year</b>					<b>74,843,893</b>	<b>119,756,111</b>	<b>194,600,004</b>
<b>Net Assets, End of Year</b>					<b>\$ 74,491,907</b>	<b>\$ 125,046,224</b>	<b>\$ 199,538,131</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, 2008**

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Nonmajor</u>	
	<u>Fund</u>	<u>Projects</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 4,833,015	\$ 1,828,578	\$ 5,269,570	\$ 11,931,163
Receivables, Net	447,239		176,273	623,512
Due from Other Funds	113,528			113,528
Due from Other Governments	386,913	462,224	231,178	1,080,315
Prepaid Items	84,412		783	85,195
Inventory	225,550			225,550
Notes Receivable, Employees	101,646			101,646
<b>Total Assets</b>	<u>6,192,303</u>	<u>2,290,802</u>	<u>5,677,804</u>	<u>14,160,909</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	504,482	388,062	23,506	916,050
Accrued Wages and Payroll Tax	999,239	83	32,273	1,031,595
Accrued Interest			561,848	561,848
Unearned Revenue	604,069			604,069
Deposits	62,441			62,441
Due to Other Funds			113,528	113,528
<b>Total Liabilities</b>	<u>2,170,231</u>	<u>388,145</u>	<u>731,155</u>	<u>3,289,531</u>
<b>Fund Balances</b>				
Reserved for:				
Notes Receivable - Employees	99,651			99,651
Computer Maintenance	449,739			449,739
Public Safety and Other Expenditures	183,075			183,075
Prepays	84,412			84,412
Inventory	225,550			225,550
C.U.R.E. Program	1,355			1,355
Capital Projects		1,902,657		1,902,657
Debt Service			500,414	500,414
Unreserved Reported in:				
General Fund	2,978,290			2,978,290
Special Revenue Funds			4,446,235	4,446,235
<b>Total Fund Balances</b>	<u>4,022,072</u>	<u>1,902,657</u>	<u>4,946,649</u>	<u>10,871,378</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,192,303</u>	<u>\$ 2,290,802</u>	<u>\$ 5,677,804</u>	<u>\$ 14,160,909</u>

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

**CITY OF LEESBURG, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**AS OF SEPTEMBER 30, 2008**

**Total Fund Balances of Governmental Funds** \$ 10,871,378

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

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

Cost of the Assets	\$ 140,376,668	
Accumulated Depreciation	<u>(53,488,046)</u>	86,888,622

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. 3,636,627

Net pension obligation is not an available financial resource and, therefore, is not reported as an asset in the governmental funds. 985,899

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	(22,795,000)	
Notes Payable	(117,647)	
Suit Settlement Accrual	(90,000)	
Compensated Absences	(1,971,513)	
Capital Lease Payable	(349,925)	
Net Other Postemployment Benefit (OPEB) Obligation	<u>(2,566,534)</u>	<u>(27,890,619)</u>

**Total Net Assets of Governmental Activities** **\$ 74,491,907**

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, 2008**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 11,246,197		\$ 1,623,034	\$ 12,869,231
Licenses and Permits	135,999		638,431	774,430
Intergovernmental	2,634,143	\$ 4,294,580	1,280,816	8,209,539
Charges for Services	558,761		1,524,356	2,083,117
Fines and Forfeitures	187,940		143,373	331,313
Impact Fees			335,914	335,914
Miscellaneous:				
Interest	144,887	56,551	95,830	297,268
Other	4,343,345	2,304	5,004	4,350,653
<b>Total Revenues</b>	<u>19,251,272</u>	<u>4,353,435</u>	<u>5,646,758</u>	<u>29,251,465</u>
<b>Expenditures</b>				
Current:				
General Government	3,496,612			3,496,612
Public Safety	13,949,569		1,071,726	15,021,295
Physical Environment	213,726		544,348	758,074
Transportation	1,853,750			1,853,750
Economic Environment	273,221		366,073	639,294
Human Services	66,475			66,475
Culture and Recreation	5,187,536			5,187,536
Capital Outlay	1,685,070	6,122,980	511,129	8,319,179
Debt Service:				
Principal Payments	94,167		502,373	596,540
Interest and Fees	857		1,132,709	1,133,566
<b>(Total Expenditures)</b>	<u>(26,820,983)</u>	<u>(6,122,980)</u>	<u>(4,128,358)</u>	<u>(37,072,321)</u>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<u>(7,569,711)</u>	<u>(1,769,545)</u>	<u>1,518,400</u>	<u>(7,820,856)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	156,929			156,929
Transfers from Other Funds	8,914,449	708,327	2,566,421	12,189,197
Transfers to Other Funds	(1,344,441)		(2,211,933)	(3,556,374)
<b>Total Other Financing Sources (Uses)</b>	<u>7,726,937</u>	<u>708,327</u>	<u>354,488</u>	<u>8,789,752</u>
<b>Net Change in Fund Balances</b>	157,226	(1,061,218)	1,872,888	968,896
<b>Fund Balances, Beginning of Year</b>	<u>3,864,846</u>	<u>2,963,875</u>	<u>3,073,761</u>	<u>9,902,482</u>
<b>Fund Balances, End of Year</b>	<u>\$ 4,022,072</u>	<u>\$ 1,902,657</u>	<u>\$ 4,946,649</u>	<u>\$ 10,871,378</u>

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

**CITY OF LEESBURG, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**Net Change in Fund Balances - Total Governmental Funds** \$ 968,896

**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	\$ 8,319,179	
Contributions of Capital Assets	23,186	
Net Book Value of Disposals	(511,108)	
Depreciation Expense	<u>(6,036,163)</u>	1,795,094

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

<b>Principal Repayments:</b>		
Capital Improvement Revenue Bonds	485,000	
Note Payable	54,520	
Capital Lease Payable	45,020	
Lawsuit Settlement	<u>30,000</u>	614,540

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	(246,907)	
Changes in Net Pension Obligation	(61,298)	
Change in Other Postemployment Benefit (OPEB) Liability	<u>(2,566,534)</u>	(2,874,739)

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.

(855,777)

**Change in Net Assets of Governmental Activities** \$ (351,986)

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, 2008**

	<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>				
<b>Current Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 9,910,920	\$ 3,038,791	\$ 2,995,938	\$ 1,835,509
Restricted Cash and Cash Equivalents:				
Debt Service Account	1,332,748	225,101	737,351	700,092
Customer Deposits Account	2,546,178	477,835	228,361	6,770
Landfill Escrow				
Due from Other Funds		600,000	3,000,000	
Due from Other Governments				
Receivables:				
Customer Accounts, Unbilled	4,902,269	480,797	436,452	610,214
Customer Accounts, Billed	6,300,178	378,008	366,453	734,918
(Allowance for Doubtful Accounts)	(442,988)	(48,163)	(49,351)	(85,236)
Miscellaneous Receivables	261,161			
Inventory	3,783,367	13,965	135,414	107
Prepaid Items	492	7,271	161	4,500
<b>Total Current Assets</b>	<b>28,594,325</b>	<b>5,173,605</b>	<b>7,850,779</b>	<b>3,806,874</b>
<b>Noncurrent Assets:</b>				
<b>Restricted Assets:</b>				
Equity in Pooled Cash and Equivalents:				
Renewal and Replacement Account	500,000		646,703	500,493
Impact Fees Account			606,389	703,621
Depository Trust Account		687,000		
FMPA Loan, Cash with Trustee				
Bond Proceeds	8,208,641	2,306,924	9,876,798	1,987,847
Investments:				
Crystal River Decommissioning Trust Account	5,009,258			
<b>Total Restricted Assets</b>	<b>13,717,899</b>	<b>2,993,924</b>	<b>11,129,890</b>	<b>3,191,961</b>
<b>Property, Plant and Equipment:</b>				
Land	1,759,880	95,111	268,623	7,076,393
Buildings	2,441,591	566,470	434,577	22,347,464
Improvements Other Than Buildings	74,241,635	11,596,008	27,639,928	18,480,602
Machinery and Equipment	8,820,690	1,127,365	2,440,707	10,252,527
(Accumulated Depreciation and Amortization)	(30,576,596)	(4,417,609)	(11,325,163)	(17,527,494)
Construction in Progress	5,978,538	2,076,944	13,924,274	9,953,725
<b>Total Property, Plant and Equipment</b>	<b>62,665,738</b>	<b>11,044,289</b>	<b>33,382,946</b>	<b>50,583,217</b>
<b>Other Assets:</b>				
Assets Held for Sale				
Unamortized Bond Issue Costs	920,869	140,444	519,795	382,112
<b>Total Other Assets</b>	<b>920,869</b>	<b>140,444</b>	<b>519,795</b>	<b>382,112</b>
<b>Total Noncurrent Assets</b>	<b>77,304,506</b>	<b>14,178,657</b>	<b>45,032,631</b>	<b>54,157,290</b>
<b>Total Assets</b>	<b>\$ 105,898,831</b>	<b>\$ 19,352,262</b>	<b>\$ 52,883,410</b>	<b>\$ 57,964,164</b>

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

<u>Total Combined Utility</u>	<u>Business-type Activities</u>				<u>Governmental Activities</u>
	<u>Solid Waste</u>	<u>Communication Services</u>	<u>Housing Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 17,781,158	\$ 365,260	\$ 548,566	\$ 5,412	\$ 18,700,396	\$ 5,592,654
2,995,292				2,995,292	
3,259,144	22,405	5,931		3,287,480	
0	89,460			89,460	
3,600,000				3,600,000	
0	1,226			1,226	
6,429,732	215,628	55,492		6,700,852	
7,779,557	250,402	65,265		8,095,224	
(625,738)	(37,446)	(24,547)		(687,731)	
261,161				261,161	164,177
3,932,853				3,932,853	
12,424	1,930	15,180		29,534	
<u>45,425,583</u>	<u>908,865</u>	<u>665,887</u>	<u>5,412</u>	<u>47,005,747</u>	<u>5,756,831</u>
1,647,196				1,647,196	
1,310,010				1,310,010	
687,000				687,000	
0		8,992		8,992	
22,380,210				22,380,210	
5,009,258				5,009,258	
<u>31,033,674</u>	<u>0</u>	<u>8,992</u>	<u>0</u>	<u>31,042,666</u>	<u>0</u>
9,200,007	28,700			9,228,707	
25,790,102	13,856			25,803,958	
131,958,173	180,030	6,997,002		139,135,205	
22,641,289	208,137	1,064,509		23,913,935	
(63,846,862)	(179,083)	(1,951,375)		(65,977,320)	
31,933,481		76,719		32,010,200	
<u>157,676,190</u>	<u>251,640</u>	<u>6,186,855</u>	<u>0</u>	<u>164,114,685</u>	<u>0</u>
0			3,512,083	3,512,083	
1,963,220	0	0	12,412	1,975,632	
<u>1,963,220</u>	<u>0</u>	<u>0</u>	<u>3,524,495</u>	<u>5,487,715</u>	<u>0</u>
190,673,084	251,640	6,195,847	3,524,495	200,645,066	0
<u>\$ 236,098,667</u>	<u>\$ 1,160,505</u>	<u>\$ 6,861,734</u>	<u>\$ 3,529,907</u>	<u>\$ 247,650,813</u>	<u>\$ 5,756,831</u>

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, 2008**  
*(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	\$ 4,904,604	\$ 375,755	\$ 137,263	\$ 71,680
Accrued Expenses	511,812	390,566	78,733	93,818
Compensated Absences	216,878	56,154	147,220	98,825
Customer Advances for Construction	120,298			8,900
Due to Other Funds				3,600,000
Unearned Revenue	216,213	206,916	104,006	144,107
Current Portion of Bonds and Notes Payable	330,000	77,153	160,485	222,362
	<u>6,299,805</u>	<u>1,106,544</u>	<u>627,707</u>	<u>4,239,692</u>
Current Liabilities Payable from Restricted Assets:				
Customer Deposits	2,546,178	161,165	228,361	6,770
Estimated Landfill Closure Cost Payable				
Accrued Interest Payable	1,002,747	147,948	576,866	477,730
Current Liabilities Payable from Restricted Assets	<u>3,548,925</u>	<u>309,113</u>	<u>805,227</u>	<u>484,500</u>
Total Current Liabilities	<u>9,848,730</u>	<u>1,415,657</u>	<u>1,432,934</u>	<u>4,724,192</u>
Noncurrent Liabilities:				
FMPA Loan Payable				
Revenue Bonds Payable, Series 2004	16,015,000	3,703,344	7,703,260	10,673,396
Revenue Bonds Payable, Series 2007	22,975,000	2,538,510	14,544,855	6,411,635
(Unamortized Discount and Loss on Refunding)	(197,632)	(53,740)	(118,154)	(240,331)
BAN Payable, Plantation			3,632,598	4,367,402
BAN Payable, SunTrust Banks				
Compensated Absences	177,446	45,944	120,453	80,857
Landfill Postclosure Costs Payable				
Decommissioning Costs Payable	5,460,932			
Other Postemployment Benefits (OPEB) Liability	302,719	125,036	204,006	256,653
Total Noncurrent Liabilities	<u>44,733,465</u>	<u>6,359,094</u>	<u>26,087,018</u>	<u>21,549,612</u>
<b>Total Liabilities</b>	<u>54,582,195</u>	<u>7,774,751</u>	<u>27,519,952</u>	<u>26,273,804</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	43,462,011	7,085,946	17,336,700	32,206,600
Restricted for:				
Capital Projects	500,000		1,253,092	1,204,114
Gas Depository Trust		687,000		
Unrestricted (Accumulated Deficit)	7,354,625	3,804,565	6,773,666	(1,720,354)
<b>Total Net Assets</b>	<u>\$ 51,316,636</u>	<u>\$11,577,511</u>	<u>\$ 25,363,458</u>	<u>\$ 31,690,360</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>Solid Waste</b>	<b>Communication Services</b>	<b>Housing Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 5,489,302	\$ 248,781	\$ 4,213	\$ 3,226	\$ 5,745,522	\$ 319,551
1,074,929	37,766	16,596		1,129,291	1,800,653
519,077	41,112	12,400		572,589	
129,198				129,198	
3,600,000				3,600,000	
671,242				671,242	
790,000		73,000		863,000	
<u>12,273,748</u>	<u>327,659</u>	<u>106,209</u>	<u>3,226</u>	<u>12,710,842</u>	<u>2,120,204</u>
2,942,474	22,405	5,931		2,970,810	
0	73,300			73,300	
2,205,291			98,897	2,304,188	
<u>5,147,765</u>	<u>95,705</u>	<u>5,931</u>	<u>98,897</u>	<u>5,348,298</u>	<u>0</u>
<u>17,421,513</u>	<u>423,364</u>	<u>112,140</u>	<u>102,123</u>	<u>18,059,140</u>	<u>2,120,204</u>
0		968,000		968,000	
38,095,000				38,095,000	
46,470,000				46,470,000	
(609,857)				(609,857)	
8,000,000				8,000,000	
0			4,000,000	4,000,000	
424,700	33,637	10,146		468,483	
0	659,699			659,699	
5,460,932				5,460,932	
888,414	111,874	32,904		1,033,192	
<u>98,729,189</u>	<u>805,210</u>	<u>1,011,050</u>	<u>4,000,000</u>	<u>104,545,449</u>	<u>0</u>
<u>116,150,702</u>	<u>1,228,574</u>	<u>1,123,190</u>	<u>4,102,123</u>	<u>122,604,589</u>	<u>2,120,204</u>
100,091,257	251,640	6,113,855		106,456,752	
2,957,206				2,957,206	
687,000				687,000	
<u>16,212,502</u>	<u>(319,709)</u>	<u>(375,311)</u>	<u>(572,216)</u>	<u>14,945,266</u>	<u>3,636,627</u>
<u>\$ 119,947,965</u>	<u>\$ (68,069)</u>	<u>\$ 5,738,544</u>	<u>\$ (572,216)</u>	<u>\$ 125,046,224</u>	<u>\$ 3,636,627</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, 2008**

	<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	\$ 68,365,314	\$ 9,923,082	\$ 6,821,395	\$ 9,410,426
Other	1,005,820	148,063	174,267	219,680
<b>Total Operating Revenues</b>	<u>69,371,134</u>	<u>10,071,145</u>	<u>6,995,662</u>	<u>9,630,106</u>
<b>Operating Expenses</b>				
Power Generation and Transmission	2,673,755			
Purchased Energy	47,586,702	5,230,494		
Supply and Pumping				339,227
Treatment			1,533,289	2,241,222
Distribution and Collection	3,895,543	1,041,652	1,662,694	2,023,283
Customer Accounts	2,217,353	547,620	666,275	894,599
General and Administrative	3,388,468	939,806	1,095,997	806,550
Operating Expenses				
Depreciation and Amortization	2,861,401	345,648	878,961	1,130,773
Change in Decommissioning/ Postclosure Estimate				
<b>(Total Operating Expenses)</b>	<u>(62,623,222)</u>	<u>(8,105,220)</u>	<u>(5,837,216)</u>	<u>(7,435,654)</u>
<b>Operating Income</b>	<u>6,747,912</u>	<u>1,965,925</u>	<u>1,158,446</u>	<u>2,194,452</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Income	680,395	79,207	111,145	78,533
Other Nonoperating Income	251,107	17,419	50,191	3,922
Interest Expenses	(1,362,894)	(134,428)	(10,034)	(203,534)
Other Nonoperating Expense	(95,494)			
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(526,886)</u>	<u>(37,802)</u>	<u>151,302</u>	<u>(121,079)</u>
<b>Income Before Contributions and Transfers</b>	<u>6,221,026</u>	<u>1,928,123</u>	<u>1,309,748</u>	<u>2,073,373</u>
<b>Transfers and Capital Contributions</b>				
Capital Contributions	622,157	194,665	679,508	1,141,906
Transfers to Other Funds	(5,728,627)	(1,072,210)	(803,907)	(732,516)
<b>Total Transfers and Capital Contributions</b>	<u>(5,106,470)</u>	<u>(877,545)</u>	<u>(124,399)</u>	<u>409,390</u>
<b>Change in Net Assets</b>	1,114,556	1,050,578	1,185,349	2,482,763
<b>Net Assets, Beginning of Year</b>	<u>50,202,080</u>	<u>10,526,933</u>	<u>24,178,109</u>	<u>29,207,597</u>
<b>Net Assets, End of Year</b>	<u>\$ 51,316,636</u>	<u>\$ 11,577,511</u>	<u>\$ 25,363,458</u>	<u>\$ 31,690,360</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>Solid Waste</b>	<b>Communication Services</b>	<b>Housing Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 94,520,217	\$ 3,584,407	\$ 1,164,905		\$ 99,269,529	\$ 4,146,528
1,547,830	36,262	2,613		1,586,705	
96,068,047	3,620,669	1,167,518	\$ 0	100,856,234	4,146,528
2,673,755				2,673,755	
52,817,196				52,817,196	
339,227				339,227	
3,774,511				3,774,511	
8,623,172				8,623,172	
4,325,847				4,325,847	
6,230,821	3,464,369	602,948	207	10,298,345	505,777
0			84,732	84,732	4,696,956
5,216,783	20,626	525,659		5,763,068	
0	(53,635)			(53,635)	
(84,001,312)	(3,431,360)	(1,128,607)	(84,939)	(88,646,218)	(5,202,733)
12,066,735	189,309	38,911	(84,939)	12,210,016	(1,056,205)
949,280	11,570	8,237	13,615	982,702	147,032
322,639	26,580	12,344	1,578	363,141	53,426
(1,710,890)	(131)	(33,159)	(431,485)	(2,175,665)	
(95,494)				(95,494)	
(534,465)	38,019	(12,578)	(416,292)	(925,316)	200,458
11,532,270	227,328	26,333	(501,231)	11,284,700	(855,747)
2,638,236				2,638,236	
(8,337,260)	(295,563)			(8,632,823)	
(5,699,024)	(295,563)	0	0	(5,994,587)	0
5,833,246	(68,235)	26,333	(501,231)	5,290,113	(855,747)
114,114,719	166	5,712,211	(70,985)	119,756,111	4,492,374
\$ 119,947,965	\$ (68,069)	\$ 5,738,544	\$ (572,216)	\$ 125,046,224	\$ 3,636,627

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, 2008**

	<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	\$ 68,176,584	\$10,276,873	\$ 7,113,135	\$ 9,599,096
Cash Paid to Suppliers for Goods and Services	(57,310,753)	(6,492,254)	(3,732,863)	(4,800,829)
Cash Paid for Insurance Claims				
Cash Paid to Employees for Services	(2,333,074)	(778,676)	(1,417,171)	(1,815,304)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>8,532,757</u>	<u>3,005,943</u>	<u>1,963,101</u>	<u>2,982,963</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers to Other Funds	(5,728,627)	(1,072,210)	(803,907)	(732,516)
Issuance of/Proceeds from Interfund Loan		100,000	500,000	(600,000)
Proceeds from Noncapital Debt				
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>(5,728,627)</u>	<u>(972,210)</u>	<u>(303,907)</u>	<u>(1,332,516)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Interest Paid on Revenue Bonds and Customer Deposits	(1,281,820)	(179,053)	(558,987)	(756,233)
Acquisition and Construction of Capital Assets	(4,779,316)	(404,280)	(1,941,946)	(1,088,548)
Proceeds from the Disposition of Capital Assets	146,699			
Principal Paid on Capital Debt	(325,000)	(74,638)	(155,252)	(215,111)
Customer Advances for Construction	30,511			
Capital Contributions	1,571,017	194,665	935,321	1,141,906
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(4,637,909)</u>	<u>(463,306)</u>	<u>(1,720,864)</u>	<u>(917,986)</u>
<b>Cash Flows from Investing Activities</b>				
Interest Received	353,448	79,207	111,145	78,533
Purchase of Crystal River Decommissioning Investments	(409,920)			
Other Investing Activities	8,915	17,419	50,191	3,922
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(47,557)</u>	<u>96,626</u>	<u>161,336</u>	<u>82,455</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,881,336)	1,667,053	99,666	814,916
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>24,379,823</u>	<u>5,068,598</u>	<u>14,991,874</u>	<u>4,919,416</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 22,498,487</u>	<u>\$ 6,735,651</u>	<u>\$ 15,091,540</u>	<u>\$ 5,734,332</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>Solid Waste</b>	<b>Communication Services</b>	<b>Housing Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 95,165,688	\$ 3,628,799	\$ 1,187,650	\$ 8,189	\$ 99,990,326	\$ 4,120,199
(72,336,699)	(2,520,931)	(341,479)	(89,412)	(75,288,521)	(1,059,847)
0				0	(3,836,768)
(6,344,225)	(730,825)	(247,941)	(207)	(7,323,198)	
16,484,764	377,043	598,230	(81,430)	17,378,607	(776,416)
(8,337,260)	(295,563)			(8,632,823)	
0			(60,467)	(60,467)	
0			472,368	472,368	
(8,337,260)	(295,563)	0	411,901	(8,220,922)	0
(2,776,093)	(131)	(33,159)	(340,252)	(3,149,635)	
(8,214,090)	(97,468)	(118,011)		(8,429,569)	
146,699	12,522	8,610		167,831	
(770,001)		(70,000)		(840,001)	
30,511				30,511	
3,842,909	4,465			3,847,374	
(7,740,065)	(80,612)	(212,560)	(340,252)	(8,373,489)	0
622,333	11,570	8,237	13,615	655,755	147,032
(409,920)				(409,920)	
80,447	14,058	8,039	1,578	104,122	53,426
292,860	25,628	16,276	15,193	349,957	200,458
700,299	26,496	401,946	5,412	1,134,153	(575,958)
49,359,711	450,629	161,543	0	49,971,883	6,168,612
<u>\$ 50,060,010</u>	<u>\$ 477,125</u>	<u>\$ 563,489</u>	<u>\$ 5,412</u>	<u>\$ 51,106,036</u>	<u>\$ 5,592,654</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, 2008**  
*(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	\$ 9,910,920	\$ 3,038,791	\$ 2,995,938	\$ 1,835,509
Total Restricted Equity in Pooled Cash and Cash Equivalents	12,587,567	3,696,860	12,095,602	3,898,823
<b>Total Cash and Cash Equivalents, End of Year</b>	<b><u><u>\$ 22,498,487</u></u></b>	<b><u><u>\$ 6,735,651</u></u></b>	<b><u><u>\$ 15,091,540</u></u></b>	<b><u><u>\$ 5,734,332</u></u></b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u></b>				
Operating Income (Loss)	\$ 6,747,912	\$ 1,965,925	\$ 1,158,446	\$ 2,194,452
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in ) Operating Activities:				
Depreciation and Amortization	2,478,778	334,491	860,757	1,104,268
Decommissioning/Postclosure	326,378			
Decrease (Increase) in Assets:				
Customer Accounts (Net of Allowances)	(1,631,197)	2,134	(4,704)	(185,421)
Miscellaneous Receivables	51,456			
Prepaid Items	(492)	(7,271)	(161)	(4,500)
Inventory	(182,397)	(13,965)	13,643	7,821
Increase (Decrease) in Liabilities:				
Accounts Payable	769,434	139,380	(313,298)	(404,405)
Claims Payable				
Accrued Expenses	(558,061)	280,837	(91,567)	(130,250)
Other Postemployment Benefits Liability	302,719	125,036	204,006	256,653
Unearned Revenue	216,213	206,916	104,006	144,107
Other	12,014	(27,540)	31,973	238
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u><u>\$ 8,532,757</u></u></b>	<b><u><u>\$ 3,005,943</u></u></b>	<b><u><u>\$ 1,963,101</u></u></b>	<b><u><u>\$ 2,982,963</u></u></b>
<b><u>Noncash Investing, Capital or Financing Transactions</u></b>				
Net Appreciation/(Depreciation) in the Value of Investments Reported at Fair Value (But Not Classified as Cash Equivalents)	\$ (22,665)	\$ 0	\$ 0	\$ 0
Capital Contributions	\$ 0	\$ 0	\$ 0	\$ 0

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

<u>Total Combined Utility</u>	<u>Business-type Activities</u>				<u>Governmental Activities</u>
	<u>Solid Waste</u>	<u>Communication Services</u>	<u>Housing Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 17,781,158	\$ 365,260	\$ 548,566	\$ 5,412	\$ 18,700,396	\$ 5,592,654
32,278,852	111,865	14,923		32,405,640	
<u>\$ 50,060,010</u>	<u>\$ 477,125</u>	<u>\$ 563,489</u>	<u>\$ 5,412</u>	<u>\$ 51,106,036</u>	<u>\$ 5,592,654</u>
\$ 12,066,735	\$ 189,309	\$ 38,911	\$ (84,939)	\$ 12,210,016	\$ (1,056,205)
4,778,294	20,626	525,659	11,456	5,336,035	
326,378				326,378	
(1,819,188)	(20,724)	21,035	8,189	(1,810,688)	
51,456				51,456	(26,329)
(12,424)	(1,930)	(15,180)		(29,534)	
(174,898)				(174,898)	
191,111	102,151	(7,490)	(16,136)	269,636	(137,087)
0				0	443,205
(499,041)	8,562	3,530		(486,949)	
888,414	111,874	32,904		1,033,192	
671,242				671,242	
16,685	(32,825)	(1,139)		(17,279)	
<u>\$ 16,484,764</u>	<u>\$ 377,043</u>	<u>\$ 598,230</u>	<u>\$ (81,430)</u>	<u>\$ 17,378,607</u>	<u>\$ (776,416)</u>
\$ (22,665)	\$ 0	\$ 0	\$ 0	\$ (22,665)	\$ 0
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2008**

	<b>Employee Retirement Funds</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 66,332
Investments, at Fair Value:	
U.S. Government Securities	13,115,985
Corporate Bonds	5,820,422
Corporate Stocks	27,271,794
Money Market	3,126,992
Total Investments	49,335,193
Accounts Receivable	604
Interest Receivable	172,105
<b>Total Assets</b>	<b>49,574,234</b>
<b>Total Liabilities</b>	<b>0</b>
<b>Net Assets</b>	
Held in Trust for:	
Employees' Pension Benefits	\$ 49,574,234

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, 2008**

	<u><b>Employee Retirement Funds</b></u>
<b>Additions</b>	
Contributions:	
Employer	\$ 2,953,108
State	361,450
Employee	489,941
Total Contributions	<u>3,804,499</u>
Investment Income:	
Net Depreciation in Fair Value of Investments	(9,316,488)
Interest and Dividend Income	1,861,212
Other Income	35,754
Total Investment Income	<u>(7,419,522)</u>
<b>Total Additions</b>	<u>(3,615,023)</u>
<b>Deductions</b>	
Benefit Payments	3,409,016
Refund of Contributions	26,098
Administrative Expense	486,921
<b>(Total Deductions)</b>	<u>(3,922,035)</u>
<b>Net Decrease</b>	(7,537,058)
<b>Net Assets Reserved for Employees'</b>	
<b>Pension Benefits:</b>	
<b>Beginning of Year</b>	<u>57,111,292</u>
<b>End of Year</b>	<u>\$ 49,574,234</u>

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, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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, 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 governmental fund-type component units 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. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. 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

**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)**

activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and 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 **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).

The 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 **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.

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 Funds** account for the accumulation of resources for, and the payment of, general 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.

**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 **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 to apply only the accounting and reporting pronouncements issued by the Financial Accounting Standards Board (FASB) on or before November 30, 1989, for business-type activities and enterprise funds.

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 fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund 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 the general fund makes transfers to the special revenue funds.

**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)***

■ **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.

■ **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 at the lower of cost or market. Inventory is accounted for by use of the consumption method.

■ **Amortization**

Bond issue costs and discounts are amortized over the life of the bonds using the effective interest 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 \$1,000 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 market value at the date of donation.

**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)***

■ **Capital Assets *(Concluded)***

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 2008, \$2,014,179 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.

■ **Compensated Absences**

Personnel policies allow employees to accumulate a maximum of forty-five days vacation leave and unlimited sick leave. Upon termination, employees are paid for their accrued vacation leave and 50% of their accrued sick leave balance up to 200 hours. Upon retirement, employees are paid for their accrued vacation and 50% of their accrued sick leave balance up to 400 hours.

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 are 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. 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.

**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)***

■ **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 reestablish the commitment are included in the appropriations for the subsequent year.

■ **Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for specific purposes. Designations of fund balances represent tentative management plans that are subject to change.

■ **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.

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.

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

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

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

■ **Property Taxes (Concluded)**

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 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.

■ **Excess of Expenditures Over Appropriations**

The following fund contained an excess of expenditures over appropriations during the fiscal year ended September 30, 2008:

- Carver Heights/Montclair Area Community Redevelopment Fund

No other individual fund contained an excess of expenditures over appropriations during the fiscal year ended September 30, 2008. However, within various funds, there may be an excess of expenditures over appropriations at the line item level.

■ **Net Assets Restricted by Enabling Legislation**

The government-wide statement of net assets reports \$6,231,707 of restricted net assets, of which \$5,044,293 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, 2008, are classified in the accompanying financial statements as follows:

<b>Statement of Net Assets</b>	
Cash and Cash Equivalents	\$ 36,224,213
Restricted:	
Cash and Cash Equivalents	32,405,640
Investments	5,009,258
<b>Statement of Fiduciary Net Assets</b>	
Cash Equivalents	66,332
Investments	<u>49,335,193</u>
<b>Total Cash and Investments</b>	<b><u>\$ 123,040,636</u></b>

Deposits and investments consist of the following:

<b>Governmental and Business-type Activities</b>	
Cash Deposits	\$ (159,957)
Investments	65,325,074
Investments with Fiscal Agent:	
Debt Service Fund	1,061,849
Utilities CR3 Decommissioning Trust	5,009,258
Utilities Debt Service Account	1,715,887
Utilities Gas Deposit Account	687,000
<b>Fiduciary Net Assets</b>	
Defined Benefit Pension Plan Investments	<u>49,401,525</u>
<b>Total Cash and Investments</b>	<b><u>\$ 123,040,636</u></b>

**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.

● **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.

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

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

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

● **Investments (Continued)**

For the fiscal year ended September 30, 2008, the City invested in the Florida Surplus Asset Fund Trust (FLSAFE) investment pool. The FLSAFE was created pursuant to Florida Statutes 163.01 and 218.415. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The FLSAFE is not a registrant with the Securities and Exchange Commission; however, it has adopted operating procedures consistent with the requirements for a 2a-7-like fund and the fair value of the position in the pool is equal to the value of the pool shares. The City's investment in the FLSAFE, is rated AAAM by Standard & Poor's.

On September 22, 2008, the FLSAFE established and imposed certain temporary rules on redemptions from funds invested in the pool. This action was taken to prevent significant withdrawals from the American Beacon and Reserve Primary Money Market Funds, thereby avoiding the sale of securities below their economic value and preventing material adverse impact on the funds and their remaining shareholders. Each participant's ownership interest in FLSAFE assets was divided into liquid and illiquid assets. At September 30, 2008, the City's investment in FLSAFE consisted of \$21,938,092 liquid and \$13,388,949 illiquid assets.

As of September 30, 2008, 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 Year</u>	<u>1-5 Years</u>
Repurchase Agreements	\$ 14,102,000	\$ 14,102,000	\$ 0
FLSAFE Investment Pool	35,327,041	35,327,041	0
FHLB	15,895,937	12,900,397	2,995,540
Other	96	96	0
<b>Total</b>	<u>\$ 65,325,074</u>	<u>\$ 62,329,534</u>	<u>\$ 2,995,540</u>

*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.

*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. All of

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

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

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

● **Investments (Concluded)**

*Custodial Credit Risk—(Concluded)*

the City's \$14,102,000 investment in repurchase agreements is held by the investment's counterparty, not in the name of the City. 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*—All of the City's investments are guaranteed by the U.S. Government except for the investment in the FLSAFE investment pool, which is an external investment pool. All of the investments listed in the above table exceed 5% of invested assets.

■ **Fiduciary Net Assets**

As of September 30, 2008, the **Municipal Firemen's Retirement Plan** (Plan) had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More Than 10 Years</u>
Money Market	\$ 1,155,819	\$ 1,155,819	\$ 0	\$ 0	\$ 0
U.S. Government and Agencies	1,788,984	53	791,596	581,374	415,961
Mutual Funds	1,390,283	1,390,283	0	0	0
Corporate Obligations	<u>1,485,672</u>	<u>89,518</u>	<u>789,650</u>	<u>588,280</u>	<u>18,224</u>
<b>Total</b>	5,820,758	<u>\$ 2,635,673</u>	<u>\$ 1,581,246</u>	<u>\$ 1,169,654</u>	<u>\$ 434,185</u>
Corporate Stocks	<u>3,277,916</u>				
<b>Total</b>	<u>\$ 9,098,674</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. The following investments exceed 5% of Plan assets: Goldman Sachs Money Market Account of \$930,819; U.S. Treasury notes totaling \$529,177; Ishares MSCI EAFE Index Fund of \$565,815; and Ishares Russell 2000 Value Fund of \$517,748.

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

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

■ **Fiduciary Net Assets (Continued)**

As of September 30, 2008, the **General Employees' Retirement Plan** (Plan) had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More Than 10 Years</u>
Money Market	\$ 1,266,936	\$ 1,266,936	\$ 0	\$ 0	\$ 0
U.S. Government and Agencies	8,046,167	0	5,845,172	2,200,995	0
Corporate Obligations	3,204,609		1,777,932	1,426,677	0
Mutual Funds	<u>1,135,136</u>	<u>1,135,136</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	13,652,848	<u>\$ 2,402,072</u>	<u>\$ 7,623,104</u>	<u>\$ 3,627,672</u>	<u>\$ 0</u>
Corporate Stocks	<u>15,527,721</u>				
<b>Total</b>	<u>\$ 29,180,569</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 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 a 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. Investments that exceed 5% of Plan assets are Federal Home Loan Mortgage notes totaling \$1,933,877 and U.S. Treasury notes totaling \$5,073,904.

As of September 30, 2008, the **Municipal Police Retirement Plan** (Plan) had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More Than 10 Years</u>
Money Market	\$ 704,237	\$ 704,237	\$ 0	\$ 0	\$ 0
U.S. Government and Agencies	3,280,834	14,999	\$ 183,041	750,251	\$ 2,332,543
Corporate Obligations	<u>1,130,141</u>	<u>25,513</u>	<u>731,645</u>	<u>372,983</u>	<u>0</u>
<b>Total</b>	5,115,212	<u>\$ 744,749</u>	<u>\$ 914,686</u>	<u>\$ 1,123,234</u>	<u>\$ 2,332,543</u>
Corporate Stocks	<u>5,940,738</u>				
<b>Total</b>	<u>\$ 11,055,950</u>				

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

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

■ **Fiduciary Net Assets (Concluded)**

*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 a 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. Investments exceeding 5% of Plan assets are Fifth Third Institutional Money Market Account of \$704,236; U.S. Treasury notes totaling \$555,263; and government-backed securities totaling \$1,500,591.

**Credit Ratings**

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

<u>Retirement Plan</u>	<u>Rating</u>						
	<u>Total</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BB</u>	<u>Not Rated</u>
Municipal Firemen	\$ 1,485,672	\$ 127,644	\$ 194,734	\$ 1,007,077	\$ 138,367	\$ 9,100	\$ 8,750
General Employees	3,204,609	350,645	720,701	2,133,263	0	0	0
Municipal Police Officers	1,130,141	23,364	103,126	514,857	470,408	18,367	19
<b>Totals</b>	<u>\$ 5,820,422</u>	<u>\$ 501,653</u>	<u>\$ 1,018,561</u>	<u>\$ 3,655,197</u>	<u>\$ 608,775</u>	<u>\$ 27,467</u>	<u>\$ 8,769</u>

All of the City’s investments in debt securities, other than the above described corporate obligations, are guaranteed 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 Fund</u>	<u>Enterprise Funds</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
	Accounts Receivable, Billed	\$ 466,509	\$ 8,095,224	\$ 96,177
Accounts Receivable, Unbilled	0	6,700,852	93,342	6,794,194
Total Accounts Receivable	466,509	14,796,076	189,519	15,452,104
(Allowance for Uncollectible Accounts)	(19,270)	(687,731)	(13,246)	(720,247)
<b>Receivables, Net</b>	<u>\$ 447,239</u>	<u>\$ 14,108,345</u>	<u>\$ 176,273</u>	<u>\$ 14,731,857</u>

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

**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 \$604,069 reported as deferred revenue in the governmental funds consists of the following:

<b>Type of Unearned Revenue</b>	<b>Amount</b>
Occupational License Revenue	\$ 176,941
Customer Deposits and Advance Property Rentals	69,426
Unearned Interest	303,510
Grant Deferred Revenue	54,192
<b>Total</b>	<b>\$ 604,069</b>

**Note 6 - Capital Assets**

Capital asset activity for the year ended September 30, 2008, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 8,195,052	\$ 75,095	\$ 0	\$ 8,270,147
Construction in Progress	<u>20,571,038</u>	<u>3,422,893</u>	<u>(13,271,635)</u>	<u>10,722,296</u>
Total Capital Assets Not Being Depreciated	<u>28,766,090</u>	<u>3,497,988</u>	<u>(13,271,635)</u>	<u>18,992,443</u>
Capital Assets Being Depreciated:				
Buildings	29,797,410	11,169,937	0	40,967,347
Improvements Other Than Buildings	16,613,696	1,003,239	0	17,616,935
Equipment	30,526,241	1,778,805	(1,881,324)	30,423,722
Infrastructure (Road and Streets)	<u>27,817,245</u>	<u>4,558,976</u>	<u>0</u>	<u>32,376,221</u>
Total Capital Assets Being Depreciated	<u>104,754,592</u>	<u>18,510,957</u>	<u>(1,881,324)</u>	<u>121,384,225</u>
Less Accumulated Depreciation for:				
Buildings	(6,279,163)	(801,465)	0	(7,080,628)
Improvements Other Than Buildings	(8,298,259)	(10,559)	0	(8,308,818)
Equipment	(20,113,239)	(2,899,276)	1,370,216	(21,642,299)
Infrastructure (Roads and Streets)	<u>(14,131,438)</u>	<u>(2,324,863)</u>	<u>0</u>	<u>(16,456,301)</u>
Total Accumulated Depreciation	<u>(48,822,099)</u>	<u>(6,036,163)</u>	<u>1,370,216</u>	<u>(53,488,046)</u>
Total Being Depreciated, Net	<u>55,932,493</u>	<u>12,474,794</u>	<u>(511,108)</u>	<u>67,896,179</u>
<b>Governmental Activities Capital Assets, Net</b>	<b><u>\$ 84,698,583</u></b>	<b><u>\$ 15,972,782</u></b>	<b><u>\$ (13,782,743)</u></b>	<b><u>\$ 86,888,622</u></b>

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

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 9,228,707	\$ 0	\$ 0	\$ 9,228,707
Construction in Progress	<u>57,451,845</u>	<u>10,346,281</u>	<u>(35,787,926)</u>	<u>32,010,200</u>
Total Capital Assets Not Being Depreciated	<u>66,680,552</u>	<u>10,346,281</u>	<u>(35,787,926)</u>	<u>41,238,907</u>
Capital Assets Being Depreciated:				
Buildings	11,740,726	14,063,232	0	25,803,958
Improvements Other Than Buildings	122,407,659	17,490,893	(763,347)	139,135,205
Equipment	<u>23,388,840</u>	<u>592,865</u>	<u>(67,770)</u>	<u>23,913,935</u>
Total Capital Assets Being Depreciated	<u>157,537,225</u>	<u>32,146,990</u>	<u>(831,117)</u>	<u>188,853,098</u>
Less Accumulated Depreciation for:				
Buildings	(3,364,754)	(297,421)	0	(3,662,175)
Improvements Other Than Buildings	(42,360,283)	(3,849,388)	970,614	(45,239,057)
Equipment	<u>(16,008,821)</u>	<u>(1,069,112)</u>	<u>1,845</u>	<u>(17,076,088)</u>
Total Accumulated Depreciation	<u>(61,733,858)</u>	<u>(5,215,921)</u>	<u>972,459</u>	<u>(65,977,320)</u>
Total Being Depreciated, Net	<u>95,803,367</u>	<u>34,526,019</u>	<u>(7,453,608)</u>	<u>122,875,778</u>
<b>Total Business-type Activities Capital Assets, Net</b>	<u>\$ 162,483,919</u>	<u>\$ 44,872,300</u>	<u>\$ (43,241,534)</u>	<u>\$ 164,114,685</u>

The beginning balances of certain capital assets being depreciated and accumulated depreciation in the business-type activities were adjusted to reflect a reclassification of assets.

**Depreciation Expense - Governmental Activities**

General Government and Administration	\$ 2,570,374
Public Safety	564,568
Physical Environment	400,202
Transportation	1,873,154
Economic Environment	28,262
Parks and Recreation	<u>599,603</u>

**Total Depreciation Expense - Governmental Activities** \$ 6,036,163

**Depreciation Expense - Business-type Activities**

Electric Utility	\$ 2,426,423
Gas Utility	326,785
Water Utility	833,745
Wastewater Utility	1,082,682
Solid Waste Utility	20,627
Communication Services	<u>525,659</u>

**Total Depreciation Expense - Business-type Activities** \$ 5,215,921

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

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

The composition of interfund balances as of September 30, 2008, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 113,528
Gas Utility	Wastewater Utility	600,000
Water Utility	Wastewater Utility	3,000,000
<b>Total</b>		<u>\$ 3,713,528</u>

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

**Interfund Transfers**

	<u>Transfer In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	
<b>Transfer Out</b>				
Electric Utility	\$ 5,728,627	\$ 0	\$ 0	\$ 5,728,627
Gas Utility	1,072,210	0	0	1,072,210
Water Utility	803,907	0	0	803,907
Wastewater Utility	732,516	0	0	732,516
Solid Waste	295,563	0	0	295,563
General Fund	0	403,720	940,721	1,344,441
Nonmajor Governmental	281,626	304,607	1,625,700	2,211,933
<b>Total Transfers Out</b>	<u>\$ 8,914,449</u>	<u>\$ 708,327</u>	<u>\$ 2,566,421</u>	<u>\$ 12,189,197</u>

Interfund transfers are made to finance activities in other funds.

**Note 8 - Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2008, 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 - 1999	\$ 6,495,000	\$ 0	\$ (155,000)	\$ 6,340,000	\$ 160,000
Capital Improvement Revenue					
Bonds - 2004	16,785,000	0	(330,000)	16,455,000	340,000
Note Payable - 1999 GLCRA	135,020	0	(17,373)	117,647	18,307
Note Payable - Aerostat	37,147	0	(37,147)	0	0
Total Revenue Bonds and Notes	<u>23,452,167</u>	<u>0</u>	<u>(539,520)</u>	<u>22,912,647</u>	<u>518,307</u>
Other Liabilities:					
Compensated Absences	1,724,606	2,040,060	(1,793,153)	1,971,513	1,084,332
Suit Settlement	120,000	0	(30,000)	90,000	30,000
Capital Lease Payable	0	394,945	(45,020)	349,925	32,796
Total Other Liabilities	<u>1,844,606</u>	<u>2,435,005</u>	<u>(1,868,173)</u>	<u>2,411,438</u>	<u>1,147,128</u>
<b>Total Governmental Activities</b>	<u>\$ 25,296,773</u>	<u>\$ 2,435,005</u>	<u>\$ (2,407,693)</u>	<u>\$ 25,324,085</u>	<u>\$ 1,665,435</u>

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

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

	<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	\$ 16,670,000	\$ 0	\$ (325,000)	\$ 16,345,000	\$ 330,000
Utility System Revenue Bonds - 2004	22,985,000	0	(445,000)	22,540,000	460,000
Bond Anticipation Note - 2006	8,000,000	0	0	8,000,000	0
Utility System Revenue Bond - 2007A	22,425,000	0	0	22,425,000	0
Utility System Revenue Bond - 2007B	1,070,000	0	0	1,070,000	0
Electric System Revenue Bond - 2007A	11,265,000	0	0	11,265,000	0
Electric System Revenue Bond - 2007B	11,710,000	0	0	11,710,000	0
Bond Anticipation Note - 2007	3,527,632	472,368	0	4,000,000	0
Less Deferred Refundings and Discounts	(696,981)	0	87,124	(609,857)	0
Notes Payable FMPA Pooled	<u>1,111,000</u>	<u>0</u>	<u>(70,000)</u>	<u>1,041,000</u>	<u>73,000</u>
Total Revenue Bonds and Notes Payable	<u>98,066,651</u>	<u>472,368</u>	<u>(752,876)</u>	<u>97,786,143</u>	<u>863,000</u>
Other Liabilities:					
CR#3 Decommissioning Cost Payable	5,134,554	326,378	0	5,460,932	0
Landfill Postclosure Payable	786,633	0	(53,634)	732,999	73,300
Compensated Absences	<u>1,097,418</u>	<u>742,293</u>	<u>(798,639)</u>	<u>1,041,072</u>	<u>572,589</u>
Total Other Liabilities	<u>7,018,605</u>	<u>1,068,671</u>	<u>(852,273)</u>	<u>7,235,003</u>	<u>645,889</u>
<b>Total Business-type Activities</b>	<u>\$ 105,085,256</u>	<u>\$ 1,541,039</u>	<u>\$ (1,605,149)</u>	<u>\$ 105,021,146</u>	<u>\$ 1,508,889</u>

The following is a schedule of bonds and notes outstanding at September 30, 2008:

<u>Description of Bonds</u>	<u>Purpose of Issue</u>	<u>Issued</u>	<u>Outstanding</u>	<u>Rates</u>
<b>Governmental Activities</b>				
Revenue Bonds and Revenue Notes:				
Capital Improvement Revenue				
Bonds - 1999 GLCRA	Capital Improvement	\$ 7,345,000	\$ 6,340,000	3.65% - 5.50%
Capital Improvement Revenue				
Bonds - 2004	Capital Improvement	17,110,000	16,455,000	2.50% - 5.25%
Note Payable	Real Estate	<u>249,284</u>	<u>117,647</u>	5.25%
<b>Total Governmental Activities</b>		<u>\$ 24,704,284</u>	<u>\$ 22,912,647</u>	
<b>Business-type Activities</b>				
Notes Payable FMPA Pooled Loan	Fiber Optic Cable	\$ 1,300,000	\$ 1,041,000	FMPA Commercial Paper + 0.6%
Electric System Revenue Bonds - 2004	Electric Capital Projects	16,670,000	16,345,000	2.75% - 5.00%
Utility System Revenue Bonds - 2004	Gas/Water/Wastewater	22,985,000	22,540,000	2.75% - 5.00%
Bond Anticipation Note - 2006	Water/Wastewater	8,000,000	8,000,000	3.00%
Utility System Revenue Bond - 2007A	Gas/Water/Wastewater	22,425,000	22,425,000	4.00% - 5.00%
Utility System Revenue Bond - 2007B	Wastewater	1,070,000	1,070,000	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	11,710,000	5.64% - 5.90%
Bond Anticipation Note - 2007	Capital Improvement	<u>4,000,000</u>	<u>4,000,000</u>	5.26 - 6.01%
<b>Total Business-type Activities</b>		<u>\$ 99,425,000</u>	<u>\$ 98,396,000</u>	

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

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

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

<u>Fiscal Year</u>	<u>Bonds Payable</u>			
	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 500,000	\$ 1,105,816	\$ 790,000	\$ 4,146,882
2010	515,000	1,086,521	1,425,000	4,091,525
2011	535,000	1,066,611	1,485,000	4,031,977
2012	555,000	1,045,151	1,540,000	3,968,393
2013	580,000	1,022,068	1,605,000	2,914,164
2014-2018	3,285,000	4,693,000	9,145,000	18,408,867
2019-2023	4,120,000	3,782,056	11,520,000	15,873,633
2024-2028	5,335,000	2,499,914	14,765,000	12,485,290
2029-2033	5,290,000	1,068,364	18,965,000	8,136,927
2034-2038	<u>2,080,000</u>	<u>54,913</u>	<u>24,115,000</u>	<u>3,017,275</u>
<b>Total</b>	<b><u>\$ 22,795,000</u></b>	<b><u>\$ 17,424,414</u></b>	<b><u>\$ 85,355,000</u></b>	<b><u>\$ 77,074,933</u></b>

<u>Fiscal Year</u>	<u>Notes Payable</u>			
	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 18,307	\$ 5,740	\$ 73,000	\$ 517,245
2010	19,292	4,755	12,077,000	35,640
2011	20,329	3,718	81,000	32,400
2012	21,423	2,625	85,000	29,000
2013	22,575	1,472	89,000	25,440
2014-2018	15,721	311	517,000	67,160
2019	<u>0</u>	<u>0</u>	<u>119,000</u>	<u>0</u>
<b>Total</b>	<b><u>\$ 117,647</u></b>	<b><u>\$ 18,621</u></b>	<b><u>\$ 13,041,000</u></b>	<b><u>\$ 706,885</u></b>

**Governmental Activity Liabilities**

A summary of all governmental long-term debt as of September 30, 2008, follows:

■ **Capital Improvement Bonds, 1999**

The 1999 Capital Improvement Bonds are fully registered bonds and are collateralized by a pledge of the proceeds of the local government half-cent sales tax and the proceeds of the guaranteed entitlement portion of state revenue sharing funds. The 1999 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 debt service reserve. The bonds are callable at various dates from 100% to 101% of face value.

■ **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 lien on sales tax and guaranteed entitlement is subordinate to the Series 1999 bonds. 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 debt service reserve. The bonds are callable at various dates at 100% of face value.

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

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

**Governmental Activity Liabilities (Concluded)**

■ **Note Payable (GLCRA)**

A fifteen-year mortgage for the purpose of the Christley property by the Greater Leesburg Community Redevelopment Fund that extends through May 2014, and will cost \$24,047 annually.

■ **Note Payable, Aerostat Inc.**

The City signed a promissory note, dated August 1, 2005, for leasehold and improvements at Leesburg Regional Airport for \$126,800. The term of the loan is three years and interest is charged on the loan at a rate of 5%. The outstanding balance of the loan was paid in full during 2008.

■ **Suit Settlement Payable**

During 1998, the City settled a civil rights lawsuit in which it was a codefendant. The settlement called for the City to pay the plaintiff \$634,000, of which \$100,000 was covered by insurance. Additional terms of the settlement call for the City to fund the budget of a local agency \$30,000 per year for ten years until September 30, 2008. During fiscal year ended 2001, the settlement was amended to require the City to pay an additional \$30,000 for ten years to the local agency until September 30, 2011.

■ **Capital Lease**

During 2008, the City signed a lease-purchase agreement with Mine Safety Appliances Company. The lease, in the amount \$394,945, 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%.

■ **Compensated Absences**

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

**Business-type Activity Liabilities**

The following is a summary of all long-term liabilities of the proprietary funds at September 30, 2008:

■ **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. The bond ordinances provide for a current sinking fund, and debt service reserve account. 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. The bond ordinances provide for a current sinking fund and debt service reserve account. The bonds are callable at various dates at 100% of face value.

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

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

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

■ **Bond Anticipation Note - 2006**

In July 2006, the City acquired a water and wastewater utility system from the Plantation of Leesburg Limited Partnership (the Plantation) for the purchase price of \$12,000,000 of which \$8,000,000 was financed by the Plantation. The balance of the purchase price was financed by SunTrust Bank. It is anticipated that an additional \$3,000,000 will be required for improvements to the system. Additional terms are as follows:

	<b>\$8,000,000 Note</b>
Interest Rate	3.00%
Maturity Date	October 1, 2009
Collateral	Separate Acquired Utility System

The City plans to refinance the Plantation water and wastewater notes in the near future.

■ **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 Series 2007B. Both issues are fully registered. Interest paid on the Series 2007B bonds is not exempt from income tax. The Bonds are payable solely from the net revenues of the Gas System, Sewer System and Water System 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 and debt service reserve account to facilitate payment of principal and interest.

■ **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 Series 2007B. Both issues are fully registered. Interest paid on the Series 2007B bonds is not exempt from income tax. 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 and debt service reserve account to facilitate payment of principal and interest.

■ **Bond Anticipation Note - 2007**

In October 2006, the City issued a \$3,527,632 bond anticipation note to acquire and renovate Kristen Court Apartments. An additional \$472,368 was issued during 2008 for renovations. Financing was provided by SunTrust Bank of Central Florida. The City agrees to repay the note from the proceeds of the sale of bonds from the revenues pledged to repay the note. This note is secured by a subordinate lien on the Public Service Tax, Local Government Half-cent Sales Tax and Guaranteed Entitlement. The bonds are due on October 1, 2009.

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

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

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

■ **Note Payable, Florida Municipal Power Agency (FMPA) Pooled Loan Program**

FMPA is the grantor for the loan and acts as agent for the Initial Pooled Loan Project. The loan provides for acquisition, construction, improvement, and repair of various infrastructure improvements located in the City. Among those improvements is construction of a fiber optic system specifically for the Lake County School Board. The term of the loan is fifteen years, and interest charged on the loan is based on FMPA's commercial paper rate plus 0.6%. The outstanding balance on September 30, 2008, was \$1,041,000.

■ **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, 2007</b>	\$ 786,633
Adjustment of Estimate	218,590
Total Annual Costs Paid	(272,224)
<b>Balance, September 30, 2008</b>	732,999
(Current Maturities)	(73,300)
<b>Total Long-term Portion</b>	\$ 659,699

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 \$732,999 liability recorded represents the estimated costs of postclosure care for fourteen 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 2008:

<u>Transaction Date</u>	<u>Amount</u>
<b>Balance, September 30, 2007</b>	\$ 87,285
Investment Income	2,175
<b>Balance, September 30, 2008</b>	\$ 89,460

Escrow funds in the amount of \$89,460 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 the future plant decommissioning. The City contributes to a common trust fund, maintained by FMPA, for all its members that own a portion of the Crystal River III Nuclear Generating Unit. As of September 30, 2008, the City has a balance in the trust fund of \$5,009,258.

■ **Defeased Debt**

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

Utility System Refunding Revenue Bonds, Series 1999 A/B	<u>\$ 24,745,000</u>
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**Note 9 - 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 \$9,206,936 and accumulated depreciation \$993,105. The following is a schedule of minimum future lease income on noncancelable operating leases:

Fiscal Year	Amount
2009	\$ 355,763
2010	404,716
2011	423,072
2012	423,724
2013	425,037
2014 - 2018	2,013,740
2019 - 2023	1,503,033
2024 - 2028	266,442
<b>Total Minimum Lease Payments</b>	<b>\$ 5,815,527</b>

**Note 10 - 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 a 0.8244% ownership interest and generation entitlement share in the nuclear steam electric generating unit. Participants are entitled to energy output of the unit based upon their respective generation entitlement share.

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

**Note 10 - Electric Power Agreements (Concluded)**

**Crystal River Unit No. 3 Participation Agreement (Concluded)**

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, 2008, was \$22,277 (cost of \$7,594,950 less accumulated depreciation of \$7,572,673).

**FMPA**

The City is a member of 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:

■ **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 11 - Defined Benefit Pension Plans (Plan)**

**Plan Descriptions and Contribution Information**

The City maintains three separate single-employer pension plans, one for police officers, one for firemen, and a general employees' retirement plan that covers substantially all other full-time City employees. 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.

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

**Note 11 - Defined Benefit Pension Plans (Continued)**

**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.

The Plan is a 100% employer contributory defined benefit Plan and covers all full time employees except firemen. Participants who have completed five years of credited service are fully vested in the Plan and become fully vested after ten years of credited service.

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

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

The City accrues and contributes an amount, as determined by an actuary, to fund the annual, normal cost and prior service cost amortized over forty years. The City's contribution was established at 12.9% of the covered payroll for fiscal year 2007-2008.

■ **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.

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

**Note 11 - Defined Benefit Pension Plans (Continued)**

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

■ **Municipal Police Retirement Plan (MPRP) (Concluded)**

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.

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. The City's contribution is limited to the rate of covered payroll contributed to the GERP, which was established at 12.9% of the covered payroll for fiscal year 2007-2008.

Membership of each Plan consisted of the following:

<b>Date of Actuarial Valuation:</b>	<b>10/01/07</b>	<b>10/01/07</b>	<b>10/01/07</b>
	<b>GERP</b>	<b>MPRP</b>	<b>MFRP</b>
Retirees and Beneficiaries Receiving Benefits	147	23	16
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	145	5	2
Active Plan Members	448	68	61
<b>Total</b>	<u>740</u>	<u>96</u>	<u>79</u>

**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)	\$ 2,388,162	\$ 691,732	\$ 865,992
Interest on Net Pension Obligation (NPO)	(55,310)	(12,247)	(12,532)
Annual Pension Cost	2,332,852	679,485	853,460
Contributions Made	(2,122,944)	(695,733)	(985,822)
Increase/Decrease in NPO	209,908	(16,248)	(132,362)
Net Pension Obligation, Beginning of Year	(737,468)	(153,082)	(156,647)
<b>Net Pension Obligation, End of Year</b>	<u>\$ (527,560)</u>	<u>\$ (169,330)</u>	<u>\$ (289,009)</u>

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

**Note 11 - Defined Benefit Pension Plan (Continued)**

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

There was no adjustment to the ARC during the year.

**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><u>GERP</u></b>			
09/30/06	\$ 1,717,954	111%	\$ (770,451)
09/30/07	2,121,631	98%	(737,468)
09/30/08	2,332,852	91%	(527,560)
<b><u>MPRP</u></b>			
09/30/06	\$ 573,877	76%	\$ 38,462
09/30/07	637,466	130%	(153,082)
09/30/08	679,485	102%	(169,330)
<b><u>MFRP</u></b>			
09/30/06	\$ 746,654	73%	\$ (43,820)
09/30/07	844,482	113%	(156,647)
09/30/08	803,713	123%	(338,756)

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:

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

**Note 11 - Defined Benefit Pension Plan (Continued)**

**Other Pension Plan Information (Concluded)**

	<u>GERP</u>	<u>MPRP</u>	<u>MFRP</u>
<b>Valuation Date</b>	October 1, 2007	October 1, 2007	October 1, 2007
<b>Actuarial Cost Method</b>	Entry Age Normal	Frozen Entry Age	Aggregate Actuarial Cost
<b>Amortization Method</b>	Level Percentage	Level Dollar, Closed	N/A
<b>Remaining Amortization</b>			
<b>Period</b>	27 Years	27 Years	N/A
<b>Asset Valuation Method</b>	Market Value	Market Value	Market Value
<b>Actuarial Assumptions:</b>			
Investment Return	7.50%	8.00%	8.00%
Projected Salary Increases	6.00%	6.20%	6.00%
Cost of Living Adjustment (COLA)	None	None	None

The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities.

The most recent actuarial valuation date for each Plan was October 1, 2007. 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	\$ 34,934,262	\$ 12,734,501	\$ 9,833,153
Actuarial Accrued Liability	<u>43,691,883</u>	<u>12,913,643</u>	<u>12,708,994</u>
Unfunded (Overfunded) Status (UAAL)	<u>\$ 8,757,621</u>	<u>\$ 179,142</u>	<u>\$ 2,875,841</u>
Fund Ratio	79.96%	98.61%	77.37%
Annual Covered Payroll	<u>\$ 17,757,533</u>	<u>\$ 3,603,003</u>	<u>\$ 2,895,956</u>
UAAL as Percent of Payroll	49.32%	4.97%	99.31%

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. The MFRP uses the aggregate actuarial cost method to determine the amount of annual required contribution. The funded status presented above for the MFRP uses the entry age actuarial cost method as a surrogate for the Plan's funded status and funding progress.

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

**Note 11 - Defined Benefit Pension Plan (Concluded)**

**SCHEDULE OF PENSION PLAN NET ASSETS AS OF SEPTEMBER 30, 2008**

	<b>Municipal Police Retirement Plan</b>	<b>Municipal Firemen's Retirement Plan</b>	<b>General Employees' Retirement Plan</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 59,006	\$ 0	\$ 7,326	\$ 66,332
Investments, at Fair Value:				
U.S. Government Securities	3,280,834	1,788,984	8,046,167	13,115,985
Corporate Bonds	1,130,141	1,485,672	3,204,609	5,820,422
Corporate Stocks	5,940,738	4,668,199	16,662,857	27,271,794
Money Market	704,237	1,155,819	1,266,936	3,126,992
Total Investments	<u>11,055,950</u>	<u>9,098,674</u>	<u>29,180,569</u>	<u>49,335,193</u>
Accounts Receivable	604			604
Interest Receivable		52,777	119,328	172,105
<b>Total Assets</b>	<u><u>11,115,560</u></u>	<u><u>9,151,451</u></u>	<u><u>29,307,223</u></u>	<u><u>49,574,234</u></u>
<b>Liabilities</b>				
Accounts Payable				0
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Assets Reserved for Employees' Pension Benefits</b>	<u><u>\$ 11,115,560</u></u>	<u><u>\$ 9,151,451</u></u>	<u><u>\$ 29,307,223</u></u>	<u><u>\$ 49,574,234</u></u>

**SCHEDULE OF THE CHANGE IN PENSION PLAN NET ASSETS AS OF SEPTEMBER 30, 2008**

<b>Additions</b>				
Contributions:				
Employer	\$ 226,701	\$ 603,463	\$ 2,122,944	\$ 2,953,108
State	184,093	177,357		361,450
Employee	284,939	205,002		489,941
Total Contributions	<u>695,733</u>	<u>985,822</u>	<u>2,122,944</u>	<u>3,804,499</u>
Investment Income:				
Net Depreciation in Fair Value of Investments	(2,091,193)	(1,336,627)	(5,888,668)	(9,316,488)
Interest and Dividend Income	361,434	383,678	1,116,100	1,861,212
Other Income	26,051	9,553	150	35,754
Total Investment Income	<u>(1,703,708)</u>	<u>(943,396)</u>	<u>(4,772,418)</u>	<u>(7,419,522)</u>
<b>Total Additions</b>	<u>(1,007,975)</u>	<u>42,426</u>	<u>(2,649,474)</u>	<u>(3,615,023)</u>
<b>Deductions</b>				
Benefit Payments	641,830	635,230	2,131,956	3,409,016
Refund of Contributions	26,098			26,098
Administrative Expense	107,023	88,898	291,000	486,921
<b>(Total Deductions)</b>	<u>(774,951)</u>	<u>(724,128)</u>	<u>(2,422,956)</u>	<u>(3,922,035)</u>
<b>Net Decrease</b>	<u>(1,782,926)</u>	<u>(681,702)</u>	<u>(5,072,430)</u>	<u>(7,537,058)</u>
<b>Net Assets Reserved for Employees' Pension Benefits:</b>				
Beginning of Year	12,898,486	9,833,153	34,379,653	57,111,292
End of Year	<u><u>\$ 11,115,560</u></u>	<u><u>\$ 9,151,451</u></u>	<u><u>\$ 29,307,223</u></u>	<u><u>\$ 49,574,234</u></u>

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

**Note 12 - 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. As of September 30, 2008, there were 109 retirees receiving medical and life insurance benefits. The cost of these benefits is paid by the City up to \$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.

The City adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting of Employers for Postemployment Benefits Other than Pensions*, prospectively. 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>	<u>10/01/07</u>
Retirees and Beneficiaries Receiving Benefits	105
Active Plan Members	<u>524</u>
<b>Total</b>	<u><u>629</u></u>

**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.

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)	\$ 3,900,190
Interest on Net OPEB Obligation (NOO)	<u>0</u>
Annual OPEB Cost	3,900,190
Employer Contributions Made	<u>(300,464)</u>
Increase/Decrease in NOO	3,599,726
Net OPEB Obligation, Beginning of Year	<u>0</u>
Net OPEB Obligation, End of Year	<u><u>\$ 3,599,726</u></u>

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

**Note 12 - Other Postemployment Benefits (OPEB) (Continued)**

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

The Annual OPEB Cost per covered employee is \$7,443 or approximately 17.0% of expected payroll.

**Schedule of Employer Contributions**

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/08	\$ <u>3,900,190</u>	8%	\$ <u>3,599,726</u>

**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:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Payroll</u>
10/1/2007	\$ 0	\$ 42,307,839	\$ 42,307,839	0.00%	\$22,983,533	184%

**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:

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

**Note 12 - Other Postemployment Benefits (OPEB) (Concluded)**

**Actuarial Methods and Assumptions (Concluded)**

<b>Valuation Date</b>	October 1, 2007
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Method</b>	Level Percentage
<b>Remaining Amortization Period</b>	30 Years
<b>Asset Valuation Method</b>	Market Value
<b>Actuarial Assumptions:</b>	
Investment Return	4.00%
Projected Salary Increases	4.00%
COLA	None

**Note 13 - 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 \$75,000 per person are paid from the assets of the self-insurance fund; claims in excess of \$75,000, up to a maximum of \$925,000 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.

Changes in claims liabilities, all of which are estimated to be currently due, for the last two years follow:

	<b>Balance October 1, 2007</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>(Claims Paid)</b>	<b>Balance September 30, 2008</b>
Employee Health Insurance Fund	\$ 434,847	\$ 3,287,518	\$ (3,386,785)	\$ 335,580
Workers' Compensation Insurance Fund	922,601	992,455	(449,983)	1,465,073
<b>Total</b>	<u>\$ 1,357,448</u>	<u>\$ 4,279,973</u>	<u>\$ (3,836,768)</u>	<u>\$ 1,800,653</u>

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

**Note 13 - Self-Insurance Fund (Concluded)**

**Workers' Compensation Insurance Fund**

	<u>Balance October 1, 2006</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>(Claims Paid)</u>	<u>Balance September 30, 2007</u>
Employee Health Insurance Fund	\$ 523,769	\$ 2,692,969	\$ (2,781,891)	\$ 434,847
Workers' Compensation Insurance Fund	<u>815,266</u>	<u>339,354</u>	<u>(232,019)</u>	<u>922,601</u>
<b>Total</b>	<u>\$ 1,339,035</u>	<u>\$ 3,032,323</u>	<u>\$ (3,013,910)</u>	<u>\$ 1,357,448</u>

Claim liabilities are calculated based on an actuarial valuation. Management estimates that claims will be paid within one year.

**Note 14 - 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.

**Note 15 - 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. The audits of these programs as of and including the year ended September 30, 2008, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the City's compliance with applicable grant requirements will be established at a future date. 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.

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

**Note 15 - Contingencies and Commitments (Concluded)**

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, 2008.

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 16 - 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
- Commercial Property Damage
- Contractors' Equipment
- Crime

The City is self-insured for workers' compensation and employee health as explained in note 13. Amounts of settlements, if any, have not exceeded insurance coverage for each of the past three years.

**Note 17 - Construction Commitments**

As of September 30, 2008, the City had the following commitments related to significant unfinished construction projects:

	<b>Expended as of September 30, 2008</b>	<b>Remaining Commitment</b>
Runway 13/31 Extension Phase 1	\$ 5,950,726	\$ 352,084
Runway 13/31 Extension Phase 2	0	6,207,240
Taxiway and Runway Lights	23,643	376,357
Overlay Runway 3/21	0	225,000
Lake Pointe Circle	506	33,494
Highway 441 Streetscape II	60,234	744,766
Highway 441 Mast Arms	11,860	226,192
Magnolia Street Improvements	40,137	288,002
Transportation Projects	0	1,687,899
Fountain Lake Trail	27,595	372,405
Leesburg/Wildwood Trail Design Phase 2	126	263,874
Herlong Park Dock Renovations	0	15,000
Stormwater Drainage Improvements	398,119	1,214,881
Playground Equipment	0	75,000

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

**Note 17 - Construction Commitments (Concluded)**

	<b>Expended as of September 30, 2008</b>	<b>Remaining Commitment</b>
	<u>                    </u>	<u>                    </u>
Electric Utility:		
Transformers	\$ 253,724	\$ 500,000
Distribution Lines	2,112,902	4,524,769
Miscellaneous Subdivisions	372,195	743,695
Reconductoring	159,969	1,633,000
Gas Utility:		
Mains	0	2,100,000
Miscellaneous Subdivisions	73,376	226,624
Water Utility:		
Mains/Hydrants	777,062	2,250,209
Plant and Storage	533,498	3,340,362
Reuse Water Utility:		
New Plant	2,346,892	3,237,310
Mains	34,018	6,385,982
Wastewater Utility:		
Collecting Sewers	579,418	4,311,233
Treatment and Disposal Plant	489,656	6,389,118
Communication Utility:		
Line Installation and Extensions	68,942	244,808
Miscellaneous Equipment	28,532	37,668
<b>Totals</b>	<u>\$ 14,343,130</u>	<u>\$ 48,006,972</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<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	\$ 11,723,891	\$ 11,723,891	\$ 11,246,197	\$ (477,694)
Licenses and Permits	264,500	264,500	135,999	(128,501)
Intergovernmental	2,735,683	2,820,369	2,634,143	(186,226)
Charges for Services	541,913	564,913	558,761	(6,152)
Fines and Forfeitures	228,500	228,500	187,940	(40,560)
Miscellaneous:				
Interest	339,400	339,400	144,887	(194,513)
Other	4,698,506	4,735,506	4,343,345	(392,161)
<b>Total Revenues</b>	<u>20,532,393</u>	<u>20,677,079</u>	<u>19,251,272</u>	<u>(1,425,807)</u>
<b>Expenditures</b>				
Current:				
General Government	3,368,253	3,273,389	3,496,612	(223,223)
Public Safety	13,842,927	13,890,553	13,949,569	(59,016)
Physical Environment	314,767	314,767	213,726	101,041
Transportation	2,325,214	2,376,393	1,853,750	522,643
Economic Environment	277,453	277,453	273,221	4,232
Human Services	168,430	168,430	66,475	101,955
Culture and Recreation	5,475,590	5,540,507	5,187,536	352,971
Capital Outlay	2,307,636	2,613,782	1,685,070	928,712
Debt Service:				
Principal Payments	38,004	38,004	94,167	(56,163)
Interest and Fees			857	(857)
<b>(Total Expenditures)</b>	<u>(28,118,274)</u>	<u>(28,493,278)</u>	<u>(26,820,983)</u>	<u>1,672,295</u>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<u>(7,585,881)</u>	<u>(7,816,199)</u>	<u>(7,569,711)</u>	<u>246,488</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			156,929	156,929
Transfers from Other Funds	8,911,561	9,175,668	8,914,449	(261,219)
Transfers to Other Funds	(1,325,680)	(1,359,469)	(1,344,441)	15,028
<b>Total Other Financing Sources (Uses)</b>	<u>7,585,881</u>	<u>7,816,199</u>	<u>7,726,937</u>	<u>(89,262)</u>
<b>Net Change in Fund Balances</b>	0	0	157,226	157,226
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>3,864,846</u>	<u>3,864,846</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,022,072</u>	<u>\$ 4,022,072</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		
10/1/2007	\$ 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%
10/1/2000	23,865,971	24,190,400	324,429	98.66%	9,140,453	3.55%
10/1/1999	23,415,083	24,013,600	598,517	97.51%	8,856,516	6.76%
10/1/1998	21,206,286	21,561,900	355,614	98.35%	9,044,523	3.93%

**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		
10/1/2007	\$ 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%
10/1/2000	9,117,437	10,187,231	1,069,794	89.50%	2,140,554	49.98%
10/1/1999	8,028,330	9,027,398	999,068	88.93%	2,037,074	49.04%
10/1/1998	7,239,889	7,843,707	603,818	92.30%	2,012,767	30.00%

**Municipal Firemen's Retirement Plan**

Funding progress is presented in note 11 to the financial statements because only one year's information is available at this time.

**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		
10/1/2007	\$ 0	\$ 42,307,839	\$ 42,307,839	0.00%	\$ 22,983,533	184.00%

**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
2007	\$ 2,183,267	95.7%	\$ 376,923	99.1%	\$ 672,524	106%
2006	1,745,388	108.9%	357,152	98.0%	769,306	68%
2005	1,498,661	93.0%	582,575	107.0%	675,527	65%
2004	1,200,568	96.9%	254,744	94.7%	451,265	78%
2003	1,017,781	70.7%	111,757	100.0%	342,160	91%
2002	717,664	96.4%	87,345	100.0%	342,711	105%
2001	591,947	107.5%	0	100.0%	208,798	122%
2000	496,700	92.0%	0	100.0%	208,798	128%
1999	539,300	107.9%	0	100.0%	163,325	156%
<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>		<b>Percentage of Annual OPEB Cost Contributed</b>		<b>Net OPEB Obligation</b>	
9/30/2008	\$ 3,900,190		8%		\$ 3,599,726	

**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, 2007	October 1, 2007	October 1, 2007
<b>Actuarial Cost Method</b>	Entry Age Normal	Frozen Entry Age	Aggregate Actuarial Cost
<b>Amortization Method</b>	Level Percentage	Level Dollar, Closed	N/A
<b>Remaining Amortization Period</b>	27 Years	27 Years	N/A
<b>Asset Valuation Method</b>	Market Value	Market Value	Market Value
<b>Actuarial Assumptions:</b>			
Investment Return	7.50%	8.00%	8.00%
Projected Salary Increases	6.00%	6.20%	6.00%
COLA	None	None	None

The actuarial cost method does not identify or separately amortize unfunded actuarial liabilities.

**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, 2007
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Method</b>	Level Percentage
<b>Remaining Amortization Period</b>	30 Years
<b>Asset Valuation Method</b>	Market Value
<b>Actuarial Assumptions:</b>	
Investment Return	4.00%
Projected Salary Increases	4.00%
COLA	None

**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 fund contained an excess of expenditures over appropriations during the fiscal year ended September 30, 2008:

- Carver Heights/Montclair Area Community Redevelopment Fund

No other individual fund contained an excess of expenditures over appropriations during the fiscal year ended September 30, 2008. However, within various funds, there may be an excess of expenditures over appropriations at the line item level.

## **SUPPLEMENTAL INFORMATION**

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

**CITY OF LEESBURG, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Special Revenue Funds				
	Stormwater Fund	Greater Leesburg Community Redevelopment Fund	Carver Heights/ Montclair Area Community Redevelopment Fund	U.S. Highway 441/27 Community Redevelopment Fund	Police Forfeitures Fund
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,001,896	\$ 334	\$ 472,290	\$ 1,849,945	\$ 153,661
Receivables, Net	176,273				
Due from Other Governments	79,868				
Prepaid Items			335		
<b>Total Assets</b>	<u>1,258,037</u>	<u>334</u>	<u>472,625</u>	<u>1,849,945</u>	<u>153,661</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	20,934	334	953		601
Accrued Wages and Payroll Tax	7,362		2,545		
Accrued Interest Due to Other Funds					
<b>Total Liabilities</b>	<u>28,296</u>	<u>334</u>	<u>3,498</u>	<u>0</u>	<u>601</u>
<b>Fund Balances</b>					
Reserved for: Debt Service					
Unreserved	1,229,741		469,127	1,849,945	153,060
<b>Total Fund Balances</b>	<u>1,229,741</u>	<u>0</u>	<u>469,127</u>	<u>1,849,945</u>	<u>153,060</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,258,037</u>	<u>\$ 334</u>	<u>\$ 472,625</u>	<u>\$ 1,849,945</u>	<u>\$ 153,661</u>



**CITY OF LEESBURG, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<b>Special Revenue Funds</b>				
	<b>Stormwater Fund</b>	<b>Greater Leesburg Community Redevelopment Fund</b>	<b>Carver Heights/ Montclair Area Community Redevelopment Fund</b>	<b>U.S. Highway 441/27 Community Redevelopment Fund</b>	<b>Police Forfeitures Fund</b>
<b>Revenues</b>					
Taxes					
Licenses and Permits					
Intergovernmental	\$ 79,868	\$ 337,656	\$ 161,289	\$ 657,981	
Charges for Services	1,524,356				
Fines and Forfeitures					\$ 134,009
Impact Fees					
Miscellaneous:					
Interest	15,439	8,237	11,020	33,799	2,783
Other			5,000		
<b>Total Revenues</b>	<u>1,619,663</u>	<u>345,893</u>	<u>177,309</u>	<u>691,780</u>	<u>136,792</u>
<b>Expenditures</b>					
Current:					
Public Safety					52,054
Physical Environment	544,348				
Economic Environment		309,438	50,277	6,358	
Capital Outlay	398,118		65,185	28,201	19,625
Debt Service:					
Principal		17,373			
Interest		6,674			
<b>(Total Expenditures)</b>	<u>(942,466)</u>	<u>(333,485)</u>	<u>(115,462)</u>	<u>(34,559)</u>	<u>(71,679)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>677,197</u>	<u>12,408</u>	<u>61,847</u>	<u>657,221</u>	<u>65,113</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from Other Funds		269,219	129,100	527,335	
Transfers to Other Funds		(281,627)			
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(12,408)</u>	<u>129,100</u>	<u>527,335</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	677,197	0	190,947	1,184,556	65,113
<b>Fund Balances, Beginning of Year</b>	<u>552,544</u>	<u>0</u>	<u>278,180</u>	<u>665,389</u>	<u>87,947</u>
<b>Fund Balances, End of Year</b>	<u>\$ 1,229,741</u>	<u>\$ 0</u>	<u>\$ 469,127</u>	<u>\$ 1,849,945</u>	<u>\$ 153,060</u>

**Special Revenue Funds**

<b>Police Education Fund</b>	<b>Discretionary Sales Tax Fund</b>	<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</b>
	\$ 1,623,034					\$ 1,623,034		\$ 1,623,034
					\$ 638,431	638,431		638,431
					44,022	1,280,816		1,280,816
						1,524,356		1,524,356
\$ 9,364		\$ 106,865	\$ 96,114	\$ 132,935		335,914		335,914
70	10,300	4,265	(1,837)	9,681	2,073	95,830		95,830
					4	5,004		5,004
<u>9,434</u>	<u>1,633,334</u>	<u>111,130</u>	<u>94,277</u>	<u>142,616</u>	<u>684,530</u>	<u>5,646,758</u>	<u>\$ 0</u>	<u>5,646,758</u>
3,071		292,100			724,501	1,071,726		1,071,726
						544,348		544,348
						366,073		366,073
						511,129		511,129
						17,373	485,000	502,373
						6,674	1,126,035	1,132,709
<u>(3,071)</u>	<u>0</u>	<u>(292,100)</u>	<u>0</u>	<u>0</u>	<u>(724,501)</u>	<u>(2,517,323)</u>	<u>(1,611,035)</u>	<u>(4,128,358)</u>
6,363	1,633,334	(180,970)	94,277	142,616	(39,971)	3,129,435	(1,611,035)	1,518,400
14,319						939,973	1,626,448	2,566,421
	(1,916,659)			(13,647)		(2,211,933)		(2,211,933)
<u>14,319</u>	<u>(1,916,659)</u>	<u>0</u>	<u>0</u>	<u>(13,647)</u>	<u>0</u>	<u>(1,271,960)</u>	<u>1,626,448</u>	<u>354,488</u>
20,682	(283,325)	(180,970)	94,277	128,969	(39,971)	1,857,475	15,413	1,872,888
0	581,930	289,633	(207,805)	311,299	29,643	2,588,760	485,001	3,073,761
<u>\$ 20,682</u>	<u>\$ 298,605</u>	<u>\$ 108,663</u>	<u>\$ (113,528)</u>	<u>\$ 440,268</u>	<u>\$ (10,328)</u>	<u>\$ 4,446,235</u>	<u>\$ 500,414</u>	<u>\$ 4,946,649</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<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	\$ 6,025,140	\$ 12,035,516	\$ 4,294,580	(7,740,936)
Miscellaneous:				
Interest			56,551	56,551
Other			2,304	2,304
<b>Total Revenues</b>	<u>6,025,140</u>	<u>12,035,516</u>	<u>4,353,435</u>	<u>(7,682,081)</u>
<b>Expenditures</b>				
Capital Outlays:				
Physical Environment		60,000	22,078	37,922
Transportation	6,574,630	13,173,605	4,647,140	8,526,465
Culture and Recreation	200,000	2,611,822	1,453,762	1,158,060
<b>(Total Expenditures)</b>	<u>(6,774,630)</u>	<u>(15,845,427)</u>	<u>(6,122,980)</u>	<u>9,722,447</u>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<u>(749,490)</u>	<u>(3,809,911)</u>	<u>(1,769,545)</u>	<u>2,040,366</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	749,490	1,515,269	708,327	(806,942)
Bond Proceeds		2,294,642	0	(2,294,642)
<b>Total Other Financing Sources (Uses)</b>	<u>749,490</u>	<u>3,809,911</u>	<u>708,327</u>	<u>(3,101,584)</u>
<b>Net Change in Fund Balances</b>	0	0	(1,061,218)	(1,061,218)
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>2,963,875</u>	<u>2,963,875</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,902,657</u>	<u>\$ 1,902,657</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**STORMWATER FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 79,868	\$ 1,340,185	\$ (1,260,317)
Charges for Services:			
Utility Fees	1,524,356	1,438,966	85,390
Miscellaneous:			
Interest	15,439	12,000	3,439
<b>Total Revenues</b>	<u>1,619,663</u>	<u>2,791,151</u>	<u>(1,171,488)</u>
<b>Expenditures</b>			
Current Operating:			
Physical Environment:			
Personal Services	157,991	185,929	27,938
Operating Expenditures	386,357	514,517	128,160
Capital Outlay	398,118	2,372,276	1,974,158
<b>(Total Expenditures)</b>	<u>(942,466)</u>	<u>(3,072,722)</u>	<u>2,130,256</u>
<b>Excess of Revenues Over Expenditures</b>	<u>677,197</u>	<u>(281,571)</u>	<u>958,768</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	0	281,571	(281,571)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>281,571</u>	<u>(281,571)</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	677,197	0	677,197
<b>Fund Balance, Beginning of Year</b>	<u>552,544</u>	<u>0</u>	<u>(552,544)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,229,741</u>	<u>\$ 0</u>	<u>\$ 1,229,741</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**GREATER LEESBURG COMMUNITY REDEVELOPMENT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 337,656	\$ 340,057	\$ (2,401)
Interest	8,237	10,000	(1,763)
<b>Total Revenues</b>	<u>345,893</u>	<u>350,057</u>	<u>(4,164)</u>
<b>Expenditures</b>			
Economic Environment:			
Operating Expenditures	309,438	309,718	280
Debt Service	24,047	24,048	1
<b>(Total Expenditures)</b>	<u>(333,485)</u>	<u>(333,766)</u>	<u>281</u>
<b>Excess of Revenues Over Expenditures</b>	<u>12,408</u>	<u>16,291</u>	<u>(3,883)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	269,219	269,380	(161)
Transfers to Other Funds	(281,627)	(285,671)	4,044
<b>Total Other Financing (Uses)</b>	<u>(12,408)</u>	<u>(16,291)</u>	<u>3,883</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 161,289	\$ 163,509	\$ (2,220)
Miscellaneous Interest and Other	16,020	8,000	8,020
<b>Total Revenues</b>	<u>177,309</u>	<u>171,509</u>	<u>5,800</u>
<b>Expenditures</b>			
Economic Environment:			
Operating Expenditures	50,277	28,782	(21,495)
Capital Outlay	65,185	36,388	(28,797)
<b>(Total Expenditures)</b>	<u>(115,462)</u>	<u>(65,170)</u>	<u>(50,292)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>61,847</u>	<u>106,339</u>	<u>(44,492)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	129,100	0	129,100
Transfers to Other Funds	0	(106,339)	106,339
<b>Total Other Financing Sources (Uses)</b>	<u>129,100</u>	<u>(106,339)</u>	<u>235,439</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	190,947	0	190,947
<b>Fund Balance, Beginning of Year</b>	<u>278,180</u>	<u>0</u>	<u>(278,180)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 469,127</u>	<u>\$ 0</u>	<u>\$ 469,127</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, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 657,981	\$ 671,294	\$ (13,313)
Interest	33,799	18,000	15,799
<b>Total Revenues</b>	<u>691,780</u>	<u>689,294</u>	<u>2,486</u>
<b>Expenditures</b>			
Economic Environment:			
Operating Expenditures	6,358	771,068	764,710
Capital Outlay	28,201	650,000	621,799
<b>(Total Expenditures)</b>	<u>(34,559)</u>	<u>(1,421,068)</u>	<u>1,386,509</u>
<b>Excess of Revenues Over Expenditures</b>	<u>657,221</u>	<u>(731,774)</u>	<u>1,388,995</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	527,335	731,774	(204,439)
<b>Total Other Financing Sources (Uses)</b>	<u>527,335</u>	<u>731,774</u>	<u>(204,439)</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	1,184,556	0	1,184,556
<b>Fund Balance, Beginning of Year</b>	<u>665,389</u>	<u>0</u>	<u>(665,389)</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 1,849,945</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,849,945</u></u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**POLICE FORFEITURES FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Fines and Forfeitures	\$ 134,009	\$ 62,000	\$ 72,009
Miscellaneous:			
Interest	2,783		2,783
<b>Total Revenues</b>	<u>136,792</u>	<u>62,000</u>	<u>74,792</u>
<b>Expenditures</b>			
Public Safety:			
Operating Expenditures	52,054	63,390	11,336
Capital Outlay	19,625	29,400	9,775
<b>(Total Expenditures)</b>	<u>(71,679)</u>	<u>(92,790)</u>	<u>21,111</u>
<b>Excess of Revenues Over Expenditures</b>	<u>65,113</u>	<u>(30,790)</u>	<u>95,903</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	0	30,790	(30,790)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>30,790</u>	<u>(30,790)</u>
<b>Net Change in Fund Balances</b>	65,113	0	65,113
<b>Fund Balances, Beginning of Year</b>	<u>87,947</u>	<u>0</u>	<u>87,947</u>
<b>Fund Balances, End of Year</b>	<u>\$ 153,060</u>	<u>\$ 0</u>	<u>\$ 153,060</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**POLICE EDUCATION FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Fines and Forfeitures	\$ 9,364	\$ 17,000	\$ (7,636)
Miscellaneous:			
Interest	70		70
<b>Total Revenues</b>	<u>9,434</u>	<u>17,000</u>	<u>(7,566)</u>
<b>Expenditures</b>			
Public Safety:			
Operating Expenditures	3,071	0	(3,071)
Capital Outlay	0	17,000	17,000
<b>(Total Expenditures)</b>	<u>(3,071)</u>	<u>(17,000)</u>	<u>13,929</u>
<b>Excess of Revenues Over Expenditures</b>	<u>6,363</u>	<u>0</u>	<u>6,363</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	14,319	0	14,319
<b>Total Other Financing Sources (Uses)</b>	<u>14,319</u>	<u>0</u>	<u>14,319</u>
<b>Net Change in Fund Balances</b>	20,682	0	20,682
<b>Fund Balances, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u>\$ 20,682</u>	<u>\$ 0</u>	<u>\$ 20,682</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**DISCRETIONARY SALES TAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Taxes	\$ 1,623,034	\$ 1,820,176	\$ (197,142)
Interest	10,300		10,300
<b>Total Revenues</b>	<u>1,633,334</u>	<u>1,820,176</u>	<u>(186,842)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers to Other Funds	(1,916,659)	(1,820,176)	(96,483)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,916,659)</u>	<u>(1,820,176)</u>	<u>(96,483)</u>
<b>Net Change in Fund Balances</b>	(283,325)	0	(283,325)
<b>Fund Balances, Beginning of Year</b>	<u>581,930</u>	<u>0</u>	<u>(581,930)</u>
<b>Fund Balances, End of Year</b>	<u>\$ 298,605</u>	<u>\$ 0</u>	<u>\$ 298,605</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**POLICE IMPACT FEE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Impact Fees	\$ 106,865	\$ 100,000	\$ 6,865
Miscellaneous:			
Interest	4,265		4,265
<b>Total Revenues</b>	<u>111,130</u>	<u>100,000</u>	<u>11,130</u>
<b>Expenditures</b>			
Public Safety:			
Operating Expenditures	292,100	300,000	7,900
Capital Outlay		101,500	101,500
<b>(Total Expenditures)</b>	<u>(292,100)</u>	<u>(401,500)</u>	<u>109,400</u>
<b>(Deficiency) of Revenues (Under)</b>			
<b>Expenditures</b>	<u>(180,970)</u>	<u>(301,500)</u>	<u>120,530</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds		301,500	(301,500)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>301,500</u>	<u>(301,500)</u>
<b>Net Change in Fund Balances</b>	(180,970)	0	(180,970)
<b>Fund Balances, Beginning of Year</b>	<u>289,633</u>	<u>0</u>	<u>289,633</u>
<b>Fund Balances, End of Year</b>	<u>\$ 108,663</u>	<u>\$ 0</u>	<u>\$ 108,663</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FIRE IMPACT FEE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Impact Fees	\$ 96,114	\$ 100,000	\$ (3,886)
Miscellaneous:			
Interest	(1,837)	0	(1,837)
<b>Total Revenues</b>	<u>94,277</u>	<u>100,000</u>	<u>(5,723)</u>
<b>Expenditures</b>			
Capital Outlay	0	100,000	100,000
<b>(Total Expenditures)</b>	<u>0</u>	<u>(100,000)</u>	<u>100,000</u>
<b>Excess of Revenues Over Expenditures</b>	<u>94,277</u>	<u>0</u>	<u>94,277</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	94,277	0	94,277
<b>Fund Balances, Beginning of Year</b>	<u>(207,805)</u>	<u>0</u>	<u>(207,805)</u>
<b>Fund Balances, End of Year</b>	<u>\$ (113,528)</u>	<u>\$ 0</u>	<u>\$ (113,528)</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**RECREATION IMPACT FEE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Impact Fees	\$ 132,935	\$ 200,000	\$ (67,065)
Miscellaneous:			
Interest	9,681		9,681
<b>Total Revenues</b>	<u>142,616</u>	<u>200,000</u>	<u>(57,384)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers to Other Funds	(13,647)	(200,000)	186,353
<b>Total Other Financing Sources (Uses)</b>	<u>(13,647)</u>	<u>(200,000)</u>	<u>186,353</u>
<b>Net Change in Fund Balances</b>	128,969	0	128,969
<b>Fund Balances, Beginning of Year</b>	<u>311,299</u>	<u>0</u>	<u>311,299</u>
<b>Fund Balances, End of Year</b>	<u>\$ 440,268</u>	<u>\$ 0</u>	<u>\$ 440,268</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**BUILDING PERMITS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Licenses and Permits	\$ 638,431	\$ 893,578	\$ (255,147)
Intergovernmental	44,022		44,022
Miscellaneous:			
Interest	2,073		2,073
Other	4		4
<b>Total Revenues</b>	<u>684,530</u>	<u>893,578</u>	<u>(209,048)</u>
<b>Expenditures</b>			
Public Safety:			
Personal Services	516,266	635,455	119,189
Operating Expenditures	208,235	258,123	49,888
<b>(Total Expenditures)</b>	<u>(724,501)</u>	<u>(893,578)</u>	<u>169,077</u>
<b>(Deficiency) of Revenues (Under)</b>			
<b>Expenditures</b>	<u>(39,971)</u>	<u>0</u>	<u>(39,971)</u>
<b>Net Change in Fund Balances</b>	(39,971)	0	(39,971)
<b>Fund Balances, Beginning of Year</b>	<u>29,643</u>	<u>0</u>	<u>(29,643)</u>
<b>Fund Balances, End of Year</b>	<u>\$ (10,328)</u>	<u>\$ 0</u>	<u>\$ (10,328)</u>

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 0	\$ 0	\$ 0
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>			
Debt Service:			
Principal	485,000	485,000	0
Interest	1,126,035	1,140,700	14,665
<b>(Total Expenditures)</b>	<u>(1,611,035)</u>	<u>(1,625,700)</u>	<u>14,665</u>
<b>(Deficiency) of Revenues (Under)</b>			
<b>Expenditures</b>	<u>(1,611,035)</u>	<u>(1,625,700)</u>	<u>14,665</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	1,626,448	1,625,700	748
<b>Total Other Financing Sources (Uses)</b>	<u>1,626,448</u>	<u>1,625,700</u>	<u>748</u>
<b>Excess of Revenues and Other Financing</b>			
<b>Sources Over Expenditures and Other</b>			
<b>Financing Uses</b>	15,413	0	15,413
<b>Fund Balance, Beginning of Year</b>	<u>485,001</u>	<u>0</u>	<u>485,001</u>
<b>Fund Balance, End of Year</b>	<u>\$ 500,414</u>	<u>\$ 0</u>	<u>\$ 500,414</u>

**CITY OF LEESBURG, FLORIDA  
COMBINING BALANCE SHEET  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2008**

	<b>General Employees' Health Insurance</b>	<b>Workers' Compensation Insurance</b>	<b>Total</b>
	<hr/>	<hr/>	<hr/>
<b>Assets</b>			
Current Assets:			
Equity in Pooled Cash and Cash			
Equivalents	\$ 3,042,507	\$ 2,550,147	\$ 5,592,654
Miscellaneous Receivables	131,184	32,993	164,177
Total Current Assets	<hr/> 3,173,691	<hr/> 2,583,140	<hr/> 5,756,831
<b>Total Assets</b>	<hr/> 3,173,691	<hr/> 2,583,140	<hr/> 5,756,831
 <b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	312,327	7,224	319,551
Claims Payable	335,580	1,465,073	1,800,653
Total Current Liabilities	<hr/> 647,907	<hr/> 1,472,297	<hr/> 2,120,204
<b>Total Liabilities</b>	<hr/> 647,907	<hr/> 1,472,297	<hr/> 2,120,204
 <b>Net Assets</b>			
Unrestricted	<hr/> 2,525,784	<hr/> 1,110,843	<hr/> 3,636,627
<b>Total Net Assets</b>	<hr/> <hr/> \$ 2,525,784	<hr/> <hr/> \$ 1,110,843	<hr/> <hr/> \$ 3,636,627

**CITY OF LEESBURG, FLORIDA  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<b>General Employees' Health Insurance</b>	<b>Workers' Compensation Insurance</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for Services	\$ 3,672,151	\$ 474,377	\$ 4,146,528
<b>Total Operating Revenues</b>	<u>3,672,151</u>	<u>474,377</u>	<u>4,146,528</u>
<b>Operating Expenses</b>			
Claims Expense	3,287,518	992,455	4,279,973
Administrative Expenses	467,057	38,720	505,777
Insurance Premiums	305,689	111,294	416,983
<b>(Total Operating Expenses)</b>	<u>(4,060,264)</u>	<u>(1,142,469)</u>	<u>(5,202,733)</u>
<b>Operating Income</b>	<u>(388,113)</u>	<u>(668,092)</u>	<u>(1,056,205)</u>
<b>Nonoperating Revenues</b>			
Investment Income	83,725	63,307	147,032
Other Nonoperating Income	53,426		53,426
<b>Total Nonoperating Revenues</b>	<u>137,151</u>	<u>63,307</u>	<u>200,458</u>
<b>Income Before Operating Transfers</b>	<u>(250,962)</u>	<u>(604,785)</u>	<u>(855,747)</u>
<b>Net Operating Transfers to Other Funds</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Change in Net Assets</b>	(250,962)	(604,785)	(855,747)
<b>Total Net Assets, Beginning of Year</b>	<u>2,776,746</u>	<u>1,715,628</u>	<u>4,492,374</u>
<b>Total Net Assets, End of Year</b>	<u><u>\$ 2,525,784</u></u>	<u><u>\$ 1,110,843</u></u>	<u><u>\$ 3,636,627</u></u>

**CITY OF LEESBURG, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<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	\$ 3,646,412	\$ 473,787	\$ 4,120,199
Cash Paid to Suppliers for Goods and Services	(908,834)	(151,013)	(1,059,847)
Cash Paid for Insurance Claims	(3,386,785)	(449,983)	(3,836,768)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(649,207)</u>	<u>(127,209)</u>	<u>(776,416)</u>
<b>Cash Flows from Investing Activities</b>			
Investment Income	83,725	63,307	147,032
Other Nonoperating	53,426		53,426
<b>Net Cash Flows from Investing Activities</b>	<u>137,151</u>	<u>63,307</u>	<u>200,458</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(512,056)	(63,902)	(575,958)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,554,563</u>	<u>2,614,049</u>	<u>6,168,612</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 3,042,507</u>	<u>\$ 2,550,147</u>	<u>\$ 5,592,654</u>
<b><u>Reconciliation of Operating Income (Loss) to Cash Provided by (Used in) Operating Activities</u></b>			
Operating Income (Loss)	\$ (388,113)	\$ (668,092)	\$ (1,056,205)
Adjustment to Reconcile Operating Income to Cash Flows Provided by (Used in) Operating Activities:			
Decrease (Increase) in Miscellaneous Receivables	(25,739)	(590)	(26,329)
Increase (Decrease) in Accounts Payable	(136,088)	(999)	(137,087)
Increase (Decrease) in Claims Payable	(99,267)	542,472	443,205
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ (649,207)</u>	<u>\$ (127,209)</u>	<u>\$ (776,416)</u>

## **STATISTICAL SECTION**

(Unaudited)

Statistical schedules differ from financial statements because they usually cover more than one fiscal year and may present non-accounting 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 general purpose 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.

**CITY OF LEESBURG, FLORIDA  
STATISTICAL SECTION**

This part of the City of Leesburg, Florida'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.

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**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 No. 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 Five Years**

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

Note: This information is provided as part of the Financial Trend Data and should be presented in a ten year format. However, the City's base year for the new reporting model is fiscal year 2004.

**City of Leesburg, Florida**  
**Changes in Net Assets**  
**Last Five Years**  
(unaudited accrual basis of accounting)  
*page 1 of 2*

<b>Expenses</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Governmental activities:</b>					
General Government	\$ 1,079,476	\$ 4,614,037	\$ 5,329,210	\$ 4,224,359	\$ 6,738,686
Public Safety	10,293,509	11,410,642	13,093,923	14,771,631	17,945,406
Physical Environment	675,409	862,018	898,955	1,300,500	1,249,213
Transportation	2,313,918	2,603,092	2,984,493	3,780,654	3,753,138
Economic Environment	1,545,359	571,765	620,672	682,791	698,052
Human Services	82,899	53,288	36,350	51,666	72,602
Culture and Recreation	4,424,409	4,968,600	5,397,094	5,677,875	6,503,046
Interest on Long Term Debt	627,346	1,170,569	1,180,340	1,148,265	1,145,566
<b>Total governmental activities expenses</b>	<b>\$ 21,042,325</b>	<b>\$ 26,254,011</b>	<b>\$ 29,541,037</b>	<b>\$ 31,637,741</b>	<b>\$ 38,105,709</b>
<b>Business-type activities:</b>					
Electric	\$ 41,185,843.00	\$ 45,311,308.00	\$ 54,527,802.00	\$ 53,857,113.00	\$ 64,081,610.00
Gas	7,566,229	7,875,054	9,252,854	7,193,152	8,239,648
Water	3,876,184	3,898,107	4,271,287	5,743,068	5,847,250
Wastewater	5,606,459	5,973,024	6,491,042	7,187,653	7,639,188
Solid Waste	3,440,650	3,284,484	2,902,126	2,906,956	3,431,491
Communication Services	540,922	819,244	727,336	864,566	1,161,766
Interest on Long Term Debt	1,305,138	32,701	46,697	137,094	516,424
<b>Total business-type activities expenses</b>	<b>63,521,425</b>	<b>67,193,922</b>	<b>78,219,144</b>	<b>77,889,602</b>	<b>90,917,377</b>
<b>Total primary government expenses</b>	<b>\$ 84,563,750</b>	<b>\$ 93,447,933</b>	<b>\$ 107,760,181</b>	<b>\$ 109,527,343</b>	<b>\$ 129,023,086</b>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General Government	\$ 220,943	\$ 3,044,485	\$ 3,371,932	\$ 4,276,155	\$ 3,504,864
Public Safety	1,141,507	1,224,873	1,500,316	859,042	878,024
Physical Environment	-	702,768	969,353	1,250,789	1,524,355
Transportation	515,453	593,200	605,382	782,433	816,221
Economic Environment	736,092	-	-	-	-
Culture and Recreation	432,850	483,677	516,577	586,023	637,220
Operating grants and contributions	1,863,441	454,762	3,616,947	1,859,700	1,498,098
Capital grants and contributions	1,505,260	3,729,099	531,283	3,436,369	4,781,781
<b>Total governmental activities program revenues</b>	<b>\$ 6,415,546</b>	<b>\$ 10,232,864</b>	<b>\$ 11,111,790</b>	<b>\$ 13,050,511</b>	<b>\$ 13,640,563</b>

Note: This information is provided as part of the Financial Trend Data and should be presented in a ten year format. However, the City's base year for the new reporting model is fiscal year 2004.

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

	2004	2005	2006	2007	2008
<b>Program Revenues</b>					
Business-type activities:					
Charges for services:					
Electric	\$ 45,347,288	\$ 49,715,695	\$ 60,196,916	\$ 60,076,815	\$ 69,371,132
Gas	7,581,846	8,605,078	10,323,662	8,575,334	10,071,145
Water	4,444,273	4,401,492	5,565,429	7,383,047	6,995,658
Wastewater	5,835,638	7,079,097	7,908,315	9,157,128	9,630,106
Solid Waste	2,925,758	2,990,505	3,142,621	3,456,142	3,620,668
Communication Services	525,314	860,768	1,027,280	1,154,033	1,167,517
Housing	-	-	-	76,156	-
Operating grants and contributions	625,862	-	-	-	4,525
Capital grants and contributions	2,326,135	6,107,611	5,430,454	3,408,402	1,039,657
Total business-type activities program revenues	<u>69,612,114</u>	<u>79,760,246</u>	<u>93,594,677</u>	<u>93,287,057</u>	<u>101,900,408</u>
Total primary government program revenues	<u>\$ 76,027,660</u>	<u>\$ 89,993,110</u>	<u>\$ 104,706,467</u>	<u>\$ 106,337,568</u>	<u>\$ 115,540,971</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (14,626,779)	\$ (16,021,147)	\$ (18,429,247)	\$ (18,587,230)	\$ (24,465,146)
Business-type activities	6,090,689	12,566,324	15,375,533	15,397,455	10,983,031
Total primary government net expense	<u>\$ (8,536,090)</u>	<u>\$ (3,454,823)</u>	<u>\$ (3,053,714)</u>	<u>\$ (3,189,775)</u>	<u>\$ (13,482,115)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 3,534,345	\$ 3,871,712	\$ 4,465,410	\$ 5,686,325	\$ 6,058,634
Utility services tax	2,601,302	2,955,112	2,770,827	2,858,214	3,058,468
Other taxes	3,166,977	3,584,329	3,906,212	3,643,684	3,752,130
State shared revenues	1,298,657	1,670,268	1,778,692	1,713,188	1,648,419
County-shared Revenues	-	175,992	201,023	521,060	645,299
Investment income	214,666	613,132	730,163	345,542	444,303
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	(354,179)
Miscellaneous	1,133,608	167,286	(153,755)	500,550	227,263
Transfers from (to) other funds	7,496,300	11,544,586	7,537,834	8,936,226	8,632,823
Total governmental activities	<u>\$ 19,445,855</u>	<u>\$ 24,582,417</u>	<u>\$ 21,236,406</u>	<u>\$ 24,204,789</u>	<u>\$ 24,113,160</u>
Business-type activities:					
Investment income	\$ 788,042	\$ 391,921	\$ 578,497	\$ 844,203	\$ 982,710
Miscellaneous	375,494	606,572	163,239	97,866	1,957,195
Transfers from (to) other funds	(7,496,300)	(11,544,586)	(7,537,834)	(8,936,226)	(8,632,823)
Total business-type activities	<u>(6,332,764)</u>	<u>(10,546,093)</u>	<u>(6,796,098)</u>	<u>(7,994,157)</u>	<u>(5,692,918)</u>
Total primary government	<u>\$ 13,113,091</u>	<u>\$ 14,036,324</u>	<u>\$ 14,440,308</u>	<u>\$ 16,210,632</u>	<u>\$ 18,420,242</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 4,819,076	\$ 8,561,270	\$ 2,807,159	\$ 5,617,559	\$ (351,986)
Business-type activities	(242,075)	2,020,231	8,579,435	7,403,298	5,290,113
Adjustment	1,167,276	-	-	-	-
Total primary government	<u>\$ 6,911,553</u>	<u>\$ 10,581,501</u>	<u>\$ 11,386,594</u>	<u>\$ 13,020,857</u>	<u>\$ 4,938,127</u>

Note: This information is provided as part of the Financial Trend Data and should be presented in a ten year format. However, the City's base year for the new reporting model is fiscal year 2004.

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General fund</b>					
Reserved	\$ 290,728	\$ 773,874	\$ 1,569,642	\$ 586,207	\$ 1,043,782
Unreserved	6,573,937	6,249,790	4,104,481	3,278,639	2,978,290
<b>Total general fund</b>	<u>\$ 6,864,665</u>	<u>\$ 7,023,664</u>	<u>\$ 5,674,123</u>	<u>\$ 3,864,846</u>	<u>\$ 4,022,072</u>
<b>All other governmental funds</b>					
Reserved	\$ 17,118,320	\$ 17,058,067	\$ 9,211,368	\$ 2,963,875	\$ 1,902,657
Unreserved, reported in:					
Stormwater Fund	826,948	713,531	208,901	-	-
Redevelopment Fund	-	-	78,938	-	-
Special Revenue Funds	-	-	-	3,073,761	4,946,649
<b>Total all other governmental funds</b>	<u>\$ 17,945,268</u>	<u>\$ 17,771,598</u>	<u>\$ 9,499,207</u>	<u>\$ 6,037,636</u>	<u>\$ 6,849,306</u>

Notes: The increase in reserved fund balance of all other government funds in 2008 was due to the fiscal stewardship of the directors and their staff.

This information is provided as part of the Financial Trend Data and should be presented in a ten year format. However, the City base year for the new reporting model is fiscal year 2004.

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>					
Taxes	\$ 9,493,603	\$ 9,947,626	\$ 10,430,225	\$ 12,188,222	\$ 12,869,231
Licenses and permits	781,503	1,039,497	1,287,389	835,735	774,430
Intergovernmental	4,238,060	5,617,919	6,262,243	6,951,061	8,209,539
Charges for services	929,067	982,851	1,363,599	1,752,548	2,083,117
Fines and penalties	365,409	339,962	383,075	248,483	331,313
Impact fees	-	-	-	-	335,914
Interest	214,666	613,131	730,162	540,698	297,268
Miscellaneous	1,442,820	5,464,202	4,507,427	5,305,481	4,350,653
<b>Total revenues</b>	<u>\$ 17,465,128</u>	<u>\$ 24,005,188</u>	<u>\$ 24,964,120</u>	<u>\$ 27,822,228</u>	<u>\$ 29,251,465</u>
<b>Expenditures</b>					
General Government	\$ 1,045,098	\$ 2,393,514	\$ 3,192,720	\$ 1,828,424	\$ 3,496,612
Public Safety	10,298,327	11,641,923	12,802,000	14,734,007	15,021,295
Physical Environment	522,312	735,736	945,226	911,501	758,074
Transportation	998,659	1,144,742	1,532,023	1,959,937	1,853,750
Economic Environment	1,531,072	544,294	588,368	655,320	639,294
Human Services	45,518	53,288	36,861	51,666	66,475
Culture and Recreation	4,077,320	4,525,265	4,976,305	5,278,244	5,187,536
Capital Outlay	5,416,617	9,855,458	16,700,042	15,171,230	8,319,179
Debt Service:					
Principal payments	204,088	239,846	170,000	546,486	596,540
Interest and fees	627,346	1,170,569	1,180,340	1,148,265	1,133,566
<b>Total expenditures</b>	<u>\$ 24,766,357</u>	<u>\$ 32,304,635</u>	<u>\$ 42,123,885</u>	<u>\$ 42,285,080</u>	<u>\$ 37,072,321</u>
<b>Excess of revenues (under) over expenditures</b>	<u>\$ (7,301,229)</u>	<u>\$ (8,299,447)</u>	<u>\$ (17,159,765)</u>	<u>\$ (14,462,852)</u>	<u>\$ (7,820,856)</u>
<b>Other Financing Sources (Uses)</b>					
Capital Contributions/Impact Fees	\$ -	\$ -	\$ -	\$ 255,791	\$ 156,929
Transfers in	8,286,608	8,756,309	7,903,521	13,647,670	12,189,197
Transfers out	(790,308)	(471,532)	(365,687)	(4,711,446)	(3,556,374)
Bonds 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>\$ 9,192,015</u>	<u>\$ 8,789,752</u>
<b>Net change in fund balances</b>	<u>\$ 17,350,052</u>	<u>\$ (14,670)</u>	<u>\$ (9,621,931)</u>	<u>\$ (5,270,837)</u>	<u>\$ 968,896</u>
<b>Debt service as a percentage of noncapital expenditures</b>	4.3%	6.3%	5.3%	6.3%	6.0%

Note: This information is provided as part of the Financial Trend Data and should be presented in a ten year format. However, the City's base year for the new reporting model is fiscal year 2004.

**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:		Net Taxable Assessed Value	Total Direct Tax Rate
				Real	Personal		
1999	\$ 610,711,999	\$ 213,573,762	\$ 417,391	\$ 184,938,530	\$ 49,239,968	\$ 590,524,654	4.50
2000	644,575,304	239,027,959	321,959	200,427,103	84,022,857	599,475,262	4.50
2001	689,086,977	232,285,508	332,879	204,538,253	75,293,428	641,873,683	4.50
2002	715,445,919	231,355,431	369,119	206,877,608	71,494,826	668,798,035	4.50
2003	754,313,985	243,968,265	328,106	219,112,625	94,724,286	684,773,445	4.50
2004	875,334,295	225,356,519	336,057	230,212,863	52,179,737	818,634,271	4.50
2005	953,323,403	272,462,933	349,621	251,575,429	83,290,269	891,270,259	4.50
2006	1,084,329,142	324,381,497	408,548	266,752,420	126,674,899	1,015,691,868	4.50
2007	1,425,384,915	337,206,689	519,776	321,177,532	124,925,272	1,317,008,576	4.50
2008	1,688,428,580	372,375,507	553,180	335,529,839	128,329,323	1,597,498,105	4.25

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

<sup>2</sup> Except for the Save Our Homes cap noted below, Florida State Law requires all property to be assessed at current fair market value. The Save Our Homes cap, provides that property qualifying for, and receiving, homestead exemption is assessed at the lower of the annual percentage change in the Consumer Price Index or 3% of the previous year's assessment.

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

<sup>3</sup> Centrally assessed property consists of railroad and telegraph systems which are assessed by the State of Florida.

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>
1999	4.500	9.190	4.733	0.268	1.000	0.384	0.482	20.557
2000	4.500	8.742	4.733	0.316	1.000	0.500	0.482	20.273
2001	4.500	8.495	5.117	0.550	1.000	0.500	0.472	20.634
2002	4.500	8.202	5.117	0.529	1.000	0.500	0.462	20.310
2003	4.500	8.395	5.917	0.529	1.000	0.482	0.462	21.285
2004	4.500	8.440	5.917	0.529	1.000	0.408	0.462	21.256
2005	4.500	7.990	5.817	0.529	1.000	0.383	0.462	20.681
2006	4.500	7.981	5.797	0.529	1.000	0.337	0.462	20.606
2007	4.500	7.648	5.947	0.529	1.000	0.253	0.462	20.339
2008	4.250	7.698	4.741	0.465	1.000	0.213	0.416	18.783

Source: Lake County Property Appraiser

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

Taxpayer	2008			1999		
	2007 Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	1998 taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Cutrale Citrus Juices, U.S.A., Inc.	\$ 45,551,972	1	2.85%	\$ 43,981,739	1	7.45%
First Berkshire Business Trust	36,896,329	2	2.31%			
Sprint	34,878,963	3	2.18%	42,295,212	2	7.16%
SDG Macerich Properties LP	27,498,680	4	1.72%			
Lake Port Properties	22,770,894	5	1.43%	26,902,640	3	4.56%
Villages Equipment Company	20,783,600	6	1.30%			
CHPC Leesburg LTD	10,520,112	7	0.66%			
Lowe's Home Centers, Inc.	10,454,324	8	0.65%	9,765,171	4	1.65%
Wal-Mart Stores Inc #01-0800	9,097,677	9	0.57%			
Shoppes of Lake Village,LTD	8,510,848	10	0.53%			
Colonial Bank				7,976,535	5	1.35%
Huntington Banks				4,700,361	6	0.80%
Bulldog Investments, Inc.				3,986,719	7	0.68%
Horne Properties, Inc.				3,755,800	8	0.64%
Buffalo-Gateway Business Trust				3,698,203	9	0.63%
Leesburg Associates				3,647,851	10	0.62%
Total	<u>\$ 226,963,399</u>		<u>10.40%</u>	<u>\$ 150,710,231</u>		

Note: Taxable Values (Florida Statutes Section 193.011 ) are as of January 1, 1997 and 2006, and represent total property values including real property, personal property and centrally assessed property.

Source: Lake County Property Appraiser

**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		Collections for Previous Years of Levy	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 2,657,361	\$ 2,426,663	91.32%	\$ 232,817	\$ 2,659,480	100.08%
2000	2,697,639	2,605,488	96.58%	7,935	2,613,423	96.88%
2001	2,888,432	2,772,878	96.00%	16,364	2,789,242	96.57%
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>1</sup>	6,058,634	89.24%

Note: <sup>1</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.

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>
1999	\$ 2,659,480	\$ 653,812	\$ 1,107,662	\$ 139,443	\$ -	\$ -	\$ 4,560,397
2000	2,613,423	646,428	1,215,514	145,951	951,650	-	5,572,966
2001	2,789,242	668,357	1,210,133	123,115	1,813,930	-	6,604,777
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

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

		<b>HISTORICAL REVENUES</b>			
<b>Year</b>	<b>Taxable Values</b>	<b>Lake County</b>			
		<b>Lake County</b>	<b>Ambulance</b>	<b>Water Authority</b>	<b>Leesburg</b>
1995	\$ 86,757,505	\$ -	\$ -	\$ -	\$ -
1996	99,552,832	59,672	1,921	4,665	54,700
1997	104,410,771	79,375	2,650	6,437	75,468
1998	104,857,826	81,385	4,608	6,600	77,379
1999	99,848,362	58,861	3,930	6,218	55,963
2000	107,065,856	98,722	10,611	9,646	86,818
2001	106,970,887	98,260	10,156	9,601	86,412
2002	107,435,264	116,233	10,390	9,466	88,397
2003	112,950,832	147,237	13,161	10,153	111,976
2004	117,630,226	170,607	15,512	11,236	131,981
2005	124,303,137	206,769	18,865	12,020	160,508
2006	139,749,128	289,316	26,626	12,737	226,539
2007	152,321,905	295,299	29,052	13,305	269,219
2008	156,159,630	306,656	30,753	14,084	285,507

**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 1995 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.

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

Year	Taxable Values	HISTORICAL REVENUES			
		Lake County	Ambulance	Lake County Water Authority	Leesburg
2001	\$ 57,980,259	\$ -	\$ -	\$ -	\$ -
2002	58,561,002	3,264	292	266	2,483
2003	60,314,527	13,121	1,173	905	9,979
2004	58,243,566	1,455	132	96	1,126
2005	63,884,250	32,514	2,966	1,890	25,240
2006	77,776,543	108,081	9,947	4,758	84,629
2007	89,281,278	140,978	13,931	6,380	129,100
2008	96,310,253	169,363	17,027	7,798	158,077

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.

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

Year	Taxable Values	HISTORICAL REVENUES			
		Lake County	Ambulance	Lake County Water Authority	Leesburg
2005	\$ 321,149,351	\$ -	\$ -	\$ -	\$ -
2006	417,811,099	357,913	32,939	15,756	280,252
2007	479,923,989	575,014	56,906	26,061	527,335
2008	482,782,230	576,740	58,068	26,593	539,090

**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 2005 with an assessed taxable value of \$321,149,351. The agency generates a majority of its annual income from tax increment revenues and will expire in 2035.

**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	Utility System Revenue Bonds	Notes Payable			
1999	\$ 7,345,000	\$ 245,607	\$ 29,930,912	\$ 795,000	\$ 38,316,519	10.34%	\$ 23,714
2000	7,345,000	234,182	26,544,487	-	34,123,669	8.69%	24,607
2001	7,290,000	222,142	26,129,529	-	33,641,671	8.35%	25,140
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	85,355,000	13,041,000	121,308,646	19.45%	31,044

Notes: Details regarding the City's outstanding debt can be found in the notes to the 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			\$ 22,912,646
<u>Overlapping Debt</u>			
Lake County Board of County Commissioners	\$ 32,310,000	7.17%	2,316,560
School Board of Lake County	\$ 14,222,430	7.17%	<u>1,019,719</u>
Subtotal - Overlapping Debt			<u>3,336,279</u>
Total Direct and Overlapping Debt			<u>\$ 26,248,925</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 Board

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

The City of Leesburg has no general obligation debt outstanding as of September 30, 2008.

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.

**City of Leesburg, Florida**  
**Debt Service Coverage**  
**Capital Improvement Revenue Bonds**  
**Series 1999 Last Nine Fiscal Years**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Half-Cent Sales Tax	\$ 728,963	\$ 737,543	\$ 797,754	\$ 822,027	\$ 919,290
Guaranteed Entitlement	<u>309,234</u>	<u>309,234</u>	<u>309,234</u>	<u>309,234</u>	<u>309,234</u>
Net Revenues Available	1,038,197	1,046,777	1,106,988	1,131,261	1,228,524
Debt Service on 1999 Bonds	\$ 385,813	\$ 438,805	\$ 499,005	\$ 498,880	\$ 498,420
Debt Service Coverage	2.69	2.39	2.22	2.27	2.46
1999 Senior Lien Bonds					
Required Minimum Coverage <sup>1</sup>	1.30	1.30	1.30	1.30	1.30
Net Revenues Available after Debt Service on 1999 Bonds					\$ 730,104
Plus Public Service Tax					<u>2,601,301</u>
Net Revenues Available					3,331,405
Debt Service on Series 2004 Bonds					\$ 126,286
Debt Service Coverage on Series 2004 Bonds					26.38
Required Minimum Coverage <sup>1</sup>					1.30

**Notes: Definitions**

Gross Sales Tax Revenues are defined pursuant to Resolution 5725 adopted August 12, 1999 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 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.

Miscellaneous Revenues includes interest earnings and other miscellaneous revenues in the debt service fund.

<sup>1</sup> 1.30X Debt Service Coverage is not a Rate Covenant, rather an Additional Bonds Test Requirement.

**City of Leesburg, Florida**  
**Debt Service Coverage**  
**Capital Improvement Revenue Bonds**  
**Series 1999 Last Nine Fiscal Years**  
**Series 2004 Last Five Fiscal Years**  
**Series 2006 (Kristen Ct.) Last Two Fiscal Years**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Half-Cent Sales Tax	\$ 997,079	\$ 1,093,773	\$ 1,001,858	\$ 964,117
Guaranteed Entitlement	309,234	309,234	309,234	309,234
Net Revenues Available	1,306,313	1,403,007	1,311,092	1,273,351
Debt Service on 1999 Bonds	\$ 497,615	\$ 496,315	\$ 494,645	\$ 497,476
Debt Service Coverage	2.63	2.83	2.65	2.56
1999 Senior Lien Bonds				
Required Minimum Coverage <sup>1</sup>	1.30	1.30	1.30	1.30
Net Revenues Available after				
Debt Service on 1999 Bonds	\$ 808,698	\$ 906,692	\$ 816,447	\$ 775,875
Plus Public Service Tax	2,955,112	2,770,827	2,858,214	3,058,468
Net Revenues Available	3,763,810	3,677,519	3,674,661	3,834,343
Debt Service-Series 2004 Bonds	\$ 797,595	\$ 797,595	\$ 1,114,470	\$ 1,111,220
Debt Service Coverage on	4.72	4.61	3.30	3.45
Series 2004 Bonds				
Required Minimum Coverage <sup>1</sup>	1.30	1.30	1.30	1.30
Half-Cent Sales Tax, Guaranteed				
Entitlement and Public Service				
Tax Less Debt Service on 1999			\$ 2,560,191	\$ 2,723,123
and 2004 Bonds				
Debt Service on Series 2006 BANs			\$ 190,810	\$ 321,131
Debt Service Coverage on Series 2006 BAN			13.42	8.48

**Notes: Definitions**

Resolution 7162 adopted July 12, 2004, the City authorized the issuance of the Capital Improvement Revenue Bonds Series 2004, pledging the net available revenues after considering the Series 1999 Bonds. In addition, Public Service Tax revenues were pledged to cover the Series 2004 Bonds.

Resolution 7784 and 7785 adopted October 9, 2006, the City authorized the issuance of the Capital Improvement Bond Anticipation Note, Series 2006, pledging the net available revenues after considering the Series 1999 Bonds and the 2004 Bonds.

<sup>1</sup> 1.30X Debt Service Coverage is not a Rate Covenant, rather an Additional Bonds Test Requirement.

**City of Leesburg, Florida**  
**Electric System Revenue Bonds**  
**Series 2004, 2007A & 2007B**  
**Last Five Fiscal Years**

	2004	2005	2006	2007	2008
Gross Revenues	\$ 46,078,668	\$ 50,303,504	\$ 60,688,045	\$ 60,862,278	\$ 70,302,636
Less Operation and Maintenance Expenses	<u>38,455,991</u>	<u>42,428,223</u>	<u>52,210,890</u>	<u>51,342,881</u>	<u>56,098,520</u>
Net Revenues Available	\$ 7,622,677	\$ 7,875,281	\$ 8,477,155	9,519,397	14,204,116
Debt Service on 2004 Bonds <sup>1</sup>				\$ 779,813	\$ 1,095,875
Debt Service on 2007A Bonds <sup>2</sup>					
Debt Service on 2007B Bonds <sup>2</sup>					
Debt Service Coverage 2004, 2007A&B Bonds <sup>1</sup>				12.21	12.96
Required Minimum Coverage				1.25	1.25
Total Net Revenues less 2004, 2007A and 2007B Bonds		<u>\$ 7,875,281</u>	<u>\$ 8,477,155</u>	<u>\$ 8,739,585</u>	<u>\$ 13,108,241</u>
FMPA Loan Debt Service		(32,554)	(106,469)	(112,640)	(96,784)
Transfer from Communications Fund		<u>32,554</u>	<u>106,469</u>	<u>112,640</u>	<u>96,784</u>
Net Revenues after Debt		\$ 7,875,281	\$ 8,477,155	\$ 8,739,585	\$ 13,108,241
Debt Service Coverage FMPA Loan <sup>3</sup>		NA	NA	12.21	12.96

**Notes: Definitions**

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.

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.

**Series 2004**

<sup>1</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.

**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>2</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.

**FMPA Pooled Loan**

Resolution 7175 adopted August 9, 2004, the City authorized Florida Municipal Power Agency (FMPA) as agent for the initial pooled loan project of \$1,300,000 for construction and implementation of approximately 42 miles of fiber optic to the communication infrastructure in various locations throughout Leesburg and Lake County, Florida. All of the obligations of the City under the Loan Agreement are hereby designated as "Subordinate Debt" for all purposes under the Bond Resolution.

<sup>3</sup> Regarding Electric System, the Communications Enterprise Fund is paying the debt service. Evidence of loan payment can be seen on the Statement of Cash Flows from Capital and Related Financing Activities as Interest Paid on Revenue Bonds and Customer Deposits and Principal paid on Capital Debt for Communication Services.

**City of Leesburg, Florida**  
**Pledged Revenue Coverage**  
**Utility System Revenue Bonds**  
**Series 2004, 2007A & 2007B**  
**Last Five Fiscal Years**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Gross Revenues	\$ 18,357,691	\$ 20,390,719	\$ 24,260,195	\$ 25,959,785	\$ 26,425,520
Less Expenses	<u>14,912,625</u>	<u>15,811,099</u>	<u>18,265,045</u>	<u>17,799,914</u>	<u>16,841,023</u>
Net Revenues Available	\$ 3,445,066	\$ 4,579,620	\$ 5,995,150	\$ 8,159,871	\$ 9,584,497
Debt Service on 2004 Bonds <sup>1</sup>				\$ 1,075,151	\$ 1,507,914
Debt Service on 2007A Bonds <sup>2</sup>					
Debt Service on 2007B Bonds <sup>2</sup>					
Plus Capacity Charges				\$ 2,636,498	
Debt Service Coverage 2004, 2007A and B Bonds				10.04	6.36
Required Minimum Coverage				1.15	1.15

**Notes:**

**Definitions**

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.

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

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

**Series 2004**

<sup>1</sup> First three years of payments for these bonds are interest only. Payments began on October 2004 and are due semiannually 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.

**Series 2007A & 2007B**

Resolution 7965 adopted July 23, 2007, the City amended Resolution 7143 for the purpose of 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>2</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

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

Year	Population <sup>1</sup>	Personal Income (thousands of dollars) <sup>1,2</sup>	Per Capita Personal Income <sup>2</sup>	Median Age <sup>4</sup>	Unemployment Rate <sup>4</sup>		
					Lake County	Florida	United States <sup>5</sup>
1999	15,624	\$ 370,508	\$ 23,714	47.0	2.5%	3.9%	4.2%
2000	15,956	392,629	24,607	45.1	2.5%	3.6%	4.0%
2001	16,033	403,070	25,140	45.7	3.4%	3.4%	4.8%
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%

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

<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.

<sup>3</sup> U. S. Census Bureau (<http://factfinder.census.gov>)

<sup>4</sup> State of Florida, Department of Labor and Employment Security, Bureau of Labor Market Information (<http://fred/labormarketinfo.com>).

<sup>5</sup> U.S. Department of Labor, Bureau of Labor Statistics (<http://data.bls.gov>)

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

<b>Employer</b>	<b>2008</b>			<b>2000</b>		
	<b>Employees</b>	<b>City Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>City Rank</b>	<b>Percentage of Total County Employment</b>
Leesburg Regional Medical Center	2,132	1	1.57%	1,300	1	1.39%
Lake Sumter Community College	739	2	0.54%	260	9	0.19%
Lake County School Board	708	3	0.52%	524	4	0.39%
Lifestream Behavioral Center	614	4	0.45%	400	7	0.29%
City of Leesburg	557	5	0.41%	424	6	0.31%
Embarq Florida Inc	479	6	0.35%	650	2	0.48%
Publix	411	7	0.30%			
Lake Port Properties	400	8	0.29%	430	5	0.32%
Wal-Mart Stores, Inc	399	9	0.29%			
Cutrale Citrus Juices, USA, Inc.	300	10	0.22%	245	10	0.18%
Lake-Sumter EMS						
Florida Crushed Stone				600	3	0.44%
Home Depot, Inc.				262	8	0.19%
<b>Total</b>	<b>6,739</b>		<b>4.97%</b>	<b>4,233</b>		<b>3.56%</b>
Lake County Labor Force	135,642			93,300		

**Note:** The comparison year used is only 8 years ago because this was the first year this information was recorded in City of Leesburg Comprehensive Financial Annual Report

**Source:** Labor Force data obtained from Florida Labor Market Statistics, [www.fred.labormarketinfo.com](http://www.fred.labormarketinfo.com)

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

<b>Function</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</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	7.00	7.00	7.00	8.00	5.00
Finance	39.00	39.00	41.00	41.00	43.00	44.00	43.00	47.00	51.50	50.00
Human Resources	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.50	6.00
MIS	7.00	7.00	8.00	8.00	10.00	11.00	14.00	12.00	12.00	12.00
<b>Police</b>										
Officers	58.75	61.10	62.10	62.10	66.25	72.25	73.25	77.25	76.75	72.00
Civilians	20.75	20.75	24.75	24.75	25.75	25.75	25.75	26.00	30.00	34.25
<b>Fire</b>										
Firefighters and officers	36.00	36.00	36.00	36.00	37.00	43.00	49.00	56.00	68.00	66.00
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	9.00	8.00	7.00	7.00	7.34	8.34	8.50	12.00	13.00	7.00
Other	21.25	23.75	27.50	20.50	16.00	18.00	20.50	25.00	26.00	16.10
<b>Planning &amp; Zoning</b>	9.25	9.25	12.00	12.00	11.66	11.66	14.00	18.00	20.00	5.50
<b>Housing &amp; Economic Development</b>	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	5.00	3.00
<b>Library</b>	22.30	22.30	22.30	22.30	23.00	23.00	23.80	28.25	28.75	22.00
<b>Recreation</b>	40.25	38.75	39.75	39.75	43.75	43.65	45.65	51.00	56.50	52.00
<b>Airport</b>						1.00	1.00	1.00	1.00	1.00
<b>Subtotal for Governmental Funds</b>	<b>284.55</b>	<b>286.90</b>	<b>301.40</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>Electric</b>	52.00	53.00	55.00	55.00	53.50	47.50	49.50	49.50	55.00	50.00
<b>Gas</b>	12.67	12.92	16.00	16.00	16.50	17.50	22.50	22.50	21.00	19.00
<b>Water</b>	17.66	18.41	22.50	22.50	23.59	27.00	28.50	30.50	30.50	34.50
<b>Wastewater</b>	25.67	31.67	37.50	37.50	38.91	37.00	38.00	41.50	43.50	46.50
<b>Stormwater</b>	6.00	6.00	6.50	6.50	5.50	4.00	4.00	4.00	4.00	4.00
<b>Communication</b>						2.00	3.00	5.00	5.00	5.00
<b>Solid Waste</b>	16.50	17.00	19.00	19.00	19.00	19.00	18.00	18.00	19.00	19.90
<b>Carver Heights CRA</b>										1.00
<b>Building Permits</b>									9.50	6.50
<b>Subtotal for Business Type Funds</b>	<b>130.50</b>	<b>139.00</b>	<b>156.50</b>	<b>156.50</b>	<b>157.00</b>	<b>150.00</b>	<b>163.50</b>	<b>171.00</b>	<b>178.00</b>	<b>186.40</b>
<b>Total</b>	<b>415.05</b>	<b>425.90</b>	<b>457.90</b>	<b>450.90</b>	<b>462.75</b>	<b>476.65</b>	<b>504.95</b>	<b>547.50</b>	<b>587.00</b>	<b>544.25</b>

Source: City Annual Budget

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

<b>Function</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Police</b>										
Responses to calls for service	38,637	40,283	41,000	39,560	41,534	44,060	54,659	52,061	50,893	47,078
Part I crimes	2,613	1,482	1,500	1,363	1,236	1,365	1,563	1,532	1,429	1,565
Traffic crashes & citations	8,314	8,898	9,070	6,890	8,130	7,491	10,844	8,356	6,553	6,567
<b>Fire</b>										
Emergency responses	3,329	4,300	4,900	5,182	4,669	4,230	4,440	4,693	5,264	5,831
Inspections	403	404	810	1,822	1,805	1,900	1,351	1,278	1,392	1,344
Pre-fire plans	N/A	N/A	N/A	311	254	164	578	455	468	306
<b>Solid Waste</b>										
Residential tons taken to incinerator	5,162	5,000	5,200	5,672	6,000	6,108	1,832	7,730	8,167	8,167
Residential tons of recyclables	1,305	1,500	812	416	400	486	101	406	402	402
Hand commercial collected	907	1,031	1,149	1,126	608	786	164	763	784	784
Commercial dumpster collected	7,601	8,485	8,762	9,541	7,693	9,840	2,865	11,729	11,293	11,293
Commercial tons of recyclables	146	175	200	160	99	123	N/A	N/A	N/A	N/A
<b>Fleet Maintenance</b>										
Vehicles owned by the City	N/A	N/A	N/A	610	644	625	673	655	696	584
Percent maintained by Fleet	N/A	N/A	N/A	53%	90%	100%	100%	100%	100%	100%
Preventive maintenance complete	N/A	N/A	N/A	302	640	710	550	656	675	557
<b>Community Development</b>										
Building permits issued within the City	344	1,537	430	311	406	2,122	3,666	4,599	2,878	2,238
Construction value of permits (thousands)	N/A	\$ 41,483	\$ 39,185	\$ 43,973	\$ 23,483	\$ 42,477	\$ 135,535	\$ 162,042	\$ 86,858	\$ 82,479
<b>Culture and Recreation</b>										
Youth programs	95	93	97	72	83	85	54	144	131	166
Number of bookings at rental facilities	628	650	582	539	501	608	829	760	6,935	6,331
Total service hours	1,884	1,950	2,000	1,469	1,645	1,298	N/A	2,786	22,101	27,035
Participants using the pools	10,750	10,750	10,700	7,029	8,082	11,360	10,137	16,525	23,633	12,818
Library service hours	3,360	3,360	3,360	3,350	3,390	3,292	3,346	3,482	3,270	3,296
Circulation - adults	224,756	201,838	201,706	216,761	224,067	250,516	258,695	252,150	265,918	273,159
Circulation - juvenile	43,424	40,879	33,286	32,840	31,222	34,416	59,367	68,984	77,636	83,589
Internet use	16,593	20,071	21,636	15,929	34,146	33,198	34,985	44,264	65,210	138,985
<b>Electric</b>										
Number of residential customers	14,930	15,125	15,336	15,551	15,801	16,425	17,013	17,439	17,841	17,732
Average daily consumption (KWh)	34.60	34.73	35.37	34.00	36.67	33.70	35.23	36.14	33.86	33.11
<b>Gas</b>										
Number of residential customers	7,690	7,838	8,047	8,186	8,421	8,845	9,130	9,607	10,116	11,300
Average daily consumption (therms)	0.60	0.67	0.77	0.60	0.73	0.67	0.63	0.58	0.53	0.43
<b>Water</b>										
Number of residential customers	8,645	8,901	9,163	9,372	9,633	10,056	10,491	14,504	15,426	13,885
Average daily consumption (gallons)	365.99	372.60	332.83	310.33	284.38	311.65	293.68	286.18	322.30	478.44
<b>Wastewater</b>										
Number of residential customers	N/A	N/A	N/A	9,357	9,609	10,185	10,618	14,051	15,515	12,861
Average daily sewage treatment (gallons)	N/A	N/A	N/A	177.34	196.30	210.97	232.13	207.89	318.44	207.39

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.

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

<b>Function</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Public Safety</b>										
Police stations	2	2	2	2	1	1	1	1	1	1
Fire stations	2	2	2	2	3	3	3	4	4	4
<b>Solid Waste</b>										
Collection trucks	15	17	20	24	22	24	23	21	23	23
Annexation Acres	496.19	193.30	3,720.96	126.22	1,025.04	125.49	1,005.12	1,704.21	2,374.07	271.04
<b>Corporate Limits:</b>										
Acres	13,816.99	14,010.29	17,731.25	17,857.47	18,882.51	19,008.00	20,013.12	21,717.33	24,371.00	24,642
Square Miles	21.59	21.89	27.71	27.90	29.50	29.70	31.26	33.78	38.08	38.50
<b>Streets</b>										
Paved (miles)	80.7	80.7	80.9	80.9	84.1	84.1	79.0	79.0	79	79
Unpaved (miles)	3.2	3.2	3.2	3.2	3.2	3.2	1.7	1.7	1.7	1.7
<b>Culture and Recreation</b>										
Rental facilities	3	3	3	3	3	3	6	6	224	225
Museum	N/A	N/A	1	1	1	1	1	1	1	1
Parks facilities managed	10	10	10	10	22	22	50	50	22	23
Parks acreage	226	226	226	226	280	280	290	290	300	300
Library facilities	1	1	1	1	1	1	1	1	1	1
Volumes in collection	124,325	129,535	174,607	170,427	114,492	133,604	139,394	140,990	132,914	128,849
<b>Electric</b>										
Primary electric lines within the city (miles)	358	358	365	371	376	382	389	392	392	392
Overhead conductor replaced (feet)	N/A	N/A	N/A	38,769	35,000	12,769	20,825	N/A	1,000	41,392
Underground primary conductor replaced (feet)	N/A	N/A	N/A	22,000	33,000	270	16,450	37,500	3,000	25,519
<b>Gas</b>										
Gas mains	200	205	205	211	218	226	227	236	237	238
Gate stations	2	2	2	2	2	2	2	2	2	2
<b>Water</b>										
Water mains (miles)	215	332	332	332	325	325	255	295	350	302
Maximum capacity (millions of gallons)	N/A	3.5	7.5	7.9	9.1	9.1	9.1	28.0	28	28
Deep wells	N/A	14	15	15	15	17	17	20	21	21
<b>Wastewater</b>										
Sewers force mains (miles)	100	101	103	103	103	103	61	63	77	81
Sewers gravity lines (miles)	65	70	70	70	70	116	130	133	165	169
Lift stations	N/A	97	100	100	102	110	114	124	146	173
Disposal plants	1	2	2	2	2	2	2	2	2	3
Maximum capacity (millions of gallons per day)	3,000	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,870
<b>Communication</b>										
Fiber optics cable (miles)	N/A	N/A	38	50	70	140	158	166	169	171

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

## **OTHER REPORTS SECTION**

This section contains the following subsections:

- ◆ Schedule of Expenditures of Federal Awards
  
- ◆ Schedule of Expenditures of State Financial Assistance
  
- ◆ Independent Auditors' Reports

**SINGLE AUDIT REPORTS  
AND  
MANAGEMENT LETTER  
CITY OF LEESBURG, FLORIDA  
SEPTEMBER 30, 2008**

**SINGLE AUDIT REPORTS  
AND  
MANAGEMENT LETTER  
CITY OF LEESBURG, FLORIDA  
SEPTEMBER 30, 2008**

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**CITY OF LEESBURG, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Grant Number</b>	<b>CFDA Number</b>	<b>Program or Award Amount</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>				
Direct:				
City Hall Annex (Business Incubator)		10.769	\$ 565,000	\$ 98,184
<b>U.S. Department of Justice</b>				
Direct:				
Bulletproof Vest Partnership 2005		16.607	12,484	1,930
Byrne Grant - JAG	2007-DJ-BX-1131	16.738	25,526	25,526
Indirect:				
Passed Through State of Florida Department of Law Enforcement:				
Byrne Grant - JAG	2008-JAGC-LAKE-2-Q9-184	16.738	17,456	17,456
Subtotal Expenditures - CFDA No. 16.738			42,982	42,982
<b>Total U.S. Department of Justice</b>			55,466	44,912
<b>U.S. Department of Labor</b>				
Indirect:				
Passed Through Workforce Central Florida:				
WIA Adult Program	236	17.258	8,975	2,961
WIA Adult Program	320	17.258	5,575	4,435
WIA Adult Program	320-1	17.258	6,165	5,696
WIA Adult Program	279	17.258	4,525	4,525
Subtotal Expenditures - CFDA No. 17.258			25,240	17,617
<b>Total U.S. Department of Labor</b>			25,240	17,617
<b>U.S. Department of Transportation</b>				
Direct:				
Extend Runway 13/31 - Phase One Design	3-12-0042-014-2006	20.106	675,435	160,751
Extend Runway 13/31 - Phase One Land Mitigation	3-12-0042-016-2007	20.106	467,918	32,381
Extend Runway 13/31 - Phase One Construction	3-12-0042-015-2007	20.106	2,882,304	2,882,304
Subtotal Expenditures - CFDA No. 20.106			4,025,657	3,075,436
<b>Total U.S. Department of Transportation</b>			4,025,657	3,075,436

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**  
*(Concluded)*

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Homeland Security</b>				
Indirect:				
Passed Through Florida Department of Financial Services:				
SAFER Fire Grant	EMW-2005-FF-01331	97.083	\$ 1,200,000	\$ 300,389
<b>U.S. Department of EPA</b>				
Indirect:				
Passed Through State of Florida Department of Environmental Protection:				
Venetian Gardens Stormwater	G0210	66.460	72,366	47,921
<b>Total Expenditures of Federal Awards</b>			<u>\$ 5,943,729</u>	<u>\$ 3,584,459</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*.

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<u>State Grantor/Program Title</u>	<u>Grant Number</u>	<u>CSFA Number</u>	<u>Program or Award Amount</u>	<u>State Expenditures</u>
<b>Florida Department of Environmental Protection</b>				
Direct:				
Fountain Lake Trail	F08031	37.017	\$ 200,000	\$ 10,361
<b>Florida Department of Health</b>				
Direct:				
EMS Computer Aided Dispatch Equipment	M7032	64.003	60,750	6,559
Indirect:				
Passed Through Lake County Medical Services:				
Lake County Medical Services Grant	C6035	64.005	2,252	2,252
<b>Total Florida Department of Health</b>			<u>63,002</u>	<u>8,811</u>
<b>Florida Department of State</b>				
Direct:				
Public Library Construction	06-PLC-07	45.020	500,000	200,000
<b>Florida Department of Transportation</b>				
Direct:				
Runway 13/31 Phase 1	AON33	55.004	120,110	73,730
Runway and Taxiway Lighting	AP034	55.004	320,000	24,102
FBO Aircraft Parking Ramp	AP208	55.004	616,000	607,382
Overcoat GA Ramp Area	AOE48	55.004	40,219	19,953
Subtotal Expenditures - CSFA No. 55.004			<u>1,096,329</u>	<u>725,167</u>
<b>Total Florida Department of Transportation</b>			<u>1,096,329</u>	<u>725,167</u>
<b>Total Expenditures of State Financial Assistance</b>			<u>\$ 1,859,331</u>	<u>\$ 944,339</u>

**Note to the Schedule of Expenditures of State Financial Assistance**

**Basis of Presentation**

The accompanying schedule of expenditures of state financial assistance is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, *Rules of the Auditor General, Local Governmental Entity Audits*.

**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***

Honorable City Commission  
City of Leesburg  
Leesburg, Florida

We have audited the 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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 10, 2009. 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**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 01-08 to be a significant deficiency in internal control over financial reporting.

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P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
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Honorable City Commission  
City of Leesburg  
Leesburg, Florida

**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*  
(*Concluded*)**

**Internal Control Over Financial Reporting (*Concluded*)**

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the significant deficiency described above to be a material weakness.

**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*.

We noted certain matters that we reported to management of the City in a separate letter dated March 10, 2009.

The City's response to the findings identified in our audit are described in the accompanying Management's Response. We did not audit the City's response and, accordingly, we express no opinion on it.

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

*Purvis, Gray and Company, LLP*

March 10, 2009  
Gainesville, Florida

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR FEDERAL AWARD PROGRAM AND STATE FINANCIAL ASSISTANCE  
PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL***

Honorable City Commission  
City of Leesburg  
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* and the requirements described in the Executive Office of the Governor's State Projects *Compliance Supplement* that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each major federal program and state project 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; Chapter 691-5, *Rules of the Florida Department of Financial Services* and Chapter 10.550, *Rules of the Auditor General*. Those standards, rules, 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 or the state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008.

**Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
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Honorable City Commission  
City of Leesburg  
Leesburg, Florida

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR FEDERAL AWARD PROGRAM AND STATE FINANCIAL ASSISTANCE  
PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

*(Concluded)*

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

**Schedules of Expenditures of Federal Awards and State Financial Assistance**

We have audited the 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, 2008, and have issued our report thereon dated March 10, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133, and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Purvis, Gray and Company, LLP*

March 10, 2009  
Gainesville, Florida

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL**  
**AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS**

1. **Summary of Audit Results**

I. **Type of Audit Report Issued on Basic Financial Statements**

Unqualified Opinion

II. **Significant Deficiencies and/or Material Weaknesses in Internal Control**

Audit disclosed a significant deficiency in internal control which was a material weakness in internal control.

III. **Noncompliance Material to Auditee Basic Financial Statements**

Audit disclosed no material instances of noncompliance.

IV. **Significant Deficiencies and/or Material Weaknesses in Internal Control Over the Major Programs**

Audit disclosed no significant deficiencies and/or material weaknesses in internal control over major federal award programs or state financial assistance projects that are required to be reported in the schedule of findings and questioned costs.

V. **Type of Audit Report Issued on Compliance with Requirements Applicable to the Major Programs**

Unqualified Opinion

VI. **Audit Findings Relative to Section .510(a) of OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General***

Audit disclosed no findings required to be reported under Section .510(a) of OMB Circular A-133 or Chapter 10.550, *Rules of the Auditor General*.

VII. **Program/Project Tested as Major Program/Project**

■ **Federal Programs**

U.S. Department of Transportation:  
Extend Runway 13/31 (20.106)

■ **State Projects**

Florida Department of Transportation:  
Aviation Development Grants (55.004)

VIII. **Dollar Threshold Used to Distinguish Between Type A and Type B Programs**

\$300,000 for major federal award programs and state financial assistance projects.

**CITY OF LEESBURG, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL**  
**AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS**  
*(Concluded)*

1. **Summary of Audit Results (Concluded)**

IX. **Auditee Qualification as Low-risk Auditee**

The auditee does not qualify as a low-risk auditee pursuant to OMB Circular A-133.

2. **Findings Related to the Basic Financial Statements Required to be Reported Under GAGAS**

**Finding**  
**Number**

**Finding**

01-08 **Construction Work in Progress**

**Condition and Criteria**

During our audits for the years ended September 30, 2005 through 2007, we noted that account balances classified as utility fund construction work in progress and completed construction not classified, could not be satisfactorily tested because no summary reports could be provided that identified cost incurred by individual work order or project. During this year's audit, we have been provided with the aforementioned information, however, we noted that the inventory of work orders by individual fund does not agree with the general ledger balances in the applicable funds and that significant differences exist in several of the utility funds.

**Effects**

Not reconciling the inventory of incomplete work orders to the control totals in the individual utility funds could allow errors in the amount recorded as construction work in progress to go undetected.

**Cause of Condition**

The City has not established control activities related to reconciling the inventory of incomplete work orders to the general ledger control accounts.

**Recommendation**

We recommend that policies and procedures be established that provide for the reconciliation of incomplete work orders to the applicable control accounts.

**CITY OF LEESBURG, FLORIDA  
CORRECTIVE ACTION PLAN IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

**1. Corrective Action Planned for Current Year Audit Findings**

**Finding  
Number**

**Finding**

**01-08 Construction Work in Progress**

**Response**

We concur that information is difficult to aggregate from SunGuard Public Sector Systems in a format that easily compliments the audit process. The Finance Department began to work on this prior to the interim audit and was challenged by the amount of work required and the need for additional resources. We intend to identify the necessary components and complete the reconciliation process this year. We understand that Purvis Gray and Company, LLP needs certain records to facilitate their field testing, and the accounting staff looks forward to meeting the requirements of the auditors.

**MANAGEMENT LETTER**

Honorable City Commission  
City of Leesburg  
Leesburg, Florida

We have audited the financial statements of the City of Leesburg, Florida, (the City) as of and for the year ended September 30, 2008, and have issued our report thereon dated March 10, 2009.

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; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. We have issued our report on internal control over financial reporting and on compliance and other matters, report on compliance with requirements applicable to each major federal award program and state financial assistance project and on internal control over compliance, and schedule of findings and questioned costs. Disclosures in those reports and schedule, which are dated March 10, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the state of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information:

- The *Rules of the Auditor General* [Section 10.554(1)(i)1.] requires that we determine whether or not corrective actions have been taken to address significant findings made in the preceding annual financial report. Corrective action has been taken to address significant findings and recommendations made in the preceding annual financial audit report.
- The *Rules of the Auditor General* [Section 10.554(1)(i)2.], requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- The *Rules of the Auditor General* [Section 10.554(1)(i)3.] requires that we address in the management letter any findings and recommendations to improve the City's financial management, accounting procedures and internal controls. In connection with our audit, we did not have any such recommendations.
- The *Rules of the Auditor General* [Section 10.554(1)(i)4.] requires that we address violations of laws, regulations, provisions of contracts or grant agreements, or abuse that have occurred or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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Honorable City Commission  
City of Leesburg  
Leesburg, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

- The *Rules of the Auditor General* [Section 10.554(1)(i)5.] requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (a) violations of laws, rules, regulations and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (b) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (c) control deficiencies that are not significant deficiencies, including, but not limited to: (1) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (2) failures to properly record financial transactions; and (3) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditors. Please see accompanying management letter comments.
- The *Rules of the Auditor General* [Section 10.554(1)(i)6.] 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 the management letter, unless disclosed in the notes to the financial statements (please see note 1 of the accompanying basic financial statements).
- The *Rules of the Auditor General* [Section 10.554(1)(i)7.(a)], requires a statement to be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. 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.
- The *Rules of the Auditor General* [Section 10.554(1)(i)7.(b)], requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2008, 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, 2008. In connection with our audit, we determined that these two reports were in agreement.
- The *Rules of the Auditor General* [Section 10.554(1)(i)7.(c) and 10.556(7)], require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity'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 management, the City Commissioners, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Purvis, Gray and Company, LLP*

March 10, 2009  
Gainesville, Florida

**MANAGEMENT LETTER COMMENTS**

Honorable City Commission  
City of Leesburg  
Leesburg, Florida

During the course of our audit, the following item came to our attention. This item involves primarily administrative matters which, if improved, will result in more efficient and effective operations.

**Cash Reserve Policy**

The City of Leesburg, Florida's policy requires that a cash reserve balance equal to 20% of the current year's budget for the general fund and 25% for the enterprise funds be maintained. During our audit, we noted that the City of Leesburg, Florida was not in compliance with its cash reserve policy for the following funds:

	<u>Cash Balance</u>	<u>Deficiency</u>
General Fund	\$ 4,833,015	\$ 386,654
Solid Waste	365,260	550,434
Wastewater	2,336,001	92,252

We recommend that the required balance be restored in accordance with the City of Leesburg, Florida's policy.

*Purvis, Gray and Company, LLP*

March 10, 2009  
Gainesville, Florida

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## MANAGEMENT'S RESPONSE

Honorable City Commission  
City of Leesburg  
Leesburg, Florida

### Current Year Recommendations

#### Cash Reserve Policy – General Fund

#### City of Leesburg (the City) Response:

We concur with the comment and calculate the cash reserve and corresponding shortfall for the general fund as follows:

Original Budget	\$26,098,344
Reserve Percentage	<u>20%</u>
Required Reserve	5,219,669
Cash on hand	<u>4,833,015</u>
Deficiency	<u>\$ 386,654</u>
<hr/>	
Fiscal year 2007 deficiency	<u>\$ 1,683,536</u>
Improvement from prior year	<u>\$ 1,296,882</u>

Restoration began with a zero based budgeting approach to the fiscal year 2008 budget which reduced the prior year general fund budget of \$29,040,054 by \$2,941,710 to \$26,098,344 or 10.1%. The reduction in budget from the prior fiscal year had the effect of reducing the required reserve by \$588,342. ( $\$2,941,710 \times 20\% = \$588,342$ ) Plans to use excess funds to restore fund balance from the sale of real property valued at \$4,125,000 have been slowed due to the economy. The City is looking at operational efficiencies to bring the general fund into compliance with the cash reserve policy.

Honorable City Commission  
City of Leesburg  
Leesburg, Florida

**MANAGEMENT'S RESPONSE**  
*(Concluded)*

**Cash Reserve Policy – Wastewater Utility Fund**

**City of Leesburg (the City) Response:**

We concur with the comment and calculate the cash reserve and corresponding shortfall for the wastewater fund as follows:

Budgeted Operating Revenue	\$ 9,713,012
Reserve Percentage	<u>25%</u>
Required Reserve	2,428,253
Cash on hand	<u>2,336,001</u>
Deficiency	<u>\$ 92,252</u>
Fiscal year 2007 deficiency	<u>\$ 721,718</u>
Improvement from prior year	<u>\$ 629,466</u>

Margin within the wastewater fund for fiscal year 2008 reduced the deficiency by \$629,466. At the end of the first quarter of fiscal year 2009, the wastewater fund reported its first ever excess of \$151,256 and is in compliance with the cash reserve policy.

**Cash Reserve Policy – Solid Waste Fund**

**City of Leesburg (the City) Response:**

We concur with the comment and calculate the cash reserve and corresponding shortfall for the solid waste fund as follows:

Budgeted Operating Revenue	\$ 3,662,779
Reserve Percentage	<u>25%</u>
Required Reserve	915,694
Cash on hand	<u>365,260</u>
Deficiency	<u>\$ 550,434</u>
Fiscal year 2007 deficiency	<u>\$ 481,209</u>
Change from prior year	<u>\$ 69,225</u>

The increase in budget from the prior fiscal year of \$416,675 had the effect of increasing the required reserve by \$104,169. ( $\$416,675 \times 25\% = \$104,169$ ) There were also post closure clean up costs of \$119,451 associated with an old dump and costs of \$97,468 associated with the expansion of services. Were it not for these items, the deficiency of \$550,434 would have decreased to \$229,347 or by 58%. City management is working with solid waste to identify operational efficiencies that will bring the fund into compliance with the cash reserve policy.

## **DEBT DISCLOSURE SECTION**

This section contains the following subsections:

- ◆ Historical Operating Results for each Utility System
- ◆ Rate Comparisons for all Utilities
- ◆ Ten Largest Customers for each Utility System
- ◆ Current Rate Ordinances for the Electric System and Utilities Systems

### Additional Debt Disclosure Information

- ◆ Historical Statement of Pledged Revenues for all City of Leesburg bonds  
See pages 108 – 111 in the Statistical Section

## 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 six fiscal years ended September 30, 2003 through 2008 are shown in the table below.

City of Leesburg, Florida Historical Operating Results System		Amounts expressed in thousands					
Description	Fiscal Year Ended September 30						
	2003	2004	2005	2006	2007	2008	
Operating Revenues	\$ 40,019	\$ 45,347	\$ 49,716	\$ 60,197	\$ 60,077	\$ 69,371	
Less: Operating Expenses <sup>1</sup>	33,430	38,456	42,428	52,211	51,343	59,762	
Net Operating Revenues	\$ 6,589	\$ 6,891	\$ 7,287	\$ 7,986	\$ 8,734	\$ 9,609	
Other Income <sup>2</sup>	799	731	588	491	785	932	
Total Available for Debt Service	\$ 7,388	\$ 7,623	\$ 7,875	\$ 8,477	\$ 9,519	\$ 10,541	
<b>Debt Service</b>							
Series 1999A <sup>3</sup>	1,160	351	-	-	-	-	
Series 2004 Bonds <sup>4</sup>	-	-	-	-	780	1,096	
Series 2007A and 2007B Bonds <sup>5</sup>	-	-	-	-	-	1,235	
Total Electric System Debt Service	\$ 1,160	\$ 351	-	-	\$ 780	\$ 2,331	
Capital Contribution/Impact Fees	\$ 158	\$ 296	\$ 2,060	\$ 1,158	\$ 772	\$ 622	
Amount Available for Working Capital, Transfer to the General Fund & Capital Improvements	\$ 6,386	\$ 7,568	\$ 9,936	\$ 9,635	\$ 9,511	\$ 8,832	
Total Transfers In/(Out)	(4,972)	(8,856)	(6,865)	(5,314)	(6,577)	(5,729)	
Net Funds Available from Operations	\$ 1,414	\$ (1,288)	\$ 3,071	\$ 4,321	\$ 2,934	\$ 3,103	
<b>Debt Service Coverage:<sup>6</sup></b>							
Outstanding Bonds <sup>3</sup>	6.37	21.74	-	-	12.21	4.52	
Required Coverage Test	1.25	1.25	1.25	1.25	1.25	1.25	

**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, 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.

<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> Excludes revenues from capacity charges per Bond Resolution.

## Historical Operating Results - Gas Utility

City of Leesburg, Florida Historical Operating Results System		Amounts expressed in thousands					
Description	Fiscal Year Ended September 30						
	2003	2004	2005	2006	2007	2008	
Operating Revenues	\$ 6,674	\$ 7,601	\$ 8,605	\$ 10,324	\$ 8,575	\$ 10,071	
Less: Operating Expenses	6,342	7,231	7,581	8,983	6,868	7,760	
Net Operating Revenues	\$ 331	\$ 370	\$ 1,025	\$ 1,340	\$ 1,707	\$ 2,312	
Other Income	102	78	55	78	127	97	
Total Available for Debt Service	\$ 433	\$ 448	\$ 1,079	\$ 1,418	\$ 1,834	\$ 2,408	
<b>Debt Service</b>							
Series 1999A and 1999B Bonds	142	43	-	-	-	-	
Series 2004 Bonds	-	-	-	-	255	253	
Series 2007A and 2007B Bonds	-	-	-	-	-	118	
Total Debt Service	\$ 142	\$ 43	-	-	\$ 255	\$ 371	
Capital Contribution/Impact Fees	-	-	\$ 4	-	-	\$ 195	
Amount Available for Working Capital, Transfer to the General Fund & Capital Improvements	\$ 291	\$ 405	\$ 1,083	\$ 1,418	\$ 1,579	\$ 2,232	
Total Transfers In/(Out)	(634)	(767)	(1,138)	(820)	(851)	(1,072)	
Net Funds Available from Operations	\$ (343)	\$ (362)	\$ (54)	\$ 598	\$ 728	\$ 1,160	
<b>Debt Service Coverage:</b>							
Outstanding Bonds	3.05	10.44	-	-	7.19	6.50	
Required Coverage Test	1.15	1.15	1.15	1.15	1.15	1.15	

**Notes:**

See notes on Combined Totals Sheet

## Historical Operating Results - Water Utility

City of Leesburg, Florida							
Historical Operating Results System				Amounts expressed in thousands			
Description	Fiscal Year Ended September 30						
	2003	2004	2005	2006	2007	2008	
Operating Revenues	\$ 3,961	\$ 4,490	\$ 4,401	\$ 5,565	\$ 7,383	\$ 6,996	
Less: Operating Expenses	2,778	3,403	3,451	3,883	4,891	4,958	
Net Operating Revenues	\$ 1,183	\$ 1,087	\$ 951	\$ 1,682	\$ 2,492	\$ 2,037	
Other Income	241	176	127	148	178	161	
Total Available for Debt Service	\$ 1,424	\$ 1,263	\$ 1,078	\$ 1,831	\$ 2,670	\$ 2,199	
<b>Debt Service</b>							
Series 1999A and 1999B Bonds	339	103	-	-	-	-	
Series 2004 Bonds	-	-	-	-	530	526	
Series 2007A and 2007B Bonds	-	-	-	-	-	674	
Total Debt Service	\$ 339	\$ 103	-	-	\$ 530	\$ 1,200	
Capital Contribution/Impact Fees	\$ 347	\$ 811	\$ 1,097	\$ 2,467	\$ 1,624	\$ 680	
Amount Available for Working Capital, Transfer to the General Fund & Capital Improvements	\$ 1,432	\$ 1,972	\$ 2,175	\$ 4,297	\$ 3,764	\$ 1,678	
Total Transfers In/(Out)	(1,765)	(811)	(1,785)	(568)	(793)	(804)	
Net Funds Available from Operations	\$ (334)	\$ 1,161	\$ 390	\$ 3,729	\$ 2,971	\$ 874	
<b>Debt Service Coverage:</b>							
Outstanding Bonds	4.20	12.31	-	-	5.03	1.83	
Required Coverage Test	1.15	1.15	1.15	1.15	1.15	1.15	

**Notes:**

See notes on Combined Totals Sheet

## Historical Operating Results - Wastewater Utility

City of Leesburg, Florida							
Historical Operating Results System		Amounts expressed in thousands					
Description	Fiscal Year Ended September 30						
	2003	2004	2005	2006	2007	2008	
Operating Revenues	\$ 4,609	\$ 5,868	\$ 7,079	\$ 7,908	\$ 9,157	\$ 9,630	
Less: Operating Expenses	3,687	4,279	4,780	5,399	6,041	6,305	
Net Operating Revenues	\$ 923	\$ 1,588	\$ 2,299	\$ 2,510	\$ 3,116	\$ 3,325	
Other Income	93	145	123	237	539	82	
Total Available for Debt Service	\$ 1,016	\$ 1,733	\$ 2,423	\$ 2,747	\$ 3,656	\$ 3,408	
<b>Debt Service</b>							
Series 1999A and 1999B Bonds	241	73	-	-	-	-	
Series 2004 Bonds	-	-	-	-	735	729	
Series 2007A and 2007B Bonds	-	-	-	-	-	311	
Total Debt Service	\$ 241	\$ 73	-	-	\$ 735	\$ 1,040	
Capital Contribution/Impact Fees	\$ 601	\$ 1,219	\$ 2,679	\$ 1,826	\$ 1,012	\$ 1,142	
Amount Available for Working Capital, Transfer to the General Fund & Capital Improvements	\$ 1,376	\$ 2,879	\$ 5,102	\$ 4,572	\$ 3,933	\$ 3,510	
Total Transfers In/(Out)	(331)	(404)	(1,045)	(497)	(664)	(733)	
Net Funds Available from Operations	\$ 1,046	\$ 2,475	\$ 4,057	\$ 4,075	\$ 3,269	\$ 2,778	
<b>Debt Service Coverage:</b>							
Outstanding Bonds	-	-	-	-	4.98	3.28	
Required Coverage Test	1.15	1.15	1.15	1.15	1.15	1.15	

**Notes:**

See notes on Combined Totals Sheet

## Historical Operating Results - Combined Gas, Water & Wastewater Utilities

The historical operating results for the System by individual utility for each of the six fiscal years ended September 30, 2003 through 2008 are shown in the table below.

City of Leesburg, Florida Historical Operating Results System		Amounts expressed in thousands					
Description	Fiscal Year Ended September 30						
	2003	2004	2005	2006	2007	2008	
Operating Revenues	\$ 15,244	\$ 17,958	\$ 20,086	\$ 23,797	\$ 25,116	\$ 26,697	
Less: Operating Expenses	12,807	14,913	15,811	18,265	17,800	19,023	
Net Operating Revenues	\$ 2,437	\$ 3,045	\$ 4,275	\$ 5,532	\$ 7,316	\$ 7,674	
Other Income	436	400	305	463	844	340	
Total Available for Debt Service	\$ 2,873	\$ 3,445	\$ 4,580	\$ 5,995	\$ 8,160	\$ 8,015	
<b>Debt Service</b>							
Series 1999A and 1999B Bonds <sup>1</sup>	722	218	-	-	-	-	
Series 2004 Bonds <sup>2</sup>	-	-	-	-	1,520	1,508	
Series 2007A and 2007B Bonds <sup>3</sup>	-	-	-	-	-	1,102	
Total Debt Service	\$ 722	\$ 218	-	-	\$ 1,520	\$ 2,610	
Capital Contribution/Impact Fees	\$ 948	\$ 2,030	\$ 3,781	\$ 4,292	\$ 2,636	\$ 2,016	
Amount Available for Working Capital, Transfer to the General Fund & Capital Improvements	\$3,099	\$5,257	\$8,360	\$10,287	\$9,276	\$7,421	
Total Transfers In/(Out)	(2,730)	(1,982)	(3,968)	(1,885)	(2,309)	(2,609)	
Net Funds Available from Operations	\$ 369	\$ 3,275	\$ 4,392	\$ 8,402	\$ 6,968	\$ 4,812	
<b>Debt Service Coverage:<sup>4</sup></b>							
Outstanding Bonds	-	-	-	-	5.37	3.07	
Required Coverage Test	1.15	1.15	1.15	1.15	1.15	1.15	

**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, 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.

<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 thereafter. The annualized interest payments for fiscal years 2004, 2005 and 2006 were \$229,963, \$1,075,151 and \$1,075,151, respectively, and were paid 100% from the Capitalized Interest fund of \$2,380,265.

<sup>3</sup>Series 2007A & 2007B - In Resolution 7965 adopted July 23, 2007, the City amended Resolution 7143 for the purpose of authorizing the issuance of the Utility System 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. First payment due on October 1, 2007, for these bonds is interest only and will be paid 100% from the Capitalized Interest Fund of \$675,038. 2007A - \$66,384 2007B - \$4,034 Total interest due - \$140,834

<sup>4</sup>Excludes revenues from capacity charges per Bond Resolution.

**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>	\$63.75	\$80.49	\$150.58	\$290.75	\$430.92
<b><u>Florida Municipalities or Cooperatives:</u></b>						
2	City of Gainesville	54.00	59.50	127.50	279.50	431.50
3	City of Lakeland	67.00	65.91	123.82	247.14	372.96
4	City of Ocala	55.21	74.59	139.84	195.05	250.26
5	Orlando Utilities Commission	42.07	63.91	119.82	251.64	383.46
6	Sumter Electric Cooperative, Inc.	7.20	67.18	122.85	234.20	345.55
7	City of Tallahassee	93.00	82.06	157.80	309.28	460.76
<b><u>Investor-Owned Utilities <sup>[2]</sup>:</u></b>						
8	Florida Power and Light	66.05	80.08	154.83	304.33	453.83
9	Progress Energy	62.90	71.23	134.42	280.81	427.20
10	Tampa Electric Company	64.16	66.87	125.23	251.96	378.69
11	Average		68.66	131.04	255.58	380.43
12	Minimum		59.50	119.82	195.05	250.26
13	Max		80.08	154.83	304.33	453.83
<b>General Service (Nondemand)</b>						
			500 kWh	1,000 kWh	2,000 kWh	3,000 kWh
14	<b>City of Leesburg, Florida</b>	\$63.75	\$84.01	\$157.61	\$304.82	\$452.02
<b><u>Florida Municipalities or Cooperatives:</u></b>						
15	City of Gainesville	54.00	77.00	138.00	273.50	422.50
16	City of Lakeland	67.00	69.26	128.52	247.04	365.56
17	City of Ocala	55.21	77.39	142.55	272.88	403.21
18	Orlando Utilities Commission	44.84	68.93	127.61	244.97	362.33
19	Sumter Electric Cooperative, Inc.	7.20	69.18	124.85	236.20	347.55
20	City of Tallahassee	93.00	75.68	143.45	278.99	414.53
<b><u>Investor-Owned Utilities <sup>[2]</sup>:</u></b>						
21	Florida Power and Light	69.56	62.89	117.27	226.04	334.81
22	Progress Energy	66.23	75.24	139.86	269.10	398.34
23	Tampa Electric Company	67.66	68.43	128.36	248.22	368.08
24	Average		71.04	130.88	252.24	375.30
25	Minimum		62.89	117.27	226.04	334.81
26	Max		77.39	142.55	273.50	422.50

**CITY OF LEESBURG, FLORIDA**

Electric System

Inter-Utility Comparison of Typical Monthly Electric Bills <sup>[1]</sup>

Line No.	Comparable Utility	Fuel Adj. (\$/1000 kWh)	Usage			
			50 kW 20,000 kWh	150 kW 40,000 kWh	300 kW 120,000 kWh	500 kW 200,000 kWh
<b>General Service Demand</b>						
27	<b>City of Leesburg, Florida</b>	\$63.75	\$3,409.99	\$7,265.08	\$20,407.91	\$34,006.25
<b><u>Florida Municipalities or Cooperatives:</u></b>						
28	City of Gainesville	54.00	2,225.00	4,865.00	13,125.00	21,845.00
29	City of Lakeland	67.00	2,123.80	4,567.60	12,592.80	20,931.00
30	City of Ocala	55.21	2,403.64	5,076.54	14,092.34	23,757.34
31	Orlando Utilities Commission	44.84	1,947.00	4,264.00	11,532.00	19,200.00
32	Sumter Electric Cooperative, Inc.	7.20	1,928.10	4,088.70	11,293.60	18,786.00
33	City of Tallahassee	93.00	2,455.12	5,336.72	14,425.62	24,002.02
<b><u>Investor-Owned Utilities <sup>[2]</sup>:</u></b>						
34	Florida Power and Light	61.04	1,907.85	4,158.65	11,281.85	18,891.72
35	Progress Energy	66.23	2,251.52	4,677.92	13,456.02	22,419.62
36	Tampa Electric Company	54.15	1,750.90	3,822.30	10,295.40	17,131.00
37	Average		2,067.23	4,440.09	12,208.63	20,370.21
38	Minimum		1,750.90	3,822.30	10,295.40	17,131.00
39	Max		2,403.64	5,076.54	14,092.34	23,757.34

**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>	\$17.49	\$38.27	\$59.05	\$79.83	\$100.62	\$111.01
	<b><u>Florida Municipalities:</u></b>						
2	Energy Services of Pensacola	26.62	65.29	103.96	142.64	181.31	200.65
3	City of Gainesville	24.67	54.96	85.26	115.56	145.85	161.00
4	City of Tallahassee	23.63	51.89	80.15	108.41	136.67	150.81
	<b><u>Regulated Natural Gas Companies:</u></b>						
5	City Gas Company of Florida <sup>[2]</sup>	22.05	50.16	78.26	106.36	134.47	146.05
6	Peoples Gas System, Inc. <sup>[3]</sup>	40.36	101.08	161.80	222.52	283.24	313.60
7	St. Joe Natural Gas Company	31.34	68.03	104.71	141.39	178.08	196.42
8	Average	28.11	65.23	102.36	139.48	176.60	194.75
9	Minimum	22.05	50.16	78.26	106.36	134.47	146.05
10	Max	40.36	101.08	161.80	222.52	283.24	313.60
	<b><u>Commercial (Therms)</u></b>						
		100	300	500	700	1000	2000
11	<b>City of Leesburg, Florida</b>	\$114.56	\$322.37	\$530.18	\$738.00	\$1,049.72	\$2,088.79
	<b><u>Florida Municipalities:</u></b>						
12	Energy Services of Pensacola	192.82	564.27	935.72	1,307.16	1,864.33	3,721.56
13	City of Gainesville	164.47	433.41	702.35	971.29	1,374.70	2,719.40
14	City of Tallahassee	145.27	401.81	658.34	914.88	1,299.69	2,582.37
	<b><u>Regulated Natural Gas Companies:</u></b>						
15	City Gas Company of Florida <sup>[2]</sup>	146.05	412.51	680.18	876.77	1,247.38	2,211.60
16	Peoples Gas System, Inc. <sup>[3]</sup>	173.82	461.46	749.10	1,036.74	1,468.20	2,906.39
17	St. Joe Natural Gas Company	162.37	447.11	731.85	1,016.59	1,443.70	2,579.46
18	Average	164.13	453.43	742.92	1,020.57	1,449.67	2,786.80
19	Minimum	145.27	401.81	658.34	876.77	1,247.38	2,211.60
20	Max	192.82	564.27	935.72	1,307.16	1,864.33	3,721.56

**Notes:**

- [1] Unless otherwise noted, amounts shown reflect standard residential and commercial rates and purchased gas adjustments in effect as of January 2009 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>	\$10.09	\$11.89	\$14.27	\$17.35	\$23.85	\$32.44
<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	19.00	24.50	31.38	38.25	55.40	76.00
4	Gainesville Regional Utilities	11.77	14.95	18.93	24.42	39.97	55.52
5	City of Homestead	10.11	12.27	14.97	17.67	23.07	28.47
6	City of Ocala	12.09	14.01	16.42	18.83	26.10	38.20
7	Orange County Public Utilities	8.91	11.53	14.81	18.08	31.08	44.08
8	Orlando Utilities Commission	9.40	11.56	14.50	18.48	26.42	35.61
9	St. Lucie County	42.28	49.40	58.30	72.55	101.05	139.80
10	City of St. Petersburg	16.85	22.71	31.42	43.17	67.97	100.87
11	City of Tallahassee	9.29	11.87	15.09	18.55	27.30	36.05
12	City of Vero Beach	13.60	18.80	25.30	31.80	44.80	70.85
13	Average	15.06	19.24	24.62	31.33	46.73	66.75
14	Minimum	8.91	11.53	14.50	17.67	23.07	28.47
15	Max	42.28	49.40	58.30	72.55	101.05	139.80

**2" Meter Commercial**

		50,000 Gallons	150,000 Gallons	200,000 Gallons	500,000 Gallons
16	<b>City of Leesburg, Florida</b>	\$70.31	\$195.82	\$258.58	\$635.11
<b>Other Florida Utilities:</b>					
17	Brevard County Utilities	212.10	937.76	1,433.82	4,715.82
18	Fort Pierce Utilities Authority	308.30	583.30	720.80	1,545.80
19	Gainesville Regional Utilities	162.50	473.50	629.00	1,562.00
20	City of Homestead	102.05	210.05	264.05	588.05
21	City of Ocala	178.29	301.28	362.78	731.76
22	Orange County Public Utilities	158.26	289.26	354.76	747.76
23	Orlando Utilities Commission	98.80	252.90	329.95	792.25
24	St. Lucie County	519.97	1,294.97	1,682.47	4,007.47
25	City of St. Petersburg <sup>[2]</sup>	215.78	508.78	655.28	1,534.28
26	City of Tallahassee	70.07	221.07	296.57	749.57
27	City of Vero Beach	176.35	436.35	566.35	1,346.35
28	Average	200.22	500.84	663.26	1,665.56
29	Minimum	70.07	210.05	264.05	588.05
30	Max	519.97	1,294.97	1,682.47	4,715.82

**Notes:**

- [1] Unless otherwise indicated, amounts shown reflect single-family residential and commercial service rates in effect during January 2009, 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] 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>	\$24.75	\$27.60	\$31.15	\$34.70	\$41.81	\$41.81
<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	27.63	37.17	49.08	61.00	61.00	61.00
4	Gainesville Regional Utilities	20.82	30.70	43.05	55.40	80.10	104.80
5	City of Homestead	22.77	28.67	36.05	43.42	58.17	72.92
6	City of Ocala	31.06	36.89	44.18	51.46	52.84	52.84
7	Orange County Public Utilities	23.47	29.81	37.74	45.66	58.34	58.34
8	City of Orlando <sup>[3]</sup>	20.95	26.81	34.14	41.46	53.18	53.18
9	St. Lucie County	34.78	46.38	60.88	75.38	75.38	75.38
10	City of St. Petersburg	20.58	27.92	37.10	46.27	64.62	82.97
11	City of Tallahassee <sup>[5]</sup>	27.85	36.93	48.28	59.63	82.33	105.03
12	City of Vero Beach	19.89	26.09	33.84	41.59	41.59	41.59
13	Average	25.07	32.73	42.31	51.88	62.16	69.48
14	Minimum	19.89	26.09	33.84	41.46	41.59	41.59
15	Max	34.78	46.38	60.88	75.38	82.33	105.03
<b>2" Meter Commercial</b>							
		50,000 Gallons	150,000 Gallons	500,000 Gallons			
16	<b>City of Leesburg, Florida</b>	\$181.89	\$473.09	\$1,492.28			
<b>Other Florida Utilities:</b>							
17	Brevard County Utilities <sup>[2]</sup>	300.17	900.50	3,001.67			
18	Ft. Pierce Utilities Authority	345.37	822.37	2,491.87			
19	Gainesville Regional Utilities	253.00	747.00	2,476.00			
20	City of Homestead	230.57	525.57	1,558.07			
21	City of Ocala	514.09	805.54	1,825.59			
22	Orange County Public Utilities	186.12	503.12	1,612.62			
23	City of Orlando <sup>[3]</sup>	232.84	699.72	2,333.22			
24	St. Lucie County <sup>[4]</sup>	463.73	1,391.20	4,637.33			
25	City of St. Petersburg	270.52	637.52	1,922.02			
26	City of Tallahassee	340.76	794.76	2,383.76			
27	City of Vero Beach	239.68	549.68	1,634.68			
28	Average	306.99	761.54	2,352.44			
29	Minimum	186.12	503.12	1,558.07			
30	Max	514.09	1,391.20	4,637.33			

**Notes:**

- [1] Unless otherwise indicated, amounts shown reflect single-family residential and commercial service rates in effect during January 2009, 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 = 7,500 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.





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

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

ORDINANCE NO. 08-13

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 MARCH 1, 2008; PROVIDING NEW  
 PROPOSED BLOCK RATES; 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 03/01/2008	New Proposed Block Rates 03/01/2008
<b><u>Customer Charge Residential, Master-Meter, Commercial, and Sprinklers Meter Size</u></b>			
1.	ALL METER SIZES	\$ 7.40	
<b><u>Customer Charge Irrigation Meter Size</u></b>			
2.	ALL METER SIZES	\$ 3.70	
	Consumption Charge (Per 1 CCF = 100 Cubic Feet = 748 Gallons)		New Proposed
	Consumption Charge Potable Water Residential		<u>Block Rates (CCF)</u>
	<u>Block Rates (Per CCF)</u>	\$ 0.6200	BAS1 (0-6)
3.	BAS1 (0-12)	\$ 0.7010	BAS2 (6-12)
4.	BAS2 (13-21)	\$ 0.9540	BAS3 (13-21)
5.	BAS3 (22-45)	\$ 1.2600	BAS4 (22-45)
6.	BAS4 (over 46)	\$ 2.2500	BAS5 (over 46)

Consumption Charge Potable Water Commercial

Block Rates (Per CCF)

7. All CCF (No CAP) \$ 0.92100

Consumption Charge Residential Irrigation

Block Rates (Per CCF)

8. BAS1 (0-12) \$ 0.95400  
 9. BAS2 (13-21) \$ 1.26000  
 10. BAS3 (22-45) \$ 2.25000  
 11. BAS4 (over 46)

New Proposed

Block Rates (CCF)

BAS1 (0-9)  
 BAS2 (10-33)  
 BAS3 (over 34)

Consumption Charge Commercial and Common Area Irrigation

Block Rates (Per CCF)

12. BAS1 (0-12) \$ 0.95400  
 13. BAS2 (13-21) \$ 1.26000  
 14. BAS3 (22-45)  
 15. BAS4 (over 46)

New Proposed

Block Rates (CCF)

BAS1 (0-33)  
 BAS2 (over 34)

**(2) Inside the City Water Rates (1,000 Gallons):**

Line No.	Description	Proposed Rates Effective 03/01/2008	New Proposed Block Rates 03/01/2008
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Customer Charge Residential, Master-Meter, Commercial, and Sprinklers

Meter Size

1. ALL METER SIZES \$ 7.40

Customer Charge Irrigation

Meter Size

2. ALL METER SIZES \$ 3.70

Consumption Charge (Per 1,000 Gallons)

Consumption Charge Potable Water Residential

Block Rates (Per 1,000 Gallons)

3. BAS1 (0-8) \$ 0.82900  
 4. BAS2 (9-15) \$ 1.27500  
 5. BAS3 (16-33) \$ 1.68400  
 6. BAS4 (over 33) \$ 3.00800

New Proposes

Block Rates (Gall.)

BAS1 (0-4)  
 BAS2 (5-8)  
 BAS3 (9-15)  
 BAS4 (16-33)  
 BAS5 (over 33)

Consumption Charge Potable Water Commercial  
Block Rates (Per 1,000 Gallons)

7. ALL GALLONS(No CAP) \$ 1.23100

Consumption Charge Residential Irrigation  
Block Rates (Per 1,000 Gallons)

New Proposed  
Block Rates (Gall.)

8.	BAS1 (0-8)	\$ 1.27500	BAS1 (0-7)
9.	BAS2 (9-15)	\$ 1.68400	BAS2 (8-25)
10.	BAS3 (16-33)	\$ 3.00800	BAS3 (over 25)
11.	BAS4 (over 33)		

Consumption Charge Commercial and Common Area Irrigation  
Block Rates (Per 1,000 Gallons)

New Proposed  
Block Rates (Gall.)

12.	BAS1 (0-8)	\$ 1.27500	BAS1 (0-25)
13.	BAS2 (9-15)	\$ 1.68400	BAS2 (over 25)
14.	BAS3 (16-33)		
15.	BAS4 (over 33)		

**(3) Outside the City Water Rates (CCF):**

Line No.	Description	Proposed Rates Effective 03/01/2008	New Proposed <u>Block Rates</u> 03/01/2008
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Customer Charge Residential, Master-Meter, Commercial, Irrigation and Sprinklers  
Meter Size

1. ALL METER SIZES \$ 9.25

Customer Charge Irrigation  
Meter Size

2. ALL METER SIZES \$ 4.63

Consumption Charge (Per 1 CCF = 100 Cubic Feet = 748 Gallons)

Consumption Charge Potable Water Residential  
Block Rates (Per CCF)

New Proposed  
Block Rates (CCF)

3.	BAS1 (0-12)	\$ 0.77500	BAS1 (0-6)
4.	BAS2 (13-21)	\$ 0.87600	BAS2 (6-12)
5.	BAS3 (22-45)	\$ 1.19300	BAS3 (13-21)
6.	BAS4 (over 46)	\$ 1.57500	BAS4 (22-45)
		\$ 2.81300	BAS5 (over 46)



**Consumption Charge Potable Water Commercial**  
Block Rates (Per 1,000 Gallons)

7.	ALL GALLONS (No CAP)	\$ 1.53900	
	<b>Consumption Charge Residential Irrigation</b>		
	<u>Block Rates (Per 1,000 Gallons)</u>		<u>New Proposed</u> <u>Block Rates (Gall.)</u>
8.	BAS1 (0-8)	\$ 1.59500	BAS1 (0-7)
9.	BAS2 (9-15)	\$ 2.10600	BAS2 (8-25)
10.	BAS3 (16-33)	\$ 3.76100	BAS3 (over 25)
11.	BAS4 (over 33)		

**Consumption Charge Commercial and Common Area Irrigation**  
Block Rates (Per 1,000 Gallons)

			<u>New Proposed</u> <u>Block Rates (Gall.)</u>
12.	BAS1 (0-8)	\$ 1.59500	BAS1 (0-25)
13.	BAS2 (9-15)	\$ 2.10600	BAS2 (over 25)
14.	BAS3 (16-33)		
15.	BAS4 (over 33)		

- (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.

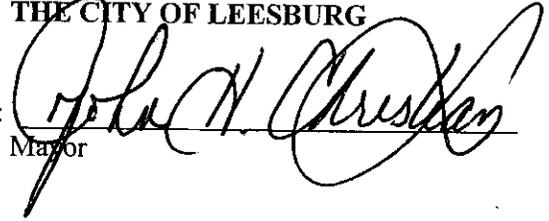
**SECTION 4.**

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 11th day of February, 2008.

**THE CITY OF LEESBURG**

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



**ATTEST:**

\_\_\_\_\_  
Betty M. Richardson  
City Clerk

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02/11/08

**ORDINANCE NO. 08-14**

**AN ORDINANCE OF THE CITY OF LEESBURG, FLORIDA, AMENDING SECTION 22-227 OF THE CODE OF ORDINANCES PERTAINING TO POLLUTION ABATEMENT CHARGES; ESTABLISHING NEW RATE SCHEDULES FOR POLLUTION ABATEMENT CHARGES; PROVIDING FOR RATES EFFECTIVE MARCH 1, 2008; PROVIDING NEW PROPOSED BLOCK RATES; PROVIDING FOR RATES INSIDE AND OUTSIDE CITY LIMITS; PROVIDING FOR CONFLICTS; PROVIDING A SAVINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

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

**SECTION 1.**

Section 22-227, of the Code of Ordinances of the City of Leesburg, Florida, is hereby amended in its entirety to read as:

Each classification of user shall be assessed the following charges for pollution abatement:

**(1) Inside the City Wastewater Rates (CCF):**

Customer Charge Residential and Master-Meter

Line No.	Description	Proposed Rates Rates Effective 03/01/2008	New Proposed Block Rates 03/01/2008
<u>Meter Size</u>			
1.	ALL METER SIZES	\$ 20.10	
Consumption Charge (Per 1 CCF = Cubic Feet = 748 Gallons)			
<u>Consumption Charge Wastewater Residential</u>			<u>New Proposed</u>
<u>Block Rates (Per CCF)</u>			<u>Block Rates CCF)</u>
2.	Usage Up to 15 CCF	\$ 1.04200	Up to 21 CCF
<u>Customer Charge Commercial and Municipal</u>			
<u>Commercial and Municipal Classes</u>			
3.	COMMERCIAL I	\$ 20.91	
4.	COMMERCIAL II	\$ 35.59	
5.	COMMERCIAL III	\$ 87.43	
6.	COMMERCIAL IV	\$ 20.10	

Consumption Charge (Per 1 CCF = 100 Cubic Feet = 748 Gallons)

Consumption Charge Wastewater Commercial and Municipal Block Rates (Per CCF)

7.	COMMERCIAL I All CCF (No CAP)	\$ 1.71900
8.	COMMERCIAL II All CCF (No CAP)	\$ 2.13600
9.	COMMERCIAL III All CCF (No CAP)	\$ 2.65700
10.	COMMERCIAL IV All CCF (No CAP)	\$ 1.04200

**(2) Inside the City Wastewater rates (1,000 Gallons):**

Customer Charge Residential and Master-Meter

	<u>Meter Size</u>	
1.	ALL METER SIZES	\$ 20.10

Consumption Charge (Per 1,000 Gallons)  
Consumption Charge Wastewater Residential  
Block Rates (Per 1,000 Gallons)

2.	Usage Up to 11,000 Gallons	\$ 1.39400	New Proposed <u>Blocks(Th. Gall.)</u> Up to 15,000 Gall.
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Customer Charge Commercial and Municipal  
Commercial and Municipal Classes

3.	COMMERCIAL I	\$ 20.91
4.	COMMERCIAL II	\$ 35.59
5.	COMMERCIAL III	\$ 87.43
6.	COMMERCIAL IV	\$ 20.10

Consumption Charge Wastewater Commercial and Municipal  
Block Rates (Per 1,000 Gallons)

7.	COMMERCIAL I All CCF (No CAP)	\$ 2.29800
8.	COMMERCIAL II All CCF (No CAP)	\$ 3.85600

9. COMMERCIAL III  
All CCF (No CAP) \$ 3.55200

10. COMMERCIAL IV  
All CCF (No CAP) \$ 1.39400

**(3) Outside the City Wastewater Rates (CCF):**

Customer Charge Residential and Master-Meter

Line No.	Description	Proposed Rates Rates Effective 03/01/2008	New Proposed Block Rates 03/01/2008
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Meter Size

1. ALL METER SIZES \$ 25.13

Consumption Charge (Per 1 CCF = 100 Cubic Feet = 748 Gallons)

Consumption Charge Wastewater Residential <u>Block Rates (Per CCF)</u>	New Proposed <u>Block Rates Th. Gall).</u>
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2. Usage Up to 15 CCF \$ 1.30300 Up to 21 CCF

Customer Charge Commercial and Municipal  
Commercial and Municipal Classes

3. COMMERCIAL I \$ 26.14

4. COMMERCIAL II \$ 44.49

5. COMMERCIAL III \$ 109.29

6. COMMERCIAL IV \$ 25.13

Consumption Charge (Per 1 CCF = 100 Cubic Feet = 748 Gallons)

Consumption Charge Wastewater Commercial and Municipal  
Block Rates (Per CCF)

7. COMMERCIAL I  
All CCF (No CAP) \$ 2.14900

8. COMMERCIAL II  
All CCF (No CAP) \$ 2.67000

9. COMMERCIAL III  
All CCF (No CAP) \$ 3.32100

10. COMMERCIAL IV  
All CCF (No CAP) \$ 1.30300

**(4) Outside the City Wastewater Rates (1,000 Gallons):**

Customer Charge Residential and Master-Meter

Line No.	Description	Proposed Rates Rates Effective 03/01/2008	New Proposed Block Rates 03/01/2008
<u>Meter Size</u>			
1.	ALL METER SIZE Consumption Charge (Per 1,000 Gallons) Consumption Charge Wastewater Residential	\$ 25.13	
<u>Block Rates (Per 1,000 Gallons)</u>			New Proposed <u>Block Rates (Th. Gall.)</u>
2.	Usage Up to 11,000 Gallons	\$ 1.74200	Up to 15,000 Gall.
Customer Charge Commercial and Municipal <u>Commercial and Municipal Classes</u>			
3.	COMMERCIAL I	\$ 26.14	
4.	COMMERCIAL II	\$ 44.49	
5.	COMMERCIAL III	\$ 109.29	
6.	COMMERCIAL IV	\$ 25.13	
Consumption Charge Wastewater Commercial and Municipal <u>Block Rates (Per 1,000 Gallons)</u>			
7.	COMMERCIAL I All CCF (No CAP)	\$ 2.87300	
8.	COMMERCIAL II All CCF (No CAP)	\$ 3.57000	
9.	COMMERCIAL III All CCF (No CAP)	\$ 4.44000	
10.	COMMERCIAL IV All CCF (No CAP)	\$ 1.74200	

**SECTION 2.**

All ordinances or part of ordinances which are in conflict with this Ordinance are hereby repealed, to the extent necessary to alleviate the conflict, but shall continue in effect insofar as they are not in conflict herewith, unless repeal of the conflicting portion destroys the overall intent and effect of any of the conflicting ordinance, in which case those ordinances so affected shall be hereby repealed in their entirety.

**SECTION 3.**

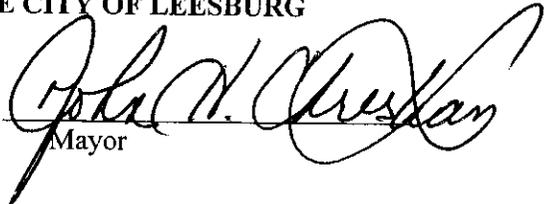
If any portion of this Ordinance is declared invalid or unenforceable, and to the extent that it is possible to do so without destroying the overall intent and effect of this Ordinance, the portion deemed invalid or unenforceable shall be severed herefrom and the remainder of the ordinance shall continue in full force and effect as if it were enacted without including the portion found to be invalid or unenforceable.

**SECTION 4.**

This Ordinance shall become effective upon its passage and adoption according to law.

**PASSED AND ADOPTED** at the regular meeting of the City Commission of the City of Leesburg, Florida, held on the 11th day of February, 2008.

**THE CITY OF LEESBURG**

By: 

Mayor

**ATTEST:**

  
City Clerk