

CITY OF CLERMONT FLORIDA

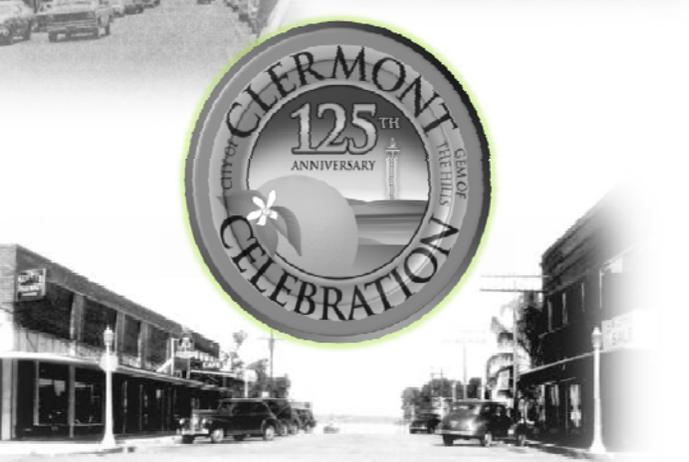
Comprehensive Annual

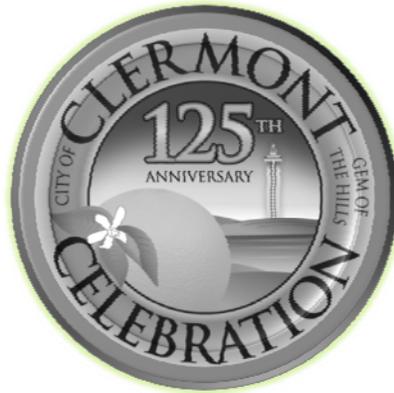
Financial Report

Fiscal Year Ended
September 30, 2010



Business District, 8th and Montrose St., Clermont, Fla.





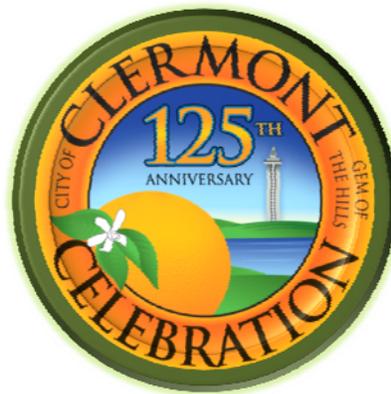
*Celebrating Clermont's 125th Anniversary
1884-2009*

*Commemorating Clermont's history through
photographs of downtown Clermont over the years.*

City of Clermont, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended September 30, 2010



Prepared By
Finance

Regina M. Frazier
Finance Manager

Lacy Smith-Castillo
Accountant



CITY OF CLERMONT

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CITY OF CLERMONT

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CITY OF CLERMONT

March 31, 2011

To the Honorable Mayor and City Council and Citizens of the City of Clermont, Florida:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Clermont, Florida, for the fiscal year ended September 30, 2010. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2010.

Management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Clermont has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Clermont's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Clermont's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Clermont's financial statements have been audited by McDirmit Davis & Company, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Clermont for the fiscal year ended September 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Clermont's financial statements for the fiscal year ended September 30, 2010, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides narrative introduction, overview, and analysis of the basic financial statements. The MD&A provides "financial highlights" and interprets the financial reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City. This letter of

transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the City of Clermont

The City was founded in 1884 and incorporated in 1916. The City currently has a land area of 14.7560 square miles and population of approximately 28,742. The City is located in south Lake County, approximately twenty-two miles west of the City of Orlando and about twenty-five miles northwest of Walt Disney World. Clermont, known as “The Gem of the Hills”, is truly the crossroads of Florida, at the intersection of State Road 50 that runs east and west across the state and U.S. Highway 27, which runs north and south through the center of the state. Clermont is on a chain of 15 lakes connected by the winding Palatlahaha River in the Ocklawaha Basin of tributaries of the St. Johns River, the only river system in the United States of America that flows north. The lakes offer residents the opportunity for excellent fishing, boating, swimming and other water sports including competitive skiing and wakeboarding offered by world-class instructional schools.

The City of Clermont is known for its scenic beauty, relaxed lifestyle, recreational facilities and temperate climate. Residents have a wide variety of housing and property ownership opportunities, including lakefront and lake access property, golf course communities, homes in existing neighborhoods, residential retirement communities and new subdivisions. The City of Clermont Parks and Recreation Department operates 22 parks, 5.7 miles of scenic paved trails, 4 piers measuring a total of 840 feet, 1-612 foot boardwalk, 4 special purpose buildings and a boat ramp.

The City of Clermont provides a full range of services as directed by its charter. These include police and fire protection; streets and sidewalk maintenance, planning and development, code enforcement, mosquito control, recreational facilities and programs, cemetery and general administrative functions. The City also provides potable water, wastewater collection and treatment, reclaimed water production and distribution, stormwater treatment, solid waste collection and recycling services.

The City operates according to a Council/Manager form of government, with an appointed City Manager, four elected City Council members and an elected Mayor. The governing body has legislative responsibilities including setting policy, passing ordinances, adopting the budget, appointing committees, and hiring the City’s Manager. The City Manager is responsible for carrying out the policies and ordinances of the governing body, for overseeing the day-to-day operations of the government, and for hiring the directors of the various departments.

The annual budget serves as the foundation the City of Clermont’s financial planning and control. All departments of the City of Clermont are required to submit requests for appropriations to the City Manager. The City Manager then uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City of Clermont’s fiscal year. The appropriated budget is prepared by fund (e.g. general fund), and department (e.g. fire department). The City Manager may make transfers of appropriations within departments; however, any revisions that alter the total appropriations of a department must be approved by City Council. Original

and final amended budget-to-actual comparisons are provided in this report for each individual governmental fund. The General Fund is presented on pages 18-19, the Community Redevelopment Special Revenue fund is presented on page 21 as part of the basic financial statements for the governmental funds. For other governmental funds, these comparisons are presented in the other governmental funds subsection of this report, which starts on page 65.

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Clermont operates.

Local economy. The City of Clermont is essentially residential in character and its economy is centered in retail, real estate, personal services and healthcare. At September 30, 2010, Lake County's unemployment rate was 12.4%. This is an increase of 0.98% over 2009 and is slightly higher than the state's average of 11.9% and the national average of 9.6%. Educational institutions in Clermont such as Lake-Sumter Community College and the University of Central Florida assist in supplying a skilled labor force.

The cost of living for the region is below the national average. There is no personal income tax, either locally or state-wide. Sales tax, currently at 7%, is not charged on food or medicine. One cent of the sales tax charged within the county is limited to \$50 per transaction (1% of \$5,000). As discussed in the MD&A, this additional penny sales tax must be used for infrastructure including roads, buildings, land, land improvements and certain equipment.

Major initiatives. The following items are capital projects that are currently planned for the City:

- The planning/design phase for the expansion of the existing Police Station. The project consists of expanding the existing Police Station and demolishing the building previously occupied by the Lake County Sheriff's office. The expansion is anticipated to cost \$3,750,000 and will be funded from police impact fees.
- The planning/design phase for the replacement of Jenkins Auditorium. The replacement building will be built on vacant City owned property and will include meeting space, kitchen area and office area. The new facility is anticipated to cost \$2,091,500 and is proposed to be funded from infrastructure sales taxes.
- The planning/design phase of the construction of the West Water Treatment Plant. The plant will include a one million gallon ground storage tank, a sodium hypochlorite feed system for disinfection and a bank of high service pumps to deliver potable water to the distribution system. The construction is anticipated to cost \$8,000,000 and will be funded from water utility reserves.

Long-term financial planning. The City uses an extensive water and sewer master plan to manage growth in the water and sewer utility systems. The plan outlines water and sewer line size requirements for planned development with rough cost estimates. The plan also has benchmarks for plant expansions and additional well requirements.

Slowed building permits and declining home values are being monitored closely since they are directly impacted by the current recession. The recession also affects the growth of impact fees, ad valorem taxes, utility service taxes and franchise fee revenues in future years. Due to these circumstances, the City is actively monitoring all expansion projects and limiting any costs that will require multi-year funding commitments. The Clermont City Council and management through careful short and long range planning and sound management practices are committed to budgeting and managing all resources in the most cost effective manner.

Relevant financial policies. The City regularly reviews revenues and expenditures throughout the fiscal year. During the course of the year, if actual revenues are expected to fall short of the budgeted amount, expenditures are reduced to ensure that a shortage of funds or a significant use of fund balance does not occur.

The City administers a cash management and investment program that seeks to maximize, in order of priority, the preservation of funds, liquidity and interest earnings over its cash and investments. Cash resources of the individual funds are combined to form a pool of cash and investments. The average cash and investment pool balance during the year (not including pension funds) was \$52,919,009 and the average investment earnings rate was 2.38%. Investment income includes the change in the fair value of investments. During the year monies were invested in accordance with the City's investment policy. Pension fund assets were invested in accordance with the City's Investment Policy for Retirement Funds. The total pension fund cash and investments at year end were \$14,810,025 and the average investment income was 9.2%.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clermont for its comprehensive annual financial report for the fiscal year ended September 30, 2009. This was the twenty-second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the staffs in the City Manager's office, Planning Department and Administrative Services Department. We would like to express our appreciation to all members of these departments who assisted and contributed to the preparation of this report. A special note of appreciation is due Regina Frazier and Lacy Smith-Castillo in Finance for their hard work and dedicated efforts in the preparation of this report. Credit also must be given to the Mayor and the City Council for their support in maintaining the highest standards of professionalism in the management of the City of Clermont's finances.

Respectfully submitted,



Wayne Saunders
City Manager



Joseph Van Zile
Administrative Services Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Clermont
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



CITY OF CLERMONT, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2010

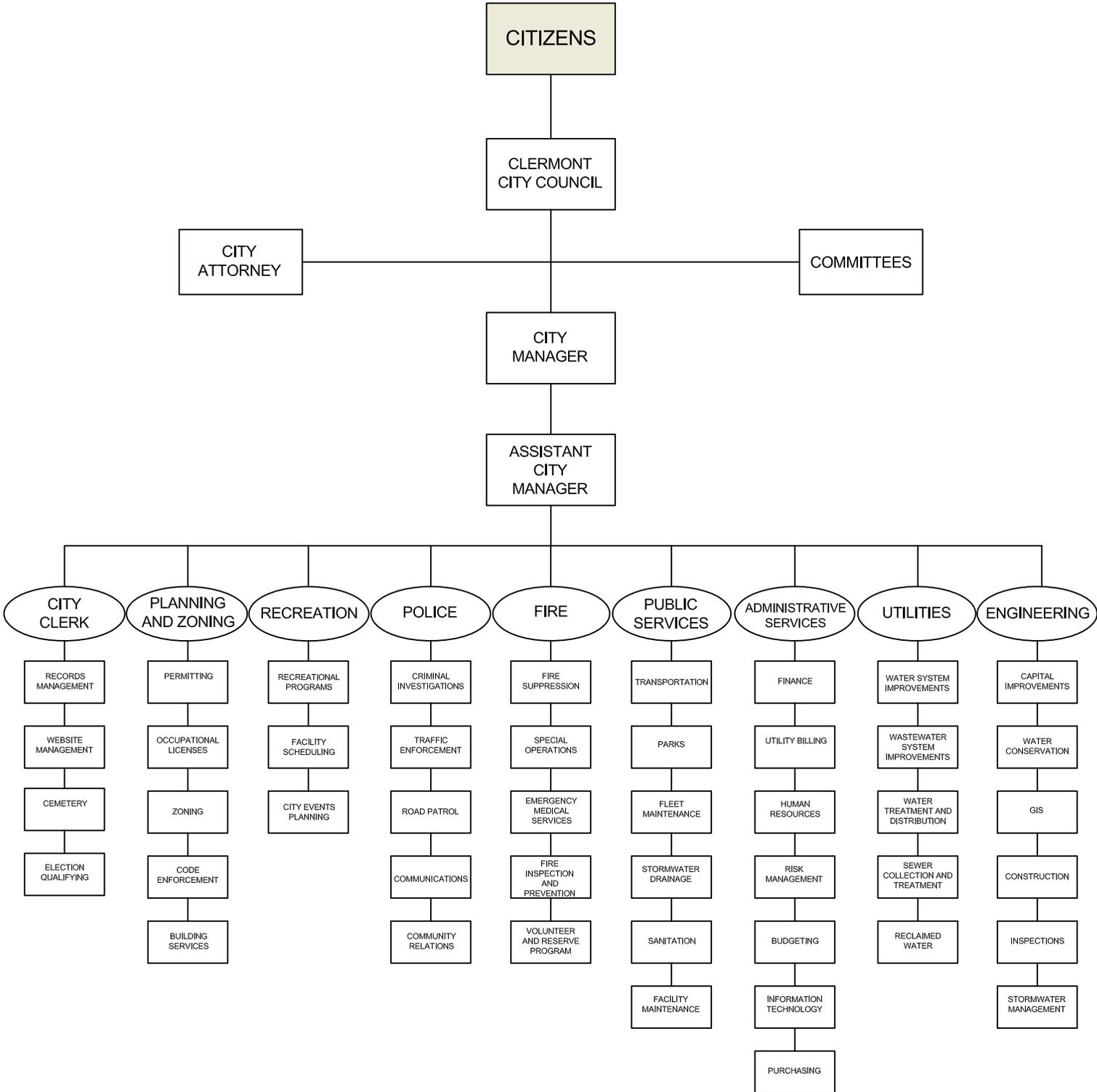
ELECTED OFFICIALS

Mayor	Harold Turville, Jr.
Mayor Pro-Tem	Keith Mullins
Council Member	Ray Goodgame
Council Member	Jack Hogan
Council Member	Robert Thompson

APPOINTED OFFICIALS

City Manager	Wayne Saunders
Assistant City Manager	Darren Gray
City Attorney	Dan Mantzaris
Administrative Services Director	Joseph Van Zile
City Clerk	Tracy Ackroyd
Engineering Director	Tamara Richardson
Fire Chief	Carle Bishop
Planning Director	James Hitt
Police Chief	Stephen Graham
Public Services Director	Preston Davis
Utilities Director	James Kinzler

CITY OF CLERMONT, FLORIDA



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Clermont, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Clermont, Florida*, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Clermont, Florida*, as of September 30, 2010 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the community redevelopment special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MCDIRMIT DAVIS & COMPANY, LLC
605 E. ROBINSON STREET, SUITE 635 • ORLANDO, FLORIDA 32801
TELEPHONE 407-843-5406 • FAX 407-649-9339 • EMAIL: INFO@MCDIRMITDAVIS.COM

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2011 on our consideration of the *City of Clermont, Florida's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other postemployment benefits disclosures on pages 3 through 12 and 61 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clermont, Florida basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

McDiernit Davis & Company, LLC

March 23, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Clermont, Florida we offer readers of the City of Clermont's (the City) financial statements this narrative overview and analysis of the financial activities of the City of Clermont for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii through vii of this report.

Financial Highlights

- The City of Clermont's assets exceeded its liabilities at September 30, 2010 by \$138,738,180 (net assets). Of this amount, \$25,394,764 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$2,136,336 (or 1.6%) over the previous fiscal year. There was also a decrease in net assets of \$542,000 due to a change in accounting principle in relation to Other Post Employment Benefits (OPEB) reporting.
- At September 30, 2010, the City of Clermont's governmental funds reported combined ending fund balances of \$22,177,725 an increase of \$1,418,528 over the previous fiscal year. Of this amount \$19,174,018 (unreserved fund balance) is available for spending at the government's discretion.
- The General Fund, the City's primary operating fund, reported an unreserved fund balance of \$11,357,752, which represents 65% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Clermont's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Clermont's financial position, in a manner similar to a private-sector business. They include a *Statement of Net Assets* and a *Statement of Activities*. These statements appear on pages 13 and 14 of the report.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Clermont that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Clermont include general government, public safety, physical environment, transportation, economic environment, and culture and recreation. The business-type activities of the City of Clermont include water, sewer, sanitation, and stormwater utilities.

The government-wide financial statements include only the City of Clermont itself (known as the *primary government*) and one blended component unit (The City of Clermont Community Redevelopment Trust Fund).

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Clermont, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Clermont can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Clermont maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Community Redevelopment Fund, both of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Clermont adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund (pages 18-19) and the Community Redevelopment Fund (page 21) to demonstrate compliance with budgets. Other nonmajor funds comparisons can be found beginning on page 70.

The basic governmental fund financial statements can be found on pages 15 - 21 of this report.

Proprietary funds. The City of Clermont maintains two types of proprietary funds: *enterprise* and *internal service*, which can be found on pages 22-27 of this report.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Clermont uses enterprise funds to account for water, sewer, sanitation and stormwater utilities. *Internal service funds* are an accounting tool used to accumulate and allocate costs internally among various functions. The City utilizes an internal service fund for its health insurance. Because services accounted for in the internal service fund predominately benefit governmental rather than business-type functions, it has been included within the *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water, sewer and sanitation which are all considered to be major funds. Data for the Stormwater Fund is also included since it is the only nonmajor fund.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Clermont's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds.

The basic fiduciary fund financial statements can be found on pages 28 - 29 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 31 - 59 of this report.

Other information. The combining statements referred to earlier in connection with other governmental and proprietary funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 66 - 76 of this report.

Government-Wide Financial Analysis

The following is a summary of the City's net assets for governmental and business-type activities for the current year as compared to the prior year. For more detail see the Statement of Net Assets on page 13.

CITY OF CLERMONT'S Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Assets:						
Current and other assets	\$ 25,017,023	\$ 22,052,573	\$ 31,214,772	\$ 30,475,440	\$ 56,231,795	\$ 52,528,013
Capital assets	37,856,800	38,470,822	71,173,655	70,782,742	109,030,455	109,253,564
Total assets	62,873,823	60,523,395	102,388,427	101,258,182	165,262,250	161,781,577
Liabilities:						
Long-term liabilities outstanding*	5,449,961	5,518,938	16,570,095	16,609,064	22,020,056	22,128,002
Other liabilities	2,925,470	1,330,442	1,578,544	1,721,289	4,504,014	3,051,731
Total liabilities	8,375,431	6,849,380	18,148,639	18,330,353	26,524,070	25,179,733
Net assets:						
Invested in capital assets,						
Net of related debt	33,816,797	33,937,745	55,539,792	54,834,359	89,356,589	88,772,104
Restricted	6,693,736	6,525,848	17,293,091	10,436,763	23,986,827	16,962,611
Unrestricted	13,987,859	13,210,422	11,406,905	17,656,707	25,394,764	30,867,129
Total net assets	\$ 54,498,392	\$ 53,674,015	\$ 84,239,788	\$ 82,927,829	\$ 138,738,180	\$ 136,601,844

*Note: Fiscal Year 2009 balances have been restated to include adjustment of OPEB obligation recorded.

The City's total net assets at September 30, 2010 were \$138,738,180. Of the City's total net assets \$89,356,589 (64.4%) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Clermont's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net assets, \$23,986,827 (17.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's total net assets, \$25,394,764 (18.3%) is unrestricted. These assets may be used at the City's discretion in meeting its ongoing obligations to citizens and creditors.

The City's net assets increased by \$2,136,336 during the current fiscal year. Major components of this increase are discussed in the Governmental and Business-Type Activities sections to follow. Restricted reserves represent the accumulation of impact fee funds for upcoming and ongoing capital projects. Unrestricted reserves represent increases in investment cash in governmental funds.

The following is a summary of the City's governmental and business-type activities for fiscal year 2009-10, including revenues and expenses, with a comparison to the prior year. For more detail see the Statement of Activities on page 14.

CITY OF CLERMONT'S Changes in Net Assets

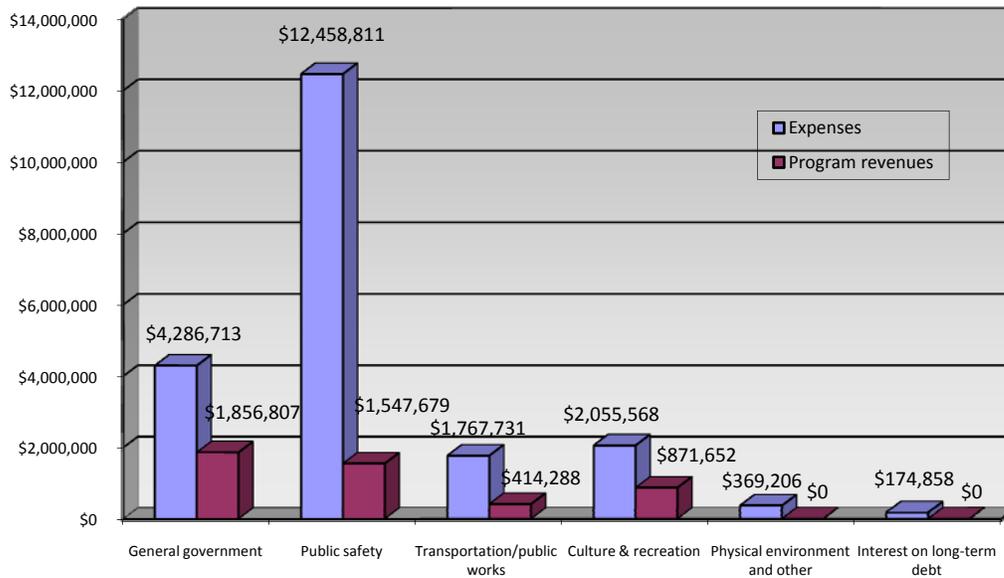
	Governmental Activities		Business-type Activities		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenues:						
Program revenues -						
Charges for services	\$ 3,393,971	\$ 3,156,087	\$ 13,111,848	\$ 12,925,275	\$ 16,505,819	\$ 16,081,362
Operating grants and contributions	1,162,255	921,314	-	-	1,162,255	921,314
Capital grants and contributions	134,200	3,306,855	1,543,638	2,137,323	1,677,838	5,444,178
General revenues -					-	-
Property Taxes	6,844,084	7,600,966	-	-	6,844,084	7,600,966
Franchise Fees	2,373,096	2,151,258	-	-	2,373,096	2,151,258
Utility Taxes	2,558,282	2,151,318	-	-	2,558,282	2,151,318
Intergovernmental	4,503,416	4,458,162	-	-	4,503,416	4,458,162
Investment income and miscellaneous	525,178	1,049,971	359,711	1,005,498	884,889	2,055,469
Total revenues	21,494,482	24,795,931	15,015,197	16,068,096	36,509,679	40,864,027
Expenses:						
General government*	4,286,713	4,828,177	-	-	4,286,713	4,828,177
Public safety*	12,458,811	11,014,677	-	-	12,458,811	11,014,677
Physical environment*	318,878	384,185	-	-	318,878	384,185
Transportation*	1,767,731	1,178,032	-	-	1,767,731	1,178,032
Economic environment	50,328	101,567	-	-	50,328	101,567
Culture and recreation*	2,055,568	2,125,129	-	-	2,055,568	2,125,129
Interest on long-term debt	174,858	325,682	-	-	174,858	325,682
Water*	-	-	4,316,170	4,054,390	4,316,170	4,054,390
Sewer*	-	-	5,927,529	4,525,197	5,927,529	4,525,197
Sanitation*	-	-	2,168,794	2,118,553	2,168,794	2,118,553
Stormwater*	-	-	847,963	544,458	847,963	544,458
Total expenses	21,112,887	19,957,449	13,260,456	11,242,598	34,373,343	31,200,047
Increase (Decrease) in Net Assets Before Transfers	381,595	4,838,482	1,754,741	4,825,498	2,136,336	9,663,980
Transfers	442,782	468,571	(442,782)	(468,571)	-	-
Increase in Net Assets	824,377	5,307,053	1,311,959	4,356,927	2,136,336	9,663,980
Net Assets – Beginning	53,674,015	48,366,962	82,927,829	78,570,902	136,601,844	126,937,864
Net Assets – Ending	\$ 54,498,392	\$ 53,674,015	\$ 84,239,788	\$ 82,927,829	\$ 138,738,180	\$ 136,601,844

*Note: Fiscal Year 2009 balances have been restated to include adjustment of OPEB obligation recorded.

Governmental activities - Governmental activities increased the City of Clermont's net assets by \$824,377. Additional revenues associated with fee based services as well as higher collections of franchise fees and utility taxes and reduced general government expenditures contributed to this change.

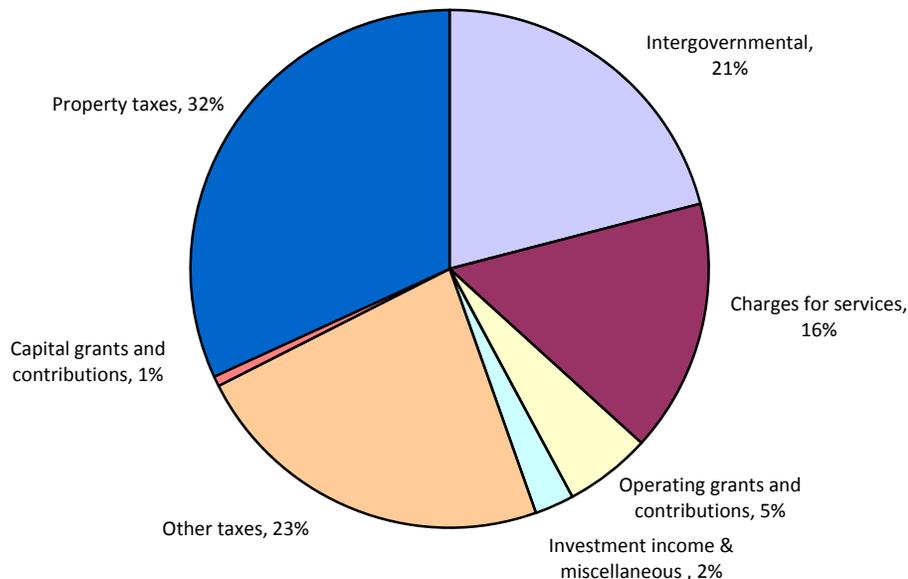
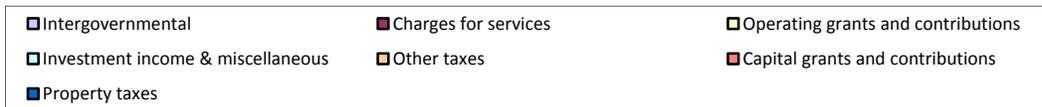
The following graph is a comparison of program revenues and program expenses for all governmental activities. This chart is intended to give the reader an idea of the degree to which governmental activities are self-supporting.

Expenses and Program Revenues - Governmental Activities



The following pie chart illustrates the composition of governmental activities revenue and its percent in relation to total governmental activities revenues.

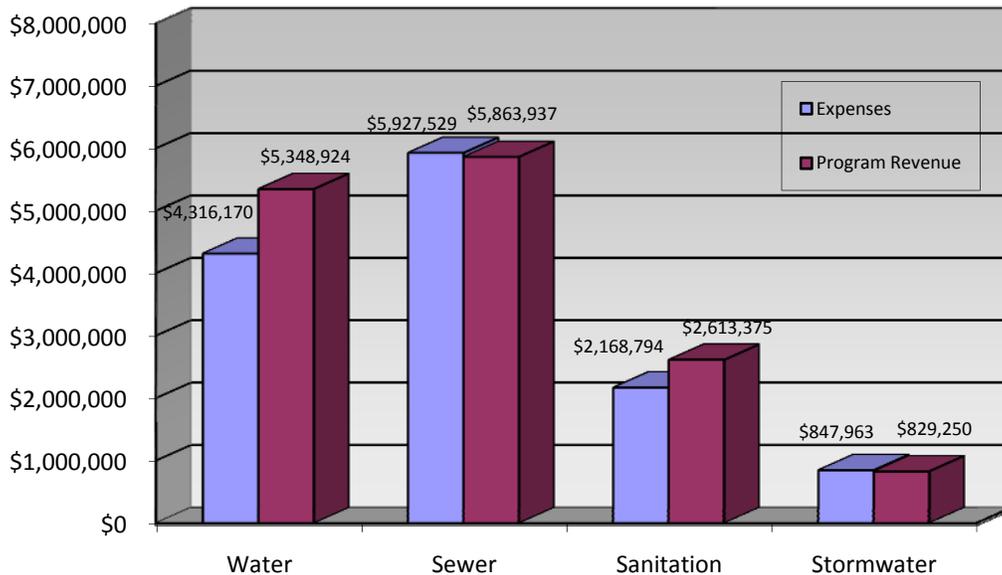
Revenues by Source - Governmental Activities



Business-type activities - Business-type activities increased the City of Clermont's net assets by \$1,311,959. This change was due to capital contributions totaling \$1,543,638. These contributions are water and sewer impact fees paid by developers. The fees were adopted by the City to require new development to pay its proportionate share of the capital costs necessary to accommodate new development impacts on the City's water and sewer system. The City is using this revenue for large capital projects that are currently under construction such as the West Side Force Main, the Equilization Wastewater Basin, Lift Station Improvements and the Reclaim Water System Expansion.

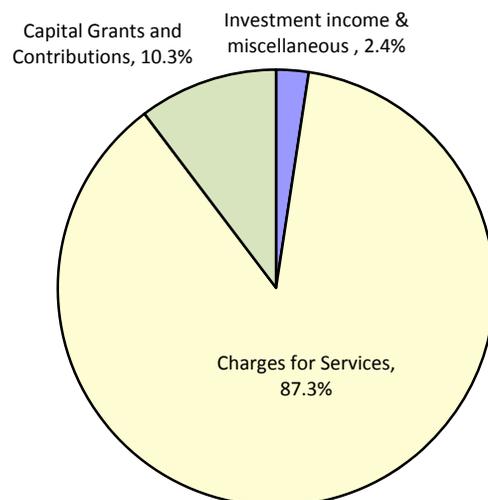
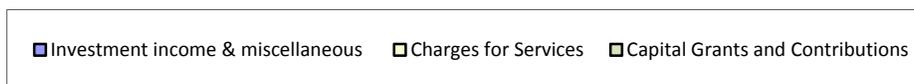
The following graph is a comparison of program revenues and program expenses for all business-type activities. This chart is intended to give the reader an idea of the degree to which business-type activities are self-supporting.

Expenses and Program Revenues - Business Type Activities



The following pie chart illustrates the composition of business-type activities revenue and its percent in relation to total business-type activities revenues.

Revenues by Source - Business Activities



Financial Analysis of the City's Funds

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

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

As of September 30, 2010, the City of Clermont's governmental funds reported combined ending fund balances of \$22,177,725 an increase of \$1,418,528 in comparison with the prior year. Of the governmental funds combined ending fund balances, \$19,174,018 (86%) represents *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for spending because it has already been committed for debt service, inventories and prepaid expenses, or it is being held in a non-expendable trust fund.

The General Fund is the chief operating fund of the City of Clermont. As of September 30, 2010, the fund balance in the General Fund was \$11,603,535 an increase of \$529,168 in comparison with the prior year. This increase is due to current revenues exceeding current expenditures. Revenue increases are mainly attributed to tax receipts coming in higher than anticipated due to additional collections of delinquent taxes as well as fewer taxpayers taking advantage of the early payment discounts. Additional donations, reimbursements, surplus property sales, and investment earnings also contributed to this increase in fund balance. Expenditures in general government, public safety, and transportation also came in less than anticipated creating additional surplus funds. Of the total fund balance in the General Fund, \$11,357,752 (98%) is unreserved fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 65.2% of total General Fund expenditures, while total fund balance represents 66.7% of that same amount.

The Community Redevelopment Special Revenue Fund is considered a major fund in order for our external auditors to express an opinion on this fund as required by Florida Statutes chapter 163.387(8). This fund was created in 1997 as a dependent taxing district. The incremental annual increase in tax over the base years is used to fund projects. As of September 30, 2010, the fund balance was \$1,472,734 an increase of \$292,038 over the prior year. This increase is due to unanticipated delays in the streetscape improvements project.

The remainder of the change \$597,322 to the governmental fund balance was from the non-major governmental funds. The Infrastructure Fund and Capital Projects Fund balances decreased by \$29,732 and \$293,408, respectively. Recreation, Police and Fire Impact Fee fund balances combined increased a total of \$747,253 due to impact fees coming in higher than anticipated. The fund balances in the remaining non-major funds increased a total of \$173,209.

Proprietary Funds. *Proprietary funds* are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's major proprietary funds are water, sewer and sanitation.

The Water Fund accounts for the provision of potable water service to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of September 30, 2010, the City of Clermont's Water Fund reported total net assets of \$28,469,022, an increase of \$773,693 in comparison with the prior year. This increase in net assets was a result of surplus operating income primarily due to lower than anticipated operating expenses.

The Sewer Fund accounts for the provision of sewer services to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of September 30, 2010, the City of Clermont's Sewer Fund reported total net assets of \$47,306,383, an increase of \$112,262 in comparison with the prior year. This increase is primarily due to impact fee collections. Much of the money collected for impact fees is accumulating for large capital projects that will expand the current sewer system.

The Sanitation Fund accounts for the provision of garbage and trash collection, recycling, and composting services to City residents. All activities necessary to the provision of these services are accounted for in this fund. As of September 30, 2010, the City of Clermont's Sanitation Fund reported total net assets of \$3,858,362, an increase of \$468,606 in comparison with the prior year, which is primarily due to surplus operating income.

General Fund Budgetary Highlights

During the year there was a \$1,411,406 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$247,830 for upfront costs associated with the transfer of police dispatching services to the Sheriff's Office. The analysis of the consolidation of dispatch services was not complete until after the beginning of the fiscal year and in order to complete the transfer in fiscal year 2011, preparation needed to begin in 2010.
- \$456,157 for increased contributions to the Police and Fire Pension Funds. The actuarial reports, which were not completed until after the beginning of the fiscal year, resulted in a much higher than anticipated increase in pension contributions.
- \$15,759 for the purchase of software for fire vehicle laptop computers. Funding was requested in order to take advantage of early implementation discounts for a software interface with the CAD and navigation systems used by Lake-Sumter EMS, our dispatch provider.
- \$247,163 for expenditures associated with several public safety grants. These grants had not yet been awarded at the start of the fiscal year.
- \$210,000 for a contribution to the National Training Center (NTC) for construction of permanent stadium seating as well as fencing and irrigation for a fifth field. This request was presented to City Council early in the fiscal year in an effort to attract more tournaments and boost tourism by adding the permanent seating and fifth field necessary for larger events. The timing of the project allowed the NTC to solicit tournaments for the upcoming season.
- \$103,381 for expenditures associated with the City's 125th Anniversary Celebration. These expenditures were partially offset by donations as well as vendor booth rentals, profit sharing and merchandise sales. Planning and scope of this event was not determined until after the beginning of the fiscal year.

- \$22,895 for expenditures associated with the completion of the historic village project. Additional items were completed in preparation for the City's anniversary celebration.
- \$8,000 for architectural services for the Jenkins Replacement Facility project. Due to repair and maintenance issues, City Council requested that a study be completed to determine whether the facility should be replaced rather than renovated as originally planned.

General Fund revenue increases totaling \$234,159 were due to the following:

- \$191,657 to budget the receipt of several public safety grants, which were awarded after the beginning of the fiscal year.
- \$42,502 to budget the receipt of various donations for the City's 125th Anniversary Celebration. Additional resources were solicited in order to help promote and fund this one-time event.

Even considering the above noted increases in General Fund budgeted appropriations, actual expenditures were less than budgeted by \$884,796. In addition, actual revenues exceeded actual expenditures by \$529,168.

Capital Assets

The following is a summary of the City of Clermont's capital assets, net of depreciation for governmental and business-type activities for the current year with a comparison to the prior year. Additional information on the City of Clermont's capital assets can be found in Note 7 on pages 45 - 46 of this report.

CITY OF CLERMONT'S Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Land	\$ 22,128,032	\$ 21,776,552	\$ 1,457,973	\$ 1,457,973	\$ 23,586,005	\$ 23,234,525
Buildings	7,723,916	6,025,822	76	228	7,723,992	6,026,050
Improvements/ Infrastructure	4,206,113	4,801,673	60,468,734	53,856,205	64,674,847	58,657,878
Machinery and Equipment	1,992,930	2,708,533	1,579,181	1,819,305	3,572,111	4,527,838
Intangibles	324,821	410,925	-	28,722	324,821	439,647
Construction in progress	1,480,988	2,747,317	7,667,691	13,620,309	9,148,679	16,367,626
Total	\$ 37,856,800	\$ 38,470,822	\$ 71,173,655	\$ 70,782,742	\$ 109,030,455	\$ 109,253,564

The City of Clermont's investment in capital assets for its governmental and business-type activities as of September 30, 2010, amounts to \$109,030,455 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements/infrastructure, machinery and equipment and intangibles. The total change in the City's investment in capital assets for the current fiscal year was (\$223,109). Major capital asset events during the current fiscal year included the following:

- Completion of the Historic Village – \$183,653 was added and prior years Construction in Progress in the amount of \$120,528 was moved to Infrastructure/Improvements for a total project cost of \$304,181.
- Completion of the Fire Station #3 – \$29,636 was added and prior years Construction in Progress in the amount of \$1,772,773 was moved to Infrastructure/Improvements for a total project cost of \$1,802,409.
- Completion of the Sunnyside Drive Drainage – \$18,403 was added and prior years Construction in Progress in the amount of \$373,475 was moved to Infrastructure/Improvements for a total project cost of \$391,878.

- Completion of the Greater Hills Water Treatment Plant – \$35,931 was added and prior years Construction in Progress in the amount of \$8,089,745 was moved for a total project cost of \$8,125,706.
- Construction in progress includes construction of the West Side Force Main, the Equilization Wastewater Basin, Lift Station Improvements, 3rd Street Improvements, Waterfront Pavilion construction, West Park construction, Water and Sewer Security Improvements and Reclaim Water System Expansion.

Debt Administration

The following is a summary of the City's long-term debt for governmental and business-type activity for the current year with a comparison to the prior year. Additional information on long-term debt can be found in Note 8 on pages 47 - 49 of this report.

CITY OF CLERMONT'S Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenue bonds payable	\$ 4,040,000	\$ 4,495,000	\$ 16,640,000	\$ 16,655,000	\$ 20,680,000	\$ 21,150,000
Notes payable	-	38,077	-	-	-	38,077
Total	\$ 4,040,000	\$ 4,533,077	\$ 16,640,000	\$ 16,655,000	\$ 20,680,000	\$ 21,188,077

At the end of the current fiscal year, the City of Clermont had total debt outstanding of \$20,680,000. This debt includes revenue bonds payable. During fiscal year 2009-2010, the City paid off a note issued in 1999 for the purchase of a fire truck.

Economic Factors and Next Year's Budgets and Rates

- The annual unemployment rate for Lake County in 2010 was 12.4%, which is an increase of 0.98% over 2009. It is higher than both the state's average of 11.9% and the national average of 9.6%.
- The taxable value of commercial and residential property decreased 14.0% from fiscal year 2008-09 to fiscal year 2009-10 due to declining home values and foreclosures.
- Population increased 18.8% from 24,199 in 2009 to 28,742 in 2010.

As of September 30, 2010, the General Fund unreserved fund balance was \$11,357,752. The City appropriated \$1,521,802 of this amount for spending in the 2010-11 fiscal year budget. The same property tax rate is included for the General Fund for the 2010-11 fiscal year budget. However, property tax revenue is projected to be nearly \$835,397 lower in fiscal year 2010-11 due to continued declining home values and foreclosures.

No utility rate adjustments were proposed for the 2010-11 fiscal year with the exception of the sewer rate structure. The sewer rates increased 0.56% on October 1, 2010 pursuant to a required adjustment in accordance with the Florida Public Service Commission Annual Deflator Index previously adopted by the Clermont City Council.

Requests for Information

This financial report is designed to provide a general overview of the City of Clermont's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the office of the Administrative Services Director, City of Clermont, P.O. Box 120219, Clermont, Florida 34712.

BASIC FINANCIAL STATEMENTS



CITY OF CLERMONT, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 12,388,712	\$ 9,173,708	\$ 21,562,420
Investments	11,496,873	10,904,164	22,401,037
Receivables, net	304,678	1,230,378	1,535,056
Inventories	13,859	410,110	423,969
Due from other governments	363,311	1,370	364,681
Internal balances	122,610	(122,610)	-
Prepaid costs	232,290	118,223	350,513
Restricted assets:			
Cash and cash equivalents	-	1,377,693	1,377,693
Investments	-	7,655,546	7,655,546
Interest receivable	94,690	84,022	178,712
Bond issuance costs	-	382,168	382,168
Capital assets not being depreciated	23,609,020	9,125,664	32,734,684
Capital assets being depreciated, net of accumulated depreciation	14,247,780	62,047,991	76,295,771
Total assets	62,873,823	102,388,427	165,262,250
Liabilities:			
Accounts payable and accrued expenses	2,925,470	1,578,544	4,504,014
Noncurrent liabilities:			
Due within one year	530,286	561,218	1,091,504
Due in more than one year	4,919,675	16,008,877	20,928,552
Total liabilities	8,375,431	18,148,639	26,524,070
Net Assets:			
Invested in capital assets, net of related debt	33,816,797	55,539,792	89,356,589
Restricted for:			
Capital improvements	3,935,812	17,293,091	21,228,903
Community redevelopment	1,472,734	-	1,472,734
Debt service	488,330	-	488,330
Perpetual care:			
Nonexpendable	796,860	-	796,860
Unrestricted	13,987,859	11,406,905	25,394,764
Total net assets	\$ 54,498,392	\$ 84,239,788	\$ 138,738,180

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF CLERMONT, FLORIDA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2010

Functions/Programs:	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 4,286,713	\$ 1,856,807	\$ -	\$ -	\$ (2,429,906)	\$ -	\$ (2,429,906)
Public safety	12,458,811	665,512	840,292	41,875	(10,911,132)	-	(10,911,132)
Physical environment	318,878	-	-	-	(318,878)	-	(318,878)
Transportation/public works	1,767,731	-	321,963	92,325	(1,353,443)	-	(1,353,443)
Economic environment	50,328	-	-	-	(50,328)	-	(50,328)
Culture and recreation	2,055,568	871,652	-	-	(1,183,916)	-	(1,183,916)
Interest on long-term debt	174,858	-	-	-	(174,858)	-	(174,858)
Total governmental activities	<u>21,112,887</u>	<u>3,393,971</u>	<u>1,162,255</u>	<u>134,200</u>	<u>(16,422,461)</u>	<u>-</u>	<u>(16,422,461)</u>
Business-type activities							
Water	4,316,170	4,817,076	-	531,848	-	1,032,754	1,032,754
Sewer	5,927,529	4,852,147	-	1,011,790	-	(63,592)	(63,592)
Sanitation	2,168,794	2,613,375	-	-	-	444,581	444,581
Stormwater	847,963	829,250	-	-	-	(18,713)	(18,713)
Total business-type activities	<u>13,260,456</u>	<u>13,111,848</u>	<u>-</u>	<u>1,543,638</u>	<u>-</u>	<u>1,395,030</u>	<u>1,395,030</u>
Total primary government	<u>\$ 34,373,343</u>	<u>\$ 16,505,819</u>	<u>\$ 1,162,255</u>	<u>\$ 1,677,838</u>	<u>(16,422,461)</u>	<u>1,395,030</u>	<u>(15,027,431)</u>
General revenues:							
Property taxes					6,844,084	-	6,844,084
Franchise fees					2,373,096	-	2,373,096
Utility taxes					2,558,282	-	2,558,282
Intergovernmental - unrestricted					4,503,416	-	4,503,416
Unrestricted investment earnings					378,791	359,711	738,502
Miscellaneous					146,387	-	146,387
Transfers					442,782	(442,782)	-
Total general revenues and transfers					<u>17,246,838</u>	<u>(83,071)</u>	<u>17,163,767</u>
Change in net assets					824,377	1,311,959	2,136,336
Net assets - beginning					54,072,060	83,071,784	137,143,844
Adjustment-change in accounting principle					(398,045)	(143,955)	(542,000)
Net assets - ending					<u>\$ 54,498,392</u>	<u>\$ 84,239,788</u>	<u>\$ 138,738,180</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF CLERMONT, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2010

	<u>General</u>	<u>Community Redevelopment Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 1,374,255	\$ 1,472,721	\$ 9,482,736	\$ 12,329,712
Investments	11,496,873	-	-	11,496,873
Receivables, net	392,485	-	6,855	399,340
Inventories, at cost	13,859	-	-	13,859
Due from other funds	230,957	-	-	230,957
Due from other governments	241,013	-	122,298	363,311
Prepaid costs	231,924	13	353	232,290
Total assets	<u>\$ 13,981,366</u>	<u>\$ 1,472,734</u>	<u>\$ 9,612,242</u>	<u>\$ 25,066,342</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,728,308	\$ -	\$ 505,794	\$ 2,234,102
Deferred revenue	128,054	-	-	128,054
Accrued liabilities	521,469	-	4,992	526,461
Total liabilities	<u>2,377,831</u>	<u>-</u>	<u>510,786</u>	<u>2,888,617</u>
Fund balances:				
Reserved for:				
Inventories and prepaid costs	245,783	-	-	245,783
Community redevelopment	-	1,472,734	-	1,472,734
Debt service	-	-	488,330	488,330
Perpetual care	-	-	796,860	796,860
Unreserved, reported in:				
General fund	11,357,752	-	-	11,357,752
Special revenue funds	-	-	4,838,644	4,838,644
Capital projects funds	-	-	2,977,622	2,977,622
Total fund balances	<u>11,603,535</u>	<u>1,472,734</u>	<u>9,101,456</u>	<u>22,177,725</u>
Total liabilities and fund balances	<u>\$ 13,981,366</u>	<u>\$ 1,472,734</u>	<u>\$ 9,612,242</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

37,856,800

Accrued interest payable is not due in the current period and therefore is not reported in the funds.

(56,971)

Other long-term assets are not available to pay for current period expenditures and, therefore are not reported in the funds

128,054

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.

(157,255)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

(5,449,961)

Net Assets of Governmental Activities in the Statement of Net Assets

\$ 54,498,392

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF CLERMONT, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended September 30, 2010

	<u>General</u>	<u>Community Redevelopment Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 11,491,000	\$ 284,462	\$ -	\$ 11,775,462
Licenses and permits	212,627	-	465,537	678,164
Intergovernmental revenues	3,953,179	-	1,780,177	5,733,356
Charges for services	977,169	-	58,853	1,036,022
Fines and forfeitures	188,428	-	-	188,428
Impact fees/special assessments	-	-	1,130,971	1,130,971
Investment earnings	311,752	9,001	58,038	378,791
Miscellaneous	445,665	-	76,250	521,915
Total revenues	<u>17,579,820</u>	<u>293,463</u>	<u>3,569,826</u>	<u>21,443,109</u>
Expenditures:				
Current:				
General government	3,152,768	-	928,884	4,081,652
Public safety	11,106,772	-	104,929	11,211,701
Physical environment	308,946	-	-	308,946
Transportation	1,082,810	-	536,949	1,619,759
Economic environment	48,903	1,425	-	50,328
Culture and recreation	1,707,459	-	170,649	1,878,108
Debt Service:				
Principal retirement	-	-	493,077	493,077
Interest and fiscal charges	-	-	180,720	180,720
Capital Outlay:				
Public safety	-	-	30,427	30,427
Culture and recreation	-	-	612,645	612,645
Total expenditures	<u>17,407,658</u>	<u>1,425</u>	<u>3,058,280</u>	<u>20,467,363</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>172,162</u>	<u>292,038</u>	<u>511,546</u>	<u>975,746</u>
Other Financing Sources (Uses):				
Transfers in	447,648	-	1,639,962	2,087,610
Transfers out	(90,642)	-	(1,554,186)	(1,644,828)
Total other financing sources (uses)	<u>357,006</u>	<u>-</u>	<u>85,776</u>	<u>442,782</u>
Net Change in Fund Balances	529,168	292,038	597,322	1,418,528
Fund Balances - Beginning	11,074,367	1,180,696	8,504,134	20,759,197
Fund Balances - Ending	<u>\$ 11,603,535</u>	<u>\$ 1,472,734</u>	<u>\$ 9,101,456</u>	<u>\$ 22,177,725</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF CLERMONT, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended September 30, 2010

Net change in fund balances - total governmental funds: \$ 1,418,528

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. (543,581)

The net effect of sales of capital assets is to decrease net assets. (70,441)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 61,437

Revenue reported in the funds must be eliminated from the statement of activities since revenue was recognized in a prior year (10,064)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds. 493,077

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. (418,238)

Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (106,341)

Change in net assets of governmental activities \$ 824,377

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Taxes	\$ 10,506,069	\$ 10,506,069	\$ 11,491,000	\$ 984,931
Licenses and permits	211,900	211,900	212,627	727
Intergovernmental revenues	3,340,895	3,532,552	3,555,685	23,133
Charges for services	948,217	948,217	977,169	28,952
Fines and forfeitures	179,000	179,000	188,428	9,428
Investment earnings	225,000	225,000	311,752	86,752
Miscellaneous	266,462	308,964	445,665	136,701
Total revenues	<u>15,677,543</u>	<u>15,911,702</u>	<u>17,182,326</u>	<u>1,270,624</u>
Expenditures:				
Current:				
General government:				
City council	27,233	27,233	27,216	17
City clerk	201,596	201,596	197,367	4,229
City manager	444,193	444,193	439,916	4,277
Administrative services	1,174,750	1,174,750	1,113,571	61,179
Legal services	113,000	113,000	77,778	35,222
Planning & zoning	579,258	579,258	578,503	755
Engineering	154,073	154,073	152,639	1,434
Other general government	228,935	573,211	565,778	7,433
	<u>2,923,038</u>	<u>3,267,314</u>	<u>3,152,768</u>	<u>114,546</u>
Public Safety:				
Law enforcement	5,748,862	6,384,678	6,003,142	381,536
Fire control	4,499,699	4,924,513	4,706,136	218,377
	<u>10,248,561</u>	<u>11,309,191</u>	<u>10,709,278</u>	<u>599,913</u>
Physical environment	<u>315,778</u>	<u>315,778</u>	<u>308,946</u>	<u>6,832</u>
Transportation	<u>1,200,342</u>	<u>1,206,842</u>	<u>1,082,810</u>	<u>124,032</u>
Economic environment	<u>65,185</u>	<u>65,185</u>	<u>48,903</u>	<u>16,282</u>
Culture and recreation	<u>1,730,650</u>	<u>1,730,650</u>	<u>1,707,459</u>	<u>23,191</u>
Total expenditures	<u>16,483,554</u>	<u>17,894,960</u>	<u>17,010,164</u>	<u>884,796</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF CLERMONT, FLORIDA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)

Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	(806,011)	(1,983,258)	172,162	2,155,420
Other Financing Sources (Uses):				
Transfers in	450,000	450,000	447,648	(2,352)
Transfers out	(75,710)	(90,643)	(90,642)	1
Total other financing sources (uses)	<u>374,290</u>	<u>359,357</u>	<u>357,006</u>	<u>(2,351)</u>
Net Change in Fund Balance	(431,721)	(1,623,901)	529,168	2,153,069
Fund Balance - Beginning	11,074,367	11,074,367	11,074,367	-
Fund Balance - Ending	<u>\$ 10,642,646</u>	<u>\$ 9,450,466</u>	<u>\$ 11,603,535</u>	<u>\$ 2,153,069</u>

The accompanying Notes to Financial Statements are an integral part of this statement.



CITY OF CLERMONT, FLORIDA

COMMUNITY REDEVELOPMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 285,440	\$ 285,440	\$ 284,462	\$ (978)
Investment earnings	5,500	5,500	9,001	3,501
Total revenues	<u>290,940</u>	<u>290,940</u>	<u>293,463</u>	<u>2,523</u>
Expenditures:				
Economic environment:				
Economic development	<u>1,500,500</u>	<u>1,500,500</u>	<u>1,425</u>	<u>1,499,075</u>
Total expenditures	<u>1,500,500</u>	<u>1,500,500</u>	<u>1,425</u>	<u>1,499,075</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,209,560)</u>	<u>(1,209,560)</u>	<u>292,038</u>	<u>1,501,598</u>
Net Change in Fund Balances	<u>(1,209,560)</u>	<u>(1,209,560)</u>	<u>292,038</u>	<u>1,501,598</u>
Fund Balances - Beginning	<u>1,180,696</u>	<u>1,180,696</u>	<u>1,180,696</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (28,864)</u>	<u>\$ (28,864)</u>	<u>\$ 1,472,734</u>	<u>\$ 1,501,598</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF CLERMONT, FLORIDA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

September 30, 2010

	Business-type Activities-Enterprise Funds					Governmental
	Water	Sewer	Sanitation	Stormwater	Total	Activities- Internal Service Fund
Assets:						
Current assets:						
Cash and cash equivalents	\$ 1,278,238	\$ 3,238,385	\$ 2,795,264	\$ 1,861,821	\$ 9,173,708	\$ 59,000
Investments	10,904,164	-	-	-	10,904,164	-
Restricted cash and cash equivalents	701,738	675,955	-	-	1,377,693	-
Accounts receivable, net	465,604	445,779	241,145	77,850	1,230,378	28
Receivables from other governments	-	-	1,370	-	1,370	-
Inventories	381,574	28,536	-	-	410,110	-
Prepaid expenses	42,000	51,529	19,064	5,630	118,223	-
Total current assets	<u>13,773,318</u>	<u>4,440,184</u>	<u>3,056,843</u>	<u>1,945,301</u>	<u>23,215,646</u>	<u>59,028</u>
Non-current assets:						
Restricted investments	-	7,655,546	-	-	7,655,546	-
Interest receivable	63,488	20,534	-	-	84,022	-
Bond issuance costs	137,581	244,587	-	-	382,168	-
Capital assets:						
Land , buildings and equipment	26,428,505	49,730,185	2,262,610	3,619,773	82,041,073	-
Construction in progress	1,173,849	6,420,265	-	73,577	7,667,691	-
Less accumulated depreciation	<u>(6,237,167)</u>	<u>(10,216,430)</u>	<u>(1,277,054)</u>	<u>(804,458)</u>	<u>(18,535,109)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>21,365,187</u>	<u>45,934,020</u>	<u>985,556</u>	<u>2,888,892</u>	<u>71,173,655</u>	<u>-</u>
Total non-current assets	<u>21,566,256</u>	<u>53,854,687</u>	<u>985,556</u>	<u>2,888,892</u>	<u>79,295,391</u>	<u>-</u>
Total assets	<u>35,339,574</u>	<u>58,294,871</u>	<u>4,042,399</u>	<u>4,834,193</u>	<u>102,511,037</u>	<u>59,028</u>

The accompanying Notes to Financial Statements are an integral part of this statement

Liabilities:

Current liabilities:

Accounts payable	364,372	388,649	55,888	25,938	834,847	107,936
Salaries payable	84,531	70,590	37,404	22,219	214,744	-
Accrued interest payable	74,678	132,762	-	-	207,440	-
Compensated absences	12,284	7,845	2,415	3,674	26,218	-
Due to other funds	-	-	-	-	-	230,957
Payable to other governments	-	-	-	-	-	-
Other accrued expenses	321,513	-	-	-	321,513	-
Revenue bonds payable-current	192,600	342,400	-	-	535,000	-
Total current liabilities	<u>1,049,978</u>	<u>942,246</u>	<u>95,707</u>	<u>51,831</u>	<u>2,139,762</u>	<u>338,893</u>

Non-current liabilities:

Compensated absences	110,551	70,600	21,731	33,069	235,951	-
Other post employment benefits	130,891	73,743	66,599	20,662	291,895	-
Revenue bonds payable	5,579,132	9,901,899	-	-	15,481,031	-
Total non-current liabilities	<u>5,820,574</u>	<u>10,046,242</u>	<u>88,330</u>	<u>53,731</u>	<u>16,008,877</u>	<u>-</u>
Total liabilities	<u>6,870,552</u>	<u>10,988,488</u>	<u>184,037</u>	<u>105,562</u>	<u>18,148,639</u>	<u>338,893</u>

Net Assets:

Invested in capital assets, net of related debt	15,731,036	35,934,308	985,556	2,888,892	55,539,792	-
Restricted for capital improvements	8,378,374	8,914,717	-	-	17,293,091	-
Unrestricted	4,359,612	2,457,358	2,872,806	1,839,739	11,529,515	(279,865)
Total net assets	<u>\$ 28,469,022</u>	<u>\$ 47,306,383</u>	<u>\$ 3,858,362</u>	<u>\$ 4,728,631</u>	<u>84,362,398</u>	<u>\$ (279,865)</u>

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the Business Activities of the Statement of Net Assets.

(122,610)

Total net assets per Government-Wide financial statements

\$ 84,239,788

The accompanying Notes to Financial Statements are an integral part of this statement



CITY OF CLERMONT, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

Year Ended September 30, 2010

	Business-type Activities-Enterprise Funds					Governmental Activities-
	Water	Sewer	Sanitation	Stormwater	Total	Internal Service Fund
Operating Revenues:						
Charges for services	\$ 4,508,020	\$ 4,852,147	\$ 2,609,304	\$ 828,761	\$ 12,798,232	\$ 2,706,089
Miscellaneous	309,056	-	4,071	489	313,616	159,212
Total operating revenue:	4,817,076	4,852,147	2,613,375	829,250	13,111,848	2,865,301
Operating Expenses:						
Personal services	1,674,971	1,348,575	784,740	419,468	4,227,754	-
Utilities	507,270	718,776	516	-	1,226,562	-
Dump fees	-	152,581	511,776	26,647	691,004	-
Administrative services	331,133	310,903	146,646	38,360	827,042	-
Repairs and maintenance	575,373	274,289	133,615	24,326	1,007,603	-
Depreciation and amortization	557,840	1,918,076	291,983	274,095	3,041,994	-
Professional services	79,468	376,355	2,646	28,476	486,945	-
Insurance claims and expense:	82,895	170,207	36,549	5,520	295,171	3,010,101
Other supplies and expense:	222,457	173,843	250,666	28,349	675,315	-
Total operating expense:	4,031,407	5,443,605	2,159,137	845,241	12,479,390	3,010,101
Operating income (loss)	785,669	(591,458)	454,238	(15,991)	632,458	(144,800)
Non-Operating Revenues (Expenses):						
Investment income	166,757	165,856	15,250	11,848	359,711	-
Interest expense	(267,972)	(477,009)	-	-	(744,981)	-
Gain (loss) on disposal of capital assets	455	2,801	(882)	-	2,374	-
Total non-operating revenue (expenses)	(100,760)	(308,352)	14,368	11,848	(382,896)	-
Income (loss) before contributions and transfer	684,909	(899,810)	468,606	(4,143)	249,562	(144,800)
Capital contributions:	531,848	1,011,790	-	-	1,543,638	-
Transfers in	-	282	-	-	282	-
Transfers out	(443,064)	-	-	-	(443,064)	-
Change in net assets	773,693	112,262	468,606	(4,143)	1,350,418	(144,800)
Total Net Assets - Beginning	27,759,881	47,230,489	3,422,601	4,742,964		(135,065)
Adjustment- change in accounting principle	(64,552)	(36,368)	(32,845)	(10,190)		-
Total Net Assets - Ending	\$ 28,469,022	\$ 47,306,383	\$ 3,858,362	\$ 4,728,631		\$ (279,865)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with Business Activities.

(38,459)

Change in Business-Type Activities in Net Assets per Government-Wide Financial Statement

\$ 1,311,959

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF CLERMONT, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended September 30, 2010

	Business-Type Activities-Enterprise Funds					Governmental Activities- Internal Service Fund
	Water	Sewer	Sanitation	Stormwater	Total	
Cash Flows from Operating Activities:						
Receipts from customers	\$ 4,752,596	\$ 5,218,690	\$ 2,599,694	\$ 826,840	\$ 13,397,820	\$ -
Receipts from internal services provided	-	-	-	-	-	2,865,273
Payments to suppliers	(1,774,154)	(2,451,129)	(1,140,728)	(228,335)	(5,594,346)	(3,067,879)
Payments to employees	(1,590,396)	(1,291,029)	(738,236)	(374,007)	(3,993,668)	-
Net cash provided (used) by operating activities	1,388,046	1,476,532	720,730	224,498	3,809,806	(202,606)
Cash Flows from Non-Capital Financing Activities:						
Increase due to other funds	-	-	-	-	-	230,957
Decrease in due from other governments	-	-	(1,051)	-	(1,051)	-
Transfers out	(442,783)	-	-	-	(442,783)	-
Net cash provided (used) by non-capital financing activities	(442,783)	-	(1,051)	-	(443,834)	230,957
Cash Flows from Capital and Related Financing Activities:						
Acquisition of capital assets	(958,951)	(2,234,850)	(1,556)	(239,907)	(3,435,264)	-
Sale of capital assets	455	4,277	-	-	4,732	-
Interest paid on long-term debt	(406,190)	(722,113)	-	-	(1,128,303)	-
Principal paid on debt	(876,589)	861,589	-	-	(15,000)	-
Fees and assessments received	531,848	1,011,790	-	-	1,543,638	-
Net cash provided (used) by capital and related financing activities	(1,709,427)	(1,079,307)	(1,556)	(239,907)	(3,030,197)	-

The accompanying Notes to Financial Statements are an integral part of these statements.

Cash Flows from Investing Activities:

Sale (Purchase) of investments	(2,514,810)	2,334,673	-	-	(180,137)	-
Investment income	109,812	257,362	15,250	11,848	394,272	-
Net cash provided by investing activities	<u>(2,404,998)</u>	<u>2,592,035</u>	<u>15,250</u>	<u>11,848</u>	<u>214,135</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,169,162)	2,989,260	733,373	(3,561)	549,910	28,351
Cash and Cash Equivalents - Beginning	5,149,138	925,080	2,061,891	1,865,382	10,001,491	30,649
Cash and Cash Equivalents - End	<u>\$ 1,979,976</u>	<u>\$ 3,914,340</u>	<u>\$ 2,795,264</u>	<u>\$ 1,861,821</u>	<u>\$ 10,551,401</u>	<u>\$ 59,000</u>

Classified As:

Cash and cash equivalents	\$ 1,278,238	\$ 3,238,385	\$ 2,795,264	\$ 1,861,821	\$ 9,173,708	\$ 59,000
Restricted cash and cash equivalents	701,738	675,955	-	-	1,377,693	-
Total	<u>\$ 1,979,976</u>	<u>\$ 3,914,340</u>	<u>\$ 2,795,264</u>	<u>\$ 1,861,821</u>	<u>\$ 10,551,401</u>	<u>\$ 59,000</u>

**Reconciliation of Operating Income
(Loss) to Net Cash Provided
By Operating Activities**

Operating income (loss)	<u>\$ 785,669</u>	<u>\$ (591,458)</u>	<u>\$ 454,238</u>	<u>\$ (15,991)</u>	<u>\$ 632,458</u>	<u>\$ (144,800)</u>
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Adjustments Not Affecting Cash:

Depreciation and amortization	557,840	1,918,076	291,983	274,095	3,041,994	-
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Change in Assets and Liabilities:

Decrease (Increase) in accts receivable	(79,791)	366,543	(13,681)	(2,410)	270,661	(28)
Decrease (Increase) in customer deposits	15,311	-	-	-	15,311	-
Decrease (Increase) in prepaid costs	(3,007)	3,245	3,398	(378)	3,258	-
Decrease (Increase) in inventory	(227,691)	(28,536)	-	-	(256,227)	-
Increase (decrease) in accounts payable	255,140	(248,884)	(61,712)	(76,279)	(131,735)	(57,778)
Increase (decrease) in accrued liabilities	84,575	57,546	46,504	45,461	234,086	-
Total adjustments	<u>602,377</u>	<u>2,067,990</u>	<u>266,492</u>	<u>240,489</u>	<u>3,177,348</u>	<u>(57,806)</u>

**Net Cash Provided (Used) by Operating
Activities**

	<u>\$ 1,388,046</u>	<u>\$ 1,476,532</u>	<u>\$ 720,730</u>	<u>\$ 224,498</u>	<u>\$ 3,809,806</u>	<u>\$ (202,606)</u>
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**Noncash investing, capital,
and financing activities:**

Decrease in fair value of investments	\$ 19,949	\$ (69,075)	\$ -	\$ -	\$ (49,126)	\$ -
Transfer of capital assets	(282)	282	-	-	-	-

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF CLERMONT, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

September 30, 2010

	<u>Total Employee Pension Funds</u>
Assets:	
Cash and cash equivalents	\$ 128,028
Receivables:	
Employer contribution receivable	1,310,482
Total receivables	<u>1,310,482</u>
Investments:	
U.S. Government & other debt securities	4,000,866
Equities	10,681,131
Total investments	<u>14,681,997</u>
 Total assets	 <u>16,120,507</u>
 Liabilities:	
Accounts payable	-
Total liabilities	<u>-</u>
 Net Assets Held in Trust for Pension Benefits	 \$ 16,120,507

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF CLERMONT, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended September 30, 2010

	<u>Total Employee Pension Funds</u>
Additions:	
Contributions:	
Employer	\$ 1,767,102
Plan members	112,727
State	397,494
Total contributions	<u>2,277,323</u>
Investment earnings:	
Net increase in fair value of investments	<u>1,171,151</u>
Total net investment earnings	<u>1,171,151</u>
Total additions	<u>3,448,474</u>
Deductions:	
Benefits/distributions	340,110
Administrative	67,977
Total deductions	<u>408,087</u>
Change in Net Assets	3,040,387
Net Assets - Beginning	<u>13,080,120</u>
Net Assets - End	<u>\$ 16,120,507</u>

The accompanying Notes to Financial Statements are an integral part of this statement



NOTES TO FINANCIAL STATEMENTS



CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 1 - Summary of Significant Accounting Policies:

A. Reporting Entity

The *City of Clermont*, Florida (the City) is a political subdivision of the State of Florida located in Lake County. The *City of Clermont* was incorporated under State law in December 1916 and operates under the council-manager form of government under its charter adopted pursuant to H.B. 2223, Ch.67-1217 Special Acts, of the State of Florida. The legislative branch of the City is composed of a Mayor and four (4) members elected Council. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council appointed City Manager.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations' resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. In applying the above criteria, the City has one blended component unit as follows:

The *City of Clermont* Community Redevelopment Fund

The *City of Clermont* created the Downtown Redevelopment Agency in May of 1997. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The City Council, being the duly elected governmental body for the designated area, passed Resolution 97-950, which established the *City of Clermont* as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area. Through Ordinance 359-M the City established the Community Redevelopment Trust Fund to account for all transactions generated by this special revenue fund. The *City of Clermont* Community Redevelopment Fund is presented as a blended component unit, since the City Council is the governing board.

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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

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

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

The government reports the following funds:

Major Governmental Funds

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Community Redevelopment Fund* was established as a dependent taxing district. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area.

Non-Major Governmental Fund Types

Special Revenue Funds account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

Debt Service Fund is used to account for the accumulation of resources for the payment of principal and interest on certain long-term debt.

Capital Projects Fund account for financial resources segregated for the acquisition or construction of major capital facilities.

Major Proprietary Funds

Water Fund is used to account for the operations of the City's water system, which is financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed primarily through user charges.

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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

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

Major Proprietary Funds (Continued)

Sewer Fund is used to account for the operations of the City's sewer system, which is financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed primarily through user charges.

Sanitation Fund is used to account for the fiscal activities of the City's refuse collection and disposal operation.

Non-Major Proprietary Funds

Stormwater Fund (Enterprise Fund) is used to account for the fiscal activities of the City's stormwater drainage operation, as well as the funding and payment of related debt.

Internal Service Fund is used to account for the costs of group insurance which are charged to other departments on a cost reimbursement basis.

Fiduciary Funds

Pension Trust Funds account for activities of police officers, firefighters and general employees retirement plans which accumulate resources for pension benefit payments to qualified employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water, sewer, sanitation and stormwater utility funds are charges to customers for sales and services. The City also recognizes as operating revenue the meter fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of the City are reported at fair value. The City's investments consist of investments authorized per their investment policy adopted in accordance with Section 218.415, Florida Statutes. The City has implemented Government Accounting Standards Board (GASB) Statement No. 40, Deposit and Investment Risk Disclosures.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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

D. Assets, Liabilities, and Net Assets or Equity - (Continued)

2. Receivables and Payables - (Continued)

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectables. The County bills and collects property taxes and remits them to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

All property is reassessed according to its fair value on the lien date, or January 1 of each year. Taxes are levied on October 1 of each year. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. On or around May 31 following the tax year, certificates are sold for all delinquent taxes on real property.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These are recorded as expenditures when consumed rather than when purchased.

4. Restricted Assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable bond covenants. Assets so designated are identified as restricted assets on the balance sheet.

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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

D. Assets, Liabilities, and Net Assets or Equity - (Continued)

5. Capital Assets

Capital assets, which include property, plant, equipment, intangible and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements	15-50
Infrastructure	30-50
Equipment & machinery	3-15
Intangible assets	3-15

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A portion of sick pay is accrued for employees with at least ten (10) years of service. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences are generally liquidated by the general fund.

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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

D. Assets, Liabilities, and Net Assets or Equity - (Continued)

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

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

Note 2 - Adjustment for Change in Accounting Principle:

Beginning net assets in the Water Fund, Sewer Fund, Sanitation Fund and Stormwater Fund have been restated to record other post employment benefit (OPEB) obligation at transition. The effect on beginning net assets of Water, Sewer, Sanitation and Stormwater Funds was to reduce net assets by \$64,552; \$36,368; \$32,845 and \$10,190 respectively.

Beginning net assets for governmental activities has also been restated to record OPEB obligation at transition in the amount of \$398,045. See note 11 for further discussion.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 3 - Reconciliation of Government-Wide and Fund Financial Statements:

A. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$543,581 difference are as follows:

Capital outlay	\$ 1,622,781
Depreciation expense	<u>(2,166,362)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (543,581)</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$493,077 difference are as follows:

Debt issued or incurred	
Principal repayment	<u>\$ 493,077</u>
Net adjustment to <i>increase net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 493,077</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated absences	\$ (15,040)
Other post employment benefits	(409,060)
Accrued interest payable	<u>5,862</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (418,238)</u>

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 4 - Stewardship, Compliance, and Accountability:

A. Budgetary Information -

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the end of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Budget workshops are scheduled as needed.
- (3) The general summary of the budget and notice of public hearing is published in the local newspaper.
- (4) Public hearings are conducted to obtain taxpayer comments.
- (5) Prior to October 1, the budgets are legally enacted through passage of a resolution.
- (6) The City Manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total appropriations of any department must be approved by the City Council.
- (7) The level of classification detail at which expenditures may not legally exceed appropriations is the department level.
- (8) Appropriations lapse at the close of the fiscal year to the extent they have not been expended. Encumbrance accounting is not used by the City.
- (9) Budgets are adopted for the general fund, special revenue funds, debt service funds and the capital projects fund on a basis consistent with generally accepted accounting principles, except as described below under Budget Basis of Accounting. Budgets are also adopted for the enterprise funds; however, these data are not presented under generally accepted accounting principles.
- (10) The City Council, by Ordinance or Resolution, may make supplemental appropriations in excess of those originally estimated for the year up to the amount of available revenues. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 4 - Stewardship, Compliance, and Accountability (Continued):

B. Appropriations in Excess of Funds Available -

Appropriations for the Community Redevelopment Special Revenue Fund were in excess of anticipated revenue and prior years' fund balance.

C. Deficit Net Assets -

The Internal Service Fund has a deficit net asset balance of \$279,865 at September 30, 2010.

D. Budgetary Basis of Accounting -

The city includes a portion of the prior year's fund balances represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior periods' excess of revenues over expenditures. The City does not budget for capital outlay expenditures and other financing sources related to the acquisition of assets through notes payable. Also, the City does not budget for the state pension contributions that must be recorded as intergovernmental revenue and public safety expenditures in the General Fund GAAP financial statements.

For the fiscal year ended September 30, 2010 the following adjustments are necessary to convert General Fund revenues and expenditures on the GAAP basis to the budgetary basis:

	<u>Revenues</u>	<u>Expenditures</u>
General Fund:		
GAAP Basis	\$ 17,579,820	\$ 17,407,658
Nonbudgeted state pension amounts	<u>(397,494)</u>	<u>(397,494)</u>
Budgetary basis	<u>\$ 17,182,326</u>	<u>\$ 17,010,164</u>

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 5 - Cash and Investments:

Deposits

At year-end, the carrying amount of the City's deposits was \$22,940,113 and the bank balance was \$22,392,813. Fiduciary fund cash held by the pension fund is not in the City's bank. All bank deposits were fully covered by federal depository insurance or by collateral held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to "authorized depositories".

Investments

Investments in all fund types are stated at fair value, which is the amount for which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. Fair value is based on quoted market prices. Changes in the fair value of investments are recognized as revenue and included in investment income.

The City's investment policies are governed by state statute and city ordinance. Authorized investments are:

- (a) The Local Government Surplus Funds Trust (SBA).
- (b) SEC registered money market funds.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories.
- (d) Direct obligations of the U.S. Treasury.
- (e) Federal agencies and instrumentalities.
- (f) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940.
- (g) Repurchase Agreements.
- (h) Other investments authorized by ordinance.

The assets of the City's police and firefighters pension funds, as well as the general employees defined benefit pension fund, are invested in the pooled investment fund for the Florida Municipal Pension Trust Fund (FMPTF). Investments held in this fund consist of corporate bonds and stocks and cash equivalents. The fund is stated at fair value, and investment earnings are allocated to participants in the fund based on their equity in this pooled investment account as provided by the Florida Municipal Pension Fund.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 5 - Cash and Investments (Continued):

Investments - (Continued)

Investments made by the *City of Clermont* at September 30, 2010 are summarized below. Defined benefit pension plan investments, other than \$10,681,131 in mutual funds investing in equity securities, are included below. In accordance with GASB 31, investments are reported at fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
Certificates of Deposit	\$ 12,000,000	Unrated	23 days
Federal Agency Bond	10,305,379	AAA	1.19 years
US Treasury Notes	5,340,988	TSY	1.32 years
Corporate Note	804,817	AA+	2.15 years
Municipal Bond	504,425	AA+	2.76 years
Government supported corporate debt	1,100,974	AAA	0.92 years
Pension fixed income securities	4,000,866	AAV4	4.90 years
	<u>\$ 34,057,449</u>		

Credit Risk:

The City's investment policy limits credit risk by restricting authorized investments to those described above.

Custodial Credit Risk:

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2010, all of the city's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2010, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk:

The City's investment policy requires diversification, but does not specify limits on types of investments.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 5 - Cash and Investments (Continued):

Investments - (Continued)

Interest Rate Risk:

The City's investment policy does not specifically address interest rate risk, however the general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The City manages its exposure to declines in fair values by investing primarily in pooled investments that have a weighted average maturity of less than three months.

Note 6 - Receivables:

Receivables as of yearend for the City's individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Nonmajor Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:								
Accounts	\$ 909,130	\$ 424,063	\$ 479,079	\$ 262,512	\$ 84,737	\$ 28	\$ 6,855	\$ 2,166,404
Taxes	25,937	-	-	-	-	-	-	25,937
Other	305,489	59,443	4,276	27	-	-	-	369,235
Less								
allowance for								
uncollectible								
accounts	<u>(848,071)</u>	<u>(17,902)</u>	<u>(37,576)</u>	<u>(21,394)</u>	<u>(6,887)</u>	<u>-</u>	<u>-</u>	<u>(931,830)</u>
	<u>\$ 392,485</u>	<u>\$ 465,604</u>	<u>\$ 445,779</u>	<u>\$ 241,145</u>	<u>\$ 77,850</u>	<u>\$ 28</u>	<u>\$ 6,855</u>	<u>\$ 1,629,746</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 7 - Capital Assets:

Capital asset activity for the year ended September 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 21,776,552	\$ 351,480	\$ -	\$ 22,128,032
Construction in progress	<u>2,747,317</u>	<u>840,261</u>	<u>(2,106,590)</u>	<u>1,480,988</u>
Total capital assets, not being depreciated	<u>24,523,869</u>	<u>1,191,741</u>	<u>(2,106,590)</u>	<u>23,609,020</u>
Capital assets, being depreciated:				
Buildings	10,451,062	2,310,111	(162,453)	12,598,720
Improvements/infrastructure	11,631,044	73,139	-	11,704,183
Machinery and equipment	8,042,989	168,554	(276,560)	7,934,983
Intangibles	<u>512,188</u>	<u>134,584</u>	<u>(14,291)</u>	<u>632,481</u>
Total capital assets being depreciated	<u>30,637,283</u>	<u>2,686,388</u>	<u>(453,304)</u>	<u>32,870,367</u>
Less accumulated depreciation for:				
Buildings	(4,425,240)	(494,256)	44,692	(4,874,804)
Improvements/infrastructure	(6,829,371)	(678,344)	9,645	(7,498,070)
Machinery and equipment	(5,334,456)	(773,074)	165,477	(5,942,053)
Intangibles	<u>(101,263)</u>	<u>(220,688)</u>	<u>14,291</u>	<u>(307,660)</u>
Total accumulated depreciation	<u>(16,690,330)</u>	<u>(2,166,362)</u>	<u>234,105</u>	<u>(18,622,587)</u>
Total capital assets being depreciated, net	<u>13,946,953</u>	<u>520,026</u>	<u>(219,199)</u>	<u>14,247,780</u>
Governmental activities capital assets, net	<u>\$ 38,470,822</u>	<u>\$ 1,711,767</u>	<u>\$ (2,325,789)</u>	<u>\$ 37,856,800</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 7 - Capital Assets (Continued):

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,457,973	\$ -	\$ -	\$ 1,457,973
Construction in progress	<u>13,620,309</u>	<u>2,570,511</u>	<u>(8,523,129)</u>	<u>7,667,691</u>
Total capital assets, not being depreciated	<u>15,078,282</u>	<u>2,570,511</u>	<u>(8,523,129)</u>	<u>9,125,664</u>
Capital assets, being depreciated:				
Buildings	37,178	-	-	37,178
Improvements/infrastructure	67,198,024	9,199,268	-	76,397,292
Machinery and equipment	3,833,116	228,104	(18,522)	4,042,698
Intangibles	<u>136,777</u>	<u>-</u>	<u>(30,845)</u>	<u>105,932</u>
Total capital assets being depreciated	<u>71,205,095</u>	<u>9,427,372</u>	<u>(49,367)</u>	<u>80,583,100</u>
Less accumulated depreciation for:				
Buildings	(36,950)	(152)	-	(37,102)
Improvements/infrastructure	(13,341,819)	(2,586,739)	-	(15,928,558)
Machinery and equipment	(2,013,811)	(465,870)	16,164	(2,463,517)
Intangibles	<u>(108,055)</u>	<u>(4,730)</u>	<u>6,853</u>	<u>(105,932)</u>
Total accumulated depreciation	<u>(15,500,635)</u>	<u>(3,057,491)</u>	<u>23,017</u>	<u>(18,535,109)</u>
Total capital assets being depreciated, net	<u>55,704,460</u>	<u>6,369,881</u>	<u>(26,350)</u>	<u>62,047,991</u>
Business-type activities capital assets, net	<u>\$ 70,782,742</u>	<u>\$ 8,940,392</u>	<u>\$ (8,549,479)</u>	<u>\$ 71,173,655</u>

Increases in accumulated depreciation for business-type activities includes depreciation on assets transferred from governmental, as well as reclassifications and adjustments. This difference is \$15,497.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 406,771
Public safety	1,093,739
Physical environment/transportation	376,326
Culture and recreation	<u>289,526</u>
Total depreciation expense - governmental activities	<u>\$ 2,166,362</u>
Business-type activities	
Water	\$ 557,840
Sewer	1,918,076
Sanitation	291,983
Stormwater	<u>274,095</u>
Total depreciation expense - business-type activities	<u>\$ 3,041,994</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 8 - Long-Term Debt:

Bonds Payable

The City issues bonds to provide funds for the acquisition and construction of major capital assets. Bonds have been issued for both governmental and business-type activities.

The 2002 Public Improvement Revenue Bonds are secured by Public Service Tax, Communication Service Tax and Half Cent Sales Tax revenue. The total principal and interest remaining to be paid on this series is \$4,822,623. For the fiscal year, principal and interest paid on this series was \$634,159 and total pledged revenue was \$4,551,972.

The 2009 Water and Sewer Revenue and Refunding Bonds are secured by net revenue of the water and sewer system. The total principal and interest remaining to be paid on this series is \$24,539,734. For the fiscal year, interest paid on this series was \$528,208 and total pledged revenue was \$3,002,740.

The original amount of revenue bonds issued in prior years is described below. Revenue bonds outstanding at year end are as follows:

<u>Governmental Activities</u>	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2010</u>
Public Improvement Revenue Bonds, Series 2002	1.75 - 4.6% (6/1 & 12/1)	12/1/2003 to 12/1/2017	<u>\$ 6,965,000</u>	<u>\$ 4,040,000</u>
<u>Business-Type Activities</u>				
Water and Sewer Revenue Refunding Bonds, Series 2009	3.0 - 4.6% (6/1 & 12/1)	12/1/2010 to 12/1/2030	<u>\$ 16,640,000</u>	<u>\$ 16,640,000</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 8 - Long-Term Debt (Continued):

Bonds Payable - (Continued)

Annual debt service requirements to maturity for revenue bonds are as follows:

Year ending September 30,	<u>Governmental Activities</u>		<u>Business - Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 470,000	\$ 170,913	\$ 535,000	\$ 614,298
2012	490,000	152,700	580,000	597,573
2013	510,000	133,100	595,000	579,948
2014	530,000	112,700	615,000	561,798
2015	550,000	90,440	630,000	543,123
2016-2020	1,490,000	122,770	3,455,000	2,408,375
2021-2025	-	-	4,105,000	1,745,025
2026-2030	-	-	4,995,000	823,606
2031	-	-	1,130,000	25,990
Total	<u>\$ 4,040,000</u>	<u>\$ 782,623</u>	<u>\$ 16,640,000</u>	<u>\$ 7,899,736</u>

Current Refunding of Bonds Payable

The City issued Water and Sewer Revenue Refunding Bonds, Series 2009, to refund the Water and Sewer Revenue and Refunding Bonds, Series 2000. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$545,101. This amount is being netted against the new debt and amortized over the new debt's life, which is the same as the refunded debt. This transaction resulted in an economic gain of \$1,716,044 and a reduction of \$2,517,776 in future debt service payments.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 8 - Long-Term Debt (Continued):

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2010 was as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds payable-					
Revenue Bonds	\$ 4,495,000	\$ -	\$ (455,000)	\$ 4,040,000	\$ 470,000
Notes payable-					
Revenue note, Series 1999	38,077	-	(38,077)	-	-
Other post employment benefits	398,045	409,060	-	807,105	-
Compensated Absences	587,816	73,822	(58,782)	602,856	60,286
Governmental activity long- term liabilities	<u>\$ 5,518,938</u>	<u>\$ 482,882</u>	<u>\$ (551,859)</u>	<u>\$ 5,449,961</u>	<u>\$ 530,286</u>
Business-type activities					
Bonds payable-					
Revenue Bonds	\$ 16,655,000	\$ 16,640,000	\$ (16,655,000)	\$ 16,640,000	\$ 535,000
Less deferred amounts:					
(discount)	(261,879)	59,540	259,753	57,414	-
Loss on refunding	(161,516)	(706,619)	186,752	(681,383)	-
Total bonds payable	<u>16,231,605</u>	<u>15,992,921</u>	<u>(16,208,495)</u>	<u>16,016,031</u>	<u>535,000</u>
Other post employment benefits	143,955	147,940	-	291,895	-
Compensated Absences	233,504	52,016	(23,351)	262,169	26,218
Business-type activity long- term liabilities	<u>\$ 16,609,064</u>	<u>\$ 16,192,877</u>	<u>\$ (16,231,846)</u>	<u>\$ 16,570,095</u>	<u>\$ 561,218</u>

Note 9 - Interfund Receivables, Payables and Transfers:

The composition of interfund balances as of September 30, 2010 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 230,957
		<u>\$ 230,957</u>

The amount payable to the general fund represents funding of required imprest balance of internal service fund bank account and to cover funding shortfall to internal service fund.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 9 - Interfund Receivables, Payables and Transfers (Continued):

Interfund transfers for the year ended September 30, 2010 consisted of the following:

<u>Transfers Out:</u>	<u>Transfer In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Governmental</u>	
General Fund	\$ -	\$ -	\$ 90,642	\$ 90,642
Nonmajor governmental	4,866		1,549,320	1,554,186
Water fund	442,782	282	-	443,064
	<u>\$ 447,648</u>	<u>\$ 282</u>	<u>\$ 1,639,962</u>	<u>\$ 2,087,892</u>

Most of the transfers above are to cover debt service payments for the 2002 Public Improvement Revenue Bonds, and also to cover costs of various capital projects. The transfer out of the Water Fund is to cover their share of general fund expenses.

Note 10 - Retirement Plans:

The City maintains three separate single-employer, defined benefit plans for general employees, sworn police officers and firefighters, as well as a defined contribution plan for general employees. The investment and administrative agent for the defined benefit plans is the Florida Municipal Pension Trust Fund, an agent of the multiple-employer Public Employee Retirement System. The assets and benefits of the defined contribution plan are administered by the Florida League of Cities.

Defined Benefit Pension Plans - Each plan is independently governed by separate boards of trustees. Assets may not be transferred between plans, or used for any purpose other than to benefit each plan's participants as defined in their authorizing ordinances. Each board contracts with the Florida Municipal Pension Trust Fund (FMPTF), a private, not-for-profit corporation established by the Florida League of Cities (FLC) for FLC members who wish to use its services. The FMPTF acts as a common investment and administrative agent for its members, contracting with a bank custodian, investment manager and actuary to provide a commingled investment fund and plan valuation services. These plans are included as part of the City's reporting entity in Pension Trust Funds. The Clermont City Council adopted and may amend plan provisions by resolution.

Stand-alone audited financial statements of the FMPTF are maintained on file at the FLC offices in Tallahassee, Florida, and are available upon request to the Pension Services Division.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 10 - Retirement Plans (Continued):

Summary of Significant Accounting Policies

Basis of Accounting - The Plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. There are no investments that exceed 5% of the plan net assets.

Publicly available financial reports for each plan, that include detailed actuarial data, can be obtained from the City's Administrative Services Department.

Plan Descriptions and Contribution Information -

Membership of each of the defined benefit pension plans consisted of the following at October 1, 2009, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Retirees and beneficiaries			
currently receiving benefits	10	7	1
Terminated plan members entitled to,			
but not yet receiving, benefits	-	20	48
Active plan members	-	50	58
Total	<u>10</u>	<u>77</u>	<u>107</u>

Plan Descriptions- The general employees defined benefit pension plan is for general employees hired prior to September 30, 1985. The police officers' and firefighters' defined benefit pension plans are both local law, single employer, defined benefit pension plans as defined under Florida Statutes, Chapters 175 and 185, which covers all sworn police officers and firefighters. Employees are eligible to participate in the plan immediately upon employment with the City, and they are vested in the plan after ten years of service.

The normal retirement date for firefighters is the attainment of age 55 and 10 years of service, or earlier attainment of age 52 and 25 years of service. The normal retirement date for police officers is the attainment of age 55 and 10 years of service, or 20 years of service, regardless of age. The normal retirement benefit is the number of years of credited service prior to October 1, 2002 multiplied by 2.25%, and the number of years of credited service after October 1, 2002 multiplied by 3%, and multiplied by the average final monthly compensation.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 10 - Retirement Plans (Continued):

Early retirement is available after age 50 and 10 years of service; however, the early retirement benefit is reduced by 2% for each year before the normal retirement date.

Contributions - The City's actuarially determined contribution rate per the October 1, 2009 actuarial valuations is \$3,051 for general employees, 28.7% for police officers and 24.16% for firefighters. Police officers make a minimum mandatory contribution of 3% and firefighters make a minimum mandatory contribution of 1%, in order to take advantage of the insurance premium tax rebate provided for in the statutes. Administrative costs are deducted from the net assets of the plan.

Annual Pension Cost and Net Pension Obligation - The City's annual pension cost and net pension obligation for the current year were as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Annual Required Contribution (ARC)	\$ 3,051	\$ 713,188	\$ 616,742
Interest on the Net Pension Obligation (Asset)	-	-	1,766
Adjustment to ARC	-	-	(1,017)
Annual Pension Cost	<u>\$ 3,051</u>	<u>\$ 713,188</u>	<u>\$ 617,491</u>

The City has always contributed the ARC and thus has never been required to report a net pension obligation. Below is the required three-year trend information on annual pension cost.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
<u>General Employees</u>		
9/30/2010	\$ 3,051	100%
9/30/2009	-	100%
9/30/2008	-	100%
<u>Police Officers</u>		
9/30/2010	\$ 713,188	100%
9/30/2009	570,869	100%
9/30/2008	541,697	100%
<u>Firefighters</u>		
9/30/2010	\$ 617,491	100%
9/30/2009	420,790	100%
9/30/2008	410,350	100%

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 10 - Retirement Plans (Continued):

Funded Status and Funding Progress – Pension Plans

The funded status of each plan as of October 1, 2009, the most recent actuarial valuation date, is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
General Employees	\$ 573,379	\$ 566,885	\$ -	101.2%	\$ -	N/A
Police Officers	5,288,822	6,163,934	875,112	85.8%	2,485,033	35.2%
Firefighters	2,609,047	2,596,659	-	100.5%	2,552,427	0.0%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The City uses the aggregate actuarial cost method to value its pension plans, which does not identify or separately amortize unfunded actuarial liabilities. Information about the plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

Additional information as of the latest actuarial valuation follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Valuation date	10/1/2009	10/1/2009	10/1/2009
Actuarial Cost Method	Aggregate Cost	Aggregate Cost	Aggregate Cost
Amortization Method	N/A	Level Percentage, open	Level Percentage, open
Remaining Amortization Period	N/A	30 years	30 years
Asset Valuation Method	Market Value	Market Value	Market Value
Actuarial Assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
Projected salary increases (including inflation of 3.5%)	0.0%	5.5%	5.5%
Cost of living adjustment	0.0%	0.0%	0.0%
Mortality table	RP-2000 Mortality Table	RP-2000 Mortality Table	RP-2000 Mortality Table

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 10 - Retirement Plans (Continued):

Plan changes in the October 1, 2009 actuarial valuations of all three plans included changing from the 1983 Group Annuity Mortality Table to the one indicated above. The minimum required contribution increased for Police Officers and Firefighters in the October 1, 2009 actuarial valuation by 5.71% and 4.5% respectively, of covered payroll. This increase was due to investment losses, as well as the previously mentioned assumption change in the mortality table.

General Employee Defined Contribution Pension Plan - The defined Contribution Pension Plan for General Employees of the *City of Clermont* was established October 1, 1985, as defined in Chapter 16, Article IV, of the Clermont Code, and is available to all permanent general employees of the City, once they have completed one year of employment. Employees are fully vested in the plan after ten years of service.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Contributions for, and interest forfeited by, employees who terminate employment before five years of service are used to reduce the City's current period contributions.

Covered payroll for this Plan for fiscal year 2010 was \$5,700,434; the City's total payroll for City employees was \$11,439,557.

The City contributes annually to the pension account of each active participant an amount equal to ten percent (10%) of the employee's annual compensation. No contribution is required by employees. The *City of Clermont* City Council adopted and may amend plan provision by resolution.

The actual contribution made by the City for fiscal year 2010 was \$464,790.

Note 11 - Other Post Employment Benefits:

In accordance with Florida Statutes Section 112.0801, the City makes continued group health and dental insurance through the city's current provider available to retirees and eligible dependents provided certain service requirements and normal age retirement requirements have been met. This plan is a single employer plan. The City is self insured with respect to these benefits and provides an explicit subsidy for coverage to retirees and their spouses based on the coverage selected. The City has eight retirees currently receiving benefits. The City has chosen pay-as-you-go funding, but is recording the liability in the government wide financial statements. This plan does not issue stand-alone financial statements.

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 11 - Other Post Employment Benefits (Continued):

The first actuarial report for the City's Retiree Continuation Insurance plan was prepared as of May 1, 2009 for the year ended September 30, 2009. At that point in time, the unfunded actuarial accrued liability (UAAL) for benefits was \$2,413,000 and funded ratio was 0%. The covered payroll was \$10,764,000 and the ratio of the UAAL to covered payroll was 22.4 percent. However, the city was not required to implement GASB No. 45 for other post employment benefits (OPEB) until the year ended September 30, 2010. The City elected to record its Net OPEB obligation at transition retroactively, as allowed by GASB No. 45. The OPEB obligation at transition was \$542,000 and has been reflected in the accompanying financial statements.

The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2010 is as follows:

Annual required contribution	\$ 611,000
Interest on net OPEB Obligation	22,000
Adjustment to annual required contribution	<u>(47,000)</u>
Annual OPEB Cost	586,000
Employer Contributions	(28,000)
Interest on Employer Contributions	<u>(1,000)</u>
Increase in Net OPEB Obligation	557,000
Net OPEB Obligation (beginning of year)	<u>542,000</u>
Net OPEB Obligation (end of year)	<u><u>\$ 1,099,000</u></u>

Three Year Trend Information-

	Annual		
Fiscal	Required	Percentage	Net OPEB
Year	Contribution	of ARC	Obligation
Ending	(ARC)	Contributed	
9/30/2009	\$ 571,000	5.0%	\$ 542,000
9/30/2010	611,000	5.0%	1,099,000

Summary of Actuarial Methods & Assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, normally presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress includes only one year so multi-year comparison is not available for this period.

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 11 - Other Post Employment Benefits (Continued):

Summary of Actuarial Methods & Assumptions (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Cost Method- The projected unit credit cost method was used to determine all liabilities, with the liability for each active employee assumed to accrue over his working lifetime based on elapsed time from his date of hire until retirement.

Amortization Method- The level-dollar payment with a 15 year open period amortization method was used.

Decrements-

Mortality- Sex-distinct mortality rates set forth in the RP-2000 mortality table for annuitants and non-annuitants; no deaths were assumed to be service-related.

Disability- Sex-distinct disability rates set forth in the Wyatt 1985 Disability Study; Class 4 rates were used for police officers and firefighters, Class 1 rates were used for all other employees.

Permanent Withdrawal from Active Status- Sex-distinct withdrawal rates set forth in the Scale 155 table.

Retirement- Retirement was assumed to occur as follows:

1. *For police officers:* Age 55 with at least 10 years of service, or
Age 52 with at least 20 years of service
2. *For firefighters:* Age 55 with at least 10 years of service, or
Age 52 with at least 25 years of service
3. *For all others:* Age 62 with at least 10 years of service

Investment Return (Discount Rate)- 4.0% per annum (includes inflation at 2.75% per annum)

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 11- Other Post Employment Benefits (Continued):

Summary of Actuarial Methods & Assumptions (Continued)

Health Care Costs Trend Rates-The cost of covered medical services has been assumed to increase in accordance with the following rates, compounded annually:

<u>Year</u>	<u>Increase</u>	<u>Year</u>	<u>Increase</u>	<u>Year</u>	<u>Increase</u>
2010	10.00%	2014	8.00%	2018	6.00%
2011	9.50%	2015	7.50%	2019	5.00%
2012	9.00%	2016	7.00%	and later	
2013	8.50%	2017	6.50%		

Per Capita Annual Claim Cost-The assumed per capita annual claim cost for a 62-year old participant during the period May 1, 2009 through April 30, 2010 is \$8,850. Medicare is assumed to cover 80% of the healthcare claim cost after age 65.

Retiree Premiums-During the period May 1, 2009 through April 30, 2010, retirees under age 65 have been assumed to make a contribution equal to \$293.70 per month for themselves plus \$282.70 per month for their spouses. During the same period, retirees over age 65 have been assumed to make a contribution equal to \$176.22 per month for themselves plus \$169.62 per month for their spouses. All amounts are assumed to increase thereafter in accordance with the healthcare cost trend rates.

Dental Subsidy-Dental costs are not assumed to increase with age. Therefore, this valuation only reflects explicit dental subsidy that is provided by the City. For the period May 1, 2009 through April 30, 2009, the dental subsidy is \$15.95 per month for retired employees and \$49.82 per month for spouses of retirees, with both amounts assumed to increase at the rate of 2.5% per annum thereafter.

Age-Related Morbidity-The cost of covered medical services has been assumed to increase with age at the rate of 3.5% per annum.

Future Participation Rates-One third of eligible employees are assumed to elect coverage upon retirement or disability and, of those electing coverage for themselves, one-third were assumed to elect coverage for their spouses as well. Coverage for current retirees and their spouses was assumed to continue for life.

Marriage & Dependent Assumption-Solely with respect to active employees, husbands are assumed to be three years older than wives. Active employees were not assumed to have any dependent children upon retirement or disability.

COBRA Assumption-Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience and is then loaded for administrative expenses, we assumed that the COBRA premium to be paid by the participant fully covers the cost of providing healthcare coverage during the relevant period.

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 11 - Other Post Employment Benefits (Continued):

Summary of Benefits

Other Post-Employment Benefits (OPEBs)-The City of Clermont provides optional post-employment healthcare and dental coverage to eligible individuals. The City is self-insured with respect to both benefits and provides an explicit subsidy for such coverage to retirees and their spouses.

Eligible Individuals-Eligible individuals include all regular employees of the City of Clermont who retire from active service and are eligible for retirement or disability benefits under the general employee, fire, and police pension plans. Under certain conditions, eligible individuals for healthcare coverage also include spouses and dependent children.

Required Monthly Premium for Post-Employment Healthcare Coverage-Retirees must pay a monthly premium as determined periodically by the City. The premium varies depending on whether the retiree elects single, single plus spouse, or family coverage and whether the retiree or his spouse is eligible for Medicare.

Note 12 - Risk Management:

During fiscal year 1990, the City established an internal service fund to account for its uninsured risk of loss for employee medical and dental coverage. Under this program, the fund provides coverage for the first \$50,000 per year in medical, dental, or prescription claims for each covered employee. The City purchases commercial insurance for claims in excess of coverage provided by the fund with a total aggregate stop-loss of \$2,000,000. Effective April 1, 2010, the re-insurance deductible was changed to \$100,000.

There has been no reduction in insurance coverage from that carried in the prior year. Claims provided have not exceeded insurance coverage in any of the past three fiscal years.

The general, water, sewer, sanitation and stormwater funds participate in the program and make payments to the internal service fund based on the number of employees budgeted in each fund.

The claims liability of \$107,936 represents claims processed through November 2009 which were applicable to the current fiscal year and any additional claims are deemed immaterial. Changes to the current claims liability are as follows:

	<u>2010</u>	<u>2009</u>
Claims liabilities, beginning of year	\$ 165,714	\$ 414,506
Incurred Claims	2,865,301	2,838,872
Payments on Claims	<u>(2,923,079)</u>	<u>(3,087,664)</u>
Claims liabilities, end of year	<u>\$ 107,936</u>	<u>\$ 165,714</u>

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

Note 13 - Commitments and Contingencies:

Litigation - The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2010. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

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. The City has obtained excess insurance coverage with varying retentions and limits to further limit exposure to large losses. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage during the past three years.

Note 14 - Evaluation of Events:

The City has evaluated subsequent events through March 23, 2011, the date the financial statements were available to be issued.



REQUIRED SUPPLEMENTAL INFORMATION



CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2010

Schedules of Funding Progress - Pension Plans

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)
General Employees					
10/1/2003	863,029	863,029	-	100.0%	-
10/1/2004	863,278	863,278	-	100.0%	-
10/1/2005	816,972	816,972	-	100.0%	-
10/1/2006	794,277	794,277	-	100.0%	-
10/1/2007	822,401	822,401	-	100.0%	-
10/1/2009	573,379	566,885	-	101.2%	-
Police Officers					
10/1/2002	3,268,335	2,368,335	-	100.0%	1,042,972
10/1/2003	2,762,688	2,762,688	-	100.0%	1,279,696
10/1/2004	3,032,203	3,032,203	-	100.0%	1,424,568
10/1/2005	3,571,295	3,571,295	-	100.0%	1,534,254
10/1/2007	4,905,071	4,905,071	-	100.0%	2,356,375
10/1/2009	5,288,822	6,163,934	875,112	85.8%	2,485,033
Fire Fighters					
10/1/2003	814,097	814,097	-	100.0%	597,364
10/1/2004	974,966	974,966	-	100.0%	901,980
10/1/2005	1,256,347	1,256,347	-	100.0%	1,047,097
10/1/2006	1,345,093	1,345,093	-	100.0%	1,257,860
10/1/2007	1,972,299	1,972,299	-	100.0%	2,031,230
10/1/2009	2,609,047	2,596,659	-	100.5%	2,552,427

CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2010

Schedules of Employer Contributions - Pension Plans

Year Ended 9/30	Employer Contributions					
	General Employees		Police Officers		Firefighters	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2005	\$ 7,897	100%	\$ 277,060	100%	\$ 160,454	100%
2006	19,697	100%	291,677	100%	189,164	100%
2007	19,697	100%	376,518	100%	199,989	100%
2008	-	100%	541,697	100%	410,350	100%
2009	-	100%	570,869	100%	420,790	100%
2010	3,051	100%	713,188	100%	616,742	100%

CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2010

Schedule of Funding Progress – Retiree Continuation Insurance Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a) / c
5/1/2009	\$ -	\$ 2,413,000	\$ 2,413,000	0.0%	\$ 10,764,000	22.4%

** initial valuation date

Schedule of Employer Contributions - Retiree Continuation Insurance Plan

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
9/30/2009	\$ 571,000	5.0%	\$ 542,000
9/30/2010	611,000	5.0%	1,099,000

CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information

September 30, 2010

Note 1

The following plan changes have been implemented in conjunction with the October 1, 2009 actuarial valuation for the General Employees Pension Plan.

1. The mortality basis was changed from the 1983 Group Annuity Mortality Table to the RP-2000 Mortality Table to reflect updated life expectancy. The net effect of the change in mortality rates was to decrease the total projected liability by \$70,040 and to decrease the normal cost rate by \$855.
2. An administrative expense assumption has been added equal to a 5% loading of plan liabilities. The new expense assumption results in \$3,749 of assumed administrative expenses for the 2009-10 plan year. In addition, expenses are assumed to increase in proportion to plan liabilities during later years.

Note 2

The following plan changes have been implemented in conjunction with the October 1, 2009 actuarial valuation for the Police Officers Pension Plan.

1. The mortality basis was changed from the 1983 Group Annuity Mortality Table to the RP-2000 Mortality Table to reflect updated life expectancy. The net effect of the change in mortality rates was to increase the total projected liability by \$178,387 and to increase the normal cost rate by 0.71% of payroll.
2. The administrative expense assumption has been changed from a flat \$10,500 per year to a 1.5% loading of plan liabilities. The new expense assumption results in \$20,013 of assumed administrative expenses for the 2009-10 plan year. In addition, expenses are assumed to increase in proportion to plan liabilities during later years.

Note 3

The following plan changes have been implemented in conjunction with the October 1, 2009 actuarial valuation for the Firefighters Pension Plan.

1. The mortality basis was changed from the 1983 Group Annuity Mortality Table to the RP-2000 Mortality Table to reflect updated life expectancy. The net effect of the change in mortality rates was to increase the total projected liability by \$374,084 and to increase the normal cost rate by 1.17% of payroll.
2. The administrative expense assumption has been changed from a flat \$8,000 per year to a 1.75% loading of plan liabilities. The new expense assumption results in \$14,437 of assumed administrative expenses for the 2009-10 plan year. In addition, expenses are assumed to increase in proportion to plan liabilities during later years.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*



OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

Recreation Impact Fees Fund	This fund was established to account for recreation impact fees collected from new developments constructed in the City.
Police Impact Fees Fund	This fund was established to account for police impact fees collected from new developments constructed in the City.
Fire Impact Fee Fund	This fund was established to account for fire impact fees collected from new developments constructed in the City.
Building Services Fund	This fund was established to account for the operations of the City's building and other permits department.
Infrastructure Fund	This fund was established to account for the proceeds of the Local Government Infrastructure Surtax. The proceeds and interest accrued thereto, by law are only to be used to finance, plan and construct infrastructure.

Debt Service Fund

Debt Service Fund	This fund was established to account for the accumulation of resources and payment of bond principal and interest from governmental resources.
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Capital Projects Fund

Capital Projects Fund	This fund was established to account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.
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Permanent Fund

Cemetery Perpetual Care Fund	This fund is used to account for monies provided by people buying lots in the City cemetery. The principal must be kept separate and apart from all other funds, but the interest may be transferred to the General Fund to defray the cost of cemetery operation and maintenance.
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CITY OF CLERMONT, FLORIDA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

September 30, 2010

	Special Revenue				Infrastructure Special Revenue
	Recreation Impact Fees	Police Impact Fees	Fire Impact Fees	Building Services	
Assets:					
Cash and cash equivalents	\$ 1,343,061	\$ 2,359,705	\$ 119,059	\$ 102,407	\$ 1,003,997
Other receivables	-	-	-	-	-
Due from other governments	-	-	-	-	122,298
Prepaid expenses	-	-	-	353	-
Total assets	\$ 1,343,061	\$ 2,359,705	\$ 119,059	\$ 102,760	\$ 1,126,295
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 39,139	\$ 168,105
Accrued liabilities	-	-	-	4,992	-
Total liabilities	-	-	-	44,131	168,105
Fund balances:					
Reserved for:					
Debt service	-	-	-	-	-
Perpetual care	-	-	-	-	-
Unreserved	1,343,061	2,359,705	119,059	58,629	958,190
Total fund balances	1,343,061	2,359,705	119,059	58,629	958,190
Total liabilities and fund balances	\$ 1,343,061	\$ 2,359,705	\$ 119,059	\$ 102,760	\$ 1,126,295

Special Revenue Total	Debt Service	Capital Projects	Permanent Fund - Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ 4,928,229	\$ 488,330	\$ 3,269,292	\$ 796,885	\$ 9,482,736
-	-	6,855	-	6,855
122,298	-	-	-	122,298
353	-	-	-	353
\$ 5,050,880	\$ 488,330	\$ 3,276,147	\$ 796,885	\$ 9,612,242
\$ 207,244	\$ -	\$ 298,525	\$ 25	\$ 505,794
4,992	-	-	-	4,992
212,236	-	298,525	25	510,786
-	488,330	-	-	488,330
-	-	-	796,860	796,860
4,838,644	-	2,977,622	-	7,816,266
4,838,644	488,330	2,977,622	796,860	9,101,456
\$ 5,050,880	\$ 488,330	\$ 3,276,147	\$ 796,885	\$ 9,612,242

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2010

	Special Revenue			
	Recreation Impact Fees	Police Impact Fees	Fire Impact Fees	Building Services
Revenues:				
Licenses and permits	\$ -	\$ -	\$ -	\$ 465,537
Intergovernmental	-	-	-	-
Charges for services	-	-	-	58,853
Impact fees/special assessments	779,827	207,402	143,742	-
Investment earnings	7,146	14,220	706	638
Miscellaneous	-	-	-	-
Total revenues	<u>786,973</u>	<u>221,622</u>	<u>144,448</u>	<u>525,028</u>
Expenditures:				
Current:				
General government	-	-	-	550,809
Public safety	-	-	5,779	-
Transportation	-	-	-	-
Culture and recreation	19,032	-	-	-
Debt Service:				
Principal	-	-	38,077	-
Interest and fiscal charges	-	-	1,111	-
Capital Outlay:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>19,032</u>	<u>-</u>	<u>44,967</u>	<u>550,809</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>767,941</u>	<u>221,622</u>	<u>99,481</u>	<u>(25,781)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(196,026)	(24,909)	(120,856)	-
Total other financing sources (uses)	<u>(196,026)</u>	<u>(24,909)</u>	<u>(120,856)</u>	<u>-</u>
Net Change in Fund Balances	571,915	196,713	(21,375)	(25,781)
Fund Balances - Beginning	771,146	2,162,992	140,434	84,410
Fund Balances - Ending	<u>\$ 1,343,061</u>	<u>\$ 2,359,705</u>	<u>\$ 119,059</u>	<u>\$ 58,629</u>

Special Revenue					
Infrastructure Special Revenue	Total	Debt Service	Capital Projects	Permanent Fund - Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ 465,537	\$ -	\$ -	\$ -	\$ 465,537
1,780,177	1,780,177	-	-	-	1,780,177
-	58,853	-	-	-	58,853
-	1,130,971	-	-	-	1,130,971
8,810	31,520	1,997	19,655	4,866	58,038
-	-	-	-	76,250	76,250
<u>1,788,987</u>	<u>3,467,058</u>	<u>1,997</u>	<u>19,655</u>	<u>81,116</u>	<u>3,569,826</u>
-	550,809	-	378,075	-	928,884
74,241	80,020	-	24,909	-	104,929
536,949	536,949	-	-	-	536,949
-	19,032	-	151,617	-	170,649
-	38,077	455,000	-	-	493,077
-	1,111	179,609	-	-	180,720
-	-	-	30,427	-	30,427
-	-	-	612,645	-	612,645
<u>611,190</u>	<u>1,225,998</u>	<u>634,609</u>	<u>1,197,673</u>	<u>-</u>	<u>3,058,280</u>
<u>1,177,797</u>	<u>2,241,060</u>	<u>(632,612)</u>	<u>(1,178,018)</u>	<u>81,116</u>	<u>511,546</u>
-	-	755,352	884,610	-	1,639,962
(1,207,529)	(1,549,320)	-	-	(4,866)	(1,554,186)
<u>(1,207,529)</u>	<u>(1,549,320)</u>	<u>755,352</u>	<u>884,610</u>	<u>(4,866)</u>	<u>85,776</u>
(29,732)	691,740	122,740	(293,408)	76,250	597,322
987,922	4,146,904	365,590	3,271,030	720,610	8,504,134
<u>\$ 958,190</u>	<u>\$ 4,838,644</u>	<u>\$ 488,330</u>	<u>\$ 2,977,622</u>	<u>\$ 796,860</u>	<u>\$ 9,101,456</u>

CITY OF CLERMONT, FLORIDA

RECREATION IMPACT FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 205,200	\$ 205,200	\$ 779,827	\$ 574,627
Investment earnings	6,000	6,000	7,146	1,146
Total revenues	<u>211,200</u>	<u>211,200</u>	<u>786,973</u>	<u>575,773</u>
Expenditures:				
Current:				
Culture and recreation	<u>35,000</u>	<u>35,000</u>	<u>19,032</u>	<u>15,968</u>
Total expenditures	<u>35,000</u>	<u>35,000</u>	<u>19,032</u>	<u>15,968</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>176,200</u>	<u>176,200</u>	<u>767,941</u>	<u>591,741</u>
Other Financing Sources (Uses)				
Transfers out	<u>(700,000)</u>	<u>(700,000)</u>	<u>(196,026)</u>	<u>503,974</u>
Total other financing sources (uses)	<u>(700,000)</u>	<u>(700,000)</u>	<u>(196,026)</u>	<u>503,974</u>
Net Change in Fund Balances	<u>(523,800)</u>	<u>(523,800)</u>	<u>571,915</u>	<u>1,095,715</u>
Fund Balances - Beginning	<u>771,146</u>	<u>771,146</u>	<u>771,146</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 247,346</u>	<u>\$ 247,346</u>	<u>\$ 1,343,061</u>	<u>\$ 1,095,715</u>

CITY OF CLERMONT, FLORIDA

POLICE IMPACT FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees/special assessments	\$ 43,200	\$ 43,200	\$ 207,402	\$ 164,202
Investment earnings	14,000	14,000	14,220	220
Total revenues	<u>57,200</u>	<u>57,200</u>	<u>221,622</u>	<u>164,422</u>
Expenditures:				
Current:				
Public Safety:				
Law enforcement	696,435	696,435	-	696,435
Total expenditures	<u>696,435</u>	<u>696,435</u>	<u>-</u>	<u>696,435</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(639,235)</u>	<u>(639,235)</u>	<u>221,622</u>	<u>860,857</u>
Other Financing Sources (Uses)				
Transfers out	-	(24,909)	(24,909)	-
Total other financing sources (uses)	<u>-</u>	<u>(24,909)</u>	<u>(24,909)</u>	<u>-</u>
Net Change in Fund Balances	<u>(639,235)</u>	<u>(664,144)</u>	<u>196,713</u>	<u>860,857</u>
Fund Balances - Beginning	<u>2,162,992</u>	<u>2,162,992</u>	<u>2,162,992</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,523,757</u>	<u>\$ 1,498,848</u>	<u>\$ 2,359,705</u>	<u>\$ 860,857</u>

CITY OF CLERMONT, FLORIDA

FIRE IMPACT FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees/special assessments	\$ 30,000	\$ 143,741	\$ 143,742	\$ 1
Investment earnings	1,800	1,800	706	(1,094)
Total revenues	<u>31,800</u>	<u>145,541</u>	<u>144,448</u>	<u>(1,093)</u>
Expenditures:				
Current:				
Public safety:				
Fire control	4,200	4,200	5,779	(1,579)
Debt Service:				
Principal retirement	38,077	38,077	38,077	-
Interest and fiscal charges	3,220	3,220	1,111	2,109
Total expenditures	<u>45,497</u>	<u>45,497</u>	<u>44,967</u>	<u>530</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(13,697)</u>	<u>100,044</u>	<u>99,481</u>	<u>(563)</u>
Other Financing Sources (Uses):				
Transfers out	(100,945)	(120,857)	(120,856)	1
Total other financing sources (uses)	<u>(100,945)</u>	<u>(120,857)</u>	<u>(120,856)</u>	<u>1</u>
Net Change in Fund Balances	(114,642)	(20,813)	(21,375)	(562)
Fund Balances - Beginning	<u>140,434</u>	<u>140,434</u>	<u>140,434</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 25,792</u>	<u>\$ 119,621</u>	<u>\$ 119,059</u>	<u>\$ (562)</u>

CITY OF CLERMONT, FLORIDA

BUILDING SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget - Positive</u> <u>(Negative)</u>
Revenues:				
Licenses and permits	\$ 304,650	\$ 450,668	\$ 465,537	\$ 14,869
Charges for services	92,175	92,175	58,853	(33,322)
Investment earnings	100	100	638	538
Total revenues	<u>396,925</u>	<u>542,943</u>	<u>525,028</u>	<u>(17,915)</u>
Expenditures:				
Current:				
General government	<u>431,282</u>	<u>555,397</u>	<u>550,809</u>	<u>4,588</u>
Total expenditures	<u>431,282</u>	<u>555,397</u>	<u>550,809</u>	<u>4,588</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(34,357)</u>	<u>(12,454)</u>	<u>(25,781)</u>	<u>(13,327)</u>
Net Change in Fund Balances	<u>(34,357)</u>	<u>(12,454)</u>	<u>(25,781)</u>	<u>(13,327)</u>
Fund Balances - Beginning	<u>84,410</u>	<u>84,410</u>	<u>84,410</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 50,053</u>	<u>\$ 71,956</u>	<u>\$ 58,629</u>	<u>\$ (13,327)</u>

CITY OF CLERMONT, FLORIDA

INFRASTRUCTURE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 1,700,000	\$ 1,700,000	\$ 1,780,177	\$ 80,177
Investment earnings	29,000	29,000	8,810	(20,190)
Total revenues	<u>1,729,000</u>	<u>1,729,000</u>	<u>1,788,987</u>	<u>59,987</u>
Expenditures:				
Current:				
Public safety:				
Fire control	103,000	103,465	74,241	29,224
Transportation:				
Roads & streets	355,000	601,609	536,949	64,660
Total expenditures	<u>458,000</u>	<u>705,074</u>	<u>611,190</u>	<u>93,884</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,271,000</u>	<u>1,023,926</u>	<u>1,177,797</u>	<u>153,871</u>
Other Financing Sources (Uses):				
Transfers out	(1,706,254)	(1,207,529)	(1,207,529)	-
Total other financing sources (uses)	<u>(1,706,254)</u>	<u>(1,207,529)</u>	<u>(1,207,529)</u>	<u>-</u>
Net Change in Fund Balances	(435,254)	(183,603)	(29,732)	153,871
Fund Balances - Beginning	<u>987,922</u>	<u>987,922</u>	<u>987,922</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 552,668</u>	<u>\$ 804,319</u>	<u>\$ 958,190</u>	<u>\$ 153,871</u>

CITY OF CLERMONT, FLORIDA

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget - Positive</u> <u>(Negative)</u>
Revenues:				
Investment earnings	\$ 3,700	\$ 3,700	\$ 1,997	\$ (1,703)
Total revenues	<u>3,700</u>	<u>3,700</u>	<u>1,997</u>	<u>(1,703)</u>
Expenditures:				
Debt Service:				
Principal	455,000	455,000	455,000	-
Interest and fiscal charges	179,609	179,609	179,609	-
Total expenditures	<u>634,609</u>	<u>634,609</u>	<u>634,609</u>	<u>-</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(630,909)</u>	<u>(630,909)</u>	<u>(632,612)</u>	<u>(1,703)</u>
Other Financing Sources (Uses):				
Transfers in	630,909	630,909	755,352	124,443
Total other financing sources (uses)	<u>630,909</u>	<u>630,909</u>	<u>755,352</u>	<u>124,443</u>
Net Change in Fund Balances	-	-	122,740	122,740
Fund Balances - Beginning	<u>365,590</u>	<u>365,590</u>	<u>365,590</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 365,590</u>	<u>\$ 365,590</u>	<u>\$ 488,330</u>	<u>\$ 122,740</u>

CITY OF CLERMONT, FLORIDA

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 6,000	\$ 6,000	\$ 19,655	\$ 13,655
Miscellaneous	96,830	96,830	-	(96,830)
Total revenues	<u>102,830</u>	<u>102,830</u>	<u>19,655</u>	<u>(83,175)</u>
Expenditures:				
Current:				
General government	-	383,451	378,075	5,376
Culture and recreation	-	-	151,617	(151,617)
Public safety:				
Fire control	-	24,909	24,909	-
Capital outlay:				
Public safety	-	30,429	30,427	2
Culture and recreation	1,886,630	1,387,905	612,645	775,260
Total expenditures	<u>1,886,630</u>	<u>1,826,694</u>	<u>1,197,673</u>	<u>629,021</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,783,800)</u>	<u>(1,723,864)</u>	<u>(1,178,018)</u>	<u>545,846</u>
Other Financing Sources (Uses):				
Transfers in	1,952,000	1,478,184	884,610	(593,574)
Total other financing sources (uses)	<u>1,952,000</u>	<u>1,478,184</u>	<u>884,610</u>	<u>(593,574)</u>
Net Change in Fund Balances	168,200	(245,680)	(293,408)	(47,728)
Fund Balances - Beginning	<u>3,271,030</u>	<u>3,271,030</u>	<u>3,271,030</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 3,439,230</u>	<u>\$ 3,025,350</u>	<u>\$ 2,977,622</u>	<u>\$ (47,728)</u>

FIDUCIARY FUNDS

Pension Trust Funds

General Employees' Pension Trust Fund	This fund is used to account for the accumulation of resources to be used for retirement annuity payments at the appropriate amounts and times in the future. Resources are contributed at rates in accordance with an actuarial study, whereas, a fixed percentage of employees salaries is used in determining the annual contribution to the defined contribution plan.
Police Officers' Pension Trust Fund	This fund is used to account for the accumulation of resources to be used for the retirement annuities of all police officers. The state contributes an amount determined by an actuarial study.
Firefighters' Pension Trust Fund	This fund is used to account for the accumulation of resources to be used for the retirement annuities of all firefighters. The state contributes money based upon the number of firefighters and the City contributes an amount determined by an actuarial study.

CITY OF CLERMONT, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

September 30, 2010

	<u>General Employees</u>		<u>Police Officers Pension Trust</u>	<u>Firefighters Pension Trust</u>	<u>Total Employee Pension Funds</u>
	<u>Defined Benefit</u>	<u>Defined Contribution</u>			
Assets:					
Cash and cash equivalents	\$ 6,527	\$ -	\$ 77,981	\$ 43,520	\$ 128,028
Receivables:					
Employer contribution receivable	3,051	-	689,472	617,959	1,310,482
Total receivables	3,051	-	689,472	617,959	1,310,482
Investments:					
U.S. Government & other debt securities	203,958	-	2,436,916	1,359,992	4,000,866
Equities	333,404	4,141,048	3,983,545	2,223,134	10,681,131
Total Investments	537,362	4,141,048	6,420,461	3,583,126	14,681,997
Total assets	546,940	4,141,048	7,187,914	4,244,605	16,120,507
Liabilities:					
Accounts payable	-	-	-	-	-
Total liabilities	-	-	-	-	-
Net Assets Held in Trust for Pension Benefits	\$ 546,940	\$ 4,141,048	\$ 7,187,914	\$ 4,244,605	\$ 16,120,507

CITY OF CLERMONT, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended September 30, 2010

	<u>General Employees</u>		<u>Police Officers Pension Trust</u>	<u>Firefighters Pension Trust</u>	<u>Total Employee Pension Funds</u>
	<u>Defined Benefit</u>	<u>Defined Contribution</u>			
Additions:					
Contributions:					
Employer	\$ 3,051	\$ 464,790	\$ 689,473	\$ 609,788	\$ 1,767,102
Plan members	-	-	84,889	27,838	112,727
State	-	-	214,298	183,196	397,494
Total contributions	<u>3,051</u>	<u>464,790</u>	<u>988,660</u>	<u>820,822</u>	<u>2,277,323</u>
Investment earnings:					
Net increase in fair value of investments	<u>48,093</u>	<u>284,666</u>	<u>539,568</u>	<u>298,824</u>	<u>1,171,151</u>
Total net investment earnings	<u>48,093</u>	<u>284,666</u>	<u>539,568</u>	<u>298,824</u>	<u>1,171,151</u>
Total additions	51,144	749,456	1,528,228	1,119,646	3,448,474
Deductions:					
Benefits/distributions	73,214	98,389	150,757	17,750	340,110
Administrative expenses	4,369	18,535	25,909	19,164	67,977
Total deductions	<u>77,583</u>	<u>116,924</u>	<u>176,666</u>	<u>36,914</u>	<u>408,087</u>
Change in Net Assets	(26,439)	632,532	1,351,562	1,082,732	3,040,387
Net Assets Held in Trust for Pension Benefits					
Beginning of Year	<u>573,379</u>	<u>3,508,516</u>	<u>5,836,352</u>	<u>3,161,873</u>	<u>13,080,120</u>
End of Year	<u>\$ 546,940</u>	<u>\$ 4,141,048</u>	<u>\$ 7,187,914</u>	<u>\$ 4,244,605</u>	<u>\$ 16,120,507</u>



Statistical Section

This part of the City of Clermont's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall health.

Contents	Page
Financial Trends	82
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	92
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	97
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
There are no limitations placed upon the amount of debt the City of Clermont may issue by either the City Charter or the City's Code of Ordinances or by Florida Statutes.	
The City of Clermont has no general obligation bonds outstanding.	
Demographic and Economic Information	102
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	106
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year.

City of Clermont, Florida
Net Assets by Component
Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2001	2002	2003	2004
Governmental activities				
Invested in capital assets, net of related debt	*	*	*	\$ 10,959
Restricted	*	*	*	3,121
Unrestricted	*	*	*	5,619
Total governmental activities net assets	*	*	*	\$ 19,699
Business-type activities				
Invested in capital assets, net of related debt	*	*	*	\$ 12,054
Restricted	*	*	*	22,601
Unrestricted	*	*	*	9,903
Total business-type activities net assets	*	*	*	\$ 44,558
Primary government				
Invested in capital assets, net of related debt	*	*	*	\$ 23,013
Restricted	*	*	*	25,722
Unrestricted	*	*	*	15,522
Total primary government net assets	*	*	*	\$ 64,257

* Data not available prior to the implementation of GASB Statement 34.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 12,118	\$ 15,777	\$ 15,825	\$ 27,462	\$ 33,938	\$ 33,817
4,800	5,935	7,830	8,959	6,526	6,693
8,125	8,693	14,459	11,946	13,608	13,988
<u>\$ 25,043</u>	<u>\$ 30,405</u>	<u>\$ 38,114</u>	<u>\$ 48,367</u>	<u>\$ 54,072</u>	<u>\$ 54,498</u>
\$ 12,082	\$ 15,864	\$ 24,837	\$ 46,569	\$ 54,834	\$ 55,540
27,573	33,732	36,931	13,899	10,437	17,293
13,414	13,447	10,841	18,103	17,801	11,407
<u>\$ 53,069</u>	<u>\$ 63,043</u>	<u>\$ 72,609</u>	<u>\$ 78,571</u>	<u>\$ 83,072</u>	<u>\$ 84,240</u>
\$ 24,200	\$ 31,641	\$ 40,662	\$ 74,031	\$ 88,772	\$ 89,357
32,373	39,667	44,761	22,858	16,963	23,986
21,539	22,140	25,300	30,049	31,409	25,395
<u>\$ 78,112</u>	<u>\$ 93,448</u>	<u>\$ 110,723</u>	<u>\$ 126,938</u>	<u>\$ 137,144</u>	<u>\$ 138,738</u>

City of Clermont, Florida
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2001	2002	2003	2004
Expenses				
Governmental activities:				
General government	*	*	*	\$ 2,337
Public safety	*	*	*	4,688
Physical environment	*	*	*	421
Transportation/public works	*	*	*	1,056
Economic environment	*	*	*	32
Human services	*	*	*	132
Culture and recreation	*	*	*	1,742
Interest on long-term debt	*	*	*	350
Total governmental activities expenses	*	*	*	10,758
Business-type activities:				
Water	*	*	*	2,707
Sewer	*	*	*	3,423
Sanitation	*	*	*	1,617
Stormwater	*	*	*	266
Total business-type activities expenses	*	*	*	8,013
Total primary government expenses	*	*	*	\$ 18,771
 Program Revenues				
Governmental activities:				
Charges for services:				
General government	*	*	*	\$ 963
Public safety	*	*	*	807
Transportation/public works	*	*	*	250
Culture and recreation	*	*	*	1,009
Operating grants and contributions	*	*	*	591
Capital grants and contributions	*	*	*	-
Total governmental activities program revenues	*	*	*	3,620
Business-type activities:				
Charges for services:				
Water	*	*	*	\$ 4,342
Sewer	*	*	*	2,832
Sanitation	*	*	*	1,811
Stormwater	*	*	*	571
Operating grants and contributions	*	*	*	105
Capital grants and contributions	*	*	*	7,095
Total business-type activities program revenues	*	*	*	16,756
Total primary government program revenues	*	*	*	\$ 20,376

* Data not available prior to the implementation of GASB Statement 34 in 2004.

		Fiscal Year					
2005	2006	2007	2008	2009	2010		
\$ 2,617	\$ 3,232	\$ 3,297	\$ 4,204	\$ 4,747	\$ 4,287		
5,773	7,109	8,783	10,330	10,775	12,459		
278	382	470	514	364	319		
1,172	1,322	1,255	1,544	1,164	1,768		
13	181	52	48	101	50		
149	77	130	107	0	0		
1,816	1,851	2,441	2,061	2,082	2,055		
255	285	226	459	326	175		
<u>12,073</u>	<u>14,439</u>	<u>16,654</u>	<u>19,267</u>	<u>19,559</u>	<u>21,113</u>		
3,015	3,427	2,987	3,737	3,990	4,316		
3,572	4,024	3,896	4,521	4,489	5,927		
1,817	1,731	1,816	2,123	2,086	2,169		
287	316	427	549	534	848		
<u>8,691</u>	<u>9,498</u>	<u>9,126</u>	<u>10,930</u>	<u>11,099</u>	<u>13,260</u>		
<u>\$ 20,764</u>	<u>\$ 23,937</u>	<u>\$ 25,780</u>	<u>\$ 30,197</u>	<u>\$ 30,658</u>	<u>\$ 34,373</u>		
\$ 1,042	\$ 1,037	\$ 1,116	\$ 1,582	\$ 1,854	\$ 1,857		
912	1,158	1,105	975	1,203	665		
36	-	-	-	-	-		
463	1,566	882	761	99	872		
512	523	923	1,047	921	1,162		
1,644	105	2,518	7,330	3,307	134		
<u>4,609</u>	<u>4,389</u>	<u>6,544</u>	<u>11,695</u>	<u>7,384</u>	<u>4,690</u>		
\$ 4,320	\$ 4,839	\$ 5,502	\$ 5,654	\$ 4,909	\$ 4,817		
3,295	3,784	4,242	4,422	4,655	4,852		
2,088	2,236	2,402	2,515	2,560	2,613		
627	689	729	766	801	829		
138	11	38	700	-	-		
6,287	6,408	3,676	1,480	2,137	1,544		
<u>16,755</u>	<u>17,967</u>	<u>16,589</u>	<u>15,537</u>	<u>15,062</u>	<u>14,655</u>		
<u>\$ 21,364</u>	<u>\$ 22,356</u>	<u>\$ 23,133</u>	<u>\$ 27,232</u>	<u>\$ 22,446</u>	<u>\$ 19,345</u>		

City of Clermont, Florida
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2001	2002	2003	2004
Net (expense)/revenue				
Governmental activities	*	*	*	\$ (7,138)
Business-type activities	*	*	*	8,743
Total primary government net expense	*	*	*	\$ 1,605
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	*	*	*	\$ 3,371
Franchise fees	*	*	*	1,128
Utility taxes				1,382
Unrestricted intergovernmental revenues	*	*	*	3,279
Unrestricted investment earnings and miscellaneous revenues	*	*	*	186
Transfers	*	*	*	385
Total governmental activities	*	*	*	9,731
Business-type activities:				
Investment earnings	*	*	*	\$ 390
Transfers	*	*	*	(385)
Total business-type activities	*	*	*	5
Total primary government	*	*	*	\$ 9,736
Change in Net Assets				
Governmental activities	*	*	*	\$ 2,593
Business-type activities	*	*	*	8,748
Total primary government	*	*	*	\$ 11,341

* Data not available prior to the implementation of GASB Statement 34 in 2004.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ (7,464)	\$ (10,050)	\$ (10,110)	\$ (7,572)	\$ (12,175)	\$ (16,422)
8,064	8,469	7,463	4,605	3,964	1,395
<u>\$ 600</u>	<u>\$ (1,581)</u>	<u>\$ (2,647)</u>	<u>\$ (2,967)</u>	<u>\$ (8,211)</u>	<u>\$ (15,027)</u>
\$ 4,417	\$ 5,665	\$ 7,452	\$ 7,749	\$ 7,601	\$ 6,844
1,357	1,714	1,808	1,911	2,151	2,373
1,552	1,782	1,881	1,992	2,152	2,558
3,923	4,953	4,952	4,776	4,458	4,503
1,181	835	1,216	901	1,050	525
377	464	509	496	469	443
<u>12,807</u>	<u>15,413</u>	<u>17,818</u>	<u>17,825</u>	<u>17,881</u>	<u>17,246</u>
\$ 825	\$ 1,968	\$ 2,612	\$ 1,853	\$ 1,005	\$ 360
(377)	(464)	(509)	(496)	(469)	(443)
448	1,504	2,103	1,357	536	(83)
<u>\$ 13,255</u>	<u>\$ 16,917</u>	<u>\$ 19,921</u>	<u>\$ 19,182</u>	<u>\$ 18,417</u>	<u>\$ 17,163</u>
\$ 5,343	\$ 5,363	\$ 7,708	\$ 10,253	\$ 5,705	\$ 824
8,512	9,973	9,566	5,961	4,501	1,312
<u>\$ 13,855</u>	<u>\$ 15,336</u>	<u>\$ 17,274</u>	<u>\$ 16,214</u>	<u>\$ 10,206</u>	<u>\$ 2,136</u>

City of Clermont, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2001	2002	2003	2004
General fund				
Reserved	\$ 97	\$ 162	\$ 167	\$ 168
Unreserved	2,120	2,559	3,110	4,207
Total general fund	<u>\$ 2,217</u>	<u>\$ 2,721</u>	<u>\$ 3,277</u>	<u>\$ 4,375</u>
All other governmental funds				
Reserved	\$ 430	\$ 512	\$ 760	\$ 894
Unreserved, reported in:				
Special revenue funds	793	1,003	2,318	3,410
Capital projects fund	669	4,423	106	-
Total all other governmental funds	<u>\$ 1,892</u>	<u>\$ 5,938</u>	<u>\$ 3,184</u>	<u>\$ 4,304</u>

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 198	\$ 233	\$ 307	\$ 209	\$ 214	\$ 246
5,758	4,857	9,128	9,572	10,860	11,358
\$ 5,956	\$ 5,090	\$ 9,435	\$ 9,781	\$ 11,074	\$ 11,604
\$ 1,083	\$ 1,189	\$ 1,539	\$ 1,912	\$ 2,267	\$ 2,758
5,028	7,767	10,771	5,314	4,147	4,839
926	780	843	4,496	3,271	2,978
\$ 7,037	\$ 9,736	\$ 13,153	\$ 11,722	\$ 9,685	\$ 10,575

City of Clermont, Florida
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2001	2002	2003	2004
Revenues				
Taxes	\$ 4,931	\$ 5,752	\$ 6,794	\$ 6,791
Licenses and permits	211	253	277	467
Intergovernmental revenue	930	1,408	1,152	2,758
Charges for services	37	367	378	381
Fines and forfeitures	146	112	114	125
Impact fees/special assessments	945	1,314	1,424	1,592
Investment income	243	141	145	107
Miscellaneous	212	177	219	541
Total revenues	<u>7,655</u>	<u>9,524</u>	<u>10,503</u>	<u>12,762</u>
Expenditures				
General government	\$ 874	\$ 1,117	\$ 1,338	\$ 1,432
Public Safety	2,247	3,118	3,606	4,274
Physical environment	197	42	35	278
Transportation	454	622	806	1,055
Economic environment	27	44	39	32
Human services	20	58	89	122
Culture and recreation	1,011	1,162	1,316	1,009
Capital outlay	2,882	3,205	5,351	2,752
Debt service				
Principal	257	396	236	507
Interest	99	92	257	268
Other charges	1	211	-	-
Total expenditures	<u>8,069</u>	<u>10,067</u>	<u>13,073</u>	<u>11,729</u>
Excess of revenues over (under) expenditures	\$ (414)	\$ (543)	\$ (2,570)	\$ 1,033
Other financing sources (uses)				
Transfers in	\$ 551	\$ 1,468	\$ 1,182	\$ 1,217
Transfers out	(302)	(1,378)	(863)	(832)
Debt issuance	-	6,965	27	800
Sale of capital assets	-	-	-	-
Payments to refunded bond escrow agent	-	(2,000)	-	-
Total other financing sources (uses)	<u>249</u>	<u>5,055</u>	<u>346</u>	<u>1,185</u>
Net change in fund balances	<u>\$ (165)</u>	<u>\$ 4,512</u>	<u>\$ (2,224)</u>	<u>\$ 2,218</u>
Debt service as a percentage of noncapital expenditures	6.9%	10.2%	6.4%	8.6%

Fiscal Year						
2005	2006	2007	2008	2009	2010	
\$ 8,391	\$ 10,327	\$ 11,141	\$ 11,652	\$ 11,903	\$ 11,775	
484	456	491	835	674	678	
5,216	4,211	8,340	11,977	8,666	5,733	
389	407	462	643	1,103	1,036	
164	226	175	321	178	189	
1,152	2,444	1,717	1,209	903	1,131	
267	738	1,101	687	848	379	
310	505	391	1,683	444	522	
<u>16,373</u>	<u>19,314</u>	<u>23,818</u>	<u>29,007</u>	<u>24,719</u>	<u>21,443</u>	
\$ 2,053	\$ 2,694	\$ 3,079	\$ 3,640	\$ 3,654	\$ 4,081	
5,285	6,452	9,141	10,999	10,275	11,212	
318	343	461	497	490	309	
917	967	1,189	2,976	1,129	1,620	
33	38	48	48	102	50	
139	75	129	105	-	-	
1,025	1,259	1,556	10,024	1,893	1,878	
2,484	10,235	94	1,909	1,738	643	
855	868	449	8,176	6,259	493	
258	244	440	465	375	181	
-	-	-	-	-	-	
<u>13,367</u>	<u>23,175</u>	<u>16,586</u>	<u>38,839</u>	<u>25,915</u>	<u>20,467</u>	
\$ 3,006	\$ (3,861)	\$ 7,232	\$ (9,832)	\$ (1,196)	\$ 976	
\$ 1,081	\$ 1,676	\$ 1,265	\$ 6,468	\$ 6,684	\$ 2,088	
(704)	(1,212)	(756)	(5,971)	(6,232)	(1,645)	
-	5,250	-	8,250	-	-	
931	-	-	-	-	-	
-	-	-	-	-	-	
<u>1,308</u>	<u>5,714</u>	<u>509</u>	<u>8,747</u>	<u>452</u>	<u>443</u>	
<u>\$ 4,314</u>	<u>\$ 1,853</u>	<u>\$ 7,741</u>	<u>\$ (1,085)</u>	<u>\$ (744)</u>	<u>\$ 1,419</u>	
10.2%	9.3%	7.1%	23.4%	28.9%	3.6%	

City of Clermont, Florida
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Franchise Fees	Utility Tax	Total
2001	1,594	806	1,552	3,952
2002	2,038	806	1,855	4,699
2003	2,592	922	1,981	5,495
2004	3,305	1,128	2,292	6,725
2005	4,321	1,357	2,617	8,295
2006	5,488	1,714	2,948	10,150
2007	7,155	1,808	3,138	12,101
2008	7,749	1,911	1,992	11,652
2009	7,601	2,151	2,152	11,904
2010	6,844	2,373	2,558	11,775

Taxes Included in Unrestricted Intergovernmental Revenues

Fiscal Year	Sales Tax	State Revenue Sharing	Local Option Gas Tax	Total
2001	416	187	213	816
2002	464	192	226	882
2003	541	207	243	991
2004	781	242	268	1,291
2005	930	328	275	1,533
2006	1,157	368	286	1,811
2007	1,210	388	325	1,923
2008	1,139	356	300	1,795
2009	1,033	302	289	1,624
2010	1,053	299	322	1,674

City of Clermont, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended Sep 30	Real* Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2001	491,701	64,111	105,297	450,515	3.729	555,812	81.06%
2002	626,840	72,610	128,222	571,228	3.729	699,450	81.67%
2003	793,583	92,764	166,209	720,138	3.729	886,347	81.25%
2004	1,041,341	112,546	238,373	915,514	3.729	1,153,887	79.34%
2005	1,363,931	133,687	299,162	1,198,456	3.729	1,497,618	80.02%
2006	1,771,503	153,086	382,885	1,541,704	3.729	1,924,589	80.11%
2007	2,466,549	171,470	620,750	2,017,269	3.142	2,638,019	76.47%
2008	2,975,139	186,835	676,371	2,485,603	3.142	3,161,974	78.61%
2009	3,022,925	195,808	792,997	2,425,736	3.142	3,218,733	75.36%
2010	2,592,111	211,950	599,821	2,204,240	3.142	2,804,061	78.61%

Source: Lake County Property Appraisers Office

* Information on breakdown of residential and commercial property is not available.

City of Clermont, Florida
Property Tax Rates
Direct and Overlapping¹ Governments
Last Ten Fiscal Years²

(per \$1,000 of assessed value)

Fiscal Year	Direct Rate	Overlapping Rates							Total Direct & Overlapping Rates
	City of Clermont Operating Millage	Lake County Operating Millage	Lake County Voted Debt Service	Lake County Ambulance MSTU	Lake County School District	South Lake Hospital District	Lake County Water Authority	St. Johns River Water Management District	
2001	3.7290	5.1170	0.0000	0.5500	8.4950	1.0000	0.5000	0.4720	19.8630
2002	3.7290	5.1170	0.0000	0.5289	8.2020	1.0000	0.5000	0.4620	19.5389
2003	3.7290	5.9170	0.0000	0.5289	8.3950	1.0000	0.4819	0.4620	20.5138
2004	3.7290	5.9170	0.0000	0.5289	8.4400	1.0000	0.4080	0.4620	20.4849
2005	3.7290	5.8170	0.0000	0.5289	7.9900	1.0000	0.3831	0.4620	19.9100
2006	3.7290	5.7970	0.0000	0.5289	7.9810	1.0000	0.3370	0.4620	19.8349
2007	3.1420	5.7470	0.2000	0.5289	7.6480	1.0000	0.2530	0.4620	18.9809
2008	3.1420	4.7410	0.2000	0.4651	7.6980	0.8666	0.2130	0.4158	17.7415
2009	3.1420	4.6511	0.1101	0.4651	7.5170	0.8666	0.2130	0.4158	17.3807
2010	3.1420	4.6511	0.1101	0.4651	7.5320	0.8666	0.2130	0.4158	17.3957

Source: Lake County Property Appraisers Office

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Clermont.

² Taxes levied for the fiscal year are based on the prior year taxable value.

City of Clermont, Florida
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts expressed in thousands)

<u>Taxpayer</u>	<u>2010</u>			<u>2001</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
John P. Adams & Ann D. Adams Family LP	\$ 27,458	1	1.25%			
Fountains at Clermont LLC	17,448	2	0.79%			
South Lake Hospital, Inc.	14,142	3	0.64%			
Sundance Clermont LLC	13,410	4	0.61%			
Citrus Tower Development	13,122	5	0.60%			
Clermont Landing LLC	12,673	6	0.57%			
Lennar Homes, Inc.	13,820	7	0.63%	\$ 10,641	2	2.36%
Village at East Lake	11,634	8	0.53%	5,833	8	1.29%
Wal-Mart Stores East LP	10,573	9	0.48%			
Lowe's Home Centers Inc.	9,773	10	0.44%			
Clermont Center LTD				11,306	1	2.51%
Lennar Land Partners				8,523	3	1.89%
Lucas Clermont Ltd Partnership				6,161	4	1.37%
Sprint Florida Inc				7,669	5	1.70%
Levitt Homes, Inc.				6,961	6	1.55%
Florida Power Corporation				5,918	7	1.31%
Hurtak, Family Partnership Ltd.				5,409	9	1.20%
Mercator Properties, Inc.				5,331	10	1.18%
TOTAL	<u>\$144,053</u>		<u>6.54%</u>	<u>\$ 73,752</u>		<u>16.37%</u>

Source: Lake County Property Appraiser

City of Clermont, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended September	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	1,680	1,607	95.7%	14	1,621	96.5%
2002	2,130	2,054	96.4%	10	2,064	96.9%
2003	2,685	2,586	96.3%	9	2,595	96.6%
2004	3,414	3,293	96.5%	10	3,303	96.8%
2005	4,469	4,310	96.4%	5	4,315	96.6%
2006	5,749	5,544	96.4%	-	5,544	96.4%
2007	7,518	7,155	95.2%	17	7,172	95.4%
2008	7,810	7,425	95.1%	15	7,440	95.3%
2009	7,622	7,243	95.0%	22	7,265	95.3%
2010	6,814	6,536	95.9%	5	6,541	96.0%

Note: Property taxes become due and payable on November 1st of each year. A four (4) percent discount is allowed if the taxes are paid in November, with the discount declining by one (1) percent each month thereafter. Accordingly, taxes collected will never be 100 percent of the tax levy.

City of Clermont, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount)

Fiscal Year Ended Sept	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Revenue Bonds	Notes Payable	Line of Credit	Water & Sewer Refunding Revenue Bonds			
2001	355	630	2,000	17,935	\$20,920	*	1,979
2002	6,965	459	-	17,935	\$25,359	*	1,849
2003	6,965	381	-	17,935	\$25,281	*	1,643
2004	6,575	1,064	-	17,935	\$25,574	*	1,449
2005	6,180	605	-	17,835	\$24,620	*	1,230
2006	5,775	5,392	-	17,685	\$28,852	5.66%	1,312
2007	5,360	5,358	-	17,455	\$28,173	5.63%	1,231
2008	4,935	5,857	-	17,065	\$27,857	4.00%	1,187
2009	4,495	38	-	16,655	\$21,188	2.95%	876
2010	4,040	0	-	16,640	\$20,680	2.84%	720

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Demographic and Economic Statistics on page 85 for personal income and population data.

* Information is not available.

City of Clermont, Florida
Direct and Overlapping Governmental Activities Debt
September 30, 2010

(amounts expressed in thousands, except population and per capita amount)

	<u>Total Outstanding</u>	<u>Percentage Applicable to City of Clermont</u>	<u>Amount Applicable to City of Clermont</u>
Direct:			
City of Clermont	\$ 4,533	100%	\$ 4,533
Overlapping:			
Lake County	29,820	11%	3,280
Total direct and overlapping debt payable from ad valorem taxes	\$ 34,353		\$ 7,813
Estimated Population			28,742
Total direct and overlapping debt per capita			\$ 271.84

Note: The City of Clermont has no legal debt margin.

Sources: Lake County Clerk Finance Office
Lake County Property Appraiser's Office

City of Clermont, Florida
Pledged-Revenue Coverage
Last Ten Fiscal Years

Public Improvement Revenue Bonds, Series 2002

Fiscal Year	Public Service Taxes	Communications Service Tax	Half-Cent Sales Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
					Principal	Interest	
2001	1,551,762	-	416,036	1,967,798	-	-	-
2002	1,054,652	800,177	464,290	2,319,119	- ¹	254,188	9.12
2003	1,172,270	808,813	540,717	2,521,800	390,000	250,775	3.94
2004	1,381,779	910,725	780,863	3,073,367	395,000	243,166	4.82
2005	1,552,000	1,063,454	929,740	3,545,194	405,000	233,653	5.55
2006	1,781,626	1,163,971	1,156,694	4,102,291	415,000	222,372	6.44
2007	1,881,092	1,253,425	1,209,748	4,344,265	415,000	228,338	6.75
2008	1,992,018	1,279,653	1,139,315	4,410,986	425,000	209,606	6.95
2009	2,151,318	1,257,344	1,033,141	4,441,803	440,000	195,106	6.99
2010	2,558,281	1,266,696	1,053,073	4,878,050	455,000	179,159	7.69

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ No principal payments were scheduled in this the period in which the debt was issued.

City of Clermont, Florida
Pledged-Revenue Coverage
Last Ten Fiscal Years

Sales Tax Revenue Bonds, Series 1989

Fiscal Year	State Infrastructure Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
			Principal	Interest	
2001	708,636	708,636	210,000	39,510	2.84
2002	752,740	752,740	225,000	24,915	3.01
2003	996,162	996,162	130,000	9,165	7.16
2004	1,233,598	1,233,598	- ¹	- ¹	- ¹
2005	1,538,498	1,538,498	- ¹	- ¹	- ¹
2006	1,934,455	1,934,455	- ¹	- ¹	- ¹
2007	1,920,486	1,920,486	- ¹	- ¹	- ¹
2008	1,900,640	1,900,640	- ¹	- ¹	- ¹
2009	1,764,949	1,764,949	- ¹	- ¹	- ¹
2010	1,780,177	1,780,177	- ¹	- ¹	- ¹

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ All outstanding revenue bonds were paid in full as of June 1, 2003.

City of Clermont, Florida
Pledged-Revenue Coverage
Last Ten Fiscal Years

Water and Sewer Revenue and Refunding Bonds						
Fiscal Year	Water and Sewer Operating Revenues ¹	Water and Sewer Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2001	4,326,638	2,236,146	2,090,492	- ³	543,741	3.84
2002	5,124,778	2,952,556	2,172,222	- ³	932,128	2.33
2003	5,901,907	3,461,216	2,440,691	- ³	932,128	2.62
2004	7,261,239	4,339,959	2,921,280	- ³	932,128	3.13
2005	7,841,830	4,773,639	3,068,191	100,000	929,928	2.98
2006	9,421,834	5,456,689	3,965,145	150,000	924,353	3.69
2007	12,875,170	8,820,932	4,054,238	230,000	915,802	3.54
2008	10,075,706	7,192,314	2,883,392	390,000	892,688	2.25
2009	10,561,949	6,511,487	4,050,462	410,000	883,206	3.13
2010	10,001,836	6,999,096	3,002,740	430,000	744,892 ⁴	2.56

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ Operating revenue is computed per bond resolution requirements. Investment earnings are included.

² Operating expense is computed per bond resolution requirements. Depreciation expense is not included.

³ On November 21, 2000, the City defeased its 1972 and 1988 bond issues and paid off a 1996 Bond Anticipation note that was due December 1, 2000. Principal payments were not due until December 1, 2004.

⁴ Includes interest paid on the 2000 and 2009 Refunding Bonds

City of Clermont, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income²	Median Age²	Education Level in Years of Formal Schooling²	School Enrollment³	Unemployment Rate⁴
2001	10,571	*	*	*	*	4,500	3.9%
2002	13,718	*	*	*	*	4,616	5.8%
2003	15,391	*	*	*	*	4,630	5.4%
2004	17,654	*	*	*	*	5,219	4.6%
2005	20,017	*	*	*	*	5,165	4.0%
2006	21,986	509,987	23,196	35.9	13.5	5,375	3.3%
2007	22,882	500,338	21,866	36.8	13.6	5,411	3.8%
2008	23,476	696,040	29,649	39.6	13.2	4,208	7.1%
2009	24,199	717,597	29,654	39.7	13.2	4,244	12.3%
2010	28,742	727,000	25,294	36.8	13.6	4,205	12.4%

Sources: ¹ College of Business Administration, University of Florida - Bureau of Economic and Business Research

² Metro Orlando Economic Development Commission

³ Lake County School Board

⁴ U.S. Department of Labor, Bureau of Labor Statistics

Note: Unemployment rate information is available on a countywide basis only.

* Information is not available.

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

<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Total City Employment	18,314			6,965		
Publix Supermarkets	614	1	3.35%	77	6	1.11%
Lake County Sheriff's Office	600	2	3.28%			
Walmart	595	3	3.25%			
Department of Corrections	420	4	2.29%			
Lowe's	320	5	1.75%			
Target Corporation	312	6	1.70%			
Ford of Clermont	300	7	1.64%	76	7	1.09%
Winn Dixie	294	8	1.61%			
Darden Restaurants Inc.	288	9	1.57%			
Lake County School System	250	10	1.37%	346	2	4.97%
South Lake Hospital, Inc.				454	1	6.52%
Westminister Care of Clermont				160	3	2.30%
City of Clermont				140	4	2.01%
CBS Builders Supply Inc.				110	5	1.58%
Exceletech, Inc.				70	8	1.01%
Kmart				70	9	1.01%
Sonny's Real Pit Bar-B-Q				52	10	0.75%
TOTAL	<u><u>3,993</u></u>		<u><u>21.80%</u></u>	<u><u>1,555</u></u>		<u><u>22.33%</u></u>

Source: Florida Agency for Workforce Innovation, Labor Market Statistics Center

City of Clermont, Florida
Principal Water Customers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow¹</u>	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow</u>
Kings Ridge	277,700	1	13.52%	*	*	*
Lake County Schools	31,424	2	1.53%	*	*	*
City of Clermont	26,255	3	1.28%	*	*	*
South Lake Hospital	25,163	4	1.22%	*	*	*
Westminster Comm Care Service	15,497	5	0.75%	*	*	*
Gardens at Citrus Tower	12,165	6	0.59%	*	*	*
The Vista at Lost Lake	11,526	7	0.56%	*	*	*
Sundance Clermont Apartments	9,703	8	0.47%	*	*	*
Emerald Lakes of Clermont	7,764	9	0.38%	*	*	*
Osprey Ridge Apartments LTD	7,601	10	0.37%	*	*	*
TOTAL	424,798		20.68%	*		*

¹ The City of Clermont had a total metered water flow of approximately 2,054,236,000 gallons for the 12-month period ending September 30, 2010

* Information is not available.

City of Clermont, Florida
Principal Sewer Customers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow¹</u>	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow</u>
South Lake Hospital	22,606	1	1.65%	*	*	*
Lake County Schools	16,960	2	1.24%	*	*	*
Westminster Comm Care Service	14,643	3	1.07%	*	*	*
The Vista at Lost Lake	11,526	4	0.84%	*	*	*
Emerald Lakes of Clermont	7,764	5	0.57%	*	*	*
Village at East Lake	7,139	6	0.52%	*	*	*
Empirian Property Management	5,771	7	0.42%	*	*	*
John Sandargas	4,208	8	0.31%	*	*	*
Clermont Dialysis LLC	3,426	9	0.25%	*	*	*
Red Lobster	3,410	10	0.25%	*	*	*
TOTAL	<u>97,453</u>		<u>7.11%</u>	<u>*</u>		<u>*</u>

¹ The City of Clermont had a total metered water flow for wastewater billing purposes of approximately 1,370,600,000 gallons for the 12-month period ending September 30, 2010

* Information is not available.

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

Function	<u>Full-time Equivalent Employees as of September 30,</u>			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Government	17.50	17.00	23.00	22.50
Public Safety:				
Police				
Sworn personnel	27.00	29.00	31.00	34.00
Non sworn personnel	10.00	10.00	11.00	12.00
Fire				
Firefighters	11.00	12.00	13.00	19.00
Other personnel	1.00	1.00	1.00	1.00
Physical Environment	5.00	-	0.50	7.50
Transportation	8.21	11.35	13.16	13.25
Human Services	0.50	1.00	1.75	2.25
Culture & Recreation	19.50	20.75	23.50	19.45
Water	14.12	18.72	20.32	22.90
Sewer	14.82	19.02	19.22	25.80
Stormwater	2.49	2.20	4.49	4.65
Sanitation	8.86	8.96	9.06	8.70
Total	<u>140.00</u>	<u>151.00</u>	<u>171.00</u>	<u>193.00</u>

Source: City of Clermont Administrative Services Department.

Full-time Equivalent Employees as of September 30,

2005	2006	2007	2008	2009	2010
25.50	27.50	30.50	30.50	31.00	28.00
38.00	45.00	51.00	53.00	53.00	57.00
16.00	16.00	16.00	17.00	17.00	16.00
22.00	38.00	45.00	49.00	47.85	48.00
1.00	2.00	2.00	2.00	2.00	2.00
7.50	10.00	10.00	10.00	11.65	10.90
13.25	13.70	15.20	15.60	15.60	15.35
2.25	2.00	2.00	2.00	0.00	0.00
19.45	22.20	26.20	26.60	25.60	21.10
23.40	25.40	26.90	29.40	29.40	29.15
25.30	26.30	27.80	26.30	26.30	26.05
4.65	7.20	8.70	8.80	8.80	9.15
8.70	8.70	14.70	16.80	16.80	16.30
<u>207.00</u>	<u>244.00</u>	<u>276.00</u>	<u>287.00</u>	<u>285.00</u>	<u>279.00</u>

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

Function	Fiscal Year			
	2001	2002	2003	2004
General Government				
Municipal boundary (square miles)	11.29	11.18	11.88	11.97
Business Tax Receipts issued	1,202	1,290	1,468	1,551
Commercial construction (units)	17	39	22	24
Commercial construction (value in thousands)	17,264	52,343	18,758	14,272
Residential construction (units)	884	829	959	1,155
Residential construction (value in thousands)	82,040	77,470	124,837	158,458
Public Safety:				
Police				
Auto accidents	374	390	489	541
Physical arrests	462	465	449	414
911 calls received	*	*	*	5,580
Evidence processed (pieces)	311	1,123	1,075	1,054
Parking violations	8	36	48	87
Traffic violations	3,489	3,623	2,713	2,394
Fire				
Volunteer firefighters	34	34	34	34
Fire inspections completed	279	494	441	483
Emergency calls answered	1,556	2,271	2,506	3,093
Non-emergency calls answered	65	77	86	143
Human Services				
Animals captured**	488	521	364	562
Water				
Residential customers	7,303	8,461	10,529	12,751
Commercial customers	579	644	723	817
Annual water usage (thousands of gallons)	1,365,196	1,299,701	1,338,818	1,655,203
Sewer				
Residential customers	5,001	6,243	7,650	9,217
Commercial customers	511	581	673	767

Sources: Various government departments.

* Data not available.

** Program was discontinued in FY 07-08

Fiscal Year					
2005	2006	2007	2008	2009	2010
12.45	14.13	14.37	14.42	14.43	14.76
1,795	1,985	2,141	2,263	1,771	1,833
23	38	24	42	19	10
7,115	17,534	24,433	18,859	13,223	8,357
673	635	324	301	204	305
103,672	186,189	136,477	56,578	56,092	53,202
671	625	1,192	1,272	972	955
500	707	933	842	949	854
6,262	7,008	6,317	6,046	6,828	5,230
1,127	1,610	1,585	1,300	1,652	1,349
71	161	140	145	107	137
2,855	5,259	5,164	5,103	4,553	4,981
27	27	9	8	10	6
457	625	414	880	979	2,121
3,321	3,132	3,048	3,177	3,155	3,112
143	189	198	234	434	352
445	495	652	0	0	0
14,284	15,733	16,394	16,959	17,375	11,376
921	993	1,069	1,156	1,201	1,033
1,788,337	2,121,588	2,654,352	2,589,664	2,312,962	2,054,236
10,176	11,125	11,554	11,913	12,154	11,583
883	955	1,031	1,120	1,158	944

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

Function	Fiscal Year			
	2001	2002	2003	2004
General Government				
Public Safety:				
Police				
Police stations	1	1	1	1
Patrol units	27	29	31	34
Fire				
Fire stations	3	3	3	3
Staffed fire stations	2	2	2	2
Fire hydrants	840	940	1,064	1,200
Fire apparatus	7	6	7	7
Staffed fire apparatus	2	2	2	2
ALS non-transport units	1	1	2	3
Transportation				
Streets paved (miles)	77.00	88.74	92.90	97.00
Streetlights	875	1,056	1,056	1,106
Culture & Recreation				
Number of parks	22	22	22	22
Parks acreage	101.5	101.5	101.5	101.5
Scenic linear trail (miles)	3.5	3.5	3.5	3.5
Tennis courts	6	6	6	8
Fishing piers	4	4	4	4
Boat ramp	1	1	1	1
Libraries	1	1	1	1
Water				
Miles of water mains	*	88.74	88.74	92.94
Miles of sanitary sewers	34.00	39.05	39.05	41.15
Miles of storm sewers	8.50	9.11	9.11	9.53

Sources: Various government departments.

* Data not available.

Fiscal Year						
2005	2006	2007	2008	2009	2010	
1	1	1	1	1	1	1
38	45	45	45	45	45	45
3	3	3	3	3	3	4
2	2	3	3	3	3	3
1,431	1,630	1,896	2,140	2,140	2,012	
8	9	9	9	9	8	8
3	4	5	5	5	5	5
3	3	3	3	4	4	4
101.39	109.94	122.93	126.16	131.72	133.20	
1,131	1,231	1,256	1,331	1,331	1,352	
22	22	22	22	22	22	22
101.5	230.5	230.5	230.5	230.5	230.5	230.5
5.7	5.7	5.7	5.7	5.7	5.7	5.7
8	8	8	8	8	8	8
4	4	4	4	4	4	4
1	1	1	1	1	1	1
1	1	1	1	1	1	1
97.23	104.52	115.02	115.98	122.83	124.11	
44.26	49.51	56.98	59.40	65.18	66.19	
10.27	11.13	18.07	20.88	24.61	26.32	



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
City of Clermont, Florida

We have audited the financial statements of *City of Clermont, Florida*, as of and for the year ended September 30, 2010, and have issued our report thereon dated March 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management of employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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We noted certain matters that we reported to management of the *City of Clermont, Florida*, in a separate letter dated March 23, 2011. The City's response to our findings identified in our audit is included in this report. We did not audit the City's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council and the Auditor General of the State of Florida, and is not intended to be, and should not be used by anyone other than these specified parties.

McDiernit Davis & Company, LLC

March 23, 2011



CITY OF CLERMONT

Affidavit of Impact Fee Compliance

Impact fee collections, expenditures and accounting are provided for in separate accounting funds and comply with Florida Statute 163.31801.

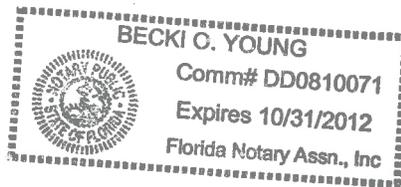


Joseph Van Zile
Director of Administrative Services

The foregoing instrument was acknowledged before me this 22nd day of April, 2011 by Joseph Van Zile.



Notary Signature & Stamp



Personally Known or Produced Identification _____ Type of Identification Produced _____.



MANAGEMENT LETTER

Honorable Mayor and City Council
City of Clermont, Florida

We have audited the financial statements of the City of *Clermont, Florida*, as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 23, 2011.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in those reports, which are dated March 23, 2011, should be considered in conjunction with this management letter.

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

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

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- Section 10.554(1)(i)5., Rules of the Auditor General, requires based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. This information has been disclosed in Appendix A to this report.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *City of Clermont, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the *City of Clermont, Florida* for the fiscal year ended September 30, 2010 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. We determined that these two reports are in agreement.
- Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter is intended solely for the information of the *City of Clermont, Florida* and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

McDiernit Davis & Company, LLC

March 23, 2011

CITY OF CLERMONT, FLORIDA

**APPENDIX A – CURRENT YEAR VIOLATIONS OF LAWS,
RULES, REGULATIONS, AND CONTRACTUAL PROVISIONS**

Year Ended September 30, 2010

ML 10-1 – Appropriations in Excess of Funds Available

Criteria – Appropriations budgeted in a fund may not be in excess of anticipated revenue and available fund balance.

Condition – The Community Redevelopment Special Revenue Fund has appropriations in excess of anticipated revenue and available fund balance.

Cause – The available fund balance was less than originally budgeted and the budget was not amended within 60 days of year end as required by Florida Statutes.

Effect – A deficit fund balance could result.

Recommendation – We recommend that the budget be amended within 60 days of year end.

ML 10-2 Deficit Net Assets

Criteria - The city should establish sufficient cost allocation to fully cover the cost of claims paid.

Condition – At September 30, 2010 the Internal Service Fund had a deficit net asset balance of \$279,865.

Cause - The amount charged to each fund is not sufficient to cover the cost of claims paid.

Effect - The fund requires loans from the general and enterprise funds for paying claims.

Recommendation – We recommend that management evaluate the amount charged to each fund for insurance, and increase the allocation to fully cover the cost of claims paid.

CITY OF CLERMONT, FLORIDA

APPENDIX B – PRIOR YEAR RECOMMENDATIONS

Year Ended September 30, 2010

<u>No.</u>	<u>Prior Year's Observations</u>	<u>Observation is Still Relevant</u>	<u>Observation Addressed or No Longer Relevant</u>
ML 09-01	Budget Amendments	X	
ML 09-02	Deficit Net Assets	X	



CITY OF CLERMONT

RESPONSE TO MANAGEMENT COMMENTS

Auditor General
State of Florida

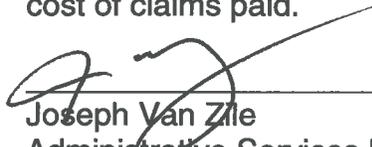
This letter contains responses to the management letter as required by the Auditor General of the State of Florida.

Appropriations in Excess of Funds Available

The City will amend the budget within 60 days of year end to ensure appropriations do not exceed anticipated revenue and available fund balance. In addition, it is important to note that the original budget approved by the City did not provide for appropriations in excess of anticipated funds and that a deficit fund balance did not occur due to the budgeted project being put on hold.

Deficit Net Assets

The City has made additional changes to the Insurance Plan that will reduce expenditures and has increased the contributions to the fund. Management will continue to evaluate the fund to ensure that the amount charged fully covers the cost of claims paid.



Joseph Van Zile
Administrative Services Director
City of Clermont, Florida

March 29, 2011



Honorable Mayor and City Council
City of Clermont, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the *City of Clermont, Florida* as of and for the year ended September 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 28, 2010. Professional standards also require that we communicate to you the following information related to the audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the *City of Clermont, Florida* are described in Note 1 to the financial statements. As described in Note 2 to the financial statements, *City of Clermont, Florida* changed accounting policies related to accounting for other post employment benefits by adopting Statement of Governmental Standards (GASB Statement) No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2010. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the *Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary funds*, and *Statement of Activities*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred, other than those described in Note 2.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statement were:

Management's estimate for the allowance for doubtful account is based on historical loss levels, and an analysis of the individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate for the allowance for depreciation is based on the estimated useful lives of the capital assets. We evaluated the reasonableness of the useful lives as well as the depreciation methods in determining that it is reasonable in relation to the financial statements taken as a whole.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 23, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Very truly yours,

McDiernit Davis & Company, LLC

March 23, 2011