



# Unaudited Annual Financial Report City of Leesburg, Florida Fiscal Year 2009-10



**Honorable Mayor and City Commission**

**Of the City of Leesburg, Florida**

December 20, 2010

This letter transmits to you the unaudited 2009-10, Fiscal Year-End Financial Report. Herein you will find that despite the economic challenges facing this organization, the budgetary plan adopted by the City has enabled us to maintain and in many respects improve our financial position over the previous year.

The financial and economic tempest of 2007-08 continues to affect the ongoing operations of the City and is most evident in the General Fund where Ad Valorem revenues, when compared to previous fiscal years, reflect the ongoing decline of property values. In addition, unemployment was at double digits throughout the year ending at 12.3% as of September 30, 2010. (Source: Workforce Central Florida). Revenue of 23.7M and expenditures of 22.1M finished at 98.7% and 91.9% respectively of adopted budget of 24.1M. The excess of revenue over expenditures resulted in an increase in fund balance of 1.6M, however, when considering the effect of rollovers of \$650,000 to fiscal year 2010-11 the actual increase in fund balance approximates \$950,000. General Fund unrestricted cash increased by \$339,494 from the previous fiscal year and the fund is compliant with the cash reserve policy. Effective planning, conservative approach to the development of the 2009-10 budget and financial oversight of each of the directors produced the positive results in the General Fund. Known threats to the General Fund include additional erosion to property values, escalating pension costs and the impending repayment of the note for Magnolia Townhomes beginning in fiscal year 2012-13.

Each of the Special Revenue funds is performing according to plan. The negative balance in the Fire Impact Fee Fund incurred three years ago is being restored over time but will be impacted by the temporary suspension of impact fees. With the declining property values, close attention has been given to each of the CRA's with debt service to insure adequate coverage.

The utilities as a whole performed well. Monthly meetings were held with each of the utility directors to review and analyze operations. As explained in the body of the document, profit margins are affected by various accounting treatments that are required by Generally Accepted Accounting Principles (GAAP) to be placed in the financial statements at year end close. Net income has been presented both ways, with the adjustments included and removed, to provide a more meaningful presentation of operational results. Additional explanations were provided for the impact of extraordinary items on the results of net income in certain funds. The Water Fund was negatively impacted by above average rainfall during the first six months of the fiscal year. With the exception of Water, the City's cash reserve position has improved within each of the respective utilities.

In 2007, when the cash reserves were analyzed and presented within the bond documents, they were inclusive of Renewal and Replacement (R&R) cash. At the time of the bond issue, R&R cash within the respective utilities was \$ -0- and it was recognized that funds needed to be accumulated for this important purpose. Over time the R&R funds have accumulated and we are now at the point where R&R cash should be segregated from operating cash and shown separately. The effect of this change will be a reduction in the cash shown as cash reserve with an offsetting increase in R&R cash. In conjunction with

this change an ordinance will be prepared and presented for consideration in restricting R&R cash for the purpose of renewal and replacement only.

The Healthcare fund incurred a loss again this year. Rates have been adjusted and contributions to the fund have been increased for fiscal year 2010-11. The Workers Compensation fund is performing as expected and is adequately funded.

The Building Permits Fund is reflecting the effects of the downturn in the economy. Additional adjustments were made in October of fiscal year 2010 to mitigate future losses.

We appreciate the support we have received over this past year as your City Staff has worked hard to keep the City's financial performance positive. Our efforts have been fruitful. Please be advised that very careful stewardship will again be required in 2011 in order to continue the positive trend.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jay M. Evans".

Jay M. Evans  
City Manager

A handwritten signature in cursive script that reads "Jerry Boop".

Jerry Boop  
Finance Director

**Overview**

The revised budget of \$24,917,980 is \$850,924 greater than original budget of \$24,067,056 due to budget adjustments related to carry forwards of \$283,220, also known as rollovers, Federal Grant related adjustments totaling \$55,885 for police training and equipment, \$27,191 for police overtime and motorized roll-up door, \$57,792 for police overtime, motorcycle computers and equipment, \$34,601 for dispatch computer console and related equipment, fund balance of \$150,000 for the general employees' pension, a Lake County grant for \$2,904 for the purchase of a drug case, a \$20,000 donation for library materials, contributions of \$219,197 for the NSP program, fund balance of \$5,951 for the City portion of an EMS grant for dispatch equipment, an insurance reimbursement of \$16,807 for Fire Engine #605, \$86,400 from the stormwater fund for the purchase of a tractor and side arm mower attachment, a State Homeland grant of \$9,000 for fire training, fund balance of \$90,000 for the airport contract with Embry Riddle and Barr Group, a Federal Grant of \$27,388 for digital equipment for police, State Grant of \$12,000 for a wind sock, fund balance of \$161,475 for a police overtime settlement, a reduction in Federal Grant revenue totaling (\$402,000) due to a dispatch grant that was not awarded, and a reduction in Ad Valorem revenue totaling (\$6,887). As of September, 100% of the year has passed. Total revenue of \$23,764,874 represents 95.4% of budget. Total expenditures including encumbrances of \$22,121,832 represent 88.8% of budget of \$24,917,980. The period ending contribution to fund balance is \$1,643,042.

**Revenues**

Year to date Ad Valorem revenue totals \$6,049,834 which represents Current year property taxes of \$5,958,860 and Delinquent taxes of \$90,974. Current year property taxes of \$5,958,860 exceed budget of \$5,880,407 by \$78,453, or 1.3%. The Lake County Tax Collector's Office advised that the Tax Certificate Sale yielded \$371,332 for the City of Leesburg. Other Taxes and Franchise Fees of \$4,489,840 are 101.6% of budget. Licenses and permits are reduced by the impact of the economy on Site Plan-Zoning revenue which finished under budget by \$14,550. Intergovernmental revenue of \$2,326,359 is at 93.4% of budget. Revenue totaling \$198,145 for various public safety grants, which comprise the majority of the variance within the Intergovernmental category, will be rolled over to fiscal year 2010-11. Charges for services totaling \$655,224 are at 76.8% of budget and are slightly above last year's collections. The variance from budget is primarily attributable to lower than expected collections related to recreational activities. Fines & Forfeitures totaling \$120,716 are at 75.7% of budget. Fine and Forfeiture collections of \$120,716 are \$38,784 lower than budget of \$159,500 or 24.3%. Traffic Fines, Investigative Fees, Criminal Fines, Library Fines and Code Enforcement fines comprise the majority of the variance. Code Enforcement Fines have been inhibited by the foreclosure process as the City has experienced reductions in fines when cases flow through the Magistrate process. Miscellaneous revenues of \$1,466,178 are at 112% of budget which is primarily related to reimbursements of \$219,197 from the Neighborhood Stabilization Program (NSP). Utility contributions were reduced by the 547,688 refund to the Water utility due to its net loss of (\$81,805). Utility surcharges of \$1,682,180 finished at 104.8% of budget.

**Expenditures**

Total expenditures and encumbrances of \$22,121,832 are at 88.8% of budget of \$24,917,980. With the exception of Finance, Fire, and Housing, departmental expenditures are at or below budget. The variance from budget in Finance is related to credit card fees and postage which are recovered through the cost allocation program. The variance in Fire is primarily related to variances within their personal services category for vacation buyout, overtime and FICA. Housing would not be over budget had the General Fund received expected reimbursements for expenses incurred related to the Neighborhood Stabilization Program (NSP).

**Fund Balance**

Revenue of \$23,764,874 exceeds expenditures of \$22,121,832 resulting in an increase in fund balance at the end of the reporting period of \$1,643,042.

**Cash Reserve Policy**

The cash balance of the general fund of \$7,386,320 has increased by \$339,545 or 4.8% over the previous year ended audited balance of \$7,046,775.

	<b>2010</b>	<b>FYE 2009</b>
Budgeted Revenue	\$24,082,257	\$24,706,041
Reserve Percentage	<u>20%</u>	<u>20%</u>
Required Cash Reserve	\$ 4,816,451	\$ 4,941,208
*Unaudited Cash Balance	<u>\$ 7,386,320</u>	<u>\$ 7,046,775</u>
Excess	\$ 2,569,869	\$ 2,105,567
Prior year excess (deficiency)	\$ 2,105,567	\$ (386,654)

\*Fiscal year end cash of \$7,498,847 is reduced by negative cash balances in Fire Impact Fees and Building Permits of \$73,589 and 38,938 respectively resulting in a restated balance of \$7,386,320. In addition, the utility contribution of \$547,688 was refunded to the Water Fund. Were it not for these items, the General Fund Year ending cash would have been \$8,046,535. The effect of these transactions are clearly visible on the cash graph in the month of September. Fiscal year 2009 has been revised to reflect the final audited numbers presented in the 2009 Comprehensive Annual Report (CAFR).

**Reconciliation of Budget Changes**

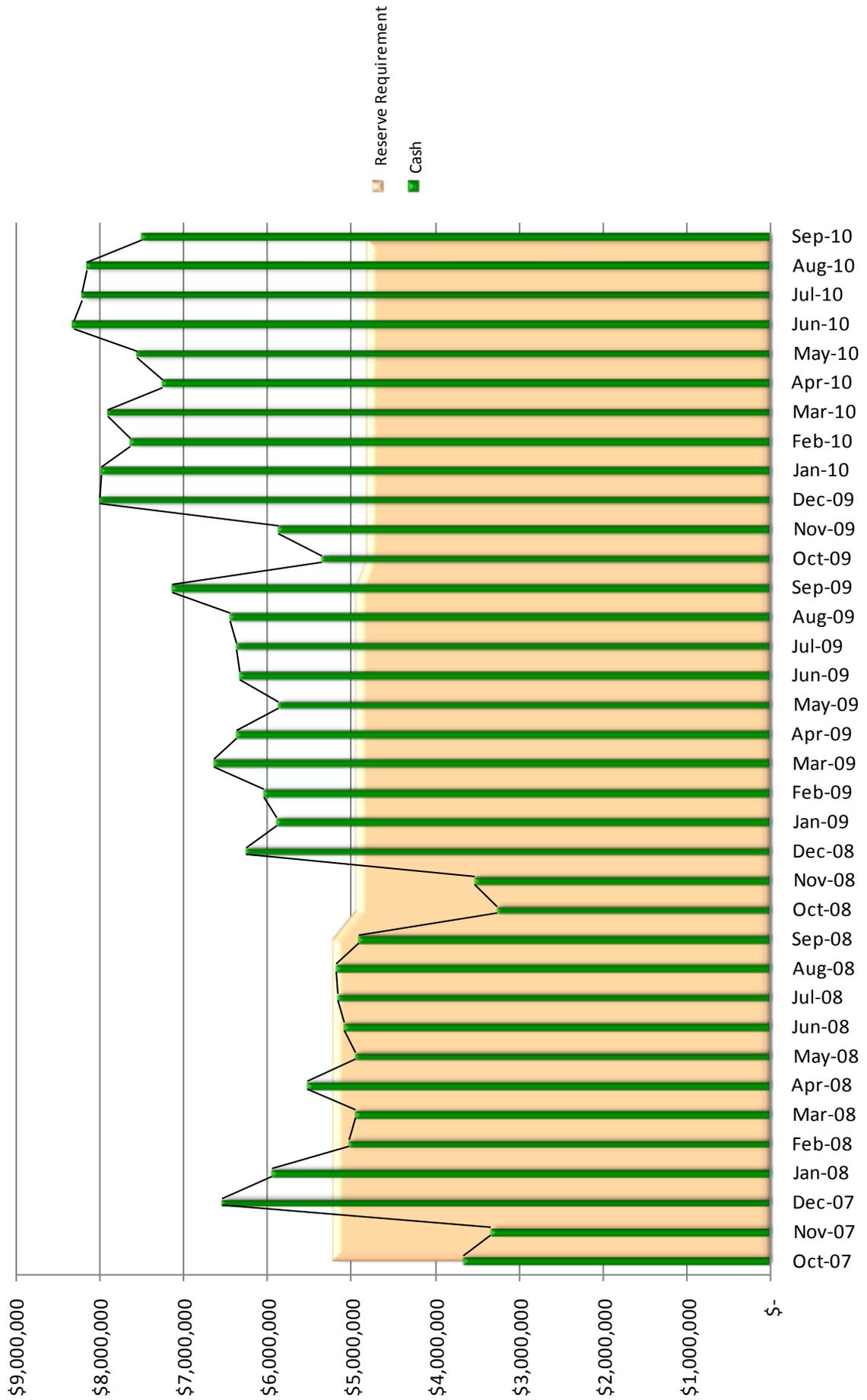
Original Budget	\$ 24,067,056
Federal Grant not awarded	(402,000)
Ad Valorem Reduction	(6,887)
Rollovers	283,220
Federal Grants for police:	
Training and equipment	55,885
Overtime and motorized roll-up door	27,191
Overtime and motorcycle computers/equip	57,792
Dispatch Computer Console/equip	34,601
Digital Equipment	27,388
General Employees' Pension	150,000
Lake County drug case grant	2,904
Library donation for materials	20,000
NSP Program contribution	219,197
City portion of EMS grant	5,951
Fire Engine #605 insurance reimbursement	16,807
Tractor and side arm mower	86,400
State Homeland grant for fire	9,000
Embry Riddle & Barr Group airport contract	90,000
State Grant for wind sock	12,000
Police Overtime Settlement	<u>161,475</u>
Revised Budget	\$ 24,917,980

**Bottom Line:**

The contribution to fund balance at the end of the reporting period is \$1,643,042. The unaudited cash balance is \$7,386,320 which is an increase of \$339,545 over the previous years audited balance of \$7,046,775. Fiscal year end cash of \$7,498,847 is reduced by negative cash balances in Fire Impact Fees and Building Permits of \$73,589 and 38,938 respectively resulting in a restated balance of \$7,386,320. In addition, the utility contribution of \$547,688 was refunded to the Water Fund. Were it not for these items, the General Fund Year ending cash would have been \$8,046,535. The effect of these transactions are clearly visible on the cash graph in the month of September.

There should be a fairly close correlation between the change in fund balance of \$1,643,042 and the change in cash of \$339,545. To explain what happened this reporting period, we need to understand that an increase in any asset other than cash results in a decrease in cash. Correspondingly, any decrease in assets other than cash results in an increase in cash. The inverse is true of liabilities. Any increase in liabilities results in an increase in cash and any decrease in liabilities results in a decrease in cash. Accordingly, General Fund assets increased this fiscal year by \$696,940 and liabilities decreased by \$581,395 totaling \$1,278,335. When adding this result to the increase in cash of \$339,494 the total is \$1,617,829 which is fairly close to the contribution to fund balance of \$1,643,042. Revenues and expenditures, except as noted, have tracked as expected through the end of the reporting period.

# General Fund Cash and Reserve Requirement



**City of Leesburg General Fund  
Statement of Revenues and Expenditures  
For the Twelve Months Ended September 30, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>2010 Actual</u>
<b>Revenue</b>			
Ad Valorem Taxes	\$ 5,887,294	\$ 5,880,407	\$ 6,049,834
Other Taxes & Franchise Fees	4,421,411	4,421,411	4,489,840
Licenses & Permits	363,100	363,100	324,487
Intergovernmental	2,665,020	2,489,781	2,326,359
Charges for Services	853,271	853,271	655,224
Fines & Forfeitures	159,500	159,500	120,716
Miscellaneous Revenues	<u>1,053,724</u>	<u>1,309,728</u>	<u>1,466,178</u>
Revenues From Outside Sources	15,403,320	15,477,198	15,432,638
<b>Other Sources</b>			
Transfers	436,000	522,400	436,292
Utility Contributions	6,622,808	6,622,808	6,213,764
Utility Surcharges	1,604,928	1,604,928	1,682,180
Fund Balance Appropriated	<u>-</u>	<u>690,646</u>	<u>-</u>
Total Other Sources	8,663,736	9,440,782	8,332,236
Total Revenues	<u>\$ 24,067,056</u>	<u>\$ 24,917,980</u>	<u>\$ 23,764,874</u>
<b>Expenditures</b>			
City Commission	\$ 140,381	\$ 146,657	\$ 143,696
City Manager	390,565	435,717	390,611
City Clerk	161,355	161,355	162,228
City Attorney	235,233	330,633	318,378
Finance	2,983,417	2,989,063	3,029,262
Human Resources	545,018	551,629	495,274
Information Technology	2,050,238	2,181,824	1,851,221
GIS/Engineering	309,360	309,360	306,188
Airport Maintenance	670,478	786,392	687,559
Police	7,421,228	7,661,977	7,432,357
Fire	5,898,006	6,066,832	6,198,448
Public Works	3,855,589	4,170,302	3,132,181
Planning & Zoning	426,159	451,312	433,495
Housing & Economic Development	352,991	572,188	580,803
Library	1,414,222	1,434,222	1,336,985
Recreation	<u>3,825,156</u>	<u>3,833,427</u>	<u>3,304,979</u>
Operating Expenditures	30,679,396	32,082,890	29,803,665
<b>Other Expenditures &amp; Contributions</b>			
Transfers	1,584,380	1,584,123	1,481,982
Contingencies	636,461	129,300	-
Non-Departmental	425,125	425,125	11,281
Computer Maintenance Contributions	(224,200)	(224,200)	(224,200)
Fleet Contributions	(3,206,879)	(3,206,879)	(3,192,203)
Utility Cost Allocations	<u>(5,827,227)</u>	<u>(5,872,379)</u>	<u>(5,758,693)</u>
Total Other	(6,612,340)	(7,164,910)	(7,681,833)
Total Expenditures	<u>\$ 24,067,056</u>	<u>\$ 24,917,980</u>	<u>\$ 22,121,832</u>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,643,042</u>

**Overview**

The Stormwater fund is a special revenue fund which tracks activities related to various Stormwater and drainage improvements within the City of Leesburg. Stormwater relies upon two major sources of revenue which are Intergovernmental and Charges for Services. Charges for Services are very predictable as they reflect monthly charges collected through utility billing. Intergovernmental Revenues are Grant or Grant-type Revenues that are usually collected after project completion. Revenues budgeted in this category are budgeted after receiving a firm commitment from the grantor. The budget serves as a mechanism to plan Capital Outlay. Due to the nature of these funds, revenue and expenditures are not designed to track evenly. Typically funds are accumulated over time and expended as resources become available. The revised budget of \$2,966,229 is \$615,893 greater than the original budget of \$2,350,336 due to carry forwards, also known as rollovers. As of September, 100% of the year has passed. Total revenue of \$1,661,094 represents 56% of budget. Total expenditures including encumbrances of \$1,463,387 represent 49.3% of budget. Revenues relating to charges for services are on track. Intergovernmental revenues are \$110,259, or 28.4% of budget, and are directly related to the recovery of expenditures related to grant funded projects. The period ending cash balance of \$1,621,546 is available to fund current and future Stormwater projects.

**Fund Balance**

Year to date operations resulted in a contribution to fund balance of \$197,707. Fund balance is legally restricted to Stormwater activities and projects.

**Major Projects**

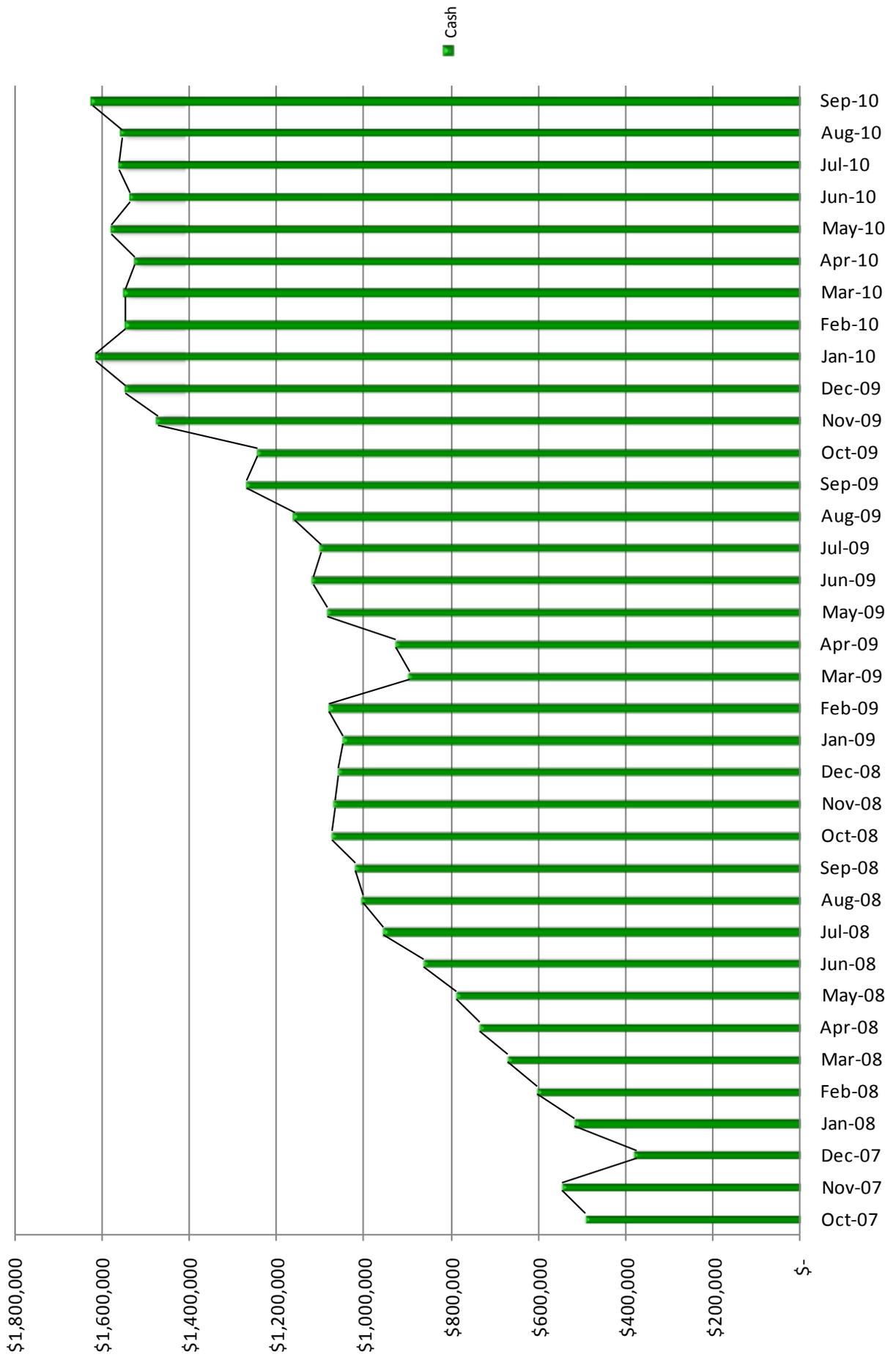
A recap of the major projects associated with the Stormwater Special Revenue Fund is presented below:

6th Street Drainage	\$ 50,098
Lake Lucerne	104,777
Tally Basin	41,526
Basin Study-Lake Hollywood	10,616
Lake Hollywood Tussock & Veg Removal	58,229
Thomas Ave Drainage Improvements	39,000
Data Inventory	56,378
Whispering Pines	44,261
Enc Ditch Lines at Webster St	118,715
Enc Ditch Lines at Heritage Estates	1,887
Lake Street-Curbs, Gutters & Inlets	701
Enc Ditch Lines at Birchwood	46,207
Fountain Lake Trail Drainage	7,280
Tally Basin Model Update	<u>8,616</u>
Total	\$ 588,291

**Bottom Line:**

The Stormwater Fund is performing as expected and funding is available for current and future projects.

# Stormwater Fund Cash



**City of Leesburg Stormwater Fund**  
**Statement of Revenues and Expenditures**  
**For the Twelve Months Ended September 30, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>2010 Actual</u>
<b>Revenue</b>			
Intergovernmental	\$ 162,500	\$ 388,975	\$ 110,259
Charges for Services	1,535,000	1,535,000	1,556,173
Interest	<u>6,000</u>	<u>6,000</u>	<u>(6,617)</u>
Revenues From Outside Sources	1,703,500	1,929,975	1,659,815
Other Revenues			
Miscellaneous	-	-	1,279
Fund Balance Appropriated	<u>646,836</u>	<u>1,036,254</u>	<u>-</u>
Total Other Revenues	646,836	1,036,254	1,279
Total Revenues	<u>\$ 2,350,336</u>	<u>\$ 2,966,229</u>	<u>\$ 1,661,094</u>
<b>Expenses</b>			
Salaries & Benefits	\$ 166,747	\$ 166,747	\$ 189,576
Operating Expenses	661,089	812,970	813,226
Capital Outlay	<u>1,522,500</u>	<u>1,844,475</u>	<u>374,185</u>
Total Operating Expenses	2,350,336	2,824,192	1,376,987
Other Expenditures			
Reserve for Future Use	<u>-</u>	<u>55,637</u>	<u>-</u>
Total Other Expenditures	-	55,637	-
Transfers to Other Funds			
General Fund	<u>-</u>	<u>86,400</u>	<u>86,400</u>
Total Transfers	-	86,400	86,400
Total Expenditures	<u>\$ 2,350,336</u>	<u>\$ 2,966,229</u>	<u>\$ 1,463,387</u>
<b>Excess (Deficiency) of Revenue</b>			
<b>Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,707</u>

**Community Redevelopment Agencies**

The City of Leesburg has three Community Redevelopment Agencies: Greater Leesburg, Carver Heights/Montclair and Highway 441/27 which were created to fund redevelopment within their designated boundaries. Rapid expenditure of available funds and issuance of long-term debt is generally desirable to maximize the time-value of the TIF increment.

**Greater Leesburg CRA Fund**

**Overview**

The greater Leesburg CRA is comprised of two components, Main Street and Pine Street. All sources of revenue are split equally between the two.

**Main Street**

Revenue is \$282,082 and expenditures are \$61,596 at the end of the reporting period. Mortgage payments totaling \$24,047 for the fiscal year are remitted for payment of the Christley property. The unrestricted cash balance is \$274,037. A purchase requisition for \$200,000 has been issued to receive bids on professional design services for the downtown streetscape phase II, leaving \$74,051 available for future use.

**Pine Street**

Revenue is \$282,183 and expenditures are \$282,168 at the end of the reporting period. The Community Development Corporation (CDC) manages the Pine Street Component of the CRA. The unrestricted cash balance is \$15.

**Carver Heights/Montclair CRA Fund**

Carver Heights has revenue of \$277,190. The CRA has debt service which approximates \$200,000 per year with the final payment due in fiscal year 2016. Operating expenditures of \$37,401, capital outlay of \$37,316, debt service of \$200,534 and transfers to the General Fund of \$56,540 total \$331,791. The fund has unrestricted cash on hand of \$100,045 and restricted cash on hand of \$1,354,145.

**Highway 441/27 CRA Fund**

Highway 441/27 has revenue of \$1,031,569 and bond proceeds of \$14,605,000 which provide total sources of \$15,636,569. The bond proceeds are associated with the Tax Increment Revenue Bonds Series 2009 totaling \$14,605,000 for infrastructure improvements associated with highway 441/27. Operating expenditures of \$6,065, capital outlay of \$688,098, debt service of \$2,448,155, and transfers of \$3,514,241 and \$146,837 to the electric and communications funds for the Perkins to Griffin project total \$6,803,396. The fund has unrestricted cash on hand of \$1,310,373 and restricted cash on hand of \$10,802,021.

**City of Leesburg Community Redevelopment Funds**  
**Statement of Revenues and Expenditures**  
**For the Twelve Months Ended September 30, 2010**

	<u>Greater Leesburg 2010 Actual</u>	<u>Carver Heights/ Montclair 2010 Actual</u>	<u>Highway 27/441 2010 Actual</u>
<b>Revenues</b>			
Lake County Redevelopment	\$ 310,184	\$ 151,573	\$ 511,857
Miscellaneous Revenue	1,954	2,018	100,867
General Fund Ad Valorem	252,126	123,599	418,845
Loan Proceeds	-	-	14,605,000
Total Resources	<u>\$ 564,264</u>	<u>\$ 277,190</u>	<u>\$ 15,636,569</u>
<b>Expenditures</b>			
Operating Expenses	\$ 319,717	\$ 37,401	\$ 6,065
Capital Outlay	-	37,316	688,098
Debt Service	24,047	200,534	2,448,155
Transfer to General Fund	-	56,540	-
Transfer to Electric Fund	-	-	3,514,241
Transfer to Communications Fund	-	-	146,837
Total Expenditures	<u>\$ 343,764</u>	<u>\$ 331,791</u>	<u>\$ 6,803,396</u>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over (Under) Expenditures</b>	<u>\$ 220,500</u>	<u>\$ (54,601)</u>	<u>\$ 8,833,173</u>
<b>Unrestricted Cash</b>			
	<u>\$ 274,051</u>	<u>\$ 100,045</u>	<u>\$ 1,310,373</u>
<b>Restricted Cash</b>			
	<u>\$ -</u>	<u>\$ 1,354,145</u>	<u>\$ 10,802,021</u>

**Capital Projects Fund****September 2010**

The Capital Projects fund tracks sources and uses of funds associated with projects that generally benefit the citizens of Leesburg as a whole. Bonds and grants account for the major source of cash used in this fund.

A recap of the major expenditures associated with the Capital Projects Fund is presented below:

Airport Improvements	
Runway 13/31 Extension	\$ 1,582,112
Security Improvements	27,474
Furniture Country Re-roof	234,316
Runway & Taxi Lights	39,550
Overlay 3/21	<u>1,319,314</u>
Total Airport	3,202,766
Public Works	
Refurbish Fuel Facility	61,127
Renovate Old Library	41,560
Health Clinic	9,039
New Sidewalks	91,473
Hwy 441 Streetscape Phase II	19,239
Road Resurfacing	378,402
Road Rebuilds	37,500
Curb Rebuilds	<u>36,433</u>
Total Public Works	674,773
Transportation	
Magnolia Street	662
Crystal Breeze Front Rd	92,883
Yellow Jacket Way-Mast Arms	<u>63,000</u>
Total Transportation	156,545
Recreation	
Fountain Lake Trail	409,880
Lee/Wild Trail Phase 2 Design	73,603
Fountain Lake Trail-Phase 2	16,575
Repay Sleepy Hollow Lights	<u>703,504</u>
Total Recreation	1,203,562
Arbitrage– Series 2004	7,408
Total Expenditures	\$ 5,245,054

**City of Leesburg Capital Projects**  
**Statement of Revenues and Expenditures**  
**For the Twelve Months Ended September 30, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>2010 Actual</u>
<b>Revenue</b>			
Other Taxes & Franchise Fees	\$ 606,593	\$ 606,593	\$ 630,727
Intergovernmental	1,314,075	9,080,389	3,066,787
Charges for Services	-	58,044	38,038
Miscellaneous Revenues	-	2,104	23,900
Revenues From Outside Sources	<u>1,920,668</u>	<u>9,747,130</u>	<u>3,759,452</u>
Transfers			
General Fund	40,122	39,863	24,711
Recreation Impact Fee Fund	-	275,387	261,283
Gas Fund	-	300,000	234,316
Healthcare Fund	-	133,000	9,039
Workers' Comp Fund	-	40,826	41,562
Discretionary Tax Fund	-	256,688	48,342
Bond Proceeds	300,000	2,039,551	-
Fund Balance Appropriated	-	164,048	-
Total Other Sources	<u>340,122</u>	<u>3,249,363</u>	<u>619,253</u>
Total Revenues	\$ <u>2,260,790</u>	\$ <u>12,996,493</u>	\$ <u>4,378,705</u>
<b>Expenditures</b>			
Health Clinic	-	133,000	9,039
Airport Maintenance	1,617,000	9,533,893	3,202,765
Public Works	643,790	2,080,180	822,279
Recreation	-	545,916	500,058
Operating Expenditures	<u>2,260,790</u>	<u>12,292,989</u>	<u>4,534,141</u>
Other Expenditures & Contributions			
Debt Service	-	-	750
Total Other	<u>-</u>	<u>-</u>	<u>750</u>
Total Expenditures	\$ <u>2,260,790</u>	\$ <u>12,292,989</u>	\$ <u>4,534,891</u>
Transfers to Other Funds			
Electric Fund	-	703,504	703,504
Total Transfers	\$ <u>-</u>	\$ <u>703,504</u>	\$ <u>703,504</u>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<u>\$ <u>-</u></u>	<u>\$ <u>-</u></u>	<u>\$ <u>(859,690)</u></u>

**Overview**

Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Due to the nature of these funds, revenue and expenditures are not designed to track evenly. Typically funds are accumulated over time and expended as resources become available.

**Police Forfeiture Fund**

Police Forfeiture Revenues are split between State and Federal Forfeitures each having their own rules and restrictions as to how the funds may be spent. Revenue at the end of the reporting period is \$14,796 and expenditures are \$99,870. Unrestricted cash of \$4,818 is available for future use.

**Police Education**

Police Education Revenue is set aside for the specific funding of criminal justice education programs and training courses which include basic recruit, officer and agency support personnel training. Revenue at the end of the reporting period is \$8,494 and expenditures are \$10,505. Unrestricted cash totals \$25,520 and is available for future use.

**Discretionary Sales Tax Fund (Also known as Local Option, LOOP)**

LOOP can be used for infrastructure, infrastructure improvements, capital vehicle purchases having an estimated useful life in excess of 5 years and toward debt service used to fund capital projects. Revenue at the end of the reporting period is \$1,522,355 and expenditures are \$1,462,822. Unrestricted cash totals \$147,958 and is available for future use.

**Police Impact Fee Fund**

Police Impact Fees can be used to fund capital improvements related to growth which also includes the equipping of officers due to growth related expansion. Revenue at the end of the reporting period is \$2,582 and expenditures are \$294. Unrestricted cash totals \$146,016 and is available for future use.

**Fire Impact Fee Fund**

Fire Impact Fees can be used to fund infrastructure improvements related to growth which also includes the equipping of fire personnel due to growth related expansion. Revenue is \$5,781 and expenditures are \$252. The deficiency in unrestricted cash is \$73,589 and is covered by General Fund excess Reserves.

**Recreation Impact Fee Fund**

Recreation Impact Fees can be used to fund infrastructure improvements related to growth which also includes the development and equipping of new recreational areas due to growth related expansion. Revenue is (\$104) and expenditures are \$261,559. Unrestricted cash totals \$196,287 and is available for future use. Revenue is negatively impacted by a reduction in the market value of investments.

City of Leesburg Special Revenue Funds  
Statement of Revenues and Expenditures  
For the Twelve Months Ended September 30, 2010

	Police Forfeiture	Police Education	Discretionary Sales Tax	Police Impact Fees	Fire Impact Fees	Recreation Impact Fees
<b>Revenues</b>						
Sale of Forfeited Property	\$ 15,621	\$ -	\$ -	\$ -	\$ -	\$ -
Local Option Sales Tax	-	-	1,526,403	-	-	-
Judgements & Fines Police Educ.	-	8,655	-	-	-	-
Interest Earnings	(825)	(161)	(4,048)	(816)	473	(3,693)
Impact Fees	-	-	-	3,398	5,308	3,589
<b>Total Resources</b>	<b>\$ 14,796</b>	<b>\$ 8,494</b>	<b>\$ 1,522,355</b>	<b>\$ 2,582</b>	<b>\$ 5,781</b>	<b>\$ (104)</b>
<b>Expenditures</b>						
Operating Expenditures	\$ 99,870	\$ 10,505	\$ 60	\$ 34	\$ (8)	\$ 76
Transfer to Debt Service Fund	-	-	1,121,068	-	-	-
Transfer to Capital Projects Fund	-	-	48,342	-	-	261,283
Transfer to Community Development	-	-	-	260	260	200
Transfer to General Fund	-	-	293,352	-	-	-
<b>Total Expenditures</b>	<b>\$ 99,870</b>	<b>\$ 10,505</b>	<b>\$ 1,462,822</b>	<b>\$ 294</b>	<b>\$ 252</b>	<b>\$ 261,559</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ (85,074)</b>	<b>\$ (2,011)</b>	<b>\$ 59,533</b>	<b>\$ 2,288</b>	<b>\$ 5,529</b>	<b>\$ (261,663)</b>
<b>Unrestricted Cash</b>	<b>\$ 4,818</b>	<b>\$ 25,520</b>	<b>\$ 147,958</b>	<b>\$ 146,016</b>	<b>\$ (73,589)</b>	<b>\$ 196,287</b>

**Overview**

The revised budget of \$86,276,356 is \$15,896,618 greater than original budget of \$70,379,738 due to budget adjustments related to carry forwards of \$5,264,500, also known as rollovers, fund balance of \$113,564 to rewind an airport transformer, \$703,504 general fund loan payoff for Sleepy Hollow lights, fund balance of \$40,000 for review of appraisal and separation study regarding Fruitland Park assets, fund balance of \$11,288 for the allocation of the Public Outreach Coordinator, fund balance of \$40,000 for cyber security assessment and plan development for the Smart Grid project, Highway 441/27 CRA bond funds of \$9,523,289 for the Perkins to Griffin Project, fund balance of \$9,973 for RW Beck Study, fund balance of \$190,500 the Picciola Bridge project. As of September, 100% of the year has passed. Operating revenues of \$68,654,385 represent 100.4% of budget of \$68,368,510. Operating expenses and encumbrances totaling \$58,564,251 represent 99.9% of budget of \$58,597,937. Included in this report is depreciation expense of \$2,826,693 which has the effect of reducing net income and increasing cash. Year to date net income is \$8,020,873.

**Surplus**

Total revenues of \$74,223,574 exceed expenses of \$66,202,701 resulting in a surplus of \$8,020,873. Included in net income are extraordinary items which are not typical of ongoing operations. These extraordinary items include transfers from Highway 27/441 CRA of \$3,514,241 for construction related to the Perkins to Griffin project. Included in the transfer from the CRA are labor costs totaling \$741,158 which would normally be an operational expense. Additional extraordinary items include transfers from the Capital Projects Fund for Sleepy Hollow lighting of \$703,504, Capitalized Interest of \$623,406, and money due from the Department of Energy related to the Smart Grid project of \$912,295. Were it not for these extraordinary items totaling \$5,753,446, year to date net income would be \$2,267,427. In order to understand the operations of the Electric utility it is important to back these items out and view the results without their effect. Included as a reduction to net income is the year end adjustment for Other Post Employment Benefits (OPEB) totaling \$156,231.

This report also includes the recognition of over/under recovered power costs. The inclusion of these costs more accurately matches the City's electric revenues that will be refunded/ recovered over future billings. The City adjusts for the change in fuel costs which is affected through the Bulk Power Fuel Cost Adjustment calculation (BPCA). The adjustment affects billings 60 days after those costs are actually incurred. The BPCA adjustment reflects the changes in the price of purchased power attributable to the changes in the prices of commodities such as coal, oil, natural gas and nuclear energy. The BPCA rate is currently \$38.00 which is \$27.25 less than its all time high of \$65.25 in September of 2008. It is anticipated that the BPCA rate will begin to increase next year due to the addition of generation associated with Cane Island IV and increases in commodity prices. The actual increase due to the addition of Cane Island IV is not known at this time; however it is estimated to be 3.00 and is included in the 2010-11 budget.

## Electric Utility (Continued)

### Cash Reserve Calculation

	<b>2010</b>	<b>FYE 2009</b>
*Budgeted Operating Revenue	\$ 68,368,510	\$ 74,888,133
Less:		
Budgeted Cost of Purchase Power		
Generation	2,975,818	3,863,939
St Lucie	880,000	881,108
Purchase Power	<u>42,736,177</u>	<u>50,049,495</u>
Total Purchase Power	46,591,995	54,794,542
Add:		
General Fund Transfers	4,578,000	4,578,315
Surcharge Revenues	<u>1,088,000</u>	<u>1,088,352</u>
Total Transfers & Surcharges	5,666,000	5,666,667
Minimum Revenue Required	27,442,515	25,760,258
Number of days in the year	÷ 365	÷ 365
Average daily cash	<u>75,184.97</u>	<u>70,576.04</u>
Number of days required	× 120	× 120
Minimum cash balance	9,022,196	8,469,125
Cash on hand	<u>14,067,892</u>	<u>11,505,791</u>
Excess	<u>\$ 5,045,696</u>	<u>\$ 3,036,666</u>

\*Operating revenue does not include income from grants, interest, other non-operating revenues, transfers in from other sources or funds, capital contributions or debt proceeds.

### Reconciliation of Budget Changes

Original Budget	\$ 70,379,738
Carry Forwards	5,264,500
Rewind Airport Transformer	113,564
Sleepy Hollow Lights Loan Payoff	703,504
Appraisal & Separation Study Review	40,000
Public Outreach Coordinator Allocation	11,288
Cyber Security Assessment	40,000
Hwy 441/27 CRA-Perkins to Griffin	9,523,289
RW Beck Study	9,973
Picciola Bridge Project	<u>190,500</u>
Revised Budget	\$ 86,276,356

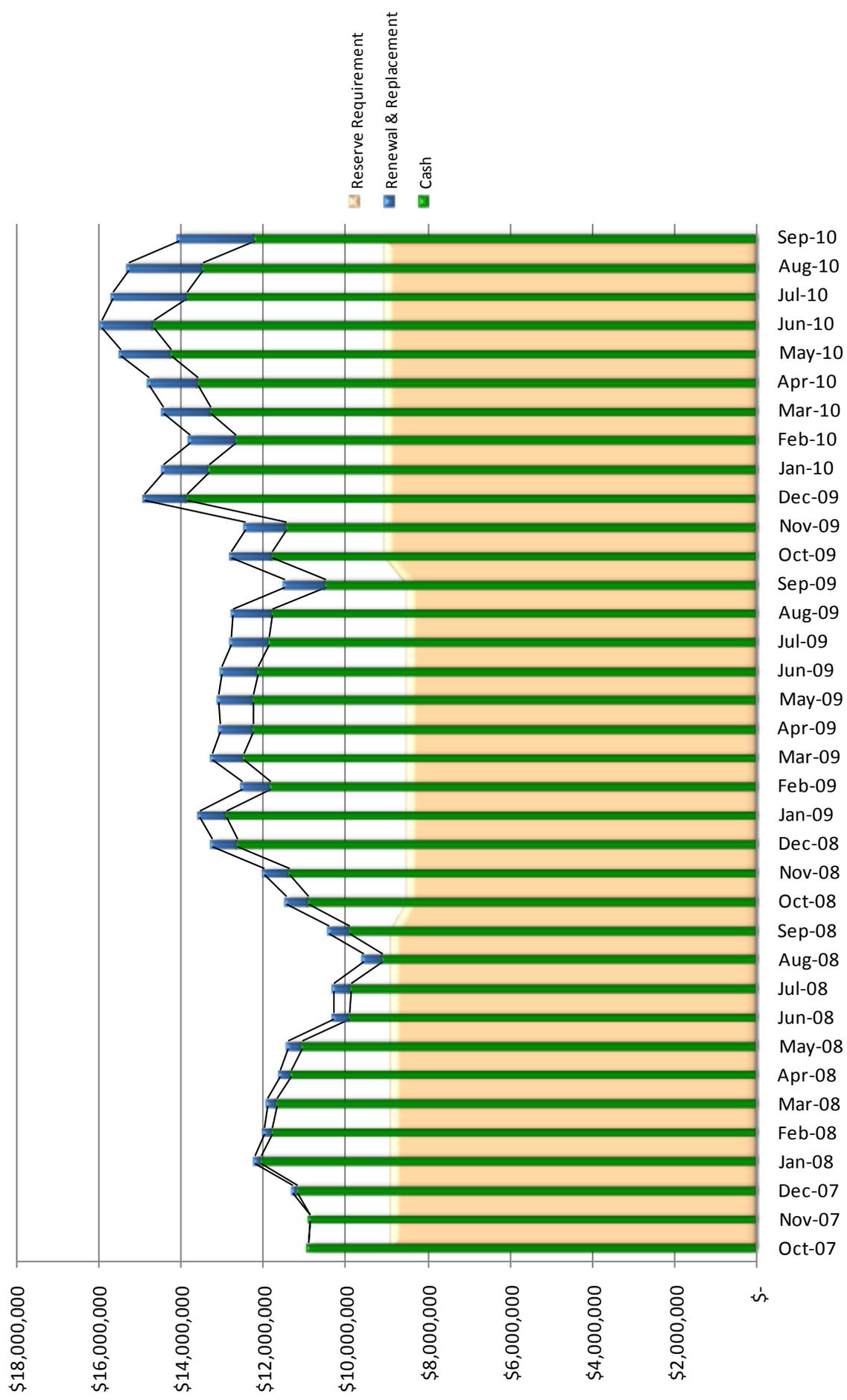
**Bottom Line:**

Total revenues of \$74,223,574 exceed expenses of \$66,202,701 resulting in a surplus of \$8,020,873. Included in net income are extraordinary items which are not typical of ongoing operations. These extraordinary items include transfers from Highway 27/441 CRA of \$3,514,241 for construction related to the Perkins to Griffin project. Included in the transfer from the CRA are labor costs totaling \$741,158 which would normally be an operational expense. Additional extraordinary items include transfers from the Capital Projects Fund for Sleepy Hollow lighting of \$703,504, Capitalized Interest of \$623,406, and money due from the Department of Energy related to the Smart Grid project of \$912,295. Were it not for these extraordinary items totaling \$5,753,446, year to date net income would be \$2,267,427. In order to understand the operations of the Electric utility it is important to back these items out and view the results without their effect. Included as a reduction to net income is the year end adjustment for Other Post Employment Benefits (OPEB) totaling \$156,231.

The unaudited cash balance of \$14,067,892 shows continued improvement and growth over last year's ending balance of \$11,505,791 which has enabled the Electric utility to increase its annual contribution to Renewal and Replacement from \$500,000 to \$1,000,000.

The BPCA rate is currently \$38.00 which is \$27.25 less than its all time high of \$65.25 in September of 2008. It is anticipated that the BPCA rate will begin to increase next year due to the addition of generation associated with Cane Island IV and increases in commodity prices. The actual increase due to the addition of Cane Island IV is not known at this time; however it is estimated to be 3.00 and is included in the 2010-11 budget.

# Electric Fund Cash and Reserve Requirement



**City of Leesburg Electric Systems**  
**Statement of Revenues and Expenditures**  
**For the Twelve Months Ended September 30, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>2010 Actual</u>
<b>Revenue</b>			
Charges For Services	\$ 67,253,374	\$ 67,253,374	\$ 66,048,273
Other Operating Revenue	<u>1,115,136</u>	<u>1,115,136</u>	<u>2,606,112</u>
Total Operating Revenues	68,368,510	68,368,510	68,654,385
<b>Expenses</b>			
Generation	2,975,818	2,975,818	2,762,202
St. Lucie	880,000	880,000	932,288
Purchased Power	42,736,177	42,736,177	43,852,938
Administration	3,194,922	3,328,939	3,136,759
Distribution	4,416,365	4,563,300	3,225,563
Uncollectable Accounts	100,000	100,000	206,368
Customer Accounts	1,467,202	1,467,202	1,481,848
Meter Reading	150,535	150,535	139,592
Depreciation	<u>2,395,966</u>	<u>2,395,966</u>	<u>2,826,693</u>
Total Operating Expenses	58,316,985	58,597,937	58,564,251
<b>Net Income From Operations</b>	10,051,525	9,770,573	10,090,134
<b>Non-Operating Revenue (Expense)</b>			
Grants	-	-	912,295
Interest Income	617,428	617,428	108,200
Other Non-Operating Income	192,600	192,600	299,975
Debt Service	(2,665,884)	(2,665,884)	(1,496,440)
Customer Deposit Interest	(45,000)	(45,000)	(8,838)
Decommission Trust CR #3	(326,379)	(326,379)	(326,379)
Other Non-Operating Expense	<u>(86,370)</u>	<u>(86,370)</u>	<u>(30,192)</u>
Total Non-Operating Revenue (Expense)	(2,313,605)	(2,313,605)	(541,379)
<b>Income Before Operating Transfers</b>	7,737,920	7,456,968	9,548,755
<b>Interfund Transfers</b>			
Transfers from Other Funds			
Hwy 441/27 CRA Fund	-	9,523,289	3,514,241
Capital Projects Fund	-	703,504	703,504
Transfers to Other Funds			
General Fund	(4,578,000)	(4,578,000)	(4,578,000)
Surcharges to General Fund	<u>(1,088,000)</u>	<u>(1,088,000)</u>	<u>(1,198,601)</u>
Total Transfers	(5,666,000)	4,560,793	(1,558,856)
<b>Net Income After Transfers</b>	2,071,920	12,017,761	7,989,899
<b>Other Sources</b>			
Capital Contributions	901,200	901,200	30,974
Appropriated Retained Earnings	300,000	300,000	-
Debt Proceeds	-	5,156,974	-
Fund Balance-Rollovers	-	512,851	-
Capital Projects	<u>(2,642,754)</u>	<u>(17,797,958)</u>	<u>-</u>
Net Other Sources	(1,441,554)	(10,926,933)	30,974
<b>Contribution to Fund Balance</b>	<u>\$ 630,366</u>	<u>\$ 1,090,828</u>	<u>\$ 8,020,873</u>

**Overview**

The revised budget of \$11,201,476 is \$2,680,491 greater than original budget of \$8,520,985 due to budget adjustments related to carry forwards of \$2,369,203, also known as rollovers, fund balance of \$11,288 for the allocation of the Public Outreach Coordinator, and fund balance of \$300,000 for the roof replacement at Family Furniture. As of September, 100% of the year has passed. Operating revenue of \$9,402,638 represents 117.2% of budget of \$8,021,319. Operating expenses and encumbrances totaling \$6,533,706 represent 98.4% of budget of \$6,638,093. Included in this report is depreciation expense of \$342,357 which has the effect of reducing net income and increasing cash. Year to date net income is \$1,667,580.

**Surplus**

Total revenues of \$9,407,133 exceed total expenses of \$7,739,553 resulting in net income of \$1,667,580. Included in net income are extraordinary items which are not typical of ongoing operations. These extraordinary items include transfers to the Capital Projects Fund totaling \$234,316 for the Furniture Country re-roof and Capitalized Interest of \$129,509. Were it not for these two items, year to date net income would have been \$1,772,387. In order to understand the operations of the Gas utility it is important to back these items out and view the results without their effect. Included as a reduction to net income is the year end adjustment for Other Post Employment Benefits (OPEB) totaling \$71,323.

**Cash Reserve Calculation**

	<b>2010</b>	<b>FYE 2009</b>
*Budgeted Operating Revenue	\$ 8,021,319	\$10,341,871
Less:		
Budgeted Cost of Purchased Gas	<u>3,789,243</u>	<u>5,808,010</u>
Net Revenue	4,232,076	4,533,861
Add:		
General Fund Transfers	567,645	745,308
Surcharge Revenues	<u>194,399</u>	<u>111,903</u>
Total Transfers & Surcharges	762,044	857,211
Minimum Revenue Required	4,994,120	5,391,072
Number of days in the year	<u>÷ 365</u>	<u>÷ 365</u>
Average daily cash	13,682.52	14,770.06
Number of days required	<u>× 90</u>	<u>× 90</u>
Minimum cash balance	1,231,427	1,329,305
Cash on hand	<u>6,135,688</u>	<u>3,697,410</u>
Excess	<u>\$ 4,904,261</u>	<u>\$ 2,368,105</u>

\*Operating revenue does not include income from grants, interest, other non-operating revenues, transfers in from other sources or funds, capital contributions or debt proceeds.

**Reconciliation of Budget Changes**

Original Budget	\$ 8,520,985
Carry Forwards	2,369,203
Public Outreach Coordinator Allocation	11,288
Furniture Country Roof Replacement	<u>300,000</u>
Revised Budget	\$ 11,201,476

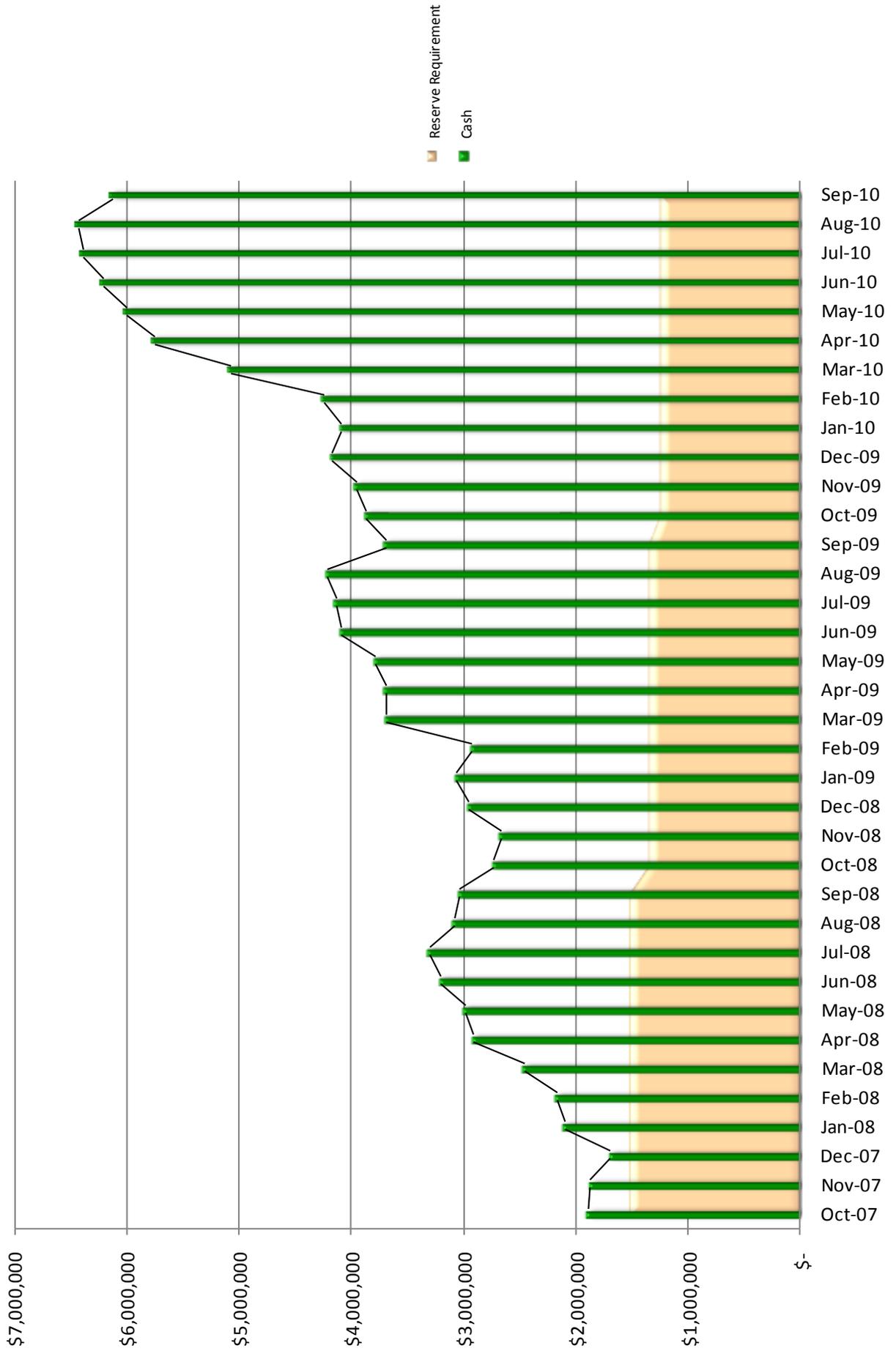
**Bottom Line:**

Total revenues of \$9,407,133 exceed total expenses of \$7,739,553 resulting in net income of \$1,667,580. Included in net income are extraordinary items which are not typical of ongoing operations. These extraordinary items include transfers to the Capital Projects Fund totaling \$234,316 for the Furniture Country re-roof and Capitalized Interest of \$129,509. Were it not for these two items, year to date net income would have been \$1,772,387. In order to understand the operations of the Gas utility it is important to back these items out and view the results without their effect. Included as a reduction to net income is the year end adjustment for Other Post Employment Benefits (OPEB) totaling \$71,323.

At the end of the previous fiscal year, funds totaling \$500,000 were loaned to the Solid Waste utility to bring the utility into compliance with the Cash Reserve policy. As of July 31, 2010, the loan was repaid. At the end of the fiscal year, \$234,316 of the \$300,000 approved for roof replacement has been transferred to the Capital Projects fund.

The unaudited cash balance of \$6,135,688 shows continued growth and improvement over last years ending balance of \$3,697,410. The increase in cash of \$2,438,278 is critical to the health and liquidity of the combined utility which comprises Gas, Water and Wastewater. The current cash position of the Gas utility underpins the liquidity of the combined utility and provides foundational support for Wall Street compliance requirements.

# Gas Fund Cash and Reserve Requirement



**City of Leesburg Gas Systems**  
**Statement of Revenues and Expenditures**  
**For the Twelve Months Ended September 30, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>2010 Actual</u>
<b>Revenue</b>			
Charges For Services	\$ 7,896,319	\$ 7,896,319	\$ 9,242,308
Other Operating Revenue	125,000	125,000	160,330
Total Operating Revenues	<u>8,021,319</u>	<u>8,021,319</u>	<u>9,402,638</u>
<b>Expenses</b>			
Purchased Gas	3,789,243	3,789,243	3,716,333
Administration	1,094,194	1,130,482	1,022,135
Distribution	926,441	938,676	957,651
Uncollectable Accounts	20,000	20,000	18,043
Customer Accounts	302,955	302,955	404,714
Meter Reading	78,153	78,153	72,473
Depreciation	378,584	378,584	342,357
Total Operating Expenses	<u>6,589,570</u>	<u>6,638,093</u>	<u>6,533,706</u>
Net Income From Operations	1,431,749	1,383,226	2,868,932
<b>Non-Operating Revenue (Expense)</b>			
Interest Income	35,000	35,000	(22,990)
Other Non-Operating Income	25,000	25,000	5,761
Debt Service	(416,717)	(416,717)	(132,844)
Customer Deposit Interest	(1,500)	(1,500)	(557)
Other Non-Operating Expense	-	-	-
Total Non-Operating Revenue (Expense)	<u>(358,217)</u>	<u>(358,217)</u>	<u>(150,630)</u>
Income Before Operating Transfers	1,073,532	1,025,009	2,718,302
<b>Interfund Transfers</b>			
Transfers from Other Funds			
Wastewater Fund	100,000	100,000	-
Transfers to Other Funds			
General Fund	(567,645)	(567,645)	(706,604)
Surcharges to General Fund	(194,399)	(194,399)	(131,528)
Capital Projects Fund	-	(300,000)	(234,316)
Total Transfers	<u>(662,044)</u>	<u>(962,044)</u>	<u>(1,072,448)</u>
Net Income After Transfers	411,488	62,965	1,645,854
<b>Other Sources</b>			
Capital Contributions	339,666	490,715	21,726
Appropriated Retained Earnings	-	354,442	-
Debt Proceeds	-	2,175,000	-
Capital Projects	(533,105)	(2,868,283)	-
Net Other Sources	<u>(193,439)</u>	<u>151,874</u>	<u>21,726</u>
Contribution to Fund Balance	<u>\$ 218,049</u>	<u>\$ 214,839</u>	<u>\$ 1,667,580</u>

**Overview**

The revised budget of \$16,827,932 is \$7,267,849 greater than the original budget of \$9,560,083 due to budget adjustments related to carry forwards of \$7,043,186, also known as rollovers, renewal and replacement funds of \$5,275 for an impeller at Plantation, renewal and replacement funds of \$74,900 for engineering services relating to the Perkins to Griffin project, fund balance of \$11,288 for the allocation of the Public Outreach Coordinator, and fund balance of \$133,200 for the Coquina Coast project. As of September, 100% of the year has passed. Operating revenue of \$6,811,309 represents 92.2% of budget of \$7,389,123. Operating expenses and encumbrances totaling \$6,063,101 represent 101.3% of budget of \$5,983,065. Included in this report is depreciation expense of \$1,645,648 which has the effect of reducing net income and increasing cash. The year to date net loss is (\$81,805).

**Surplus (Net Loss)**

Total expenses of \$6,755,764 exceed total revenues of \$6,673,959 resulting in a net loss of (\$81,805). The net loss would have been worse if costs were not closely managed and curtailed by the utility throughout the fiscal year. Reducing the net loss are extraordinary items which are not typical of ongoing operations. These extraordinary items include Capitalized Interest of \$789,752 and the utility contribution refund from the General Fund of \$547,688 totaling \$1,337,440. Were it not for these extraordinary items the net loss would have been \$1,419,245. In order to understand the operations of the Water utility it is important to back these items out and view the results without their effect. Included as a reduction to net income is the year end adjustment for Other Post Employment Benefits (OPEB) totaling \$108,682.

**Cash Reserve Calculation**

	<b>2010</b>	<b>FYE 2009</b>
*Budgeted Operating Revenue	\$ 7,389,123	\$7,063,851
Reserve Percentage	<u>25%</u>	<u>25%</u>
Required Reserve	1,847,281	1,765,963
Cash on hand	<u>3,647,847</u>	<u>4,775,700</u>
**Excess	<u>\$ 1,800,566</u>	<u>\$3,009,737</u>

\*Operating revenue does not include income from grants, interest, other non-operating revenues, transfers in from other sources or funds, capital contributions or debt proceeds.

\*\*It is also important to note that if it were not for the utility contribution refund of \$547,688 from the General Fund to the Water Utility, cash on hand would be lower and the Water excess would be restated at \$1,252,878.

## Water Utility (Continued)

### Reconciliation of Budget Changes

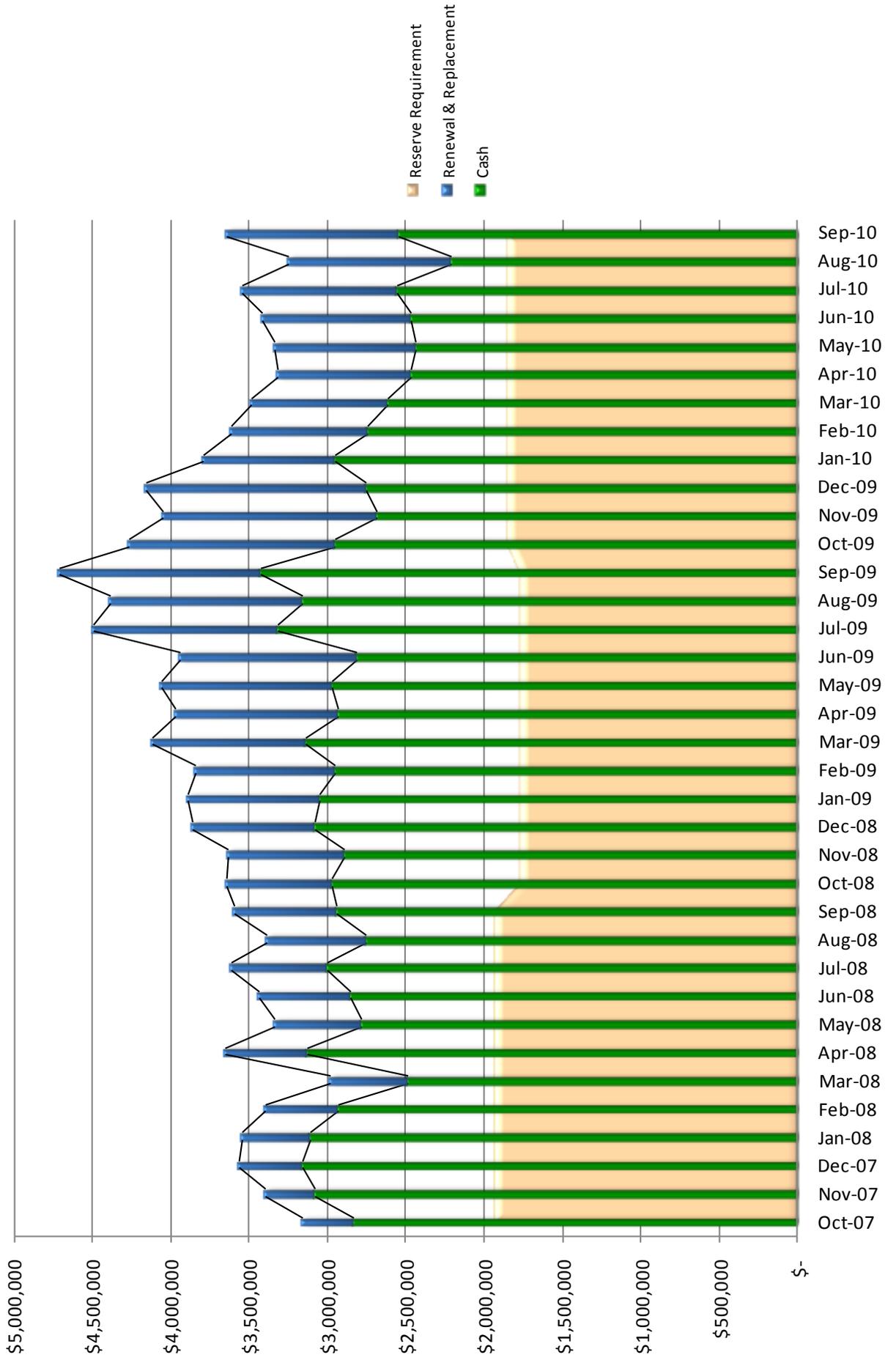
Original Budget	\$ 9,560,083
Carry Forwards	7,043,186
R&R-Impeller at Plantation	5,275
R&R-Perkins to Griffin Engineering	74,900
Public Outreach Coordinator Allocation	11,288
Coquina Coast Project	<u>133,200</u>
Revised Budget	\$ 16,827,932

### Bottom Line:

The year to date net loss is (\$81,805). The net loss would have been worse if costs were not closely managed and curtailed by the utility throughout the fiscal year. Reducing the net loss are extraordinary items which are not typical of ongoing operations. These extraordinary items include Capitalized Interest of \$789,752 and the utility contribution refund from the General Fund of \$547,688 totaling \$1,337,440. Were it not for these extraordinary items the net loss would have been \$1,419,245. Included as a reduction to net income is the year end adjustment for Other Post Employment Benefits (OPEB) totaling \$108,682. Much of the loss is attributable to the wetter than normal winter season which resulted in a reduction of operating revenue totaling \$546,189 for the first six months of the current year from the same time period of the previous fiscal year.

The unaudited cash balance of \$3,647,847 has decreased by \$1,127,853, or 23.6%, compared to last year's ending cash balance of \$4,775,700. The decrease is primarily attributable to a payment from renewal and replacement cash to FDOT for the Highway 441/27 Perkins to Griffin project totaling 704,900 and a payment to the City of Palm Coast for the Coquina desalination project totaling \$483,200, which is related to the Consumptive Use Permit (CUP) renewal. In addition, funding for ongoing projects have been restricted due to the suspension of impact fees which places a greater burden on operational and renewal and replacement cash. The current cash position of the Water utility is buoyed by the strong cash position of the Gas utility which underpins the liquidity of the combined utility of Gas, Water and Wastewater and provides foundational support for Wall Street compliance requirements.

# Water Fund Cash and Reserve Requirement



**City of Leesburg Water Utility**  
**Statement of Revenues and Expenditures**  
**For the Twelve Months Ended September 30, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>2010 Actual</u>
<b>Revenue</b>			
Charges For Services	\$ 7,247,921	\$ 7,247,921	\$ 6,640,892
Other Operating Revenue	<u>141,202</u>	<u>141,202</u>	<u>170,417</u>
Total Operating Revenues	7,389,123	7,389,123	6,811,309
<b>Expenses</b>			
Administration	1,091,965	1,343,648	781,043
Treatment	1,524,808	1,508,175	1,444,819
Reuse	160,120	160,120	151,832
Distribution	1,355,641	1,360,641	1,436,341
Uncollectable Accounts	20,000	20,000	24,102
Customer Accounts	497,602	497,602	456,095
Meter Reading	132,879	132,879	123,221
Depreciation	<u>960,000</u>	<u>960,000</u>	<u>1,645,648</u>
Total Operating Expenses	5,743,015	5,983,065	6,063,101
<b>Net Income From Operations</b>	1,646,108	1,406,058	748,208
<b>Non-Operating Revenue (Expense)</b>			
Grants	-	-	(43,718)
Impact Fees	-	-	74,804
Interest Income	118,000	118,000	(33,399)
Other Non-Operating Income	47,760	47,760	(180,700)
Debt Service	(1,596,837)	(1,596,837)	(339,031)
Customer Deposit Interest	<u>(1,500)</u>	<u>(1,500)</u>	<u>(861)</u>
Total Non-Operating Revenue (Expense)	(1,432,577)	(1,432,577)	(522,905)
<b>Income Before Operating Transfers</b>	213,531	(26,519)	225,303
<b>Interfund Transfers</b>			
Transfers from Other Funds			
Wastewater Fund	500,000	500,000	-
Transfers to Other Funds			
General Fund	(547,688)	(547,688)	-
Building Fund	-	-	(720)
Surcharges to General Fund	<u>(322,177)</u>	<u>(322,177)</u>	<u>(352,051)</u>
Total Transfers	(369,865)	(369,865)	(352,771)
<b>Net Income After Transfers</b>	(156,334)	(396,384)	(127,468)
<b>Other Sources (Uses)</b>			
Capital Contributions	100,000	100,000	45,663
Appropriated Renewal & Replacement	835,200	915,375	-
Appropriated Retained Earnings	570,000	1,257,674	-
Debt Proceeds	-	6,500,000	-
Capital Projects	<u>(1,332,000)</u>	<u>(8,376,665)</u>	<u>-</u>
Net Other Sources	173,200	396,384	45,663
<b>Contribution to Fund Balance</b>	<u>\$ 16,866</u>	<u>\$ -</u>	<u>\$ (81,805)</u>

**Overview**

The revised budget of \$12,105,422 is \$2,136,549 greater than the original budget of \$9,968,873 due to budget adjustments related to carry forwards of \$1,036,060, impact fees of \$902,487 for the Headworks Pump Station project, use of impact fees totaling \$100,255 for engineering costs associated with the Headworks project, fund balance of \$11,288 for the allocation of the Public Outreach Coordinator, and interest from debt proceeds of \$86,459 for the Headworks Lift Station. As of September, 100% of the year has passed. Operating revenue of \$9,438,966 represents 99.1% of budget of \$9,527,400. Operating expenses and encumbrances totaling \$7,486,309 represent 103.1% of budget of \$7,263,337. Included in this report is depreciation expense of \$1,509,269 which has the effect of reducing net income and increasing cash. Year to date net income is \$849,657.

**Surplus**

Total revenues of \$9,700,921 exceed total expenses of \$8,851,264 resulting in net income of \$849,657. Included in net income is a required accounting adjustment for Capitalized Interest in the amount of \$330,710. When Capitalized Interest is handled in this fashion, it has the effect of lowering expense and increasing net income. If this accounting treatment were not required net income would have been \$518,947 instead of the \$849,657 which is reported. Included as a reduction to net income is the year end adjustment for Other Post Employment Benefits (OPEB) totaling \$142,646.

**Cash Reserve Calculation**

	<b>2010</b>	<b>FYE 2009</b>
*Budgeted Operating Revenue	\$ 9,527,400	\$ 9,866,096
Reserve Percentage	<u>25%</u>	<u>25%</u>
Required Reserve	2,381,850	2,466,524
Cash on hand	<u>4,730,950</u>	<u>3,557,518</u>
Excess	<u>\$ 2,349,100</u>	<u>\$ 1,090,994</u>

\*Operating revenue does not include income from grants, interest, other non-operating revenues, transfers in from other sources or funds, capital contributions or debt proceeds.

**Reconciliation of Budget Changes**

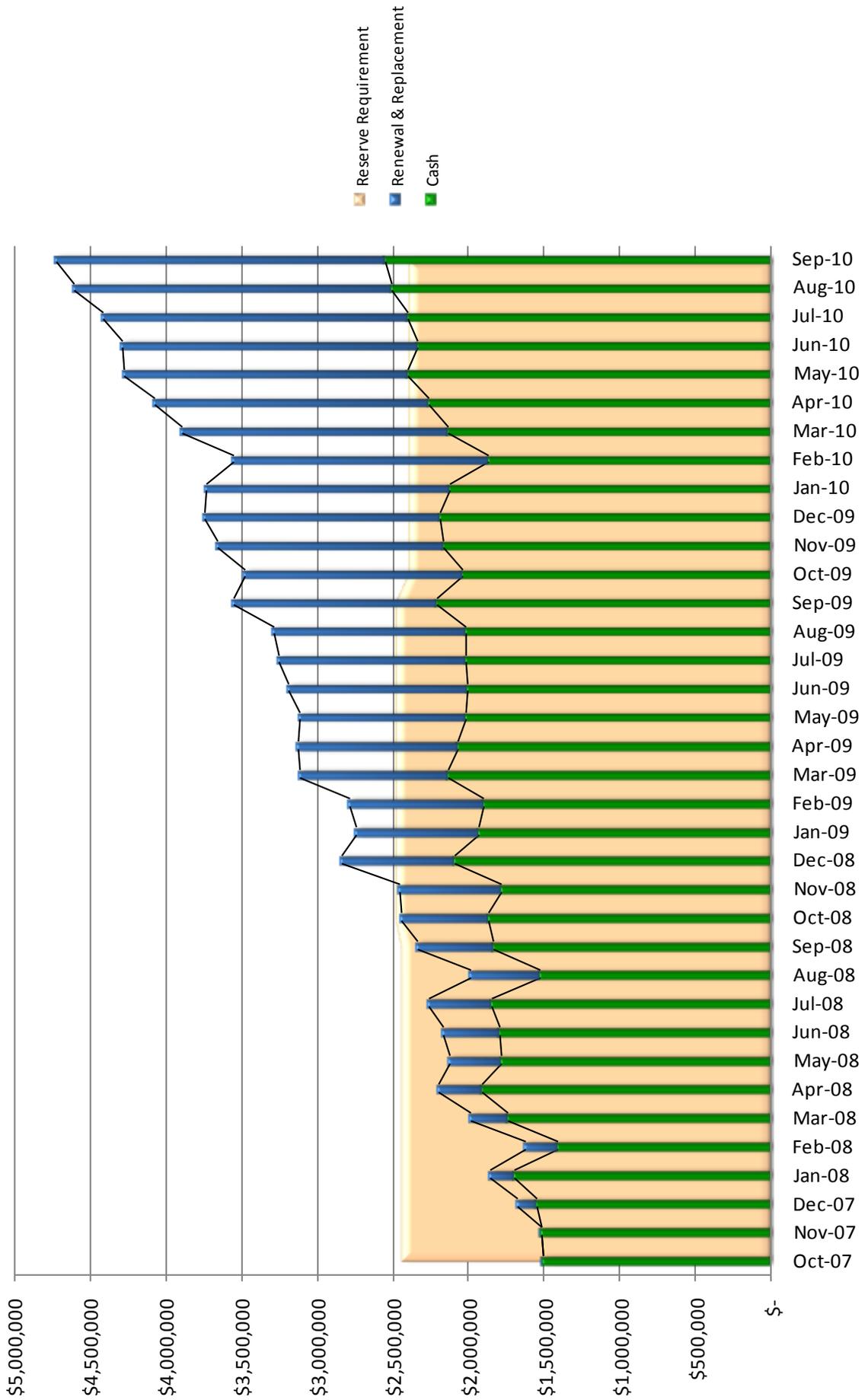
Original Budget	\$ 9,968,873
Carry Forwards	1,036,060
Headworks Pump Station	902,487
Headworks Engineering Costs	100,255
Public Outreach Coordinator Allocation	11,288
Headworks Lift Station	<u>86,459</u>
Revised Budget	\$ 12,105,422

**Bottom Line:**

Net income for the end of the reporting period is \$849,657. Included in net income is a required accounting adjustment for Capitalized Interest in the amount of \$330,710 . When Capitalized Interest is handled in this fashion, it has the effect of lowering expense and increasing net income. If this accounting treatment were not required net income would have been \$518,947 instead of the \$849,657 which is reported. Included as a reduction to net income is the year end adjustment for Other Post Employment Benefits (OPEB) totaling \$142,646.

The unaudited cash balance of \$4,730,950 shows continued growth and improvement over last years ending balance of \$3,557,518. It is important to note however, the surplus has been sufficient to cover the required reserve and renewal and replacement requirements only. Accumulation of surplus operating cash is starting to occur. In addition, funding for ongoing projects have been restricted due to the suspension of impact fees. This restriction places a greater burden on operational and renewal and replacement cash. The current cash position of the Wastewater utility is buoyed by the strong cash position of the Gas utility which underpins the liquidity of the combined utility of Gas, Water and Wastewater and provides foundational support for Wall Street compliance requirements.

# Wastewater Fund Cash and Reserve Requirement



**City of Leesburg Wastewater Utility  
Statement of Revenues and Expenditures  
For the Twelve Months Ended September 30, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>2010 Actual</u>
<b>Revenue</b>			
Charges For Services	\$ 9,343,960	\$ 9,343,960	\$ 9,291,013
Other Operating Revenue	183,440	183,440	147,953
Total Operating Revenues	<u>9,527,400</u>	<u>9,527,400</u>	<u>9,438,966</u>
<b>Expenses</b>			
Administration	760,668	789,830	723,461
Canal Street-Treatment	1,163,609	1,163,609	1,231,388
Turnpike-Treatment	694,271	694,271	721,624
Laboratory	196,842	203,842	200,529
Sprayfield	236,171	236,171	210,441
Collections	986,087	986,087	964,539
Lift Stations	1,104,852	1,104,852	1,127,775
Uncollectable Accounts	20,000	20,000	41,329
Customer Accounts	641,912	641,912	638,405
Meter Reading	126,763	126,763	117,549
Depreciation	1,296,000	1,296,000	1,509,269
Total Operating Expenses	<u>7,227,175</u>	<u>7,263,337</u>	<u>7,486,309</u>
<b>Net Income From Operations</b>	2,300,225	2,264,063	1,952,657
<b>Non-Operating Revenue (Expense)</b>			
Grants	-	-	500
Impact Fees	-	-	292,407
Interest Income	35,000	35,000	70,614
Other Non-Operating Income	-	-	(101,566)
Debt Service	(1,963,705)	(1,963,705)	(702,103)
Customer Deposit Interest	-	-	(22)
Total Non-Operating Revenue (Expense)	<u>(1,928,705)</u>	<u>(1,928,705)</u>	<u>(440,170)</u>
<b>Income Before Operating Transfers</b>	371,520	335,358	1,512,487
<b>Transfers to Other Funds</b>			
General Fund	662,070	662,070	662,070
Building Fund	-	-	760
Total Transfers	<u>662,070</u>	<u>662,070</u>	<u>662,830</u>
<b>Net Income After Transfers</b>	(290,550)	(326,712)	849,657
<b>Other Sources (Uses)</b>			
Renewal & Replacement	171,400	200,000	-
Appropriated Retained Earnings	235,073	1,266,977	-
Debt Proceeds	-	1,076,045	-
Capital Projects	(31,000)	(2,138,387)	-
Net Other Sources	<u>375,473</u>	<u>404,635</u>	<u>-</u>
<b>Contribution to Fund Balance</b>	<u>\$ 84,923</u>	<u>\$ 77,923</u>	<u>\$ 849,657</u>

**Combined Cash Reserve-Utility System**

Because of the structuring of previous bond issues, Wall Street looks at the combined Utility to determine compliance with the cash reserve policy. In order to accurately determine liquidity, the Utility System needs to be reviewed both individually and combined. Individually and on a combined basis the Utility System meets the required cash reserve.

<b>Excess (Deficiency) of Combined Utility Cash Reserves</b>		
	<b>2010</b>	<b>FYE 2009</b>
Gas	\$ 4,904,261	\$2,368,105
Water	1,800,566	3,009,737
Wastewater	<u>2,349,100</u>	<u>1,090,994</u>
Combined Excess (Deficiency)	\$ 9,053,927	\$6,468,836
Change from previous year	\$ 2,585,091	

**Bottom Line:**

The combined utility cash reserve excess of \$9,053,927 remains strong and includes the impact of the Highway 27/441 water utility relocation project which currently totals \$704,900. The increase in the combined excess of \$2,585,091 is critical to the health and liquidity of the combined utility which comprises Gas, Water and Wastewater. Cash balances in the Water fund have been significantly reduced by ongoing projects related to highway 27/441 and the CUP renewal process. It is also important to note that if it were not for the contribution refund of \$547,688 from the General Fund to the Water Utility, the Water and Combined excess would be restated at \$1,252,878 and \$8,506,239 respectively. Funding for ongoing projects has been restricted due to the suspension of impact fees. In addition, the renewal and replacement requirements of the Wastewater utility have slowed the growth of unrestricted or operational cash. The current cash position of the Gas utility underpins the liquidity of the combined utility and provides foundational support for Wall Street compliance requirements.

**Overview**

The revised budget of \$1,921,556 is \$613,686 greater than original budget of \$1,307,870 due to carry forwards of \$45,000, also known as rollovers, transfers from 441/27 CRA for the Perkins to Griffin project in the amount of \$243,791, fund balance of \$50,000 for pole relocation, developer contributed capital of \$146,975 for the Lake County School Board fiber connection, and renewal and replacement funds of \$127,920 for a router and net enforcer. As of September, 100% of the year has passed. Operating revenues totaling \$1,194,530 represent 99.5% of budget of \$1,200,870. Operating expenses and encumbrances totaling \$1,003,833 represent 95.3% of budget of \$1,052,883. Included in this report is depreciation expense of \$294,141 which has the effect of reducing net income and increasing cash. Net income at the end of the reporting period is \$416,446.

**Surplus**

Total revenues of \$1,490,215 exceed expenses of \$1,073,769 by \$416,446. Included as a reduction to net income is the year end adjustment for Other Post Employment Benefits (OPEB) totaling \$16,982.

**Cash Reserve Calculation**

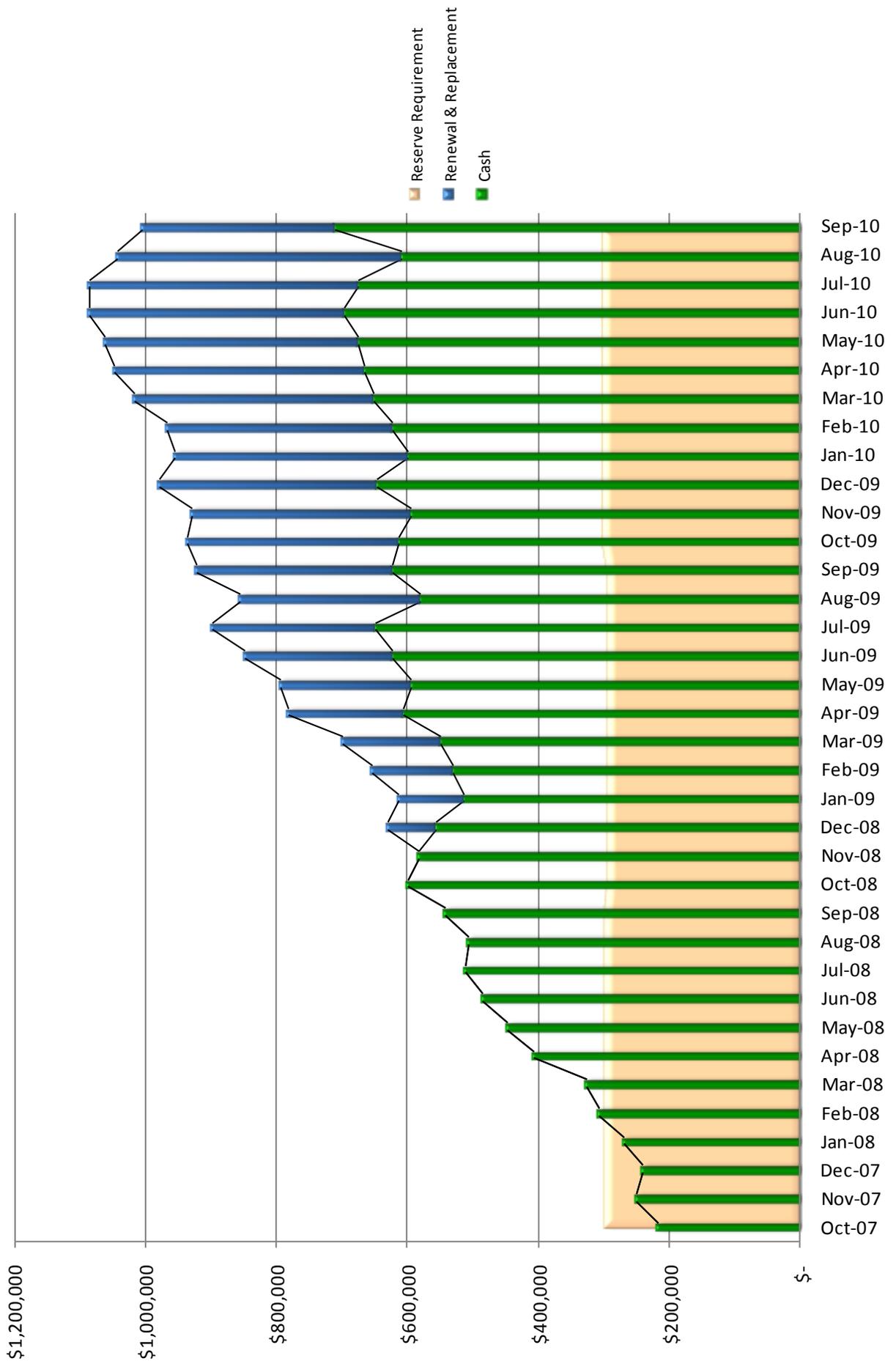
	<b>2010</b>	<b>FYE 2009</b>
*Budgeted Operating Revenue	\$ 1,200,870	\$ 1,172,221
Reserve Percentage	<u>25%</u>	<u>25%</u>
Required Reserve	300,218	293,055
Cash on hand	<u>1,006,027</u>	<u>923,400</u>
Excess	\$ 705,809	\$ 630,345

\*Operating revenue does not include income from grants, interest, other non-operating revenues, transfers in from other sources or funds, capital contributions or debt proceeds.

**Bottom Line:**

Net income at the end of the reporting period is \$416,446. Included as a reduction to net income is the year end adjustment for Other Post Employment Benefits (OPEB) totaling \$16,982. The unaudited cash balance of \$1,006,027 shows continued growth and improvement over last year's ending cash balance of \$923,400.

# Communications Fund Cash and Reserve Requirement



**City of Leesburg Communication Systems  
Statement of Revenues and Expenditures  
For the Twelve Months Ended September 30, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>2010 Actual</u>
<b>Revenue</b>			
Charges For Services	\$ 1,200,870	\$ 1,200,870	\$ 1,192,393
Other Operating Revenue	-	-	2,137
<b>Total Operating Revenues</b>	<u>1,200,870</u>	<u>1,200,870</u>	<u>1,194,530</u>
<b>Expenses</b>			
Communications	596,583	646,583	636,487
Internet Service Provider	71,300	71,300	70,742
Uncollectable Accounts	10,000	10,000	2,463
Depreciation	<u>325,000</u>	<u>325,000</u>	<u>294,141</u>
<b>Total Operating Expenses</b>	<u>1,002,883</u>	<u>1,052,883</u>	<u>1,003,833</u>
<b>Net Income From Operations</b>	197,987	147,987	190,697
<b>Non-Operating Revenue (Expense)</b>			
Interest Income	-	-	(4,693)
Other Non-Operating Income	12,000	12,000	6,566
Debt Service	(135,655)	(135,655)	(69,924)
Customer Deposit Interest	<u>(100)</u>	<u>(100)</u>	<u>(12)</u>
<b>Total Non-Operating Revenue (Expense)</b>	<u>(123,755)</u>	<u>(123,755)</u>	<u>(68,063)</u>
<b>Income Before Operating Transfers</b>	74,232	24,232	122,634
<b>Interfund Transfers</b>			
Transfers from Other Funds			
Hwy 441/27 CRA Fund	-	<u>243,791</u>	<u>146,837</u>
<b>Total Transfers</b>	-	<u>243,791</u>	<u>146,837</u>
<b>Net Income After Transfers</b>	74,232	268,023	269,471
<b>Other Sources</b>			
Capital Contributions	-	146,975	146,975
Appropriated Retained Earnings	95,000	317,920	-
Capital Projects	<u>(157,068)</u>	<u>(720,754)</u>	<u>-</u>
<b>Net Other Sources</b>	<u>(62,068)</u>	<u>(255,859)</u>	<u>146,975</u>
<b>Contribution to Fund Balance</b>	<u>\$ 12,164</u>	<u>\$ 12,164</u>	<u>\$ 416,446</u>

**Overview**

The revised budget of \$3,726,119 is \$27,119 greater than original budget of \$3,699,000 due to carry forwards, also known as rollovers. As of September, 100% of the year has passed. Operating revenue of \$3,704,188 represents 100.6% of budget of \$3,684,000. Operating expenses and encumbrances totaling \$2,853,011 represent 85.5% of budget of \$3,338,857. Included in this report is depreciation expense of \$23,807 which has the effect of reducing net income and increasing cash. Net income at the end of the reporting period is \$581,571.

**Surplus (Net Loss)**

Total revenues of \$3,701,702 exceed total expenses of \$3,120,131 by \$581,571. Included as a reduction to net income is the year end adjustment for Other Post Employment Benefits (OPEB) totaling \$54,341.

**Cash Reserve Calculation**

	<b>2010</b>	<b>FYE 2009</b>
*Budgeted Operating Revenue	\$ 3,684,000	\$3,710,019
Reserve Percentage	<u>25%</u>	<u>25%</u>
Required Reserve	921,000	927,504
Cash on hand	<u>1,208,099</u>	<u>1,129,972</u>
Excess (Deficiency)	\$ 287,099	\$ 202,468

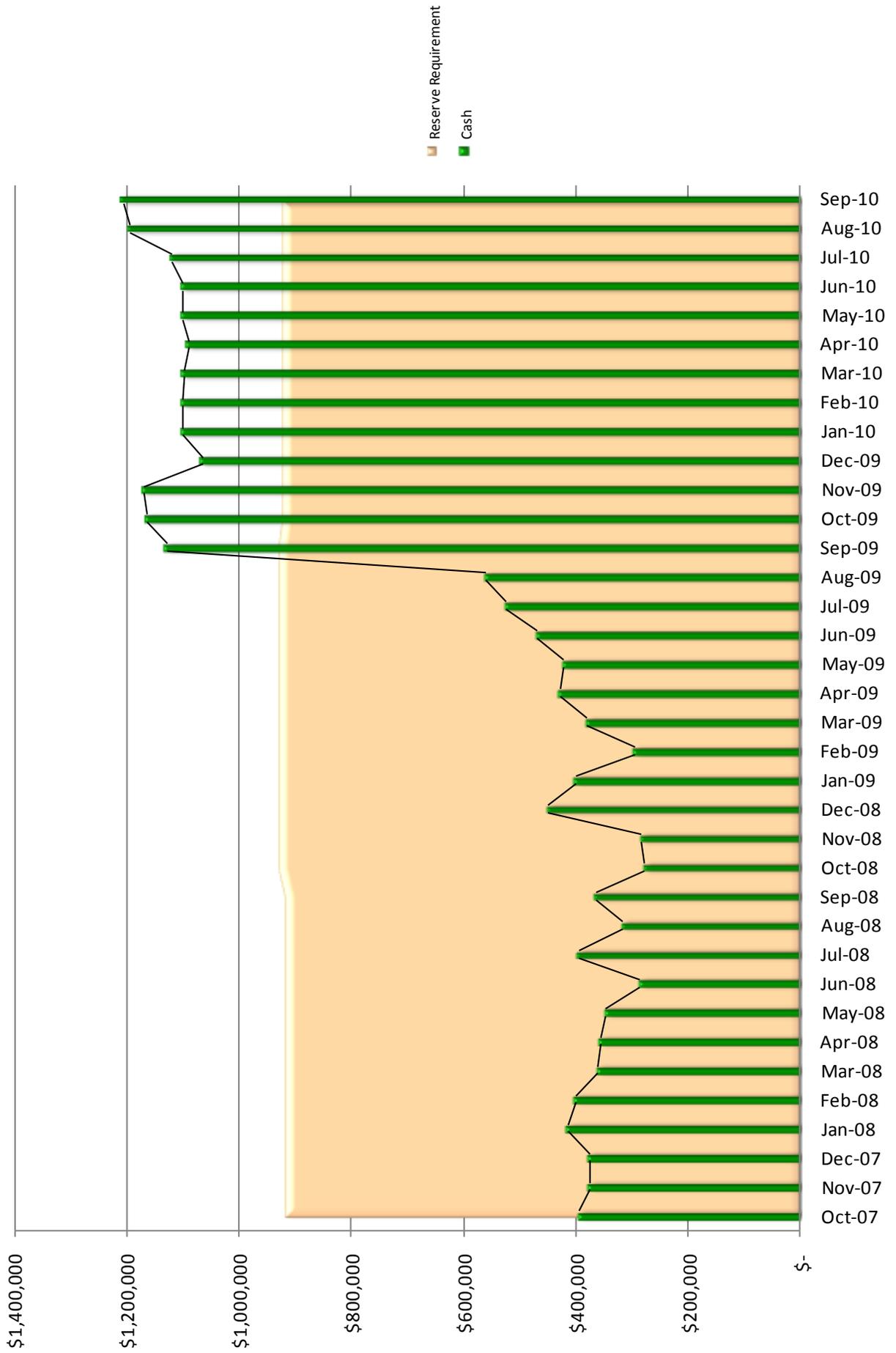
\*Operating revenue does not include income from grants, interest, other non-operating revenues, transfers in from other sources or funds, capital contributions or debt proceeds.

**Bottom Line:**

Year to date net income is \$581,571. Included as a reduction to net income is the year end adjustment for Other Post Employment Benefits (OPEB) totaling \$54,341.

At the end of the previous fiscal year, funds totaling \$500,000 were loaned to the Solid Waste utility to bring the utility into compliance with the Cash Reserve policy. As of July 31, 2010, the Solid Waste Fund completed repayment of the loan. The prior year's cash on hand reduced by the temporary loan from the Gas utility totals \$629,972. Cash on hand at the end of the current fiscal year of \$1,208,099 reflects an increase of \$578,127 and displays the positive impact of the operational changes within the Solid Waste utility.

# Solid Waste Fund Cash and Reserve Requirement



**City of Leesburg Solid Waste Fund**  
**Statement of Revenues and Expenditures**  
**For the Twelve Months Ended September 30, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>2010 Actual</u>
<b>Revenue</b>			
Charges For Services	\$ 3,654,000	\$ 3,654,000	\$ 3,664,533
Other Operating Revenue	<u>30,000</u>	<u>30,000</u>	<u>39,655</u>
<b>Total Operating Revenues</b>	<b>3,684,000</b>	<b>3,684,000</b>	<b>3,704,188</b>
<b>Expenses</b>			
Long-Term Care	118,048	145,167	26,109
Residential	1,451,328	1,451,328	1,257,788
Commercial	1,322,038	1,322,038	1,162,141
Uncollectable Accounts	20,000	20,000	16,716
General & Administrative	122,843	122,843	108,304
Customer Accounts	257,481	257,481	258,146
Depreciation	<u>20,000</u>	<u>20,000</u>	<u>23,807</u>
<b>Total Operating Expenses</b>	<b>3,311,738</b>	<b>3,338,857</b>	<b>2,853,011</b>
<b>Net Income From Operations</b>	<b>372,262</b>	<b>345,143</b>	<b>851,177</b>
<b>Non-Operating Revenue (Expense)</b>			
Interest Income	-	-	(1,906)
Other Non-Operating Income	15,000	15,000	(580)
Customer Deposit Interest	<u>-</u>	<u>-</u>	<u>(30)</u>
<b>Total Non-Operating Revenue (Expense)</b>	<b>15,000</b>	<b>15,000</b>	<b>(2,516)</b>
<b>Income Before Operating Transfers</b>	<b>387,262</b>	<b>360,143</b>	<b>848,661</b>
<b>Interfund Transfers</b>			
Transfers to Other Funds			
General Fund	<u>267,090</u>	<u>267,090</u>	<u>267,090</u>
<b>Total Transfers</b>	<b>267,090</b>	<b>267,090</b>	<b>267,090</b>
<b>Net Income After Transfers</b>	<b>120,172</b>	<b>93,053</b>	<b>581,571</b>
<b>Other Sources (Uses)</b>			
Appropriated Retained Earnings	<u>-</u>	<u>27,119</u>	<u>-</u>
<b>Net Other Sources</b>	<b>-</b>	<b>27,119</b>	<b>-</b>
<b>Contribution to Fund Balance</b>	<b>\$ <u>120,172</u></b>	<b>\$ <u>120,172</u></b>	<b>\$ <u>581,571</u></b>

**Healthcare**

**Overview**

The revised budget of \$4,283,000 is \$150,000 greater than the original budget of \$4,133,000 due to budget adjustments of \$133,000 from fund balance for the Employee Health Clinic build out and \$17,000 from fund balance for medical and office supplies and pharmaceuticals for the Health Clinic. Operating revenue of \$3,828,937 represents 94.9% of budget of \$4,033,000. Operating expenses and encumbrances totaling \$5,225,933 represent 138.1% of budget of \$3,784,000. The year to date net loss is (\$1,353,782).

**Surplus (Net Loss)**

Total expenses of \$5,274,398 exceed total revenues of \$3,920,616 resulting in a net loss of (\$1,353,782).

**Cash Reserve Calculation**

The cash reserve policy requires that there be adequate cash on hand to meet the obligations of the Health Insurance Fund. The results of the calculation are presented below:

	<b>2010</b>	<b>FYE 2009</b>
*Budgeted Expenditures	\$ 3,784,000	\$4,379,563
Number of days in the year	<u>÷ 365</u>	<u>÷ 365</u>
Budgeted average daily claims expense	10,367	11,999
Cash on hand	\$ 1,830,971	\$3,041,036
Actual average daily claims expense	<u>÷ 14,343</u>	<u>÷ 11,230</u>
Number of days cash on hand	127.65	270.80

**Bottom Line:**

The year to date net loss is (\$1,353,782). Cash on hand of \$1,830,971 remains strong but is below the previous fiscal year ending balance of \$3,041,036. The number of days cash on hand of 127.65 has decreased from the previous fiscal year end balance of 270.80 by 143.15 days. Risk Management's year over year claims analysis comparing data from 2007 through 2010 indicate an underlying 9% claims trend. In addition, Risk Management has proposed, and the City Commission has approved, an employee Healthcare clinic. It is expected that this will move the City toward a long term solution and help mitigate the shifting of costs between the City and employees.

**City of Leesburg Healthcare Fund**  
**Statement of Revenues and Expenditures**  
**For the Twelve Months Ended September 30, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>2010 Actual</u>
<b>Revenue</b>			
Employee Contributions	\$ 780,000	\$ 780,000	\$ 770,254
Employer Contributions	2,640,000	2,640,000	2,501,934
Retiree's Contribution	213,000	213,000	193,204
Retiree's Employer Contribution	340,000	340,000	324,819
Continuation Coverage	<u>60,000</u>	<u>60,000</u>	<u>38,726</u>
Revenues From Outside Sources	4,033,000	4,033,000	3,828,937
<b>Other Revenues</b>			
Interest on Investments	15,000	15,000	(20,326)
Other Income	47,000	47,000	72,579
Fund Balance Appropriated	<u>-</u>	<u>150,000</u>	<u>-</u>
Total Other Revenues	62,000	212,000	52,253
<b>Total Revenues</b>	<b>\$ 4,095,000</b>	<b>\$ 4,245,000</b>	<b>\$ 3,881,190</b>
<b>Expenses</b>			
Retiree Health Insurance	\$ 340,000	\$ 340,000	\$ 324,819
Professional Services	447,000	447,000	408,323
Insurance Premiums	319,000	319,000	303,166
Insurance Claims	2,020,000	2,020,000	3,470,290
Prescription Claims	696,000	696,000	767,949
Medicare Part D Subsidy	(38,000)	(38,000)	(39,426)
Incurred But Not Reported (IBNR)	<u>-</u>	<u>-</u>	<u>(9,188)</u>
Total Operating Expenses	3,784,000	3,784,000	5,225,933
<b>Transfers to Other Funds</b>			
Capital Projects Fund	<u>-</u>	<u>133,000</u>	<u>9,039</u>
Total Transfers	-	133,000	9,039
<b>Total Expenditures</b>	<b>\$ 3,784,000</b>	<b>\$ 3,917,000</b>	<b>\$ 5,234,972</b>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<b><u>\$ 311,000</u></b>	<b><u>\$ 328,000</u></b>	<b><u>\$ (1,353,782)</u></b>

## Workers' Compensation

September 2010

### Overview

The revised budget of \$666,147 is \$40,826 greater than original budget of \$625,321 due to carry forwards, also known as rollovers for the rehab of the Leesburg Municipal Services Center (LMSC). As of September, 100% of the year has passed. Operating revenue of \$588,742 represents 95.7% of budget of \$615,321. Operating expenses and encumbrances totaling \$600,180 represent 96% of budget of \$625,321. The year to date net loss is (111,980).

### (Net Loss)

Total expenses and transfers of \$700,911 exceed revenues of \$588,931 resulting in a net loss of (\$111,980). Included in net income are extraordinary items which are not typical of ongoing operations. These extraordinary items include transfers to the Capital projects fund for LMSC rehab of \$41,562 and transfers to the building department of \$59,169 totaling \$100,731. Were it not for these extraordinary items the net loss would have been (\$11,249). It is important to remove these items to show the true operational costs of the Fund.

### Cash Reserve Calculation

The cash reserve policy requires that there be adequate cash on hand to meet the obligations of the Workers' Compensation Fund. The results of the calculation are presented below:

	2010	FYE 2009
Budgeted Operating Expenditures	\$ 625,321	\$ 524,590
Number of days in the year	<u>÷ 365</u>	<u>÷ 365</u>
Average daily claims expense	\$ 1,713.21	\$ 1,437.23
Cash on Hand	\$1,708,831	\$1,733,641
Average daily claims expense	<u>÷ 1,644.33</u>	<u>÷ 1,944.59</u>
Number of days cash on hand	1,039.23	891.52

### Bottom Line:

The year to date net loss is (\$111,980). Included in net income are extraordinary items which are not typical of ongoing operations. These extraordinary items include transfers to the Capital projects fund for LMSC rehab of \$41,562 and transfers to the building department of \$59,169 totaling \$100,731. Were it not for these extraordinary items the net loss would have been (\$11,249). The number of days cash on hand of 1,039.23 has increased from the previous fiscal year end balance of 891.52 by 147.71 days. Cash on hand of \$1,708,831 remains strong. The City is well-protected from periods of high claims due to healthy reserves and effective risk management.

**City of Leesburg Workers' Compensation  
Statement of Revenues and Expenditures  
For the Twelve Months Ended September 30, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>2010 Actual</u>
<b>Revenue</b>			
Employer Contributions	\$ 615,321	\$ 615,321	\$ 588,742
Revenues From Outside Sources	615,321	615,321	588,742
<b>Other Revenues</b>			
Interest on Investments	10,000	10,000	(10,038)
Other Income	-	-	10,227
Fund Balance Appropriated	-	40,826	-
Total Other Revenues	<u>10,000</u>	<u>50,826</u>	<u>189</u>
<b>Total Revenues</b>	\$ 625,321	\$ 666,147	\$ 588,931
<b>Expenses</b>			
Professional Services	\$ 43,375	\$ 43,375	\$ 30,995
Insurance Premiums	88,000	88,000	67,648
Insurance Claims	443,946	443,946	389,828
Self Insurance Assessment	40,000	40,000	28,698
Incurred But Not Reported (IBNR)	10,000	10,000	83,011
Total Operating Expenses	<u>625,321</u>	<u>625,321</u>	<u>600,180</u>
<b>Other Expenditures</b>			
Transfers to Other Funds	-	40,826	100,731
Total Other Expenditures	<u>-</u>	<u>40,826</u>	<u>100,731</u>
<b>Total Expenditures</b>	\$ 625,321	\$ 666,147	\$ 700,911
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (111,980)</u>

**Building Permits Fund**

**September 2010**

**Overview**

The revised budget of \$453,730 is \$6,630 greater than original budget of \$447,100 due to a budget adjustment for temporary labor to assist during fire inspection training. As of September, 100% of the year has passed. Operating revenue of \$293,104 represents 68.2% of budget of \$430,000. Operating expenses and encumbrances of \$368,972 represent 90% of budget of \$409,792. The year to date net loss is (\$1,283).

**(Net Loss)**

Total expenses of \$368,972 exceed total revenues of \$367,689 by (\$1,283).

**Cash Reserve Calculation**

The cash reserve policy requires that there be adequate cash on hand to meet the obligations of the Building Permits Fund. The results of the calculation are presented below:

	<b>2010</b>	<b>FYE 2009</b>
Budgeted Operating Expenditures	\$ 403,162	\$ 646,231
Number of days in the year	<u>÷ 365</u>	<u>÷ 365</u>
Average daily expense	\$ 1,104.55	\$ 1,770.50
Cash deficit	38,938	35,002
Average daily expense	<u>\$ 1,104.55</u>	<u>\$ 1,770.50</u>
Number of days cash deficiency	35.25	19.77

The cash deficit of \$38,938 is covered by General Fund excess cash reserves.

**Bottom Line**

The year to date net loss is \$1,283. The cash deficit is \$38,938. To mitigate additional losses the temporary building inspector was terminated October 23, 2009. In addition the Administrative Assistant I position was transferred to Planning, and the Administrative Assistant II position was transferred to Police effective October 24, 2009. Because service levels have reached a minimum and further reductions would hinder economic development and customer service, future losses are expected and subsidization of this fund will be necessary.

**City of Leesburg Building Permits Fund**  
**Statement of Revenues and Expenditures**  
**For the Twelve Months Ended September 30, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>2010 Actual</u>
<b>Permit Revenue</b>			
Building	\$ 300,000	\$ 300,000	\$ 210,841
Plumbing	25,000	25,000	13,820
Electric	40,000	40,000	29,825
Gas	11,000	11,000	2,249
Fire	-	-	4,776
Mechanical	50,000	50,000	20,764
Mobile Home	-	-	2,700
Sign	4,000	4,000	8,129
Revenues From Outside Sources	<u>430,000</u>	<u>430,000</u>	<u>293,104</u>
<b>Other Revenues</b>			
Intergovernmental Revenue	8,000	8,000	1,550
Investment Income	-	-	463
Miscellaneous	9,100	15,730	13,403
Total Other Revenues	<u>17,100</u>	<u>23,730</u>	<u>15,416</u>
<b>Total Revenues</b>	<b>\$ 447,100</b>	<b>\$ 453,730</b>	<b>\$ 308,520</b>
<b>Expenses</b>			
Salaries & Benefits	\$ 303,734	\$ 310,364	\$ 288,568
Operating Expenses	99,428	99,428	80,404
Total Operating Expenses	<u>403,162</u>	<u>409,792</u>	<u>368,972</u>
<b>Other Expenditures</b>			
Reserve for Future Use	43,938	43,938	-
Total Other Expenditures	<u>43,938</u>	<u>43,938</u>	<u>-</u>
<b>Total Expenditures</b>	<b>\$ 447,100</b>	<b>\$ 453,730</b>	<b>\$ 368,972</b>
<b>Income Before Operating Transfers</b>	<b>-</b>	<b>-</b>	<b>(60,452)</b>
<b>Interfund Transfers</b>			
Transfers from Other Funds			
Workers' Comp Fund	-	-	59,169
Total Transfers	<u>-</u>	<u>-</u>	<u>59,169</u>
<b>Excess (Deficiency) of Revenue</b>			
<b>Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,283)</b>

# Building Permits Cash

