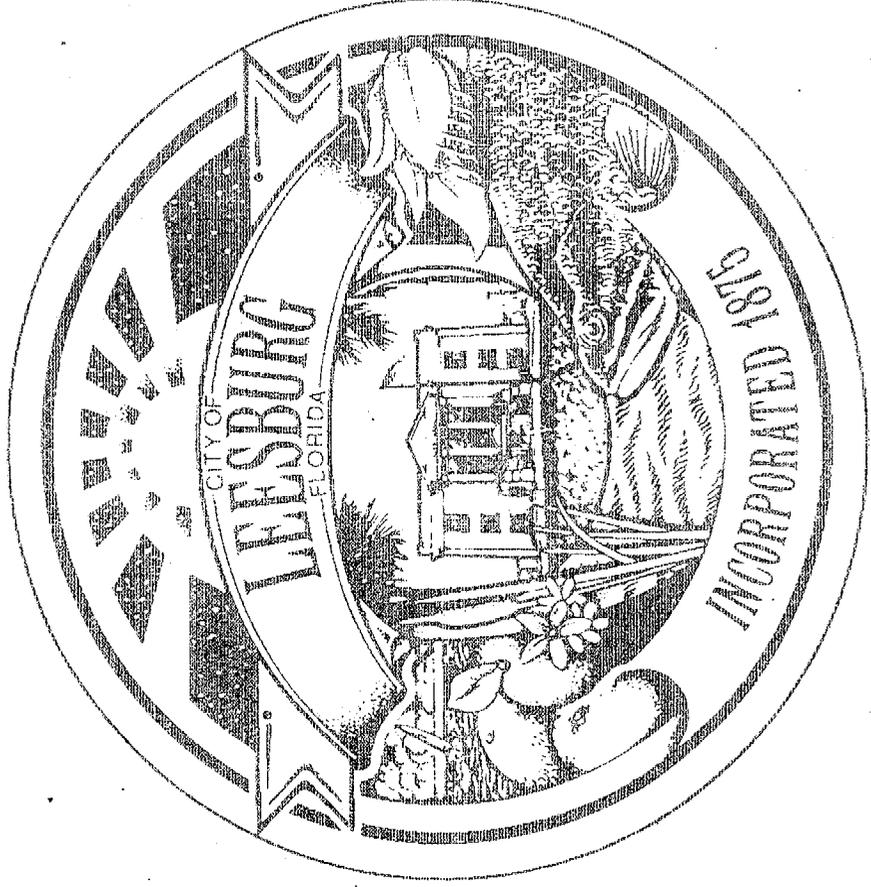


COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2000



CITY OF LEESBURG, FLORIDA

CITY OF LEESBURG, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2000

Prepared By:

Robert L. Brown
Interim City Clerk/Finance Director

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INTRODUCTORY SECTION

This section contains the following subsections:

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

CITY OF LEESBURG, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2000

MAYOR

Chet Blackmon

MAYOR—PRO-TEM

C. Robert Lovell

COMMISSION

David L. Connelly
Ben Perry
Lewis Puckett

INTERIM CITY MANAGER

Thomas P. Klinker, CPA, CGFO

**INTERIM CITY CLERK/
FINANCE DIRECTOR**

Robert L. Brown

CITY ATTORNEY

McLin, Burnsed, Morrison
Johnson, Newman & Roy, P.A.

CITY AUDITORS

Purvis, Gray and Company

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CITY OF LEESBURG, FLORIDA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2000**

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CITY OF LEESBURG, FLORIDA
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March 27, 2001

To the Honorable Mayor and
City Commissioners of the
City of Leesburg, Florida

The Comprehensive Annual Financial Report of the City of Leesburg, Florida for the fiscal year ended September 30, 2000, is respectfully submitted. This report was prepared by the Finance Division of the City Clerk/Finance Director. I believe the financial and statistical information presented is accurate in all material respects, and is set forth in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. The report contains all of the disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs.

Organization and Content

The purpose of this letter is to narratively point out the highlights of the City's financial operations for the fiscal year ended September 30, 2000. The Comprehensive Annual Financial Report contains three major sections, which are the Introductory, the Financial, and the Statistical Sections. The Introductory Section is designed to give the reader some basic background about the governmental unit as a whole. The Financial Section is divided into the following subsections:

1. General Purpose Financial Statements by fund type and account group.
2. Notes to the Financial Statements.
3. Combining, Individual Fund and Account Group Statements and Schedules.

The Statistical Section presents social, demographic, and economic data together with information concerning the financial trends and fiscal capacity of the City of Leesburg, and is generally presented on a multi-year basis.

The following pages of this letter summarize and highlight the financial transactions of the City of Leesburg for the fiscal year ended September 30, 2000.

General Information

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.



LEESBURG
The Lakefront City

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352/728-9700 • Fax 352/728-9734 • TDD 352/728-4138

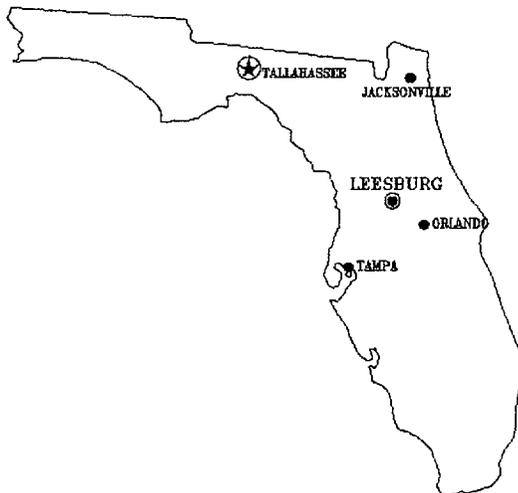
- AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER -

March 27, 2001

The City of Leesburg is situated between Lake Harris and Lake Griffin. The City was originally a 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 highest populated of the fourteen (14) incorporated municipalities in Lake County.

The estimated April 1, 2000 population of 15,737 residents ranks the City of Leesburg as the 101st largest of Florida's 403 municipalities (the incorporated cities, towns and villages). In addition to Leesburg, the other thirteen incorporated municipalities located within Lake County are Astatula, Clermont, Eustis, Fruitland Park, Groveland, Howey-in-the-Hills, Lady Lake, Mascotte, Minneola, Montverde, Mount Dora, Tavares and Umatilla.

As shown on the map below, 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 Capitol, Tallahassee, 80 miles northeast of Tampa, 40 miles northwest of Orlando and 125 miles southwest of Jacksonville. The City is bisected by State Road 44, US Highway 27, and US Highway 441.



The major factors in the economy of the City of Leesburg and the surrounding areas are recreation and tourism. The Leesburg Industrial Park is located on SR 44 and is occupied by several industrial and commercial enterprises.

Government Structure

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 operates under a commission/manager form of government, with a governing board consisting of five City Commissioners, elected to staggered three-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.

The Financial Reporting Entity and Its Services

This report contains all of the funds and account groups of the City of Leesburg, Florida, as well as component units which are required to be included pursuant to the provisions of Governmental Accounting Standards Board (GASB) Statement Number 14.

Statement 14 generally requires inclusion within the financial statements of organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

Based on the application of the foregoing criteria, the Greater Leesburg Community Redevelopment Agency is included as a blended component unit of the City.

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After a detailed review of the criteria set forth in Governmental Accounting Standards Board Statement Number 14 (the Financial Reporting Entity), the following boards, authorities, agencies, and districts have been excluded from the financial reporting entity:

North Lake County Hospital District
North Lake Ambulance District
Leesburg Regional Medical Center

The City provides a full range of governmental services contemplated by state law and local ordinance, 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, sanitation, communication services (which includes internet service provider), water and wastewater treatment.

Accounting System and Budgetary Control

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records used in preparing financial statements and maintaining accountability for assets. 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 evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. I believe that the City's internal accounting controls

adequately safeguard assets, and provide reasonable assurance of proper recording of financial transactions.

Formal budgetary integration is used as a management control device during the year for all governmental funds of the City. During fiscal year 1997-98, the City adopted a budget policy which 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 generally accepted accounting principles (GAAP). The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget adopted by the City Commission.

The City's accounting system is organized and operated on a "fund" basis, which is the basic fiscal and accounting entity in governmental accounting. Each fund is classified by category and fund type. For descriptions of the City's fund types, account groups and a summary of significant accounting policies, see the notes to the financial statements. For a description of individual funds, see the combining statements.

An abbreviated summary of the classes of funds is outlined below:

Governmental Funds

In Governmental Funds, measurement focus is based on a determination of the financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income determination. These funds are maintained on the modified accrual basis of accounting, where revenues and other financial resource increments (for example, bond proceeds) are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal

March 27, 2001

period. Basic financial statements necessary to fairly present financial position and operating results for these funds are the balance sheet and the statement of revenues, expenditures and changes in fund balance.

Proprietary Funds

The Proprietary Funds (the Enterprise Funds and the Internal Service Funds) are used to account for activities in a manner similar to that utilized in the private sector, where the determination of net income is necessary or useful for sound financial administration. The Proprietary Funds are accounted for on the full accrual basis, where revenues are recognized when they are earned and expenses when they are incurred.

Fiduciary Funds

The measurement focus for Trust and Agency Funds is dependent on the nature of the fund. The only Trust and Agency Funds of the City of Leesburg are the Pension Trust Funds, which are accounted for in essentially the same manner as the Proprietary Funds.

Account Groups

The General Fixed Assets and General Long-Term Debt Account Groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt. The City's general fixed assets are not financial resources available for expenditure. The unmatured principal of the City's general long-term debt does not require the use of financial resources during the current accounting period. Accordingly, these are not accounted for in the governmental funds, but in self-balancing account groups.

General Governmental Functions

Revenues, as included in the governmental funds, totaled \$14,838,478 during fiscal year 1999-2000 and increased by \$897,269 or 6.44% over the total revenues of \$13,941,209 reported in fiscal year 1998-1999.

Pursuant to the uniform classification of accounts prescribed by the State Comptroller's office, governmental fund revenues are classified into one of the following six categories:

Taxes - Includes property (ad valorem) taxes, local option gas taxes, public service taxes (authorized pursuant to the provisions of Section 166.231, Florida Statutes), other local taxes, and franchise fees.

Licenses and Permits - Includes occupational licenses, building, zoning, and utility permits, right-of-way permits, and other licenses and permits of a local nature.

Intergovernmental Revenues - Includes federal grants, payments, and revenue sharing, state grants, payments, and revenue sharing, such as the City's share of state collected motor fuel taxes and sales taxes.

Charges for Services - Includes park fees, recreational activity fees, marina merchandise and fuel sales, certification and copy of city documents and records, sale of official maps and publications, animal control fees, stormwater utility fees, zoning fees and other user charges.

Fines and Forfeitures - Includes court fines and fees (including police officers educational funding), the proceeds from

March 27, 2001

the sale of judicially confiscated property, and library fines.

Miscellaneous Revenues - Includes interest on investments, rents, sales of surplus property, insurance proceeds from lost or destroyed property, marina storage fees, assessments (including street lighting and impact fees), refunds,

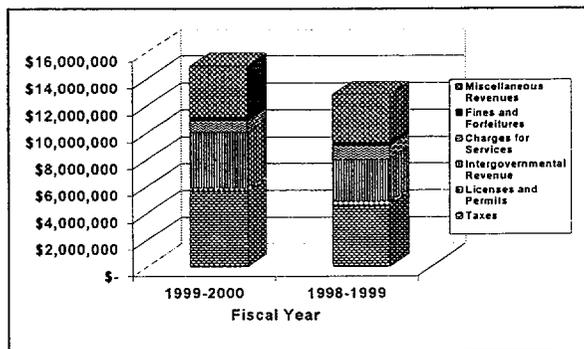
contributions, reimbursements, and revenues not more properly recorded in other classifications.

Based on the preceding classifications, the amount of general government revenues received during fiscal year 1999-2000 as compared to fiscal year 1998-1999 was as follows:

Description	Fiscal Year 1999-2000	Fiscal Year 1998-1999	Increase (Decrease)	Percent Change
Taxes	\$ 5,572,966	\$ 4,560,397	\$ 1,012,569	22.20 %
Licenses and Permits	323,608	296,298	27,310	9.22 %
Intergovernmental Revenue	3,651,192	4,195,239	(544,047)	(12.97)%
Charges for Services	807,146	824,451	(17,305)	(2.10)%
Fines and Forfeitures	294,762	303,902	(9,140)	(3.01)%
Miscellaneous Revenues ⁽¹⁾	4,188,804	3,760,922	427,882	11.38 %
Totals	\$ 14,838,478	\$ 13,941,209	\$ 897,269	6.44 %

⁽¹⁾Includes interest income and reimbursements received from the Enterprise Funds for services provided by General Fund Departments

The relationships between the various sources of revenue received in fiscal year 1999-2000, as compared to fiscal year 1998-1999, may be shown graphically as follows:



Revenue generated in the tax category experienced the single largest increase of any of the major revenue categories. The fiscal year 1999-2000 tax revenues of \$5,572,966 represent an increase of \$1,012,569 or 22.20% over the \$4,560,397 reported in fiscal year 1998-1999.

The most significant cause of the increase in tax revenues received in fiscal year 1999-2000 compared to the amount received in fiscal year 1998-1999 can be attributed to the implementation, by the City Commission, of a 10% public service tax taxes (authorized pursuant to the provisions of Section 166.231, Florida Statutes), for electric, natural gas, and water service sold to customers in the incorporated limits of the City. This tax was implemented on April 1, 2000, in conjunction with a restructuring (lowering) of electric rates. The intent of the restructuring was to take advantage of the revenue generating authority provided to the City by state legislative authority, and to reduce the dependence of the City's general fund on operating transfers from the enterprise funds. Overall, the \$951,650 generated by this new revenue source represents 94% of the total increase in this category.

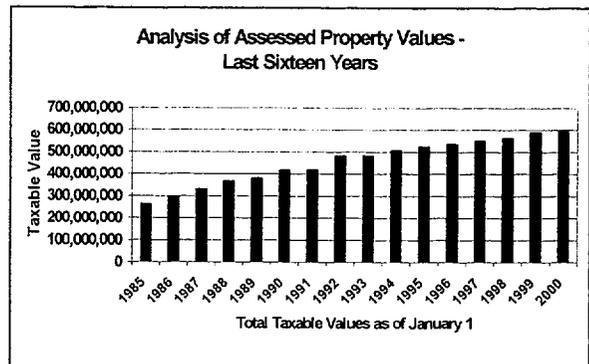
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The other major cause of the increase in tax revenues received in fiscal year 1999-2000, as compared to fiscal year 1998-1999 is in the amount of one-cent local government infrastructure surtax revenues received, which increased by \$107,852 or 9.74% from \$1,107,662 in fiscal year 1998-1999 to \$1,215,514 in fiscal year 1999-2000. In a referendum election, held November 3, 1987, Lake County voters approved the one cent sales tax, which provides for the levy of an additional one cent tax on sales in the County and taxed pursuant to the provisions of Section 212.055, Florida Statutes. The City of Leesburg receives a portion of the tax based on an interlocal agreement with the Lake County Board of County Commissioners and the fourteen incorporated Lake County municipalities. Utilization of the proceeds of this tax is limited to infrastructure improvements, long-term maintenance costs associated with landfill closure, and public safety vehicles and equipment with a life expectancy of at least 5 years.

Collectively, the increases in these two revenue sources total \$1,059,502, which more than accounts for the overall increase of \$1,012,569 in the tax revenue category.

Ad valorem tax revenues, which represent the single largest component of tax revenues, actually decreased by \$46,057 or 1.73%, from \$2,659,480 in fiscal year 1998-1999 to \$2,613,423 in fiscal year 1999-2000. This decrease is entirely attributable to a significant decrease of in delinquent ad valorem tax revenues, which fell by \$224,882 or 96.59% from \$232,817 in fiscal year 1998-1999 to \$7,935 in fiscal year 1999-2000. The distinction between current and delinquent ad valorem tax revenues is made by the Lake County Tax Collector based on when, during the property tax cycle, the amounts are collected. As a consequence, some amounts are recorded as delinquent even

though they are collected during the fiscal year for which they were originally levied. The millage rate (amount of taxes per \$1,000 of assessed value) levied in the city remained constant at 4.50 mills for both years. Therefore, the \$178,825 increase in current ad valorem tax revenues is entirely attributable to increases in the assessed value of taxable properties. Aggregate taxable property values rose by a modest 1.52% or \$8,950,608 from \$590,524,654 in fiscal year 1998-1999 to \$599,475,262 in fiscal year 1999-2000. During the past eight years, the rate of growth in taxable values has slowed considerably from the explosive growth rates experienced throughout the late 1980's and early 1990's. Nevertheless, over the past fifteen years the increase in total taxable values has averaged 8.44% annually, which, may be shown graphically as follows:



Each of the other three major categories of tax revenues (i.e. franchise taxes, local option gas taxes, and the one cent voted gas tax) experienced modest changes in the amount received in fiscal year 1999-2000 as compared to the amount received in fiscal year 1998-1999. Combined, these sources of revenue fell by less than \$1,000 in fiscal year 1999-2000.

It should be noted at this point that the voters of Lake County, in a referendum election, approved the one cent voted gas tax, which provides for the levy of a one cent per gallon tax on motor fuel and special fuel sold in the County and taxed

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pursuant to the provisions of Section 206, Florida Statutes. Utilization of the proceeds of this tax is limited to the costs of acquisition, construction, reconstruction, and maintenance of roads and streets; and the costs of establishing, operating, and maintaining a transportation system and related facilities.

Nearly 30% of both the one cent voted gas taxes as well as the six cent local option gas taxes collected are shared with the municipalities based on a cooperative agreement between the Lake County Board of County Commissioners and the fourteen incorporated Lake County municipalities.

License and permit revenues rose in total by \$27,310 or 9.22% from \$296,298 in fiscal year 1998-1999 to \$323,608 in fiscal year 1999-2000. These revenues are generated from two sources, namely professional and occupational licenses and building permits.

Professional and occupational license revenues rose by \$15,774 or 10.03% from \$157,271 in fiscal year 1998-1999 to \$173,045 in fiscal year 1999-2000. Professional and occupational license fees are payable on or before October 1 of each year, and therefore, the timing of when these items are paid could have an impact on the amount received from one year to the next.

The other major source of license and permit revenues, building permits, experienced an increase of \$13,927 or 15.87% from \$87,738 in fiscal year 1998-1999 to \$101,665 in fiscal year 1999-2000. The increase in building permit revenues occurred, in large part, as a result of the implementation of new building permit fees which took effect on February 14, 2000. The total number of building permits issued increased by 82 or 5.64% from 1,455 during fiscal year 1998-1999 to 1,537 during fiscal year 1999-2000.

Although the total value of construction related to all permits issued decreased, the revenue generated from the sale of permits increased, probably as a result of the increase in building permit fees. Nevertheless, the decrease in construction value seems to have been caused, at least in part, by a decrease in the average size of construction projects. Only a few significant construction projects were initiated in the City of Leesburg during fiscal year 1999-2000, which include Sleep Inn and Leesburg Regional Medical Center.

The intergovernmental revenue category experienced the single largest decrease of any of the major revenue categories. The fiscal year 1999-2000 intergovernmental revenues of \$3,651,192 represents a decrease of \$544,047 or 12.97% from the \$4,195,239 reported in fiscal year 1998-1999.

The dramatic decrease in intergovernmental revenues received in fiscal year 1999-2000 as compared to fiscal year 1998-1999, can be attributed to the amount of revenue recognized from joint participation agreements between the City of Leesburg and the State of Florida, Department of Transportation, concerning improvements at the Leesburg Regional Airport. Specifically, revenues from this source totaled \$1,471,176 during fiscal year 1998-1999 and fell by \$1,256,017 or 85.38% to \$215,159 in fiscal year 1999-2000. In addition to the funding assistance received from the State of Florida for the construction of these improvements, funding assistance was also received from the federal government as well as from Lake County. Assistance received from the federal government fell by \$22,838 or 32.18% from \$70,973 in fiscal year 1998-1999 to \$48,136 in fiscal year 1999-2000. Funding of airport improvements received from Lake County also fell in fiscal year 1998-1999 compared to fiscal year 1999-2000.

March 27, 2001

The amount of revenues recognized from the joint participation agreements between the City of Leesburg and the State of Florida, Department of Transportation declined because the work which was the subject of these agreements, completion of an airport master plan, land acquisition, rehabilitation of taxiways and runway thresholds, and construction of new airport signage were substantially completed during fiscal year 1998-1999. Expenditures for these improvements totaled \$2,081,027 in fiscal year 1998-1999 and fell by \$1,757,961 or 84.48% to \$323,066 in fiscal year 1999-2000. Since the amount of grant revenue recognized is directly related to the amount of expenditures incurred, revenues also fell.

Although the overall category decreased, many of the individual sources of intergovernmental revenue experienced modest increases. In addition, the City received federal grant revenues in fiscal year 1999-2000 totaling \$653,703 from an economic development community development block grant for the construction of a manufacturing facility at the airport for Skybolt Aeromotive Corporation. Revenues from this source totaled \$55,365 during fiscal year 1998-1999, which represents an increase of 598,339. Finally, intergovernmental revenues totaling \$360,308 were recognized in the stormwater fund during fiscal year 1999-2000. These funds were used to construct a drainage basin in the Carver Heights area. Grant sources for this project included a federal grant passed through from the State of Florida, Department of Community Affairs, a state grant and funding from St. John's River Water Management District. Intergovernmental revenues reported in the stormwater fund during fiscal year 1998-1999 consisted only of a \$416 emergency management grant received from the Federal Emergency Management Agency (FEMA).

Also in the area of intergovernmental revenues, the proceeds received by the City from the Local Government Half-Cent Sales Tax Program experienced an increase of \$41,859 or 6.09% from \$687,104 in fiscal year 1998-1999 to \$728,963 in fiscal year 1999-2000.

The housing rehabilitation community development block grant revenue received declined because activity related to the grant received to provide housing rehabilitation and improvements to substandard housing units, which are owned by eligible low-income individuals and families, was completed in January 1999. The City was awarded another community development block grant for housing rehabilitation in July 2000, but the expenditures incurred during the balance of fiscal year 1999-2000 were minimal. Again, since the amount of grant revenue recognized is directly related to the amount of expenditures incurred, revenues from this source totaled \$333,480 during fiscal year 1998-1999 and fell by \$283,480 or 85.01% to \$50,000 in fiscal year 1999-2000.

A change in the categorization of revenues received from the Lake County District School Board for the provision of school resource officers from charges for services to intergovernmental revenues resulted in a decrease of \$31,788 in charges for services revenues. This amount more than accounts for the overall decrease of \$17,305 in this category. The remainder of the individual revenue sources in this category experienced modest increases in the amount received during fiscal year 1999-2000 when compared to fiscal year 1998-1999. Revenues for fuel sales at the Venetian Cove Marina rose by \$10,026 or 24.86% from \$40,332 in fiscal year 1998-1999 to \$50,358 in fiscal year 1999-2000. Zoning fees increased from \$17,771 in fiscal year 1998-1999 to \$22,880 in fiscal year 1999-2000, an increase of \$5,109 or 28.75%. This increase is directly

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related to the number of zoning requests processed, which increased from 84 to 128. The majority of the increase is a result of more annexations that require large-scale comprehensive plan amendments at a charge to the applicant of \$1,800 per request.

Revenues generated by police personnel fees for services performed during events, such as weddings and special events in the downtown area also experienced a significant increase. City policies generally provide that anytime an event requires additional police protection, or for events where alcohol is served, the organization conducting the event on City property must pay the costs associated with additional police protection. Revenues from this source increased from \$4,483 in fiscal year 1998-1999 to \$14,893 in fiscal year 1999-2000, an increase of \$10,410 or 232.21%.

Of the eleven line item revenues included within the fines and forfeiture category, four experienced decreases (ranging from \$1,181 to \$5,397), six experience increases (ranging from \$62 to \$1,253), and one remained unchanged. As a result, there was an overall decrease in this category of only \$9,140 or 3.01% from \$303,902 in fiscal year 1998-1999 to \$294,762 in fiscal year 1999-2000. Court fine revenues fell by \$5,397 or 3.06% from \$176,412 in fiscal year 1998-1999 to \$171,015 in fiscal year 1999-2000. Similarly, revenues generated for the automobile radio communications program fell from \$50,000 in fiscal year 1998-1999 to \$46,075 in fiscal year 1999-2000, a reduction of \$3,925 or 7.85%. Conversely, code enforcement fine revenue experienced a sizeable increase of \$1,253 or 59.93%, from \$2,090 in fiscal year 1998-1999 to \$3,343 in fiscal year 1999-2000. Parking ticket revenue also experienced an increase from \$2,507 in fiscal year 1998-1999 to \$3,140 in fiscal year 1999-2000. It should

be noted that because of their nature, revenue from these sources is subject to extreme inestimable variances from year to year.

The increase of \$427,882 or 11.38% in miscellaneous revenues may be attributed to four major causes. Rent and royalty revenue rose by \$99,749 or 32.31% from \$308,739 in fiscal year 1998-1999 to \$408,488 in fiscal year 1999-2000. Over 90% of this increase can be directly attributed to increases in rental income generated by the Leesburg Regional Airport, which rose by \$92,260.

Secondly, proceeds from the sale of a parcel of land in McWilliam Subdivision generated a one time revenue of \$11,890, and the sale of two (2) parcels of City owned property in the Industrial Park generated another \$94,501 of this increase. At the close of the fiscal year, there are six (6) remaining unsold parcels in the Industrial Park, of which two currently have pending sale contracts. The City has been aggressively working to sell the remaining parcels and recoup the investment of \$729,429 the City made in 1988.

Third, reimbursement revenue from the six (6) utility funds are recorded in this category. As general fund expenditures of certain divisions increase, the amount of revenue generated from the utility funds also increase. Revenues from this source increased by \$63,111 or 2.16% from \$2,917,098 in fiscal year 1998-1999 to \$2,980,209 in fiscal year 1999-2000. The \$63,111 increase represents 14.75% of the total increase in this category.

Finally, interest earnings increased from \$255,509 in fiscal year 1998-1999 to \$543,128 in fiscal year 1999-2000, an increase of 112.57% or \$287,619. The reasons for the increase in interest revenues are really three fold. First, the amount of surplus funds available for

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investment increased due to an effort to restore the general fund to a strong fiscal foundation. In addition, during the latter part of fiscal year 1998-1999 the City issued bonded debt, and a large portion of the bond proceeds received remain unspent from the capital projects fund as of September 30, 2000. Second, the rate of return, which the City was able to obtain on invested funds, increased by approximately 1% from the rate earned in the prior year. Finally, the adjustments required (pursuant to the provisions of GASB Statement 31) to mark investment values at market prices resulted in an increase to investment income totaling \$6,612. In fiscal year 1998-1999, the City recorded a market value decrease to investment income of \$38,242.

Total expenditures, as included in the governmental funds, fell by \$1,819,900 or 8.63% from \$21,087,681 in fiscal year 1998-1999 to \$19,267,781 in fiscal year 1999-2000.

Similar to the fashion in which revenues are classified into major categories, governmental fund type expenditures are classified into one of the following nine functional categories:

General Government - Includes the costs of services provided by the legislative, judicial and administrative branches of government for the benefit of the public and the governmental body as a whole.

Public Safety - Includes expenditures related to the security of persons and property, such as police services, building inspection services, fire protection services and fire rescue services.

Physical Environment - Includes the costs of services necessary for the attainment of a satisfactory living

environment, such as pollution control, stormwater management, and other activities relating to the environment.

Transportation - Includes those expenditures necessary to provide for the safe and efficient flow of vehicle and pedestrian traffic throughout the City, primarily through construction and maintenance of roads, as well as those costs related to the construction and maintenance of airport facilities.

Economic Environment - Includes costs incurred for the development and improvement of economic conditions for the community and its citizens.

Human Services - Includes expenditures for the care, treatment, and control of human illness, injury, or handicap, and for the welfare of the community as a whole, such as the Citizens Utility Relief Effort (C.U.R.E.) and animal control services.

Culture/Recreation - Includes the costs of providing and maintaining cultural and recreational facilities throughout the City for the benefit of all City citizens.

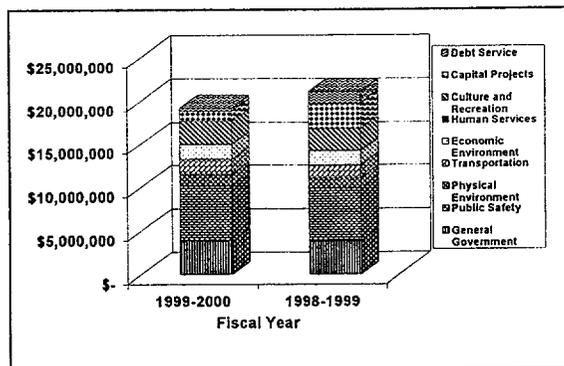
Capital Projects - Includes expenditures for major construction projects, which generally require longer than one fiscal year to complete.

Debt Service - Includes the costs of liquidating long-term liabilities of the City, such as principal and interest on bond issues and notes, contracts payable and related expenditures.

Utilizing the functional categories listed above, the amount of expenditures incurred in the governmental funds during fiscal year 1999-2000, as compared to fiscal year 1998-1999, was as follows:

Description	Fiscal Year 1999-2000	Fiscal Year 1998-1999	Increase (Decrease)	Percent Change
General Government	\$ 3,852,844	\$ 3,844,042	\$ 8,802	0.23 %
Public Safety	6,336,134	6,093,036	243,098	3.99 %
Physical Environment	1,358,276	1,113,690	244,586	21.96 %
Transportation	1,710,323	1,510,205	200,118	13.25 %
Economic Environment	1,718,148	1,638,637	79,511	4.85 %
Human Services	41,085	32,578	8,507	26.11 %
Culture and Recreation	2,685,487	2,567,542	117,945	4.59 %
Capital Projects	1,179,181	2,985,420	(1,806,239)	(60.50)%
Debt Service	386,303	1,302,531	(916,228)	(70.34)%
Totals	\$ 19,267,781	\$ 21,087,681	\$ (1,819,900)	(8.63)%

As shown in the above table, significant reductions in expenditures for capital projects and debt service more than account for the overall decrease in expenditures of \$1,819,900. Each of the other seven (7) major categories of expenditures experienced increases in the amount expended during fiscal year 1999-2000 compared to fiscal year 1998-1999. The following is a graphic representation of the changes in expenditures by category from fiscal year 1998-1999 to fiscal year 1999-2000:



While overall, the General Government function experienced a modest increase of 0.23% or \$8,802 from \$3,844,042 in fiscal year 1998-1999 to \$3,852,844 in fiscal year 1999-2000, six of the twelve activities included within general government category experienced increases and six of the twelve activities experienced decreases. Notable increases occurred in amounts expended for legal representation which increased by \$43,916 or 35.34% from

\$124,280 in fiscal year 1998-1999 to \$168,196 in fiscal year 1999-2000, as well as in the amount expended in the Information and Communication Services Department, which increased by \$101,256 or 23.75% from \$426,335 in fiscal year 1998-1999, to \$527,591 in fiscal year 1999-2000. The increase in the amount expended in the Information and Communication Services Department may be explained, at least to a large degree, by a change in the method used to account for the purchase and maintenance of computer equipment. Prior to October 1, 1999, purchases and maintenance of computer equipment was distributed to the various city departments. This process was centralized during fiscal year 1999-2000, so that all purchases and maintenance of computer equipment are charged to the Information and Communication Services Department. In return, each department leases the equipment for a monthly fee based on a 4-year useful life at average cost. Reserves are maintained to upgrade and replace the equipment. This new program is intended to simplify fixed asset reporting, and prepare the City for future capital purchases, without putting an undue burden on each department. The last major increase in general government expenditures occurred in the Planning and Zoning Department which rose from \$152,751 in fiscal year 1998-1999, to \$193,657 in fiscal year 1999-2000, and increase of \$40,906 or 26.78%. This increase occurred, in large

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measure, as a result of the Planning and Zoning Department remaining fully staffed during fiscal year 1999-2000. In addition, non-recurring capital outlay expenditures, totaling \$10,014 were incurred during fiscal year 1999-2000. There were no capital outlay expenditures in the Planning and Zoning Department during fiscal year 1998-1999. Two activities reported in the general government category experienced significant decreases in the amount expended in fiscal year 1999-2000, compared to fiscal year 1998-1999. The amount expended for grants and aids, that is operating support provided to local not-for-profit organizations fell by \$55,197 or 27.96% from \$197,439 in fiscal year 1998-1999 to \$142,242 in fiscal year 1999-2000. During each of the past several fiscal years, the City Commission has endeavored to reduce the dependence of these organizations on financial support from city government. Finally, expenditures for claims and judgements fell from \$105,750 in fiscal year 1998-1999 to zero in fiscal year 1999-2000. \$100,000 of the net decrease is attributable to the final payment associated with the negotiated settlement of the litigation with the Tri-City Branch of the NAACP of Lake County, which occurred during fiscal year 1998-1999.

Public Safety expenditures increased by \$243,098 or 3.99%. All three divisions in this category rose slightly as a result of typical operating increases. The most significant increase occurred in the Police Department which rose by \$199,137 or 5.15% from \$3,869,161 in fiscal year 1998-1999 to \$4,068,298 in fiscal year 1999-2000. This increase was caused, in part, by a local law enforcement block grant received during fiscal year 1999-2000 to purchase equipment in the amount of \$18,471 as well as the utilization of the accumulated proceeds from the sale of judicially confiscated properties, which totaled \$28,884 in fiscal year 1999-2000. Expenditures in the Fire

Department rose by \$27,341 or 1.35%, from \$2,021,873 in fiscal year 1998-1999 to \$2,049,214 in fiscal year 1999-2000. Finally, expenditures in the Building Inspection Department experienced an increase of \$16,620 or 8.23% from \$202,002 in fiscal year 1998-1999, to \$218,622 in fiscal year 1999-2000.

Physical Environment experienced the largest dollar increase of any of the major expenditure categories. Expenditures rose by \$244,586 or 21.96% from \$1,113,690 in fiscal year 1998-1999 to \$1,358,276 in fiscal year 1999-2000. Two of the three activities reported in this category experienced an increase during fiscal year 1999-2000 as compared to fiscal year 1998-1999. The most significant increase occurred in the stormwater division, where total expenditures rose by \$254,708 or 48.74% from \$522,578 in fiscal year 1998-1999 to \$777,286 in fiscal year 1999-2000. The stormwater utility fund (which is accounted for as a special revenue fund) began work in fiscal year 1999-2000 on improvements in the Carver Heights drainage basin (which is the 1st of 10 major basins identified within the City). Expenditures incurred during fiscal year 1999-2000 in connection with this project consisted mainly of engineering expenditures, which totaled \$352,952. Secondly, expenditures for the Public Works Administration Division rose by \$26,377 or 21.10% from \$124,987 in fiscal year 1998-1999 to \$151,364 in fiscal year 1999-2000. This increase was caused in large part by the employment, in January 1999, of a Public Works Director after an extended period of time when this position remained vacant. Finally, expenditures in the Engineering Division fell by \$36,499 or 7.83% from \$466,125 in fiscal year 1998-1999 to \$429,626 in fiscal year 1999-2000 largely as a result of the fiscal relocation of one employee and associated expenditures from the engineering division to the water fund in fiscal year 1999-2000.

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Transportation expenditures rose by \$200,118 or 13.25%, from \$1,510,205 in fiscal year 1998-1999 to \$1,710,323 in fiscal year 1999-2000. Expenditures made in connection with the Downtown Streetscape project, which began in July 1999 (and was completed in January 2000) more than account for the overall increase in this category. In fiscal year 1998-1999, costs associated with this project totaled \$533,870 as compared to \$806,814 in fiscal year 1999-2000, an increase of \$272,944 or 51.13%. In addition, expenditures associated with the Leesburg Regional Airport rose by \$11,907 or 9.13% from \$130,478 in fiscal year 1998-1999 to \$142,385 in fiscal year 1999-2000. This increase resulted from a significant increase in capital outlay expenditures at the airport which were incurred in the general fund (and which were above and beyond those funded out of the capital projects fund). Capital outlay expenditures totaling \$22,500 were made to repair or replace assets, which were damaged or destroyed by a storm on July 20, 2000. Following completion of these repairs and/or replacements during fiscal year 2000-2001, the City obtained recovery of the amount incurred less the \$5,000 insurance deductible. In addition, a total of \$19,328 was expended for a roof replacement on the old State Farm building currently leased to Pringle Development, Inc. Finally, expenditures for road and street facilities fell by \$84,733 or 10.02% from \$845,857 in fiscal year 1998-1999 to \$761,124 in fiscal year 1999-2000. This decrease resulted entirely from the fact that there were no expenditures incurred for contracted road construction and/or reconstruction during fiscal year 1999-2000, even though a resurfacing contract with Middlesex Corporation, totaling \$294,040, was approved by the City Commission on August 28, 2000. Expenditures for this purpose totaled \$100,000 during fiscal year 1998-1999.

Increases in expenditures associated with the Small Cities Community Development Block Grant (CDBG) Program administered by the City more than account for the overall net increase of \$79,511 or 4.85% in Economic Environment expenditures, which rose from \$1,638,637 in fiscal year 1998-1999 to \$1,718,148 in fiscal year 1999-2000. CDBG Program expenditures totaled \$388,844 in fiscal year 1998-1999 and increased by \$314,859 or 80.97% to \$703,703 in fiscal year 1999-2000. Total expenditures for CDBG housing rehabilitation grant programs actually fell by \$283,479 or 85.01% from \$333,479 in fiscal year 1998-1999, when an earlier CDBG grant program was completed, to \$50,000 in fiscal year 1999-2000, the first year of a new housing rehabilitation grant cycle. Also, during fiscal year 1998-1999, the City began working with Skybolt Aeromotive Corporation to construct a manufacturing facility. Funding for this project, in the amount of \$750,000, was provided from a Small Cities Community Development Block Grant Program (Economic Development Grant). While only \$55,365 of the total project costs were incurred in fiscal year 1998-1999, a majority of the expenditures (\$653,703) were incurred in fiscal year 1999-2000, with the balance to complete the project occurring in fiscal year 2000-2001. Similarly, expenditures associated with the economic development division rose by \$30,571 or 45.54% from \$67,127 in fiscal year 1998-1999 to \$97,698 in fiscal year 1999-2000. This increase occurred as a result of filling the vacancy in the Economic Development Manager position in August 1999.

Expenditures in the Greater Leesburg Community Redevelopment Agency Fund fell by \$247,397 or 56.37% from \$438,885 in fiscal year 1998-1999 to \$191,488 in fiscal year 1999-2000. During fiscal year 1998-99, the Greater Leesburg Community

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Redevelopment Agency purchased real property for the purpose of developing a Towne Square. Expenditures for this purpose totaled \$380,473 during fiscal year 1998-99. There were no capital outlay expenditures from this fund during fiscal year 1999-2000. Expenditures in the federally assisted housing voucher and certificate program also fell, from \$743,451 in 1998-1999 to \$725,259 in 1999-2000, a decrease of \$18,192 or 2.45%.

Human Services expenditures increased by \$8,507 or 26.11% from \$32,578 in fiscal year 1998-1999 to \$41,085 in fiscal year 1999-2000. Both activities reported in this category increased. Expenditures in the animal control division rose by \$997 or 4.04% from \$24,676 in fiscal year 1998-1999 to \$25,673 in fiscal year 1999-2000. Expenditures associated with the Citizens Utility Relief Effort (C.U.R.E.) Program experienced an increase of \$7,509 or 95.03% from \$7,902 in fiscal year 1998-1999 to \$15,411 in fiscal year 1999-2000. Since the amount available to fund C.U.R.E. payments is dependent on the amount of citizen contributions received, expenditures for this purpose tend to vary greatly from year to year.

Expenditures for Culture/Recreation totaled \$2,685,487 in fiscal year 1999-2000, which represents an increase of \$117,945 or 4.59% over the \$2,567,542 reported in fiscal year 1998-1999. There are only two departments included in this category; the library and recreation departments. Total expenditures for the Leesburg Public Library rose by \$25,484 or 3.09% from \$825,436 in fiscal year 1998-1999 to \$850,920 in fiscal year 1999-2000. This increase is primarily attributable to ordinary increases in personnel costs and operating expenditures. Overall, the Recreation Department experienced a net increase of \$92,461 or 5.31% from \$1,742,106 in fiscal year 1998-1999 to \$1,834,567 in fiscal year 1999-2000. Four of the eight divisions

included within the Recreation Department experienced increases in total expenditures during fiscal year 1999-2000 compared to fiscal year 1998-1999. The other four divisions experienced modest decreases. Although most of the increases/decreases were the result of normal operating fluctuations, there are a few items of special interest. They are, repair costs associated with the City maintained Mote-Morris House increased by \$8,056, fiscal year 1999-2000 repair costs to the seawall at the Venetian Cove Marina totaling \$32,200, and increases totaling \$16,763 to the amount of fuel purchased for resale at the Venetian Cove Marina.

Net capital project expenditures decreased by \$1,806,239 or 60.50% from \$2,985,420 in fiscal year 1998-1999 to \$1,179,181 in fiscal year 1999-2000. As discussed in the intergovernmental revenue section, the majority of the decrease is attributable to significant reductions in the amount of grant funded expenditures at the Leesburg Regional Airport. Total capital projects fund expenditures for airport related improvements fell \$1,429,706 or 68.37% from \$2,091,279 in fiscal year 1998-1999 to \$661,573 in fiscal year 1999-2000. Although the amount of capital projects expenditures experienced a significant decrease, there were nevertheless, many significant capital project expenditures incurred during fiscal year 1999-2000 including land acquisition and construction of improvements at the Leesburg Regional Airport (\$376,097), construction of restroom facilities at the Mote-Morris House (\$65,888), construction of sidewalks (\$201,786), construction of a breathing apparatus maintenance facility for the fire department (\$51,374), and purchase of new vehicles for the police department (\$106,015).

Debt Service expenditures vary depending on the amount of the periodic installments of principal and interest due on long-term obligations during a particular

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fiscal year. Total debt service expenditures decreased by \$916,228 or 70.34% from \$1,302,531 in fiscal year 1998-1999, to \$386,303 in fiscal year 1999-2000.

The overall decrease in debt service expenditures was caused entirely by the issuance of the \$7,345,000 City of Leesburg, Florida Refunding and Capital Improvement Bonds, Series 1999, during fiscal year 1998-1999, on September 17, 1999. A portion of the net proceeds of this issue (\$3,418,038) were placed in escrow and were ultimately used to defease the outstanding balance of the Refunding and Capital Improvement Bonds, Series 1987. The remaining portion of the required escrow deposit, \$916,173, was funded by the City utilizing cash accumulated in the debt service fund as of the date of closing. That portion of the required escrow deposit funded out of bond proceeds was reported in the financial statements as an Other Financing Use, while the portion funded out of accumulated cash in the debt service fund was reported as interest expense. The cash funded amount (\$916,173) reported as an expenditure in fiscal year 1998-1999 is almost totally responsible for the decrease in debt service expenditures. The remaining bond proceeds, \$3,577,999, were deposited into the project account for the purpose of funding eligible improvements. At this time, it

is the City's intent to use these moneys, together with other legally available sources, for the purpose of constructing and equipping a new Police Department building. In addition, the other major objective of this advance refunding was to reduce the net interest cost to the City on the refunded bonds by taking advantage of the favorable interest rate conditions existing in the municipal bond market during 1999. The fiscal impact of reducing the rate of interest on bonds already outstanding, coupled with extending the final maturity on the refunding bonds to the year 2029, allowed the City to obtain the \$3,577,999 which was deposited to the project account without increasing (and in fact decreasing slightly) the annual debt service requirements. To illustrate, during fiscal year 1999-2000, debt service requirements associated with the Refunding and Capital Improvement Bonds, Series 1987 would have totaled \$530,225. However, debt service requirements associated with the Refunding and Capital Improvement Bonds, Series 1999, totaled only \$440,813, a savings of \$164,112 or 30.95%.

Debt Administration

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2000:

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Description	Balance October 1, 1999	Additions	Retirements	Balance September 30, 2000
Refunding and Capital Improvement Revenue Bonds, Series 1999	\$ 7,345,000	\$ -	\$ 55,000	\$ 7,290,000
Refunding Utilities Revenue Bonds, Series 1984 ⁽¹⁾	2,990,371	(2,990,371)	3,549,913	-
Utilities System Refunding Revenue Bonds, Series 1999A ⁽¹⁾	15,705,000	-	370,000	15,335,000
Utilities System Revenue Bonds, Series 1999B ⁽¹⁾	12,145,000	-	100,000	12,045,000
Total Long-Term Bonded Debt⁽¹⁾	\$ 38,185,371	\$ (2,990,371)	\$ 4,074,913	\$ 34,670,000
Plus:				
Florida Municipal Power Agency Initial Pooled Loan Program Notes Payable (1990) ⁽¹⁾	410,000	-	410,000	-
Notes Payable ⁽²⁾	245,607	-	11,425	234,182
Compensated Absences ⁽³⁾	1,335,739	-	5,175	1,330,564
Suit Settlement Payable ⁽⁴⁾	240,000	-	30,000	210,000
Total Long-Term Debt⁽¹⁾	\$ 40,416,717	\$ (2,990,371)	\$ 4,531,513	\$ 36,444,746

⁽¹⁾Includes the Long-Term portion of the Refunding Utilities Revenue Bonds, Series 1984, the Utilities System Refunding Revenue Bonds, Series 1999A, the Utilities System Revenue Bonds, Series 1999B, and the Florida Municipal Power Agency Initial Pooled Loan Program Notes which are all payable from the enterprise funds.

⁽²⁾Represents the purchase by the Greater Leesburg Community Redevelopment Agency (CRA) Fund during fiscal year 1998-99 of the Christley Property, which is subject to a 15 year mortgage.

⁽³⁾Includes only compensated absence liabilities payable from the governmental funds (i.e. the general fund and the special revenue funds).

⁽⁴⁾Represents that portion of the legal settlement with the Tri-County Branch of the NAACP which does not represent a current liability. Specifically, the terms of the settlement require the City of Leesburg to continue an annual funding subsidy, in the amount of \$30,000, to the Community Development Corporation, for a period of 10 years. \$30,000 of obligation was reported as a general fund expenditure in fiscal year 1997-98, and \$30,000 is reported as a general fund expenditure in fiscal year 1998-99, leaving a balance of \$240,000 which is recorded as a long term liability.

The \$7,345,000 Refunding and Capital Improvement Revenue Bonds, Series 1999 are insured by Ambac Assurance Corporation (Ambac) and therefore carry a AAA Standard and Poors Bond Rating and AAA Fitch IBCA Bond Rating.

The \$19,999,998.70 Refunding Utilities Revenue Bonds, Series 1984 are insured by the Municipal Bond Investors Assurance Corporation (MBIA) and therefore carry AAA Standard and Poors and Aaa Moody's Investors Service Bond Ratings.

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The \$15,705,000 Utilities System Refunding Revenue Bonds, Series 1999A and the \$12,145,000 Utilities System Revenue Bonds, Series 1999B are insured by Ambac Assurance Corporation (Ambac) and therefore carry a AAA Standard and Poors Bond Rating and AAA Fitch IBCA Bond Rating.

Capital Projects Fund

As previously described, the City has created a capital projects fund to account for major construction projects, which generally require longer than one fiscal year to complete. As reported above, expenditures from the capital projects fund totaled \$1,179,181 during fiscal year 1999-2000. Significant revenue sources used to fund the capital projects fund include the proceeds received by the City from the one-cent local government infrastructure surtax, as well as federal and state grants such as the State Department of Transportation airport funding agreements. Fiscal year 1999-2000 capital projects fund revenues totaled \$1,789,146.

All other capital improvement expenditures are reported within the appropriate governmental fund type.

Fiduciary Operations

The City utilizes three pension trust funds to account for three defined benefit pension plans operated by the City: the General Employees' Pension Fund, the Municipal Police Retirement Trust Fund and the Municipal Firemen's Retirement Trust Fund. All investments are managed by outside fund

managers. The operation of the three pension plans continued to improve during fiscal year 1999-2000, primarily as a result of the extraordinary strength of the equity markets. Assets in the three plans totaled \$41,134,424 as of September 30, 2000.

General Fixed Assets

The general fixed assets of the City are those fixed assets used in the performance of general governmental functions and exclude those fixed assets known collectively as infrastructure, i.e., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar assets which are immovable and generally of value only to the City of Leesburg. Also excluded from general fixed assets are the fixed assets of enterprise and internal service funds, if any. As of September 30, 2000, the general fixed assets of the City amounted to \$36,193,711. This amount represents the historical cost of purchased assets or the estimated fair market value at the date of acquisition of assets acquired through donation or other means. The City's fixed asset accounting policy requires capitalization in the accounting records of fixed assets with a value of \$500 or more.

Proprietary Operations

The City has created a total of six enterprise funds to account for the following utility services: electric, natural gas, sanitation services, communication services, water and wastewater treatment. The results of operations of the enterprise funds for the fiscal year ending September 30, 2000 may be summarized as follows:

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	Electric Utility	Gas Utility	Water Utility	Sanitary Sewer and Wastewater Utility	Sanitation Services Utility	Communi- cation Services Utility	Total
Operating Revenues	\$ 32,349,642	\$ 5,254,667	\$ 4,169,897	\$ 3,687,534	\$ 2,402,644	\$ 170,537	\$ 48,034,921
Operating Expenses	(27,418,052)	(4,035,850)	(2,430,276)	(3,369,369)	(2,113,660)	(158,478)	(39,525,685)
Operating Income	\$ 4,931,590	\$ 1,218,817	\$ 1,739,621	\$ 318,165	\$ 288,984	\$ 12,059	\$ 8,509,236
Nonoperating Revenue(Expenses)	1,374,587	211,964	474,641	30,118	124,769	43,621	2,259,700
Income before Operating Transfer	\$ 6,306,177	\$ 1,430,781	\$ 2,214,262	\$ 348,283	\$ 413,753	\$ 55,680	\$ 10,768,936
Operating Transfer	(5,288,418)	(566,402)	(452,147)	(362,930)	(160,010)	(2,160)	(6,832,067)
Net Income	\$ 1,017,759	\$ 864,379	\$ 1,762,115	\$ (14,647)	\$ 253,743	\$ 53,520	\$ 3,936,869

As shown in the above schedule, five of the six enterprise funds had positive net income during fiscal year 1999-2000. The Wastewater Utility Fund experienced a net loss of \$14,647. The Wastewater Fund suffered a loss as a result of several factors: rising costs related to the construction of the new treatment plant on CR 470, additional interest expense associated with the \$12,145,000 Utilities System Revenue Bonds, Series 1999B, and increased depreciation expense recorded in conjunction with a change in the estimated useful life of assets. Nevertheless, in the aggregate, net income (after subtracting operating transfers to the general fund) in the six enterprise funds totaled \$3,936,869.

Electric System

The Electric Utility Fund is the largest (both in terms of revenues as well as customers) of the City's six utility operations. The electric system was established in 1926. The service area of the electric system covers a total area of approximately 50 square miles. The service area of the electric system includes most of the incorporated areas of the City, the City of Fruitland Park (located immediately north of the City), and portions of unincorporated Lake County adjacent to the City. As of

September 30, 2000, the City served 18,418 electric customers. The City believes that it has a diverse customer base, with no material concentration of users for the fiscal year ending September 30, 2000.

The City's distribution system includes five substations, 358 miles of primary electric lines, and other facilities for the distribution of electric energy. The City maintains an active program of maintenance and considers the electric system to be in good condition.

The City operates no generation facilities, but does own an undivided 0.8244% interest in and generation entitlement share to the Crystal River Number 3 (CR-3) nuclear steam electric generating unit. CR-3 is 90% owned by Florida Progress (formerly known as Florida Power Corporation) and 10% owned by 11 other co-owners, including the City. CR-3 is operated by Florida Progress. The City is, in general, obligated to pay its proportionate share (0.8244%) of the costs of operating CR-3. In return, the City is entitled to 0.8244% of the electrical output of CR-3. Nuclear fuel payments are required of participants in advance. The City acquired its share of CR-3 in 1975.

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The City's ownership interest in CR-3 will terminate and revert to Florida Progress in 2050, or earlier (but not sooner than 2008) in the event CR-3 ceases operation for the reason that the cost of energy that could have been generated by CR-3 would have been more expensive than energy from other sources. If the operation of CR-3 ceases as described in the preceding sentence, Florida Progress is obligated to make replacement power available to the City at a cost equal to the cost reasonably anticipated to have been the cost had CR-3 continued in operation until 2008.

Under federal law, the City is responsible for its proportionate share of the future cost to decommission CR-3. The City is accruing the estimated cost over the expected useful life of the facility.

During the fiscal year ending September 30, 2000, the City's ownership interest in CR-3 supplied approximately 11.05% of the City's electric system requirements. In the event electrical output is not available from CR-3, the City has an agreement with the Florida Municipal Power Agency to supply the City with replacement power.

The Florida Municipal Power Agency (FMPA) is a legal entity organized in 1978 under the laws of the State of Florida. FMPA was created pursuant to Florida Statutes Chapter 163, Parts I and II ("The Interlocal Act": and "The Joint Power Act") which, among other things, provides a means for Florida municipal corporations to cooperate with each other to provide for their present and future energy needs. FMPA consists of its member electric systems, including the City of Leesburg. The City has limited control over the activities of FMPA, other than its right to vote as a member of FMPA. The City presently participates in FMPA's St. Lucie Project and in FMPA's

All-Requirements Project, as described below.

FMPA has purchased an 8.806% undivided ownership interest in a nuclear generating facility known as St. Lucie Number 2 (the St. Lucie Project). The St. Lucie Project is operated by Florida Power and Light (FPL). The City, through FMPA, has negotiated an agreement with Florida Power and Light (FPL) guaranteeing the City the right to purchase up to 1.716 megawatts (a 2.326% share of FMPA's 8.806% interest) of generating capacity from the St. Lucie Number 2 nuclear generating plant and related exchange and replacement power and transmission agreements with FPL. The St. Lucie Number 2 nuclear generating plant began commercial operation on August 14, 1983.

The City of Leesburg purchases power from the Florida Municipal Power Agency (FMPA) on an all-requirements basis. Pursuant to an All-Requirements Power Supply Project Contract dated May 24, 1991 (the All-Requirements Power Supply Contract), which remains in effect until October 1, 2025, with two optional successive five-year renewal periods, FMPA provides the City's total power supply requirements, including any associated transmission and dispatching services, in excess of the requirements satisfied through the City's ownership interest in CR-3 and the City's share of the St. Lucie Project. The power rates that FMPA charges the City for the All-Requirements Power Supply Contract are subject to a majority vote of the FMPA Board of Directors.

Rates for the All-Requirements services provided to the City by FMPA are calculated by FMPA so as to permit FMPA to recover all costs (but no profits) associated with its obligations related to

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the All-Requirements Power Supply Project including, but not limited to, the payment of debt service and other costs related to bonds issued or to be issued by FMPA in the acquisition, purchase, construction, operation and financing of the power supply resources utilized by FMPA in the All-Requirements Power Supply Project. The City has no control over the amount of electrical energy used by other participants in the All-Requirements Power Supply Project.

All amounts paid by the City to FMPA are treated by the City as a cost of operation and maintenance. The obligations of the participants in the All-Requirements Power Supply Project are joint and several, and if one of the other participants in the All-Requirements Power Supply Project defaults in its obligations to make payments to FMPA, the remaining participants are required to assume a pro rata share of that defaulting participant's costs.

The Florida Public Service Commission (PSC) has jurisdiction over municipal rate structures. Pursuant to the rules of the PSC, rate structure is defined as "... the classification system used in justifying different rates and, more specifically, ... the rate relationship between various customer classes, as well as the rate relationship between members of a customer class." Except for its rate structure jurisdiction, the PSC does not have jurisdiction over electric utility rates charged by the City.

The rates of the electric system are established by ordinance of the City Commission. The current rate structure of the City is approved by the PSC. The City believes the rates charged for the use of the electric system are reasonably comparable to rates charged by similar utilities. On April 1, 2000, the City implemented an electric rate

restructuring (lowering) in conjunction with the imposition of a public service tax (authorized pursuant to the provisions of Section 166.231, Florida Statutes) for customers in the incorporated limits of the City and a 10% utility surcharge on customers outside the City limits. The City began this restructuring process in an effort to protect the City's revenue stream, provide an equitable system to fund City services, and maintain utility rates that are competitive, especially in the face of potential deregulation. Combined, these changes will not result in a significant revenue increase for the City. In fact, the overall increase to the City totals just over 1/10 of 1%.

The Public Service Commission approved a territorial agreement with Florida Power Corporation in May 1982 and with Sumter Electric Cooperative in May 1991. In addition, the cities of Leesburg and Fruitland Park have entered into a franchise agreement, effective November 1, 1983, for the provision of electric services by the City of Leesburg to Fruitland Park. The agreement has a term of twenty-five (25) years and provides that, at the end of the fifth, tenth, fifteenth, twentieth or twenty-fifth year of such contract, Fruitland Park has the right to purchase the distribution system, lines, conduits, and other conveyances for distribution of electric energy on property owned by the City of Leesburg in Fruitland Park.

The capital improvements plan for the electric system for the fiscal years ending September 30, 2001 through 2005 includes various capital expenditures aggregating approximately \$13,939,780, all of which are projected to be paid from revenues of the electric system. No indebtedness is anticipated to be issued with respect to the electric system in order to finance such capital improvements.

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Natural Gas System

The Natural Gas Utility Fund is the second largest (in terms of revenues) of the City's six utility operations. The natural gas system, established in 1959, serves 8,465 customers throughout the utility service area including the Municipal Industrial Park, the Coleman Federal Correction Facility and other rural areas. The gas service area encompasses approximately 73 square miles, both inside and outside the City limits, and is composed of 205 miles of gas mains. The City owns no gas production facilities.

Installation and maintenance of all gas mains and service lines are the responsibility of the City Gas Department. The City gas distribution system is constructed of all steel piping and is considered to be in good condition. The City of Leesburg purchases firm gas for resale through Florida Gas Utility. The contract with Municipal Gas Authority of Florida was cancelled on September 25, 2000. The City has an interlocal agreement with Florida Gas Utility to manage gas purchases and day-to-day nominations to meet the daily consumption needs of the City. Pursuant to contracts with Florida Gas Transmission Company (Florida Gas), the City acquired the right to a quantity of gas transmission on the Florida Gas pipeline system.

Rates for the use of the gas system are set by ordinance of the City Commission. The City believes the rates charged for the use of the gas system are reasonably comparable to rates charged by other similar utilities. The City believes that the Gas system customer base is diverse, with no material concentration of users, except that one user, Cutrale Citrus Juices, U.S.A., Inc. accounted for 19.26% of the

gross revenues of the gas system for the fiscal year ending September 30, 2000.

The cities of Leesburg and Fruitland Park entered into a franchise agreement, effective November 1, 1983, for the provision of gas services by the City of Leesburg to Fruitland Park. The agreement has a term of twenty-five (25) years and provides that, at the end of the fifth, tenth, fifteenth, twentieth or twenty-fifth year of such contract, Fruitland Park has the right to purchase the distribution system, lines, conduits, and other conveyances for distribution of natural gas energy on property owned by the City of Leesburg in Fruitland Park.

In order to encourage conservation, in October of 1999 the City implemented the Leesburg Gas Marketing Plan, which includes an energy conservation incentive program. The objective of the energy conservation incentive program is to increase the conservation of energy resources, and minimize the customer's total energy cost. This program offers appliance installation allowances toward the increased cost of gas piping and appliance venting required for all natural gas installations. Participation in the program is open to any builder of homes who installs energy efficient natural gas appliances. A maximum rebate of \$700 per household is available upon the installation of two (2) or more of four (4) choices of gas appliances. In order to fund the program, the City implemented an energy conservation adjustment on all gas sold equal to 1½¢ per therm.

On February 14, 2000, the City Commission approved the extension of gas services to 587 customers in Phase M of the Pennbrooke Fairways Development on Highway 44, west of Leesburg. The total cost of this expansion exceeded \$440,000.

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The Capital Improvement Plan for the gas system for the fiscal years ending September 30, 2001 through 2005 includes various capital expenditures aggregating approximately \$7,414,956 all of which are projected to be paid from revenues of the gas system. No indebtedness is anticipated to be issued with respect to the gas system in order to finance such capital improvements.

Water System

The Water Utility Fund is the oldest and second largest (in terms of customers) of the City's six utility operations. The water system was established nearly 100 years ago. The water service area encompasses approximately 26 square miles inside and outside the City limits and serves 12,396 customers. The water distribution system is primarily composed of 332 miles of water mains, including chlorination and fluoridation only, one booster station facility, three (3) ground storage tanks (two of the tanks are rated at 1.5 million gallons per day (MGD) and one at 500,000 MGD), and four (4) elevated storage tanks, one 500,000 gallons, one 250,000 gallons, one 200,000 gallons and one 150,000 gallons. In addition to the tanks listed above, there are two (2) 10,000 gallon hydropneumatic tanks. Water is obtained from 15 Floridian aquifer wells. The City has a consumptive use permit from St. Johns River Water Management District to withdraw a daily maximum not to exceed 6.9 MGD of ground water. Treatment of the raw water is accomplished through a 19 MGD treatment plant. The City meets all federal and state drinking water standards.

The water system is anticipated to have the capacity to meet the needs of the existing customers of the City through the year 2020. The City of Leesburg

believes that the water system is in good condition. The water system has received the "Outstanding Water Distribution Award, Division II" from the Florida Section American Water Works Association for 1999 and 2000. The water system has a diverse customer base with no material concentration of users. Rates for the Water system are established by ordinance of the City Commission and are not regulated by any other agency. The City of Leesburg believes the rates charged for the use of the water system are reasonably comparable to rates charged by other similar utilities.

The Capital Improvement Plan for the water system for the fiscal years ending September 30, 2001 through 2005 include various capital expenditures aggregating approximately \$12,021,458 all of which are projected to be paid from revenues of the water system. No indebtedness is anticipated to be issued with respect to the water system in order to finance such capital improvements.

Wastewater System

The Sanitary Sewer and Wastewater Utility Fund is the second oldest of the City's six utility operations. The wastewater treatment system was established in 1920. The wastewater collection system serves the City and the surrounding service area which totals 26 square miles and serves 10,338 customers. The wastewater collection system consists of approximately 90 pumping and lift stations, 161 miles of sanitary sewer lines, and a spray irrigation effluent disposal system. Gravity sewer lines and force mains range in size from 4 to 24 inches in diameter. The City has an operating permit from the Florida Department of Environment Protection Agency to operate two wastewater treatment plants,

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the Canal Street Plant, which is rated at 3.5 MGD, and the new Turnpike Plant, which is rated at 3.0 MGD. The system is in compliance with all state and federal regulations. The City treats its effluent water to an advance secondary standard and uses it for irrigation on a 640 acre City owned tree farm located inside the City limits. The City of Leesburg believes that the wastewater system is in good condition, although additional capacity is needed and is being financed with the proceeds of the 1999B Bonds as further described below.

The City believes that the wastewater system has a diverse customer base, with no material concentration of users. Rates for the wastewater system are established by ordinance of the City Commission, and the City believes the rates charged for the use of the wastewater system are reasonably comparable to rates charged by other similar utilities.

The City's existing wastewater treatment facility is operating at its capacity. Therefore, the City constructed a new wastewater treatment facility (the Turnpike Plant) and related improvements. The site for the Turnpike Plant is located near the intersection of CR 470 and the Florida Turnpike, and construction of the plant is complete and became operational on September 27, 2000. As of September 30, 2000, the cost of constructing and equipping the Turnpike Plant and related improvements has exceeded \$11,600,000. With both the Turnpike Plant and the existing plant maintained and in service, the City anticipates having sufficient wastewater treatment capacity through the year 2015. The Turnpike Plant has also been designed to facilitate future expansion to be able to provide the City of Leesburg with

treatment capacity for the foreseeable future.

Wastewater reuse is a commodity that is important for certain industries that require high volumes of water at reasonable rates. The availability of reuse water in industrial and residential applications will provide a means of reducing the City's use of potable water. Design and survey for the reuse facility began during fiscal year 1999-2000. Construction will begin during fiscal year 2000-2001 after the project details are complete. Upon completion, the City will be able to sell reuse water to selected areas. This new utility will allow certain users to purchase irrigation water at a lower rate than the potable water rate, as well as meet the St. Johns River Water Management District water consumption requirement. The initial cost of the reuse system is estimated to total approximately \$3,000,000.

The Capital Improvement Plan for the wastewater system for the fiscal years ending September 30, 2001 through 2005 include various capital expenditures aggregating approximately \$15,048,300, of which the majority are projected to be paid from revenues of the wastewater system. No indebtedness is anticipated to be issued with respect to the wastewater system in order to finance such capital improvements, with the exception of \$3,000,000 of the remaining proceeds of the \$12,145,000 Utilities System Revenue Bonds, Series 1999B, which will be used to complete certain capital projects.

Sanitation System

The Sanitation Services Fund was created to account for the collection,

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transport and disposal of solid waste for residential and commercial customers in the City. The sanitation services system serves the incorporated area of the City which totals slightly over 23 square miles and serves 6,541 customers.

The City provides rollout containers for all residential and small commercial customers. Large commercial customers secure dumpsters in various sizes up to 10 cubic yards. Recycling is a major part of this system.

Communication System

The Communication Services Fund is the newest of the City's six utility operations and was created in 1993 to account for the provision of communication services. The communication utility system serves customers both inside and outside the City limits. The City has embarked on an aggressive campaign to install fiber optic cable. This utility has a variety of customers: cellular tower rental, internet, and fiber optic connections. A monopole tower, located at the spraysite on CR 470, was constructed in fiscal year 1996 and currently has two (2) cellular tower rental customers. The water tower at the Lake Square Mall serves four (4) customers for cellular tower rental space. Internet services were first offered in November 1998 and currently serve 212 customers. The fiber optic extensions basically serve 26 municipal facilities and five (5) substations that interconnect all City offices to the AS/400 computer located in the City Hall building. The City has three (3) outside commercial customers. The City has installed 36.6 miles of fiber plus the run to the new sprayfield and will seek additional customers during this fiscal year to connect to the cable.

The City has created three internal service funds to account for motor pool

services, employee health benefits coverage, and workers' compensation coverage.

In the Motor Pool Service Fund, operating revenues for the year ending September 30, 2000 totaled \$326,655. Operating expenses totaled \$361,709. Subtracting a non-operating loss of \$1,777, which included investment income, resulted in a net loss for the year of \$36,831. During the fiscal year 2000-2001 budget adoption process the City considered changes in the user charge structure, including increases to hourly charges, which should eliminate future net losses.

In the General Employees' Health Insurance Fund, user charges and miscellaneous revenues received during fiscal year 1999-2000 totaled \$1,516,435 and benefits, claims, premiums and expenses paid during fiscal year 1999-2000 totaled \$2,750,926. Adding the \$183,916 of non-operating income, which includes investment income earned during the year, as well as stop loss and other insurance recoveries, the net loss for the year totaled \$1,050,575. After subtracting the net loss from the Retained Earnings Balance as of October 1, 1999 of \$918,127, Retained Earnings had a negative balance of \$132,448 as of September 30, 2000. Because of continuing financial difficulties within the General Employees' Health Insurance Fund, on October 1, 1999, the City suspended the operation of the self insurance program for major medical benefits, opting instead to purchase third party insurance. As result of a consistently poor claims payment history by this insurance company, the City Commission terminated the contract with Well America Group, effective May 31, 2000. Although under no legal obligation to do so, the City utilized the retained earnings accumulated by the self insurance program in effect until September 30, 1999 to offset a majority of the unpaid claims experienced by the participants. The City returned to a

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self-insurance program for the payment of employee health and medical claims effective June 1, 2000. The program provides for the payment of City and employee contributions into a self-insurance fund, which is managed by the City and a third party administrator. Specific and aggregate stop loss coverage remains in effect, subject to the limits detailed in the following section.

Finally, in the Workers' Compensation Insurance Fund, user charges received during fiscal year 1999-2000 totaled \$204,721. Benefits, claims, premiums and expenses paid during fiscal year 1999-2000 totaled \$416,426. Investment income earned during the year totaled \$104,722, resulting in a net loss before operating transfers of \$106,983. After subtracting an operating transfer to the general fund of \$6,745, there is a net loss in the fund of \$113,728, which, when added to the Retained Earnings Balance as of October 1, 1999 of \$1,585,030, results in Retained Earnings as of September 30, 2000 of \$1,471,302.

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. The main elements of the risk management program are risk control (loss reduction) and risk financing (restoration of the economic damages of losses incurred).

Presently, the City's risk management program calls for self-insuring many types of risk, subject to the following limitations:

Type of Risk	Amount of Risk Retained by City	Limit of Excess Insurance Coverage
Workers' Compensation	\$ 400,000	None
Health Benefits	\$ 45,000	\$ 955,000

The limits stated above are on a per occurrence basis.

Cash Management

The City Clerk/Finance Director invests and disburses funds on behalf of the City Commission as required by law and applicable management directives. During fiscal year 1994-95, the City Commission adopted the City's first comprehensive investment policy. These policies were amended during fiscal year 1998-1999 to incorporate basic internal controls over the investment function. Cash temporarily idle during the year was invested in demand deposits, in overnight repurchase agreements, in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration, and in government securities authorized by the investment policy. Interest rates and maturities (from the date of purchase) on securities purchased by the City during fiscal year 1999-2000 were as follows:

Description	Days to Maturity		Interest Rate	
	Low	High	Low	High
Federal Agencies and Discount Notes:				
Federal National Mortgage Association	1,096	1,096	5.420	5.600
Federal Home Loan Bank Discount Notes	913	1,280	5.450	6.110

Funds deposited in local banks and savings and loan associations were secured by a pledge of approved collateral securities by the participating institutions with the State Treasurer's office. In addition, funds were invested in the Local Government Surplus Funds Trust Fund in order to take advantage of the higher yields and greater liquidity available therein.

Interest income in the governmental funds totaled \$543,128 during the year, which represents an increase of \$287,619 or 112.57% from the \$255,509 recorded in fiscal year 1998-1999. As noted previously,

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the reasons for the increase in interest revenues include: (1) an increase in the amount of surplus funds available for investment, (2) an increase in the rate of return which the City was able to obtain on invested funds, and (3) the impact of implementing the provisions of GASB Statement 31 by marking investment values to market prices, which resulted in an increase to investment income totaling \$6,612 during the year.

Major Initiatives

As reported previously in this correspondence, a number of capital improvements were either begun, completed, or in progress during fiscal year 1999-2000. Perhaps none of these improvements has a greater potential to change the face of the City than the Downtown Streetscape/Towne Square Project. Work on this project was completed on January 22, 2000 and dedicated on March 3, 2000. Funding of the total project costs of \$1,861,940 is being generated from a number of sources including the Community Redevelopment Agency Fund, utility fund transfers, and special assessments against the owners of benefited properties. It is hoped that this project will serve to economically revitalize downtown Leesburg.

The fiscal year 1999-2000 budget of the City of Leesburg was submitted to the Government Finance Officers Association of the United States and Canada (GFOA) to determine its eligibility for the Distinguished Budget Award. The Distinguished Budget Presentation Awards Program was established in 1984 to recognize exemplary budget documentation by state, provincial and local governments, as well as public universities and colleges. Each budget document is evaluated using a comprehensive evaluation checklist and those judged proficient receive the award. On August 9, 2000, GFOA awarded the City of Leesburg its second Distinguished

Budget Presentation Award for the fiscal year 1999-2000 budget. We have submitted our 2000-2001 budget document to the GFOA to determine its eligibility for another award.

During fiscal year 1999-2000, the City also continued an active annexation program. The City annexed a total of 193.30 acres during the year. Over the past ten years, the City has expanded in size, from 17.78 square miles (11,380.15 acres) in 1989, to 23.70 square miles (15,170.29 acres) as of September 30, 2000. While annexations do provide the City with an expanding revenue base, they also create demands for additional services which must be carefully considered as a part of the overall annexation decision.

Prospects for the Future

The City of Leesburg Electric Utility represents the single most important financial facet of the City's operation. Revenues in the electric utility account for nearly half of all City revenues. Nevertheless, the electric system may be affected by a number of factors which could have a material adverse impact on its financial condition, including, but not necessarily limited to, (a) effects of competition of other suppliers of electricity through deregulation of the electric industry, (b) uncertainties in predicting future load requirements, (c) increased financing requirements coupled with limited availability of capital, (d) exposure to cancellation and penalty charges on new generating units under construction, (e) problems of cost and availability of fuel, (f) compliance with rapidly changing environmental, safety and licensing requirements, (g) litigation and proposed legislation designed to delay or prevent construction of generating and other facilities and to limit the use of existing facilities, (h) uncertainties associated with the development of a national energy policy, (i) the effects of inflation upon the costs of

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operation and construction, (j) the effects of conservation on the use of electrical energy, and (k) regulatory, licensing, safety, operational, waste disposal and related problems experienced by nuclear generating station owners and operators.

During calendar year 2000, Florida Governor Jeb Bush of the State of Florida established the Florida Energy 2020 Study Commission. The commission is charged with proposing an energy plan and strategy for Florida and must address the following issues: (1) current and future reliability of electric and natural gas supply, (2) emerging energy supply and delivery options, (3) electrical industry competition, (4) environmental impacts of energy supply, (5) energy conservation, and (6) fiscal impacts of energy supply options on taxpayers and energy providers. In accordance with the Executive Order of the Governor creating the Energy 2020 Study Commission (Number 2000-127), "the Commission shall, by December 1, 2001, provide to the President of the Senate, the Speaker of the House of Representatives, and the Governor, a written report containing specific recommendations for electric energy policies for this state, including legislative recommendations".

The first major issue reviewed by the Florida Energy 2020 Study Commission was the restructuring of Florida's wholesale market for electricity. Recommendations in this regard thus far include: (1) removing unnecessary barriers to create a fully competitive electric generating market, and (2) providing a mechanism for generating resources owned by investor-owned utilities to compete on the same terms as those owned by independent power producers. It is unclear at this juncture whether or not any legislative action will be initiated by the Florida Legislature during the current legislative session.

Deregulation of the electric utility industry has the potential for significant detrimental

impact upon the City of Leesburg. Presently, due in large part to governmental regulation, most customers of electric utilities are unable to choose among various suppliers of electricity and are dependent upon the local utility. Rates charged by local utilities are either set or regulated by the government and utilities are, to a large degree, not subject to competitive pressures. The electric utility industry may in the future become subject to open retail competition. It is not possible at this time to predict when or whether deregulation will occur, and whether it would have any adverse impact upon the electric system. Over the past several months, it has become less apparent whether or not the federal government is moving towards deregulation of the electric industry. In any event, the City of Leesburg must continue to prepare the electric utility for the prospect of increased competition. When this will occur, and under precisely what circumstances, cannot be predicted.

The City is sensitive to the deregulation issue and has taken a number of steps to both make electric rates charged by the City of Leesburg competitive, while at the same time insulating the dependency of the general fund on utility operations from the effects of deregulation. As noted previously, during fiscal year 1999-2000, the City implemented a public service tax on electric, gas, and water services, in an effort to protect the City's revenue stream, provide an equitable system to fund City services, and maintain utility rates that are competitive, especially in the face of deregulation as well as to reduce general fund dependence on utility fund income for survival.

During the past several years, it has become increasingly apparent that the financial health of the City's general fund is experiencing considerable stress. This stress is caused, at least in part, by an increasing dependency on operating transfers from the enterprise funds to finance general government operations including

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certain large scale capital improvements. In an effort to deal with these issues, on August 14, 2000, the City adopted, by ordinance, three financial policies.

The first policy requires that the City Commission maintain adequate fund balance/retained earnings and reserves in its various operating funds to provide capacity to: (1) provide sufficient cash flow for daily financial needs, (2) secure and maintain investment grade bond ratings, (3) offset significant economic downturns or revenue shortfalls, and (4) provide funds for unforeseen expenditures related to emergencies. This policy basically provides a minimum threshold balance of unreserved undesignated fund balance in the general fund equal to 20% of the adopted budget, and a minimum threshold balance of unreserved retained earnings in each of the enterprise funds equal to 25% of the adopted budget.

The second policy governs the transfer of funds from each of the enterprise funds to the general fund. The policy provides that the operating transfer shall not exceed 10% of operating revenues generated by each of the City's six (6) enterprise funds.

The third policy, the special projects transfer policy, governs transfers made from the utility funds for the purpose of financing general government special projects. Once the Commission determines a need for a nonrecurring transfer to a non-enterprise fund for capital improvements, the policy establishes a means to determine if funding is available.

In February 1999, the City entered into a "Letter of Intent" with Panda Energy International, Inc. to lease land at the wastewater sprayfield site to construct a merchant power plant. In addition, the City agreed to supply the power plant with all the treated wastewater generated by the City plus sufficient additional potable water up to

8 MGD, contingent upon approval of a consumptive use permit by the St. Johns River Water Management District. Since the power plant has no guaranteed retail customers and could not obtain approval from the Public Service Commission, the City could not demonstrate a need for the water. Therefore, the City modified its consumptive use permit application to include only the amount of water necessary to serve the existing customer base. Nevertheless, representatives of the City and Panda Energy International, Inc. are continuing their efforts to negotiate a new and revised "Letter of Intent".

One other major issue on the horizon which is of significant concern to the City of Leesburg is the upcoming implementation of the Governmental Accounting Standards Board Statement 34 entitled *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. While the City intends to implement the provisions of Statement 34 as required for the fiscal year ending September 30, 2003, nevertheless the City has concerns over the effects of its implementation. Specifically, in the global sense, Statement 34 radically changes the traditional focus of governmental financial reporting from one of stewardship and the flow of current financial resources, to a focus on the results of operations and the flow of economic resources. We believe this radical change may not be readily acceptable by several of the classes of users of governmental financial reports, namely, elected officials, the public and the news media. To illustrate, one of the principal tenets of Statement 34 is the preparation of government wide financial statements. Under current practice, long-lived assets and long term liabilities associated with the governmental funds are accounted for in account groups rather than being reported on the balance sheet of the various funds. This permits the users of the financial statements to evaluate the amount of current financial resources available in the

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governmental funds. However, with the entity wide statement of net assets (there will no longer be a balance sheet) required pursuant to Statement 34, long lived assets and long term liabilities will be commingled with current assets and liabilities and, we believe, the total amount of resources available to fund the ongoing operations of the City may be distorted. The total value of general fixed assets, as reported on the September 30, 2000 balance sheet was \$36,193,711. If, for the purposes of this analysis, we assume that, in the aggregate, all assets have approximately half of their economic useful life remaining, then as of September 30, 2000, the undepreciated value of these fixed assets totals \$18,096,856. Similarly, the total amount reported in the general long term debt account group as of September 30, 2000 was \$9,119,746. If we subtract the long term debt of \$9,119,746 from the estimated undepreciated value of fixed assets of \$18,096,856, under the government wide financial statement approach, the result is an increase to net asset value of \$8,977,110. Fund Balance as reported on the September 30, 2000 balance sheet for the governmental funds totaled \$10,770,942. Although the \$8,977,110 does not represent current spendable resources, we are nevertheless concerned about the perception created about the financial health, or lack thereof, of the governmental unit as a whole.

Economic Condition and Outlook

The City of Leesburg is part of the Greater Orlando Metropolitan Statistical Area (MSA). The economic condition and outlook of the City has brightened with significant increases in industrial leasing, employment generating activity, and new commercial building activity. New construction continues to show economic growth over previous years.

In addition, as a member of the Economic Development Commission of Mid-Florida,

Inc., the City of Leesburg is able to take advantage of the unique partnership created with the City of Orlando, Orange, Seminole, Lake and Osceola counties to provide a progressive, cohesive effort for new and expanding businesses. A strong pro-business environment also can be seen from a financial point of view. Florida ranks sixth lowest nationwide in corporate income taxes, and there is no state personal income tax. In addition, state and local incentives are available to create enticing packages based on economic impact.

With the adoption of the 1996 fiscal year budget, the City Commission made a commitment to continue city-wide economic development activities to create more and better jobs for our citizens, stability for their families, and develop balance within the local economy.

Since March 1993, when the City initiated its first formal economic development office, efforts to attract new industry and assist the expansion of existing business in Leesburg has been significant. The City has developed strategies to diversify its service based job economy by creating more semi-skilled and skilled positions at higher wages. By doing so, the City also hopes to enhance property values and to stabilize taxes.

On March 27, 2000, the City Commission adopted the City of Leesburg Strategic Economic Development Plan. As part of this incentive plan, the Commission has adopted two (2) incentive strategies, a fast tract permitting process and a job growth incentive program.

The job growth incentive program adopted by the City Commission mirrors the program approved by the Lake County Commission for the Lake County Industrial Development Authority. In order to fund the job growth incentive program for the City of Leesburg, during fiscal year 2000-2001, the City committed \$50,000 for economic

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incentive programs, with a maximum of \$500 per job. In order to qualify for receipt of job growth incentive funds the following criteria must be met:

- Create a minimum of 10 new full time jobs in the City of Leesburg within two years for new businesses, or a minimum of 5 full time jobs in one year for existing businesses, **and**
- The starting wage of each position provided an incentive must be 110% of the average wage in Lake County, Florida, as may be annually adjusted, **and**
- Created jobs must be from one of the targeted industries identified in the tables provided in the ordinance.

Independent Audit

Section 11.45, Florida Statutes, requires a financial audit of the annual financial statements of The City of Leesburg by an independent Certified Public Accountant selected by the City Commission and paid from City funds. This requirement has been accomplished, and the report of our auditors is included in the financial section of this report.

Certificate of Achievement

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, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

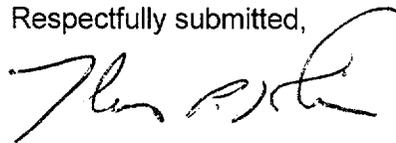
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Leesburg has received a Certificate of Achievement for the last ten consecutive years (fiscal years ended 1990-1999). I believe our current report continues to conform to the Certificate of Achievement Program requirements, and I am submitting it to the GFOA to determine its eligibility for another Certificate.

Acknowledgments

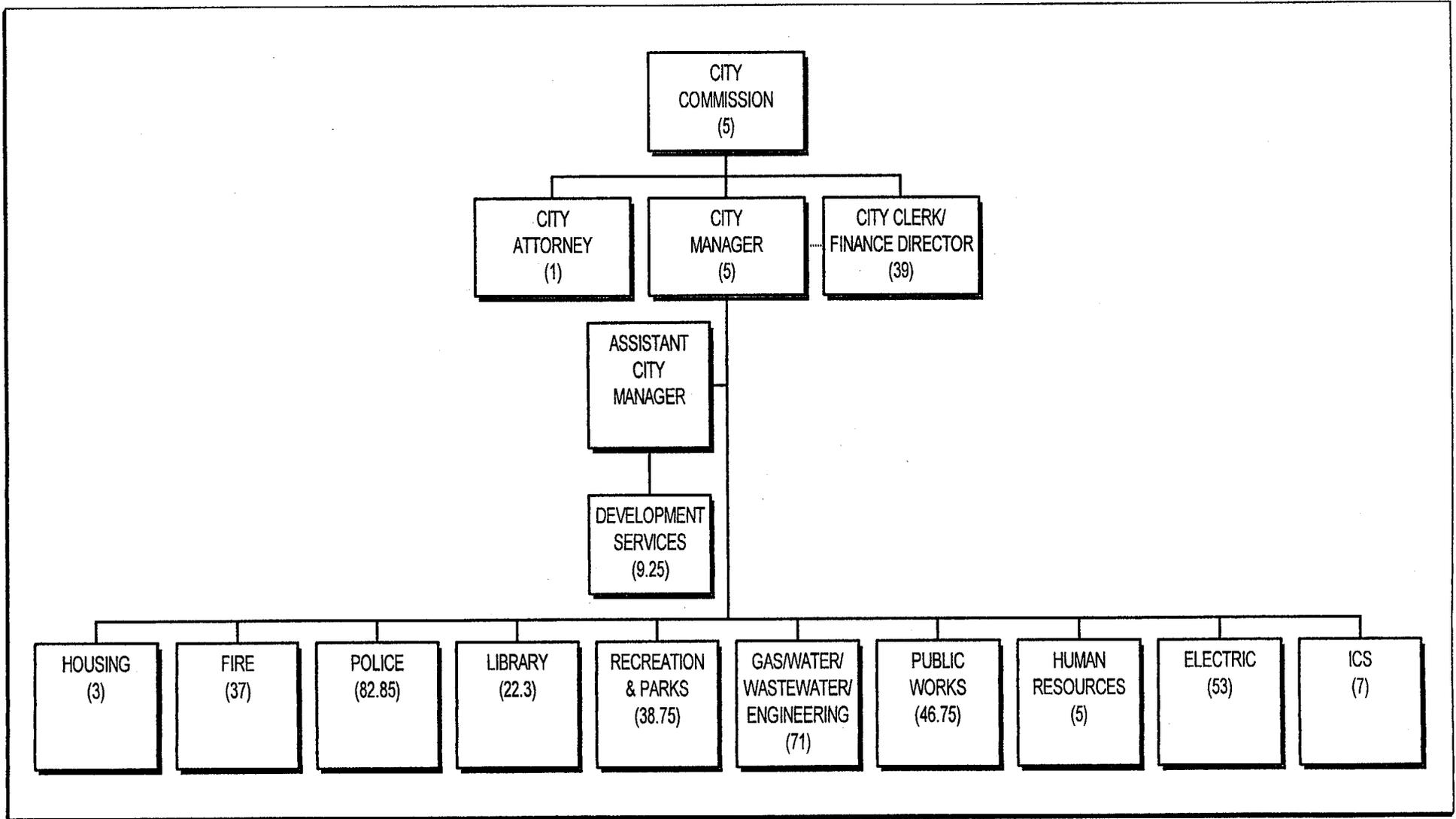
A comprehensive annual financial report of this nature could not have been prepared without the efficient and dedicated service of all staff members involved. I would like to express my appreciation to the staff of the Accounting Division of the Office of the City Clerk/Finance Director, and specifically Budget Manager Diane Reichard, for their efforts in producing this report, and to the accounting firm of Purvis Gray and Company for their contributions to the design, preparation and publication of this document. Finally, my thanks for the interest and support of the City Commission and the City Manager in planning and conducting the fiscal operations of the City of Leesburg.

Respectfully submitted,



Thomas P. Klinker, CPA, CGFO
Interim City Manager

City of Leesburg, Florida Organizational Chart



- NUMBERS REFLECT FULL TIME EQUIVALENT EMPLOYEES IN RESPECTIVE DEPARTMENTS

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The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Leesburg, Florida for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 1999. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports 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 report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

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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, 1999

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.



Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director

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FINANCIAL SECTION

This section contains the following subsections:

- ◆ Report of Independent Auditors
- ◆ General Purpose Financial Statements
- ◆ Combining Statements – By Fund Type
- ◆ Schedules

INDEPENDENT AUDITORS' REPORT

Honorable City Commission
City of Leesburg
Leesburg, Florida

We have audited the accompanying general-purpose financial statements of the City of Leesburg, Florida, as of and for the year ended September 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Leesburg, Florida's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

Our audit was made in accordance with generally accepted auditing standards 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 general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Leesburg, Florida at September 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 22, 2000, on our consideration of the City of Leesburg, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering 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
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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

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Honorable City Commission
City of Leesburg
Leesburg, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of the City of Leesburg, Florida taken as a whole. The required supplementary information listed in the table of contents is not a required part of the general-purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted 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. The accompanying schedule of expenditures of federal awards and state financial assistance as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the *Rules of the Auditor General* of the State of Florida, and combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City of Leesburg, Florida. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole. The information presented in the statistical section is presented for the purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we express no opinion on it.

December 22, 2000
Ocala, Florida

Riviera, Gray and Company

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GENERAL-PURPOSE FINANCIAL STATEMENTS

CITY OF LEESBURG, FLORIDA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Equity in Pooled Cash and Cash Equivalents	\$ 4,190,411	\$ 790,950	\$ 247,906	
Cash and Investments With Trustees				
Receivables:				
Customer Accounts:				
Unbilled		39,771		
Billed		36,353		
Allowance For Doubtful Accounts		(10,495)		
Accrued Interest				
Other	186,103	15,945		
Prepaid Items	2,572			
Due From Other Funds	164,429			
Due From Other Governments	320,845	688,857		\$ 415,882
Inventory	19,044			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents				4,696,826
Investments				
Notes Receivable - Employees	185,120			
Property, Plant and Equipment				
General Fixed Assets				
(Accumulated Depreciation)				
Construction in Progress				
Unamortized Bond Issue Costs				
Amount Available For Debt Service				
Amount to Be Provided For Retirement of General Long-Term Debt				
Total Assets and Other Debits	\$ 5,068,524	\$ 1,561,381	\$ 247,906	\$ 5,112,708

See accompanying notes.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	2000	1999
\$ 42,900,681	\$ 1,973,087	\$ 40,917,492			\$ 50,103,035	\$ 48,671,209
					40,917,492	39,733,687
1,441,426					1,481,197	2,575,124
3,759,179					3,795,532	3,709,544
(589,485)					(599,980)	(562,554)
		123,661			123,661	229,616
	148,894				350,942	332,280
					2,572	7,662
471,479					635,908	971,380
2,894		93,271			1,521,749	1,079,221
1,779,290	39,265				1,837,599	1,451,326
14,722,516					19,419,342	19,718,315
1,956,157					1,956,157	5,573,987
					185,120	155,865
106,031,204	235,727				106,266,931	102,545,459
			\$ 36,193,711		36,193,711	32,797,906
(45,619,986)	(150,520)				(45,770,506)	(43,521,373)
16,055,652	25,461				16,081,113	9,900,122
518,816					518,816	559,742
				\$ 55,000	55,000	0
				9,064,746	9,064,746	9,166,346
<u>\$ 143,429,823</u>	<u>\$ 2,271,914</u>	<u>\$ 41,134,424</u>	<u>\$ 36,193,711</u>	<u>\$ 9,119,746</u>	<u>\$ 244,140,137</u>	<u>\$ 235,094,864</u>

(Continued)

See accompanying notes.

CITY OF LEESBURG, FLORIDA

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2000
(Concluded)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$ 170,912	\$ 274,285		\$ 70,824
Accrued Items	217,251			
Customer Advances For Construction				
Due to Other Governments		40,211		
Due to Other Funds				
Payable From Restricted Assets:				
Customer Deposits				
Accrued Interest on Revenue Bonds				
Current Portion - Revenue Bonds				
Capital Appreciation Bonds (Called October 1, 2000)				
Claims Payable				
Notes Payable				
Matured Interest Payable			\$ 192,906	
Revenue Bonds Payable - Net				
Compensated Absences				
Suit Settlement Payable				
Mortgage Payable				
Unearned Revenue	253,188			
Landfill Postclosure Costs Payable				
Decommissioning Costs Payable				
Total Liabilities	641,351	314,496	192,906	70,824
Fund Equity and Other Credits				
Contributed Capital				
Investment in General Fixed Assets				
Retained Earnings:				
Reserved				
Unreserved				
Fund Balances:				
Reserved For Employee Benefits				
Other Reserves	376,378	130,466	55,000	5,041,884
Unreserved	4,050,795	1,116,419		
Total Fund Equity and Other Credits	4,427,173	1,246,885	55,000	5,041,884
Total Liabilities, Fund Equity and Other Credits	\$ 5,068,524	\$ 1,561,381	\$ 247,906	\$ 5,112,708

See accompanying notes.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>	
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>2000</u>	<u>1999</u>
\$ 3,536,886	\$ 207,400				\$ 4,260,307	\$ 4,476,897
1,205,157	34,009				1,456,417	2,061,914
31,294					31,294	101,159
471,479	71,158	\$ 93,271			40,211	19,490
					635,908	971,380
1,939,277					1,939,277	2,028,038
706,740					706,740	460,389
470,000					470,000	1,245,000
3,549,913					3,549,913	0
	586,099				586,099	466,977
410,000					410,000	795,000
26,544,487				\$ 7,345,000	192,906	66,606
				\$ 1,330,564	33,889,487	37,275,912
				210,000	1,330,564	1,335,739
				234,182	210,000	240,000
					234,182	245,607
					253,188	251,346
802,129					802,129	864,528
3,287,170					3,287,170	2,974,390
<u>42,954,532</u>	<u>898,666</u>	<u>93,271</u>	<u>\$ 0</u>	<u>9,119,746</u>	<u>54,285,792</u>	<u>55,880,372</u>
23,595,476	15,979				23,611,455	22,708,217
				36,193,711	36,193,711	32,797,906
8,945,477	1,338,854				10,284,331	11,517,597
67,934,338	18,415				67,952,753	63,983,752
		41,041,153			41,041,153	39,845,586
					5,603,728	5,020,649
					5,167,214	3,340,785
<u>100,475,291</u>	<u>1,373,248</u>	<u>41,041,153</u>	<u>36,193,711</u>	<u>0</u>	<u>189,854,345</u>	<u>179,214,492</u>
<u>\$ 143,429,823</u>	<u>\$ 2,271,914</u>	<u>\$ 41,134,424</u>	<u>\$ 36,193,711</u>	<u>\$ 9,119,746</u>	<u>\$ 244,140,137</u>	<u>\$ 235,094,864</u>

See accompanying notes.

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CITY OF LEESBURG, FLORIDA

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2000**

	Governmental Fund Types				Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	2000	1999
Revenues						
Taxes	\$ 4,357,452			\$ 1,215,514	\$ 5,572,966	\$ 4,560,397
Licenses and Permits	323,608				323,608	296,298
Intergovernmental	1,085,452	\$ 1,849,653	\$ 433,324	282,763	3,651,192	4,195,239
Charges For Services	226,455	580,691			807,146	824,451
Fines and Forfeitures	294,762				294,762	303,902
Miscellaneous:						
Interest	204,582	64,787	7,979	265,780	543,128	255,509
Other	3,620,586			25,089	3,645,676	3,505,413
Total Revenues	<u>10,112,897</u>	<u>2,495,131</u>	<u>441,303</u>	<u>1,789,146</u>	<u>14,838,478</u>	<u>13,941,209</u>
Expenditures						
Current:						
General Government	3,852,844				3,852,844	3,844,042
Public Safety	6,336,134				6,336,134	6,093,036
Physical Environment	580,990	777,286			1,358,276	1,113,690
Transportation	1,710,323				1,710,323	1,510,205
Economic Environment	97,698	1,620,450			1,718,148	1,638,637
Human Services	41,085				41,085	32,578
Culture and Recreation	2,685,487				2,685,487	2,567,542
Capital Projects				1,179,181	1,179,181	2,985,420
Debt Service:						
Principal					0	1,141,163
Interest			386,303		386,303	161,368
(Total Expenditures)	<u>(15,304,561)</u>	<u>(2,397,736)</u>	<u>(386,303)</u>	<u>(1,179,181)</u>	<u>(19,267,781)</u>	<u>(21,087,681)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(5,191,664)</u>	<u>97,395</u>	<u>55,000</u>	<u>609,965</u>	<u>(4,429,304)</u>	<u>(7,146,472)</u>
Other Financing Sources (Uses)						
Operating Transfers In	6,868,730	130,963		25,500	7,025,193	5,822,531
Operating Transfers Out	(55,963)	(130,418)			(186,381)	(77,379)
Proceeds From Issuance of Debt					0	7,542,145
Principal Payment of Bonds					0	(3,527,764)
Total Other Financing Sources (Uses)	<u>6,812,767</u>	<u>545</u>	<u>0</u>	<u>25,500</u>	<u>6,838,812</u>	<u>9,759,533</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,621,103	97,940	55,000	635,465	2,409,508	2,613,061
Fund Balances, Beginning of Year	2,806,070	1,148,945	0	4,406,419	8,361,434	5,748,373
Fund Balances, End of Year	<u>\$ 4,427,173</u>	<u>\$ 1,246,885</u>	<u>\$ 55,000</u>	<u>\$ 5,041,884</u>	<u>\$ 10,770,942</u>	<u>\$ 8,361,434</u>

See accompanying notes.

CITY OF LEESBURG, FLORIDA

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2000**

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$ 4,444,290	\$ 4,357,452	\$ (86,838)
Licenses and Permits	321,500	323,608	2,108
Intergovernmental	900,856	1,085,452	184,596
Charges For Services	256,500	226,455	(30,045)
Fines and Forfeitures	327,700	294,762	(32,938)
Miscellaneous:			
Interest	204,725	204,582	(143)
Other	3,804,107	3,620,586	(183,521)
Total Revenues	<u>10,259,678</u>	<u>10,112,897</u>	<u>(146,781)</u>
Expenditures			
Current:			
General Government	4,288,734	3,852,844	435,890
Public Safety	6,607,571	6,336,134	271,437
Physical Environment	588,770	580,990	7,780
Transportation	1,869,517	1,710,323	159,194
Economic Environment	108,054	97,698	10,356
Human Services	44,257	41,085	3,172
Culture/Recreation	2,985,775	2,685,487	300,288
Capital Projects			
Debt Service:			
Principal			
Interest			
Other Uses			
(Total Expenditures)	<u>(16,492,678)</u>	<u>(15,304,561)</u>	<u>1,188,117</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(6,233,000)</u>	<u>(5,191,664)</u>	<u>1,041,336</u>
Other Financing Sources (Uses)			
Operating Transfers In	6,315,077	6,868,730	553,653
Operating Transfers Out	(82,077)	(55,963)	26,114
Proceeds From Issuance of Debt			
Total Other Financing Sources (Uses)	<u>6,233,000</u>	<u>6,812,767</u>	<u>579,767</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	1,621,103	1,621,103
Fund Balances, Beginning of Year	0	2,806,070	2,806,070
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 4,427,173</u>	<u>\$ 4,427,173</u>

See accompanying notes.

Special Revenue			Debt Service			Capital Projects		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$2,057,354	\$1,849,653	\$ (207,701)	\$ 433,553	\$ 433,324	\$ (229)	\$1,106,046	\$1,215,514	\$ 109,468
583,700	580,691	(3,009)				3,164,819	282,763	(2,882,056)
61,796	64,787	2,991	7,800	7,979	179	30,000	265,780	235,780
						25,000	25,089	89
<u>2,702,850</u>	<u>2,495,131</u>	<u>(207,719)</u>	<u>441,353</u>	<u>441,303</u>	<u>(50)</u>	<u>4,325,865</u>	<u>1,789,146</u>	<u>(2,536,719)</u>
1,228,149	777,286	510,863						
1,927,516	1,620,450	307,066						
						5,661,674	1,179,181	4,482,493
			385,813	385,813				
			55,540	490	55,050			
<u>(3,215,665)</u>	<u>(2,397,736)</u>	<u>817,929</u>	<u>(441,353)</u>	<u>(386,303)</u>	<u>55,050</u>	<u>(5,661,674)</u>	<u>(1,179,181)</u>	<u>4,482,493</u>
<u>(512,815)</u>	<u>97,395</u>	<u>610,210</u>	<u>0</u>	<u>55,000</u>	<u>55,000</u>	<u>(1,335,809)</u>	<u>609,965</u>	<u>1,945,774</u>
157,077	130,963	(26,114)				900,500	25,500	(875,000)
(129,559)	(130,418)	(859)				(613,690)		613,690
						575,000		(575,000)
<u>27,518</u>	<u>545</u>	<u>(26,973)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>861,810</u>	<u>25,500</u>	<u>(836,310)</u>
(485,297)	97,940	583,237	0	55,000	55,000	(473,999)	635,465	1,109,464
485,297	1,148,945	663,648	0	0	0	473,999	4,406,419	3,932,420
<u>\$ 0</u>	<u>\$1,246,885</u>	<u>\$ 1,246,885</u>	<u>\$ 0</u>	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 0</u>	<u>\$5,041,884</u>	<u>\$ 5,041,884</u>

See accompanying notes.

CITY OF LEESBURG, FLORIDA

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2000**

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2000	1999
Operating Revenues				
Charges For Services	\$ 47,314,618	\$ 2,047,811	\$ 49,362,429	\$ 49,144,106
Other Operating	720,303		720,303	623,358
Total Operating Revenues	<u>48,034,921</u>	<u>2,047,811</u>	<u>50,082,732</u>	<u>49,767,464</u>
Operating Expenses				
Power Generation and Transmission	1,542,625		1,542,625	2,009,232
Purchased Energy	22,004,416		22,004,416	20,569,541
Operating and Maintenance	8,892,259	701,783	9,594,042	8,837,901
General and Administrative	2,909,728	302,257	3,211,985	3,049,039
Depreciation and Amortization	4,239,056	12,488	4,251,544	4,567,799
Claims Expense		2,512,533	2,512,533	1,899,930
Change in Postclosure Estimate	(62,399)		(62,399)	(54,033)
(Total Operating Expenses)	<u>(39,525,685)</u>	<u>(3,529,061)</u>	<u>(43,054,746)</u>	<u>(40,879,409)</u>
Operating Income (Loss)	<u>8,509,236</u>	<u>(1,481,250)</u>	<u>7,027,986</u>	<u>8,888,055</u>
Nonoperating Revenues (Expenses)				
Interest Earnings	3,175,060	135,300	3,310,360	2,374,304
Interest Expense	(1,713,941)		(1,713,941)	(1,701,595)
Other Income and Expenses	798,581	151,561	950,142	745,792
Total Nonoperating Revenues	<u>2,259,700</u>	<u>286,861</u>	<u>2,546,561</u>	<u>1,418,501</u>
Income Before Operating Transfers	<u>10,768,936</u>	<u>(1,194,389)</u>	<u>9,574,547</u>	<u>10,306,556</u>
Operating Transfers (Out)	<u>(6,832,067)</u>	<u>(6,745)</u>	<u>(6,838,812)</u>	<u>(5,745,152)</u>
Net Income (Loss)	<u>3,936,869</u>	<u>(1,201,134)</u>	<u>2,735,735</u>	<u>4,561,404</u>
Retained Earnings, Beginning of Year	<u>72,942,946</u>	<u>2,558,403</u>	<u>75,501,349</u>	<u>70,939,945</u>
Retained Earnings, End of Year	<u>\$ 76,879,815</u>	<u>\$ 1,357,269</u>	<u>\$ 78,237,084</u>	<u>\$ 75,501,349</u>

See accompanying notes.

CITY OF LEESBURG, FLORIDA

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2000**

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2000	1999
Net Cash Provided By (Used In) Operating Activities	\$ 13,389,026	\$ (949,503)	\$ 12,439,523	\$ 15,947,086
Cash Flows From Noncapital Financing Activities				
Operating Transfers (to) Other Funds	(6,832,067)	(6,745)	(6,838,812)	(5,745,152)
Cash Flows From Capital and Related Financing Activities				
Interest Paid on Capital Leases and Notes Payable	(19,785)		(19,785)	(33,895)
Interest Paid on Revenue Bonds	(888,263)		(888,263)	(2,819,768)
Acquisition and Construction of Capital Assets	(11,430,623)	(46,599)	(11,477,222)	(10,125,764)
Principal Paid on Capital Lease			0	(49,167)
Principal Paid on Bond Maturities	(1,245,001)		(1,245,001)	(334,998)
Principal Paid on Note Payable	(385,000)		(385,000)	(360,000)
Capital Contributed	903,238		903,238	714,073
Proceeds From Sale of Bonds			0	12,145,000
Net Cash (Used In) Capital and Related Financing Activities	(13,065,434)	(46,599)	(13,112,033)	(864,519)
Cash Flows From Investing Activities				
Interest on Investments	3,290,932	135,300	3,426,232	2,592,948
Proceeds From Sale of Investments	3,873,965		3,873,965	0
Purchase of Crystal River Decommissioning Investments	(254,290)		(254,290)	(150,604)
Net Cash Provided By Investing Activities	6,910,607	135,300	7,045,907	2,442,344
Net Increase (Decrease) in Cash and Cash Equivalents	402,132	(867,547)	(465,415)	11,779,759
Cash and Cash Equivalents, Beginning of Year	57,221,065	2,840,634	60,061,699	48,281,940
Cash and Cash Equivalents, End of Year	\$ 57,623,197	\$ 1,973,087	\$ 59,596,284	\$ 60,061,699

**Reconciliation of Cash and Cash Equivalents
(Above) to Combined Balance Sheet**

Current Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 42,900,681	\$ 1,973,087	\$ 44,873,768	\$ 44,682,912
Restricted Assets				
Equity in Pooled Cash and Cash Equivalents	14,722,516		14,722,516	15,378,787
Cash and Cash Equivalents, End of Year	\$ 57,623,197	\$ 1,973,087	\$ 59,596,284	\$ 60,061,699

(Continued)

See accompanying notes.

CITY OF LEESBURG, FLORIDA
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2000
(Concluded)

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2000	1999
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating Income (Loss)	\$ 8,509,236	\$ (1,481,250)	\$ 7,027,986	\$ 8,888,055
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:				
Depreciation and Amortization	4,239,056	12,488	4,251,544	4,567,799
Bad Debt Expense	144,272		144,272	123,443
Nonoperating Income	961,650	151,561	1,113,211	900,022
Nonoperating Expense	(163,069)		(163,069)	(154,230)
Change in Postclosure Estimate	(62,399)		(62,399)	(54,033)
Decrease (Increase) in Customer Accounts	893,888		893,888	(2,589)
Decrease in Due From Other Governments	1,265		1,265	15,344
(Increase) Decrease in Due to/From Other Funds	(73,231)	71,158	(2,073)	73,231
(Increase) in Inventory	(378,177)	(7,372)	(385,549)	(131,223)
Decrease (Increase) in Miscellaneous Receivables		96,406	96,406	(187,365)
(Decrease) Increase in Accounts Payable	(347,888)		(347,888)	1,695,892
Increase (Decrease) in Claims Payable		119,122	119,122	(21,217)
(Decrease) Increase in Accrued Expenses	(176,951)	88,384	(88,567)	147,808
(Decrease) Increase in Customer Advances For Construction	(69,865)		(69,865)	8,762
(Decrease) Increase in Customer Deposits	(88,761)		(88,761)	77,387
Net Cash Provided By (Used In) Operating Activities	\$ 13,389,026	\$ (949,503)	\$ 12,439,523	\$ 15,947,086

See accompanying notes.

CITY OF LEESBURG, FLORIDA

**COMBINING STATEMENT OF ADDITIONS, DELETIONS AND
CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 1999**

	Pension Trust Funds			Totals	
	Municipal Police Retirement Trust	Municipal Firemen's Retirement Trust	General Employees' Retirement	2000	1999
Additions					
Contributions:					
Employer		\$ 61,608	\$ 457,198	\$ 518,806	\$ 662,133
Employee	\$ 164,734	77,903		242,637	239,637
State of Florida	114,628	98,331		212,959	212,527
Total Contributions	<u>279,362</u>	<u>237,842</u>	<u>457,198</u>	<u>974,402</u>	<u>1,114,297</u>
Investment Income:					
Net Appreciation in Fair Value of Investments	737,454	(176,863)	224,516	785,107	2,219,732
Interest and Dividend Income	304,041	274,641	809,223	1,387,905	1,396,338
Other Income			85	85	0
Total Investment Income	<u>1,041,495</u>	<u>97,778</u>	<u>1,033,824</u>	<u>2,173,097</u>	<u>3,616,070</u>
Total Additions	<u>1,320,857</u>	<u>335,620</u>	<u>1,491,022</u>	<u>3,147,499</u>	<u>4,730,367</u>
Deletions					
Benefit Payments	204,562	560,267	842,473	1,607,302	1,372,374
Administrative Expenses	75,591	71,379	197,660	344,630	335,759
(Total Deletions)	<u>(280,153)</u>	<u>(631,646)</u>	<u>(1,040,133)</u>	<u>(1,951,932)</u>	<u>(1,708,133)</u>
Net Increase (Decrease)	1,040,704	(296,026)	450,889	1,195,567	3,022,234
Net Assets Held in Trust For Pension Benefits					
Beginning of Year	<u>8,299,740</u>	<u>8,130,763</u>	<u>23,415,083</u>	<u>39,845,586</u>	<u>36,823,352</u>
End of Year	<u>\$ 9,340,444</u>	<u>\$ 7,834,737</u>	<u>\$ 23,865,972</u>	<u>\$ 41,041,153</u>	<u>\$ 39,845,586</u>

See accompanying notes.

CITY OF LEESBURG, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

Note 1 - Summary of Significant Accounting Policies

The City of Leesburg, Florida (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, sanitation, 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.

The accounting policies of the City conform to generally accepted accounting principles for governmental entities. The following is a summary of significant accounting policies.

Reporting Entity

The accompanying general-purpose financial statements present the financial position, results of operations and cash flows of the applicable fund types and account groups governed by the City Commission of the City in accordance with governmental accounting standards. The reporting entity for the City (the primary government) contains one separate legal entity (component unit) for which the City Commission has financial accountability. Financial accountability is present if the City Commission appoints a voting majority of a component unit's governing body and has the ability to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.

The City established the Greater Leesburg Community Redevelopment Agency as a component unit of the City. The Greater Leesburg Community Redevelopment Agency's Governing Board is composed of the City Council plus two members appointed by the City Council, and is accounted for as a blended special revenue fund in the accompanying general-purpose financial statements. Separate financial statements are not issued for the Greater Leesburg Community Redevelopment Agency.

Basis of Presentation

The City and its component units maintain their accounting records in accordance with the principles and policies applicable to governmental units set forth by the Governmental Accounting Standards Board (GASB), as well as generally accepted accounting principles (GAAP) as promulgated by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board (FASB). The proprietary funds do not apply FASB statements and interpretations issued after November 30, 1989.

Fund Accounting

The accounting system and financial reports of the City are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Fund Accounting *(Concluded)*

recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund and Account Group Categories

The categories of funds and account groups of the City are summarized as follows:

Governmental fund types are those through which most government functions typically are financed. The acquisition, use, and balances of expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental type funds. Governmental funds used by the City are as follows:

- **General Fund** - The general fund is used to account for all revenues and expenses of the City which are not properly accounted for in other funds.
- **Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- **Debt Service Fund** - The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.
- **Capital Projects Funds** - The capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary fund types are used to account for the City's ongoing activities which are similar to those found in the private sector.

- **Enterprise Funds** - Enterprise funds are used to account for operations that are similar to private business enterprises with the intent to recover costs to provide goods through user charges.
- **Internal Service Funds** - Internal service funds are used to account for the financing of goods and services provided by one department to other departments of the governmental unit on a cost-reimbursement basis.

Fiduciary fund types are used to account for assets held in a trustee capacity for others.

- **Pension Trust Funds** - Pension trust funds are used to account for assets held by the City in a trustee capacity for public employee retirement systems.

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund and Account Group Categories (Concluded)

Account groups record and control the City's general fixed assets and general long-term debt. The account groups are not funds and do not reflect available financial resources and related liabilities. The following account groups are maintained by the City:

- **General Fixed Assets** - The general fixed assets account group is used to maintain control and cost information on City-owned property, plant and equipment, including construction in progress.
- **General Long-Term Debt** - The general long-term debt account group is used to account for all long-term debt (principal balances of debt, capital lease obligations, and obligations for compensated absences), which is backed by the full faith and credit of the City and other long-term debt for which special revenues are pledged.

Measurement Focus

Governmental fund types (general, special revenue, debt service and capital projects funds) are accounted for on a "spending" or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheets. Reported fund balance (net current assets) is considered a measure of "available, spendable, or appropriable resources." Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary and pension trust fund types are accounted for on a "cost of services" or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet to provide an indication of the economic net worth of the funds. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. The proprietary fund types operating statement presents increases (revenues) and decreases (expenses) in net total assets.

Basis of Accounting

Governmental fund type revenues and expenditures are recognized on the modified accrual basis. This method recognizes revenues in the accounting period in which they become available and measurable. Expenditures are recognized in the period in which the fund liability is incurred (except unmatured interest on general long-term debt, which is recognized when due).

Governmental fund type revenues that are susceptible to accrual include property taxes, franchise fees, federal and state revenue sharing revenues, and reimbursements from grants for authorized expenditures through September 30.

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

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

Basis of Accounting *(Concluded)*

Proprietary fund revenues and expenses are recognized on the accrual basis. Revenues are recorded when earned, and expenses are recorded when incurred.

Fiduciary funds of the City consist of pension trust funds which are accounted for on the accrual basis.

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, debt service and capital projects funds.

Grants—Proprietary Funds

Unrestricted grants, entitlements or shared revenues received are reported as nonoperating revenues. Such resources externally restricted for capital acquisitions or construction are reported as contributed capital.

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. During 1998, the City implemented GASB Statement No. 31, via a prior period adjustment to adjust the carrying value of all investments from amortized cost to fair value.

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

Inventories held by the utility, sanitation services and motor pool funds are priced by the weighted average cost method at the lower of cost or market. Inventory shown in the general fund consists of fuel held for consumption. General fund inventories are valued at cost as determined on the first-in, first-out (FIFO) method. Inventory is accounted for by use of the consumption method.

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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 nonrevenue receipts in the receiving fund. The funds and departments that benefit from the services and expenses/expenditures record a cost reimbursement as an increase in expenditures or expenses.

Proprietary Fund Fixed Assets

Proprietary fund fixed assets are recorded at historical cost. Donated fixed assets are recorded at fair market value on the date received. Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Useful Lives</u>
Buildings	10 to 50 Years
Improvements Other Than Buildings	20 to 50 Years
Vehicles and Equipment	5 to 10 Years

General Fixed Assets

General fixed assets purchased are recorded as expenditures in the governmental fund types at the time of purchase. Such assets are capitalized at cost in the general fixed assets account group. The City's policy is not to capitalize public domain fixed assets such as streets, right-of-ways, sidewalks, drainage systems and similar assets. Donated fixed assets are valued at their estimated fair market value at the time of acquisition. Depreciation is not provided on general fixed assets.

Compensated Absences

The City accrues accumulated compensated absences for governmental and proprietary funds. Compensated absences are recorded in the governmental fund types as an expenditure for the amount accrued during the year that would normally be liquidated with expendable available financial resources. The remainder of the liability is reported in the general long-term debt account group. The proprietary funds accrue compensated absences in the period they are earned. Personnel policies allow employees to accumulate a maximum of 90 days vacation leave and unlimited sick leave. Upon termination, employees are paid for their accrued vacation leave and 25% 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.

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

Note 1 - 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 re-establish the commitment are included in the appropriations for the subsequent year.

Reserves

Fund balances and retained earnings are reserved as follows:

General Fund

Reserved For Notes Receivable - Employees	\$ 185,120
Reserved For Police Education and Other Expenditures	128,630
Reserved For Citizens Utility Relief Effect (C.U.R.E.)	4,388
Reserved For Computer Maintenance	54,609
Reserved For Fire Expenditures	3,631

Total General Fund	\$ 376,378
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Special Revenue Funds

Reserved For Capital Improvements	\$ 95,339
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Capital Projects Funds

Reserved For Construction	\$ 5,041,884
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Enterprise Funds

Retained earnings are reserved as follows:

Debt Service	\$ 3,805,002
Renewal and Replacement	5,140,475

Total Enterprise Funds	\$ 8,945,477
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Internal Service Funds

Retained earnings are reserved as follows:

Reserved For Self-Insured Employee Health Insurance	\$ (132,448)
Reserved For Self-Insured Workers' Compensation Insurance	1,471,302

Total Internal Service Funds	\$ 1,338,854
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Debt Service

Reserved For Debt Service	\$ 55,000
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CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Budgeting

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 generally accepted accounting principles. 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 general-purpose financial statements, is prepared on the same basis of accounting as that prescribed for the fund.

During the year, the City made supplemental budget appropriations which increased or decreased the budgets as indicated below:

	Original Adopted	Final Amended	Increase (Decrease)
General Fund	\$ 16,454,929	\$ 16,574,755	\$ 119,826
Special Revenue Funds	3,051,407	3,345,224	293,817
Debt Service Fund	534,525	441,353	(93,172)
Capital Projects Funds	6,901,720	6,275,470	(626,250)
Total Governmental Funds	<u>\$ 26,942,581</u>	<u>\$ 26,636,802</u>	<u>\$ (305,779)</u>

Total Columns on Combined Statements

Total columns on the combined statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. The data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

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 statewide. 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.

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.

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.

Note 2 - Deposits and Investments

Pooled Cash and Investments

The City maintains a cash and investment pool which carries substantially all cash and investments of the City, and is used by all funds except the pension trust funds and agency fund. Each fund's portion of the pool is displayed in the accompanying general-purpose financial statements as "Cash and Investments." The cash and investments of the pension trust funds are held separately from those other funds of the City.

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(Continued)

Note 2 - Deposits and Investments *(Continued)*

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 satisfy the claims of governmental entities if any member financial institution fails. This ability to assess provides protection which is similar to depository insurance. At September 30, 2000, the carrying amount of the City's deposits was \$1,834,719 and the bank balance was \$1,776,066.

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 deposits with the State Board of Administration pool. Revenue bond covenants also restrict the type and maturities of investments in bond-related funds.

Investments of the municipal police officers' retirement trust fund may be held in bonds, stocks, or other evidence of indebtedness issued or guaranteed by a corporation under the laws of the United States provided the corporation meets certain rating and profitability criteria.

Investments of the municipal firemen's retirement trust fund and the general employees' pension fund may be invested in accordance with Florida Statutes as previously described.

A summary of the carrying amount and market value of all City investments classified by category of credit risk follows:

	Category of Risk			Fair Value
	1	2	3	
Pooled Investments				
SunTrust Repurchase Agreement			\$ 18,025,000	\$ 18,025,000
U.S. Treasury Bills, Notes and Bonds			26,681,616	26,681,616
Pension Trust and Agency Fund Investments				
Corporate Stocks			14,675,235	14,675,235
Corporate Bonds			11,150,388	11,150,388
U.S. Treasury Notes and Municipal Bonds			9,983,726	9,983,726
Subtotal	\$ 0	\$ 0	\$ 80,515,965	\$ 80,515,965

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

Note 2 - Deposits and Investments (Continued)

Investments (Continued)

	Fair Value
FMPA Crystal River Decommissioning Trust	\$ 1,956,157
State Board of Administration of Florida, Local Government Pooled Investment Account	22,981,042
Mutual Fund Investments - Pension Investment	5,108,143
Total Investments	<u>\$ 110,561,307</u>

	Carrying Amount
Carrying Amount of Deposits	\$ 1,834,719
Carrying Amount of Investments (Above)	110,561,307
Total	<u>\$ 112,396,026</u>

Shown in the Accompanying Combined Balance Sheets As:

Equity in Pooled Cash and Investments	\$ 50,103,035
Cash and Investments at Market Value	40,917,492
Restricted Assets:	
Equity in Pooled Cash, Cash Equivalents and Investments	21,375,499
Total	<u>\$ 112,396,026</u>

Levels of credit risk assigned to the above investments are based on an evaluation in accordance with GASB Statement No. 3 to give an indication of the level of risk assumed at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name.

The State Board of Administration deposits in Tallahassee, Florida are maintained in an investment pool which invests primarily in commercial paper, repurchase agreements, bankers' acceptance notes and U.S. Government obligations. The carrying value of the investment pool approximates market value due to the short-term nature of the underlying investments of the pool. The pool receives regulatory oversight from the State of Florida.

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(Continued)

Note 2 - Deposits and Investments (Concluded)

Investments (Concluded)

The following pension investments, including U.S. Government and U.S. Government guaranteed obligations, exceed 5% of the net assets available for pension benefits:

	<u>Fair Value</u>	<u>Percentage of Plan Net Assets</u>
Municipal Police		
Fiduciary Government Securities	\$ 1,778,941	19.17%
Fiduciary Mortgages	519,596	5.60%
Fiduciary Corporate Fixed Income	1,441,815	15.54%
Fiduciary Corporate Stocks	4,863,476	52.42%
Total Municipal Police	<u>\$ 8,603,828</u>	
Municipal Firemen		
Oppenheimer Growth Equity Fund	\$ 3,623,259	46.59%
Salem Trust Government Securities	1,439,431	18.08%
Salem Trust Corporate Fixed Income	2,160,382	27.13%
Salem Trust Mortgage-Backed Securities	388,598	5.00%
Total Municipal Firemen	<u>\$ 7,611,670</u>	
General Employees		
SunTrust Corporate Fixed Income	\$ 2,443,300	10.24%
SunTrust Corporate Stocks	2,691,285	11.28%
SunTrust Government Securities - Loomis	5,335,820	22.36%
SunTrust Corporate Fixed Income - Loomis	5,104,891	21.39%
SunTrust Corporate Stocks - Loomis	7,120,475	29.84%
Total General Employees	<u>\$ 22,695,771</u>	

Note 3 - Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance October 1, 1999</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2000</u>
Land	\$ 3,530,796	\$ 1,480,696		\$ 5,011,492
Buildings	11,303,041	840,363		12,143,404
Improvements Other Than Buildings	6,340,114	2,155,475	\$ (725)	8,494,864
Equipment and Vehicles	7,850,938	694,168	(202,009)	8,343,097
Construction in Progress	3,773,017	1,302,853	(2,875,016)	2,200,854
Total	<u>\$ 32,797,906</u>	<u>\$ 6,473,555</u>	<u>\$ (3,077,750)</u>	<u>\$ 36,193,711</u>

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

Note 3 - Fixed Assets (Concluded)

A summary of proprietary fund type property, plant and equipment at September 30, 2000, follows:

	Enterprise Funds	Internal Service Funds
Land	\$ 4,666,547	
Buildings	5,563,955	\$ 63,443
Improvements Other Than Buildings	71,643,306	4,359
Equipment	24,157,396	167,925
Total	<u>\$ 106,031,204</u>	<u>\$ 235,727</u>

Note 4 - Interfund Account

Individual fund interfund receivable and payable balances at year end are as follows:

	Interfund Receivable	Interfund Payable
Governmental Funds		
General	\$ 1,225,771	
Greater Leesburg Community Redevelopment		\$ 1,061,342
Enterprise Funds		
Electric Utility	471,479	
Communication Services		471,479
Fiduciary Funds		
Firemen's Pension		93,271
Internal Service Funds		
Motor Pool		71,158
Total	<u>\$ 1,697,250</u>	<u>\$ 1,697,250</u>

Note 5 - Long-Term Liabilities

Bond Refunding

During 1999, the City issued \$27,850,000 of Utilities System Refunding Revenue Bonds, Series 1999A and 1999B, with an average interest rate of 5.47% to advance refund \$14,880,000 of outstanding 1989 Series Bonds with an average remaining interest rate of 7.45%, to provide money to construct a new wastewater treatment plant and pay the cost of issuance. The proceeds from the refunding portion of the bonds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(Continued)

Note 5 - Long-Term Liabilities (Continued)

Bond Refunding (Concluded)

1989 Series Bonds, except for the serial bond due October 1, 1999, which was not refunded. As a result, remaining 1989 Series Bonds are considered to be defeased and the liability for those bonds has been removed from the accompanying financial statements.

The result of the City advance refunding the 1989 Series Bonds to increase its debt service payments over the next twenty-five years by almost \$6 million, although most of the increase occurs in the latter years, so there is a \$1.4 million economic gain (difference between the present values of the debt service payments on the refunded and refunding debt).

The advance refunding resulted in a difference between the carrying value of the refunded and refunding debt of \$457,370. This difference is reported in the accompanying financial statements as a deduction from bonds payable and is being charged to operations through the year 2011 using the straight-line method.

The following is a summary of all long-term liabilities of the proprietary funds at September 30, 2000:

Bonds Payable

Refunding Utilities Revenue Capital Appreciation Bonds, Series 1984; Dated September 1, 1984; Issued on September 27, 1984	\$ 609,999
Accrued Interest on Series 1984 Capital Appreciation Bonds Through September 30, 2000	2,939,914
Utilities System Refunding Revenue Bonds, Series 1999A and 1999B; Dated June 15, 1999; Issued July 16, 1999; Final Maturity October 1, 2028; Interest Rates From 3.60% to 5.375%	27,850,000
Total Bonds Payable	<u>31,399,913</u>
(Unamortized Discount and Refunding Loss)	(835,513)
(Current Maturities)	(470,000)
Capital Appreciation Bonds (Called October 1, 2000)	(3,549,913)
Long-Term Portion	<u><u>\$26,544,487</u></u>

The 1984, 1989, and 1999 bonds are fully registered bonds and are collateralized by a pledge of the net revenues of the utilities system. The bond ordinances provide for a current sinking fund, debt service reserve, term bond security purchase agreement, and a renewal and replacement account. The bonds are callable at various dates from 100% to 105% of face value. Bond maturity dates and debt service requirements for the combined 1984, 1989 and 1999 issues are as follows:

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 5 - Long-Term Liabilities (Continued)

<u>Due October 1,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2000 (Bonds Called)	\$ 609,999	\$ 2,939,914	\$ 3,549,913
2000	470,000	1,413,481	1,883,481
2001	485,000	1,396,561	1,881,561
2002	505,000	1,377,161	1,882,161
2003	525,000	1,356,456	1,881,456
2004	550,000	1,334,931	1,884,931
Thereafter	25,315,000	16,918,272	42,233,272
Total	<u>\$ 28,459,999</u>	<u>\$ 26,736,776</u>	<u>\$ 55,196,775</u>
Total Principal Above			\$ 28,459,999
Accrued Interest on Capital Appreciation Bonds			2,939,914
Total			<u>\$ 31,399,913</u>

1984 Capital Appreciation Bonds

The remaining 1984 bond issue consists of \$609,999 of capital appreciation bonds that mature on October 1, 2005, at \$5,645,000. The carrying value of the capital appreciation bonds as of September 30, 2000, is \$3,549,913, which is composed of the maturity value of \$5,645,000 less the unearned interest discount of \$2,095,087. On October 1, 2000, the 1984 capital appreciation bonds were called. This is displayed in the accompanying general-purpose financial statements as follows:

Bond Payable (1984 Series)	\$ 609,999
Accrued Interest on Capital Appreciation Bonds	2,939,914
Total	<u>\$ 3,549,913</u>

Note Payable

FMPA Pooled Loan Project, Principal Payable Annually
With Variable Interest Payable Monthly, Collateralized
By a Junior Lien on the Net Revenues of the Utility
System

	\$ 410,000
(Current Maturities)	(410,000)
Long-Term Portion	<u>\$ 0</u>

The following is a schedule of remaining principal and interest payments on the FMPA pooled loan project:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Estimated Interest</u>	<u>Total Principal and Interest</u>
2001	<u>\$ 410,000</u>	<u>\$ 1,486</u>	<u>\$ 411,486</u>

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(Continued)

Note 5 - Long-Term Liabilities (Continued)

Estimated Landfill Closure and Postclosure Care Costs

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

A summary of the activity in the postclosure cost liability account is as follows:

Balance, September 30, 1999	\$ 864,528
Adjustment of Estimate	(35,086)
Total Annual Costs Paid	(27,313)
Balance, September 30, 2000	802,129
(Current Maturities)	(62,399)
Total Long-Term Portion	\$ 739,730

In 1994, the City implemented GASB Statement No. 18 entitled *Accounting for Municipal Solid Waste Landfill Closure and Postclosure 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 \$802,129 liability recorded represents the estimated costs of postclosure care for sixteen 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 1999:

Transaction Date	Amount
Balance, September 30, 1999	\$ 64,490
Investment Income	3,874
Balance, September 30, 2000	\$ 68,364

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 5 - Long-Term Liabilities (Continued)

General Long-Term Debt

During 1999, the City issued \$7,345,000 of Refunding and Capital Improvement Revenue Bonds, Series 1999 with an average interest rate of 5.68% to advance refund \$4,190,000 of outstanding 1987 Series Bonds with an average remaining interest rate of 7.00%, to provide money to construct a new public safety facility and pay the cost of issuance. The proceeds from the refunding portion of the bonds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1987 Series Bonds. As a result, the 1987 Series Bonds are considered to be defeased and the liability for the bonds has been removed from the general long-term debt account group.

The result of the City advance refunding the 1987 Series Bonds to increase its debt service payments over the next thirty years by almost \$1.2 million, although most of the increase occurs in the latter years, so there is an approximate \$590,000 economic gain (difference between the present values of the debt service payments on the refunded and refunding debt).

A summary of all general long-term debt of the City as of September 30, 2000, follows:

Refunding and Capital Improvement Revenue Bonds Payable -

Series 1999; Issued in September 1999; Interest From 3.65% to 5.50%	\$ 7,345,000
Employee Compensated Absences Payable	1,330,564
Claims and Judgements	210,000
Note Payable	234,182
Total	<u><u>\$ 9,119,746</u></u>

The following is a summary of changes in general long-term debt for the year ended September 30, 2000:

	<u>Balance October 1, 1999</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance September 30, 2000</u>
Refunding and Capital Improvement Revenue Bonds - Series 1999	\$ 7,345,000			\$ 7,345,000
Employee Compensated Absences Payable	1,335,739		\$ (5,175)	1,330,564
Suit Settlement Payable	240,000		(30,000)	210,000
Note Payable	245,607		(11,425)	234,182
Totals	<u><u>\$ 9,166,346</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (46,600)</u></u>	<u><u>\$ 9,119,746</u></u>

CITY OF LEESBURG, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 5 - Long-Term Liabilities (Continued)

General Long-Term Debt (Continued)

Debt service requirements for general long-term debt bonds and note payable are as follows:

Due October 1,	Bonds Payable Series 1999		Total
	Principal	Interest	Debt Service
2001	\$ 55,000	\$ 383,805	\$ 438,805
2002	120,000	379,005	499,005
2003	125,000	373,880	498,880
2004	130,000	368,420	498,420
2005	135,000	362,615	497,615
Thereafter	6,780,000	5,415,261	12,195,261
Total	\$ 7,345,000	\$ 7,282,986	\$ 14,627,986

Due October 1,	Note Payable		Total
	Principal	Interest	Debt Service
2001	\$ 12,040	\$ 12,008	\$ 24,048
2002	12,687	11,360	24,047
2003	13,370	10,678	24,048
2004	14,089	9,959	24,048
2005	14,846	9,201	24,047
Thereafter	167,150	41,259	208,409
Total	\$ 234,182	\$ 94,465	\$ 328,647

Claims and Judgements

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 nine years. This remaining \$210,000 obligation of the City is recorded in the general long-term debt account group.

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. A summary of the activity in the liability account is as follows:

Balance, September 30, 1999	\$ 2,974,390
2000 Accrual	312,780
Balance, September 30, 2000	\$ 3,287,170

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(Continued)

Note 5 - Long-Term Liabilities (Concluded)

General Long-Term Debt (Concluded)

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, 2000, the City has a balance in the trust fund of \$1,956,157.

Note 6 - Operating Leases

The City is lessor on various leases of facilities located at the airport. The leased facilities are included in the \$6,535,751 of airport assets recorded in the City's general fixed assets account group. The following is a schedule of minimum future lease income on noncancelable operating leases:

<u>September 30,</u>	<u>Amount</u>
2001	\$ 173,647
2002	160,185
2003	154,099
2004	147,089
2005	114,219
Thereafter	1,414,881
Total Minimum Lease Payments	<u><u>\$ 2,164,120</u></u>

Note 7 - Electric Power Agreements

Crystal River Unit No. 3 Participation Agreement

The City is a participant in an agreement with Florida Power Corporation. 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.

Florida Power Corporation 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 Florida Power Corporation, and participants share in the operating and maintenance expenses of such facilities.

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(Continued)

Note 7 - Electric Power Agreements (Concluded)

Crystal River Unit No. 3 Participation Agreement (Concluded)

The participation agreement provides for reversion of the ownership interest of the unit to Florida Power Corporation upon retirement from service. The book value of the investment included in utility plant in service on September 30, 2000, was \$2,031,251.

Florida Municipal Power Agency

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 is purchasing 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 8 - Segment Information For Enterprise Funds

The City operates six enterprise funds. Segment information as of September 30, 2000, is as follows:

	Electric Utility	Gas Utility	Water Utility	Sanitation Sewer Wastewater Treatment	Sanitation Services	Communi- cation Services	Totals
Operating Revenues	\$ 32,349,642	\$ 5,254,667	\$ 4,169,897	\$ 3,687,534	\$ 2,402,644	\$ 170,537	\$ 48,034,921
Depreciation and Amortization	2,279,977	237,759	525,750	1,031,031	71,173	93,366	4,239,056
Operating Income	4,931,590	1,218,817	1,739,621	318,165	288,984	12,059	8,509,236
Operating Transfers (Out)	(5,288,418)	(566,402)	(452,147)	(362,930)	(160,010)	(2,160)	(6,832,067)

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

Note 8 - Segment Information For Enterprise Funds (Concluded)

	Electric Utility	Gas Utility	Water Utility	Sanitation Sewer Wastewater Treatment	Sanitation Services	Communi- cation Services	Totals
Net Income (Loss)	1,017,759	864,379	1,762,115	(14,647)	253,743	53,520	3,936,869
Contributed Capital	3,628,046	531,072	4,385,534	14,402,767	440,967	207,090	23,595,476
Cash and Cash Equivalents	20,774,723	4,651,432	9,274,771	6,856,104	1,329,759	13,892	42,900,681
Net Working Capital	22,680,935	4,920,340	9,540,489	5,984,804	1,386,239	(464,558)	44,048,249
Long-Term Liabili- ties Payable	12,336,430	1,107,848	2,647,465	13,739,914	739,730	0	30,571,387
Total Fund Equity	49,921,738	10,196,621	16,195,815	22,526,706	1,295,512	338,899	100,475,291
Total Assets	69,639,445	12,026,435	19,920,552	38,736,420	2,264,422	842,549	143,429,823
Fixed Asset Additions	2,965,066	976,187	1,119,823	5,519,538	383,534	466,475	11,430,623

Note 9 - Defined Benefit Pension 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. Stand-alone financial reports are not issued.

Membership of each plan consisted of the following at October 1, 1999, the date of the latest actuarial valuation:

	<u>GERP</u>	<u>MPRP</u>	<u>MFRP</u>
Retirees and Beneficiaries Receiving Benefits	103	11	10
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	77		1
Active Plan Members	287	54	34
Total	<u>467</u>	<u>65</u>	<u>45</u>

General Employees' Retirement Plan (GERP)

- **Plan Description** - The GERP provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided at the discretion of the City Commission. The City Commission has the authority to establish and amend the benefit provisions of the plan.

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(Continued)

Note 9 - Defined Benefit Pension Plan *(Continued)*

General Employees' Retirement Plan (GERP) *(Continued)*

- **Plan Description** - The GERP provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided at the discretion of the City Commission. The City Commission has the authority to establish and amend the benefit provisions of the plan.
- **Contributions** - 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. Administrative costs of the GERP are financed through plan contributions and investment earnings.

Municipal Police Retirement Plan (MPRP)

- **Plan Description** - The MPRP provides retirement, disability and death benefits to plan members and their beneficiaries. COLA's are provided at the discretion of the City Commission. The City Commission has the authority to establish and amend the benefit provisions of the plan.
- **Contributions** - Plan members are required to contribute 7.65% of their annual covered salary. The City is required to contribute at actuarially determined rates. Per City Code Section 17.91, the City Commission may amend established contribution requirements. Administrative costs are financed through investment earnings, and city and state contributions.

Municipal Firemen's Retirement Plan (MFRP)

- **Plan Description** - The MFRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided at the discretion of the City Commission. The City Commission has the authority to establish and amend the benefit provisions of the plan.
- **Contributions** - Plan members are required to contribute 6.5% of their annual covered salary. The City is required to contribute at actuarially determined rates. Per City Code Section 17.71, the City Commission may amend established contribution requirements. Administrative costs are financed through investment earnings, and city and state contributions.

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:

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 9 - Defined Benefit Pension Plan (Concluded)

Annual Pension Costs and Net Pension Obligation (Concluded)

	<u>GERP</u>	<u>MPRP</u>	<u>MFRP</u>
Annual Required Contribution (ARC)	\$ 496,700	\$ 336,515	\$ 208,798
Interest on Net Pension Obligation	(57,353)	(4,116)	(22,912)
Annual Pension Cost	439,347	332,399	185,886
Contributions Made	(457,198)	(279,362)	(237,842)
Net Pension Obligation, Beginning of Year	(716,909)	(51,452)	(286,399)
Net Pension Obligation, End of Year	<u><u>\$(734,760)</u></u>	<u><u>\$ 1,585</u></u>	<u><u>\$(338,355)</u></u>

Other Pension Plan Information

The annual required contribution for the current year was determined as part of the October 1, 1999, actuarial valuation for the GERP and MPRP using the entry age actuarial cost method. The MFRP annual required contributions were determined using the aggregate actuarial cost method. The actuarial assumptions include an 8.0% rate of return on investments for all plans. Projected salary increase for the GERP, MPRP and MFRP was 5.50%, 6.50% and 6.00%, respectively. The assumptions did not include postretirement benefit increases.

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 level dollar, closed method for the GERP and MPRP. The remaining amortization period at October 1, 1999, was between 19 and 30 years for both plans.

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>
GERP			
09/30/98	\$ 272,760	269%	\$ (624,572)
09/30/99	489,338	118%	(716,909)
09/30/00	439,347	104%	(734,760)
MPRP			
09/30/98	221,438	136%	(64,039)
09/30/99	290,217	95%	(51,452)
09/30/00	332,399	84%	1,585
MFRP			
09/30/98	123,459	213%	(180,345)
09/30/99	148,898	171%	(286,399)
09/30/00	185,886	128%	(338,355)

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(Continued)

Note 10 - 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 \$45,000 per person are paid from the assets of the self-insurance fund; claims in excess of \$45,000, up to a maximum of \$955,000 per employee per year, are paid from a reinsurance policy purchased by the City.

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 \$400,000 per occurrence are paid from the assets of the self-insurance fund with amounts in excess of \$400,000 per occurrence being paid from a reinsurance policy purchased by the City.

Liabilities for known claims and incurred but not reported claims:

	<u>Balance October 1, 1999</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>(Claims Paid)</u>	<u>Balance September 30, 2000</u>
Employee Health Insurance Fund	\$ 280,431	\$ 2,227,931	\$ (2,208,447)	\$ 299,915
Workers' Compensation Insurance Fund	186,546	284,602	(184,964)	286,184
Total	<u>\$ 466,977</u>	<u>\$ 2,512,533</u>	<u>\$ (2,393,411)</u>	<u>\$ 586,099</u>

	<u>Balance October 1, 1998</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>(Claims Paid)</u>	<u>Balance September 30, 1999</u>
Employee Health Insurance Fund	\$ 225,951	\$ 1,847,875	\$ (1,793,395)	\$ 280,431
Workers' Compensation Insurance Fund	262,243	52,055	(127,752)	186,546
Total	<u>\$ 488,194</u>	<u>\$ 1,899,930</u>	<u>\$ (1,921,147)</u>	<u>\$ 466,977</u>

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 11 - Contributed Capital

The following is a summary of changes in contributed capital during the current year:

	<u>Balance October 1, 1999</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2000</u>
Enterprise Funds				
Electric Utility	\$ 3,436,663	\$ 191,383		\$ 3,628,046
Gas Utility	531,072			531,072
Water Utility	4,057,032	328,502		4,385,534
Sanitary Sewer and Wastewater	14,084,814	317,953		14,402,767
Sanitation Services	440,967			440,967
Communication Services	141,690	65,400		207,090
Total Enterprise Funds	<u>\$ 22,692,238</u>	<u>\$ 903,238</u>	<u>\$ 0</u>	<u>\$ 23,595,476</u>
 Internal Service Fund				
Motor Pool Service	<u>\$ 15,979</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,979</u>

Note 12 - 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 is 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. During 1997, the City amended its deferred compensation plan to reflect the changes in the Internal Revenue Code and, in the opinion of management, does not retain fiduciary accountability for plan assets.

Accordingly, the City is implementing GASB Statement No. 32 early, and is no longer including 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 equals liabilities.

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

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(Continued)

Note 13 - 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, 2000, 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.

The City is defending several claims and judgements 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 14 - 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 10. Amounts of settlements, if any, have not exceeded insurance coverage for each of the past three years.

Note 15 - Postemployment Benefits

In addition to the pension benefits described in note 9, the City provides postretirement health care benefits, in accordance with City ordinance, to all employees who retire from the City. Employees retiring between the age of 50 and 58 may remain in the City's plan and pay all premium costs. Employees retiring on or after attaining age 58 with at least 15 years of service remain in the plan with all employee premiums paid by the City. Retirees reaching the age of 65 with less than 15 years of service pay 50% of the premiums for a Medicare supplement. In all cases, the retiree is responsible to pay dependent care premiums.

CITY OF LEESBURG, FLORIDA

NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 15 - Postemployment Benefits (Concluded)

Expenses for postretirement health care benefits are recognized as retirees report claims and include a provision of estimated claims incurred, but not reported. During the year, expenses of \$439,946 were recognized for postretirement health care, which were offset by \$77,000 of retiree premiums paid. Currently, there are 52 retirees that the City continues to pay health insurance premiums for and 46 who are responsible for all or one-half of their premiums as discussed above.

Note 16 - Commitments

As of September 30, 2000, the City had the following commitments related to significant unfinished construction projects:

	Expended as of September 30, 2000	Remaining Commitment
Wastewater Reclamation Facility	\$ 9,019,351	\$ 22,376
Reuse Facility	38,508	72,042
Construct Lone Oak Drive	67,248	7,472
Force Main to New Plant	2,057,483	198,898
Fiber Optics to New Plan	90,330	40,470
Airport-Skybolt Aeromotive, Inc.	691,510	179,874
Electric Vehicle Storage Building	60,000	31,934
Environmental Assessment - Airport	0	150,000

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REQUIRED SUPPLEMENTARY INFORMATION

The following supplemental schedules present trend information regarding the retirement plans for the City's general employees, municipal police and municipal firemen, and year 2000 disclosure. This information is necessary for a fair presentation in conformity with generally accepted accounting principles.

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CITY OF LEESBURG, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF FUNDING PROGRESS

General Employees' Retirement Plan

(1) Valuation Date	(2) Actuarial Value of Assets (AVA)	(3) Entry Age Normal Actuarial Accrued Liability (AAL)	(4) Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	(5) Funded Ratio (2)/(3)	(6) Annual Covered Payroll	(7) UAAL as Percentage of Payroll (4)/(6)
10/01/94	\$ 13,804,000	\$ 14,883,063	\$ 1,079,063	92.7%	\$ 7,745,800	13.9%
10/01/95	16,105,000	17,414,500	1,309,500	92.4%	7,901,700	16.5%
10/01/96	17,346,700	18,401,700	1,055,000	94.2%	8,297,100	12.7%
10/01/97	21,395,000	22,249,400	854,400	96.2%	8,466,100	10.1%
10/01/98	21,206,300	21,561,900	355,600	98.4%	9,044,500	3.9%
10/01/99	23,415,100	24,013,600	598,500	97.5%	8,856,500	6.8%

Municipal Police Retirement Plan

(1) Valuation Date	(2) Actuarial Value of Assets (AVA)	(3) Entry Age Normal Actuarial Accrued Liability (AAL)	(4) Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	(5) Funded Ratio (2)/(3)	(6) Annual Covered Payroll	(7) UAAL as Percentage of Payroll (4)/(6)
10/01/94	\$ 3,666,323	\$ 4,125,636	\$ 459,313	88.8%	\$ 1,308,794	35.0%
10/01/95	4,706,766	5,258,740	551,974	89.5%	1,512,247	36.5%
10/01/96	5,350,539	5,950,687	600,148	89.9%	1,614,426	37.1%
10/01/97	6,689,503	7,323,316	633,813	91.4%	1,724,558	36.89%
10/01/98	7,239,889	7,843,707	603,818	92.3%	2,012,767	30.0%
10/01/99	8,028,330	9,027,398	999,068	88.9%	2,037,074	49.0%

Municipal Firemen's Retirement Plan

Not required due to use of the aggregate actuarial cost method.

CITY OF LEESBURG, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

(Continued)

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)	
	(1)		(2)		(2)	
	Annual Required Contribution (ARC)	Percentage Contributed	Annual Required Contribution (ARC)	Percentage Contributed	Annual Required Contribution (ARC)	Percentage Contributed
2000	\$ 496,700	104%	\$ 272,554	103%	\$ 208,798	128%
1999	539,300	108%	270,695	103%	163,325	156%
1998	272,760	269%	221,438	136%	123,459	213%
1997	542,806	130%	264,219	93%	169,358	123%
1996	694,163	100%	263,109	100%	197,811	100%
1995	650,146	100%	209,514	100%	188,732	100%

(1) Includes only required employer contributions.

(2) Includes required contributions by employees and excise tax on certain insurance policies collected by the State of Florida. The City is required to contribute to the balance of the ARC.

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:

Valuation Date	GERP	MPRP	MFRP
	October 1, 1999	October 1, 1999	October 1, 1999
Actuarial Cost Method	Entry Age Normal Actuarial Cost Method	Entry Age Normal Actuarial Cost Method	Aggregate Actual Cost Method
Amortization Method	Level Dollar, Closed	Level Dollar, Closed	N/A
Remaining Amortization Period	30 Years	30 Years	N/A
Asset Valuation Method	Market Value	Market Value	Market Value
Actuarial Assumptions:			
Investment Rate of Return	8.00%	8.00%	8.00%
Projected Salary Increases	5.50%	6.50%	6.00%
Cost-of-Living Adjustments	None	None	None

CITY OF LEESBURG, FLORIDA
ANALYSIS OF SURPLUS - SECTION 8 PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2000

	<u>Unreserved Surplus</u>	<u>Project Account</u>	<u>Operating Reserves</u>	<u>Cumulative HUD Contributions</u>	<u>Cumulative Donations</u>	<u>Total Surplus (Deficit)</u>
Housing Assistance Fund (A3320 E & V)						
Balance (Deficit), September 30, 1999	\$ (8,935,494)	\$ 401,339	\$ 60,146	\$ 8,503,827	\$ 42,006	\$ 71,824
HUD Annual Contributions				735,668		735,668
Provision For Project Account	8,693	(8,693)				0
HUD Recapture From Project Account	195,011	(195,011)				0
Provision For Operating Reserve	1,837		(1,837)			0
Net (Loss)	<u>(737,505)</u>					<u>(737,505)</u>
Balance (Deficit), September 30, 2000	<u>\$ (9,467,458)</u>	<u>\$ 197,635</u>	<u>\$ 58,309</u>	<u>\$ 9,239,495</u>	<u>\$ 42,006</u>	<u>\$ 69,987</u>

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**COMBINING AND INDIVIDUAL FUND AND
ACCOUNT GROUP STATEMENTS AND SCHEDULES**

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GENERAL FUND

The general fund is used to account for all revenues and expenses of the City which are not more properly accounted for in other funds. It receives a greater variety and number of taxes and other general revenues than any other fund.

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CITY OF LEESBURG, FLORIDA

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2000, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 1999**

	<u>2000</u>	<u>1999</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$4,190,411	\$2,805,789
Due From Other Governments	320,845	199,763
Due From Other Funds	164,429	826,661
Assessments Receivable	4,316	4,476
Other Accounts Receivable	181,787	65,147
Prepaid Items	2,572	7,662
Inventories	19,044	18,320
Notes Receivable - Employees	185,120	155,865
Total Assets	<u>5,068,524</u>	<u>4,083,683</u>
 Liabilities and Fund Balance		
Liabilities		
Accounts Payable	170,912	415,918
Accrued Wages and Payroll Tax	217,251	610,349
Unearned License Revenue	253,188	251,346
Total Liabilities	<u>641,351</u>	<u>1,277,613</u>
 Fund Balance		
Reserved:		
For Notes Receivable - Employees	185,120	155,865
For Computer Maintenance	54,609	55,100
For Police Education	16,647	19,885
For Police Expenditures	69,938	99,518
For Police Communication Tower	21,315	18,551
For Police Automation	20,730	16,574
For Fire Expenditures	3,631	4,658
For C.U.R.E. Program	4,388	5,936
Unreserved	4,050,795	2,429,983
Total Fund Balance	<u>4,427,173</u>	<u>2,806,070</u>
 Total Liabilities and Fund Balance	<u>\$5,068,524</u>	<u>\$4,083,683</u>

CITY OF LEESBURG, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH COMPARATIVE
ACTUAL AMOUNTS FOR SEPTEMBER 30, 1999**

	2000		Variance Favorable (Unfavorable)	1999
	Budget	Actual		Actual
Revenues				
Taxes	\$ 4,444,290	\$ 4,357,452	\$ (86,838)	\$ 3,452,735
Licenses and Permits	321,500	323,608	2,108	296,298
Intergovernmental	900,856	1,085,452	184,596	836,451
Charges For Services	256,500	226,455	(30,045)	235,322
Fines and Forfeitures	327,700	294,762	(32,938)	303,902
Miscellaneous:				
Interest	204,725	204,582	(143)	171,900
Other	3,804,107	3,620,586	(183,521)	3,460,318
Total Revenues	<u>10,259,678</u>	<u>10,112,897</u>	<u>(146,781)</u>	<u>8,756,926</u>
Expenditures				
General Government	4,288,734	3,852,844	435,890	3,844,042
Public Safety	6,607,571	6,336,134	271,437	6,093,036
Physical Environment	588,770	580,990	7,780	591,112
Transportation	1,869,517	1,710,323	159,194	1,510,205
Economic Environment	108,054	97,698	10,356	67,127
Human Services	44,257	41,085	3,172	32,578
Culture and Recreation	2,985,775	2,685,487	300,288	2,567,542
(Total Expenditures)	<u>(16,492,678)</u>	<u>(15,304,561)</u>	<u>1,188,117</u>	<u>(14,705,642)</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(6,233,000)</u>	<u>(5,191,664)</u>	<u>1,041,336</u>	<u>(5,948,716)</u>
Other Financing Sources (Uses)				
Operating Transfers In	6,315,077	6,868,730	553,653	5,745,152
Operating Transfers Out	(82,077)	(55,963)	26,114	(77,379)
Total Other Financing Sources (Uses)	<u>6,233,000</u>	<u>6,812,767</u>	<u>579,767</u>	<u>5,667,773</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Financing Uses	0	1,621,103	1,621,103	(280,943)
Fund Balance, Beginning of Year	0	2,806,070	2,806,070	3,081,251
Residual Equity Transfer In	0	0	0	5,762
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 4,427,173</u>	<u>\$ 4,427,173</u>	<u>\$ 2,806,070</u>

CITY OF LEESBURG, FLORIDA

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH COMPARATIVE
ACTUAL AMOUNTS FOR SEPTEMBER 30, 1999**

	2000		Variance Favorable (Unfavorable)	1999
	Budget	Actual		Actual
Revenues				
Taxes				
Ad Valorem	\$ 2,600,290	\$ 2,613,423	\$ 13,133	\$ 2,659,480
Local Option Sales, Use and Fuel Taxes	622,000	646,428	24,428	653,812
Franchise Fees	167,000	145,951	(21,049)	139,443
Utility Service Taxes	1,055,000	951,650	(103,350)	0
Total Taxes	<u>4,444,290</u>	<u>4,357,452</u>	<u>(86,838)</u>	<u>3,452,735</u>
Licenses and Permits				
Licenses	170,200	173,045	2,845	157,271
Building Permits	93,000	101,665	8,665	87,738
Other Permits	58,300	48,898	(9,402)	51,289
Total Licenses and Permits	<u>321,500</u>	<u>323,608</u>	<u>2,108</u>	<u>296,298</u>
Intergovernmental				
Federal Grants	124,500	153,599	29,099	86,247
State Grants	51,000	11,136	(39,864)	69,583
Other Grants	54,256	119,283	65,027	18,556
State-Shared Revenues	618,100	746,907	128,807	607,063
County-Shared Revenues	35,000	34,915	(85)	36,503
Fuel Rebate	18,000	19,612	1,612	18,499
Total Intergovernmental	<u>900,856</u>	<u>1,085,452</u>	<u>184,596</u>	<u>836,451</u>
Charges For Services				
General Government Charges	22,800	29,307	6,507	22,224
Other Public Safety Charges	22,500	29,343	6,843	48,423
Culture and Recreation	211,200	167,805	(43,395)	164,675
Total Charges For Services	<u>256,500</u>	<u>226,455</u>	<u>(30,045)</u>	<u>235,322</u>
Fines and Forfeitures				
Court Fines	302,500	269,271	(33,229)	280,559
Library Fines	20,000	18,758	(1,242)	18,696
Other Fines and Forfeitures	5,200	6,733	1,533	4,647
Total Fines and Forfeitures	<u>327,700</u>	<u>294,762</u>	<u>(32,938)</u>	<u>303,902</u>
Miscellaneous				
Interest	204,725	204,582	(143)	171,900
Rents and Royalties	458,600	408,487	(50,113)	308,739
Sale of City Property and Insurance Compensation	21,000	124,444	103,444	150,208
Contributions	22,000	13,359	(8,641)	11,823
Other	3,302,507	3,074,296	(228,211)	2,989,548
Total Miscellaneous	<u>4,008,832</u>	<u>3,825,168</u>	<u>(183,664)</u>	<u>3,632,218</u>
Total Revenues	<u>\$ 10,259,678</u>	<u>\$ 10,112,897</u>	<u>\$ (146,781)</u>	<u>\$ 8,756,926</u>

CITY OF LEESBURG, FLORIDA

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BY DEPARTMENT
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH COMPARATIVE
ACTUAL AMOUNTS FOR SEPTEMBER 30, 1999**

	2000		Variance Favorable (Unfavorable)	1999
	Budget	Actual		Actual
Expenditures				
General Government				
City Commission	\$ 77,323	\$ 75,434	\$ 1,889	\$ 77,008
Executive Offices	357,656	348,595	9,061	345,568
City Attorney	166,260	168,196	(1,936)	124,280
Grants and Aids	171,530	142,242	29,288	197,439
Non-Departmental	120,049	25,987	94,062	27,737
Finance	1,889,265	1,795,931	93,334	1,833,870
Human Resources	303,778	297,983	5,795	275,914
Information and Communication				
Service	678,275	527,591	150,684	426,335
Public Buildings	287,043	277,228	9,815	277,390
Comprehensive Planning	237,555	193,657	43,898	152,751
Claims and Judgements				105,750
Total General Government	<u>4,288,734</u>	<u>3,852,844</u>	<u>435,890</u>	<u>3,844,042</u>
Public Safety				
Police Department	4,268,420	4,068,298	200,122	3,869,161
Fire Department	2,111,798	2,049,214	62,584	2,021,873
Protective Inspections	227,353	218,622	8,731	202,002
Total Public Safety	<u>6,607,571</u>	<u>6,336,134</u>	<u>271,437</u>	<u>6,093,036</u>
Physical Environment				
Engineering	435,554	429,626	5,928	466,125
Public Works Office	153,216	151,364	1,852	124,987
Total Physical Environment	<u>588,770</u>	<u>580,990</u>	<u>7,780</u>	<u>591,112</u>
Transportation				
Road and Street Facilities	765,885	761,124	4,761	845,857
Streetscape	926,289	806,814	119,475	533,870
Airport Maintenance	177,343	142,385	34,958	130,478
Total Transportation	<u>1,869,517</u>	<u>1,710,323</u>	<u>159,194</u>	<u>1,510,205</u>
Economic Environment	<u>108,054</u>	<u>97,698</u>	<u>10,356</u>	<u>67,127</u>
Human Services				
Animal Control	27,257	25,673	1,584	24,676
Public Assistance	17,000	15,412	1,588	7,902
Total Human Services	<u>44,257</u>	<u>41,085</u>	<u>3,172</u>	<u>32,578</u>
Culture and Recreation				
Library Services	893,490	850,920	42,570	825,436
Recreation	2,092,285	1,834,567	257,718	1,742,106
Total Culture and Recreation	<u>2,985,775</u>	<u>2,685,487</u>	<u>300,288</u>	<u>2,567,542</u>
Total Expenditures	<u>\$ 16,492,678</u>	<u>\$ 15,304,561</u>	<u>\$ 1,188,117</u>	<u>\$14,705,642</u>

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Community Development Fund - Used to account for grants received by the City as a subgrantee under the Small Cities Community Development Block Grant Program, which is administered by the State of Florida Department of Community Affairs. Grant proceeds are being utilized to improve substandard housing in Leesburg.

Housing Assistance Fund - Used to account for grants received by the City under the Section 8 Program, which is administered by the United States Department of Housing and Urban Development. Grant proceeds are designated for housing assistance payments to low-and moderate-income families and related administrative costs.

Stormwater Fund - Used to account for revenues and expenditures related to stormwater management (i.e., the collection, storage and dispersal of rainwater).

Greater Leesburg Community Redevelopment Fund - This fund was created pursuant to Section 163, Florida Statutes, to account for income generated from tax increment revenues generated within the Community Redevelopment District. Revenues generated are divided between the Downtown and the Pine Street areas. Expenditures related to community redevelopment activities must be approved by the Greater Leesburg Community Redevelopment Agency, a component unit of the City, prior to disbursement.

CITY OF LEESBURG, FLORIDA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2000, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 1999

	<u>Community Development</u>	<u>Housing Assistance</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 8,059	\$ 93,002
Accounts Receivable	15,156	789
Due From Other Governments	329,351	4,199
Total Assets	<u>352,566</u>	<u>97,990</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	240,727	4,292
Due to Other Governments	16,500	23,711
Total Liabilities	<u>257,227</u>	<u>28,003</u>
Fund Balances		
Reserved:		
For Community Redevelopment		
For Capital Improvements	95,339	
Unreserved		69,987
Total Fund Balances	<u>95,339</u>	<u>69,987</u>
Total Liabilities and Fund Balances	<u>\$ 352,566</u>	<u>\$ 97,990</u>

<u>Stormwater</u>	<u>Greater Leesburg Community Redevelopment</u>	<u>Totals</u>	
		<u>2000</u>	<u>1999</u>
\$ 654,668	\$ 35,221	\$ 790,950	\$ 1,091,539
65,629		81,574	90,191
355,307		688,857	18,652
<u>1,075,604</u>	<u>35,221</u>	<u>1,561,381</u>	<u>1,200,382</u>
29,172	94	274,285	31,947
		40,211	19,490
<u>29,172</u>	<u>94</u>	<u>314,496</u>	<u>51,437</u>
	35,127	35,127	218,281
1,046,432		95,339	19,862
<u>1,046,432</u>	<u>35,127</u>	<u>1,116,419</u>	<u>910,802</u>
		<u>1,246,885</u>	<u>1,148,945</u>
<u>\$ 1,075,604</u>	<u>\$ 35,221</u>	<u>\$ 1,561,381</u>	<u>\$ 1,200,382</u>

CITY OF LEESBURG, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

SPECIAL REVENUE FUNDS

**FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 1999**

	<u>Community Development</u>	<u>Housing Assistance</u>
Revenues		
Intergovernmental	\$ 704,180	\$ 716,156
Charges For Services		254
Interest		7,011
Miscellaneous		
Total Revenues	<u>704,180</u>	<u>723,421</u>
Expenditures		
Physical Environment		
Economic Environment	703,703	725,259
(Total Expenditures)	<u>(703,703)</u>	<u>(725,259)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>477</u>	<u>(1,838)</u>
Other Financing Sources (Uses)		
Operating Transfers In	75,000	
Operating Transfers (Out)		
Proceeds From Issuance of Debt		
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	75,477	(1,838)
Fund Balances, Beginning of Year	<u>19,862</u>	<u>71,825</u>
Fund Balances, End of Year	<u>\$ 95,339</u>	<u>\$ 69,987</u>

<u>Stormwater</u>	Greater Leesburg Community Redevelopment	Totals	
		<u>2000</u>	<u>1999</u>
\$ 360,308	\$ 69,009	\$ 1,849,653	\$ 1,173,757
580,437		580,691	589,129
43,996	13,780	64,787	46,146
		0	25,002
<u>984,741</u>	<u>82,789</u>	<u>2,495,131</u>	<u>1,834,034</u>
777,286		777,286	522,578
	191,488	1,620,450	1,571,180
<u>(777,286)</u>	<u>(191,488)</u>	<u>(2,397,736)</u>	<u>(2,093,758)</u>
207,455	(108,699)	97,395	(259,724)
	55,963	130,963	77,379
	(130,418)	(130,418)	0
		0	249,284
<u>0</u>	<u>(74,455)</u>	<u>545</u>	<u>326,663</u>
207,455	(183,154)	97,940	66,939
838,977	218,281	1,148,945	1,082,006
<u>\$ 1,046,432</u>	<u>\$ 35,127</u>	<u>\$ 1,246,885</u>	<u>\$ 1,148,945</u>

CITY OF LEESBURG, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH COMPARATIVE
ACTUAL AMOUNTS FOR SEPTEMBER 30, 1999**

	<u>2000</u>			<u>1999</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Revenues				
Intergovernmental	\$ 890,100	\$ 704,180	\$ (185,920)	\$ 361,131
 Expenditures				
Economic Environment	(965,100)	(703,703)	261,397	(388,844)
 (Deficiency) Excess of Revenues (Under) Over Expenditures	 (75,000)	 477	 75,477	 (27,713)
 Other Financing Sources (Uses)				
Operating Transfers In	75,000	75,000	0	0
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 0	 75,477	 75,477	 (27,713)
 Fund Balance, Beginning of Year	 0	 19,862	 19,862	 47,575
 Fund Balance, End of Year	 <u>\$ 0</u>	 <u>\$ 95,339</u>	 <u>\$ 95,339</u>	 <u>\$ 19,862</u>

CITY OF LEESBURG, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOUSING ASSISTANCE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH COMPARATIVE
ACTUAL AMOUNTS FOR SEPTEMBER 30, 1999**

	2000		Variance	1999
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental:				
HUD Contributions	\$ 742,972	\$ 716,156	\$ (26,816)	\$ 719,617
Charges For Services	800	254	(546)	238
Interest	3,896	7,011	3,115	5,104
Miscellaneous				25,002
Total Revenues	<u>747,668</u>	<u>723,421</u>	<u>(24,247)</u>	<u>749,961</u>
Expenditures				
Economic Environment:				
Housing Assistance:				
Personal Services	117,105	105,141	11,964	112,512
Operating Expenditures	644,563	620,118	24,445	628,453
Capital Outlay	6,000		6,000	2,486
(Total Expenditures)	<u>(767,668)</u>	<u>(725,259)</u>	<u>(42,409)</u>	<u>(743,451)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	(20,000)	(1,838)	18,162	6,510
Other Financing Sources				
Operating Transfers In	<u>20,000</u>	<u>0</u>	<u>(20,000)</u>	<u>0</u>
(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures	0	(1,838)	(1,838)	6,510
Fund Balance, Beginning of Year	<u>0</u>	<u>71,825</u>	<u>71,825</u>	<u>65,315</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 69,987</u>	<u>\$ 69,987</u>	<u>\$ 71,825</u>

CITY OF LEESBURG, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STORMWATER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH COMPARATIVE
ACTUAL AMOUNTS FOR SEPTEMBER 30, 1999**

	2000		Variance	1999
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$ 350,000	\$ 360,308	\$ 10,308	\$ 416
Charges For Services:				
Utility Fees	582,900	580,437	(2,463)	588,891
Interest	45,900	43,996	(1,904)	30,821
Total Revenues	978,800	984,741	5,941	620,128
 Expenditures				
Physical Environment:				
Stormwater:				
Personal Services	192,803	156,018	36,785	171,168
Operating Expenditures	963,346	578,550	384,796	208,205
Capital Outlay	132,000	42,718	89,282	143,205
(Total Expenditures)	(1,288,149)	(777,286)	510,863	(522,578)
 Excess of Revenues Over Expenditures	(309,349)	207,455	516,804	97,550
 Other Financing Sources (Uses)				
Operating Transfers (Out)	(12,896)	0	12,896	0
 Excess of Revenues and Other Financing Sources Over Expenditures	(322,245)	207,455	529,700	0
 Fund Balance, Beginning of Year	322,245	838,977	516,732	741,427
 Fund Balance, End of Year	\$ 0	\$ 1,046,432	\$ 1,046,432	\$ 838,977

CITY OF LEESBURG, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GREATER LEESBURG COMMUNITY DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH COMPARATIVE
ACTUAL AMOUNTS FOR SEPTEMBER 30, 1999**

	2000		Variance Favorable (Unfavorable)	1999
	Budget	Actual		Actual
Revenues				
Intergovernmental	\$ 74,282	\$ 69,009	\$ (5,273)	\$ 92,593
Interest	12,000	13,780	1,780	10,221
Total Revenues	<u>86,282</u>	<u>82,789</u>	<u>(3,493)</u>	<u>102,814</u>
Expenditures				
Economic Environment:				
Operating Expenditures	170,700	167,441	3,259	50,396
Capital Outlay	0	0	0	380,473
Debt Service	24,048	24,047	1	8,016
(Total Expenditures)	<u>(194,748)</u>	<u>(191,488)</u>	<u>3,260</u>	<u>(438,885)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(108,466)</u>	<u>(108,699)</u>	<u>(233)</u>	<u>(336,071)</u>
Other Financing Sources				
Operating Transfers In	62,077	55,963	(6,114)	77,379
Operating Transfers (Out)	(116,663)	(130,418)	(13,755)	0
Proceeds From Issuance of Debt				249,284
Total Other Financing Sources	<u>(54,586)</u>	<u>(74,455)</u>	<u>(19,869)</u>	<u>326,663</u>
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures	<u>(163,052)</u>	<u>(183,154)</u>	<u>(20,102)</u>	<u>(9,408)</u>
Fund Balance, Beginning of Year	<u>163,052</u>	<u>218,281</u>	<u>55,229</u>	<u>227,689</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 35,127</u>	<u>\$ 35,127</u>	<u>\$ 218,281</u>

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ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are similar to private business enterprises with the intent to recover costs to provide goods through user charges. Revenues are derived primarily from user charges imposed on residential and commercial customers. Expenses include, but are not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Electric Utility Fund - Used to account for the purchase and distribution of electric services within the City's service area.

Gas Utility Fund - Used to account for the purchase and distribution of gas services within the City's service area.

Water Utility Fund - Used to account for costs for collection, treatment and distribution of water services within the City's service area.

Wastewater Utility Fund - Used to account for costs to provide wastewater and sanitary sewer services within the City's service area.

Sanitation Services Fund - Used to account for the collection, transportation, and disposal of solid waste within the City limits of Leesburg.

Communication Services Fund - Used to account for the provision of communication services; such as, internet, fiber optic connections and cellular tower rental.

CITY OF LEESBURG, FLORIDA
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
SEPTEMBER 30, 2000, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 1999

	Electric Utility	Gas Utility	Water Utility
Assets			
Current Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 20,774,723	\$ 4,651,432	\$ 9,274,771
Due From Other Funds	471,479		
Due From Other Governments			
Receivables:			
Customer Accounts - Unbilled	521,271	260,959	272,533
Customer Accounts - Billed	2,553,715	350,837	243,924
(Allowance For Doubtful Accounts)	(382,989)	(55,803)	(46,370)
Accrued Interest			
Inventory	1,777,570		
Total Current Assets	25,715,769	5,207,425	9,744,858
Restricted Assets			
Equity in Pooled Cash and Cash Equivalents:			
Bond Construction			
Debt Service Account	2,812,766	344,541	822,885
Renewal and Replacement Account	3,174,692	353,046	941,397
Impact Fees Account			671,354
Customer Deposits Account	1,690,859	109,774	95,981
Investments:			
Debt Service Account			
Crystal River Decommissioning Trust Account	1,956,157		
Total Restricted Assets	9,634,474	807,361	2,531,617
Property, Plant and Equipment			
Property, Plant and Equipment	55,530,259	8,514,560	14,343,203
(Accumulated Depreciation and Amortization)	(23,681,982)	(3,208,850)	(7,530,435)
Construction in Progress	2,284,204	686,749	785,459
Total Property, Plant and Equipment - Cost Less Depreciation and Amortization	34,132,481	5,992,459	7,598,227
Other Assets			
Unamortized Bond Issue Costs	156,721	19,190	45,850
Total Assets	\$ 69,639,445	\$ 12,026,435	\$ 19,920,552

Sanitary Sewer and Wastewater Treatment	Total Combined Utility	Other Enterprise Funds		Totals	
		Sanitation Services	Communication Services	2000	1999
\$ 6,856,104	\$ 41,557,030	\$ 1,329,759	\$ 13,892	\$ 42,900,681	\$ 41,842,278
	471,479			471,479	144,719
		2,894		2,894	4,159
212,876	1,267,639	167,473	6,314	1,441,426	2,526,841
433,876	3,582,352	160,978	15,849	3,759,179	3,675,243
(57,923)	(543,085)	(46,400)		(589,485)	(552,804)
	0			0	117,717
1,720	1,779,290			1,779,290	1,401,113
<u>7,446,653</u>	<u>48,114,705</u>	<u>1,614,704</u>	<u>36,055</u>	<u>49,765,464</u>	<u>49,159,266</u>
1,734,302	1,734,302			1,734,302	5,561,909
1,001,549	4,981,741			4,981,741	1,705,388
671,340	5,140,475			5,140,475	5,140,475
255,367	926,721			926,721	942,977
38,911	1,935,525	715	3,037	1,939,277	2,028,038
	0			0	3,873,965
	1,956,157			1,956,157	1,700,022
<u>3,701,469</u>	<u>16,674,921</u>	<u>715</u>	<u>3,037</u>	<u>16,678,673</u>	<u>20,952,774</u>
24,819,799	103,207,821	2,051,524	771,859	106,031,204	102,330,869
(9,481,102)	(43,902,369)	(1,402,521)	(315,096)	(45,619,986)	(43,383,340)
11,952,546	15,708,958		346,694	16,055,652	9,900,122
<u>27,291,243</u>	<u>75,014,410</u>	<u>649,003</u>	<u>803,457</u>	<u>76,466,870</u>	<u>68,847,651</u>
297,055	518,816	0	0	518,816	559,742
<u>\$ 38,736,420</u>	<u>\$ 140,322,852</u>	<u>\$ 2,264,422</u>	<u>\$ 842,549</u>	<u>\$ 143,429,823</u>	<u>\$ 139,519,433</u>

(Continued)

CITY OF LEESBURG, FLORIDA
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
SEPTEMBER 30, 2000, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 1999

Liabilities and Fund Equity	<u>Electric Utility</u>	<u>Gas Utility</u>	<u>Water Utility</u>
Current Liabilities			
Accounts Payable	\$ 2,202,664	\$ 205,789	\$ 94,869
Accrued Expenses	818,976	81,296	100,300
Customer Advances For Construction	13,194		9,200
Due to Other Funds			
Current Portion of Notes and Capital Leases Payable			
Estimated Landfill Closure Cost Payable			
Total Current Liabilities	<u>3,034,834</u>	<u>287,085</u>	<u>204,369</u>
Current Liabilities Payable From Restricted Assets			
Customer Deposits	1,690,859	109,774	95,981
Accrued Interest on Revenue Bonds	239,710	29,346	70,130
Capital Appreciation Bonds (Called October 1, 2000)	2,187,840	267,844	640,078
Current Portion of Bonds Payable	228,034	27,917	66,714
Total Current Liabilities Payable From Restricted Assets	<u>4,346,443</u>	<u>434,881</u>	<u>872,903</u>
Long-Term Liabilities			
Note Payable - FMPA			
Refunding Revenue Bonds Payable	9,451,083	1,157,041	2,765,023
Accrued Interest on Capital Appreciation Revenue Bonds (Unamortized Discount and Loss on Refunding)	(401,823)	(49,193)	(117,558)
Landfill Postclosure Costs Payable			
Decommissioning Costs Payable	3,287,170		
Total Long-Term Liabilities	<u>12,336,430</u>	<u>1,107,848</u>	<u>2,647,465</u>
Total Liabilities	<u>19,717,707</u>	<u>1,829,814</u>	<u>3,724,737</u>
Fund Equity			
Contributed Capital:			
Other Governments	17,987	6,512	77,284
Customers and Developers	3,610,059	524,560	4,308,250
Other Funds			
Total Contributed Capital	<u>3,628,046</u>	<u>531,072</u>	<u>4,385,534</u>
Retained Earnings:			
Reserved:			
Debt Service	2,345,022	287,278	686,042
Renewal and Replacement	3,174,692	353,046	941,397
Unreserved	40,773,978	9,025,225	10,182,842
Total Retained Earnings	<u>46,293,692</u>	<u>9,665,549</u>	<u>11,810,281</u>
Total Fund Equity	<u>49,921,738</u>	<u>10,196,621</u>	<u>16,195,815</u>
Total Liabilities and Fund Equity	<u>\$ 69,639,445</u>	<u>\$ 12,026,435</u>	<u>\$ 19,920,552</u>

Sanitary Sewer and Wastewater Treatment	Total Combined Utility	Other Enterprise Funds		Totals	
		Sanitation Services	Communication Services	2000	1999
\$ 906,746	\$ 3,410,068	\$ 99,289	\$ 27,529	\$ 3,536,886	\$ 3,884,775
136,203	1,136,775	66,777	1,605	1,205,157	1,382,108
8,900	31,294			31,294	101,159
	0		471,479	471,479	217,950
410,000	410,000			410,000	385,000
	0	62,399		62,399	54,033
<u>1,461,849</u>	<u>4,988,137</u>	<u>228,465</u>	<u>500,613</u>	<u>5,717,215</u>	<u>6,025,025</u>
38,911	1,935,525	715	3,037	1,939,277	2,028,038
367,554	706,740			706,740	460,389
454,151	3,549,913			3,549,913	0
147,335	470,000			470,000	1,245,000
<u>1,007,951</u>	<u>6,662,178</u>	<u>715</u>	<u>3,037</u>	<u>6,665,930</u>	<u>3,733,427</u>
	0			0	410,000
14,006,853	27,380,000			27,380,000	28,459,999
				0	2,380,372
(266,939)	(835,513)			(835,513)	(909,459)
	0	739,730		739,730	810,495
	3,287,170			3,287,170	2,974,390
<u>13,739,914</u>	<u>29,831,657</u>	<u>739,730</u>	<u>0</u>	<u>30,571,387</u>	<u>34,125,797</u>
<u>16,209,714</u>	<u>41,481,972</u>	<u>968,910</u>	<u>503,650</u>	<u>42,954,532</u>	<u>43,884,249</u>
8,011,471	8,113,254			8,113,254	8,113,254
6,376,846	14,819,715			14,819,715	13,981,877
14,450	14,450	440,967	207,090	662,507	597,107
<u>14,402,767</u>	<u>22,947,419</u>	<u>440,967</u>	<u>207,090</u>	<u>23,595,476</u>	<u>22,692,238</u>
486,660	3,805,002			3,805,002	3,873,965
671,340	5,140,475			5,140,475	5,140,475
6,965,939	66,947,984	854,545	131,809	67,934,338	63,928,506
<u>8,123,939</u>	<u>75,893,461</u>	<u>854,545</u>	<u>131,809</u>	<u>76,879,815</u>	<u>72,942,946</u>
<u>22,526,706</u>	<u>98,840,880</u>	<u>1,295,512</u>	<u>338,899</u>	<u>100,475,291</u>	<u>95,635,184</u>
<u>\$ 38,736,420</u>	<u>\$ 140,322,852</u>	<u>\$ 2,264,422</u>	<u>\$ 842,549</u>	<u>\$ 143,429,823</u>	<u>\$ 139,519,433</u>

CITY OF LEESBURG, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS**

ENTERPRISE FUNDS

**FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 1999**

	<u>Electric Utility</u>	<u>Gas Utility</u>	<u>Water Utility</u>
Operating Revenues			
User Charges	\$ 31,842,205	\$ 5,193,868	\$ 4,118,787
Other Operating Revenue	507,437	60,799	51,110
Total Operating Revenues	<u>32,349,642</u>	<u>5,254,667</u>	<u>4,169,897</u>
Operating Expenses			
Power Generation and Transmission	1,542,625		
Purchased Energy	19,445,157	2,559,259	
Supply and Pumping Treatment			791,919
Distribution and Collection	2,068,489	389,090	340,207
Customer Accounts	647,031	261,942	370,259
General and Administrative Operating Expenses	1,434,773	587,800	402,141
Depreciation and Amortization	2,279,977	237,759	525,750
Change in Postclosure Estimate			
(Total Operating Expenses)	<u>(27,418,052)</u>	<u>(4,035,850)</u>	<u>(2,430,276)</u>
Operating Income	<u>4,931,590</u>	<u>1,218,817</u>	<u>1,739,621</u>
Nonoperating Revenues (Expenses)			
Interest Income	1,705,472	312,250	644,132
Other Nonoperating Income	775,051	10,494	79,382
Interest Expenses	(945,308)	(110,393)	(247,951)
Other Nonoperating Expense	(160,628)	(387)	(92)
Total Nonoperating Revenues (Expenses)	<u>1,374,587</u>	<u>211,964</u>	<u>474,641</u>
Income Before Operating Transfers	6,306,177	1,430,781	2,214,262
Operating Transfers (Out)	<u>(5,288,418)</u>	<u>(566,402)</u>	<u>(452,147)</u>
Net Income (Loss)	1,017,759	864,379	1,762,115
Retained Earnings, Beginning of Year	<u>45,275,933</u>	<u>8,801,170</u>	<u>10,048,166</u>
Retained Earnings, End of Year	<u>\$ 46,293,692</u>	<u>\$ 9,665,549</u>	<u>\$ 11,810,281</u>

Sanitary Sewer and Wastewater Treatment	Total Combined Utility	Other Enterprise Funds		Totals	
		Sanitation Services	Communication Services	2000	1999
\$ 3,611,760	\$ 44,766,620	\$ 2,378,003	\$ 169,995	\$ 47,314,618	\$ 47,199,649
75,774	695,120	24,641	542	720,303	623,358
<u>3,687,534</u>	<u>45,461,740</u>	<u>2,402,644</u>	<u>170,537</u>	<u>48,034,921</u>	<u>47,823,007</u>
	1,542,625			1,542,625	2,009,232
	22,004,416			22,004,416	20,569,541
202,749	202,749			202,749	141,728
810,547	1,602,466			1,602,466	1,330,941
575,545	3,373,331			3,373,331	3,205,922
329,595	1,608,827			1,608,827	1,480,886
419,902	2,844,616		65,112	2,909,728	2,908,201
	0	2,104,886		2,104,886	2,041,809
1,031,031	4,074,517	71,173	93,366	4,239,056	4,558,562
	0	(62,399)		(62,399)	(54,033)
<u>(3,369,369)</u>	<u>(37,253,547)</u>	<u>(2,113,660)</u>	<u>(158,478)</u>	<u>(39,525,685)</u>	<u>(38,192,789)</u>
<u>318,165</u>	<u>8,208,193</u>	<u>288,984</u>	<u>12,059</u>	<u>8,509,236</u>	<u>9,630,218</u>
432,050	3,093,904	89,518	(8,362)	3,175,060	2,225,274
2,014	866,941	35,299	59,410	961,650	596,393
(402,814)	(1,706,466)	(48)	(7,427)	(1,713,941)	(1,701,595)
(1,132)	(163,069)			(163,069)	(154,230)
<u>30,118</u>	<u>2,091,310</u>	<u>124,769</u>	<u>43,621</u>	<u>2,259,700</u>	<u>965,842</u>
348,283	10,299,503	413,753	55,680	10,768,936	10,596,060
<u>(362,930)</u>	<u>(6,669,897)</u>	<u>(160,010)</u>	<u>(2,160)</u>	<u>(6,832,067)</u>	<u>(5,738,858)</u>
(14,647)	3,629,606	253,743	53,520	3,936,869	4,857,202
8,138,586	72,263,855	600,802	78,289	72,942,946	68,085,744
<u>\$ 8,123,939</u>	<u>\$ 75,893,461</u>	<u>\$ 854,545</u>	<u>\$ 131,809</u>	<u>\$ 76,879,815</u>	<u>\$ 72,942,946</u>

CITY OF LEESBURG, FLORIDA

**COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 1999**

	<u>Electric Utility</u>	<u>Gas Utility</u>	<u>Water Utility</u>
Net Cash Flows Provided By Operating Activities	\$ 8,432,347	\$ 1,197,141	\$ 2,414,160
Cash Flows From Noncapital Financing Activities			
Operating Transfers (Out) to Other Funds	<u>(5,288,418)</u>	<u>(566,402)</u>	<u>(452,147)</u>
Cash Flows From Capital and Related Financing Activities			
Interest Paid on Capital Leases and Note Payable			
Interest Paid on Revenue Bonds and Customer Deposits	(529,150)	(59,445)	(126,199)
Acquisition and Construction of Capital Assets	(2,965,066)	(976,187)	(1,119,823)
Principal Paid on Capital Lease			
Principal Paid on Bond Maturities	(767,304)	(93,937)	(224,483)
Principal Paid on Note Payable			
Capital Contributed	191,383		328,502
Proceeds From Sale of Bonds			
Net Cash (Used In) Provided By Capital and Related Financing Activities	<u>(4,070,137)</u>	<u>(1,129,569)</u>	<u>(1,142,003)</u>
Cash Flows From Investing Activities			
Interest on Investments	1,776,176	321,138	665,356
Proceeds From Sale of Investments	2,387,525	292,484	698,476
Purchase of Crystal River Decommissioning Investments	(254,290)		
Net Cash Provided By (Used In) Investing Activities	<u>3,909,411</u>	<u>613,622</u>	<u>1,363,832</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,983,203	114,792	2,183,842
Cash and Cash Equivalents, Beginning of Year	<u>25,469,837</u>	<u>5,344,001</u>	<u>9,622,546</u>
Cash and Cash Equivalents, End of Year	<u>\$28,453,040</u>	<u>\$ 5,458,793</u>	<u>\$11,806,388</u>
Reconciliation of Cash and Cash Equivalents (Above) to Combined Balance Sheet			
Current Assets			
Equity in Pooled Cash and Cash Equivalents	\$20,774,723	\$ 4,651,432	\$ 9,274,771
Restricted Assets			
Equity in Pooled Cash and Cash Equivalents	7,678,317	807,361	2,531,617
Total Cash and Cash Equivalents, End of Year	<u>\$28,453,040</u>	<u>\$ 5,458,793</u>	<u>\$11,806,388</u>

Sanitary Sewer and Wastewater Treatment	Total Combined Utility	Other Enterprise Funds		Totals	
		Sanitation Services	Communication Services	2000	1999
\$ 568,285	\$ 12,611,933	\$ 342,099	\$ 434,994	\$ 13,389,026	\$ 16,590,023
(362,930)	(6,669,897)	(160,010)	(2,160)	(6,832,067)	(5,738,858)
(19,785)	(19,785)			(19,785)	(33,895)
(165,994)	(880,788)	(48)	(7,427)	(888,263)	(2,819,768)
(5,519,538)	(10,580,614)	(383,534)	(466,475)	(11,430,623)	(10,076,571)
	0			0	(49,167)
(159,277)	(1,245,001)			(1,245,001)	(334,998)
(385,000)	(385,000)			(385,000)	(360,000)
317,953	837,838		65,400	903,238	714,073
	0			0	12,145,000
(5,931,641)	(12,273,350)	(383,582)	(408,502)	(13,065,434)	(815,326)
447,106	3,209,776	89,518	(8,362)	3,290,932	2,443,918
495,480	3,873,965			3,873,965	0
	(254,290)			(254,290)	(150,604)
942,586	6,829,451	89,518	(8,362)	6,910,607	2,293,314
(4,783,700)	498,137	(111,975)	15,970	402,132	12,329,153
15,341,273	55,777,657	1,442,449	959	57,221,065	44,891,912
\$ 10,557,573	\$ 56,275,794	\$ 1,330,474	\$ 16,929	\$ 57,623,197	\$ 57,221,065
\$ 6,856,104	\$ 41,557,030	\$ 1,329,759	\$ 13,892	\$ 42,900,681	\$ 41,842,278
3,701,469	14,718,764	715	3,037	14,722,516	15,378,787
\$ 10,557,573	\$ 56,275,794	\$ 1,330,474	\$ 16,929	\$ 57,623,197	\$ 57,221,065

(Continued)

CITY OF LEESBURG, FLORIDA

**COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 1999**

	<u>Electric Utility</u>	<u>Gas Utility</u>	<u>Water Utility</u>
<u>Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities</u>			
Operating Income	\$ 4,931,590	\$ 1,218,817	\$ 1,739,621
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:			
Depreciation and Amortization	2,279,977	237,759	525,750
Bad Debt Expense	88,007	6,215	17,071
Nonoperating Income	775,051	10,494	79,382
Nonoperating Expense	(160,628)	(387)	(922)
Change in Postclosure Estimate			
Decrease (Increase) in Customer Accounts	1,043,854	(181,581)	(2,672)
Decrease (Increase) in Due From Other Governments	2,993	141	500
(Increase) Decrease in Due To/From Other Funds	(326,760)		
(Increase) Decrease in Inventory	(380,621)		
Increase (Decrease) in Accounts Payable	269,948	79,983	65,654
(Decrease) Increase in Accrued Expenses	(77,965)	(20,935)	(14,289)
(Decrease) in Customer Advances For Construction	(69,865)		
Increase (Decrease) in Customer Deposits	56,766	(153,365)	4,065
Net Cash Provided By Operating Activities	<u>\$ 8,432,347</u>	<u>\$ 1,197,141</u>	<u>\$ 2,414,160</u>

Sanitary Sewer and Wastewater Treatment	Total Combined Utility	Other Enterprise Funds		Totals	
		Sanitation Services	Communication Services	2000	1999
\$ 318,165	\$ 8,208,193	\$ 288,984	\$ 12,059	\$ 8,509,236	\$ 9,630,218
1,031,031	4,074,517	71,173	93,366	4,239,056	4,558,562
18,291	129,584	14,688		144,272	123,443
2,014	866,941	35,299	59,410	961,650	596,393
(1,132)	(163,069)			(163,069)	(154,230)
	0	(62,399)		(62,399)	(54,033)
26,616	886,217	19,086	(11,415)	893,888	(2,589)
525	4,159	(2,894)		1,265	15,344
	(326,760)		253,529	(73,231)	73,231
2,444	(378,177)			(378,177)	(132,422)
(785,862)	(370,277)	(1,973)	24,362	(347,888)	1,695,892
(45,502)	(158,691)	(19,865)	1,605	(176,951)	154,065
	(69,865)			(69,865)	8,762
1,695	(90,839)		2,078	(88,761)	77,387
<u>\$ 568,285</u>	<u>\$ 12,611,933</u>	<u>\$ 342,099</u>	<u>\$ 434,994</u>	<u>\$ 13,389,026</u>	<u>\$ 16,590,023</u>

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INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the governmental unit on a cost-reimbursement basis.

Motor Pool Service Fund - Used to account for the costs to operate a fleet maintenance facility for automotive equipment used by City departments.

Health Insurance Fund - Used to account for the costs of providing major medical coverage to all eligible City employees.

Workers' Compensation Insurance Fund - Used to account for the costs of providing workers' compensation coverage to all eligible City employees.

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CITY OF LEESBURG, FLORIDA

**COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2000, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 1999**

	Motor Pool Service	General Employees' Health Insurance	Workers' Compensation Insurance	Totals	
				2000	1999
Assets					
Current Assets					
Equity in Pooled Cash and Cash Equivalents		\$ 189,560	\$ 1,783,527	\$ 1,973,087	\$ 2,840,634
Miscellaneous Receivable		137,229	11,665	148,894	245,300
Inventory	\$ 39,265			39,265	31,893
Total Current Assets	<u>39,265</u>	<u>326,789</u>	<u>1,795,192</u>	<u>2,161,246</u>	<u>3,117,827</u>
Property, Plant and Equipment					
Buildings	67,802			67,802	67,802
Machinery and Equipment (Accumulated Depreciation)	167,925 (150,520)			167,925 (150,520)	146,788 (138,033)
Construction in Progress	25,461			25,461	0
Total Property, Plant and Equipment - Cost Less Depreciation	<u>110,668</u>	<u>0</u>	<u>0</u>	<u>110,668</u>	<u>76,557</u>
Total Assets	<u>149,933</u>	<u>326,789</u>	<u>1,795,192</u>	<u>2,271,914</u>	<u>3,194,384</u>
Liabilities and Fund Equity					
Liabilities					
Accounts Payable	10,372	159,322	37,706	207,400	83,568
Accrued Expenses	34,009			34,009	69,457
Due to Other Funds	71,158			71,158	0
Claims Payable		299,915	286,184	586,099	466,977
Total Liabilities	<u>115,539</u>	<u>459,237</u>	<u>323,890</u>	<u>898,666</u>	<u>620,002</u>
Fund Equity					
Contributed Capital - General Fund	15,979	0	0	15,979	15,979
Retained Earnings:					
Reserved For Insurance		(132,448)	1,471,302	1,338,854	2,503,157
Unreserved	18,415			18,415	55,246
Total Retained Earnings	<u>18,415</u>	<u>(132,448)</u>	<u>1,471,302</u>	<u>1,357,269</u>	<u>2,558,403</u>
Total Fund Equity	<u>34,394</u>	<u>(132,448)</u>	<u>1,471,302</u>	<u>1,373,248</u>	<u>2,574,382</u>
Total Liabilities and Fund Equity	<u>\$ 149,933</u>	<u>\$ 326,789</u>	<u>\$ 1,795,192</u>	<u>\$ 2,271,914</u>	<u>\$ 3,194,384</u>

CITY OF LEESBURG, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS**

INTERNAL SERVICE FUNDS

**FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 1999**

	Motor Pool Service	General Employees' Health Insurance	Workers' Compensation Insurance	Totals	
				2000	1999
Operating Revenues					
Charges For Services	\$ 326,655	\$ 1,516,435	\$ 204,721	\$ 2,047,811	\$ 1,944,457
Operating Expenses					
Personal Services	202,982			202,982	148,914
Other Services and Charges	16,560			16,560	7,920
Materials and Supplies	129,679			129,679	125,447
Depreciation	12,488			12,488	9,237
Claims Expense		2,227,931	284,602	2,512,533	1,899,930
Administrative Expenses		241,364	60,893	302,257	140,838
Insurance Premiums		281,631	70,931	352,562	354,334
(Total Operating Expenses)	(361,709)	(2,750,926)	(416,426)	(3,529,061)	(2,686,620)
Operating (Loss)	(35,054)	(1,234,491)	(211,705)	(1,481,250)	(742,163)
Nonoperating (Loss) Income					
Investment Income	(2,414)	32,992	104,722	135,300	149,030
Other Nonoperating Income	637	150,924		151,561	303,629
Total Nonoperating (Loss) Income	(1,777)	183,916	104,722	286,861	452,659
(Loss) Before Operating Transfers	(36,831)	(1,050,575)	(106,983)	(1,194,389)	(289,504)
Operating Transfers (Out)	0	0	(6,745)	(6,745)	(6,294)
Net (Loss)	(36,831)	(1,050,575)	(113,728)	(1,201,134)	(295,798)
Retained Earnings, Beginning of Year	55,246	918,127	1,585,030	2,558,403	2,854,201
Retained Earnings, End of Year	\$ 18,415	\$ (132,448)	\$ 1,471,302	\$ 1,357,269	\$ 2,558,403

CITY OF LEESBURG, FLORIDA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 1999**

	<u>Motor Pool Service</u>	<u>General Employees' Health Insurance</u>	<u>Workers' Compensation Insurance</u>	<u>Totals</u>	
				<u>2000</u>	<u>1999</u>
Net Cash Provided By (Used In)					
Operating Activities	\$ 29,099	\$ (879,954)	\$ (98,648)	\$ (949,503)	\$ (642,937)
Cash Flows From Noncapital and Related Financing Activities					
Operating Transfers (to) Other Funds	<u>0</u>	<u>0</u>	<u>(6,745)</u>	<u>(6,745)</u>	<u>(6,294)</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	<u>(46,599)</u>	<u>0</u>	<u>0</u>	<u>(46,599)</u>	<u>(49,193)</u>
Cash Flows From Investing Activities					
Interest on Investments	<u>(2,414)</u>	<u>32,992</u>	<u>104,722</u>	<u>135,300</u>	<u>149,030</u>
Net (Decrease) in Cash and Cash Equivalents	<u>(19,914)</u>	<u>(846,962)</u>	<u>(671)</u>	<u>(867,547)</u>	<u>(549,394)</u>
Cash and Cash Equivalents, Beginning of Year	<u>19,914</u>	<u>1,036,522</u>	<u>1,784,198</u>	<u>2,840,634</u>	<u>3,390,028</u>
Cash and Cash Equivalents, End of Year	<u>\$ 0</u>	<u>\$ 189,560</u>	<u>\$ 1,783,527</u>	<u>\$ 1,973,087</u>	<u>\$ 2,840,634</u>

Reconciliation of Operating Income

**(Loss) to Net Cash Provided By
(Used In) Operating Activities**

Operating (Loss)	\$ (35,054)	\$ (1,234,491)	\$ (211,705)	\$ (1,481,250)	\$ (742,163)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:					
Depreciation	12,488			12,488	9,237
Nonoperating Income	637	150,924		151,561	303,629
Decrease (Increase) in Miscellaneous Receivables	185	90,035	6,186	96,406	(187,365)
(Increase) Decrease in Inventory	(7,372)			(7,372)	1,199
Increase (Decrease) in Claims Payable		19,484	99,638	119,122	(21,217)
(Decrease) Increase in Accounts Payable and Accrued Expenses	(12,943)	94,094	7,233	88,384	(6,257)
Increase in Interfund Payables	<u>71,158</u>			<u>71,158</u>	<u>0</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 29,099</u>	<u>\$ (879,954)</u>	<u>\$ (98,648)</u>	<u>\$ (949,503)</u>	<u>\$ (642,937)</u>

FIDUCIARY TRUST FUNDS

Pension trust funds are used to account for assets held by the City in a trustee capacity for public employee retirement systems.

Police Pension Trust Fund - Used to account for activities related to the Municipal Police Pension Trust, which provides pension benefits to eligible municipal police officers. The defined pension plan was created pursuant to the provisions of Chapter 185, Florida Statutes. Resources are contributed by the participating employees and the State of Florida. Members of the Municipal Police Pension Trust are also members of the General Employees Pension Trust.

Firemen's Pension Trust Fund - Used to account for activities related to the Municipal Firemen's Retirement Trust, which provides pension benefits to eligible fire fighters. The defined benefit plan was created pursuant to the provisions of Chapter 175, Florida Statutes. Resources are contributed by the City, participating employees and the State of Florida.

General Employees' Pension Trust Fund - Used to account for activities related to the City of Leesburg General Employees' Pension Plan, which provides pension benefits to eligible full-time employees, except commissioners and fire fighters. Resources are contributed by the City to this defined benefit plan.

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CITY OF LEESBURG, FLORIDA
COMBINING BALANCE SHEET
FIDUCIARY FUND TYPES
SEPTEMBER 30, 2000, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 1999

	Pension Trust Funds			Totals	
	Municipal Police Retirement Plan	Municipal Firemen's Retirement Plan	General Employees' Retirement Plan	2000	1999
Assets					
Cash and Investments					
With Trustees	\$ 9,277,436	\$ 7,776,400	\$ 23,863,656	\$ 40,917,492	\$ 39,733,687
Due From Other Government		93,271		93,271	0
Accrued Interest					
Receivable	63,008	58,337	2,316	123,661	111,899
Total Assets	<u>9,340,444</u>	<u>7,928,008</u>	<u>23,865,972</u>	<u>41,134,424</u>	<u>39,845,586</u>
Liabilities and Fund Equity					
Liabilities					
Due to Other Funds	<u>0</u>	<u>93,271</u>	<u>0</u>	<u>93,271</u>	<u>0</u>
Fund Equity					
Fund Balances Reserved For Employee Benefits	<u>9,340,444</u>	<u>7,834,737</u>	<u>23,865,972</u>	<u>41,041,153</u>	<u>39,845,586</u>
Total Liabilities and Fund Equity	<u>\$ 9,340,444</u>	<u>\$ 7,928,008</u>	<u>\$ 23,865,972</u>	<u>\$ 41,134,424</u>	<u>\$ 39,845,586</u>

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ACCOUNT GROUPS

Account groups are used to maintain accounting control and accountability for the City's general fixed assets and for all long-term debt (principal balances of debt, capital lease obligations, and obligations for compensated absences). These account groups are not funds; they reflect measurement of financial position and not measurement of results of operations.

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CITY OF LEESBURG, FLORIDA

**SCHEDULES OF GENERAL FIXED ASSETS BY SOURCE
SEPTEMBER 30, 2000 AND 1999**

	<u>2000</u>	<u>1999</u>
General Fixed Assets		
Land	\$ 5,011,492	\$ 3,530,796
Buildings	12,143,404	11,303,041
Improvement Other Than Buildings	8,494,864	6,340,114
Equipment and Vehicles	8,343,097	7,850,938
Construction Work in Progress	2,200,854	3,773,017
Total General Fixed Assets	<u>36,193,711</u>	<u>32,797,906</u>
Investments in General Fixed Assets		
General Obligation Bonds and Revenue Certificates	4,929,569	4,888,694
Capital Projects Funds:		
Economic Development Administration Grants	430,079	430,079
Hospital Construction Fund	1,893,857	1,893,857
Federal, State and Local Grants	6,968,589	5,987,587
General Fund Revenues	18,228,576	16,300,562
Special Revenue Fund Revenues	2,565,098	1,721,653
Utility Revenue Fund Revenues	280,246	750,830
Gifts and Other	897,697	824,644
Total Investment in General Fixed Assets	<u>\$ 36,193,711</u>	<u>\$ 32,797,906</u>

CITY OF LEESBURG, FLORIDA

**SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2000**

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Equipment and Vehicles	Total
General and Government					
Legislative	\$ 113,095	\$ 1,932,124	\$ 63,158	\$ 148,992	\$ 2,257,369
Executive		55,209		32,544	87,753
Financial and Administrative		444,675	176,247	1,281,951	1,902,873
Other General Government	15,000	149,203	19,874	39,212	223,289
Total General and Government	<u>128,095</u>	<u>2,581,211</u>	<u>259,279</u>	<u>1,502,699</u>	<u>4,471,284</u>
Public Safety					
Law Enforcement	110,825	611,295	148,888	1,613,420	2,484,428
Fire Control	64,325	489,549	81,399	1,241,116	1,876,389
Protective Inspection				79,320	79,320
Total Public Safety	<u>175,150</u>	<u>1,100,844</u>	<u>230,287</u>	<u>2,933,856</u>	<u>4,440,137</u>
Physical Environment	<u>491,136</u>	<u>80,474</u>	<u>746,873</u>	<u>867,613</u>	<u>2,186,096</u>
Transportation					
Roads and Streets	57,238	74,764	1,303,622	577,917	2,013,541
Airport	1,937,168	969,563	3,546,809	82,211	6,535,751
Parking Facilities	297,341				297,341
Total Transportation	<u>2,291,747</u>	<u>1,044,327</u>	<u>4,850,431</u>	<u>660,128</u>	<u>8,846,631</u>
Economic Environment					
Housing and Urban Development				25,575	25,575
Other Economic Environment	529,161	92,555	45,530	4,611	671,857
Total Economic Environment	<u>529,161</u>	<u>92,555</u>	<u>45,530</u>	<u>30,186</u>	<u>697,432</u>
Human Services	<u>31,430</u>	<u>1,862,427</u>	<u>0</u>	<u>0</u>	<u>1,893,857</u>
Culture and Recreation					
Libraries	331,183	1,016,990	220,245	1,408,301	2,976,719
Parks and Recreation	923,023	1,030,551	1,052,691	678,653	3,684,918
Cultural Services		343,382	25,826		369,208
Special Recreational Facilities		445,960	6,015	1,490	453,465
Mote-Morris House	110,567	592,174	110,974	10,500	824,215
Other Culture and Recreation		1,952,510	946,713	249,670	3,148,893
Total Culture and Recreation	<u>1,364,773</u>	<u>5,381,567</u>	<u>2,362,464</u>	<u>2,348,614</u>	<u>11,457,418</u>
Total By Function and Activity	<u>\$ 5,011,492</u>	<u>\$ 12,143,405</u>	<u>\$ 8,494,864</u>	<u>\$ 8,343,096</u>	<u>33,992,857</u>
Construction Work in Progress					<u>2,200,854</u>
Total General Fixed Assets					<u>\$ 36,193,711</u>

CITY OF LEESBURG, FLORIDA

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2000**

Function and Activity	Balance October 1, 1999	Additions	(Deductions)	Balance September 30, 2000
General Government				
Legislative	\$ 2,253,422	\$ 3,948		\$ 2,257,370
Executive	88,938		\$ (1,185)	87,753
Financial and Administrative	1,825,966	104,032	(27,126)	1,902,872
Other General Government	223,288			223,288
Total General Government	<u>4,391,614</u>	<u>107,980</u>	<u>(28,311)</u>	<u>4,471,283</u>
Public Safety				
Law Enforcement	2,331,987	216,287	(63,846)	2,484,428
Fire Control	1,884,613	82,472	(90,698)	1,876,387
Protective Inspection	69,452	9,867		79,319
Total Public Safety	<u>4,286,052</u>	<u>308,626</u>	<u>(154,544)</u>	<u>4,440,134</u>
Physical Environment	<u>2,119,204</u>	<u>76,887</u>	<u>(9,996)</u>	<u>2,186,095</u>
Transportation				
Roads and Streets	768,303	1,245,923	(683)	2,013,543
Airport	3,660,377	2,879,470	(4,096)	6,535,751
Parking Facilities	297,341			297,341
Total Transportation	<u>4,726,021</u>	<u>4,125,393</u>	<u>(4,779)</u>	<u>8,846,635</u>
Economic Environment				
Housing and Urban Development	25,575			25,575
Other Economic Environment	813,325	10,745	(152,214)	671,856
Total Economic Environment	<u>838,900</u>	<u>10,745</u>	<u>(152,214)</u>	<u>697,431</u>
Human Services	<u>1,893,857</u>	<u>0</u>	<u>0</u>	<u>1,893,857</u>
Culture and Recreation				
Libraries	2,877,916	103,221	(4,414)	2,976,723
Parks and Recreation	3,167,833	517,810	(725)	3,684,918
Cultural Services	297,693	71,514		369,207
Special Recreational Facilities	452,690	1,490	(715)	453,465
Mote-Morris House	824,216			824,216
Other Culture and Recreation	3,148,893			3,148,893
Total Culture and Recreation	<u>10,769,241</u>	<u>694,035</u>	<u>(5,854)</u>	<u>11,457,422</u>
Total By Function and Activity	<u>29,024,889</u>	<u>5,323,666</u>	<u>(355,698)</u>	<u>33,992,857</u>
Construction Work in Progress	<u>3,773,017</u>	<u>1,302,853</u>	<u>(2,875,016)</u>	<u>2,200,854</u>
Total General Fixed Assets	<u>\$ 32,797,906</u>	<u>\$ 6,626,519</u>	<u>\$ (3,230,714)</u>	<u>\$ 36,193,711</u>

CITY OF LEESBURG, FLORIDA

**SCHEDULES OF GENERAL LONG-TERM DEBT
SEPTEMBER 30, 2000 AND 1999**

	<u>2000</u>	<u>1999</u>
Amount Available and to Be Provided For the Payment of General Long-Term Debt		
Serial and Term Bonds - Public Improvement Revenue Bonds and Certificates:		
Amount Available in Debt Service Fund	\$ 55,000	\$ 0
Amount to Be Provided	7,290,000	7,345,000
Total Serial and Term Bonds	<u>7,345,000</u>	<u>7,345,000</u>
Other Long-Term Liabilities:		
Amount to Be Provided	1,330,564	1,335,739
Suit Settlement Payable	210,000	240,000
Mortgages Payable	234,182	245,607
Total Other Long-Term Liabilities	<u>1,774,746</u>	<u>1,821,346</u>
Total Amount Available and to Be Provided For the Payment of General Long-Term Debt	<u>9,119,746</u>	<u>9,166,346</u>
 General Long-Term Debt Payable		
Refunding and Capital Improvement Revenue Bonds, Series 1987	7,345,000	7,345,000
Employee Compensation Absences Payable	1,330,564	1,335,739
Lawsuit	210,000	240,000
Mortgages Payable	234,182	245,607
Total General Long-Term Debt Payable	<u>\$9,119,746</u>	<u>\$9,166,346</u>

STATISTICAL SECTION

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.

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.

STATISTICAL SECTION

(Unaudited)

Statistical data are presented to provide greater detailed 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 City has had no general obligation debt outstanding during the past ten years.

CITY OF LEESBURG, FLORIDA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Physical Environment</u>	<u>Transportation</u>
1991	\$ 2,663,818	\$ 3,838,733	\$ 689,537	\$ 1,012,872
Percent of Total	22.41%	32.30%	5.80%	8.52%
1992	\$ 2,812,589	\$ 4,234,393	\$ 866,904	\$ 892,848
Percent of Total	22.57%	33.99%	6.96%	7.17%
1993	\$ 2,960,278	\$ 4,314,965	\$ 857,912	\$ 1,023,302
Percent of Total	23.60%	34.41%	6.84%	8.16%
1994	\$ 3,131,964	\$ 4,587,398	\$ 869,583	\$ 804,917
Percent of Total	23.17%	33.94%	6.43%	5.95%
1995	\$ 3,439,974	\$ 4,883,377	\$ 1,064,938	\$ 801,839
Percent of Total	21.23%	30.14%	6.57%	4.95%
1996	\$ 3,581,053	\$ 5,200,748	\$ 1,037,479	\$ 968,573
Percent of Total	22.69%	32.95%	6.57%	6.14%
1997	\$ 3,677,040	\$ 5,772,211	\$ 946,842	\$ 628,878
Percent of Total	21.73%	34.11%	5.59%	3.72%
1998	\$ 4,446,495	\$ 6,096,292	\$ 883,875	\$ 595,606
Percent of Total	23.52%	32.25%	4.68%	3.15%
1999	\$ 3,844,042	\$ 6,093,036	\$ 1,113,690	\$ 1,510,205
Percent of Total	18.23%	28.89%	5.28%	7.16%
2000	\$ 3,852,844	\$ 6,336,134	\$ 1,358,276	\$ 1,710,323
Percent of Total	20.00%	32.88%	7.05%	8.88%

Notes: (1) Includes general, special revenue, debt service and capital projects funds.

Table 1

<u>Economic Environment</u>	<u>Human Services</u>	<u>Culture/ Recreation</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
\$ 531,526 4.47%	\$ 36,308 0.31%	\$ 1,821,181 15.33%	\$ 768,136 6.46%	\$ 523,180 4.40%	\$ 11,885,291 100.00%
\$ 620,407 4.98%	\$ 27,411 0.22%	\$ 1,877,052 15.07%	\$ 605,583 4.86%	\$ 520,680 4.18%	\$ 12,457,867 100.00%
\$ 666,844 5.32%	\$ 27,944 0.22%	\$ 1,947,503 15.53%	\$ 216,057 1.72%	\$ 527,060 4.20%	\$ 12,541,865 100.00%
\$ 770,362 5.70%	\$ 30,466 0.23%	\$ 2,085,129 15.43%	\$ 714,251 5.28%	\$ 523,380 3.87%	\$ 13,517,450 100.00%
\$ 1,175,585 7.26%	\$ 30,803 0.19%	\$ 2,225,365 13.73%	\$ 2,059,078 12.71%	\$ 522,000 3.22%	\$ 16,202,959 100.00%
\$ 1,134,200 7.19%	\$ 31,379 0.20%	\$ 2,459,103 15.58%	\$ 848,387 5.38%	\$ 520,980 3.30%	\$ 15,781,902 100.00%
\$ 768,703 4.54%	\$ 49,723 0.29%	\$ 2,758,648 16.30%	\$ 1,800,650 10.64%	\$ 522,082 3.08%	\$ 16,924,777 100.00%
\$ 1,335,247 7.06%	\$ 47,999 0.26%	\$ 2,807,600 14.85%	\$ 2,172,578 11.49%	\$ 515,960 2.74%	\$ 18,901,652 100.00%
\$ 1,638,637 7.77%	\$ 32,578 0.15%	\$ 2,567,542 12.18%	\$ 2,985,420 14.16%	\$ 1,302,531 6.18%	\$ 21,087,681 100.00%
\$ 1,718,148 8.92%	\$ 41,085 0.21%	\$ 2,685,487 13.94%	\$ 1,179,181 6.12%	\$ 386,303 2.00%	\$ 19,267,781 100.00%

CITY OF LEESBURG, FLORIDA

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Taxes (2)</u>	<u>Licenses and Permits</u>	<u>Intergovernmental</u>
1991	\$ 2,502,616	\$ 149,490	\$ 2,047,269
Percent of Total	30.84%	1.84%	25.23%
1992	\$ 2,930,415	\$ 168,068	\$ 2,234,074
Percent of Total	32.44%	1.86%	24.73%
1993	\$ 2,924,033	\$ 197,013	\$ 2,142,918
Percent of Total	32.81%	2.21%	24.05%
1994	\$ 3,112,968	\$ 218,210	\$ 2,328,189
Percent of Total	34.07%	2.39%	25.48%
1995	\$ 3,286,834	\$ 250,570	\$ 2,751,793
Percent of Total	31.53%	2.40%	26.40%
1996	\$ 3,380,526	\$ 264,121	\$ 2,861,874
Percent of Total	30.70%	2.40%	25.99%
1997	\$ 4,019,315	\$ 278,600	\$ 2,217,082
Percent of Total	35.87%	2.49%	19.79%
1998	\$ 4,138,872	\$ 273,436	\$ 3,192,427
Percent of Total	33.33%	2.20%	25.71%
1999	\$ 4,560,397	\$ 296,298	\$ 4,195,239
Percent of Total	32.71%	2.13%	30.09%
2000	\$ 5,572,966	\$ 323,608	\$ 3,651,192
Percent of Total	37.56%	2.18%	24.61%

- Notes:**
- (1) Includes general, special revenue, debt service and capital projects funds.
 - (2) Includes ad valorem, franchise, local option sales and gas taxes.
 - (3) Includes interest income and reimbursements received from the enterprise funds for services provided by general fund departments.

Table 2

<u>Charges For Services</u>		<u>Fines and Forfeitures</u>		<u>Miscellaneous Revenues (3)</u>		<u>Total</u>	
\$	310,775 3.83%	\$	207,206 2.55%	\$	2,897,879 35.71%	\$	8,115,235 100.00%
\$	466,091 5.16%	\$	187,414 2.08%	\$	3,046,779 33.73%	\$	9,032,841 100.00%
\$	486,197 5.45%	\$	146,107 1.64%	\$	3,015,583 33.84%	\$	8,911,851 100.00%
\$	453,311 4.96%	\$	172,733 1.89%	\$	2,851,526 31.21%	\$	9,136,937 100.00%
\$	571,151 5.48%	\$	211,141 2.02%	\$	3,353,670 32.17%	\$	10,425,159 100.00%
\$	912,675 8.29%	\$	242,709 2.20%	\$	3,349,482 30.42%	\$	11,011,387 100.00%
\$	949,880 8.48%	\$	283,447 2.53%	\$	3,455,912 30.84%	\$	11,204,235 100.00%
\$	987,987 7.96%	\$	298,233 2.40%	\$	3,525,549 28.40%	\$	12,416,504 100.00%
\$	824,451 5.91%	\$	303,902 2.18%	\$	3,760,922 26.98%	\$	13,941,209 100.00%
\$	807,146 5.44%	\$	294,762 1.99%	\$	4,188,804 28.22%	\$	14,838,478 100.00%

CITY OF LEESBURG, FLORIDA

Table 3

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
1991	\$ 1,889,963	\$ 1,776,006	93.97%	\$ 13,822	\$ 1,789,828	94.70%
1992	\$ 2,175,237	\$ 2,029,428	93.30%	\$ 86,676	\$ 2,116,104	97.28%
1993	\$ 2,176,503	\$ 2,077,060	95.43%	\$ 56,464	\$ 2,133,524	98.03%
1994	\$ 2,292,151	\$ 2,149,997	93.80%	\$ 65,087	\$ 2,215,084	96.64%
1995	\$ 2,368,087	\$ 2,274,288	96.04%	\$ 26,188	\$ 2,300,476	97.14%
1996	\$ 2,422,689	\$ 2,305,607	95.17%	\$ 16,415	\$ 2,322,022	95.84%
1997	\$ 2,486,788	\$ 2,336,056	93.94%	\$ 29,880	\$ 2,365,936	95.14%
1998	\$ 2,543,785	\$ 2,328,419	91.53%	\$ 68,795	\$ 2,397,214	94.24%
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%

Notes: (1) Source: Lake County Property Appraiser

CITY OF LEESBURG, FLORIDA

Table 4

**PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS (1)(2)
LAST TEN FISCAL YEARS**

Fiscal Year	City	School District	County	Ambulance District	Northwest Hospital District	Water Conservation Authority	Water Management District	Total
1991	4.500	8.749	4.938	0.223	1.000	0.771	0.358	20.539
1992	4.500	8.880	4.938	0.223	1.000	0.751	0.358	20.650
1993	4.500	9.005	4.864	0.222	1.000	0.740	0.358	20.689
1994	4.500	8.938	5.135	0.222	1.000	0.517	0.470	20.782
1995	4.500	8.515	5.135	0.222	1.000	0.400	0.482	20.254
1996	4.500	9.678	4.927	0.222	1.000	0.384	0.482	21.193
1997	4.500	9.228	4.909	0.158	1.000	0.384	0.482	20.661
1998	4.500	9.100	4.733	0.158	1.000	0.384	0.482	20.357
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

Notes: (1) Source: Lake County Property Appraiser.
(2) Rates are stated as an amount per \$1,000 of assessed value.

CITY OF LEESBURG, FLORIDA

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property		Centrally Assessed Property (2)	
	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value
1991	\$ 307,734,450	\$ 307,734,450	\$ 111,582,116	\$ 111,582,116	\$ 675,318	\$ 675,318
1992	\$ 355,400,598	\$ 355,400,598	\$ 127,311,509	\$ 127,311,509	\$ 673,887	\$ 673,887
1993	\$ 352,537,183	\$ 359,731,819	\$ 130,832,240	\$ 133,502,286	\$ 297,964	\$ 304,045
1994	\$ 358,897,370	\$ 384,258,426	\$ 150,270,237	\$ 160,888,905	\$ 199,314	\$ 213,398
1995	\$ 370,400,030	\$ 370,400,030	\$ 155,590,025	\$ 155,590,025	\$ 251,544	\$ 251,544
1996	\$ 383,701,275	\$ 383,701,275	\$ 154,389,802	\$ 154,389,802	\$ 284,266	\$ 284,266
1997	\$ 399,491,127	\$ 405,163,415	\$ 152,676,397	\$ 154,844,216	\$ 452,036	\$ 458,454
1998	\$ 412,304,589	\$ 417,312,337	\$ 152,562,892	\$ 154,415,883	\$ 418,085	\$ 423,163
1999	\$ 425,773,469	\$ 425,773,469	\$ 164,333,794	\$ 164,333,794	\$ 417,391	\$ 417,391
2000	\$ 444,148,201	\$ 444,148,201	\$ 155,005,102	\$ 155,005,102	\$ 321,959	\$ 321,959

- Notes:** (1) Source: Lake County Property Appraiser.
(2) Centrally assessed property consists of railroad and telegraph systems which are assessed by the State of Florida.
(3) Source: State of Florida, Department of Revenue, Division of Ad Valorem Tax.

Table 5

Exempt		Total		Ratio of Total Assessed Value to Total Estimated Actual Value (3)
Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	
\$ 141,340,773	\$ 141,340,773	\$ 561,332,657	\$ 561,332,657	100.00
\$ 147,230,413	\$ 147,230,413	\$ 630,616,407	\$ 630,616,407	100.00
\$ 171,340,305	\$ 174,837,046	\$ 655,007,692	\$ 668,375,196	98.00
\$ 175,186,234	\$ 187,565,561	\$ 684,553,155	\$ 732,926,290	93.40
\$ 181,821,009	\$ 181,821,009	\$ 708,062,608	\$ 708,062,608	100.00
\$ 202,938,364	\$ 202,938,364	\$ 741,313,707	\$ 741,313,707	100.00
\$ 249,811,011	\$ 253,358,023	\$ 802,430,571	\$ 813,824,108	98.60
\$ 282,714,883	\$ 286,148,667	\$ 848,000,449	\$ 858,300,050	98.80
\$ 234,178,498	\$ 234,178,498	\$ 824,703,152	\$ 824,703,152	100.00
\$ 284,449,960	\$ 284,449,960	\$ 883,925,222	\$ 883,925,222	100.00

CITY OF LEESBURG, FLORIDA

Table 6

**COMPUTATION OF OVERLAPPING
GENERAL OBLIGATION DEBT**

SEPTEMBER 30, 2000

Neither the City of Leesburg, Florida, nor any of its overlapping governments had any general obligation debt outstanding as of September 30, 2000.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION AND SPECIAL REVENUE BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (1)**

LAST TEN FISCAL YEARS

Fiscal Year	Debt Service (2)				Total General Governmental Expenditures (3)	Ratio of Debt Service to Total General Governmental Expenditures
	Principal	Interest	Other	Total		
1991	\$ 145,000	\$ 375,880	\$ 2,300	\$ 523,180	\$ 11,885,291	4.40
1992	\$ 150,000	\$ 368,380	\$ 2,300	\$ 520,680	\$ 12,457,867	4.18
1993	\$ 160,000	\$ 360,060	\$ 7,010	\$ 527,070	\$ 12,541,865	4.20
1994	\$ 170,000	\$ 350,880	\$ 2,500	\$ 523,380	\$ 13,517,450	3.87
1995	\$ 180,000	\$ 340,880	\$ 1,120	\$ 522,000	\$ 16,202,959	3.22
1996	\$ 190,000	\$ 329,780	\$ 1,200	\$ 520,980	\$ 15,781,902	3.30
1997	\$ 200,000	\$ 317,780	\$ 4,302	\$ 522,082	\$ 16,924,777	3.08
1998	\$ 210,000	\$ 304,760	\$ 1,200	\$ 515,960	\$ 18,901,652	2.73
1999	\$ 225,000	\$ 161,368	\$ -	\$ 386,368	\$ 21,087,681	1.83
2000	\$ 55,000	\$ 385,813	\$ 490	\$ 440,813	\$ 19,267,781	2.29

Notes: (1) Includes Refunding and Capital Improvement Revenue Bonds, Series 1987, which are special obligation bonds.

(2) Source: City of Leesburg, Finance Department, Accounting Division.

(3) Includes general, special revenue, debt service, and capital projects funds. Excludes operating transfers out.

CITY OF LEESBURG, FLORIDA

**PUBLIC IMPROVEMENT REVENUE BONDS
SERIES 1987 AND SERIES 1999 (REFUNDING)
REVENUE BOND COVERAGE**

LAST TEN FISCAL YEARS

Fiscal Year	Gross Sales Tax Revenues (1)	Guaranteed Portion-State Revenue Sharing (2)	Miscellaneous Revenues (3)	Total Available Revenues	Direct Operating Expenses
1991	\$ 465,173	\$ 309,234	\$ 35,896	\$ 810,303	\$ -
1992	\$ 494,414	\$ 309,234	\$ 22,348	\$ 825,996	\$ -
1993	\$ 495,787	\$ 309,234	\$ 16,353	\$ 821,374	\$ -
1994	\$ 527,512	\$ 309,234	\$ 18,959	\$ 855,705	\$ -
1995	\$ 544,695	\$ 309,234	\$ 29,236	\$ 883,165	\$ -
1996	\$ 568,196	\$ 309,234	\$ 28,926	\$ 906,356	\$ -
1997	\$ 586,849	\$ 309,234	\$ 34,508	\$ 930,591	\$ -
1998	\$ 634,020	\$ 309,234	\$ 41,931	\$ 985,185	\$ -
1999	\$ 687,104	\$ 309,234	\$ 32,759	\$ 1,029,097	\$ -
2000	\$ 728,963	\$ 309,234	\$ 7,979	\$ 1,046,176	\$ -

- Notes:** (1) Gross sales tax revenues are defined pursuant to Resolution 5729 as the proceeds of the local government half-cent sales tax as described in Part VI, Chapter 218, Florida Statutes.
- (2) Guaranteed entitlement 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 Part II of Chapter 218, Florida Statutes.
- (3) Includes interest earnings and other miscellaneous revenues in the debt service fund.

Table 8

Net Revenue Available For Debt Service	Debt Service Requirements				Debt Coverage
	Principal	Interest	Other Debt Service	Total	
\$ 810,303	\$ 145,000	\$ 375,880	\$ 2,300	\$ 523,180	1.55
\$ 825,996	\$ 150,000	\$ 368,380	\$ 2,300	\$ 520,680	1.59
\$ 821,374	\$ 160,000	\$ 360,060	\$ 7,010	\$ 527,070	1.56
\$ 855,705	\$ 170,000	\$ 350,880	\$ 2,500	\$ 523,380	1.63
\$ 883,165	\$ 180,000	\$ 340,880	\$ 1,120	\$ 522,000	1.69
\$ 906,356	\$ 190,000	\$ 329,780	\$ 1,200	\$ 520,980	1.74
\$ 930,591	\$ 200,000	\$ 317,780	\$ 4,302	\$ 522,082	1.78
\$ 985,185	\$ 210,000	\$ 304,760	\$ 1,200	\$ 515,960	1.91
\$ 1,029,097	\$ 225,000	\$ 161,368	\$ -	\$ 386,368	2.66
\$ 1,046,176	\$ 55,000	\$ 385,813	\$ 490	\$ 441,303	2.37

CITY OF LEESBURG, FLORIDA
COMBINED UTILITY FUNDS
SERIES 1984 AND 1999 (REFUNDING)
REVENUE BOND COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues (1)	Less: Operation and Maintenance Expenses (2)	Net Pledged Revenues Available For Debt Service (3)
1991	\$ 36,914,611	\$ 24,570,940	\$ 12,343,671
1992	\$ 36,575,116	\$ 24,850,598	\$ 11,724,518
1993	\$ 38,817,205	\$ 26,635,527	\$ 12,181,678
1994	\$ 39,727,736	\$ 27,399,337	\$ 12,328,399
1995	\$ 44,364,812	\$ 29,331,332	\$ 15,033,480
1996	\$ 47,215,501	\$ 30,950,655	\$ 16,264,846
1997	\$ 47,672,195	\$ 33,418,639	\$ 14,253,556
1998	\$ 49,884,307	\$ 34,950,378	\$ 14,933,929
1999	\$ 47,858,976	\$ 31,621,046	\$ 16,237,930
2000	\$ 49,259,516	\$ 33,179,030	\$ 16,080,486

- Notes:** (1) Gross revenues are defined pursuant to Ordinance 99-28, which authorized the issuance of the bonds as all income and earnings (excluding contributed capital) derived by the City from the ownership, operation, leasing or use of the system, and investment income, excluding capital expansion and system improvements.
- (2) Operation and maintenance expenses are defined as the cost of operation and maintenance as defined pursuant to Ordinance 99-28, authorizing issuance of the bonds as current expenses, paid or accrued, less depreciation expense.
- (3) Pledged revenues are defined as gross revenues less operating expenses.

Table 9

Debt Service Requirements				
Principal	Interest	Sinking Fund	Total	Debt Coverage
\$ 195,000	\$ 1,541,512	\$ 553,176	\$ 2,289,688	5.39
\$ 205,000	\$ 1,529,422	\$ 595,322	\$ 2,329,744	5.03
\$ 220,000	\$ 1,516,507	\$ -	\$ 1,736,507	7.02
\$ 235,000	\$ 1,502,427	\$ -	\$ 1,737,427	7.10
\$ 955,000	\$ 1,487,152	\$ -	\$ 2,442,152	6.16
\$ 1,020,000	\$ 1,424,122	\$ -	\$ 2,444,122	6.65
\$ 1,090,000	\$ 1,355,272	\$ -	\$ 2,445,272	5.83
\$ 1,160,000	\$ 1,280,062	\$ -	\$ 2,440,062	6.12
\$ 1,245,000	\$ 1,198,862	\$ -	\$ 2,443,862	6.64
\$ 1,079,999	\$ 4,353,397	\$ (3,805,000)	\$ 1,628,396	9.88

CITY OF LEESBURG, FLORIDA

Table 10

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)		
				Lake County	Florida	United States
1991	15,174	\$ 16,603	4,932	8.8	7.3	6.7
1992	15,063	\$ 17,085	4,930	10.3	8.2	7.4
1993	14,963	\$ 17,377	4,975	9.9	7.0	6.8
1994	15,005	\$ 19,459	4,997	6.0	6.6	6.1
1995	15,014	\$ 18,884	5,157	7.1	5.5	5.6
1996	15,352	\$ 19,616	5,403	4.4	5.1	5.4
1997	15,409	\$ 20,108	5,427	3.9	4.8	4.9
1998	15,658	\$ 20,778	5,439	3.2	4.3	4.5
1999	15,624	N/A (5)	5,588	2.6	3.9	4.2
2000	15,737	N/A (5)	4,845	3.1	3.7	3.8

- Notes:**
- (1) Source: University of Florida, Bureau of Economic and Business Research.
 - (2) Source: Lake County information from Florida Statistical Abstract.
 - (3) Source: Lake County School Board, Board of Education. Figures represent actual membership in grades pre-kindergarten through 12 on the 180th day of the 180-day school year which ended during the fiscal year.
 - (4) Source: State of Florida, Department of Labor and Employment Security, Bureau of Labor Market Information (<http://lmi.floridajobs.org/laus>).
 - (5) Information is not available.

CITY OF LEESBURG, FLORIDA

Table 11

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Real Property Value (1)</u>	<u>Construction (1)</u>	<u>Bank Deposits (2)</u>
1991	\$ 561,332,657	\$ 37,325,934	\$ 1,630,540,000
1992	\$ 630,616,407	\$ 5,972,969	\$ 1,628,750,000
1993	\$ 655,007,692	\$ 3,416,633	\$ 1,632,882,000
1994	\$ 684,553,155	\$ 13,696,939	\$ 1,701,038,000
1995	\$ 708,062,608	\$ 5,298,985	\$ 1,735,416,000
1996	\$ 741,313,707	\$ 34,419,242	\$ 1,776,670,000
1997	\$ 802,430,571	\$ 13,692,566	\$ 2,032,242,000
1998	\$ 848,000,449	\$ 8,891,404	\$ 2,493,189,000
1999	\$ 824,703,152	\$ 14,319,390	\$ 2,578,694,000
2000	\$ 883,925,222	\$ 19,164,956	\$ 2,740,272,000

- Notes:** (1) Source: Lake County Property Appraiser. Real property values represent just values of real property, including subsurface rights.
 (2) Source: Florida Bankers Association. Figures shown represent total bank deposits in Lake County at September 30 of each year.

CITY OF LEESBURG, FLORIDA

Table 12

CORPORATE LIMITS AND ANNEXATIONS

LAST TEN FISCAL YEARS

Fiscal Year	Annexation Acres	Corporate Limits	
		Acres	Square Miles
1991	3,823.00	11,380.15	17.78
1992	522.02	11,902.17	18.60
1993	658.21	12,560.38	19.63
1994	13.86	12,574.24	19.65
1995	157.68	12,731.92	19.89
1996	42.74	12,774.66	19.96
1997	1,547.18	14,321.84	22.38
1998	158.96	14,480.80	22.63
1999	496.19	14,976.99	23.40
2000	193.30	15,170.29	23.70

Notes: (1) Source: City of Leesburg, Planning and Zoning Department, based annexations approved.

CITY OF LEESBURG, FLORIDA

Table 13

PRINCIPAL TAXPAYERS (1)

SEPTEMBER 30, 2000

<u>Taxpayers</u>	<u>Type of Business</u>	<u>1999 Assessed Valuation (2)</u>	<u>Percentage of Total Assessed Valuation</u>
Centrale Citrus Juices, U.S.A., Inc.	Citrus Processing	\$ 43,981,739	7.34%
Sprint	Telecommunications	\$ 42,295,212	7.06%
Lake Port Properties	Retirement Community	\$ 26,902,640	4.49%
Wal-Mart Stores, Inc.	Department Store	\$ 9,765,171	1.63%
Huntington Banks	Banking	\$ 7,976,535	1.33%
Bulldog Investments, Inc.	Real Estate Development	\$ 4,700,361	0.78%
Horne Properties, Inc.	Shopping Center	\$ 3,986,719	0.67%
Buffalo - Gateway Business Trust	Shopping Center	\$ 3,755,800	0.63%
Leesburg Associates	Shopping Center	\$ 3,698,203	0.62%
Walling Enterprises, Inc.	Shopping Center	\$ 3,647,851	0.61%
Leesburg Marketplace, Inc.	Shopping Center	\$ 3,558,296	0.59%
SunTrust Banks of Central Florida	Banking	\$ 3,294,958	0.55%
Mid-Florida Freezer Warehouse, Inc.	Warehouse	\$ 2,991,890	0.50%
Subtotal		\$ 160,555,375	26.78%
All Others		\$ 438,919,887	73.22%
Total		\$ 599,475,262	100.00%

Notes: (1) Source: Lake County Property Appraiser.

(2) Taxable Values (Florida Statutes Section 193.011) are as of January 1, 1999, and represent total property values (including real property, personal property, and centrally assessed property) after exemptions.

CITY OF LEESBURG, FLORIDA

Table 14

**PRINCIPAL EMPLOYERS (1)
(100 OR MORE EMPLOYEES)**

SEPTEMBER 30, 2000

<u>Name of Employer</u>	<u>Number of Employees</u>	<u>Type of Business</u>
Leesburg Regional Medical Center	1,300	Hospital
Sprint	650	Telecommunications
Florida Crushed Stone	600	Manufacturer
Lake County School Board	524	Educational institution
Lake Port Properties	430	Retirement community
City of Leesburg	424	City governmental services
Lifestream Behavioral Center	400	Mental health services provider
Home Depo International, Inc.	262	Retail store
Lake Sumter Community College	260	Two-year state community college
Hewitt Contracting	250	General contractor
Cutrale Citrus Juices, U.S.A., Inc.	245	Citrus processing
Winn-Dixie Super Markets	170	Retail grocery stores
Daily Commercial	150	Newspaper
Leware Construction	150	General contractor
Middlesex Asphalt	150	Paving contractor
Publix Supermarkets, Inc.	120	Retail grocery stores

Notes: (1) Source: Economic Development Commission of Mid Florida, Inc.

CITY OF LEESBURG, FLORIDA

Table 15

MISCELLANEOUS STATISTICS

SEPTEMBER 30, 2000

Date Created	July 12, 1875
Form of Government	Commission/Manager
Area of Government	23.70 square miles
Miles of Streets (City Maintained):	
Paved	80.1 miles
Unpaved	3.5 miles
Electric System:	
Primary Electric Lines Within the City	358 miles
Daily Average Consumption	5.7 kwh
Number of Residential Customers	15,125
Gas System:	
Gas Mains	205 miles
Gate Stations	2 miles
Daily Average Consumption	0.2 therms
Number of Residential Customers	7,838
Water System:	
Water Mains	332 miles
Daily Average Consumption	46 gallons
Number of Residential Customers	8,862
Maximum Plant Capacity Per Day	3,500,000 gallons
Deep Wells	14
Sewer System:	
Sanitary Sewer Mains	171 miles
Lift Stations	97
Disposal Plants	2
Number of Residential Customers	11,383
Maximum Plant Capacity Per Day	3,000,000 gallons
Building Permits:	
Permits Issued Within the City	1,537
Construction Value of Permits Issued	\$41,482,720
Recreation and Culture:	
Parks Managed	10
Total Recreation Acreage	226 acres
Libraries Maintained	1
Volumes Maintained	129,535 volumes

CITY OF LEESBURG, FLORIDA

Table 15, (Concluded)

MISCELLANEOUS STATISTICS

SEPTEMBER 30, 2000

Fire Protection:

Stations	2
Employees	35

Police Protection:

Stations	2
Employees - Sworn	62

OTHER REPORTS SECTION

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED
STATES; THE PROVISIONS OF OFFICE OF MANAGEMENT AND
BUDGET (OMB) CIRCULAR A-133; AND THE *RULES OF
THE AUDITOR GENERAL OF THE STATE OF FLORIDA***

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CITY OF LEESBURG, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2000**

Federal and State Grantor/ Program Title	Federal CFDA Number	Pass-Through Grant Number	Grants and Aids Appropriations Y or N	Program or Award Amount	State Receipts	(Federal Expenditures)
U.S. Department of Housing and Urban Development						
Section 8 Rental Voucher	14.857	FL115VO	N	\$ 706,359		\$ (569,048)
Section 8 Rental Certificate	14.855	FL115CE	N	207,422		(147,108)
U.S. Department of Housing and Urban Development						
Passed Through Florida Department of Community Affairs:						
Community Development Block Grant	14.219	00-DB-6B-06-45-02-H09	Y	750,000	\$ 36,500	(50,000)
Community Development Block Grant	14.219	99-DB-4Z-06-45-02-E85	Y	750,000	354,367	(653,703)
Community Development Block Grant	14.219	00-DB-6B-06-45-02-G1	Y	1,944,000	5,000	(310,013)
U.S. Department of Justice						
Community-Oriented Policing Services (COPS FAST)	16.710	95-CF-WX-0121	N	373,163		(61,399)
Bulletproof Vest Partnership	--	99002802	Y	5,406	2,993	(2,993)
Passed Through State of Florida						
Community Affairs/Law Enforcement:						
DARE/SRO	16.579	00-CJ-08-06-45-02-018	Y	33,075	26,062	(33,075)
Local Law Enforcement Block Grant	16.592	97-LB-VX-4572	Y	65,245		(17,136)
Local Law Enforcement Block Grant	16.592	98-LB-VX-4572	Y	46,959		(27,155)
Local Law Enforcement Block Grant	--	99-LB-VX-7145	Y	50,776	50,778	(11,841)
U.S. Federal Aviation Administration						
Airport Master Plan	20.106	247-553-1-84-01	N	207,000		(53,484)
Florida Department of Community Affairs						
Hurricane Floyd	--	DR-1300 FL/EM 3143-FL	Y	13,392	1,913	
Rapid Response Trailer	--	00-CP-05-06-45-02-214	Y	12,000		(4,377)
Florida Department of Environmental Protection						
Fountain Lake Park	--	F99138	Y	50,000	5,000	
Rails and Trails	--	F0681	Y	1,400		(1,400)

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CITY OF LEESBURG, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2000
(Concluded)**

<u>Federal and State Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grant Number</u>	<u>Grants and Aids Appropriations Y or N</u>	<u>Program or Award Amount</u>	<u>State Receipts</u>	<u>(Federal Expenditures)</u>
Florida Department of Transportation						
Land Acquisition	--	247561-1-44-01	Y	\$ 1,612,500	\$ 28,302	
Additional Land	--	404917-1-44-01	Y	2,625,000	19,406	
Florida Department of Agriculture						
Lake City Wildfires	--	98-004-091	Y	3,500	3,496	
Tree Planting	--	98-38	Y	6,000	2,649	
Totals				<u>\$ 9,463,197</u>	<u>\$ 536,466</u>	<u>\$ (1,942,732)</u>

Note: This schedule was prepared using the accrual basis of accounting for "expenditures" of federal awards and the cash basis for "state receipts."

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
GENERAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable City Commission
City of Leesburg
Leesburg, Florida

We have audited the general-purpose financial statements of the City of Leesburg, Florida (the City), as of and for the year ended September 30, 2000, and have issued our report thereon dated December 12, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the City Commission in a separate letter dated December 22, 2000.

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Honorable City Commission
City of Leesburg
Leesburg, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
GENERAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*
(Concluded)**

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

December 22, 2000
Ocala, Florida

Purvis, Gray and Company

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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 Public and Indian Housing Compliance Supplement issued by the U.S. Department of Housing and Urban Development that are applicable to each of its major federal programs for the year ended September 30, 2000. The City's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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*; and the provisions of the Public and Indian Housing Compliance Supplement dated May 29, 1996, issued by the U.S. Department of Housing and Urban Development. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2000.

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Honorable City Commission
City of Leesburg
Leesburg, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Concluded)**

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. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

December 22, 2000
Ocala, Florida



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CITY OF LEESBURG, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS IN
ACCORDANCE WITH OMB CIRCULAR A-133**

1. Summary of Audit Results

I. Type of Audit Report Issued on General-Purpose Financial Statements

Unqualified Opinion

II. Reportable Conditions and/or Material Weaknesses in Internal Control

Audit disclosed no instances of reportable conditions in internal control or reportable conditions which were material weaknesses in internal control

III. Noncompliance Material to Auditee General-Purpose Financial Statements

Audit disclosed no material instances of noncompliance

IV. Reportable Conditions and/or Material Weaknesses in Internal Control Over the Major Programs

Audit disclosed no instances of reportable conditions in internal control over the major programs or reportable conditions which were material weaknesses in internal control over the major programs

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

The audit disclosed no findings required to be reported under Section .510(a) of OMB Circular A-133

VII. Major Federal Programs

U.S. Department of Housing and Urban Development:
Section 8 Rental Voucher (14.855)
Section 8 Rental Certificate (14.857)
Community Development Block Grants (14.219)

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

\$300,000

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CITY OF LEESBURG, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS IN
ACCORDANCE WITH OMB CIRCULAR A-133
(Concluded)**

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

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

The auditee qualifies as a low-risk auditee per criteria set forth in Section .530 of OMB Circular A-133

2. **Findings Related to the General-Purpose Financial Statements Required to be Reported Under GAGAS**

The audit disclosed no findings which are required to be reported under GAGAS

3. **Findings and Questioned Costs For Federal Awards Required to be Reported Under Section .510(a) of OMB Circular A-133**

The audit disclosed no findings which are required to be reported under Section .510(a) of OMB Circular A-133

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CITY OF LEESBURG, FLORIDA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS IN
ACCORDANCE WITH OMB CIRCULAR A-133**

1. **Status of Prior Audit Findings**

There were no audit findings reported in our prior year's audit schedule of findings and questioned costs.

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

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

There are no current year audit findings included in the current year's schedule of findings and questioned costs.

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**INDEPENDENT AUDITORS' REPORT ON EXAMINATION
OF MANAGEMENT'S ASSERTION ABOUT COMPLIANCE
WITH SPECIFIED REQUIREMENTS**

Honorable City Commission
City of Leesburg
Leesburg, Florida

We have examined management's assertion included in its representation letter dated December 22, 2000, that the City of Leesburg, Florida (the City) complied with the allowable cost requirements of the grants and aids appropriations identified in the schedule of expenditures of federal awards and state financial assistance for the year ended September 30, 2000. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the City's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, management's assertion that the City complied with the allowable cost requirements of the grants and aids appropriations identified in the schedule of expenditures of federal awards and state financial assistance during the fiscal year ended September 30, 2000, is fairly stated, in all material respects.

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

December 22, 2000
Ocala, Florida

Purvis, Gray and Company

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MANAGEMENT LETTER

Honorable City Commission
City of Leesburg
Leesburg, Florida

We have audited the financial statements of the City of Leesburg, Florida, as of and for the fiscal year ended September 30, 2000, and have issued our report thereon dated December 22, 2000.

We have issued our independent auditors' report on compliance and on internal control dated December 22, 2000. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 require that certain items be addressed in this letter.

The *Rules of the Auditor General* [Section 10.554(1)(e)1.(a)] require that we comment as to whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules and regulations, and contract provisions reported in the preceding annual financial audit report have been corrected. There were no such matters disclosed in the preceding audit report.

The *Rules of the Auditor General* [Section 10.554(1)(e)1.(b)] require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding annual financial audit report have been addressed by the City of Leesburg, Florida.

As required by the *Rules of the Auditor General* [Section 10.554(1)(e)2.], the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the City of Leesburg, Florida, is not in a state of financial emergency as a consequence of the conditions described by Section 218.503(1), Florida Statutes.

As required by the *Rules of the Auditor General* [Section 10.554(1)(e)3.], we determined that the financial report for the City of Leesburg, Florida, for the fiscal year ended September 30, 2000, filed with the Department of Banking and Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2000.

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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)(e)4.], require that we determine whether the City of Leesburg, Florida complied with Section 218.415, Florida Statutes, regarding investment of public funds. Our audit disclosed no matters requiring comment as outlined in Section 218.415, Florida Statutes.

The *Rules of the Auditor General* [Sections 10.554(1)(e)6., 7. and 8., (b), and (c)] require disclosure in the management letter of the following matters if not already addressed in the auditors' reports on compliance and internal control: recommendations to improve financial management, accounting procedures, and internal controls; violations of laws, rules, and regulations which may or may not materially affect the financial statements; illegal or improper expenditures that may or may not materially affect the financial statements; improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); failures to properly record financial transactions; and other inaccuracies, shortages, and defalcations and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed the following matter required to be disclosed by *Rules of the Auditor General* [Sections 10.554(1)(e)6., 7. and 8.].

The *Rules of the Auditor General* [Section 10.554(1)(e)9.] also require 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 general-purpose financial statements.

This management letter is intended solely for the information and use of the City Commission, management, the State of Florida, and other governmental agencies, and is not intended to be and should not be used by anyone other than these specified parties.

December 22, 2000
Ocala, Florida

Purvis, Gray and Company

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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 operational matters which, if improved, will result in more efficient and effective operations:

Current Year Recommendations

Interim Financial Statements

The City's computer system is generally well designed for most key financial functions such as payroll, utility billing, accounts payable and general ledger. However, the system is not designed to routinely produce summarized, comparative financial statements on a monthly or quarterly basis for management and City Council review. The system does generate noncomparative, multipage financial reports; however, we believe that it is important for the City to be able to monitor and report its financial position and results of operations on a summarized, comparative basis during the year. Accordingly, we recommend that the City review the options available to generate summarized comparative interim financial statements for all major funds.

Pension Benefit Payment Administration

Pension benefit payment administration for the Police Officers' and Firemen's Pension Plans is handled exclusively by the Police and Fire Departments, without input or involvement by the City's Human Resource Department. Because the plans are City plans that cover City employees, we recommend that the Human Resource Department expand its limited role in the administration of pension benefit payments. This might include attendance at Police and Fire Pension Board meetings and involvement with the retiree payment option selections and maintenance of centralized retiree files.

Retiree Health Insurance

The City currently provides health insurance coverage for retirees on a "pay-as-you-go" basis at significant annual cost to the City. There are currently ninety-eight retirees receiving this benefit. Given recent health care cost trends and the City's aging work force, this cost will only increase over time. Accordingly, we recommend that the City review this area for possible reduction of the City's portion of retiree health insurance premiums. Many businesses and local governments merely allow retirees to remain on the City's plan at their own cost or with a very small employer contribution.

Alternately, there are employee benefit plans that allow for employee or employer pretax contributions over the working life of employees that accumulate reserves for retiree insurance premiums that the City should review as well.

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Honorable City Commission
City of Leesburg
Leesburg, Florida

MANAGEMENT LETTER COMMENTS
(Concluded)

Current Year Recommendations (Concluded)

Health Insurance

For the fiscal year ended 2000, the City switched from self-insurance to commercial insurance for employee medical coverage. Shortly after the change, the commercial carrier was unable to pay claims due to financial distress and has since filed for bankruptcy. As a result, the City resumed its previous position of self-insuring and paid numerous employee medical claims for which premiums had been paid to the commercial carrier. This unforeseen expense has left the self-insurance fund with negative working capital and fund equity, which will have to be made up by increased charges to the City and its employees in the upcoming years.

Because the failure to pay claims occurred shortly after the City enrolled with the carrier, it appears that the poor financial condition of the carrier would have been evident if credit and reference checks would have been performed by the City or its insurance agent prior to enrolling. Accordingly, we recommend that the City consult legal counsel as to its options in this matter.

Prior Year Recommendation

Governmental Accounting Standards Board (GASB) Statement No. 34

The GASB has issued Statement No. 34, which when effective (2003), will radically change financial reporting for all state and local governments. Although the 2003 effective date appears to be well into the future, it is not too early for the City to begin planning for implementation of the new standard, especially the new requirement for inclusion of infrastructure costs in the City's financial statements. We recommend that the City form an informal working group to plan for implementation. As always, we are available to assist the City in this area as needed.

The management letter comments are intended solely for the information and use of the City Commission, management, the State of Florida, and other governmental agencies, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to express our appreciation for the courtesies which have been extended to our staff. If you have any questions or comments about the contents of this letter, or the information accompanying this letter, please do not hesitate to contact us.

December 22, 2000
Ocala, Florida

Perris, Gray and Company

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March 29, 2001

Mr. William O. Monroe, CPA
Auditor General
State of Florida
Post Office Box 1735
Tallahassee, Florida 32302

Dear Mr. Monroe:

Thank you for the opportunity to respond to the recommendations made by our independent auditors, Purvis Gray & Company, in connection with their audit of the City of Leesburg, Florida for the fiscal year ending September 30, 2000.

Current Year Recommendations

1. Interim Financial Statements

Concerning our existing financial management information system, our auditors have correctly stated that "the system is not designed to routinely produce summarized, comparative financial statements on a monthly or quarterly basis for management and City Council review." The only local legal financial reporting requirement set forth in the Leesburg Code of Ordinances states that the "city clerk-finance director shall submit to the city commission no later than the fifteenth of each month a summary of the receipts and expenditures for the preceding month." Upon our conversion to our existing financial management information system in May 1997, the City Commission was provided with two options to fulfill this requirement. At that time, the Commission selected the monthly financial reporting format currently being used, which was patterned after an International City Management Association (ICMA) financial reporting model. Nevertheless, we are committed to the continuous improvement of our financial reporting, and we will consider options available to the City for the improvement of interim financial reporting.

2. Pension Benefit Payment Administration

With regard to pension benefit payment administration for the Municipal Police Retirement Trust Fund and the Municipal Firemen's Retirement Trust Fund, our auditors have recommended that "the Human Resource Department expand its limited role in the administration of pension benefit payments". Authority for the creation and operation of the Municipal Firemen's Retirement Trust Fund is contained in Chapter 175, Florida Statutes, and authority for the creation and operation of the Municipal Police Retirement Trust Fund is contained in Chapter



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185, Florida Statutes. Presumably intentionally, the ability of the City to influence the operation of these pension plans is legislatively limited. As an example of this limitation, each of the above referenced statutes provides for a five member pension governing board. The City Commission only appoints two of these individuals. These limitations on the influence of the City operate to create a high level of independence by the governing boards of both the Municipal Police Retirement Trust Fund and the Municipal Firemen's Retirement Trust Fund. As a consequence, any involvement by the Human Resources Department must be based on the mutual agreement of the City and the respective pension plan and can not be accomplished unilaterally. We will, however, communicate to each of the pension boards concerning our willingness to assist them.

3. Retiree Health Insurance

Our auditors have correctly stated that "the City currently provides health insurance coverage for retirees on a 'pay-as-you-go' basis at significant annual cost to the City." They recommended that "the City review this area for possible reduction to the City's portion of retiree insurance premiums." Before audit field work for the fiscal year ending September 30, 2000 began, the City had already considered alternative methods for funding retiree health insurance coverage. One such option currently being considered by the general employees pension plan advisory committee (created by the City Commission pursuant to the provisions of Ordinance Number 99-76 on November 8, 1999) is to create an actuarially based contribution system similar to the plan already created by the Florida Retirement System, known as the Retiree Health Insurance Subsidy (HIS). The Health Insurance Subsidy program is funded by required contributions from participating employers. At their meeting held on March 13, 2001, the general employees pension plan advisory committee decided to get a benefit consultant to review our plan and make realistic suggestions. The method used to fund retiree health insurance coverage is just one component of this review.

4. Health Insurance

During the regular City Commission Meeting held on Monday, September 27, 1999, the City of Leesburg made the decision to contract with Well America Group, Inc. for the provision of employee health insurance coverage. In the dialogue which preceded the vote on the matter, the insurance agent representing the City of Leesburg in the selection process stated "We've done some due diligence on them to make sure that we will not have any problems with them...". In hindsight, we now know that the decision to contract with Well America Group, Inc. was a bad one. As result of a consistently poor claims payment history by Well America Group, Inc., the City Commission terminated

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the contract, effective May 31, 2000. Although under no legal obligation to do so, the City utilized the retained earnings accumulated by the self insurance program in effect until September 30, 1999 to offset a majority of the unpaid claims experienced by the participants.

The City of Leesburg was an active participant in a criminal investigation conducted by the State of Florida, Department of Insurance into the business practices of Well America Group, Inc. This investigation resulted in the recent arrest of two of the principals of Well America Group, Inc. In addition, the City has initiated civil litigation (Lake County Circuit Court Case Number 00-2792 CA) against Well America Group, Inc. in an attempt to recover the damages experienced by the City. The City has taken all actions which, in the opinion of the City's legal counsel, may reasonably be expected to result in a favorable outcome for the City. In the absence of any new information, the City believes that no additional action is required in this matter.

Prior Year Recommendations

1. Governmental Accounting Standards Board (GASB) Statement No. 34

As noted by our auditors, the City agrees that we should begin planning now for the implementation of Governmental Accounting Standards Board (GASB) Statement Number 34, published June 30, 1999. The effective date of this change for the City of Leesburg is October 1, 2002. This statement establishes financial reporting standards for state and local governments that will dramatically affect the presentation of financial information, including, but not limited to, basic financial statements, both government-wide financial statements and fund financial statements, notes to the financial statements, the required supplementary information, and management's discussion and analysis. Staff has had preliminary meetings to discuss the impact these changes will have on our current operations, and have begun preliminary measures aimed at ensuring compliance. The more significant impacts of the implementation of this statement on the City may be summarized as follows:

- Documentation associated with valuation of infrastructure assets (i.e., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar assets which are immovable and generally of value only to the City of Leesburg). During fiscal year 1998-99, the City began capturing the actual costs of constructing streets and sidewalks. The total costs will be recorded as projects are completed. All other infrastructure assets previously acquired will require a significant amount of interdepartmental coordination between the Finance Department and Public Works Department to establish an accurate value.

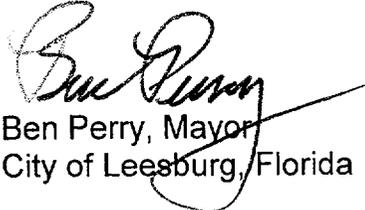
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- Conversion of general fixed assets to depreciable assets. This issue will require the development of economic useful lives for all assets currently recorded in the general fixed assets account group, as well as the calculation of life-to-date depreciation on said assets. Currently all fixed assets of the City are maintained in the Continuing Property Records (CP) application of the HTE software. This process envisions the establishment of economic useful lives for every asset class in the General Fixed Asset Account Group. It will be necessary to examine each and every asset in order to complete this task.
- Reformatting of year end financial statements. GASB Statement 34 requires the preparation of an additional layer of financial statements, the government wide financial statements. In order to assist the auditors in the preparation of the year end financial statements, it will be necessary to develop significant amounts of new information. In addition, Statement 34 requires expanded note disclosures which must also be developed.
- Management's Discussion and Analysis (MDA) for the financial statements. Commercial entities have historically prepared MDA to accompany their financial statements and governments will now be required to discuss and analyze the performance of their organization in a narrative section of the financial statements. This should not represent a significant effort on the part of staff, since much of what will be required in the MDA is already incorporated in the transmittal letter included in the introductory section of the comprehensive annual financial report (CAFR).

Although we are moving forward with the implementation of GASB Statement 34, our actions should not be viewed as an endorsement of all of the concepts embodied therein. Frankly, our staff is somewhat troubled by the impression which may be obtained by reviewing the entity wide financial statements and assuming that the net asset value is available to fund current operations.

As always, should you have any questions or require any additional information, please contact me.

Sincerely,



Ben Perry, Mayor
City of Leesburg, Florida

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