

# Comprehensive Annual Financial Report

Fiscal Year Ended  
September 30, 2001



**LEESBURG**  
*The Lakefront City*

City of Leesburg, Florida

**CITY OF LEESBURG, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2001**

**Prepared By:**

**Thomas P. Klinker, CPA, CGFO, CPFO**  
**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, 2001**

**MAYOR**

Ben Perry

**MAYOR—PRO-TEM**

C. Robert Lovell

**COMMISSION**

David L. Connelly  
David Knowles  
Lewis Puckett

**CITY MANAGER**

Ron Stock

**CITY CLERK/  
FINANCE DIRECTOR**

Thomas P. Klinker, CPA, CGFO, CPFO

**CITY ATTORNEY**

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

**CITY AUDITORS**

Purvis, Gray and Company



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**CITY OF LEESBURG, FLORIDA**

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**CITY OF LEESBURG, FLORIDA**  
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March 26, 2002

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, 2001, 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, 2001. 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, 2001.

#### **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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- AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER -



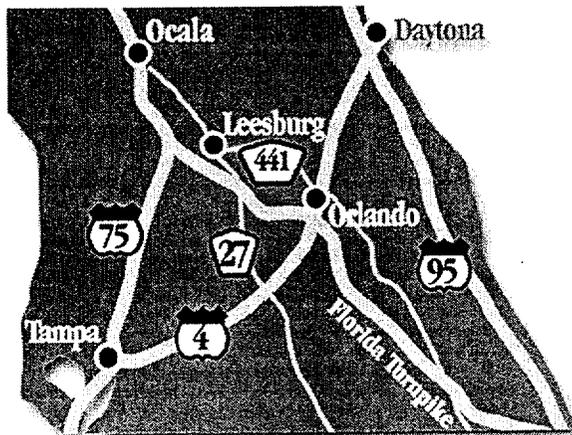
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The City of Leesburg is situated between Lake Harris and Lake Griffin. The City was originally a part of Sumter County and served as the County seat until 1882 when the Florida Legislature created Lake County. The City has been a part of Lake County since then and is the oldest and highest populated of the fourteen (14) incorporated municipalities in Lake County.

The estimated April 1, 2001 population of 16,033 residents ranks the City of Leesburg as the 105<sup>th</sup> largest of Florida's 405 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.

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 70 miles southwest of Daytona Beach. The City is bisected by State Road 44, US Highway 27, and US Highway 441. Leesburg's location is depicted on the map below.



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  
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, solid waste, 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 period. Basic financial statements

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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 \$19,599,195 during fiscal year 2000-2001 and increased by \$4,760,718 or 32.08% over the total revenues of \$14,838,478 reported in fiscal year 1999-2000.

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

March 26, 2002

educational funding), the proceeds from 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,

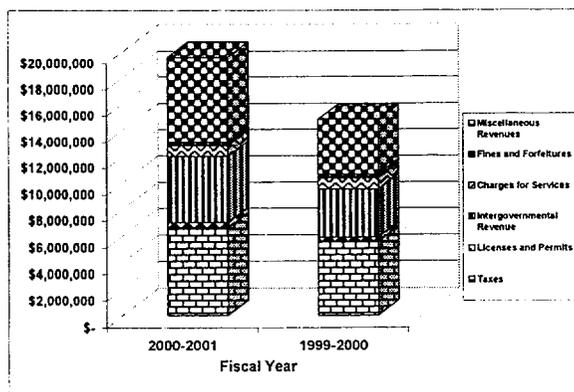
contributions, reimbursements, and revenues not more properly recorded in other classifications.

Based on the preceding classifications, the amount of general government revenues received during fiscal year 2000-2001 as compared to fiscal year 1999-2000 was as follows:

Description	Fiscal Year 2000-2001	Fiscal Year 1999-2000	Increase (Decrease)	Percent Change
Taxes	\$ 6,604,777	\$ 5,572,966	\$ 1,031,811	18.51 %
Licenses and Permits	379,376	323,608	55,768	17.23 %
Intergovernmental Revenue	5,045,255	3,651,192	1,394,063	38.18 %
Charges for Services	826,919	807,146	19,773	2.45 %
Fines and Forfeitures	283,690	294,762	(11,072)	(3.76)%
Miscellaneous Revenues <sup>(1)</sup>	6,459,178	4,188,803	2,270,375	54.20 %
<b>Totals</b>	<b>\$ 19,599,195</b>	<b>\$ 14,838,477</b>	<b>\$ 4,760,718</b>	<b>32.08 %</b>

<sup>(1)</sup>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 2000-2001, as compared to fiscal year 1999-2000, 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 2000-2001 tax revenues of \$6,604,777 represent an increase of

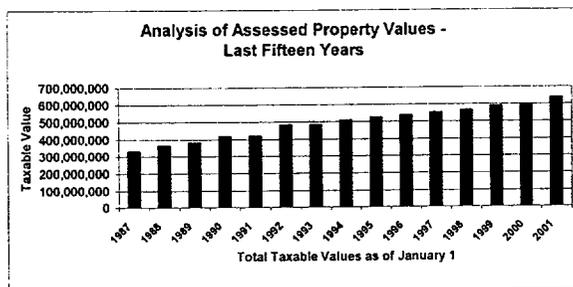
\$1,031,811 or 18.51% over the \$5,572,966 reported in fiscal year 1999-2000.

The most significant cause of the increase in tax revenues received in fiscal year 2000-2001 compared to the amount received in fiscal year 1999-2000 can be attributed to the implementation, by the City Commission, of the 10% public service tax (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. Public Service Tax revenues rose by \$861,607 or 90.54% from \$951,650 in fiscal year 1999-2000 to

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\$1,813,257 in fiscal year 2000-2001. Since, as noted above, this revenue source was implemented effective April 1, 2000, total revenues received during fiscal year 1999-2000 represented only six months of collections, compared to fiscal year 2000-2001 when Public Service Tax revenues were collected for a full twelve months. This explains the extreme variance in the amount of revenues collected during the two fiscal years.

Ad valorem tax revenues, which represent the single largest component of tax revenues, increased by \$175,819 or 6.73%, from \$2,613,423 in fiscal year 1999-2000 to \$2,789,242 in fiscal year 2000-2001. 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 increase in ad valorem tax revenues is attributable totally to increases in the assessed value of taxable properties. Aggregate taxable property values rose by 7.07% or \$42,398,421 from \$599,475,262 in fiscal year 1999-2000 to \$641,873,683 in fiscal year 2000-2001. Total taxable values have nearly doubled in the past fifteen years and the increase in total taxable values has averaged 5.33% annually, which, may be shown graphically as follows:



Revenues received from the levy of the one cent infrastructure sales surtax experienced a slight decrease of \$5,381 from \$1,215,514 in fiscal year 1999-2000 to \$1,210,133 in fiscal year 2000-2001. 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 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 2000-2001 as compared to fiscal year 1999-2000. However, individually these sources experienced somewhat noticeable changes. Perhaps because of a statewide restructuring of the way telephone and cable television franchise fees are collected (which actually occurred after fiscal year end) revenues from these sources fell by \$22,836 or 15.65% from \$145,951 in fiscal year 1999-2000, to \$123,115 in fiscal year 2000-2001. Conversely, revenues from both the six cent local option gas tax as well as the one cent voted gas tax rose from the amount received during fiscal year 1999-2000. Revenues from the local option gas tax totaled \$515,749 during fiscal year 2000-2001, which represents an increase of \$16,764 or 3.36% over the \$498,985 received during fiscal year 1999-2000. Similarly, revenues received from the one cent voted gas tax rose by 3.50% or \$5,166 from \$147,442 in fiscal year 1999-2000 to \$152,608 in fiscal year 2000-2001. Combined, these sources of revenue fell by less than \$1,000 in fiscal year 2000-2001.

It should be noted at this point that the voters of Lake County, in a referendum

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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 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 \$55,768 or 17.23% from \$323,608 in fiscal year 1999-2000 to \$379,376 in fiscal year 2000-2001. These revenues are generated from two sources, namely professional and occupational licenses and building permits.

The most significant increase in the license and permit revenues is building permits, which experienced an increase of \$43,149 or 42.44% from \$101,665 in fiscal year 1999-2000 to \$144,814 in fiscal year 2000-2001. 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. Although this change took effect during fiscal year 1999-2000, fiscal year 2000-2001 was the first full fiscal year it was in effect. Perhaps as a result of a change in the statistical methodology used, the total number of building permits issued decreased by 1,107 from 1,537 during fiscal year 1999-2000 to 430 during fiscal year 2000-2001. However, the total construction value of permits issued only decreased by 5.54% or \$2,297,328 from \$41,482,720 in

fiscal year 1999-2000 to \$39,185,392 in fiscal year 2000-2001. Although the total value of construction related to all permits issued decreased, the revenue generated from the sale of permits increased as a result of the increase in the rates charged for building permit fees.

Professional and occupational license revenues rose by \$9,298 or 5.37% from \$173,045 in fiscal year 1999-2000 to \$182,343 in fiscal year 2000-2001. 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 intergovernmental revenue category experienced the second largest increase of any of the major revenue categories. The fiscal year 2000-2001 intergovernmental revenues of \$5,045,255 represents an increase of \$1,394,063 or 38.18% from the \$3,651,192 reported in fiscal year 1999-2000.

A majority of the dramatic increase in intergovernmental revenues received in fiscal year 2000-2001 as compared to fiscal year 1999-2000 can be attributed to increases in the amount of grant revenue recognized in the stormwater fund in connection with the construction of improvements to the Carver Heights drainage basin. Grant revenues for this project increased by \$1,209,374 or 335.65% from \$360,307 in fiscal year 1999-2000 to \$1,569,681 in fiscal year 2000-2001. Grant sources for this project included a federal grant passed through from the State of Florida, Department of Community Affairs, a state grant, as well as funding received from the St. John's River Water Management District.

Secondly, during fiscal year 2000-2001, the amount received by the City from

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various grants related to the provision of law enforcement services experienced a significant increase. Revenues from the U.S. Department of Justice including funding from the Community Oriented Policing Services (COPS FAST) program, COPS MORE, Bulletproof Vest Partnership, as well as various Local Law Enforcement Block Grants, Drug Abuse Resistance Awareness (D.A.R.E.) and School Resource Officer grants, in addition to a D.U.I. Enforcement Program Grant received from the U.S. Department of Transportation, totaled \$236,858 in fiscal year 2000-2001, which represents an increase of \$83,259 or 54.21% over the \$153,599 received in fiscal year 1999-2000.

Revenue reported from community development block grants rose slightly from \$703,180 to \$736,597. In fiscal year 1999-2000, the City received a total of \$653,703 from an economic development grant to construct a manufacturing facility at the airport for Skybolt Aeromotive Corporation. The City only received \$40,933 from this grant source in fiscal year 2000-2001. This decrease was almost equally offset by the increase from a housing rehabilitation grant secured in July 2000, which provides improvements to substandard housing units, which are owned by eligible low-income individuals and families. Since the amount of grant revenue recognized directly relates to the amount of expenditures incurred, revenues from this source totaled only \$50,000 during fiscal year 1999-2000 and rose by \$642,500 to \$692,500 in fiscal year 2000-2001.

Another significant component of the overall increase in intergovernmental revenues occurred as a result of the receipt by the City during fiscal year 2000-2001 of a grant totaling \$50,000 from the State of Florida, Department of Environmental Protection which provided funding for the costs of constructing the Dr. Martin Luther King, Jr. Memorial Walkway in Venetians

Gardens. There were no corresponding revenues from this source during fiscal year 1999-2000.

Also in the area of intergovernmental revenues, the proceeds received by the City from the Local Government Half-Cent Sales Tax Program experienced a modest increase of \$8,580 or 1.18% from \$728,963 in fiscal year 1999-2000 to \$737,543 in fiscal year 2000-2001.

Finally, housing grant revenues received from the United States Department of Housing and Urban Development remained relatively stable and rose by only \$3,391 or 0.47% from \$716,156 in fiscal year 1999-2000 to \$719,547 in fiscal year 2000-2001. The number of leased units for the voucher program remained constant; funding is based on the number of leased units and the established rate per unit.

Total charges for services revenues increased by \$19,773 or 2.45% from \$807,146 in fiscal year 1999-2000 to \$826,919 in fiscal year 2000-2001. Nearly 88% or \$17,333 is due to increases in the amount of stormwater utility fees collected which totaled \$580,437 in fiscal year 1999-2000, and rose to \$597,770 in fiscal year 2000-2001. The other various revenue sources in this category experienced a variety of fluctuations. Activity fees for recreation increased by \$5,738, while marina fuel sales decreased by \$12,223. Marina fuel is sold on a cost plus markup basis. As a consequence, the decrease in sales was primarily occasioned by a decrease in the cost of fuel.

Of the eleven line item revenues included within the fines and forfeiture category, four experienced significant changes, while the others had changes ranging from a decrease of \$1,730 to an increase of \$2,376. As a result, there was an overall decrease in this category of \$11,072 or 3.76% from \$294,762 in fiscal

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year 1999-2000 to \$283,690 in fiscal year 2000-2001. Traffic fine revenues fell by \$46,891 or 27.42% from \$171,015 in fiscal year 1999-2000 to \$124,124 in fiscal year 2000-2001. Similarly, revenues generated for the automobile radio communications program fell from \$46,075 in fiscal year 1999-2000 to \$39,005 in fiscal year 2000-2001, a reduction of \$7,070 or 15.34%. Conversely, criminal fines revenue experienced a sizeable increase of \$18,302 or 58.63%, from \$31,217 in fiscal year 1999-2000 to \$49,519 in fiscal year 2000-2001. Sales of forfeited property also experienced an increase from \$6,620 in fiscal year 1999-2000 to \$31,607 in fiscal year 2000-2001. 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 \$2,270,374 or 54.20% in miscellaneous revenues may be attributed to four major causes. \$1,029,028 or 45.32% of the increase is related to proceeds from the sale of real property, which generated one time revenues in both the general fund as well as the capital projects fund. The City aggressively worked to sell the remaining parcels of City owned property in the Municipal Industrial Park and to recoup the City's original investment of \$729,429 made in 1988. By July 6, 2001, the remaining six (6) parcels were sold. These transactions generated a total of \$303,219 in fiscal year 2000-2001. Proceeds from the sale of parcels in the Municipal Industrial Park totaled only \$94,501 in fiscal year 1999-2000. Cumulative revenue generated from the sale of Industrial Park property through buildout totaled \$574,418. In addition, during fiscal year 2000-2001, the City received the proceeds, in the amount of \$820,310, from the sale of property located at the corner of Dixie Avenue and Canal Street, which is currently utilized as a Babe Ruth League baseball field. The proceeds from this sale were deposited into the

capital projects fund and will be used to fund recreation related capital projects, including the construction of new baseball and softball fields at the Sleepy Hollow Recreation Complex.

Secondly, reimbursement revenue from the six (6) enterprise funds is recorded in this category. General fund departments provide a wide variety of services to the enterprise funds. The costs of providing these services are recovered from the enterprise funds by way of cost allocation, and are deposited into the general fund as reimbursement revenues. As general fund expenditures of the departments providing services to the enterprise funds increase, the amount of reimbursement revenue generated also increases. Revenues from this source increased by \$855,785 or 28.72% from \$2,980,209 in fiscal year 1999-2000 to \$3,835,994 in fiscal year 2000-2001.

Thirdly, interest earnings increased from \$543,128 in fiscal year 1999-2000 to \$756,080 in fiscal year 2000-2001, an increase of 39.21% or \$212,952. The reasons for the increase in interest revenues are really two fold. First, the amount of surplus funds available for investment increased considerably. Overall, the amount reported as equity in pooled cash and cash equivalents in the governmental funds grew by \$2,167,700 or 21.84% from \$9,926,093 as of September 30, 2000 to \$12,093,793 as of September 30, 2001. These increases were most pronounced in two funds. In the general fund, the equity in pooled cash and cash equivalents grew by \$1,090,494 or 26.02% from \$4,190,411 as of September 30, 2000 to \$5,280,905 as of September 30, 2001. This increase was the result of a conscious effort to restore the general fund to a strong fiscal foundation. In the capital projects fund, the equity in pooled cash and cash equivalents grew by \$1,260,208 or 26.83% from \$4,696,826 as of September 30, 2000

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to \$5,957,034 as of September 30, 2001. Approximately \$4,000,000 of the amount available for investment in the capital projects fund represents the unexpended proceeds of bonded indebtedness issued by the City in September of 1999. Second, the adjustments required (pursuant to the provisions of GASB Statement 31) to mark investment values to market prices resulted in an increase to investment income totaling \$130,888 in fiscal year 2000-2001. In fiscal year 1999-2000, the City recorded a market value increase to investment income of only \$6,612.

Finally, rent and royalty revenue rose by \$91,217 or 22.33% from \$408,488 in fiscal year 1999-2000 to \$499,705 in fiscal year 2000-2001. Nearly 70% of this increase can be directly attributed to increases in rental income generated by the Leesburg Regional Airport, which rose by \$62,538.

Total expenditures, as included in the governmental funds, rose by \$3,779,139 or 19.61% from \$19,267,781 in fiscal year 1999-2000 to \$23,046,920 in fiscal year 2000-2001.

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.

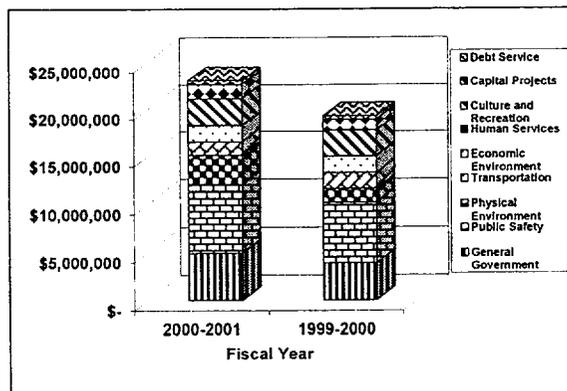
Utilizing the functional categories listed above, the amount of expenditures incurred in the governmental funds during fiscal year

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2000-2001, as compared to fiscal year 1999-2000, was as follows:

Description	Fiscal Year 2000-2001	Fiscal Year 1999-2000	Increase (Decrease)	Percent Change
General Government	\$ 4,920,929	\$ 3,852,844	\$ 1,068,085	27.72 %
Public Safety	7,076,688	6,336,134	740,554	11.69 %
Physical Environment	3,122,998	1,358,276	1,764,722	129.92 %
Transportation	1,369,496	1,710,323	(340,827)	(19.93)%
Economic Environment	1,740,293	1,718,148	22,145	1.29 %
Human Services	46,153	41,085	5,068	12.34 %
Culture and Recreation	2,810,475	2,685,487	124,988	4.65 %
Capital Projects	1,520,633	1,179,181	341,452	28.96 %
Debt Service	439,255	386,303	52,952	13.71 %
<b>Totals</b>	<b>\$ 23,046,920</b>	<b>\$ 19,267,781</b>	<b>\$ 3,779,139</b>	<b>19.61 %</b>

As shown in the above table, significant increases in expenditures for general government and physical environment account for 75% of the overall increase in expenditures of \$3,779,139. The following is a graphic representation of the changes in expenditures by category from fiscal year 1999-2000 to fiscal year 2000-2001:



The General Government function experienced the second largest dollar increase of any category. Total expenditures increased by 27.72% or \$1,068,085 from \$3,852,844 in fiscal year 1999-2000 to \$4,920,929 in fiscal year 2000-2001. 56.75% or \$606,163 of this increase is attributable to increases in expenditures by the Management Information Systems (MIS) Department. Several reasons can be identified. For the majority of fiscal year

1999-2000, a staffing shortage existed within the MIS Department (including the department director position). As a result, not only were personal services expenditures lower than anticipated, but because the remaining staff was not able to complete all of the work program contemplated for the full staff, other expense categories were underexpended as well. The MIS Department Director position was filled in December 2000, subsequently other positions were filled, as a result fiscal year 2000-2001 expenditures rose to the level experienced in prior years with normal growth. In addition, since October 1, 2000, this department has been solely responsible for the purchase and maintenance of computer software and hardware for all City departments. In return, the departments lease 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. Equipment purchases charged to the MIS Department in the general fund totaled \$411,283 in fiscal year 2000-2001, which represents an increase of \$320,607 or 353.57% over the \$90,676 expended during fiscal year 1999-2000. Two purchases were responsible for almost 98% of the total computer purchases. First, the September 2001 purchase of 100 new personal

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computers at a total cost of \$77,200. This purchase was originally planned for fiscal year 2001-2002, but because of available cost savings of \$40,000, funds were appropriated in fiscal year 2000-2001 to accommodate the purchase. Second, the City's IBM AS/400 computer was upgraded during fiscal year 2000-2001 at a total cost of \$224,305.

Personal services expenditures (i.e. salaries and benefits) account for over 60% of the total expenditures in the general government category. Personal services expenditures in the general government category increased by \$382,024 or 14.42% from \$2,650,092 in fiscal year 1999-2000, to \$3,032,116 in fiscal year 2000-2001. These increases may generally be classified into one of four causes, (1) the creation and filling of new positions during the year, (2) the filling of positions which were vacant in the preceding year, (3) merit or other regularly scheduled salary increases, and (4) increases in the costs of employer provided health care coverage. Finally, expenditures for claims and judgments rose from \$30,000 in fiscal year 1999-2000 to \$120,359 in fiscal year 2000-2001. \$60,000 was expended during fiscal year 2000-2001 in connection with the settlement of the litigation with the Tri-City Branch of the NAACP of Lake County, which occurred during fiscal year 1998-99. Two other employee related settlements occurred during fiscal year 2000-2001 which resulted in total settlement payments of \$60,359.

Public Safety expenditures increased by \$740,554 or 11.69%. Personal services expenditures represent over 87% of all Public Safety expenditures. Total personal services expenditures rose by \$589,563 or 10.58% from \$5,571,433 in fiscal year 1999-2000 to \$6,160,996 in fiscal year 2000-2001. The reasons for the increase are the same as discussed above in the general government category.

Physical Environment experienced the largest dollar increase of any of the major expenditure categories. Expenditures rose by \$1,764,722 or 129.92% from \$1,358,276 in fiscal year 1999-2000 to \$3,122,998 in fiscal year 2000-2001. This increase is totally attributable to increases in the stormwater fund, where total expenditures rose by \$1,769,885 or 227.70% from \$777,286 in fiscal year 1999-2000 to \$2,547,171 in fiscal year 2000-2001. 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 1<sup>st</sup> of 10 major basins identified within the City). Expenditures incurred during fiscal year 2000-2001 in connection with this project consisted mainly of construction expenditures, which totaled \$2,006,137. Of the other two activities reported in this category, one (Engineering) experienced a decrease in total expenditures of \$45,081 during fiscal year 2000-2001 as compared to fiscal year 1999-2000, while the other (Public Works Administration) experienced an increase in total expenditures of \$39,918 during fiscal year 2000-2001 as compared to fiscal year 1999-2000.

Transportation expenditures fell by \$340,827 or 19.93%, from \$1,710,323 in fiscal year 1999-2000 to \$1,369,496 in fiscal year 2000-2001. Expenditures made in connection with the Downtown Streetscape project, which was completed in January 2000 more than account for the overall decrease in this category. Costs associated with this project fell from \$806,814 in fiscal year 1999-2000 to zero in fiscal year 2000-2001. The other two activities accounted for in this category experienced significant increases during the year.

Expenditures for road and street facilities rose by \$358,620 or 47.12% from \$761,124 in fiscal year 1999-2000 to \$1,119,744 in fiscal year 2000-2001. Nearly 85% of this increase resulted from the fact that there

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were virtually no expenditures incurred for contracted road construction and/or reconstruction during fiscal year 1999-2000. Expenditures for this purpose totaled \$8,572 during fiscal year 1999-2000 and rose by \$303,385 to \$311,957 in fiscal year 2000-2001. The majority of the contracted road construction resulted from a resurfacing contract with Middlesex Corporation, totaling \$294,040, which was approved by the City Commission on August 28, 2000. All work on this project was completed and payment made during fiscal year 2000-2001.

In addition, expenditures associated with the Leesburg Regional Airport rose by \$107,367 or 75.41% from \$142,385 in fiscal year 1999-2000 to \$249,752 in fiscal year 2000-2001. 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 \$44,000 were made for road construction to the Lowe's store located on airport property. Operating expenses increased by \$58,647 primarily for two (2) reasons. First, as a result of the completion of the Skybolt manufacturing facility, and in accordance with the community development block grant received from the Florida Department of Community Affairs (DCA), 71% of the lease revenues generated by this facility must be returned to DCA for the economic life of the building or 30 years whichever is longer. Expenditures for this purpose totaled \$22,720 during fiscal year 2000-2001. No expenditures were required for this purpose during fiscal year 1999-2000. Second, three (3) line items that reflected a substantial increase were taxes, repairs and maintenance to buildings, and improvements other than buildings. Since over the past several years the City purchased a number of parcels that are leased, the City is required to pay property taxes on the leased premises inasmuch as they are not being used for a governmental

purpose. Property taxes paid on leased buildings totaled \$8,419 during fiscal year 2000-2001. In any event, as the number of buildings and facilities the City owns at the airport increases, so do the related costs.

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 \$22,145 or 1.29% in Economic Environment expenditures, which rose from \$1,718,148 in fiscal year 1999-2000 to \$1,740,293 in fiscal year 2000-2001. CDBG Program expenditures totaled \$703,703 in fiscal year 1999-2000 and increased by \$169,730 or 24.12% to \$873,433 in fiscal year 2000-2001. Total expenditures for CDBG housing rehabilitation grant programs rose by \$782,500 from \$50,000 in fiscal year 1999-2000, when work was initiated on the grant, to \$832,500 in fiscal year 2000-2001, when work on the grant neared completion. Conversely, during fiscal year 2000-2001, work was completed on the construction of a manufacturing facility at the Leesburg Regional Airport for Skybolt Aeromotive Corporation. Funding for this project, in the amount of \$750,000, was provided from a Small Cities Community Development Block Grant Program (Economic Development Grant). Expenditures for this CDBG grant program fell by \$612,770 or 93.74% from \$653,703 in fiscal year 1999-2000 (when most of the work associated with the grant was completed) to \$40,933 in fiscal year 2000-2001 (when the project was finished).

Expenditures in the Greater Leesburg Community Redevelopment Agency Fund fell by \$167,245 or 87.34% from \$191,488 in fiscal year 1999-2000 to \$24,243 in fiscal year 2000-2001. During fiscal year 1999-2000, the Greater Leesburg Community Redevelopment Agency assisted the CDC with the purchase of real property at a cost of \$150,000 for the purpose of housing redevelopment of the Webster

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property. Plans include demolishing 51 substandard houses, replatting the property and constructing 10 new homes. There were no expenditures from this fund during fiscal year 2000-2001 other than the repayment of the mortgage obligation incurred for the purchase of the Christley Property (\$24,047), the annual special district fee (\$175), and advertising costs (\$21).

Expenditures associated with the economic development division rose by \$16,457 or 16.84% from \$97,698 in fiscal year 1999-2000 to \$114,155 in fiscal year 2000-2001. Personal Service expenditures fell by \$19,379 or 39.59% from \$48,954 in fiscal year 1999-2000 to \$29,575 in fiscal year 2000-2001 as a result of the vacancy in the Economic Development Manager position from December 2000 until June 2001. This decrease was partially offset by an increase in grant expenditures occasioned by the reclassification of expenditures associated with the Leesburg Area Chamber of Commerce (\$8,000) and the Leesburg Partnership, Inc. (\$32,824), from the executive department (which is classified in the general government category) to the economic development division (which is classified in the economic environment category).

Expenditures in the federally assisted housing voucher program rose slightly from \$725,259 in 1999-2000 to \$728,462 in 2000-2001, an increase of \$3,203 or 0.44%.

Human Services expenditures increased by \$5,068 or 12.34% from \$41,085 in fiscal year 1999-2000 to \$46,153 in fiscal year 2000-2001. Both activities reported in this category increased. Expenditures in the animal control division rose by \$2,517 or 9.80% from \$25,673 in fiscal year 1999-2000 to \$28,190 in fiscal year 2000-2001. Expenditures associated with the Citizens Utility Relief Effort (C.U.R.E.) Program experienced an increase of \$2,551 or

16.56% from \$15,412 in fiscal year 1999-2000 to \$17,963 in fiscal year 2000-2001. 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 \$2,810,475 in fiscal year 2000-2001, which represents an increase of \$124,988 or 4.65% over the \$2,685,487 reported in fiscal year 1999-2000. There are only two departments included in this category; the library and recreation departments. Total expenditures for the Leesburg Public Library rose by \$37,416 or 4.40% from \$850,920 in fiscal year 1999-2000 to \$888,336 in fiscal year 2000-2001. This increase is primarily attributable to ordinary increases in personal service costs as discussed elsewhere in this correspondence. Overall, the Recreation Department experienced a net increase of \$87,572 or 4.77% from \$1,834,567 in fiscal year 1999-2000 to \$1,922,139 in fiscal year 2000-2001. Five of the eight divisions included within the Recreation Department experienced increases in total expenditures during fiscal year 2000-2001 compared to fiscal year 1999-2000. Three 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. In two of the three divisions experiencing decreases in the amount expended (The Mote-Morris House and Venetian Cove Marina), the decreases were almost assuredly caused by repair costs incurred in fiscal year 1999-2000 which were not repeated during fiscal year 2000-2001. Fiscal year 1999-2000 repair costs at the Mote-Morris House totaled \$9,993, and at Venetian Cove Marina (for repair of the seawall) repair costs totaled \$32,200. Finally, as noted previously, reduction in the price of fuel purchased for resale at the Venetian Cove Marina resulted in an expenditure decrease by \$14,189.

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Net capital project expenditures increased by \$341,452 or 28.96% from \$1,179,181 in fiscal year 1999-2000 to \$1,520,633 in fiscal year 2000-2001. Fiscal year 2000-2001 capital projects expenditures for culture/recreation improvements increased by a total of \$315,399, which represents over 92% of the overall increase in this category. Significant capital project expenditures during fiscal year 2000-2001 included land acquisition and construction of improvements at the Leesburg Regional Airport (\$437,285), purchase of vehicles and safety equipment for the fire department (\$81,601), purchase of new vehicles for the police department (\$166,493), acquisition of land for the new Leesburg Police Department Building (\$133,189), purchase of a new carpeting for the Leesburg Public Library (\$122,140), and recreation improvements including construction of the Dr. Martin Luther King Memorial Walkway in Venetian Gardens (\$57,529), construction of the Rogers Park restrooms (\$52,322), reconstruction of one of the Venetian Gardens Bridges (\$46,091), construction of phase II of sidewalk improvements in Venetian Gardens, funded partially from a County grant (\$20,520) as well as refurbishments of the Venetian Gardens (\$36,658) and Dabney (\$28,492) swimming pools. Each of these items contributed to the overall net increase in capital project expenditures. In addition, the design of the Sleepy Hollow Recreation Complex began and costs totaled \$34,283 for fiscal year 2000-2001. Capital Outlay expenditures related to the Leesburg Regional Airport consisted of land acquisition (\$4,102), construction of a building for Skybolt Aeromotive, Inc. (\$156,246), rehabilitation of taxiways and runway thresholds (\$176,937), and completion of an environmental study of runway 13/31 (\$100,000). The cost of these improvements, which are being funded with assistance from the federal and state governments, totaled \$376,097 during fiscal year 1999-2000, which compared to the \$437,285 expended for airport improvements

in fiscal year 2000-2001, represents an increase of \$61,188 or 16.27%.

Concerning the construction of a manufacturing facility for Skybolt Aeromotive Corporation, funding for a portion of this project, in the amount of \$750,000, was provided from a Small Cities Community Development Block Grant Program (Economic Development Grant). While the total project cost \$1,074,646, the expenditures recorded in the capital projects fund increased from \$53,031 in fiscal year 1999-2000 to \$156,246 in fiscal year 2000-2001, an increase of \$103,214.

Debt Service expenditures vary depending on the amount of the periodic installments of principal and interest due on long-term obligations during a particular fiscal year. Total debt service expenditures increased by \$52,952 or 13.71% from \$386,303 in fiscal year 1999-2000, to \$439,255 in fiscal year 2000-2001.

The debt service expenditures are associated with the issuance of the \$7,345,000 City of Leesburg, Florida Refunding and Capital Improvement Bonds, Series 1999, on September 17, 1999. A portion of the net proceeds of this issue (\$3,418,038) were used to defease the outstanding balance of the Refunding and Capital Improvement Bonds, Series 1987. The remaining bond proceeds, \$3,577,999, were deposited into the project account for the purpose of funding the construction of a new Police Department building. This advance refunding reduced the net interest cost to the City on the refunded bonds and extended the final maturity on the refunding bonds to the year 2029, which provided funds for the project without increasing (and in fact decreasing slightly) the annual debt service requirements. While total interest payments associated with the Refunding and Capital Improvement Bonds, Series 1999, remained relatively stable (\$386,603 in fiscal year 1999-2000 and \$384,255 in fiscal

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year 2000-2001), total debt service expenditures increased because principal repayment rose from zero in fiscal year 1999-2000 to \$55,000 in fiscal year 2000-2001.

### Debt Administration

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2001:

Description	Balance October 1, 2000	Additions	Retirements	Balance September 30, 2001
Refunding and Capital Improvement Revenue Bonds, Series 1999	\$ 7,345,000	\$ -	\$ 55,000	\$ 7,290,000
Utilities System Refunding Revenue Bonds, Series 1999A <sup>(1)</sup>	15,335,000	-	385,000	14,950,000
Utilities System Revenue Bonds, Series 1999B <sup>(1)</sup>	12,045,000	-	100,000	11,945,000
<b>Total Long-Term Bonded Debt<sup>(1)</sup></b>	<b>\$ 34,725,000</b>	<b>\$ -</b>	<b>\$ 540,000</b>	<b>\$ 34,185,000</b>
<b>Plus:</b>				
Compensated Absences <sup>(2)</sup>	1,330,564	-	65,043	1,265,521
Suit Settlement Payable <sup>(3)</sup>	210,000	300,000	60,000	450,000
Notes Payable <sup>(4)</sup>	234,182	-	12,040	222,142
<b>Total Long-Term Debt<sup>(1)</sup></b>	<b>\$ 36,499,746</b>	<b>\$ 300,000</b>	<b>\$ 677,083</b>	<b>\$ 36,122,663</b>

<sup>(1)</sup>Includes the Long-Term portion of the Utilities System Refunding Revenue Bonds, Series 1999A, the Utilities System Revenue Bonds, Series 1999B, which are payable from the enterprise funds.

<sup>(2)</sup>Includes only compensated absence liabilities payable from the governmental funds (i.e. the general fund and the special revenue funds).

<sup>(3)</sup>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, which began in fiscal year 1997-98. In addition, the City is also required to pay an additional \$30,000 per year for a period of 10 years, which began in fiscal year 2000-01. The balance due for both settlements, recorded as a long term liability, totals \$450,000.

<sup>(4)</sup>Represents the principal portion of the purchase of the Christley property by the Greater Leesburg Community Redevelopment Agency (CRA) Fund, which is subject to a 15 year mortgage that extends until May 2014.

The \$7,345,000 Refunding and Capital Improvement Revenue Bonds, Series 1999, 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

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require longer than one fiscal year to complete. As reported above, expenditures from the capital projects fund totaled \$1,520,633 during fiscal year 2000-2001. 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 2000-2001 capital projects fund revenues totaled \$2,667,538.

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 Officers' 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 declined during fiscal year 2000-2001, primarily as a result of the tragedy of the events of September 11<sup>th</sup>. Even though the net decrease to the funds totaled \$2,849,083, the net assets held in trust for pension benefits totaled \$38,192,070 as of September 30, 2001.

### 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, 2001, the general fixed assets of the City amounted to \$39,994,063. 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, solid waste services, communication services, water and wastewater treatment. The results of operations of the enterprise funds for the fiscal year ending September 30, 2001 may be summarized as follows:

	Electric Utility	Gas Utility	Water Utility	Sanitary Sewer and Wastewater Utility	Solid Waste Utility	Communi- cation Services Utility	Total
Operating Revenues	\$ 37,433,697	\$ 7,743,931	\$ 3,883,093	\$ 3,819,925	\$ 2,570,143	\$ 245,789	\$ 55,696,578
Operating Expenses	(33,077,605)	(6,672,806)	(2,560,621)	(4,226,226)	(2,463,174)	(110,017)	(49,110,449)
Operating Income	\$ 4,356,092	\$ 1,071,125	\$ 1,322,472	\$ (406,301)	\$ 106,969	\$ 135,772	\$ 6,586,129
Nonoperating Revenue(Expenses)	1,642,497	274,835	668,846	(137,450)	108,862	(26,108)	2,531,482
Income before Operating Transfer	\$ 5,998,589	\$ 1,345,960	\$ 1,991,318	\$ (543,751)	\$ 215,831	\$ 109,664	\$ 9,117,611
Operating Transfer	(4,169,795)	(636,554)	(494,287)	(332,638)	(214,022)	359,407	(5,487,889)
Net Income	\$ 1,828,794	\$ 709,406	\$ 1,497,031	\$ (876,389)	\$ 1,809	\$ 469,071	\$ 3,629,722

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As shown in the above schedule, five of the six enterprise funds had positive net income during fiscal year 2000-2001. The Wastewater Utility Fund experienced a net loss of \$876,389. The Wastewater Fund suffered a loss as a result of several factors: rising costs related to additional interest expense associated with the \$12,145,000 Utilities System Revenue Bonds, Series 1999B, additional expenditures associated with the operation of a second treatment plant, and increased depreciation expense recorded in conjunction with placing the new plant in service. Nevertheless, in the aggregate, net income (after subtracting operating transfers to the general fund) in the six enterprise funds totaled \$3,629,722 .

### **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, 2001, the City served 18,730 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, 2001.

The City's distribution system includes five substations, 365 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.

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, 2001, 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

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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, 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 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

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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, 2002 through 2006 includes various capital expenditures aggregating approximately \$25,645,912 (including \$5,000,000 for converting electric utilities to underground), 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.

### **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 8,717 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 83 square miles, both inside and outside the City limits, and is composed of 211 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

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Municipal Gas Authority of Florida was cancelled on September 30, 2000. The City subsequently entered into 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 20.29% of the gross revenues of the gas system for the fiscal year ending September 30, 2001.

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. The energy conservation rate is currently set at 1½¢ per therm.

The Capital Improvement Plan for the gas system for the fiscal years ending September 30, 2002 through 2006 includes various capital expenditures aggregating approximately \$8,371,060 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 12,768 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

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gallons. In addition to the tanks listed above, there are two (2) 10,000 gallon hydro-pneumatic 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 7.46 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 hired a consultant to conduct a rate study to determine if the rates charged for the use of the water system are reasonably comparable to the rates of other similar utilities, and develop a new competitive rate structure, if necessary.

The Capital Improvement Plan for the water system for the fiscal years ending September 30, 2002 through 2006 include various capital expenditures aggregating approximately \$13,180,792 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 100 pumping and lift stations, 173 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, 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. The City of Leesburg hired a consultant to conduct a rate study to determine if the rates charged for the use of the water system are reasonably comparable to the rates of other similar utilities, and develop a new competitive rate structure, if necessary.

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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. 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. 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. Design and survey of the reuse system began in fiscal year 1998-99 and was estimated to cost approximately \$3,000,000. As of September 30, 2001, \$497,709 has been expended towards completion.

In March 2001, the City began a pilot wastewater reuse program in the Legacy Development to provide services utilizing a water well previously used to provide potable water to the area. As of September 30, 2001, there

were a total of 5 customers on this system.

The Capital Improvement Plan for the wastewater system for the fiscal years ending September 30, 2002 through 2006 include various capital expenditures aggregating approximately \$12,520,996, of which the majority are projected to be paid from revenues of the wastewater system. In addition, Canal Street Plant improvements have been identified that could cost between \$4 and \$5 million and will require the issuance of indebtedness with respect to the wastewater system in order to finance such capital improvements. As of September 30, 2001, remaining proceeds from the \$12,145,000 Utilities System Revenue Bonds, Series 1999B, totals \$862,556, which will be used to complete certain capital projects.

### **Solid Waste System**

The Solid Waste Services Fund was created to account for the collection, transport and disposal of solid waste for residential and commercial customers in the City. The solid waste services system serves the incorporated area of the City which totals slightly over 23 square miles and serves 6,643 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. Curbside recycling is a major component of the system. The City is preparing to launch a new program to lease roll off containers in various sizes between 10- and 40-yard for construction debris and dumpsters up to 8 cubic yards for commercial garbage collection. The price structure will be established by an ordinance adopted by the City Commission at a competitive rate.

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### **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. This utility has a variety of customers: cellular telephone tower rental, internet services, 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 telephone tower rental customers. The water tower at the Lake Square Mall serves four (4) customers for cellular telephone tower rental space. Internet services were first offered in November 1998 and currently serve 322 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 four (4) outside commercial customers. The City has installed 44.1 miles of fiber-optic cable, including 7.5 miles to the new turnpike wastewater treatment plant and will seek additional customers. The City recently authorized the retention of a telecommunications consultant to assist the City in the establishment of market competitive rates.

The City has embarked on an aggressive campaign to install fiber-optic cable, which includes a major installation project from 2<sup>nd</sup> Street 12 miles north of Leesburg to the Villages Retirement Community.

The City has created three internal service funds to account for fleet maintenance services, employee health

benefits coverage, and workers' compensation coverage.

In the Fleet Maintenance Service Fund, operating revenues for the year ending September 30, 2001 totaled \$445,837. Operating expenses totaled \$444,215 plus a non-operating income of \$5,168, which included investment income, resulted in a net gain for the year of \$6,790.

In the General Employees' Health Insurance Fund, user charges and miscellaneous revenues received during fiscal year 2000-2001 totaled \$2,535,544 and benefits, claims, premiums and expenses paid during fiscal year 2000-2001 totaled \$2,988,421. Adding the \$282,496 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 \$170,381. After subtracting the net loss from the Retained Earnings Balance as of October 1, 2000 of negative \$132,448, Retained Earnings had a negative balance of \$302,829 as of September 30, 2001. Because of continuing financial difficulties within the General Employees' Health Insurance Fund, on October 1, 2001, the City increased rates in order to build a substantial reserve over a two year period. The City Commission terminated the contract with Well America Group, effective May 31, 2000 and continues litigation to recover \$744,109 of claims expense incurred by City participants that should have been paid by Well America as the third party insurance company. 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 remain in effect, subject to the limits detailed in the following section.

Finally, in the Workers' Compensation Insurance Fund, user charges received

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during fiscal year 2000-2001 totaled \$218,463. Benefits, claims, premiums and expenses paid during fiscal year 2000-2001 totaled \$627,991. Non-operating income, including investment income earned during the year totaled \$228,220, resulting in a net loss of \$181,308, which, when added to the Retained Earnings Balance as of October 1, 2000 of \$1,471,302, results in Retained Earnings as of September 30, 2001 of \$1,289,994.

**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 2000-2001 were as follows:

Description	Days to Maturity		Interest Rate	
	Low	High	Low	High
Federal Agencies and Discount Notes:				
Federal National Mortgage Association	730	1,096	5.20	5.46
Federal Home Loan Bank	913	1,096	5.26	5.51
Federal Home Loan Mortgage Corporation	730	1,643	4.75	5.40

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 \$756,080 during the year, which represents an increase of \$212,952 or 39.21% from the \$543,128 recorded in fiscal year 1999-2000. As noted previously, the reasons for the increase in interest revenues include: (1) an increase in the amount of surplus funds available for investment (particularly in the general fund and the capital projects fund as discussed elsewhere in this document), and (2) 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 \$130,888 during the year.

**Major Initiatives**

During the past several years, it became increasingly apparent that the financial health

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of the City's general fund was experiencing considerable stress. This stress was caused, at least in part, by an increasing dependency on operating transfers from the enterprise funds to finance general government operations including 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, which became effective for the fiscal year beginning on October 1, 2000.

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. An annual review of compliance with the provisions of this policy is required to be completed as a part of the annual budget adoption process. Any deficit in the required amount must be restored no later than the end of the second fiscal year following its occurrence. During the first annual review to determine compliance with this policy, all funds were determined to be in compliance, with the exception of the communication services fund. In the communication services fund, there have been extensive capital investments made thus far, even though there is not yet a significant revenue stream to provide cash resources. As a consequence, it has been necessary to transfer funds from the electric utility to finance certain of these capital improvements.

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. During fiscal year 2000-2001, operating transfers from the enterprise funds to the general fund totaled 8% of estimated revenues.

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. A total of \$39,490 was transferred from the enterprise funds to the capital projects fund during fiscal year 2000-2001 for the purpose of funding projects including rails to trails and improvements at the Leesburg Regional Airport.

During fiscal year 1997-98, the City began an active annexation program. The City annexed a total of 3,720.96 acres during fiscal year 2000-2001. Over the past ten years, the City has expanded in size, from 18.60 square miles (11,902.17 acres) in 1992, to 29.52 square miles (18,891.25 acres) as of September 30, 2001. This represents an increase of nearly 60% in the size of the City over this ten year period. 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.

Also during fiscal year 2000-2001, the City entered into a contract with Lake-Sumter Emergency Medical Services, Inc. allowing the Leesburg Fire Department to upgrade to providing Advanced Life Support (ALS) services to the residents of Leesburg and the surrounding area. The fire department has

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provided Basic Life Support (BLS) services for a number of years. ALS services differ from BLS services in that ALS allows personnel to administer drugs, interpret basic cardiac EKG's and administer advanced life sustaining treatment. In return for the provision of ALS services by the Leesburg Fire Department, Lake-Sumter Emergency Medical Services, Inc. will compensate the City in an amount equal to a 0.10 mill property tax levy on all City property. Current estimated annual revenues total \$63,312.

A significant event which occurred during fiscal year 2000-2001 was the recruitment of a new city manager. After an extensive nationwide search, Ron Stock, formerly the County Administrator of Wabasha County, Minnesota, was selected, and began employment with the City of Leesburg on Monday, April 2, 2001.

During fiscal year 2000-2001, work was also begun on a comprehensive salary study. The City Commission engaged the firm MGT of America, Inc. to assist with the development and implementation of the salary survey. The intended outcome of the process was to ensure that salaries paid to employees of the City of Leesburg are competitive with the marketplace, and to ensure that internal equities are maintained. To assist in the process, a salary survey committee, comprised of representatives of each of the various city departments, was convened on November 30, 2000. Although the results of the salary survey were not completed until after the end of fiscal year 2000-2001, significant progress was made.

The fiscal year 2001-2002 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 March 11, 2002, GFOA awarded the City of Leesburg its fourth Distinguished Budget Presentation Award for the fiscal year 2001-2002 budget.

### **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 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.

Deregulation of the electric utility industry has the potential for significant detrimental impact upon the City of Leesburg. Presently,

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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.

Over the past eighteen months, volatility in the cost of fuel used to produce energy have required pricing reactions on the part of the City with respect to electricity and natural gas. Specifically between January 2000 and January 2001, the cost to purchase natural gas increased by approximately 300 percent. This resulted in an increase in the cost of natural gas to our customers of

approximately 100 percent. However, increasingly, natural gas is used as a fuel source for the production of electricity. The increase in natural gas prices also had a significant impact to the city's electric utility. The cost of energy purchased from the Florida Municipal Power Agency's All Requirements Project rose from \$30.50 to \$38.50 per 1,000 kWh effective February 1, 2001, an increase of \$8.00 or 26.23%. Unfortunately, the City had no option but to pass this increase in cost on to the electric customers. In recognition of reductions in the cost of fuel sources, FMPA recently reduced the cost of All Requirements Project energy from \$38.50 per megawatt hour to \$36.50 per megawatt hour effective February 1, 2002, and announced plans to further reduce the cost to \$34.50 per 1,000 kWh beginning June 1, 2002. The City responded by reducing the cost to electric consumers by \$4.00 per 1,000 kWh, effective February 1, 2002.

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

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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 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, 2001 balance sheet was \$39,994,063. 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, 2001, the undepreciated value of these fixed assets totals \$19,997,032. Similarly, the total amount reported in the general long term debt account group as of September 30, 2001 was \$9,227,663. If we subtract the long term debt from the estimated undepreciated value of fixed assets, under the government wide financial statement approach, the result is an increase to net asset value of \$10,769,369. Fund Balance as reported on the September 30, 2001 balance sheet for the governmental funds totaled \$12,811,106. Although the \$10,769,369 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). Although the events of September 11, 2001 resulted in a significant negative economic stimulus on the area, recently

there have been signs that recovery is near. There continues to be significant growth in new commercial construction.

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

March 26, 2002

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 2001-2001, the City committed \$50,000 for economic 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, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for

preparation of state and local government financial reports.

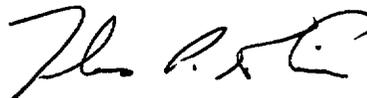
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both generally accepted accounting 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 eleven consecutive years (fiscal years ended 1990-2000). 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,

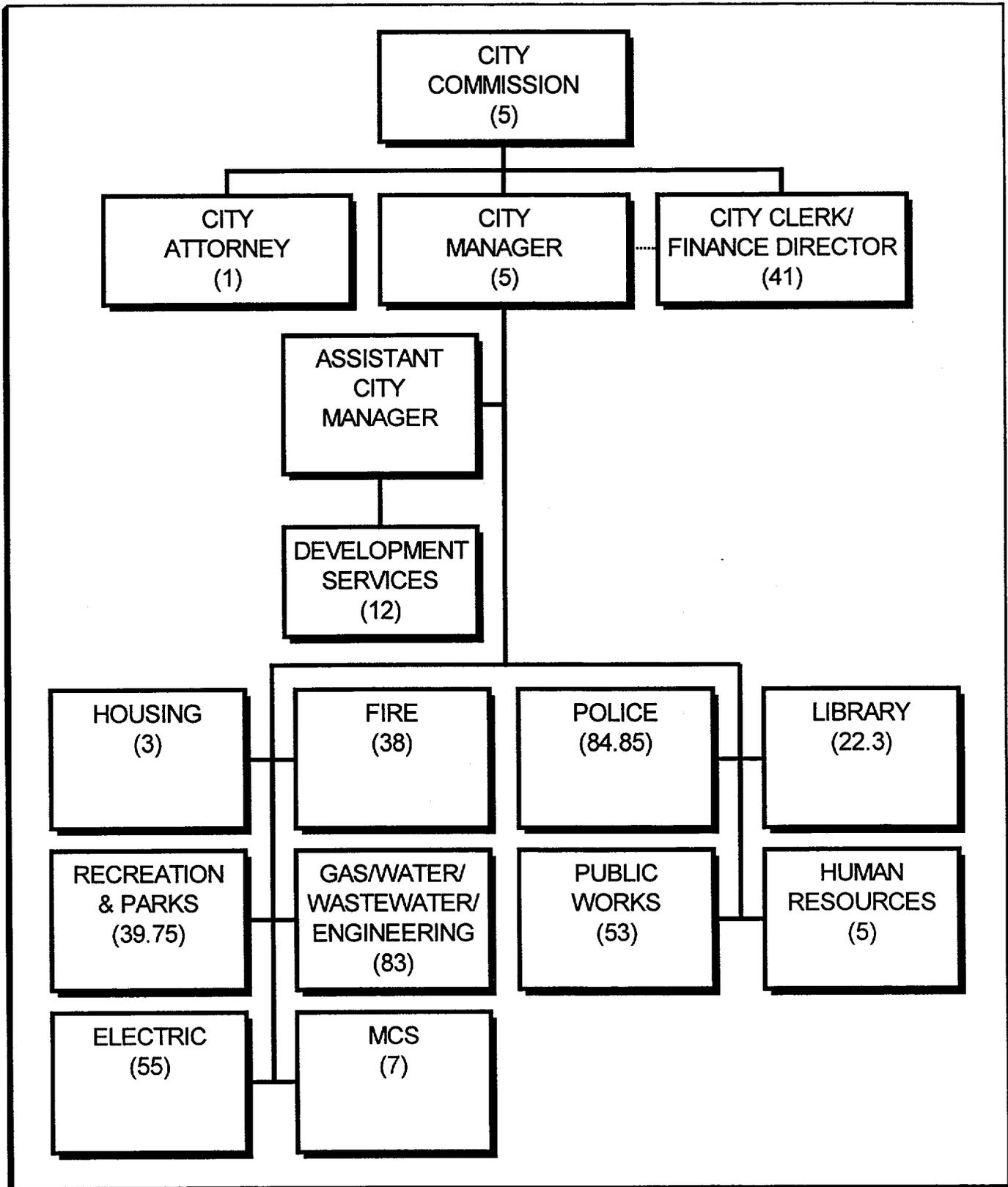


Thomas P. Klinker, CPA, CGFO, CPFO  
City Clerk/Finance Director



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# City of Leesburg, Florida Organizational Chart



• NUMBERS REFLECT FULL TIME EQUIVALENT EMPLOYEES IN RESPECTIVE DEPARTMENTS



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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, 2000

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.



*Thomas A. Greve*  
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

**FINANCIAL SECTION**

**Independent Auditors' Report  
General-Purpose Financial Statements  
Required Supplementary Information  
Combining, Individual Fund and Account Group Statements and Schedules**



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**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, 2001, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 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, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2001, 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  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
1727 2<sup>nd</sup> Street • Sarasota, Florida 34236 • (941) 365-3774 • FAX (941) 365-0238

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 14, 2001  
Ocala, Florida

*Dunn, 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, 2001**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Assets and Other Debits</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 5,280,905	\$ 543,951	\$ 311,903	
Cash and Investments With Trustees				
Receivables:				
Customer Accounts:				
Unbilled		41,445		
Billed		49,065		
Allowance For Doubtful Accounts		(10,458)		
Accrued Interest				
Other	161,935			
Prepaid Items	13,655			
Due From Other Funds	320,528			
Due From Other Governments	344,549	864,249		\$ 330,708
Inventory	2,730			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents				5,957,034
Investments				
Notes Receivable - Employees	155,254			
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				
<b>Total Assets and Other Debits</b>	<u>\$ 6,279,556</u>	<u>\$ 1,488,252</u>	<u>\$ 311,903</u>	<u>\$ 6,287,742</u>

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>2001</u>	<u>2000</u>
\$ 44,636,570	\$ 1,770,921	\$ 38,059,588			\$ 52,544,250	\$ 50,103,035
					38,059,588	40,917,492
2,437,315					2,478,760	1,481,197
4,105,737					4,154,802	3,795,532
(544,453)					(554,911)	(599,980)
		132,482			132,482	123,661
	281,656				443,591	350,942
					13,655	2,572
468,239					788,767	635,908
949					1,540,455	1,521,749
1,543,161	57,507				1,603,398	1,837,599
10,297,223					16,254,257	19,419,342
2,140,798					2,140,798	1,956,157
					155,254	185,120
121,715,900	247,781				121,963,681	106,266,931
			\$ 39,994,063		39,994,063	36,193,711
(48,584,414)	(150,827)				(48,735,241)	(45,770,506)
4,599,953	25,461				4,625,414	16,081,113
489,026					489,026	518,816
				\$ 120,000	120,000	55,000
				9,107,663	9,107,663	9,064,746
<u>\$ 143,306,004</u>	<u>\$ 2,232,499</u>	<u>\$ 38,192,070</u>	<u>\$ 39,994,063</u>	<u>\$ 9,227,663</u>	<u>\$247,319,752</u>	<u>\$244,140,137</u>

(Continued)

See accompanying notes.

**CITY OF LEESBURG, FLORIDA**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
SEPTEMBER 30, 2001  
(Concluded)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 121,780	\$ 544,503		\$ 59,463
Accrued Items	264,102			
Customer Advances For Construction				
Due to Other Governments		24,717		
Due to Other Funds		48,712		
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			\$ 191,903	
Revenue Bonds Payable - Net				
Compensated Absences				
Suit Settlement Payable				
Mortgage Payable				
Unearned Revenue	301,167			
Landfill Postclosure Costs Payable				
Decommissioning Costs Payable				
<b>Total Liabilities</b>	687,049	617,932	191,903	59,463
<b>Fund Equity and Other Credits</b>				
Contributed Capital				
Investment in General Fixed Assets				
Retained Earnings:				
Reserved				
Unreserved				
Fund Balances:				
Reserved For Employee Benefits				
Other Reserves	4,280,398	84,553	120,000	6,228,279
Unreserved	1,312,109	785,767		
<b>Total Fund Equity and Other Credits</b>	5,592,507	870,320	120,000	6,228,279
<b>Total Liabilities, Fund Equity and Other Credits</b>	\$ 6,279,556	\$ 1,488,252	\$ 311,903	\$ 6,287,742

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	2001	2000
\$ 3,406,027	\$ 41,443				\$ 4,173,216	\$ 4,260,307
978,609	40,579				1,283,290	1,456,417
11,945					11,945	31,294
468,239	271,816				24,717	40,211
					788,767	635,908
1,975,127					1,975,127	1,939,277
698,282					698,282	706,740
485,000					485,000	470,000
					0	3,549,913
	850,312				850,312	586,099
					0	410,000
					191,903	192,906
26,129,529				\$ 7,290,000	33,419,529	33,889,487
				1,265,521	1,265,521	1,330,564
				450,000	450,000	210,000
				222,142	222,142	234,182
					301,167	253,188
752,341					752,341	802,129
3,599,950					3,599,950	3,287,170
<u>38,505,049</u>	<u>1,204,150</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>9,227,663</u>	<u>50,493,209</u>	<u>54,285,792</u>
24,291,418	15,979				24,307,397	23,611,455
				39,994,063	39,994,063	36,193,711
25,670,615	987,165				26,657,780	10,284,331
54,838,922	25,205				54,864,127	67,952,753
		38,192,070			38,192,070	41,041,153
					10,713,230	5,603,728
					2,097,876	5,167,214
<u>104,800,955</u>	<u>1,028,349</u>	<u>38,192,070</u>	<u>39,994,063</u>	<u>0</u>	<u>196,826,543</u>	<u>189,854,345</u>
<u>\$ 143,306,004</u>	<u>\$ 2,232,499</u>	<u>\$ 38,192,070</u>	<u>\$ 39,994,063</u>	<u>\$ 9,227,663</u>	<u>\$247,319,752</u>	<u>\$ 244,140,137</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, 2001**

	Governmental Fund Types				Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	2001	2000
<b>Revenues</b>						
Taxes	\$ 5,394,644			\$ 1,210,133	\$ 6,604,777	\$ 5,572,966
Licenses and Permits	379,376				379,376	323,608
Intergovernmental	1,086,681	\$ 3,144,804	\$ 496,708	317,062	5,045,255	3,651,192
Charges For Services	228,978	597,941			826,919	807,146
Fines and Forfeitures	283,690				283,690	294,762
Miscellaneous:						
Interest	366,121	62,396	7,547	320,016	756,080	543,128
Other	4,882,771			820,327	5,703,098	3,645,675
<b>Total Revenues</b>	<u>12,622,261</u>	<u>3,805,141</u>	<u>504,255</u>	<u>2,667,538</u>	<u>19,599,195</u>	<u>14,838,477</u>
<b>Expenditures</b>						
Current:						
General Government	4,920,929				4,920,929	3,852,844
Public Safety	7,076,688				7,076,688	6,336,134
Physical Environment	575,827	2,547,171			3,122,998	1,358,276
Transportation	1,369,496				1,369,496	1,710,323
Economic Environment	114,155	1,626,138			1,740,293	1,718,148
Human Services	46,153				46,153	41,085
Culture and Recreation	2,810,475				2,810,475	2,685,487
Capital Projects				1,520,633	1,520,633	1,179,181
Debt Service:						
Principal			55,000		55,000	0
Interest			384,255		384,255	386,303
<b>(Total Expenditures)</b>	<u>(16,913,723)</u>	<u>(4,173,309)</u>	<u>(439,255)</u>	<u>(1,520,633)</u>	<u>(23,046,920)</u>	<u>(19,267,781)</u>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<u>(4,291,462)</u>	<u>(368,168)</u>	<u>65,000</u>	<u>1,146,905</u>	<u>(3,447,725)</u>	<u>(4,429,304)</u>
<b>Other Financing Sources (Uses)</b>						
Operating Transfers In	5,766,109	161,818		39,490	5,967,417	7,025,193
Operating Transfers Out	(309,313)	(170,215)			(479,528)	(186,381)
<b>Total Other Financing Sources (Uses)</b>	<u>5,456,796</u>	<u>(8,397)</u>	<u>0</u>	<u>39,490</u>	<u>5,487,889</u>	<u>6,838,812</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>1,165,334</u>	<u>(376,565)</u>	<u>65,000</u>	<u>1,186,395</u>	<u>2,040,164</u>	<u>2,409,508</u>
<b>Fund Balances, Beginning of Year</b>	<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>
<b>Fund Balances, End of Year</b>	<u>\$ 5,592,507</u>	<u>\$ 870,320</u>	<u>\$ 120,000</u>	<u>\$ 6,228,279</u>	<u>\$ 12,811,106</u>	<u>\$ 10,770,942</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, 2001**

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Taxes	\$ 5,843,368	\$ 5,394,644	\$ (448,724)
Licenses and Permits	362,200	379,376	17,176
Intergovernmental	957,182	1,086,681	129,499
Charges For Services	262,000	228,978	(33,022)
Fines and Forfeitures	302,736	283,690	(19,046)
Miscellaneous:			
Interest	229,325	366,121	136,796
Other	4,383,571	4,882,771	499,200
<b>Total Revenues</b>	<u>12,340,382</u>	<u>12,622,261</u>	<u>281,879</u>
<b>Expenditures</b>			
Current:			
General Government	5,181,641	4,920,929	260,712
Public Safety	7,254,337	7,076,688	177,649
Physical Environment	617,252	575,827	41,425
Transportation	1,463,331	1,369,496	93,835
Economic Environment	133,763	114,155	19,608
Human Services	46,389	46,153	236
Culture/Recreation	3,130,421	2,810,475	319,946
Capital Projects			
Debt Service:			
Principal			
Interest			
Other Uses			
<b>(Total Expenditures)</b>	<u>(17,827,134)</u>	<u>(16,913,723)</u>	<u>913,411</u>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<u>(5,486,752)</u>	<u>(4,291,462)</u>	<u>1,195,290</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	5,796,119	5,766,109	(30,010)
Operating Transfers Out	(309,367)	(309,313)	54
Proceeds From Issuance of Debt			
<b>Total Other Financing Sources (Uses)</b>	<u>5,486,752</u>	<u>5,456,796</u>	<u>(29,956)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	0	1,165,334	1,165,334
<b>Fund Balances, Beginning of Year</b>	0	4,427,173	4,427,173
<b>Fund Balances, End of Year</b>	<u>\$ 0</u>	<u>\$ 5,592,507</u>	<u>\$ 5,592,507</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)
						\$1,310,000	\$1,210,133	\$ (99,867)
\$3,845,924	\$3,144,804	\$ (701,120)	\$ 550,705	\$ 496,708	\$ (53,997)	2,262,733	317,062	(1,945,671)
607,200	597,941	(9,259)						
64,175	62,396	(1,779)	8,600	7,547	(1,053)	25,000	320,016	295,016
						825,000	820,327	(4,673)
<u>4,517,299</u>	<u>3,805,141</u>	<u>(712,158)</u>	<u>559,305</u>	<u>504,255</u>	<u>(55,050)</u>	<u>4,422,733</u>	<u>2,667,538</u>	<u>(1,755,195)</u>
4,018,522	2,547,171	1,471,351						
1,683,072	1,626,138	56,934						
						4,268,441	1,520,633	2,747,808
			175,000	55,000	120,000			
			383,805	383,805				
			500	450	50			
<u>(5,701,594)</u>	<u>(4,173,309)</u>	<u>1,528,285</u>	<u>(559,305)</u>	<u>(439,255)</u>	<u>120,050</u>	<u>(4,268,441)</u>	<u>(1,520,633)</u>	<u>2,747,808</u>
<u>(1,184,295)</u>	<u>(368,168)</u>	<u>816,127</u>	<u>0</u>	<u>65,000</u>	<u>65,000</u>	<u>154,292</u>	<u>1,146,905</u>	<u>992,613</u>
161,872	161,818	(54)				705,087	39,490	(665,597)
(214,910)	(170,215)	44,695				(1,070,250)		1,070,250
527,000		(527,000)				151,000		(151,000)
<u>473,962</u>	<u>(8,397)</u>	<u>(482,359)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(214,163)</u>	<u>39,490</u>	<u>253,653</u>
(710,333)	(376,565)	333,768	0	65,000	65,000	(59,871)	1,186,395	1,246,266
710,333	1,246,885	536,552	0	55,000	55,000	59,871	5,041,884	4,982,013
<u>\$ 0</u>	<u>\$ 870,320</u>	<u>\$ 870,320</u>	<u>\$ 0</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 0</u>	<u>\$6,228,279</u>	<u>\$ 6,228,279</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, 2001**

	<b>Proprietary Fund Types</b>		<b>Totals (Memorandum Only)</b>	
	<b>Enterprise</b>	<b>Internal Service</b>	<b>2001</b>	<b>2000</b>
<b>Operating Revenues</b>				
Charges For Services	\$ 54,944,483	\$ 3,199,844	\$ 58,144,327	\$ 49,362,429
Other Operating	752,095		752,095	720,303
<b>Total Operating Revenues</b>	<u>55,696,578</u>	<u>3,199,844</u>	<u>58,896,422</u>	<u>50,082,732</u>
<b>Operating Expenses</b>				
Power Generation and Transmission	1,171,459		1,171,459	1,542,625
Purchased Energy	29,710,316		29,710,316	22,004,416
Operations and Maintenance	9,965,924	908,229	10,874,153	9,594,042
General and Administrative	3,517,258	208,481	3,725,739	3,211,985
Depreciation and Amortization	4,795,279	16,138	4,811,417	4,251,544
Claims Expense		2,927,779	2,927,779	2,512,533
Change in Postclosure Estimate	(49,787)		(49,787)	(62,399)
<b>(Total Operating Expenses)</b>	<u>(49,110,449)</u>	<u>(4,060,627)</u>	<u>(53,171,076)</u>	<u>(43,054,746)</u>
<b>Operating Income (Loss)</b>	<u>6,586,129</u>	<u>(860,783)</u>	<u>5,725,346</u>	<u>7,027,986</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Income	3,754,972	122,918	3,877,890	3,310,360
Interest Expense	(1,516,818)		(1,516,818)	(1,713,941)
Other Income and Expenses	293,328	392,966	686,294	950,142
<b>Total Nonoperating Revenues</b>	<u>2,531,482</u>	<u>515,884</u>	<u>3,047,366</u>	<u>2,546,561</u>
<b>Income (Loss) Before Operating Transfers</b>	9,117,611	(344,899)	8,772,712	9,574,547
<b>Operating Transfers In</b>	377,996	0	377,996	0
<b>Operating Transfers (Out)</b>	<u>(5,865,885)</u>	<u>0</u>	<u>(5,865,885)</u>	<u>(6,838,812)</u>
<b>Net Income (Loss)</b>	3,629,722	(344,899)	3,284,823	2,735,735
<b>Retained Earnings, Beginning of Year</b>	<u>76,879,815</u>	<u>1,357,269</u>	<u>78,237,084</u>	<u>75,501,349</u>
<b>Retained Earnings, End of Year</b>	<u>\$ 80,509,537</u>	<u>\$ 1,012,370</u>	<u>\$ 81,521,907</u>	<u>\$ 78,237,084</u>

See accompanying notes.

**CITY OF LEESBURG, FLORIDA**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED SEPTEMBER 30, 2001**

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2001	2000
<b>Net Cash Provided By (Used In) Operating Activities</b>	\$ 10,134,637	\$ (288,090)	\$ 9,846,547	\$ 12,439,523
<b>Cash Flows From Noncapital Financing Activities</b>				
Operating Transfers (to) Other Funds	(5,865,885)		(5,865,885)	(6,838,812)
Operating Transfers In	377,996		377,996	0
<b>Net Cash (Used In) Noncapital Financing Activities</b>	(5,487,889)	0	(5,487,889)	(6,838,812)
<b>Cash Flows From Capital and Related Financing Activities</b>				
Interest Paid on Capital Leases and Notes Payable	(1,486)		(1,486)	(19,785)
Interest Paid on Revenue Bonds	(1,523,791)		(1,523,791)	(888,263)
Acquisition and Construction of Capital Assets	(5,647,236)	(27,885)	(5,675,121)	(11,477,222)
Principal Paid on Bond Maturities	(4,019,912)		(4,019,912)	(1,245,001)
Principal Paid on Note Payable	(410,000)		(410,000)	(385,000)
Capital Contributed	695,942		695,942	903,238
<b>Net Cash (Used In) Capital and Related Financing Activities</b>	(10,906,483)	(27,885)	(10,934,368)	(13,112,033)
<b>Cash Flows From Investing Activities</b>				
Investment Income	3,796,866	113,809	3,910,675	3,426,232
Proceeds From Sale of Investments			0	3,873,965
Purchase of Crystal River Decommissioning Investments	(226,535)		(226,535)	(254,290)
<b>Net Cash Provided By Investing Activities</b>	3,570,331	113,809	3,684,140	7,045,907
<b>Net (Decrease) in Cash and Cash Equivalents</b>	(2,689,404)	(202,166)	(2,891,570)	(465,415)
<b>Cash and Cash Equivalents, Beginning of Year</b>	57,623,197	1,973,087	59,596,284	60,061,699
<b>Cash and Cash Equivalents, End of Year</b>	\$ 54,933,793	\$ 1,770,921	\$ 56,704,714	\$ 59,596,284

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

**Current Assets**

Equity in Pooled Cash and Cash  
Equivalents \$ 44,636,570 \$ 1,770,921 \$ 46,407,491 \$ 44,873,768

**Restricted Assets**

Equity in Pooled Cash and Cash  
Equivalents 10,297,223 0 10,297,223 14,722,516

**Cash and Cash Equivalents, End of Year** \$ 54,933,793 \$ 1,770,921 \$ 56,704,714 \$ 59,596,284

See accompanying notes.

**CITY OF LEESBURG, FLORIDA**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED SEPTEMBER 30, 2001  
(Concluded)**

	<b>Proprietary Fund Types</b>		<b>Totals (Memorandum Only)</b>	
	<b>Enterprise</b>	<b>Internal Service</b>	<b>2001</b>	<b>2000</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</b>				
Operating Income (Loss)	\$ 6,586,129	\$ (860,783)	\$ 5,725,346	\$ 7,027,986
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:				
Depreciation and Amortization	4,795,279	16,138	4,811,417	4,251,544
Bad Debt Expense	144,273		144,273	144,272
Nonoperating Income	401,467	402,075	803,542	1,113,211
Nonoperating Expense	(108,139)		(108,139)	(163,069)
Change in Postclosure Estimate	(49,787)		(49,787)	(62,399)
(Increase) Decrease in Customer Accounts	(1,531,753)		(1,531,753)	893,888
Decrease in Due From Other Governments	1,945		1,945	1,265
Decrease (Increase) in Due to/From Other Funds		200,658	200,658	(2,073)
Decrease (Increase) in Inventory	236,129	(18,242)	217,887	(385,549)
(Increase) Decrease in Miscellaneous Receivables		(132,762)	(132,762)	96,406
(Decrease) in Accounts Payable	(130,859)		(130,859)	(347,888)
Increase in Claims Payable		264,213	264,213	119,122
(Decrease) in Accrued Expenses	(226,548)	(159,387)	(385,935)	(88,567)
(Decrease) in Customer Advances For Construction	(19,349)		(19,349)	(69,865)
Increase (Decrease) in Customer Deposits	35,850		35,850	(88,761)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>\$ 10,134,637</u>	<u>\$ (288,090)</u>	<u>\$ 9,846,547</u>	<u>\$ 12,439,523</u>

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, 2001, WITH  
COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000**

	Pension Trust Funds			Totals (Memorandum Only)	
	Municipal Police Retirement Trust	Municipal Firemen's Retirement Trust	General Employees' Retirement	2001	2000
	<b>Additions</b>				
Contributions:					
Employer		\$ 82,147	\$ 636,244	\$ 718,391	\$ 518,806
Employee	\$ 172,733	77,784		250,517	242,637
State of Florida	120,045	94,572		214,617	212,959
Total Contributions	<u>292,778</u>	<u>254,503</u>	<u>636,244</u>	<u>1,183,525</u>	<u>974,402</u>
Investment (Loss) Income:					
Net (Depreciation) Appreciation in Fair Value of Investments	(1,056,175)	(954,142)	(1,615,883)	(3,626,200)	785,107
Interest and Dividend Income	305,838	262,227	886,291	1,454,356	1,387,905
Other Income			4,693	4,693	85
Total Investment (Loss) Income	<u>(750,337)</u>	<u>(691,915)</u>	<u>(724,899)</u>	<u>(2,167,151)</u>	<u>2,173,097</u>
<b>Total Additions</b>	<u>(457,559)</u>	<u>(437,412)</u>	<u>(88,655)</u>	<u>(983,626)</u>	<u>3,147,499</u>
<b>Deductions</b>					
Benefit Payments	317,917	238,689	963,434	1,520,040	1,607,302
Administrative Expenses	<u>68,340</u>	<u>84,695</u>	<u>192,382</u>	<u>345,417</u>	<u>344,630</u>
<b>(Total Deductions)</b>	<u>(386,257)</u>	<u>(323,384)</u>	<u>(1,155,816)</u>	<u>(1,865,457)</u>	<u>(1,951,932)</u>
<b>Net (Decrease) Increase</b>	<u>(843,816)</u>	<u>(760,796)</u>	<u>(1,244,471)</u>	<u>(2,849,083)</u>	<u>1,195,567</u>
<b>Net Assets Held in Trust For Pension Benefits:</b>					
Beginning 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>
End of Year	<u>\$ 8,496,628</u>	<u>\$ 7,073,941</u>	<u>\$ 22,621,501</u>	<u>\$ 38,192,070</u>	<u>\$ 41,041,153</u>

See accompanying notes.

**CITY OF LEESBURG, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2001**

**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, solid waste, parks and recreation, streets, and other general governmental activities. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed City Manager.

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, solid waste and fleet maintenance funds are priced by the weighted average cost method at the lower of cost or market. Inventory shown in the fleet maintenance fund consists of fuel held for consumption, which 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	\$ 155,254
Reserved For Police Education and Other Expenditures	152,600
Reserved For Citizens Utility Relief Effect (C.U.R.E.)	434
Reserved For Prepaid Expenses	13,655
Reserved For Fire Expenditures	2,442
Reserved For Operating Reserve	3,956,013
<b>Total General Fund</b>	<u><u>\$ 4,280,398</u></u>

**Special Revenue Funds**

Reserved For Capital Improvements	\$ 23,503
Reserved For Community Redevelopment	61,050
<b>Total Special Revenue Funds</b>	<u><u>\$ 84,553</u></u>

**Debt Service**

Reserved For Debt Service	<u><u>\$ 120,000</u></u>
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**Capital Projects Funds**

Reserved For Construction	<u><u>\$ 6,228,279</u></u>
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**Enterprise Funds**

Retained earnings are reserved as follows:

Operating Reserve	\$ 20,530,140
Renewal and Replacement	5,140,475
<b>Total Enterprise Funds</b>	<u><u>\$ 25,670,615</u></u>

**Internal Service Funds**

Retained earnings are reserved as follows:

Reserved For Self-Insured Employee Health Insurance	\$ (302,829)
Reserved For Self-Insured Workers' Compensation Insurance	1,289,994
<b>Total Internal Service Funds</b>	<u><u>\$ 987,165</u></u>

**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:

	<b>Original Adopted</b>	<b>Final Amended</b>	<b>Increase (Decrease)</b>
General Fund	\$ 17,943,919	\$ 18,136,501	\$ 192,582
Special Revenue Funds	5,474,415	5,916,504	442,089
Debt Service Fund	559,305	559,305	0
Capital Projects Funds	12,412,010	5,338,691	(7,073,319)
<b>Total Governmental Funds</b>	<b><u>\$ 36,389,649</u></b>	<b><u>\$ 29,951,001</u></b>	<b><u>\$ (6,438,648)</u></b>

**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, 2001, the carrying amount of the City's deposits was \$1,744,738 and the bank balance was \$1,846,603.

**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	
<b>Pooled Investments</b>				
SunTrust Repurchase Agreement			\$ 4,058,000	\$ 4,058,000
U.S. Treasury Bills, Notes and Bonds			38,802,059	38,802,059
<b>Pension Trust and Agency Fund Investments</b>				
Corporate Stocks			12,477,732	12,477,732
Corporate Bonds			16,560,308	16,560,308
U.S. Treasury Notes and Municipal Bonds			6,690,533	6,690,533
<b>Subtotal</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$78,588,632</b>	<b>78,588,632</b>

**CITY OF LEESBURG, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**Note 2 - Deposits and Investments (Continued)**

**Investments (Continued)**

	<b>Fair Value</b>
FMPA Crystal River Decommissioning Trust	\$ 2,140,798
State Board of Administration of Florida, Local Government Pooled Investment Account	24,193,710
Mutual Fund Investments - Pension Investment	2,331,015
<b>Total Investments</b>	<b><u>\$ 107,254,155</u></b>

	<b>Carrying Amount</b>
Carrying Amount of Deposits	\$ 1,744,738
Carrying Amount of Investments (Above)	107,254,155
<b>Total</b>	<b><u>\$ 108,998,893</u></b>

**Shown in the Accompanying Combined Balance Sheets As:**

Equity in Pooled Cash and Investments	\$ 52,544,250
Cash and Investments at Market Value	38,059,588
Restricted Assets:	
Equity in Pooled Cash, Cash Equivalents and Investments	18,395,055
<b>Total</b>	<b><u>\$ 108,998,893</u></b>

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.

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

**CITY OF LEESBURG, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 2 - Deposits and Investments (Concluded)**

**Investments (Concluded)**

	<u>Fair Value</u>	<u>Percentage of Plan Net Assets</u>
<b>Municipal Police</b>		
SEI Foreign Investments	\$ 496,489	5.87%
Fiduciary Cash	524,167	6.20%
Fiduciary Government Securities	1,648,114	19.48%
Fiduciary Mortgages	681,769	8.06%
Fiduciary Corporate Fixed Income	1,213,276	14.34%
Fiduciary Corporate Stocks	3,554,562	42.02%
<b>Total Municipal Police</b>	<u>\$ 8,118,377</u>	
<b>Municipal Firemen</b>		
Oppenheimer Growth Equity Fund	\$ 3,325,693	47.31%
Salem Trust Government Securities	909,183	12.93%
Salem Trust Corporate Fixed Income	2,116,512	30.11%
Salem Trust Mortgage-Backed Securities	375,695	5.34%
<b>Total Municipal Firemen</b>	<u>\$ 6,727,083</u>	
<b>General Employees</b>		
SunTrust Corporate Fixed Income	\$ 2,727,276	12.08%
SunTrust Corporate Stocks	2,595,924	11.50%
SunTrust Government Securities - Loomis	2,556,346	11.33%
SunTrust Corporate Fixed Income - Loomis	7,177,552	31.80%
SunTrust Corporate Stocks - Loomis	5,830,756	25.83%
<b>Total General Employees</b>	<u>\$ 20,887,854</u>	

**Note 3 - Fixed Assets**

A summary of changes in general fixed assets follows:

	<u>Balance October 1, 2000</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2001</u>
Land	\$ 5,011,492		\$ (179,399)	\$ 4,832,093
Buildings	12,143,404	\$ 1,343,768	(34,890)	13,452,282
Improvements Other Than Buildings	8,494,864	396,909		8,891,773
Equipment and Vehicles	8,343,097	1,272,139	(283,487)	9,331,749
Construction in Progress	2,200,854	2,331,627	(1,046,315)	3,486,166
<b>Total</b>	<u>\$ 36,193,711</u>	<u>\$ 5,344,443</u>	<u>\$ (1,544,091)</u>	<u>\$ 39,994,063</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, 2001, follows:

	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
Land	\$ 4,825,397	
Buildings	10,421,245	\$ 63,443
Improvements Other Than Buildings	77,955,001	4,359
Equipment	28,514,257	179,979
<b>Total</b>	<b>\$ 121,715,900</b>	<b>\$ 247,781</b>

**Note 4 - Interfund Account**

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

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
<b>Governmental Funds</b>		
General	\$ 320,528	
Greater Leesburg Community Redevelopment		\$ 48,712
<b>Enterprise Funds</b>		
Electric Utility	468,239	
Communication Services		468,239
<b>Internal Service Funds</b>		
Fleet Maintenance		57,442
General Employees' Health Insurance		214,374
<b>Total</b>	<b>\$ 788,767</b>	<b>\$ 788,767</b>

**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, 2001:

**Bonds Payable**

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%	\$27,380,000
(Unamortized Discount and Refunding Loss)	(765,471)
(Current Maturities)	(485,000)
<b>Long-Term Portion</b>	<b><u>\$26,129,529</u></b>

The 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 1999 issues are as follows:

<u>Due October 1,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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
2005	570,000	1,311,831	1,881,831
Thereafter	24,745,000	15,606,441	40,351,441
<b>Total</b>	<b><u>\$ 27,380,000</u></b>	<b><u>\$ 22,383,381</u></b>	<b><u>\$ 49,763,381</u></b>

**CITY OF LEESBURG, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 5 - Long-Term Liabilities (Continued)**

**1984 Capital Appreciation Bonds**

The City's 1984 Capital Appreciation Bonds were redeemed October 1, 2000, pursuant to a mandatory call provision, as follows:

<b>Balance, September 30, 2000</b>	\$ 3,549,913
October 1, 2000 Call Redemption	(3,549,913)
<b>Balance, September 30, 2001</b>	<u><u>\$ 0</u></u>

**Note Payable**

The City's FMPA Pooled Loan was paid off pursuant to the terms of the note as follows:

<b>Balance, September 30, 2000</b>	\$ 410,000
Scheduled Retirements	(410,000)
<b>Balance, September 30, 2001</b>	<u><u>\$ 0</u></u>

**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:

<b>Balance, September 30, 2000</b>	\$ 802,129
Adjustment of Estimate	5,013
Total Annual Costs Paid	(54,801)
<b>Balance, September 30, 2001</b>	<u>752,341</u>
(Current Maturities)	(49,787)
<b>Total Long-Term Portion</b>	<u><u>\$ 702,554</u></u>

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 \$752,341 liability recorded represents the estimated costs of postclosure care for fourteen years after closure as required by state and federal laws and regulations. This amount was calculated by the City's consulting engineer. The actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**CITY OF LEESBURG, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 5 - Long-Term Liabilities (Continued)**

**Estimated Landfill Closure and Postclosure Care Costs (Concluded)**

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 2001:

<u>Transaction Date</u>	<u>Amount</u>
Balance, September 30, 2000	\$ 68,364
Investment Income	4,684
<b>Balance, September 30, 2001</b>	<b><u><u>\$ 73,048</u></u></b>

The above schedule was prepared in accordance with the requirements of Rule 62-701.630 of the Florida Administrative Code.

**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, 2001, follows:

Refunding and Capital Improvement Revenue Bonds Payable - Series 1999; Issued in September 1999; Interest From 3.65% to 5.50%	\$ 7,290,000
Employee Compensated Absences Payable	1,265,521
Suit Settlement Payable	450,000
Note Payable	222,142
<b>Total</b>	<b><u><u>\$ 9,227,663</u></u></b>

**CITY OF LEESBURG, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 5 - Long-Term Liabilities (Continued)**

**General Long-Term Debt (Concluded)**

The following is a summary of changes in general long-term debt for the year ended September 30, 2001:

	<u>Balance October 1, 2000</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance September 30, 2001</u>
Refunding and Capital Improvement Revenue Bonds - Series 1999	\$ 7,345,000		\$ (55,000)	\$ 7,290,000
Employee Compensated Absences Payable	1,330,564		(65,043)	1,265,521
Suit Settlement Payable	210,000	\$ 300,000	(60,000)	450,000
Note Payable	234,182		(12,040)	222,142
<b>Totals</b>	<u>\$ 9,119,746</u>	<u>\$ 300,000</u>	<u>\$ (192,083)</u>	<u>\$ 9,227,663</u>

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

	<b>Bonds Payable Series 1999</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
<u>Due October 1,</u>			
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
2006	140,000	356,315	496,315
Thereafter	6,640,000	5,058,946	11,698,946
<b>Total</b>	<u>\$ 7,290,000</u>	<u>\$ 6,899,181</u>	<u>\$ 14,189,181</u>
	<b>Note Payable</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
<u>Due October 1,</u>			
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
2006	15,645	8,402	24,047
Thereafter	151,505	32,857	184,362
<b>Total</b>	<u>\$ 222,142</u>	<u>\$ 82,457</u>	<u>\$ 304,599</u>

**CITY OF LEESBURG, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 5 - Long-Term Liabilities (Concluded)**

**Suit Settlement Payable**

During 1998, the City settled a civil rights lawsuit in which it was a codefendant. The settlement called for the City to pay the plaintiff \$634,000, of which \$100,000 was covered by insurance. Additional terms of the settlement call for the City to fund the budget of a local agency \$30,000 per year for ten years. During fiscal year ended 2001, the settlement was amended to require the City to pay an additional \$30,000 for ten years to the local agency. The remaining \$450,000 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:

<b>Balance, September 30, 2000</b>	\$ 3,287,170
2001 Accrual	312,780
<b>Balance, September 30, 2001</b>	<u>\$ 3,599,950</u>

**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, 2001, the City has a balance in the trust fund of \$2,140,798.

**Note 6 - Operating Leases**

The City is lessor on various leases of facilities located at the airport. The leased facilities are included in the \$6,583,432 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:

<b>September 30,</b>	<b>Amount</b>
2002	\$ 185,409
2003	182,310
2004	172,885
2005	163,171
2006	146,978
Thereafter	1,819,954
<b>Total Minimum Lease</b>	
<b>Payments</b>	<u>\$ 26,070,707</u>

**CITY OF LEESBURG, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**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.

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, 2001, was \$1,656,370.

**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.

**CITY OF LEESBURG, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**Note 8 - Segment Information For Enterprise Funds**

The City operates six enterprise funds. Segment information as of September 30, 2001, is as follows:

	<u>Electric Utility</u>	<u>Gas Utility</u>	<u>Water Utility</u>	<u>Sanitation Sewer Wastewater Treatment</u>	<u>Sanitation Services</u>	<u>Communi- cation Services</u>	<u>Totals</u>
Operating Revenues	\$37,433,697	\$ 7,743,931	\$ 3,883,093	\$ 3,819,925	\$ 2,570,143	\$ 245,789	\$ 55,696,578
Depreciation and Amortization	2,415,486	273,054	571,620	1,371,802	127,763	35,554	4,795,279
Operating Income (Loss)	4,356,092	1,071,125	1,322,472	(406,301)	106,969	135,772	6,586,129
Operating Transfers (Out)	(4,169,795)	(636,554)	(494,287)	(332,638)	(214,022)	(18,589)	(5,865,885)
Operating Transfers In						377,996	377,996
Net Income (Loss)	1,828,794	709,406	1,497,031	(876,389)	1,809	469,071	3,629,722
Contributed Capital	3,801,333	531,072	4,566,275	14,744,681	440,967	207,090	24,291,418
Cash and Cash Equivalents	20,724,626	5,273,522	10,648,085	6,814,742	1,172,703	2,892	44,636,570
Net Working Capital	24,124,304	5,457,121	10,820,851	6,599,276	1,257,526	(526,167)	47,732,911
Long-Term Liabili- ties Payable	12,450,067	1,083,468	2,589,204	13,606,740	702,554		30,432,033
Total Fund Equity	51,923,819	10,906,027	17,873,587	21,992,231	1,297,321	807,970	104,800,955
Total Assets	69,477,080	12,389,800	20,920,755	36,940,822	2,222,927	1,354,620	143,306,004
Fixed Asset Additions	2,507,462	436,065	819,774	1,096,592	221,109	566,234	5,647,236

**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:

<b>Date of Actuarial Valuation:</b>	<b>10/01/00 GERP</b>	<b>10/01/00 MPRP</b>	<b>10/01/99 MFRP</b>
Retirees and Beneficiaries Receiving Benefits	108	15	10
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	93	1	1
Active Plan Members	289	56	34
<b>Total</b>	<b>490</b>	<b>72</b>	<b>45</b>

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.

**CITY OF LEESBURG, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Annual Pension Costs and Net Pension Obligation**

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

	<u>GERP</u>	<u>MPRP</u>	<u>MFRP</u>
Annual Required Contribution (ARC)	\$ 591,900	\$ 336,259	\$ 208,798
Interest on Net Pension Obligation	(58,781)	127	(27,068)
Annual Pension Cost	<u>533,119</u>	<u>336,386</u>	<u>181,730</u>
Contributions Made	(636,244)	(292,778)	(254,503)
Net Pension Obligation, Beginning of Year	(734,760)	1,585	(338,355)
<b>Net Pension Obligation, End of Year</b>	<u><u>\$(837,885)</u></u>	<u><u>\$ 45,193</u></u>	<u><u>\$(411,128)</u></u>

**Other Pension Plan Information**

The annual required contribution for the current year was determined as part of the October 1, 2000, 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 and is based upon an October 1, 1999 actuarial valuation. The actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. 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, 2000, was between 18 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>
<b>GERP</b>			
09/30/99	\$ 489,338	118%	\$ (716,909)
09/30/00	439,347	104%	(734,760)
09/30/01	533,119	107%	(837,885)
<b>MPRP</b>			
09/30/99	290,217	95%	(51,452)
09/30/00	332,399	84%	1,585
09/30/01	336,386	87%	45,193

**CITY OF LEESBURG, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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

**Other Pension Plan Information (Concluded)**

**Three-Year Trend Information (Concluded)**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<b>MFRP</b>			
09/30/99	\$ 148,898	171%	\$ (286,399)
09/30/00	185,886	128%	(338,355)
09/30/01	181,730	140%	(411,128)

**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 \$65,000 per person are paid from the assets of the self-insurance fund; claims in excess of \$65,000, up to a maximum of \$935,000 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, 2000</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>(Claims Paid)</u>	<u>Balance September 30, 2001</u>
Employee Health Insurance Fund	\$ 299,915	\$ 2,437,752	\$ (2,388,934)	\$ 348,733
Workers' Compensation Insurance Fund	286,184	490,027	(274,632)	501,579
<b>Total</b>	<u>\$ 586,099</u>	<u>\$ 2,927,779</u>	<u>\$ (2,663,566)</u>	<u>\$ 850,312</u>

**CITY OF LEESBURG, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 10 - Self-Insurance Fund (Concluded)**

	<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
<b>Total</b>	<u>\$ 466,977</u>	<u>\$ 2,512,533</u>	<u>\$ (2,393,411)</u>	<u>\$ 586,099</u>

**Note 11 - Contributed Capital**

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

	<u>Balance October 1, 2000</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2001</u>
<b>Enterprise Funds</b>				
Electric Utility	\$ 3,628,046	\$ 173,287		\$ 3,801,333
Gas Utility	531,072			531,072
Water Utility	4,385,534	180,741		4,566,275
Sanitary Sewer and Wastewater	14,402,767	341,914		14,744,681
Solid Waste	440,967			440,967
Communication Services	207,090			207,090
<b>Total Enterprise Funds</b>	<u>\$ 23,595,476</u>	<u>\$ 695,942</u>	<u>\$ 0</u>	<u>\$ 24,291,418</u>
<b>Internal Service Fund</b>				
Fleet Maintenance	<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

**CITY OF LEESBURG, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 12 - Deferred Compensation Fund (Concluded)**

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

**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, 2001, 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. In addition, the City is involved in a claim related to the construction of a wastewater plant. The ultimate outcome of this matter should not have a material effect on the accompanying financial statements.

**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:

**CITY OF LEESBURG, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 14 - Risk Management (Concluded)**

- 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.

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 \$449,047 were recognized for postretirement health care, which were offset by \$140,727 of retiree premiums paid. Currently, there are 64 retirees that the City continues to pay health insurance premiums for and 44 who are responsible for all or one-half of their premiums as discussed above.

**Note 16 - Commitments**

As of September 30, 2001, the City had the following commitments related to significant unfinished construction projects:

	<b>Expended as of September 30, 2001</b>	<b>Remaining Commitment</b>
Wastewater Reclamation Facility	\$ 9,035,513	\$ 5,193
Reuse Facility	110,550	47,807
Wastewater Collection System	24,000	24,000
Sleepy Hollow - Engineering	95,295	66,394
2-Way Radio Communications	24,050	13,910

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

**Note 16 - Commitments (Concluded)**

	<b>Expended as of September 30, 2001</b>	<b>Remaining Commitment</b>
Construction Reuse System-Legacy	\$ 196,968	\$ 96,468
Library Partitions	18,050	12,253
Airport Manager	20,000	13,333
Carver Heights Drainage Basin	1,739,706	29,159
Water and Wastewater Rate Study	36,004	34,174
Airport Environment Assessment	150,000	50,000
Construct Airport Taxiways	51,560	35,413
SCADA System for Gas, Water and Wastewater	1,150,000	1,127,000
Telecommunications Consulting Services	40,936	2,790
Telecommunications System	278,909	38,368
Building Demolition	53,500	28,250
Drive-Up Window - Customer Service	13,364	13,364
Survey Platt Property	11,500	11,500



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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)
10/01/95	\$ 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%
10/01/00	23,866,000	24,190,400	324,400	98.7%	9,140,500	3.5%

**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)
10/01/95	\$ 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%
10/01/00	9,117,437	10,187,231	1,069,794	89.5%	2,140,554	50.0%

**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)	(1)	(2)	(2)	(2)	(2)
	Annual Required Contribution (ARC)	Percentage Contributed	Annual Required Contribution (ARC)	Percentage Contributed	Annual Required Contribution (ARC)	Percentage Contributed
2001	\$ 591,900	107%	\$ 278,380	105%	\$ 208,798	122%
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:

	GERP	MPRP	MFRP
<b>Valuation Date</b>	October 1, 2000	October 1, 2000	October 1, 1999
<b>Actuarial Cost Method</b>	Frozen Entry Age Normal	Frozen Entry Age	Aggregate Actual Cost Method
<b>Amortization Method</b>	Level Dollar	Level Dollar, Closed	N/A
<b>Remaining Amortization Period</b>	18 to 30 Years	29 Years	N/A
<b>Asset Valuation Method</b>	Market Value	Market Value	Market Value
<b>Actuarial Assumptions:</b>			
Investment Rate of Return	8.00%	8.00%	8.00%
Projected Salary Increases	Variable Rates By Age	6.50%	6.00%
Cost-of-Living Adjustments	None	None	None

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

**CITY OF LEESBURG, FLORIDA**

**ANALYSIS OF SURPLUS - SECTION 8 PROGRAMS  
FOR THE YEAR ENDED SEPTEMBER 30, 2001**

	<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>
<b>Housing Assistance Fund (A3320 E &amp; V)</b>						
Balance (Deficit), September 30, 2000	\$ (9,467,458)	\$ 197,635	\$ 58,309	\$ 9,239,495	\$ 42,006	\$ 69,987
HUD Annual Contributions				600,844		600,844
Provision For Project Account	4,414	(4,414)				0
HUD Recapture From Project Account	82,602	(82,602)				0
Provision For Operating Reserve	2,326		(2,326)			0
Net (Loss)	<u>(603,170)</u>					<u>(603,170)</u>
<b>Balance (Deficit), September 30, 2001</b>	<u><u>\$ (9,981,286)</u></u>	<u><u>\$ 110,619</u></u>	<u><u>\$ 55,983</u></u>	<u><u>\$ 9,840,339</u></u>	<u><u>\$ 42,006</u></u>	<u><u>\$ 67,661</u></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, 2001, WITH  
COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000**

	<u>2001</u>	<u>2000</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$5,280,905	\$4,190,411
Assessments Receivable	3,887	4,316
Other Accounts Receivable	158,048	181,787
Prepaid Items	13,655	2,572
Due From Other Funds	320,528	164,429
Due From Other Governments	344,549	320,845
Inventories	2,730	19,044
Notes Receivable - Employees	155,254	185,120
<b>Total Assets</b>	<u>6,279,556</u>	<u>5,068,524</u>
 <b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts Payable	121,780	170,912
Accrued Wages and Payroll Tax	264,102	217,251
Unearned License Revenue	301,167	253,188
<b>Total Liabilities</b>	<u>687,049</u>	<u>641,351</u>
 <b>Fund Balance</b>		
Reserved:		
For Notes Receivable - Employees	155,254	185,120
For Computer Maintenance	0	54,609
For Police Education and Other Expenditures	152,600	128,630
For C.U.R.E. Program	434	4,388
For Prepays	13,655	0
For Fire Expenditures	2,442	3,631
For Operating Reserve	3,956,013	0
Unreserved	1,312,109	4,050,795
<b>Total Fund Balance</b>	<u>5,592,507</u>	<u>4,427,173</u>
 <b>Total Liabilities and Fund Balance</b>	<u>\$6,279,556</u>	<u>\$5,068,524</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, 2001, WITH COMPARATIVE  
ACTUAL AMOUNTS FOR SEPTEMBER 30, 2000**

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
<b>Revenues</b>				
Taxes	\$ 5,843,368	\$ 5,394,644	\$ (488,724)	\$ 4,357,452
Licenses and Permits	362,200	379,376	17,176	323,608
Intergovernmental	957,182	1,086,681	129,499	1,085,452
Charges For Services	262,000	228,978	(33,022)	226,455
Fines and Forfeitures	302,736	283,690	(19,046)	294,762
Miscellaneous:				
Interest	229,325	366,121	136,796	204,582
Other	4,383,571	4,882,771	499,200	3,620,586
<b>Total Revenues</b>	<u>12,340,382</u>	<u>12,622,261</u>	<u>281,879</u>	<u>10,112,897</u>
<b>Expenditures</b>				
General Government	5,181,641	4,920,929	260,712	3,852,844
Public Safety	7,254,337	7,076,688	177,649	6,336,134
Physical Environment	617,252	575,827	41,425	580,990
Transportation	1,463,331	1,369,496	93,835	1,710,323
Economic Environment	133,763	114,155	19,608	97,698
Human Services	46,389	46,153	236	41,085
Culture and Recreation	3,130,421	2,810,475	319,946	2,685,487
<b>(Total Expenditures)</b>	<u>(17,827,134)</u>	<u>(16,913,723)</u>	<u>913,411</u>	<u>(15,304,561)</u>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<u>(5,486,752)</u>	<u>(4,291,462)</u>	<u>1,195,290</u>	<u>(5,191,664)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	5,796,119	5,766,109	(30,010)	6,868,730
Operating Transfers Out	(309,367)	(309,313)	54	(55,963)
<b>Total Other Financing Sources (Uses)</b>	<u>5,486,752</u>	<u>5,456,796</u>	<u>(29,956)</u>	<u>6,812,767</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	0	1,165,334	1,165,334	1,621,103
<b>Fund Balance, Beginning of Year</b>	0	4,427,173	4,427,173	2,806,070
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 5,592,507</u>	<u>\$ 5,592,507</u>	<u>\$ 4,427,173</u>

**CITY OF LEESBURG, FLORIDA**

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2001, WITH COMPARATIVE  
ACTUAL AMOUNTS FOR SEPTEMBER 30, 2000**

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
<b>Revenues</b>				
<b>Taxes</b>				
Ad Valorem	\$ 2,771,168	\$ 2,789,242	\$ 18,074	\$ 2,613,423
Local Option Sales, Use and Fuel Taxes	725,500	668,357	(57,143)	646,428
Franchise Fees	168,000	123,115	(44,885)	145,951
Utility Service Taxes	2,178,700	1,813,930	(364,770)	951,650
<b>Total Taxes</b>	<u>5,843,368</u>	<u>5,394,644</u>	<u>(448,724)</u>	<u>4,357,452</u>
<b>Licenses and Permits</b>				
Licenses	170,200	182,343	12,143	173,045
Building Permits	132,000	144,814	12,814	101,665
Other Permits	60,000	52,219	(7,781)	48,898
<b>Total Licenses and Permits</b>	<u>362,200</u>	<u>379,376</u>	<u>17,176</u>	<u>323,608</u>
<b>Intergovernmental</b>				
Federal Grants	89,582	236,858	147,276	153,599
State Grants	88,000	8,139	(79,861)	11,136
Other Grants	110,700	98,671	(12,029)	119,283
State-Shared Revenues	617,100	684,627	67,527	746,907
County-Shared Revenues	33,000	37,123	4,123	34,915
Fuel Rebate	18,800	21,263	2,463	19,612
<b>Total Intergovernmental</b>	<u>957,182</u>	<u>1,086,681</u>	<u>129,499</u>	<u>1,085,452</u>
<b>Charges For Services</b>				
General Government Charges	27,500	29,973	2,473	29,307
Other Public Safety Charges	31,500	36,385	4,885	29,343
Culture and Recreation	203,000	162,620	(40,380)	167,805
<b>Total Charges For Services</b>	<u>262,000</u>	<u>228,978</u>	<u>(33,022)</u>	<u>226,455</u>
<b>Fines and Forfeitures</b>				
Court Fines	276,836	259,958	(16,878)	269,271
Library Fines	20,000	17,028	(2,972)	18,758
Other Fines and Forfeitures	5,900	6,704	804	6,733
<b>Total Fines and Forfeitures</b>	<u>302,736</u>	<u>283,690</u>	<u>(19,046)</u>	<u>294,762</u>
<b>Miscellaneous</b>				
Interest	229,325	366,121	136,796	204,582
Rents and Royalties	439,600	499,706	60,106	408,487
Sale of City Property and Insurance Compensation	38,500	368,653	330,153	124,444
Contributions	21,000	45,608	24,608	13,359
Other	3,884,471	3,968,804	84,333	3,074,296
<b>Total Miscellaneous</b>	<u>4,612,896</u>	<u>5,248,892</u>	<u>635,996</u>	<u>3,825,168</u>
<b>Total Revenues</b>	<u>\$12,340,382</u>	<u>\$12,622,261</u>	<u>\$ 281,879</u>	<u>\$10,112,897</u>

**CITY OF LEESBURG, FLORIDA**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -  
BY DEPARTMENT  
GENERAL FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2001, WITH COMPARATIVE  
ACTUAL AMOUNTS FOR SEPTEMBER 30, 2000**

	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
<b>Expenditures</b>				
<b>General Government</b>				
City Commission	\$ 233,648	\$ 217,884	\$ 15,764	\$ 75,434
Executive Offices	465,874	457,657	8,217	348,595
City Attorney	153,000	155,540	(2,540)	168,196
Grants and Aids	35,373	34,684	689	142,242
Non-Departmental	97,410	8,005	89,405	25,987
Finance	2,012,442	1,937,891	74,551	1,795,931
Human Resources	374,388	365,082	9,306	297,983
Management Information Systems	1,141,620	1,133,754	7,866	527,591
Public Buildings	382,537	365,177	17,360	277,228
Planning and Zoning	285,349	245,255	40,094	193,657
<b>Total General Government</b>	<b>5,181,641</b>	<b>4,920,929</b>	<b>260,712</b>	<b>3,852,844</b>
<b>Public Safety</b>				
Police Department	4,752,703	4,625,103	127,600	4,068,298
Fire Department	2,255,506	2,206,253	49,253	2,049,214
Protective Inspections	246,128	245,332	796	218,622
<b>Total Public Safety</b>	<b>7,254,337</b>	<b>7,076,688</b>	<b>177,649</b>	<b>6,336,134</b>
<b>Physical Environment</b>				
Engineering	416,060	384,545	31,515	429,626
Public Works Administration	201,192	191,282	9,910	151,364
<b>Total Physical Environment</b>	<b>617,252</b>	<b>575,827</b>	<b>41,425</b>	<b>580,990</b>
<b>Transportation</b>				
Road and Street Facilities	1,165,747	1,119,744	46,003	761,124
Streetscape				806,814
Airport Maintenance	297,584	249,752	47,832	142,385
<b>Total Transportation</b>	<b>1,463,331</b>	<b>1,369,496</b>	<b>93,835</b>	<b>1,710,323</b>
<b>Economic Environment</b>	<b>133,763</b>	<b>114,155</b>	<b>19,608</b>	<b>97,698</b>
<b>Human Services</b>				
Animal Control	28,389	28,190	199	25,673
Public Assistance	18,000	17,963	37	15,412
<b>Total Human Services</b>	<b>46,389</b>	<b>46,153</b>	<b>236</b>	<b>41,085</b>
<b>Culture and Recreation</b>				
Library Services	905,082	888,336	16,746	850,920
Recreation	2,225,339	1,922,139	303,200	1,834,567
<b>Total Culture and Recreation</b>	<b>3,130,421</b>	<b>2,810,475</b>	<b>319,946</b>	<b>2,685,487</b>
<b>Total Expenditures</b>	<b>\$ 17,827,134</b>	<b>\$ 16,913,723</b>	<b>\$ 913,411</b>	<b>\$15,304,561</b>

## **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, 2001, WITH**  
**COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000**

	<u>Community Development</u>	<u>Housing Assistance</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents		\$ 90,967
Accounts Receivable	\$ 13,770	
Due From Other Governments	111,276	
<b>Total Assets</b>	<u>125,046</u>	<u>90,967</u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts Payable	39,061	12,359
Due to Other Governments	13,770	10,947
Due to Other Funds	48,712	
<b>Total Liabilities</b>	<u>101,543</u>	<u>23,306</u>
 <b>Fund Balances</b>		
Reserved:		
For Community Redevelopment		
For Capital Improvements	23,503	
Unreserved		67,661
<b>Total Fund Balances</b>	<u>23,503</u>	<u>67,661</u>
 <b>Total Liabilities and Fund Balances</b>	 <u>\$ 125,046</u>	 <u>\$ 90,967</u>

<u>Stormwater</u>	<u>Greater Leesburg Community Redevelopment</u>	<u>Totals</u>	
		<u>2001</u>	<u>2000</u>
\$ 391,912	\$ 61,072	\$ 543,951	\$ 790,950
66,282		80,052	81,574
752,973		864,249	688,857
<u>1,211,167</u>	<u>61,072</u>	<u>1,488,252</u>	<u>1,561,381</u>
493,061	22	544,503	274,285
		24,717	40,211
		48,712	0
<u>493,061</u>	<u>22</u>	<u>617,932</u>	<u>314,496</u>
	61,050	61,050	35,127
718,106		23,503	95,339
<u>718,106</u>	<u>61,050</u>	<u>785,767</u>	<u>1,116,419</u>
		870,320	1,246,885
<u>\$ 1,211,167</u>	<u>\$ 61,072</u>	<u>\$ 1,488,252</u>	<u>\$ 1,561,381</u>

**CITY OF LEESBURG, FLORIDA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2001, WITH  
COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000**

	<u>Community Development</u>	<u>Housing Assistance</u>
<b>Revenues</b>		
Intergovernmental	\$ 736,597	\$ 719,547
Charges For Services		171
Interest		6,418
Miscellaneous		
<b>Total Revenues</b>	<u>736,597</u>	<u>726,136</u>
<b>Expenditures</b>		
Physical Environment		
Economic Environment	873,433	728,462
<b>(Total Expenditures)</b>	<u>(873,433)</u>	<u>(728,462)</u>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<u>(136,836)</u>	<u>(2,326)</u>
<b>Other Financing Sources (Uses)</b>		
Operating Transfers In	75,000	
Operating Transfers (Out)	(10,000)	
<b>Total Other Financing Sources (Uses)</b>	<u>65,000</u>	<u>0</u>
<b>(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Uses</b>	<u>(71,836)</u>	<u>(2,326)</u>
<b>Fund Balances, Beginning of Year</b>	<u>95,339</u>	<u>69,987</u>
<b>Fund Balances, End of Year</b>	<u>\$ 23,503</u>	<u>\$ 67,661</u>

<u>Stormwater</u>	<u>Greater Leesburg Community Redevelopment</u>	<u>Totals</u>	
		<u>2001</u>	<u>2000</u>
\$ 1,569,681	\$ 118,979	\$ 3,144,804	\$ 1,849,653
597,770		597,941	580,691
51,394	4,584	62,396	64,787
<u>2,218,845</u>	<u>123,563</u>	<u>3,805,141</u>	<u>2,495,131</u>
2,547,171		2,547,171	777,286
	24,243	1,626,138	1,620,450
<u>(2,547,171)</u>	<u>(24,243)</u>	<u>(4,173,309)</u>	<u>(2,397,736)</u>
<u>(328,326)</u>	<u>99,320</u>	<u>(368,168)</u>	<u>97,395</u>
	86,818	161,818	130,963
	(160,215)	(170,215)	(130,418)
<u>0</u>	<u>(73,397)</u>	<u>(8,397)</u>	<u>545</u>
(328,326)	25,923	(376,565)	97,940
<u>1,046,432</u>	<u>35,127</u>	<u>1,246,885</u>	<u>1,148,945</u>
<u>\$ 718,106</u>	<u>\$ 61,050</u>	<u>\$ 870,320</u>	<u>\$ 1,246,885</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, 2001, WITH COMPARATIVE  
ACTUAL AMOUNTS FOR SEPTEMBER 30, 2000**

	2001		2000
	Budget	Actual	Actual
			Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental	\$ 815,933	\$ 736,597	\$ (79,336)
<b>Expenditures</b>			
Economic Environment	(880,933)	(873,433)	7,500
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	(65,000)	(136,836)	(71,836)
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	75,000	75,000	
Operating Transfers (Out)	(10,000)	(10,000)	
<b>Total Other Financing Sources (Uses)</b>	65,000	65,000	0
<b>(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Uses</b>	0	(71,836)	(71,836)
<b>Fund Balance, Beginning of Year</b>	0	95,339	95,339
<b>Fund Balance, End of Year</b>	\$ 0	\$ 23,503	\$ 23,503
			\$ 95,339

**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, 2001, WITH COMPARATIVE  
ACTUAL AMOUNTS FOR SEPTEMBER 30, 2000**

	2001		Variance	2000
	Budget	Actual	Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Intergovernmental:				
HUD Contributions	\$ 742,012	\$ 719,547	\$ (22,465)	\$ 716,156
Charges For Services	500	171	(329)	254
Interest	4,500	6,418	1,918	7,011
<b>Total Revenues</b>	747,012	726,136	(20,876)	723,421
 <b>Expenditures</b>				
Economic Environment:				
Housing Assistance:				
Personal Services	109,064	108,927	137	105,141
Operating Expenditures	637,948	619,535	18,413	620,118
<b>(Total Expenditures)</b>	(747,012)	(728,462)	18,550	(725,259)
 <b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	0	(2,326)	(2,326)	(1,838)
 <b>Other Financing Sources</b>				
Operating Transfers In	0	0	0	0
 <b>(Deficiency) of Revenues and Other Financing Sources (Under)</b>				
<b>Expenditures</b>	0	(2,326)	(2,326)	(1,838)
 <b>Fund Balance, Beginning of Year</b>	0	69,987	69,987	71,825
 <b>Fund Balance, End of Year</b>	\$ 0	\$ 67,661	\$ 67,661	\$ 69,987

**CITY OF LEESBURG, FLORIDA**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2001, WITH COMPARATIVE  
ACTUAL AMOUNTS FOR SEPTEMBER 30, 2000**

	2001			2000
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Intergovernmental	\$2,169,000	\$1,569,681	\$ (599,319)	\$ 360,308
Charges For Services:				
Utility Fees	606,700	597,770	(8,930)	580,437
Interest	46,000	51,394	5,394	43,996
<b>Total Revenues</b>	2,821,700	2,218,845	(602,855)	984,741
 <b>Expenditures</b>				
Physical Environment:				
Stormwater:				
Personal Services	203,417	159,013	44,404	156,018
Operating Expenditures	976,109	382,021	594,088	578,550
Capital Outlay	2,838,996	2,006,137	832,859	42,718
<b>(Total Expenditures)</b>	(4,018,522)	(2,547,171)	1,471,351	(777,286)
 <b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	 (1,196,822)	 (328,326)	 868,496	 207,455
 <b>Other Financing Sources</b>				
Proceeds From Issuance of Debt	527,000	0	(527,000)	0
 <b>(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures</b>	 (669,822)	 (328,326)	 341,496	 207,455
 <b>Fund Balance, Beginning of Year</b>	669,822	1,046,432	376,610	838,977
 <b>Fund Balance, End of Year</b>	\$ 0	\$ 718,106	\$ 718,106	\$1,046,432

## **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.

**Solid Waste 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.



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**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, 2001, WITH COMPARATIVE  
ACTUAL AMOUNTS FOR SEPTEMBER 30, 2000**

	2001		Variance	2000
	Budget	Actual	Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Intergovernmental	\$ 118,979	\$ 118,979		\$ 69,009
Interest	13,675	4,584	\$ (9,091)	13,780
<b>Total Revenues</b>	132,654	123,563	(9,091)	82,789
 <b>Expenditures</b>				
Economic Environment:				
Operating Expenditures	31,080	196	30,884	167,441
Debt Service	24,047	24,047		24,047
<b>(Total Expenditures)</b>	(55,127)	(24,243)	30,884	(191,488)
 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	77,527	99,320	21,793	(108,699)
 <b>Other Financing Sources (Uses)</b>				
Operating Transfers In	86,872	86,818	(54)	55,963
Operating Transfers (Out)	(204,910)	(160,215)	44,695	(130,418)
<b>Total Other Financing Sources (Uses)</b>	(118,038)	(73,397)	44,641	(74,455)
 <b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures</b>	(40,511)	25,923	66,434	(183,154)
 <b>Fund Balance, Beginning of Year</b>	40,511	35,127	(5,384)	218,281
 <b>Fund Balance, End of Year</b>	\$ 0	\$ 61,050	\$ 61,050	\$ 35,127

**CITY OF LEESBURG, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2001, WITH**  
**COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000**

	<u>Electric Utility</u>	<u>Gas Utility</u>	<u>Water Utility</u>
<b>Assets</b>			
<b>Current Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 20,724,626	\$ 5,273,522	\$ 10,648,085
Due From Other Funds	468,239		
Due From Other Governments			
Receivables:			
Customer Accounts - Unbilled	1,535,206	243,754	241,326
Customer Accounts - Billed	3,113,182	220,497	200,382
(Allowance For Doubtful Accounts)	(351,122)	(49,486)	(46,298)
Inventory	1,541,485		
<b>Total Current Assets</b>	<u>27,031,616</u>	<u>5,688,287</u>	<u>11,043,495</u>
<b>Restricted Assets</b>			
Equity in Pooled Cash and Cash Equivalents:			
Bond Construction			
Debt Service Account	472,884	57,892	138,348
Renewal and Replacement Account	3,174,692	353,046	941,397
Impact Fees Account	202,000		797,155
Customer Deposits Account	1,722,997	111,246	96,972
Investments:			
Crystal River Decommissioning Trust Account	2,140,798		
<b>Total Restricted Assets</b>	<u>7,713,371</u>	<u>522,184</u>	<u>1,973,872</u>
<b>Property, Plant and Equipment</b>			
Property, Plant and Equipment	57,694,379	8,845,246	15,735,471
(Accumulated Depreciation and Amortization)	(24,491,202)	(3,337,684)	(8,050,812)
Construction in Progress	1,382,972	653,897	176,032
<b>Total Property, Plant and Equipment - Cost Less     Depreciation and Amortization</b>	<u>34,586,149</u>	<u>6,161,459</u>	<u>7,860,691</u>
<b>Other Assets</b>			
Unamortized Bond Issue Costs	145,944	17,870	42,697
<b>Total Assets</b>	<u>\$ 69,477,080</u>	<u>\$ 12,389,800</u>	<u>\$ 20,920,755</u>

Wastewater Utility	Total Combined Utility	Other Enterprise Funds		Totals	
		Solid Waste	Communication Services	2001	2000
\$ 6,814,742	\$ 43,460,975	\$ 1,172,703	\$ 2,892	\$ 44,636,570	\$ 42,900,681
	468,239			468,239	471,479
	0	949		949	2,894
230,168	2,250,454	180,066	6,795	2,437,315	1,441,426
396,929	3,930,990	167,643	7,104	4,105,737	3,759,179
(56,049)	(502,955)	(41,498)		(544,453)	(589,485)
1,676	1,543,161			1,543,161	1,779,290
<u>7,387,466</u>	<u>51,150,864</u>	<u>1,479,863</u>	<u>16,791</u>	<u>52,647,518</u>	<u>49,765,464</u>
852,726	852,726			852,726	1,734,302
514,156	1,183,280			1,183,280	4,981,741
671,340	5,140,475			5,140,475	5,140,475
146,460	1,145,615			1,145,615	926,721
39,505	1,970,720	715	3,692	1,975,127	1,939,277
	2,140,798			2,140,798	1,956,157
<u>2,224,187</u>	<u>12,433,614</u>	<u>715</u>	<u>3,692</u>	<u>12,438,021</u>	<u>16,678,673</u>
36,375,532	118,650,628	2,290,123	775,149	121,715,900	106,031,204
(10,806,293)	(46,685,991)	(1,547,774)	(350,649)	(48,584,414)	(45,619,986)
1,477,415	3,690,316		909,637	4,599,953	16,055,652
<u>27,046,654</u>	<u>75,654,953</u>	<u>742,349</u>	<u>1,334,137</u>	<u>77,731,439</u>	<u>76,466,870</u>
282,515	489,026	0	0	489,026	518,816
<u>\$ 36,940,822</u>	<u>\$ 139,728,457</u>	<u>\$ 2,222,927</u>	<u>\$ 1,354,620</u>	<u>\$ 143,306,004</u>	<u>\$ 143,429,823</u>

(Continued)

**CITY OF LEESBURG, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2001, WITH**  
**COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000**  
*(Concluded)*

	<u>Electric Utility</u>	<u>Gas Utility</u>	<u>Water Utility</u>
<b>Liabilities and Fund Equity</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 2,315,913	\$ 128,033	\$ 124,665
Accrued Expenses	588,354	103,133	97,979
Customer Advances For Construction	3,045		
Due to Other Funds			
Current Portion of Notes and Capital Leases Payable			
Estimated Landfill Closure Cost Payable			
<b>Total Current Liabilities</b>	<u>2,907,312</u>	<u>231,166</u>	<u>222,644</u>
<b>Current Liabilities Payable From Restricted Assets</b>			
Customer Deposits	1,722,997	111,246	96,972
Accrued Interest on Revenue Bonds	235,607	28,844	68,929
Capital Appreciation Bonds (Called October 1, 2000)			
Current Portion of Bonds Payable	237,278	29,049	69,419
<b>Total Current Liabilities Payable From Restricted Assets</b>	<u>2,195,882</u>	<u>169,139</u>	<u>235,320</u>
<b>Long-Term Liabilities</b>			
Refunding Revenue Bonds Payable	9,213,805	1,127,992	2,695,605
(Unamortized Discount and Loss on Refunding)	(363,688)	(44,524)	(106,401)
Landfill Postclosure Costs Payable			
Decommissioning Costs Payable	3,599,950		
<b>Total Long-Term Liabilities</b>	<u>12,450,067</u>	<u>1,083,468</u>	<u>2,589,204</u>
<b>Total Liabilities</b>	<u>17,553,261</u>	<u>1,483,773</u>	<u>3,047,168</u>
<b>Fund Equity</b>			
Contributed Capital:			
Other Governments	17,987	6,512	77,284
Customers and Developers	3,783,346	524,560	4,488,991
Other Funds			
<b>Total Contributed Capital</b>	<u>3,801,333</u>	<u>531,072</u>	<u>4,566,275</u>
Retained Earnings:			
Reserved:			
Debt Service			
Renewal and Replacement	3,174,692	353,046	941,397
Operating Reserve	11,322,201	2,223,177	2,746,521
Unreserved	33,625,593	7,798,732	9,619,394
<b>Total Retained Earnings</b>	<u>48,122,486</u>	<u>10,374,955</u>	<u>13,307,312</u>
<b>Total Fund Equity</b>	<u>51,923,819</u>	<u>10,906,027</u>	<u>17,873,587</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 69,477,080</u>	<u>\$ 12,389,800</u>	<u>\$ 20,920,755</u>

Wastewater Utility	Total Combined Utility	Other Enterprise Funds		Totals	
		Solid Waste	Communication Services	2001	2000
\$ 662,793	\$ 3,231,404	\$ 100,921	\$ 73,702	\$ 3,406,027	\$ 3,536,886
116,497	905,963	71,629	1,017	978,609	1,205,157
8,900	11,945			11,945	31,294
	0		468,239	468,239	471,479
	0			0	410,000
	0	49,787		49,787	62,399
<u>788,190</u>	<u>4,149,312</u>	<u>222,337</u>	<u>542,958</u>	<u>4,914,607</u>	<u>5,717,215</u>
39,505	1,970,720	715	3,692	1,975,127	1,939,277
364,902	698,282			698,282	706,740
	0			0	3,549,913
149,254	485,000			485,000	470,000
<u>553,661</u>	<u>3,154,002</u>	<u>715</u>	<u>3,692</u>	<u>3,158,409</u>	<u>6,665,930</u>
13,857,598	26,895,000			26,895,000	27,380,000
(250,858)	(765,471)			(765,471)	(835,513)
	0	702,554		702,554	739,730
	3,599,950			3,599,950	3,287,170
<u>13,606,740</u>	<u>29,729,479</u>	<u>702,554</u>	<u>0</u>	<u>30,432,033</u>	<u>30,571,387</u>
<u>14,948,591</u>	<u>37,032,793</u>	<u>925,606</u>	<u>546,650</u>	<u>38,505,049</u>	<u>42,954,532</u>
8,011,471	8,113,254			8,113,254	8,113,254
6,718,760	15,515,657			15,515,657	14,819,715
14,450	14,450	440,967	207,090	662,507	662,507
<u>14,744,681</u>	<u>23,643,361</u>	<u>440,967</u>	<u>207,090</u>	<u>24,291,418</u>	<u>23,595,476</u>
				0	3,805,002
671,340	5,140,475			5,140,475	5,140,475
3,159,414	19,451,313	818,392	260,435	20,530,140	0
3,416,796	54,460,515	37,962	340,445	54,838,922	67,934,338
<u>7,247,550</u>	<u>79,052,303</u>	<u>856,354</u>	<u>600,880</u>	<u>80,509,537</u>	<u>76,879,815</u>
21,992,231	102,695,664	1,297,321	807,970	104,800,955	100,475,291
<u>\$ 36,940,822</u>	<u>\$ 139,728,457</u>	<u>\$ 2,222,927</u>	<u>\$ 1,354,620</u>	<u>\$ 143,306,004</u>	<u>\$ 143,429,823</u>

**CITY OF LEESBURG, FLORIDA**

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

**ENTERPRISE FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2001, WITH  
COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000**

	<u>Electric Utility</u>	<u>Gas Utility</u>	<u>Water Utility</u>
<b>Operating Revenues</b>			
User Charges	\$ 36,915,167	\$ 7,656,724	\$ 3,841,977
Other Operating Revenue	518,530	87,207	41,116
<b>Total Operating Revenues</b>	<u>37,433,697</u>	<u>7,743,931</u>	<u>3,883,093</u>
<b>Operating Expenses</b>			
Power Generation and Transmission	1,171,459		
Purchased Energy	24,907,186	4,803,130	
Supply and Pumping Treatment			699,714
Distribution and Collection	1,957,056	472,740	331,124
Customer Accounts	866,364	361,232	537,055
General and Administrative Operating Expenses	1,760,054	762,650	421,108
Depreciation and Amortization	2,415,486	273,054	571,620
Change in Postclosure Estimate			
<b>(Total Operating Expenses)</b>	<u>(33,077,605)</u>	<u>(6,672,806)</u>	<u>(2,560,621)</u>
<b>Operating Income</b>	<u>4,356,092</u>	<u>1,071,125</u>	<u>1,322,472</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	1,949,622	346,342	792,079
Other Nonoperating Income	370,513	(7,152)	20,692
Interest Expenses	(571,025)	(64,149)	(143,433)
Other Nonoperating Expense	(106,613)	(206)	(492)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>1,642,497</u>	<u>274,835</u>	<u>668,846</u>
<b>Income (Loss) Before Operating Transfers</b>	5,998,589	1,345,960	1,991,318
<b>Operating Transfers In</b>	0	0	0
<b>Operating Transfers (Out)</b>	<u>(4,169,795)</u>	<u>(636,554)</u>	<u>(494,287)</u>
<b>Net Income (Loss)</b>	1,828,794	709,406	1,497,031
<b>Retained Earnings, Beginning of Year</b>	<u>46,293,692</u>	<u>9,665,549</u>	<u>11,810,281</u>
<b>Retained Earnings, End of Year</b>	<u>\$ 48,122,486</u>	<u>\$10,374,955</u>	<u>\$ 13,307,312</u>

Wastewater Utility	Total Combined Utility	Other Enterprise Funds		Totals	
		Solid Waste	Communication Services	2001	2000
\$ 3,746,644	\$ 52,160,512	\$ 2,539,327	\$ 244,644	\$ 54,944,483	\$ 47,314,618
73,281	720,134	30,816	1,145	752,095	720,303
<u>3,819,925</u>	<u>52,880,646</u>	<u>2,570,143</u>	<u>245,789</u>	<u>55,696,578</u>	<u>48,034,921</u>
	1,171,459			1,171,459	1,542,625
	29,710,316			29,710,316	22,004,416
199,305	199,305			199,305	202,749
1,083,080	1,782,794			1,782,794	1,602,466
604,534	3,365,454			3,365,454	3,373,331
468,522	2,233,173			2,233,173	1,608,827
498,983	3,442,795		74,463	3,517,258	2,909,728
	0	2,385,198		2,385,198	2,104,886
1,371,802	4,631,962	127,763	35,554	4,795,279	4,239,056
	0	(49,787)		(49,787)	(62,399)
<u>(4,226,226)</u>	<u>(46,537,258)</u>	<u>(2,463,174)</u>	<u>(110,017)</u>	<u>(49,110,449)</u>	<u>(39,525,685)</u>
<u>(406,301)</u>	<u>6,343,388</u>	<u>106,969</u>	<u>135,772</u>	<u>6,586,129</u>	<u>8,509,236</u>
602,415	3,690,458	86,240	(21,726)	3,754,972	3,175,060
(5,250)	378,803	22,664		401,467	961,650
(733,787)	(1,512,394)	(42)	(4,382)	(1,516,818)	(1,713,941)
(828)	(108,139)			(108,139)	(163,069)
<u>(137,450)</u>	<u>2,448,728</u>	<u>108,862</u>	<u>(26,108)</u>	<u>2,531,482</u>	<u>2,259,700</u>
(543,751)	8,792,116	215,831	109,664	9,117,611	10,768,936
0	0	0	377,996	377,996	0
<u>(332,638)</u>	<u>(5,633,274)</u>	<u>(214,022)</u>	<u>(18,589)</u>	<u>(5,865,885)</u>	<u>(6,832,067)</u>
(876,389)	3,158,842	1,809	469,071	3,629,722	3,936,869
<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>\$ 7,247,550</u>	<u>\$ 79,052,303</u>	<u>\$ 856,354</u>	<u>\$ 600,880</u>	<u>\$ 80,509,537</u>	<u>\$ 76,879,815</u>

**CITY OF LEESBURG, FLORIDA**

**COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2001, WITH  
COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000**

	<u>Electric Utility</u>	<u>Gas Utility</u>	<u>Water Utility</u>
<b>Net Cash Flows Provided By Operating Activities</b>	\$ 5,574,150	\$ 1,423,602	\$ 2,008,235
<b>Cash Flows From Noncapital Financing Activities</b>			
Operating Transfers (Out) to Other Funds	(4,169,795)	(636,554)	(494,287)
Operating Transfers In	_____	_____	_____
<b>Net Cash Flows (Used In) Provided By Noncapital Financing Activities</b>	<u>(4,169,795)</u>	<u>(636,554)</u>	<u>(494,287)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Interest Paid on Capital Leases and Note Payable			
Interest Paid on Revenue Bonds and Customer Deposits	(575,129)	(64,651)	(144,634)
Acquisition and Construction of Capital Assets	(2,507,462)	(436,065)	(819,774)
Principal Paid on Bond Maturities	(2,415,873)	(295,761)	(706,791)
Principal Paid on Note Payable			
Capital Contributed	173,287	_____	180,741
<b>Net Cash (Used In) Capital and Related Financing Activities</b>	<u>(5,325,177)</u>	<u>(796,477)</u>	<u>(1,490,458)</u>
<b>Cash Flows From Investing Activities</b>			
Investment Income	1,991,516	346,342	792,079
Proceeds From Sale of Investments			
Purchase of Crystal River Decommissioning Investments	(226,535)	_____	_____
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>1,764,981</u>	<u>346,342</u>	<u>792,079</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(2,155,841)	336,913	815,569
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>28,453,040</u>	<u>5,458,793</u>	<u>11,806,388</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$26,297,199</u>	<u>\$ 5,795,706</u>	<u>\$12,621,957</u>
<b><u>Reconciliation of Cash and Cash Equivalents</u></b> <b><u>(Above) to Combined Balance Sheet</u></b>			
<b>Current Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$20,724,626	\$ 5,273,522	\$10,648,085
<b>Restricted Assets</b>			
Equity in Pooled Cash and Cash Equivalents	5,572,573	522,184	1,973,872
<b>Total Cash and Cash Equivalents, End of Year</b>	<u>\$26,297,199</u>	<u>\$ 5,795,706</u>	<u>\$12,621,957</u>

Wastewater Utility	Total Combined Utility	Other Enterprise Funds		Totals	
		Solid Waste	Communication Services	2001	2000
\$ 714,183	\$ 9,720,170	\$ 191,877	\$ 222,590	\$ 10,134,637	\$ 13,389,026
(332,638)	(5,633,274)	(214,022)	(18,589)	(5,865,885)	(6,832,067)
	0		377,996	377,996	0
(332,638)	(5,633,274)	(214,022)	359,407	(5,487,889)	(6,832,067)
(1,486)	(1,486)			(1,486)	(19,785)
(734,953)	(1,519,367)	(42)	(4,382)	(1,523,791)	(888,263)
(1,096,592)	(4,859,893)	(221,109)	(566,234)	(5,647,236)	(11,430,623)
(601,487)	(4,019,912)			(4,019,912)	(1,245,001)
(410,000)	(410,000)			(410,000)	(385,000)
341,914	695,942			695,942	903,238
(2,502,604)	(10,114,716)	(221,151)	(570,616)	(10,906,483)	(13,065,434)
602,415	3,732,352	86,240	(21,726)	3,796,866	3,290,932
	0			0	3,873,965
	(226,535)			(226,535)	(254,290)
602,415	3,505,817	86,240	(21,726)	3,570,331	6,910,607
(1,518,644)	(2,522,003)	(157,056)	(10,345)	(2,689,404)	402,132
10,557,573	56,275,794	1,330,474	16,929	57,623,197	57,221,065
\$ 9,038,929	\$ 53,753,791	\$ 1,173,418	\$ 6,584	\$ 54,933,793	\$ 57,623,197
\$ 6,814,742	\$ 43,460,975	\$ 1,172,703	\$ 2,892	\$ 44,636,570	\$ 42,900,681
2,224,187	10,292,816	715	3,692	10,297,223	14,722,516
\$ 9,038,929	\$ 53,753,791	\$ 1,173,418	\$ 6,584	\$ 54,933,793	\$ 57,623,197

(Continued)

**CITY OF LEESBURG, FLORIDA**

**COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2001, WITH  
COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000  
(Concluded)**

	<u>Electric Utility</u>	<u>Gas Utility</u>	<u>Water Utility</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities</u></b>			
Operating Income (Loss)	\$ 4,356,092	\$ 1,071,125	\$ 1,322,472
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:			
Depreciation and Amortization	2,415,486	273,054	571,620
Bad Debt Expense	88,008	6,215	17,071
Nonoperating Income	370,513	(7,152)	20,692
Nonoperating Expense	(106,613)	(206)	(492)
Change in Postclosure Estimate			
(Increase) Decrease in Customer Accounts	(1,693,277)	135,013	57,606
Decrease in Due From Other Governments			
Decrease (Increase) in Due To/From Other Funds	3,240		
Decrease (Increase) in Inventory	236,085		
Increase (Decrease) in Accounts Payable	113,249	(77,756)	29,796
(Decrease) Increase in Accrued Expenses	(230,622)	21,837	(2,321)
(Decrease) in Customer Advances For Construction	(10,149)		(9,200)
Increase (Decrease) in Customer Deposits	32,138	1,472	991
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 5,574,150</u>	<u>\$ 1,423,602</u>	<u>\$ 2,008,235</u>

Wastewater Utility	Total Combined Utility	Other Enterprise Funds		Totals	
		Solid Waste	Communication Services	2001	2000
\$ (406,301)	\$ 6,343,388	\$ 106,969	\$ 135,772	\$ 6,586,129	\$ 8,509,236
1,371,802	4,631,962	127,763	35,554	4,795,279	4,239,056
18,291	129,585	14,688		144,273	144,272
(5,250)	378,803	22,664		401,467	961,650
(828)	(108,139)			(108,139)	(163,069)
	0	(49,787)		(49,787)	(62,399)
(510)	(1,501,168)	(38,849)	8,264	(1,531,753)	893,888
	0	1,945		1,945	1,265
	3,240		(3,240)	0	(73,231)
44	236,129			236,129	(378,177)
(243,953)	(178,664)	1,632	46,173	(130,859)	(347,888)
(19,706)	(230,812)	4,852	(588)	(226,548)	(176,951)
	(19,349)			(19,349)	(69,865)
594	35,195		655	35,850	(88,761)
<u>\$ 714,183</u>	<u>\$ 9,720,170</u>	<u>\$ 191,877</u>	<u>\$ 222,590</u>	<u>\$ 10,134,637</u>	<u>\$ 13,389,026</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.

**Fleet Maintenance 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, 2001, WITH  
COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000**

	<u>Fleet Main- tenance</u>	<u>General Employees' Health Insurance</u>	<u>Workers' Compensation Insurance</u>	<u>Totals</u>	
				2001	2000
<b>Assets</b>					
<b>Current Assets</b>					
Equity in Pooled Cash and Cash Equivalents			\$ 1,770,921	\$ 1,770,921	\$ 1,973,087
Miscellaneous Receivable		\$ 261,004	20,652	281,656	148,894
Inventory	\$ 57,507			57,507	39,265
<b>Total Current Assets</b>	<u>57,507</u>	<u>261,004</u>	<u>1,791,573</u>	<u>2,110,084</u>	<u>2,161,246</u>
<b>Property, Plant and Equipment</b>					
Buildings	67,802			67,802	67,802
Machinery and Equipment (Accumulated Depreciation)	179,979 (150,827)			179,979 (150,827)	167,925 (150,520)
Construction in Progress	25,461			25,461	25,461
<b>Total Property, Plant and Equipment - Cost Less Depreciation</b>	<u>122,415</u>	<u>0</u>	<u>0</u>	<u>122,415</u>	<u>110,668</u>
<b>Total Assets</b>	<u>179,922</u>	<u>261,004</u>	<u>1,791,573</u>	<u>2,232,499</u>	<u>2,271,914</u>
<b>Liabilities and Fund Equity</b>					
<b>Liabilities</b>					
Accounts Payable	40,717	726		41,443	207,400
Accrued Expenses	40,579			40,579	34,009
Due to Other Funds	57,442	214,374		271,816	71,158
Claims Payable		348,733	501,579	850,312	586,099
<b>Total Liabilities</b>	<u>138,738</u>	<u>563,833</u>	<u>501,579</u>	<u>1,204,150</u>	<u>898,666</u>
<b>Fund Equity</b>					
Contributed Capital - General Fund	15,979	0	0	15,979	15,979
Retained Earnings:					
Reserved For Insurance		(302,829)	1,289,994	987,165	1,338,854
Unreserved	25,205			25,205	18,415
<b>Total Retained Earnings</b>	<u>25,205</u>	<u>(302,829)</u>	<u>1,289,994</u>	<u>1,012,370</u>	<u>1,357,269</u>
<b>Total Fund Equity</b>	<u>41,184</u>	<u>(302,829)</u>	<u>1,289,994</u>	<u>1,028,349</u>	<u>1,373,248</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 179,922</u>	<u>\$ 261,004</u>	<u>\$ 1,791,573</u>	<u>\$ 2,232,499</u>	<u>\$ 2,271,914</u>

**CITY OF LEESBURG, FLORIDA**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2001, WITH  
COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000**

	Fleet Main- tenance	General Employees' Health Insurance	Workers' Compensation Insurance	Totals	
				2001	2000
<b>Operating Revenues</b>					
Charges For Services	\$ 445,837	\$ 2,535,544	\$ 218,463	\$ 3,199,844	\$ 2,047,811
<b>Operating Expenses</b>					
Personal Services	236,845			236,845	202,982
Other Services and Charges	25,775			25,775	16,560
Materials and Supplies	165,457			165,457	129,679
Depreciation	16,138			16,138	12,488
Claims Expense		2,437,752	490,027	2,927,779	2,512,533
Administrative Expenses		173,342	35,139	208,481	302,257
Insurance Premiums		377,327	102,825	480,152	352,562
<b>(Total Operating Expenses)</b>	<b>(444,215)</b>	<b>(2,988,421)</b>	<b>(627,991)</b>	<b>(4,060,627)</b>	<b>(3,529,061)</b>
<b>Operating Income (Loss)</b>	<b>1,622</b>	<b>(452,877)</b>	<b>(409,528)</b>	<b>(860,783)</b>	<b>(1,481,250)</b>
<b>Nonoperating Income (Loss)</b>					
Investment Income (Loss)	(4,405)	(1,949)	120,163	113,809	135,300
Other Nonoperating Income	9,573	284,445	108,057	402,075	151,561
<b>Total Nonoperating Income (Loss)</b>	<b>5,168</b>	<b>282,496</b>	<b>228,220</b>	<b>515,884</b>	<b>286,861</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>6,790</b>	<b>(170,381)</b>	<b>(181,308)</b>	<b>(344,899)</b>	<b>(1,194,389)</b>
<b>Operating Transfers (Out)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,745)</b>
<b>Net Income (Loss)</b>	<b>6,790</b>	<b>(170,381)</b>	<b>(181,308)</b>	<b>(344,899)</b>	<b>(1,201,134)</b>
<b>Retained Earnings, Beginning of Year</b>	<b>18,415</b>	<b>(132,448)</b>	<b>1,471,302</b>	<b>1,357,269</b>	<b>2,558,403</b>
<b>Retained Earnings, End of Year</b>	<b>\$ 25,205</b>	<b>\$ (302,829)</b>	<b>\$ 1,289,994</b>	<b>\$ 1,012,370</b>	<b>\$ 1,357,269</b>

**CITY OF LEESBURG, FLORIDA**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2001, WITH  
COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000**

	Fleet Main- tenance	General Employees' Health Insurance	Workers' Compensation Insurance	Totals	
				2001	2000
<b>Net Cash Provided By (Used In)</b>					
<b>Operating Activities</b>	\$ 32,290	\$ (187,611)	\$ (132,769)	\$ (288,090)	\$ (949,503)
<b>Cash Flows From Noncapital and Related Financing Activities</b>					
Operating Transfers (to) Other Funds	0	0	0	0	(6,745)
<b>Cash Flows From Capital and Related Financing Activities</b>					
Acquisition and Construction of Capital Assets	(27,885)	0	0	(27,885)	(46,599)
<b>Cash Flows From Investing Activities</b>					
Investment Income	(4,405)	(1,949)	120,163	113,809	135,300
<b>Net (Decrease) in Cash and Cash Equivalents</b>	0	(189,560)	(12,606)	(202,166)	(867,547)
<b>Cash and Cash Equivalents, Beginning of Year</b>	0	189,560	1,783,527	1,973,087	2,840,634
<b>Cash and Cash Equivalents, End of Year</b>	\$ 0	\$ 0	\$ 1,770,921	\$ 1,770,921	\$ 1,973,087
<b>Reconciliation of Operating Income</b>					
<b>(Loss) to Net Cash Provided By (Used In) Operating Activities</b>					
Operating Income (Loss)	\$ 1,622	\$ (452,877)	\$ (409,528)	\$ (860,783)	\$ (1,481,250)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:					
Depreciation	16,138			16,138	12,488
Nonoperating Income	9,573	284,445	108,057	402,075	151,561
(Increase) Decrease in Miscellaneous Receivables		(123,775)	(8,987)	(132,762)	96,406
(Increase) in Inventory	(18,242)			(18,242)	(7,372)
Increase in Claims Payable		48,818	215,395	264,213	119,122
Increase (Decrease) in Accounts Payable and Accrued Expenses	36,915	(158,596)	(37,706)	(159,387)	88,384
(Decrease) Increase in Interfund Payables	(13,716)	214,374		200,658	71,158
<b>Net Cash Provided By (Used In) Operating Activities</b>	\$ 32,290	\$ (187,611)	\$ (132,769)	\$ (288,090)	\$ (949,503)



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## 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, 2001, WITH**  
**COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000**

	<b>Pension Trust Funds</b>			<b>Totals</b>	
	<b>Municipal Police Retirement Plan</b>	<b>Municipal Firemen's Retirement Plan</b>	<b>General Employees' Retirement Plan</b>	<b>2001</b>	<b>2000</b>
<b>Assets</b>					
Cash and Investments					
With Trustees	\$ 8,458,375	\$ 7,029,622	\$ 22,571,591	\$ 38,059,588	\$ 40,917,492
Due From Other Government				0	93,271
Accrued Interest Receivable	38,253	44,319	49,910	132,482	123,661
<b>Total Assets</b>	<u>8,496,628</u>	<u>7,073,941</u>	<u>22,621,501</u>	<u>38,192,070</u>	<u>41,134,424</u>
<b>Liabilities and Fund Equity</b>					
<b>Liabilities</b>					
Due to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>93,271</u>
<b>Fund Equity</b>					
Fund Balances Reserved For Employee Benefits	<u>8,496,628</u>	<u>7,073,941</u>	<u>22,621,501</u>	<u>38,192,070</u>	<u>41,041,153</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 8,496,628</u>	<u>\$ 7,073,941</u>	<u>\$ 22,621,501</u>	<u>\$ 38,192,070</u>	<u>\$ 41,134,424</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, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
<b>General Fixed Assets</b>		
Land	\$ 4,832,093	\$ 5,011,492
Buildings	13,452,282	12,143,404
Improvement Other Than Buildings	8,891,773	8,494,864
Equipment and Vehicles	9,331,749	8,343,097
Construction Work in Progress	3,486,166	2,200,854
<b>Total General Fixed Assets</b>	<u>39,994,063</u>	<u>36,193,711</u>
<b>Investments in General Fixed Assets</b>		
General Obligation Bonds and Revenue Certificates	4,949,737	4,929,569
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	7,338,038	6,968,589
General Fund Revenues	19,783,809	18,228,576
Special Revenue Fund Revenues	4,345,005	2,565,098
Utility Revenue Fund Revenues	338,439	280,246
Gifts and Other	915,099	897,697
<b>Total Investment in General Fixed Assets</b>	<u>\$ 39,994,063</u>	<u>\$ 36,193,711</u>

**CITY OF LEESBURG, FLORIDA**

**SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY  
SEPTEMBER 30, 2001**

<b>Function and Activity</b>	<b>Land</b>	<b>Buildings</b>	<b>Improvements Other Than Buildings</b>	<b>Equipment and Vehicles</b>	<b>Total</b>
<b>General and Government</b>					
Legislative	\$ 113,095	\$ 1,963,708	\$ 63,158	\$ 148,992	\$ 2,288,953
Executive		55,209		32,544	87,753
Financial and Administrative		444,675	176,247	1,599,040	2,219,962
Other General Government	15,000	149,203	19,874	39,212	223,289
<b>Total General and Government</b>	<u>128,095</u>	<u>2,612,795</u>	<u>259,279</u>	<u>1,819,788</u>	<u>4,819,957</u>
<b>Public Safety</b>					
Law Enforcement	100,190	611,295	151,188	1,902,488	2,765,161
Fire Control	64,325	506,532	81,398	1,336,558	1,988,813
Protective Inspection				78,445	78,445
<b>Total Public Safety</b>	<u>164,515</u>	<u>1,117,827</u>	<u>232,586</u>	<u>3,317,491</u>	<u>4,832,419</u>
<b>Physical Environment</b>	<u>491,136</u>	<u>80,474</u>	<u>746,873</u>	<u>987,273</u>	<u>2,305,756</u>
<b>Transportation</b>					
Roads and Streets	57,238	74,764	1,303,622	632,928	2,068,552
Airport	1,937,168	984,863	3,599,985	61,416	6,583,432
Parking Facilities	297,341				297,341
<b>Total Transportation</b>	<u>2,291,747</u>	<u>1,059,627</u>	<u>4,903,607</u>	<u>694,344</u>	<u>8,949,325</u>
<b>Economic Environment</b>					
Housing and Urban Development				25,575	25,575
Other Economic Environment	415,397	1,192,184	45,530	3,111	1,656,222
<b>Total Economic Environment</b>	<u>415,397</u>	<u>1,192,184</u>	<u>45,530</u>	<u>28,686</u>	<u>1,681,797</u>
<b>Human Services</b>	<u>31,430</u>	<u>1,862,427</u>	<u>0</u>	<u>0</u>	<u>1,893,857</u>
<b>Culture and Recreation</b>					
Libraries	331,183	1,139,130	220,245	1,488,850	3,179,408
Parks and Recreation	868,023	1,047,573	1,394,125	745,412	4,055,133
Cultural Services		343,382	25,826		369,208
Special Recreational Facilities		452,179	6,015	2,640	460,834
Mote-Morris House	110,567	592,174	110,974	10,500	824,215
Other Culture and Recreation		1,952,510	946,713	236,765	3,135,988
<b>Total Culture and Recreation</b>	<u>1,309,773</u>	<u>5,526,948</u>	<u>2,703,898</u>	<u>2,484,167</u>	<u>12,024,786</u>
<b>Total By Function and Activity</b>	<u>\$ 4,832,093</u>	<u>\$ 13,452,282</u>	<u>\$ 8,891,773</u>	<u>\$ 9,331,749</u>	<u>36,507,897</u>
<b>Construction Work in Progress</b>					<u>3,486,166</u>
<b>Total General Fixed Assets</b>					<u>\$ 39,994,063</u>

**CITY OF LEESBURG, FLORIDA**

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2001**

Function and Activity	Balance October 1, 2000	Additions	(Deductions)	Balance September 30, 2001
<b>General Government</b>				
Legislative	\$ 2,257,369	\$ 31,584		\$ 2,288,953
Executive	87,753			87,753
Financial and Administrative	1,902,873	391,430	\$ (74,341)	2,219,962
Other General Government	223,289			223,289
<b>Total General Government</b>	<u>4,471,284</u>	<u>423,014</u>	<u>(74,341)</u>	<u>4,819,957</u>
<b>Public Safety</b>				
Law Enforcement	2,484,428	355,807	(75,074)	2,765,161
Fire Control	1,876,389	121,028	(8,604)	1,988,813
Protective Inspection	79,320		(875)	78,445
<b>Total Public Safety</b>	<u>4,440,137</u>	<u>476,835</u>	<u>(84,553)</u>	<u>4,832,419</u>
<b>Physical Environment</b>	<u>2,186,096</u>	<u>153,582</u>	<u>(33,922)</u>	<u>2,305,756</u>
<b>Transportation</b>				
Roads and Streets	2,013,541	67,382	(12,371)	2,068,552
Airport	6,535,751	68,475	(20,794)	6,583,432
Parking Facilities	297,341			297,341
<b>Total Transportation</b>	<u>8,846,633</u>	<u>135,857</u>	<u>(33,165)</u>	<u>8,949,325</u>
<b>Economic Environment</b>				
Housing and Urban Development	25,575			25,575
Other Economic Environment	671,857	1,099,629	(115,264)	1,656,222
<b>Total Economic Environment</b>	<u>697,432</u>	<u>1,099,629</u>	<u>(115,264)</u>	<u>1,681,797</u>
<b>Human Services</b>	<u>1,893,857</u>	<u>0</u>	<u>0</u>	<u>1,893,857</u>
<b>Culture and Recreation</b>				
Libraries	2,976,719	233,274	(30,585)	3,179,408
Parks and Recreation	3,684,918	483,256	(113,041)	4,055,133
Cultural Services	369,208			369,208
Special Recreational Facilities	453,465	7,369		460,834
Mote-Morris House	824,215			824,215
Other Culture and Recreation	3,148,893		(12,905)	3,135,988
<b>Total Culture and Recreation</b>	<u>11,457,418</u>	<u>723,899</u>	<u>(156,531)</u>	<u>12,024,786</u>
<b>Total By Function and Activity</b>	33,992,857	3,012,816	(497,776)	36,507,897
<b>Construction Work in Progress</b>	<u>2,200,854</u>	<u>2,331,627</u>	<u>(1,046,315)</u>	<u>3,486,166</u>
<b>Total General Fixed Assets</b>	<u>\$ 36,193,711</u>	<u>\$ 5,344,443</u>	<u>\$ (1,544,091)</u>	<u>\$ 39,994,063</u>

**CITY OF LEESBURG, FLORIDA**

**SCHEDULES OF GENERAL LONG-TERM DEBT  
SEPTEMBER 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
<b>Amount Available and to Be Provided For the Payment of General Long-Term Debt</b>		
Serial and Term Bonds - Public Improvement Revenue Bonds and Certificates:		
Amount Available in Debt Service Fund	\$ 120,000	\$ 55,000
Amount to Be Provided	<u>7,170,000</u>	<u>7,290,000</u>
Total Serial and Term Bonds	<u>7,290,000</u>	<u>7,345,000</u>
Other Long-Term Liabilities:		
Amount to Be Provided	1,265,521	1,330,564
Suit Settlement Payable	450,000	210,000
Mortgages Payable	222,142	234,182
Total Other Long-Term Liabilities	<u>1,937,663</u>	<u>1,774,746</u>
<b>Total Amount Available and to Be Provided For the Payment of General Long-Term Debt</b>	<u><u>9,227,663</u></u>	<u><u>9,119,746</u></u>
 <b>General Long-Term Debt Payable</b>		
Refunding and Capital Improvement Revenue Bonds, Series 1987	7,290,000	7,345,000
Employee Compensation Absences Payable	1,265,521	1,330,564
Lawsuit	450,000	210,000
Mortgages Payable	<u>222,142</u>	<u>234,182</u>
<b>Total General Long-Term Debt Payable</b>	<u><u>\$9,227,663</u></u>	<u><u>\$9,119,746</u></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>
<b>1992</b>	\$ 2,812,589	\$ 4,234,393	\$ 866,904	\$ 892,848
<b>Percent of Total</b>	22.57%	33.99%	6.96%	7.17%
<b>1993</b>	\$ 2,960,278	\$ 4,314,965	\$ 857,912	\$ 1,023,302
<b>Percent of Total</b>	23.60%	34.41%	6.84%	8.16%
<b>1994</b>	\$ 3,131,964	\$ 4,587,398	\$ 869,583	\$ 804,917
<b>Percent of Total</b>	23.17%	33.94%	6.43%	5.95%
<b>1995</b>	\$ 3,439,974	\$ 4,883,377	\$ 1,064,938	\$ 801,839
<b>Percent of Total</b>	21.23%	30.14%	6.57%	4.95%
<b>1996</b>	\$ 3,581,053	\$ 5,200,748	\$ 1,037,479	\$ 968,573
<b>Percent of Total</b>	22.69%	32.95%	6.57%	6.14%
<b>1997</b>	\$ 3,677,040	\$ 5,772,211	\$ 946,842	\$ 628,878
<b>Percent of Total</b>	21.73%	34.11%	5.59%	3.72%
<b>1998</b>	\$ 4,446,495	\$ 6,096,292	\$ 883,875	\$ 595,606
<b>Percent of Total</b>	23.52%	32.25%	4.68%	3.15%
<b>1999</b>	\$ 3,844,042	\$ 6,093,036	\$ 1,113,690	\$ 1,510,205
<b>Percent of Total</b>	18.23%	28.89%	5.28%	7.16%
<b>2000</b>	\$ 3,852,844	\$ 6,336,134	\$ 1,358,276	\$ 1,710,323
<b>Percent of Total</b>	20.00%	32.88%	7.05%	8.88%
<b>2001</b>	\$ 4,920,929	\$ 7,076,688	\$ 3,122,998	\$ 1,369,496
<b>Percent of Total</b>	21.35%	30.71%	13.55%	5.94%

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>
\$ 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%
\$ 1,740,293 7.55%	\$ 46,153 0.20%	\$ 2,810,475 12.19%	\$ 1,520,633 6.60%	\$ 439,255 1.91%	\$ 23,046,920 100.00%

**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>
<b>1992</b>	\$ 2,930,415	\$ 168,068	\$ 2,234,074
<b>Percent of Total</b>	32.44%	1.86%	24.73%
<b>1993</b>	\$ 2,924,033	\$ 197,013	\$ 2,142,918
<b>Percent of Total</b>	32.81%	2.21%	24.05%
<b>1994</b>	\$ 3,112,968	\$ 218,210	\$ 2,328,189
<b>Percent of Total</b>	34.07%	2.39%	25.48%
<b>1995</b>	\$ 3,286,834	\$ 250,570	\$ 2,751,793
<b>Percent of Total</b>	31.53%	2.40%	26.40%
<b>1996</b>	\$ 3,380,526	\$ 264,121	\$ 2,861,874
<b>Percent of Total</b>	30.70%	2.40%	25.99%
<b>1997</b>	\$ 4,019,315	\$ 278,600	\$ 2,217,082
<b>Percent of Total</b>	35.87%	2.49%	19.79%
<b>1998</b>	\$ 4,138,872	\$ 273,436	\$ 3,192,427
<b>Percent of Total</b>	33.33%	2.20%	25.71%
<b>1999</b>	\$ 4,560,397	\$ 296,298	\$ 4,195,239
<b>Percent of Total</b>	32.71%	2.13%	30.09%
<b>2000</b>	\$ 5,572,966	\$ 323,608	\$ 3,651,192
<b>Percent of Total</b>	37.56%	2.18%	24.61%
<b>2001</b>	\$ 6,604,777	\$ 379,376	\$ 5,045,255
<b>Percent of Total</b>	33.70%	1.94%	25.74%

- 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>	
\$	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%
\$	826,919 4.22%	\$	283,690 1.45%	\$	6,459,178 32.95%	\$	19,599,195 100.00%

CITY OF LEESBURG, FLORIDA

Table 3

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>
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%
2001	\$ 2,888,432	\$ 2,772,878	96.00%	\$ 16,364	\$ 2,789,242	96.57%

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**

<b>Fiscal Year</b>	<b>City</b>	<b>School District</b>	<b>County</b>	<b>Ambulance District</b>	<b>Northwest Hospital District</b>	<b>Water Conservation Authority</b>	<b>Water Management District</b>	<b>Total</b>
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
2001	4.500	8.495	5.117	0.550	1.000	0.500	0.472	20.634

**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
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
2001	\$ 484,548,724	\$ 466,809,946	\$ 156,992,080	\$ 151,244,778	\$ 332,879	\$ 320,693

- 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, (<http://sun6.dms.state.fl.us/dor/property>) Florida Property Valuations and Tax Data Book.

**Table 5**

<b>Exempt</b>		<b>Total</b>		<b>Ratio of Total Assessed Value to Total Estimated Actual Value (3)</b>
<b>Assessed Value (1)</b>	<b>Estimated Actual Value</b>	<b>Assessed Value (1)</b>	<b>Estimated Actual Value</b>	
\$ 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
\$ 279,831,681	\$ 269,587,361	\$ 921,705,364	\$ 887,962,778	103.80

**CITY OF LEESBURG, FLORIDA**

**Table 6**

**COMPUTATION OF OVERLAPPING  
GENERAL OBLIGATION DEBT**

**SEPTEMBER 30, 2001**

Neither the City of Leesburg, Florida, nor any of its overlapping governments had any general obligation debt outstanding as of September 30, 2001.

CITY OF LEESBURG, FLORIDA

Table 7

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		
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	\$ -	\$ 385,813	\$ 490	\$ 440,813	\$ 19,267,781	2.29
2001	\$ 55,000	\$ 383,805	\$ 450	\$ 438,805	\$ 23,046,920	1.90

- 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**

<b>Fiscal Year</b>	<b>Gross Sales Tax Revenues (1)</b>	<b>Guaranteed Portion-State Revenue Sharing (2)</b>	<b>Miscellaneous Revenues (3)</b>	<b>Total Available Revenues</b>	<b>Direct Operating Expenses</b>
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	\$ -
2001	\$ 737,543	\$ 309,234	\$ 7,547	\$ 1,054,324	\$ -

- 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				Total	Debt Coverage
	Principal	Interest	Other Debt Service			
\$ 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	\$ -	\$ 385,813	\$ 490	\$ 386,303	2.37	
\$ 1,054,324	\$ 55,000	\$ 383,805	\$ 450	\$ 439,255	2.40	

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

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Gross Revenues (1)</u>	<u>Less: Operation and Maintenance Expenses (2)</u>	<u>Net Pledged Revenues Available For Debt Service (3)</u>
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
2001	\$ 56,841,768	\$ 41,905,296	\$ 14,936,472

- 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**

<b>Debt Service Requirements</b>				
<u>Principal</u>	<u>Interest</u>	<u>Sinking Fund</u>	<u>Total</u>	<u>Debt Coverage</u>
\$ 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
\$ 485,000	\$ 1,396,561	\$ -	\$ 1,881,561	7.94

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
1992	15,063	\$ 18,456	4,930	10.3%	8.3%	7.5%
1993	14,963	\$ 18,717	4,975	9.9%	7.0%	6.9%
1994	15,005	\$ 19,189	4,997	6.0%	6.6%	6.1%
1995	15,014	\$ 19,974	5,157	7.1%	5.5%	5.6%
1996	15,352	\$ 20,801	5,403	4.4%	5.1%	5.4%
1997	15,409	\$ 21,652	5,427	3.9%	4.8%	4.9%
1998	15,658	\$ 22,344	5,439	3.2%	4.3%	4.5%
1999	15,624	\$ 33,667	5,588	2.5%	3.9%	4.2%
2000	15,956	N/A (5)	4,845	2.5%	3.6%	4.0%
2001	16,033	N/A (5)	4,366	3.4%	3.4%	4.8%

- 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/laus.htm>), United States Bureau of Labor Statistics (<http://www.bls.gov/cps/home.htm>)
  - (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>
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
2001	\$ 921,705,364	\$ 17,114,388	\$ 3,018,316,000

- 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
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
2001	3,720.96	18,891.25	29.52

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

CITY OF LEESBURG, FLORIDA

Table 13

PRINCIPAL TAXPAYERS (1)

SEPTEMBER 30, 2001

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2000 Assessed Valuation (2)</u>	<u>Percentage of Total Assessed Valuation</u>
Sprint	Telecommunications	\$ 45,717,117	7.63%
Cutrale Citrus Juices, U.S.A., Inc.	Citrus Processing	\$ 36,482,498	6.09%
Lake Port Properties	Retirement Community	\$ 25,377,660	4.23%
Wal-Mart Stores, Inc.	Department Store	\$ 8,557,440	1.43%
Huntington Banks	Banking	\$ 7,759,416	1.29%
Lowe's Home Centers, Inc.	Home Improvement Center	\$ 7,450,471	1.24%
Publix Super Markets, Inc.	Grocery Store	\$ 6,175,913	1.03%
Rodgers Brothers Land Company	Real Estate Development	\$ 4,487,588	0.75%
SunTrust Banks of Central Florida	Banking	\$ 4,427,490	0.74%
First Federal Savings Bank of Lake County	Banking	\$ 4,152,862	0.69%
Horne Properties, Inc.	Shopping Center	\$ 4,007,326	0.67%
Universal Beverages Holdings Corporation	Beverage Bottling	\$ 3,974,990	0.66%
Buffalo - Gateway Business Trust	Shopping Center	\$ 3,867,920	0.65%
<b>Subtotal</b>		\$ 162,438,691	27.10%
All Others		\$ 437,036,571	72.90%
<b>Total</b>		\$ 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, 2000, and represent total property values (including real property, personal property, and centrally assessed property) after exemptions.



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**CITY OF LEESBURG, FLORIDA**

**Table 14**

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

**SEPTEMBER 30, 2001**

<u>Name of Employer</u>	<u>Number of Employees</u>	<u>Type of Business</u>
Leesburg Regional Medical Center	1,902	Hospital
Sprint-Florida Incorporated	643	Telecommunications
Lake County School Board	528	Educational institution
Wal-Mart Stores, Inc.	465	Retail sales
City of Leesburg	455	City governmental services
Lifestream Behavioral Center	400	Mental health services provider
Lake Port Properties	379	Retirement community
Dura-Stress, Inc.	290	Concrete fabrication
Hewitt Contracting	250	General contractor
Avante Group, Inc.	190	Nursing rehabilitation
Cutrale Citrus Juices, U.S.A., Inc.	190	Citrus processing
Lake Sumter EMS, Inc.	160	Emergency medical transport
Lake Sumter Community College	151	Two-year state community college
Leware Construction Company	150	General contractor
Home Depot USA, Inc.	140	Retail sales
First Baptist Church of Leesburg	120	Church ministry services
Sears, Roebuck and Company, Inc.	118	Retail sales
Pringle Development, Inc.	106	Residential communities builder
Leesburg Daily Commercial, Inc.	105	Newspaper

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

CITY OF LEESBURG, FLORIDA

Table 15

MISCELLANEOUS STATISTICS

SEPTEMBER 30, 2001

Date Created	July 12, 1875
Form of Government	Commission/Manager
Area of Government	29.52 square miles
Miles of Streets (City Maintained):	
Paved	80.87 miles
Unpaved	3.23 miles
Electric System:	
Primary Electric Lines Within the City	365 miles
Daily Average Consumption	5.6 kwh
Number of Residential Customers	15,621
Gas System:	
Gas Mains	205 miles
Gate Stations	2 miles
Daily Average Consumption	0.2 therms
Number of Residential Customers	8,206
Water System:	
Water Mains	332 miles
Daily Average Consumption	39 gallons
Number of Residential Customers	10,548
Maximum Plant Capacity Per Day	7,460,000 gallons
Deep Wells	15
Sewer System:	
Sanitary Sewer Mains	173 miles
Lift Stations	100
Disposal Plants	2
Number of Residential Customers	9,636
Maximum Plant Capacity Per Day	6,500,000 gallons
Building Permits:	
Permits Issued Within the City	430
Construction Value of Permits Issued	\$39,185,392
Recreation and Culture:	
Parks Managed	10
Total Recreation Acreage	226 acres
Libraries Maintained	1
Volumes Maintained	174,607 volumes

**CITY OF LEESBURG, FLORIDA**

**Table 15 (Concluded)**

**MISCELLANEOUS STATISTICS**

**SEPTEMBER 30, 2001**

**Fire Protection:**

Stations	2
Employees	37

**Police Protection:**

Stations	2
Employees - Sworn	62



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**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, 2001**

<u>Federal and State Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>State CSFA Number</u>	<u>Pass-Through Grant Number</u>	<u>Program or Award Amount</u>	<u>(State Expenditures)</u>	<u>(Federal Expenditures)</u>
<b>U.S. Department of Housing and Urban Development</b>						
Section 8 Rental Voucher	14.857		FL115VO	\$ 913,781		\$ (728,462)
<b>U.S. Department of Housing and Urban Development</b>						
Passed Through Florida Department of Community Affairs:						
Community Development Block Grant	14.228		00-DB-6B-06-45-02-H09	750,000		(692,500)
Community Development Block Grant	14.228		99-DB-4Z-06-45-02-E85	750,000		(40,933)
Community Development Block Grant	14.228		00-DB-6M-06-45-02-G11	2,169,000		(1,474,718)
<b>U.S. Department of Justice</b>						
Community-Oriented Policing						
Services (COPS FAST)	16.710		95-CF-WX-0121	373,163		(77,997)
Bulletproof Vest Partnership	16.607		99002802	8,406		(5,307)
COPS MORE	16.710		2000-CM-WX-0063	25,907		(14,138)
Passed Through State of Florida						
Community Affairs/Law Enforcement:						
DARE/SRO	16.579		01-CJ-J1-06-45-02-193	32,775		(32,775)
Local Law Enforcement Block Grant	16.592		98-LB-VX-4572	46,959		(5,468)
Local Law Enforcement Block Grant	16.592		99-LB-VX-7145	50,778		(29,404)
Local Law Enforcement Block Grant	16.592		2000-LB-BX-1315	58,616		(16,770)
<b>U.S. Department of Transportation</b>						
Passed Through State of Florida Department of Transportation						
DUI Enforcement Program	20.600		J8-01-06-32-01	55,000		(55,000)
<b>U.S. Federal Aviation Administration</b>						
Rehab/Overlay Runways and Taxiways	20.106		DTFA-06-00-A-80077	173,619		(160,790)
<b>Florida Department of Community Affairs</b>						
Rapid Response Trailer	--		00-CP-05-06-45-02-214	12,000		(9,028)



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**CITY OF LEESBURG, FLORIDA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2001  
(Concluded)**

<u>Federal and State Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>State CSFA Number</u>	<u>Pass-Through Grant Number</u>	<u>Program or Award Amount</u>	<u>(State Expenditures)</u>	<u>(Federal Expenditures)</u>
<b>Florida Department of Environmental Protection</b>						
FRDAP MLK Walkway		37.017	F01108	\$ 50,000	\$ (50,000)	
<b>Florida Department of Transportation</b>						
Environmental Assessment Runway		--	407607-1-94-01	120,000	(80,000)	
Additional Land Acquisition		--	404917-1-44-01	2,625,000	(3,077)	
Taxilane Construction		--	407609-1-94-01	160,000	(12,918)	
T-Hangar Construction		--	247506-1-84-01	60,000	(2,500)	
<b>Totals</b>				<u>\$ 8,435,004</u>	<u>\$ (148,495)</u>	<u>\$ (3,343,290)</u>



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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, 2001, and have issued our report thereon dated December 14, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 14, 2001.

**Certified Public Accountants**

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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 14, 2001  
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* that are applicable to each of its major federal programs for the year ended September 30, 2001. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2001.

**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.

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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 (Concluded)**

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 14, 2001  
Ocala, Florida

*Purvis, Gray and Company*



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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:  
Community Development Block Grants (14.228)

**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

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 14, 2001, 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, 2001. 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, 2001, 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 14, 2001  
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, 2001, and have issued our report thereon dated December 14, 2001.

We have issued our independent auditors' report on compliance and on internal control dated December 14, 2001. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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)(g)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)(g)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.

The *Rules of the Auditor General* [Section 10.554(1)(g)2.] 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)(g)3. and 4.(a), (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

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Honorable City Commission  
City of Leesburg  
Leesburg, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

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)(g)3. and 4.].

The *Rules of the Auditor General* [Section 10.554(1)(g)5.] 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.

As required by the *Rules of the Auditor General* [Section 10.554(1)(g)6.(a)], 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)(g)6.(b)], we determined that the financial report for the City of Leesburg, Florida, for the fiscal year ended September 30, 2001, 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, 2001.

The *Rules of the Auditor General* [Section 10.554(1)(g)6.(c)] require that we disclose that we have applied financial condition assessment procedures pursuant to Rule 10.556(8).

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 14, 2001  
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

#### **Investment Policy**

The City's investment policy can be found in Resolution 5538. Section 1.C. of the Resolution calls for separation of transaction authority and record keeping as follows, "By separating the person who authorizes or performs the transaction from the person who records or otherwise accounts for the transaction, a proper segregation of duties is achieved." It is our understanding that one individual performs transactions and accounts for them as well. Section 1.J. of the Resolution states that "All transactions and the strategies that were used to develop said transactions should be documented in writing and approved by the appropriate person." It is our understanding that there is no written documentation for investment transactions, rather they are verbally approved by the Finance Director and executed by the same individual who accounts for all investment transactions as noted above.

To better segregate incompatible investment duties and comply with the City's investment policy, we recommend that the Finance Director authorize all investment transactions in writing and that the City consider segregating the investment transaction and accounting functions.

#### **Secondary Bond Market Disclosures**

SEC Rule No. 240.15c2-12, requires issuers of municipal securities to report financial and operational information and notices of material events to nationally recognized municipal securities information repositories, so that such information will be available to investors trading municipal securities on the secondary markets. The financial and operational information to be reported is generally the same information reported in the final official statement for the municipal securities issued.

Due to the complex nature of the reporting requirements, we recommend that the City consult with its underwriters or bond counsel to determine if the City's filing efforts to-date fulfill all of the SEC requirements.

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Honorable City Commission  
City of Leesburg  
Leesburg, Florida

**MANAGEMENT LETTER COMMENTS**  
*(Concluded)*

**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 14, 2001  
Ocala, Florida

*Purvis, Gray and Company*



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March 25, 2002

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, 2001.

### **Current Year Recommendations**

#### **1. Investment Policy**

Regarding our investment policy, our auditors have correctly observed that it requires a proper segregation of duties "by separating the person who authorizes or performs the transaction from the person who records or otherwise accounts for the transaction". Because of staff limitations, we have previously been unable to separate these functions. As of February 20, 2002, we transferred responsibility for recording of investment related transactions to another individual. This should eliminate our auditors concerns.

Our auditors also cite a provision in our adopted investment policy which states "All transactions and the strategies that were used to develop said transactions should be documented in writing and approved by the appropriate person." They concede that investment transactions are verbally approved by the Finance Director, but recommend "that the Finance Director authorize all investment transactions in writing".

We believe that adequate internal controls over the investment function previously existed. Nevertheless, we understand that our external auditors must by definition rely on written documentary evidence to verify the existence of appropriate controls. Therefore, we have implemented, effective February 20, 2002, a system requiring written approval by the City Clerk/Finance Director of all investment related decisions.

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*The Lakefront City*

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## 2. Secondary Bond Market Disclosures

Concerning compliance with the provisions of SEC Rule 240.15c2-12, our auditors have recommended "that the City consult with its underwriters or bond counsel to determine if the City's filing efforts to-date fulfill all of the SEC requirements." We are somewhat perplexed by the inclusion of this comment in the management letter. The Securities and Exchange Commission (SEC) Rule 15c2-12 under the Securities Exchange Act of 1934 requires certain disclosures to be made for all municipal bonds issued on or after January 1, 1996. As it pertains to the City of Leesburg, the only bonds subject to the provisions of Rule 15c2-12 are the \$7,345,000 Refunding and Capital Improvement Revenue Bonds, Series 1999, the \$15,705,000 Utilities System Refunding Revenue Bonds, Series 1999A and the \$12,145,000 Utilities System Revenue Bonds, Series 1999B. At the time of issuance of these bonds in 1999, the City recognized the importance of compliance with the provisions of Rule 15c2-12 and accordingly, took the extraordinary step of engaging the services of a separate disclosure counsel, Moyle, Flanigan, Katz, Kolins, Raymond & Sheehan, P.A., to perform these services. The \$42,000 cost to the City of providing these services was included in the costs of issuance of the 1999 Bonds. Each year, Mr. Mark Raymond, who represents the firm of Moyle, Flanigan, Katz, Kolins, Raymond & Sheehan, P.A., reviews our comprehensive annual financial report to ensure compliance with the provisions of Rule 15c2-12. Previously, the annual review had been completed with Mr. Raymond and our City Clerk/Finance Director telephonically. However, based on a recommendation by our auditors, this year Mr. Raymond produced written correspondence evidencing his review. His correspondence to City Clerk/Finance Director Thomas P. Klinker begins as follows:

"I have received and reviewed the City's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2000. Tom, my compliments to you and/or Mr. Brown, as appropriate, on producing this fine document. The introductory statement is as complete as any I have seen and together with the financial and statistical sections, clearly contains all information necessary to satisfy the continuing disclosure undertakings entered into by the City in connection with the Utility System Refunding Revenue Bonds, Series 1999A and 1999B and Refunding and Capital Improvement Revenue Bonds, Series 1999."

Inasmuch as the professional engaged by the City to ensure compliance with our continuing disclosure is obviously more than satisfied with our efforts, we are uncertain what additional actions could be taken by the City to satisfy our auditors.



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## **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. Preliminary meetings between the City Clerk/Finance Director and the Director of Public Works to establish a strategy for creating an inventory of infrastructure assets have already taken place.
- Conversion of general fixed assets to depreciable assets. This issue required 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. As of September 30, 2001 economic useful lives were established for every asset class in the General Fixed Asset Account Group. In addition, life to date depreciation has been calculated for all general fixed assets as of that date, although this information is not formally recorded in the financial statements.
- Reformatting of year end financial statements. GASB Statement 34 requires the preparation of an additional layer of financial statements, the government



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Mr. William O. Monroe, CPA  
Auditor General  
March 25, 2002  
Page 4

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,



C. Robert Lovell, Mayor  
City of Leesburg, Florida



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