

*CITY OF CLERMONT  
FLORIDA*

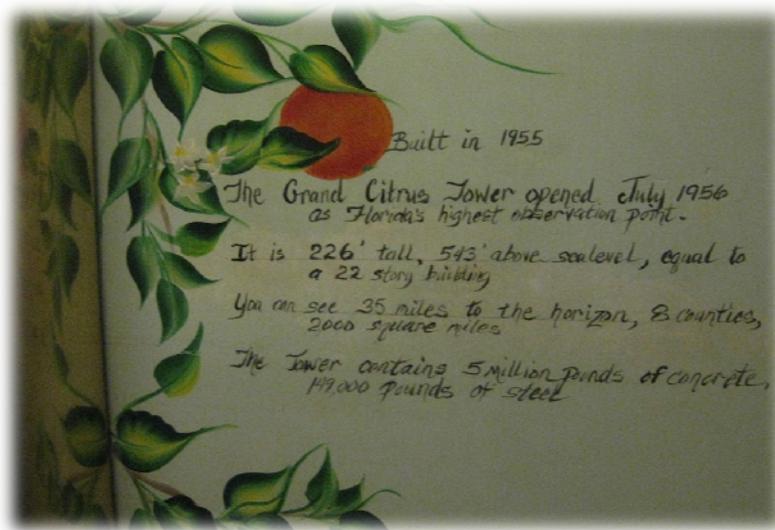
*Comprehensive  
Annual  
Financial  
Report  
Fiscal Year Ended  
September 30, 2012*



## Citrus Tower

*The Citrus Tower stands unrivaled as a majestic and monumental tribute to Central Florida's famed citrus industry and its lush subtropical groves. The glass enclosed observation deck allows visitors to observe the panoramic view of the rolling hills of Florida's ridge section and hundreds of spring-fed lakes in the surrounding 8 county area.*

*The sign below hangs in the elevator at the Citrus Tower giving all those who visit some fast facts and history of its origin.*



# *City of Clermont, Florida*

## *COMPREHENSIVE ANNUAL FINANCIAL REPORT*

*For The Year Ended September 30, 2012*



*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 30, 2013

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, 2012. 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, 2012.

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, 2012, 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, 2012, 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 14.95 square miles and population of approximately 29,827. 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 Palatka 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 23 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 Infrastructure Fund is presented on page 20 and the Community Redevelopment Special Revenue fund is presented on page 21 as part of the basic financial statements for the governmental funds. The Capital Projects Fund is presented on page 68, followed by the other governmental funds, which start on page 74.

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, 2012, Lake County's unemployment rate was 8.9%, which is a decrease of 1% from 2011. Clermont's unemployment rate was below the County average for the 3<sup>rd</sup> year in a row at 7% for 2012. This is lower than both the state's average of 8.4% and the national average of 7.8%. 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 in the planning/design phase for the City:

- The replacement of the existing Police Station – A new 4 acre site has been purchased and construction of the new 26,000 square foot facility is scheduled to begin in mid 2013. The project is anticipated to cost \$6.3 million and will be funded from police impact fees and infrastructure sales taxes.
- The replacement of Jenkins Auditorium – The replacement building is being built on City owned property and includes meeting space, a kitchen area and office area. The new facility will cost \$2,091,500 and is being funded from infrastructure sales taxes. Substantial completion is expected in April 2013.
- 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 \$51,406,379 and the average investment earnings rate was 1.23%. 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 \$22,397,533 and the average investment income was 17.2%.

### **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, 2011. This was the twenty-fourth 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.

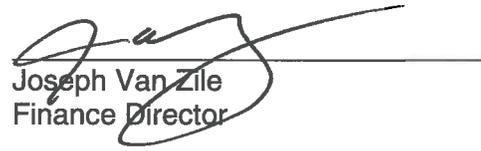
The preparation of this report would not have been possible without the efficient and dedicated services of the staffs in the City Manager's office, Planning Department and Finance Department. We would like to express our appreciation to all members of these departments who assisted and contributed to 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,



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Darren Gray  
City Manager



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Joseph Van Zile  
Finance 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, 2011

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.



*Christopher P. Moivell*

President

*Jeffrey R. Emer*

Executive Director



CITY OF CLERMONT, FLORIDA  
LIST OF ELECTED AND APPOINTED OFFICIALS  
SEPTEMBER 30, 2012

**ELECTED OFFICIALS**

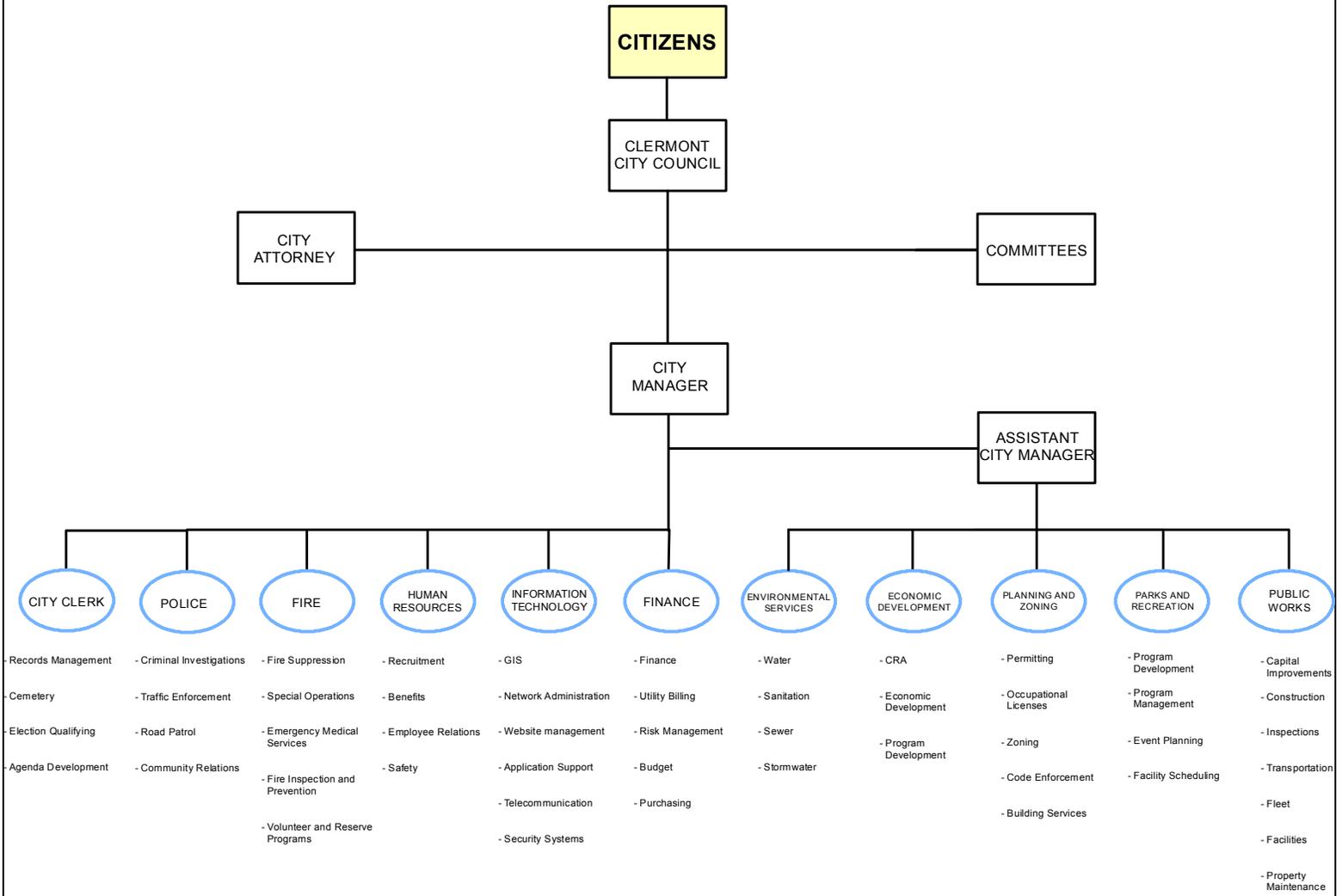
Mayor	Harold Turville, Jr.
Mayor Pro-Tem	Ray Goodgame
Council Member	Keith Mullins
Council Member	Rick VanWagner
Council Member	Timothy Bates

**APPOINTED OFFICIALS**

City Manager	Darren Gray
Assistant City Manager	Scott Blankenship
City Attorney	Dan Mantzaris
City Clerk	Tracy Ackroyd
Economic Development Director	James Hitt
Environmental Services Director	James Kinzler
Finance Director	Joseph Van Zile
Fire Chief	Carle Bishop
Human Resources Director	Debbie Porte
Information Technology Director	Don Dennis
Planning Director	Barbara Hollerand
Police Chief	Charles Broadway
Public Works Director	Tamara Richardson



# CITY OF CLERMONT



## 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, 2012, 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, 2012 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Infrastructure Special Revenue Fund, and Community Redevelopment Special Revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 5, 2013 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 considered in assessing the results of our audit.

**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

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 63 through 65 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's 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 5, 2013

## *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, 2012. 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, 2012 by \$142,343,655 (net assets). Of this amount, \$30,136,280 (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 \$2,556,968 (or 1.83%) over the previous fiscal year.
- At September 30, 2012, the City of Clermont's governmental funds reported combined ending fund balances of \$20,523,128 a decrease of \$1,006,684 from the previous fiscal year. Of this amount \$9,743,739 (unassigned fund balance) is available for spending at the government's discretion.
- The General Fund, the City's primary operating fund, reported an unassigned fund balance of \$9,743,739, which represents 57.6% 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, Infrastructure Fund, Capital Projects Fund, and the Community Redevelopment Fund, all of which are considered to be major funds. Data from the other six 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), the Infrastructure Fund (page 20) and the Community Redevelopment Fund (page 21) to demonstrate compliance with budgets. Other major and nonmajor funds comparisons can be found beginning on page 67.

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 - 61 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 68 - 81 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.

	Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Assets:						
Current and other assets	\$ 22,237,315	\$ 22,354,843	\$ 32,577,071	\$ 30,868,191	\$ 54,814,386	\$ 53,223,034
Capital assets	39,691,706	38,463,475	71,859,641	71,578,874	111,551,347	110,042,349
Total assets	61,929,021	60,818,318	104,436,712	102,447,065	166,365,733	163,265,383
Liabilities:						
Long-term liabilities outstanding	5,384,288	5,405,896	15,802,194	16,179,340	21,186,482	21,585,236
Other liabilities	1,355,270	672,352	1,480,326	1,221,108	2,835,596	1,893,460
Total liabilities	6,739,558	6,078,248	17,282,520	17,400,448	24,022,078	23,478,696
Invested in capital assets,						
Net of related debt	36,611,706	34,893,475	57,241,409	56,430,326	93,853,115	91,323,801
Restricted	8,877,028	7,381,124	9,477,232	9,240,407	18,354,260	16,621,531
Unrestricted	9,700,729	12,465,471	20,435,551	19,375,884	30,136,280	31,841,355
<b>Total net assets</b>	<b>\$ 55,189,463</b>	<b>\$ 54,740,070</b>	<b>\$ 87,154,192</b>	<b>\$ 85,046,617</b>	<b>\$ 142,343,655</b>	<b>\$ 139,786,687</b>

The City's total net assets at September 30, 2012 were \$142,343,655. Of the City's total net assets \$93,853,115 (65.9%) 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, \$18,354,260 (12.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's total net assets, \$30,136,280 (21.2%) 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 \$2,556,968 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.

The following is a summary of the City's governmental and business-type activities for fiscal year 2011-12, including revenues and expenses, with a comparison to the prior year. For more detail see the Statement of Activities on page 14.

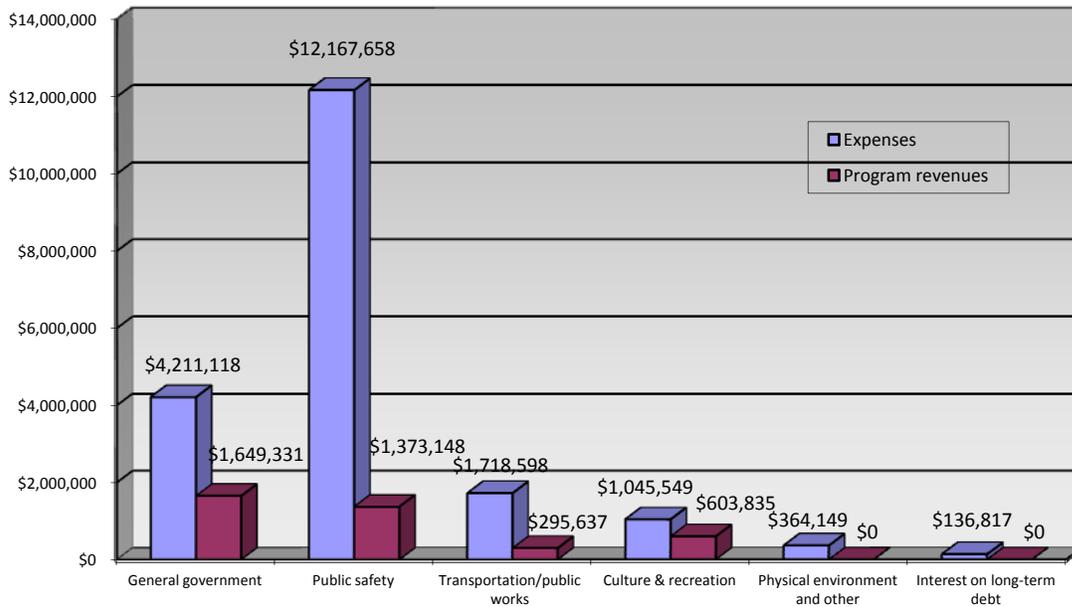
**Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>Revenues:</b>						
Program revenues -						
Charges for services	\$ 2,703,623	\$ 2,589,177	\$ 13,829,412	\$ 13,985,304	\$ 16,533,035	\$ 16,574,481
Operating grants and contributions	1,190,851	1,236,588	-	-	1,190,851	1,236,588
Capital grants and contributions	27,477	128,786	1,751,977	998,446	1,779,454	1,127,232
General revenues -						
Property Taxes	5,648,537	5,965,731	-	-	5,648,537	5,965,731
Franchise Fees	2,188,928	2,284,839	-	-	2,188,928	2,284,839
Utility Taxes	2,430,440	2,568,141	-	-	2,430,440	2,568,141
Intergovernmental	5,062,701	4,664,393	-	-	5,062,701	4,664,393
Investment income and miscellaneous	388,167	477,857	288,699	145,153	676,866	623,010
Total revenues	19,640,724	19,915,512	15,870,088	15,128,903	35,510,812	35,044,415
<b>Expenses:</b>						
General government	4,211,118	3,643,321	-	-	4,211,118	3,643,321
Public safety	12,167,658	12,530,840	-	-	12,167,658	12,530,840
Physical environment	248,457	279,236	-	-	248,457	279,236
Transportation	1,718,598	1,661,325	-	-	1,718,598	1,661,325
Economic environment	115,692	101,486	-	-	115,692	101,486
Culture and recreation	1,045,549	1,821,837	-	-	1,045,549	1,821,837
Interest on long-term debt	136,817	156,185	-	-	136,817	156,185
Water	-	-	4,051,369	4,460,605	4,051,369	4,460,605
Sewer	-	-	5,752,342	6,021,892	5,752,342	6,021,892
Sanitation	-	-	2,567,157	2,364,382	2,567,157	2,364,382
Stormwater	-	-	939,087	954,799	939,087	954,799
Total expenses	19,643,889	20,194,230	13,309,955	13,801,678	32,953,844	33,995,908
Increase (Decrease) in Net Assets Before Transfers	(3,165)	(278,718)	2,560,133	1,327,225	2,556,968	1,048,507
Transfers	452,558	520,396	(452,558)	(520,396)	-	-
Increase in Net Assets	449,393	241,678	2,107,575	806,829	2,556,968	1,048,507
Net Assets – Beginning	54,740,070	54,498,392	85,046,617	84,239,788	139,786,687	138,738,180
Net Assets – Ending	\$ 55,189,463	\$ 54,740,070	\$ 87,154,192	\$ 85,046,617	\$142,343,655	\$139,786,687

**Governmental activities** - Governmental activities increased the City of Clermont's net assets by \$449,393, which is primarily due to reduced general government expenditures.

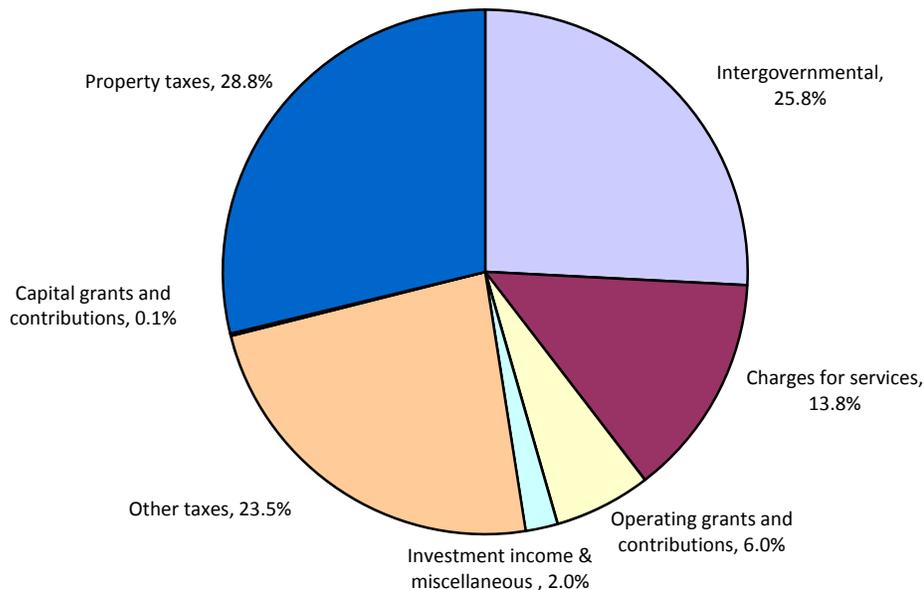
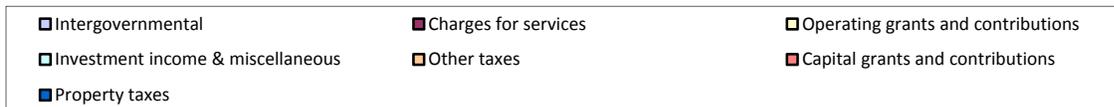
The following graph is a comparison of program revenues and program expenses for all governmental activities. This chart is intended to give the reader an idea of the degree to which governmental activities are self-supporting.

**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.

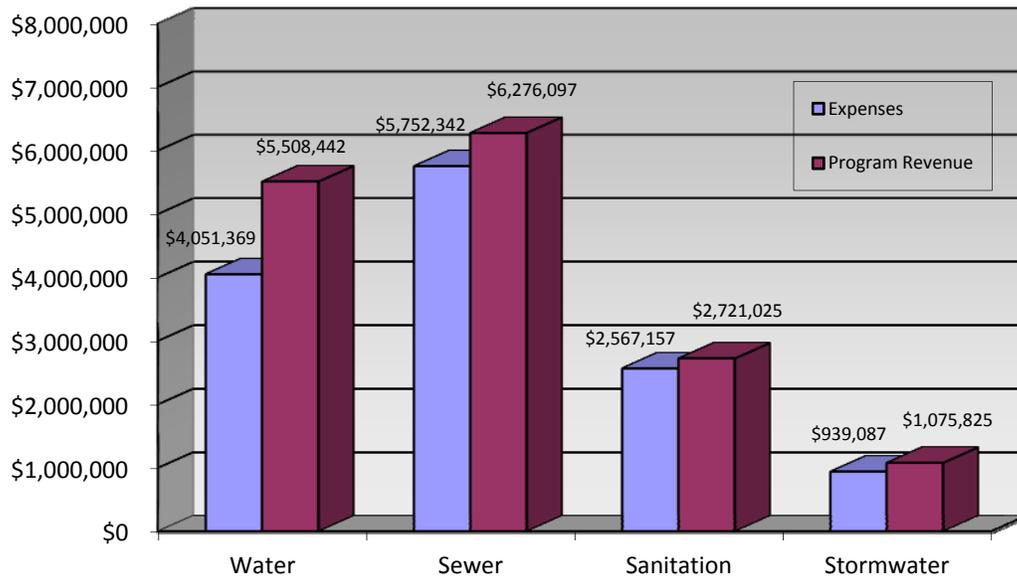
**Revenues by Source - Governmental Activities**



**Business-type activities** - Business-type activities increased the City of Clermont's net assets by \$2,107,575. This change was due to decreased operating expenses totaling \$491,723 and capital contributions totaling \$1,751,977. 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 Lift Station Improvements and the Reclaim Water System Expansion.

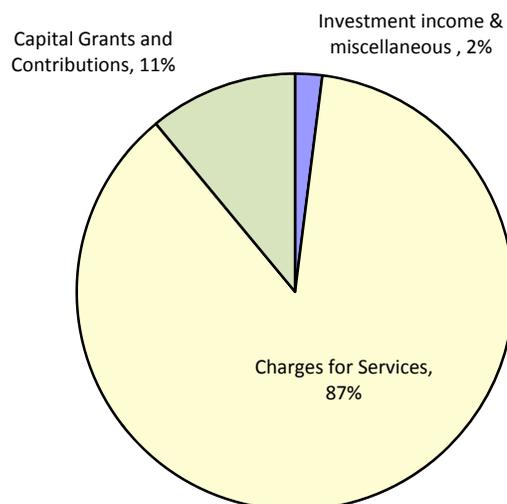
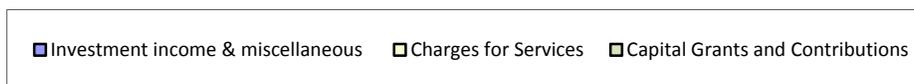
The following graph is a comparison of program revenues and program expenses for all business-type activities. This chart is intended to give the reader an idea of the degree to which business-type activities are self-supporting.

**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, *unassigned 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, 2012, the City of Clermont's governmental funds reported combined ending fund balances of \$20,523,128 a decrease of \$1,006,684 in comparison with the prior year. This decrease is primarily due to the use of accumulated funds for the completion of planned capital projects. Of the governmental funds combined ending fund balances, \$9,743,739 (47.5%) represents *unassigned fund balance*, which is available for spending at the City's discretion. An additional \$1,706,781 (*assigned fund balance*) has been set aside for FY 2013 capital projects and expenditures. *Restricted fund balances* totaling over \$7.99 million include funds required for debt service, as well as funds collected for specific purposes such as impact fees and community redevelopment. The remainder of fund balance is *non spendable* (\$1,085,348) to indicate that it is not available for spending because it has already been committed for 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, 2012, the fund balance in the General Fund was \$11,202,306 a decrease of \$267,222 in comparison with the prior year. This decrease is due to current expenditures exceeding current revenues, however, this is \$644,915 less than originally budgeted and nearly \$1.3 million less than the revised budget. Revenues exceeded budget by \$126,336 mainly attributable 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. Departmental expenditures also came in less than anticipated reducing the amount of reserves used. Of the total fund balance in the General Fund, \$9,743,739 (87%) is unassigned fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57.8% of total General Fund expenditures, while total fund balance represents 66.2% of that same amount.

The City has a Capital Projects Fund that is considered a major fund under criteria set forth by GASB Statement No. 34. This fund is used to account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds. Funds have been accumulated so projects can be completed on a pay-as-you-go basis. During fiscal year 2011-12, the fund balance of the capital projects fund decreased by \$2,185,867 due to construction of planned capital projects. Additional projects are expected to be completed during FY 2013 utilizing the balance of the accumulated funds.

The City has an Infrastructure Fund that is considered a major fund under criteria set forth by GASB Statement No. 34. 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. The fund balance in this fund increased by \$1,148,562 in FY 2012, which is \$365,144 more than the revised budget. This increase was due to both higher than anticipated revenues (\$167,044) as well as reduced expenditures (\$192,147). Planned expenditures for the purchase of a new fire truck are being rolled over to FY 2013 due to the delay in delivery of the vehicle until after the end of the fiscal year.

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, 2012, the fund balance was \$1,303,470, a decrease of \$355,047 over the prior year. This decrease is due to the commencement of the underground utilities project in conjunction with the streetscape improvements project.

The remainder of the change \$652,890 to the governmental fund balance was from the non-major governmental funds. Recreation and Police Impact Fee fund balances combined increased a total of \$610,374 due to both an increase in revenues as well as a delay in the planned use of funds for capital projects. The fund balances in the remaining nonmajor funds increased a total of \$42,516.

**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, 2012, the City of Clermont's Water Fund reported total net assets of \$30,301,723, an increase of \$1,138,101 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, 2012, the City of Clermont's Sewer Fund reported total net assets of \$47,686,630, an increase of \$582,784 in comparison with the prior year. This increase is primarily due to capital contributions.

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, 2012, the City of Clermont's Sanitation Fund reported total net assets of \$4,340,294, an increase of \$163,880 in comparison with the prior year, which is primarily due to surplus operating income.

### **General Fund Budgetary Highlights**

During the year there was a \$1,049,165 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$413,824 for expenditures associated with several public safety grants. These grants had not yet been awarded at the start of the fiscal year.
- \$231,504 for actual costs of salaries and vehicle maintenance in the Fire Department.

- \$99,107 for the carry forward of unexpended FY 2011 funds for dispatching services performed by the Lake County Sheriff's Office.
- \$85,683 for the cost of reclaimed irrigation water charges for Hancock Park due to the well not functioning.
- \$79,303 for preventative maintenance and repairs to the City Hall Building.
- \$35,927 for the first payment on a 3 year interlocal agreement with Lake County for the South Lake Business Opportunity Center.
- \$62,447 for increases in the City's contribution to the Group Self Insurance Fund.
- \$17,154 for actuarial and impact fee studies.
- \$10,000 for a contribution to the Boys and Girls Clubs of Lake and Sumter Counties.

General Fund revenue increases totaling \$413,535 were due to the receipt of several public safety grants, which were awarded after the beginning of the fiscal year.

Even considering the above noted increases in General Fund budgeted appropriations, actual expenditures were less than budgeted by \$1,110,543. In addition, actual revenues exceeded the budget by \$126,336.

### 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 6 on pages 45 - 46 of this report.

**Capital Assets**  
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Land	\$ 23,327,351	\$ 22,128,032	\$ 1,861,820	\$ 1,851,483	\$ 25,189,171	\$ 23,979,515
Buildings	8,056,278	8,598,119	-	-	8,056,278	8,598,119
Infrastructure	4,415,572	4,921,173	62,527,239	61,789,590	66,942,811	66,710,763
Machinery and Equipment	1,084,064	1,489,583	1,861,528	1,365,717	2,945,592	2,855,300
Intangibles	110,025	206,250	-	-	110,025	206,250
Construction in Progress	2,698,416	1,120,318	5,609,054	6,572,084	8,307,470	7,692,402
<b>Total</b>	<b>\$ 39,691,706</b>	<b>\$ 38,463,475</b>	<b>\$ 71,859,641</b>	<b>\$ 71,578,874</b>	<b>\$ 111,551,347</b>	<b>\$ 110,042,349</b>

The City of Clermont's investment in capital assets for its governmental and business-type activities as of September 30, 2012, amounts to \$111,551,347 (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 \$1,508,998. Major capital asset events during the current fiscal year included the following:

- Purchase of land for the site of the new Police Headquarters Building for \$1,199,319.38.

- Purchase of five sanitation vehicles for \$1,297,000.
- Construction in progress includes construction of the Community Center, Police Headquarters, Meter Replacement Program, Water and Sewer Security Improvements and West Water Treatment Facility, Disston Avenue Stormwater improvements.

### 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 7 on pages 47 - 49 of this report.

#### Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue bonds payable	\$ 3,080,000	\$ 3,570,000	\$ 15,525,000	\$ 16,105,000	\$ 18,605,000	\$ 19,675,000
Total	\$ 3,080,000	\$ 3,570,000	\$ 15,525,000	\$ 16,105,000	\$ 18,605,000	\$ 19,675,000

At the end of the current fiscal year, the City of Clermont had total debt outstanding of \$18,605,000, which includes revenue bonds payable.

### Economic Factors and Next Year's Budgets and Rates

- The annual unemployment rate for Lake County in 2012 was 8.9%, which is a decrease of 2.3% from 2011. Clermont's unemployment rate was below the County average for the 3<sup>rd</sup> year in a row at 7% for 2012. This is lower than both the state's average of 8.4% and the national average of 7.8%.
- The taxable value of commercial and residential property decreased 3% from fiscal year 2010-11 to fiscal year 2011-12 due to declining home values and foreclosures.
- Population increased 1.6% from 29,358 in 2012 to 29,827 in 2013.

As of September 30, 2012, the General Fund unassigned fund balance was \$9,743,739. In addition, the City appropriated \$1,034,267 for spending in the 2012-13 fiscal year budget. The same property tax rate is included for the General Fund for the 2012-13 fiscal year budget. However, property tax revenue is projected to be \$168,135 lower in fiscal year 2012-13 due to continued declining home values and foreclosures.

No utility rate adjustments were proposed for the 2012-13 fiscal year with the exception of the sewer rate structure. The sewer rates increased 2.41% on October 1, 2012 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 Finance Director, City of Clermont, P.O. Box 120219, Clermont, Florida 34712.

*BASIC FINANCIAL STATEMENTS*



CITY OF CLERMONT, FLORIDA

**STATEMENT OF NET ASSETS**

September 30, 2012

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 18,156,469	\$ 13,193,978	\$ 31,350,447
Investments	3,274,938	7,971,856	11,246,794
Receivables, net	260,715	1,187,837	1,448,552
Inventories	25,935	862,094	888,029
Due from other governments	391,108	569	391,677
Internal balances	(47,722)	47,722	-
Prepaid costs	169,653	118,878	288,531
Restricted assets:			
Cash and cash equivalents	-	1,445,882	1,445,882
Investments	-	7,376,775	7,376,775
Interest receivable	6,219	27,055	33,274
Bond issuance costs	-	344,425	344,425
Capital assets not being depreciated	26,025,767	7,470,874	33,496,641
Capital assets being depreciated, net of accumulated depreciation	13,665,939	64,388,767	78,054,706
Total assets	<u>61,929,021</u>	<u>104,436,712</u>	<u>166,365,733</u>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	1,355,270	1,480,326	2,835,596
Noncurrent liabilities:			
Due within one year	577,431	620,451	1,197,882
Due in more than one year	4,806,857	15,181,743	19,988,600
Total liabilities	<u>6,739,558</u>	<u>17,282,520</u>	<u>24,022,078</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	36,611,706	57,241,409	93,853,115
Restricted for:			
Capital Improvements	-	9,477,232	9,477,232
Community redevelopment	1,303,470	-	1,303,470
Public safety	2,824,963	-	2,824,963
Culture and recreation	789,177	-	789,177
Infrastructure	2,550,254	-	2,550,254
Debt service	499,242	-	499,242
Building services	20,162	-	20,162
Perpetual care:			
Nonexpendable	889,760	-	889,760
Unrestricted	<u>9,700,729</u>	<u>20,435,551</u>	<u>30,136,280</u>
Total net assets	<u>\$ 55,189,463</u>	<u>\$ 87,154,192</u>	<u>\$ 142,343,655</u>

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

CITY OF CLERMONT, FLORIDA

**STATEMENT OF ACTIVITIES**

Year Ended September 30, 2012

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
<b>Governmental Activities:</b>							
General government	\$ 4,211,118	\$ 1,649,331	\$ -	\$ -	\$ (2,561,787)	\$ -	\$ (2,561,787)
Public safety	12,167,658	450,457	895,214	27,477	(10,794,510)	-	(10,794,510)
Physical environment	248,457	-	-	-	(248,457)	-	(248,457)
Transportation/public works	1,718,598	-	295,637	-	(1,422,961)	-	(1,422,961)
Economic environment	115,692	-	-	-	(115,692)	-	(115,692)
Culture and recreation	1,045,549	603,835	-	-	(441,714)	-	(441,714)
Interest on long-term debt	136,817	-	-	-	(136,817)	-	(136,817)
Total governmental activities	<u>19,643,889</u>	<u>2,703,623</u>	<u>1,190,851</u>	<u>27,477</u>	<u>(15,721,938)</u>	<u>-</u>	<u>(15,721,938)</u>
<b>Business-type activities</b>							
Water	4,051,369	5,099,499	-	408,943	-	1,457,073	1,457,073
Sewer	5,752,342	5,154,338	-	1,121,759	-	523,755	523,755
Sanitation	2,567,157	2,721,025	-	-	-	153,868	153,868
Stormwater	939,087	854,550	-	221,275	-	136,738	136,738
Total business-type activities	<u>13,309,955</u>	<u>13,829,412</u>	<u>-</u>	<u>1,751,977</u>	<u>-</u>	<u>2,271,434</u>	<u>2,271,434</u>
Total primary government	<u>\$ 32,953,844</u>	<u>\$ 16,533,035</u>	<u>\$ 1,190,851</u>	<u>\$ 1,779,454</u>	<u>(15,721,938)</u>	<u>2,271,434</u>	<u>(13,450,504)</u>
<b>General revenues:</b>							
Property taxes					5,648,537	-	5,648,537
Franchise fees					2,188,928	-	2,188,928
Utility taxes					2,430,440	-	2,430,440
Intergovernmental - unrestricted					5,062,701	-	5,062,701
Unrestricted investment earnings					245,128	288,699	533,827
Miscellaneous					143,039	-	143,039
Transfers					452,558	(452,558)	-
Total general revenues and transfers					<u>16,171,331</u>	<u>(163,859)</u>	<u>16,007,472</u>
Change in net assets					449,393	2,107,575	2,556,968
Net assets - beginning					54,740,070	85,046,617	139,786,687
Net assets - ending					<u>\$ 55,189,463</u>	<u>\$ 87,154,192</u>	<u>\$ 142,343,655</u>

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

CITY OF CLERMONT, FLORIDA

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

September 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Infrastructure Special Revenue</u>	<u>Community Redevelopment Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Cash and cash equivalents	\$ 7,965,441	\$ 998,976	\$ 2,604,594	\$ 1,303,462	\$ 4,867,430	\$ 17,739,903
Investments	3,274,938	-	-	-	-	3,274,938
Receivables, net	266,934	-	-	-	-	266,934
Inventories, at cost	25,935	-	-	-	-	25,935
Due from other governments	238,219	-	152,889	-	-	391,108
Prepaid costs	169,071	-	-	8	574	169,653
Total assets	<u>\$ 11,940,538</u>	<u>\$ 998,976</u>	<u>\$ 2,757,483</u>	<u>\$ 1,303,470</u>	<u>\$ 4,868,004</u>	<u>\$ 21,868,471</u>
<b>Liabilities and Fund Balances:</b>						
Liabilities:						
Accounts payable	\$ 445,720	\$ 331,096	\$ 207,229	\$ -	\$ 68,786	\$ 1,052,831
Deferred revenue	80,734	-	-	-	-	80,734
Accrued liabilities	211,778	-	-	-	-	211,778
Total liabilities	<u>738,232</u>	<u>331,096</u>	<u>207,229</u>	<u>-</u>	<u>68,786</u>	<u>1,345,343</u>
Fund balances:						
Non spendable	195,006	-	-	8	890,334	1,085,348
Restricted	224,660	-	2,550,254	1,303,462	3,908,884	7,987,260
Assigned	1,038,901	667,880	-	-	-	1,706,781
Unassigned	9,743,739	-	-	-	-	9,743,739
Total fund balances	<u>11,202,306</u>	<u>667,880</u>	<u>2,550,254</u>	<u>1,303,470</u>	<u>4,799,218</u>	<u>20,523,128</u>
Total liabilities and fund balances	<u>\$ 11,940,538</u>	<u>\$ 998,976</u>	<u>\$ 2,757,483</u>	<u>\$ 1,303,470</u>	<u>\$ 4,868,004</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.	39,691,706
Accrued interest payable is not due in the current period and therefore is not reported in the funds.	(44,367)
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	80,734
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.	322,550
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(5,384,288)</u>
Net Assets of Governmental Activities in the Statement of Net Assets	<u>\$ 55,189,463</u>

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, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Infrastructure Special Revenue</u>	<u>Community Redevelopment Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Taxes	\$ 7,886,656	\$ -	\$ -	\$ 192,321	\$ -	\$ 8,078,977
Franchise fees	2,188,928	-	-	-	-	2,188,928
Licenses and permits	94,425	-	-	-	359,721	454,146
Intergovernmental revenues	4,328,806	-	1,980,912	-	-	6,309,718
Charges for services	961,042	-	-	-	49,909	1,010,951
Fines and forfeitures	215,266	-	-	-	-	215,266
Impact fees/special assessments	-	-	-	-	679,453	679,453
Investment earnings	140,689	22,616	18,482	15,302	46,458	243,547
Miscellaneous	430,423	437	-	-	42,841	473,701
Total revenues	<u>16,246,235</u>	<u>23,053</u>	<u>1,999,394</u>	<u>207,623</u>	<u>1,178,382</u>	<u>19,654,687</u>
<b>Expenditures:</b>						
Current:						
General government	2,608,462	37,046	44,623	-	389,547	3,079,678
Public safety	11,192,312	51,958	107,682	-	-	11,351,952
Physical environment	247,629	-	-	-	-	247,629
Transportation	1,108,234	-	231,406	-	-	1,339,640
Economic environment	78,519	-	-	562,670	-	641,189
Culture and recreation	1,684,825	47,170	10,042	-	26,991	1,769,028
Debt Service:						
Principal retirement	-	-	-	-	490,000	490,000
Interest and fiscal charges	-	-	-	-	143,350	143,350
Capital Outlay:						
General government	-	856,658	-	-	-	856,658
Public safety	-	1,199,525	-	-	-	1,199,525
Culture and recreation	-	16,563	-	-	-	16,563
Total expenditures	<u>16,919,981</u>	<u>2,208,920</u>	<u>393,753</u>	<u>562,670</u>	<u>1,049,888</u>	<u>21,135,212</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(673,746)</u>	<u>(2,185,867)</u>	<u>1,605,641</u>	<u>(355,047)</u>	<u>128,494</u>	<u>(1,480,525)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers in	482,704	-	-	-	634,832	1,117,536
Transfers out	(76,180)	-	(457,079)	-	(110,436)	(643,695)
Total other financing sources (uses)	<u>406,524</u>	<u>-</u>	<u>(457,079)</u>	<u>-</u>	<u>524,396</u>	<u>473,841</u>
<b>Net Change in Fund Balances</b>	<u>(267,222)</u>	<u>(2,185,867)</u>	<u>1,148,562</u>	<u>(355,047)</u>	<u>652,890</u>	<u>(1,006,684)</u>
<b>Fund Balances - Beginning</b>	<u>11,469,528</u>	<u>2,853,747</u>	<u>1,401,692</u>	<u>1,658,517</u>	<u>4,146,328</u>	<u>21,529,812</u>
<b>Fund Balances - Ending</b>	<u>\$ 11,202,306</u>	<u>\$ 667,880</u>	<u>\$ 2,550,254</u>	<u>\$ 1,303,470</u>	<u>\$ 4,799,218</u>	<u>\$ 20,523,128</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, 2012

Net change in fund balances - total governmental funds: \$ (1,006,684)

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. 1,252,317

The net effect of sales of capital assets is to decrease net assets. (2,803)

Revenue reported in the funds must be eliminated from the statement of activities since revenue was recognized in a prior year (15,544)

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. 490,000

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. (461,859)

Transfer of capital assets to proprietary funds (21,283)

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. 215,249

Change in net assets of governmental activities \$ 449,393

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 7,679,366	\$ 7,679,366	\$ 7,886,656	\$ 207,290
Franchise fees	2,172,500	2,172,500	2,188,928	16,428
Licenses and permits	62,000	62,000	94,425	32,425
Intergovernmental revenues	3,955,852	4,369,387	3,941,033	(428,354)
Charges for services	982,023	982,023	961,042	(20,981)
Fines and forfeitures	104,400	104,400	215,266	110,866
Investment earnings	78,750	78,750	140,689	61,939
Miscellaneous	283,700	283,700	430,423	146,723
Total revenues	<u>15,318,591</u>	<u>15,732,126</u>	<u>15,858,462</u>	<u>126,336</u>
<b>Expenditures:</b>				
Current:				
General government:				
City council	27,238	27,238	25,529	1,709
City clerk	200,726	201,077	182,725	18,352
City manager	361,777	371,580	351,000	20,580
Administrative services	1,106,392	1,134,108	1,117,000	17,108
Legal services	113,000	114,700	111,796	2,904
Planning & zoning	446,799	452,288	431,106	21,182
Engineering	90,397	90,397	84,539	5,858
Other general government	236,967	326,270	304,767	21,503
	<u>2,583,296</u>	<u>2,717,658</u>	<u>2,608,462</u>	<u>109,196</u>
Public Safety:				
Law enforcement	5,986,167	6,302,579	5,747,480	555,099
Fire control	4,792,522	5,248,814	5,057,059	191,755
	<u>10,778,689</u>	<u>11,551,393</u>	<u>10,804,539</u>	<u>746,854</u>
Physical environment	280,741	282,614	247,629	34,985
Transportation	1,184,283	1,186,892	1,108,234	78,658
Economic environment	63,885	99,812	78,519	21,293
Culture and recreation	1,702,692	1,804,382	1,684,825	119,557
Total expenditures	<u>16,593,586</u>	<u>17,642,751</u>	<u>16,532,208</u>	<u>1,110,543</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, 2012

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive - (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,274,995)	(1,910,625)	(673,746)	1,236,879
<b>Other Financing Sources (Uses):</b>				
Transfers in	440,030	440,030	482,704	42,674
Transfers out	(77,172)	(77,172)	(76,180)	992
Total other financing sources (uses)	362,858	362,858	406,524	43,666
<b>Net Change in Fund Balance</b>	(912,137)	(1,547,767)	(267,222)	1,280,545
<b>Fund Balance - Beginning</b>	11,469,528	11,469,528	11,469,528	-
<b>Fund Balance - Ending</b>	<u>\$ 10,557,391</u>	<u>\$ 9,921,761</u>	<u>\$ 11,202,306</u>	<u>\$ 1,280,545</u>

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

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenues	\$ 1,826,600	\$ 1,826,600	\$ 1,980,912	\$ 154,312
Investment earnings	5,750	5,750	18,482	12,732
Total revenues	<u>1,832,350</u>	<u>1,832,350</u>	<u>1,999,394</u>	<u>167,044</u>
<b>Expenditures:</b>				
General government	27,000	44,500	44,623	(123)
Public safety:				
Police	118,000	118,000	107,682	10,318
Fire control	70,000	70,000	-	70,000
	<u>188,000</u>	<u>188,000</u>	<u>107,682</u>	<u>80,318</u>
Transportation:				
Roads & streets	295,000	295,000	231,406	63,594
Culture and recreation:				
Recreation programs	58,400	58,400	10,042	48,358
Total expenditures	<u>568,400</u>	<u>585,900</u>	<u>393,753</u>	<u>192,147</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,263,950</u>	<u>1,246,450</u>	<u>1,605,641</u>	<u>359,191</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(463,032)	(463,032)	(457,079)	5,953
Total other financing sources (uses)	<u>(463,032)</u>	<u>(463,032)</u>	<u>(457,079)</u>	<u>5,953</u>
<b>Net Change in Fund Balances</b>	800,918	783,418	1,148,562	365,144
<b>Fund Balances - Beginning</b>	1,401,692	1,401,692	1,401,692	-
<b>Fund Balances - Ending</b>	<u>\$ 2,202,610</u>	<u>\$ 2,185,110</u>	<u>\$ 2,550,254</u>	<u>\$ 365,144</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, 2012

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive - (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes	\$ 192,660	\$ 192,660	\$ 192,321	\$ (339)
Investment earnings	8,710	8,710	15,302	6,592
Total revenues	<u>201,370</u>	<u>201,370</u>	<u>207,623</u>	<u>6,253</u>
<b>Expenditures:</b>				
Economic environment:				
Economic development	<u>1,575,149</u>	<u>1,575,324</u>	<u>562,670</u>	<u>1,012,654</u>
Total expenditures	<u>1,575,149</u>	<u>1,575,324</u>	<u>562,670</u>	<u>1,012,654</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,373,779)</u>	<u>(1,373,954)</u>	<u>(355,047)</u>	<u>1,018,907</u>
<b>Net Change in Fund Balances</b>	<u>(1,373,779)</u>	<u>(1,373,954)</u>	<u>(355,047)</u>	<u>1,018,907</u>
<b>Fund Balances - Beginning</b>	<u>1,658,517</u>	<u>1,658,517</u>	<u>1,658,517</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 284,738</u>	<u>\$ 284,563</u>	<u>\$ 1,303,470</u>	<u>\$ 1,018,907</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, 2012

	<b>Business-type Activities-Enterprise Funds</b>					<b>Governmental</b>
	<b>Water</b>	<b>Sewer</b>	<b>Sanitation</b>	<b>Stormwater</b>	<b>Total</b>	<b>Activities- Internal Service Fund</b>
<b>Assets:</b>						
Current assets:						
Cash and cash equivalents	\$ 3,364,512	\$ 5,558,707	\$ 2,827,311	\$ 1,443,448	\$ 13,193,978	\$ 416,566
Investments	7,971,856	-	-	-	7,971,856	-
Restricted cash and cash equivalents	750,607	695,275	-	-	1,445,882	-
Accounts receivable, net	401,294	456,718	249,272	80,553	1,187,837	-
Receivables from other governments	-	-	569	-	569	-
Inventories	831,541	29,408	-	1,145	862,094	-
Prepaid expenses	45,681	45,895	20,253	7,049	118,878	-
Total current assets	<u>13,365,491</u>	<u>6,786,003</u>	<u>3,097,405</u>	<u>1,532,195</u>	<u>24,781,094</u>	<u>416,566</u>
Noncurrent assets:						
Restricted investments	-	7,376,775	-	-	7,376,775	-
Interest receivable	14,346	12,709	-	-	27,055	-
Bond issuance costs	123,993	220,432	-	-	344,425	-
Capital assets:						
Land, buildings and equipment	27,384,736	56,846,562	2,986,097	4,031,602	91,248,997	-
Construction in progress	3,900,068	1,045,630	-	663,356	5,609,054	-
Less accumulated depreciation	<u>(7,824,276)</u>	<u>(14,340,295)</u>	<u>(1,460,229)</u>	<u>(1,373,610)</u>	<u>(24,998,410)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>23,460,528</u>	<u>43,551,897</u>	<u>1,525,868</u>	<u>3,321,348</u>	<u>71,859,641</u>	<u>-</u>
Total non-current assets	<u>23,598,867</u>	<u>51,161,813</u>	<u>1,525,868</u>	<u>3,321,348</u>	<u>79,607,896</u>	<u>-</u>
Total assets	<u>36,964,358</u>	<u>57,947,816</u>	<u>4,623,273</u>	<u>4,853,543</u>	<u>104,388,990</u>	<u>416,566</u>

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

**Liabilities:**

## Current liabilities:

Accounts payable	449,340	294,326	96,713	7,515	847,894	46,294
Salaries payable	29,122	26,122	14,094	6,626	75,964	-
Accrued interest payable	70,665	125,626	-	-	196,291	-
Compensated absences	12,585	7,816	3,377	1,673	25,451	-
Customer deposits payable	360,177	-	-	-	360,177	-
Revenue bonds payable-current	214,200	380,800	-	-	595,000	-
Total current liabilities	<u>1,136,089</u>	<u>834,690</u>	<u>114,184</u>	<u>15,814</u>	<u>2,100,777</u>	<u>46,294</u>

## Noncurrent liabilities:

Compensated absences	113,261	70,348	30,397	15,059	229,065	-
Other post employment benefits	235,557	166,219	138,398	44,847	585,021	-
Revenue bonds payable	<u>5,177,728</u>	<u>9,189,929</u>	<u>-</u>	<u>-</u>	<u>14,367,657</u>	<u>-</u>
Total non-current liabilities	<u>5,526,546</u>	<u>9,426,496</u>	<u>168,795</u>	<u>59,906</u>	<u>15,181,743</u>	<u>-</u>
Total liabilities	<u>6,662,635</u>	<u>10,261,186</u>	<u>282,979</u>	<u>75,720</u>	<u>17,282,520</u>	<u>46,294</u>

**Net Assets:**

Invested in capital assets, net of related debt	18,192,593	34,201,600	1,525,868	3,321,348	57,241,409	-
Restricted for capital improvements	406,322	9,070,910	-	-	9,477,232	-
Unrestricted	<u>11,702,808</u>	<u>4,414,120</u>	<u>2,814,426</u>	<u>1,456,475</u>	<u>20,387,829</u>	<u>370,272</u>
Total net assets	<u>\$ 30,301,723</u>	<u>\$ 47,686,630</u>	<u>\$ 4,340,294</u>	<u>\$ 4,777,823</u>	<u>87,106,470</u>	<u>\$ 370,272</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.

47,722

Total net assets per Government-Wide financial statements

\$ 87,154,192

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, 2012

	<u>Business-type Activities-Enterprise Funds</u>					<u>Governmental</u>
	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>	<u>Activities- Internal Service Fund</u>
<b>Operating Revenues:</b>						
Charges for services	\$ 4,831,413	\$ 5,154,338	\$ 2,716,149	\$ 853,491	\$ 13,555,391	\$ 3,015,944
Miscellaneous	268,086	-	4,876	1,059	274,021	137,525
Total operating revenues	<u>5,099,499</u>	<u>5,154,338</u>	<u>2,721,025</u>	<u>854,550</u>	<u>13,829,412</u>	<u>3,153,469</u>
<b>Operating Expenses:</b>						
Personnel services	1,564,289	1,376,918	868,970	359,023	4,169,200	-
Utilities	436,494	669,248	3,318	314	1,109,374	-
Dump fees	-	133,500	503,539	27,539	664,578	-
Administrative services	318,667	301,534	150,639	51,930	822,770	-
Repairs and maintenance	273,998	223,241	89,132	114,806	701,177	-
Depreciation and amortization	788,120	2,091,157	512,859	295,973	3,688,109	-
Professional services	42,829	179,297	26,417	27,160	275,703	3,825
Insurance claims and expenses	119,017	136,740	50,636	20,943	327,336	2,859,648
Other supplies and expenses	350,027	251,896	313,891	48,156	963,970	-
Total operating expenses	<u>3,893,441</u>	<u>5,363,531</u>	<u>2,519,401</u>	<u>945,844</u>	<u>12,722,217</u>	<u>2,863,473</u>
Operating income (loss)	<u>1,206,058</u>	<u>(209,193)</u>	<u>201,624</u>	<u>(91,294)</u>	<u>1,107,195</u>	<u>289,996</u>
<b>Non-Operating Revenues (Expenses):</b>						
Grant revenue	-	-	-	221,275	221,275	-
Investment income	160,915	81,783	29,500	16,501	288,699	1,581
Interest expense	(231,296)	(412,011)	-	-	(643,307)	-
Gain (loss) on disposal of capital assets	46,485	-	(67,244)	-	(20,759)	-
Total non-operating revenue (expenses)	<u>(23,896)</u>	<u>(330,228)</u>	<u>(37,744)</u>	<u>237,776</u>	<u>(154,092)</u>	<u>1,581</u>
Income (loss) before contributions and transfers	1,182,162	(539,421)	163,880	146,482	953,103	291,577
Capital contributions	429,780	1,122,205	-	-	1,551,985	-
Transfers out	(473,841)	-	-	-	(473,841)	-
Change in net assets	<u>1,138,101</u>	<u>582,784</u>	<u>163,880</u>	<u>146,482</u>	<u>2,031,247</u>	<u>291,577</u>
<b>Total Net Assets - Beginning</b>	<u>29,163,622</u>	<u>47,103,846</u>	<u>4,176,414</u>	<u>4,631,341</u>		<u>78,695</u>
<b>Total Net Assets - Ending</b>	<u>\$ 30,301,723</u>	<u>\$ 47,686,630</u>	<u>\$ 4,340,294</u>	<u>\$ 4,777,823</u>		<u>\$ 370,272</u>

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.

76,328

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

\$ 2,107,575

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, 2012

	Business-Type Activities-Enterprise Funds					Governmental
	Water	Sewer	Sanitation	Stormwater	Total	Activities- Internal Service Fund
<b>Cash Flows from Operating Activities:</b>						
Receipts from customers	\$ 5,167,957	\$ 5,155,361	\$ 2,716,436	\$ 852,514	\$ 13,892,268	\$ -
Receipts from internal services provided	-	-	-	-	-	3,155,633
Payments to suppliers	(1,776,842)	(1,886,273)	(1,106,476)	(374,344)	(5,143,935)	(2,930,778)
Payments to employees	(1,500,293)	(1,324,934)	(821,741)	(351,347)	(3,998,315)	-
Net cash provided (used) by operating activities	1,890,822	1,944,154	788,219	126,823	4,750,018	224,855
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Grant revenues	-	-	-	221,275	221,275	-
Transfers out	(473,841)	-	-	-	(473,841)	-
Net cash provided (used) by non-capital financing activities	(473,841)	-	-	221,275	(252,566)	-
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Acquisition of capital assets	(1,251,715)	(980,445)	(1,297,001)	(587,241)	(4,116,402)	-
Sale of capital assets	46,485	-	101,565	-	148,050	-
Interest paid on long-term debt	(215,793)	(383,630)	-	-	(599,423)	-
Principal paid on debt	(208,800)	(371,200)	-	-	(580,000)	-
Fees and assessments received	408,943	1,121,759	-	-	1,530,702	-
Net cash provided (used) by capital and related financing activities	(1,220,880)	(613,516)	(1,195,436)	(587,241)	(3,617,073)	-

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

<b>Cash Flows from Investing Activities:</b>						
Sale (Purchase) of investments	116,202	761,543	-	-	877,745	-
Investment income	140,037	112,942	29,500	16,501	298,980	1,581
Net cash provided by investing activities	<u>256,239</u>	<u>874,485</u>	<u>29,500</u>	<u>16,501</u>	<u>1,176,725</u>	<u>1,581</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>						
	452,340	2,205,123	(377,717)	(222,642)	2,057,104	226,436
<b>Cash and Cash Equivalents - Beginning</b>						
	<u>3,662,779</u>	<u>4,048,859</u>	<u>3,205,028</u>	<u>1,666,090</u>	<u>12,582,756</u>	<u>190,130</u>
<b>Cash and Cash Equivalents - End</b>						
	<u>\$ 4,115,119</u>	<u>\$ 6,253,982</u>	<u>\$ 2,827,311</u>	<u>\$ 1,443,448</u>	<u>\$ 14,639,860</u>	<u>\$ 416,566</u>
<b>Classified As:</b>						
Cash and cash equivalents	\$ 3,364,512	\$ 5,558,707	\$ 2,827,311	\$ 1,443,448	\$ 13,193,978	\$ 416,566
Restricted cash and cash equivalents	750,607	695,275	-	-	1,445,882	-
Total	<u>\$ 4,115,119</u>	<u>\$ 6,253,982</u>	<u>\$ 2,827,311</u>	<u>\$ 1,443,448</u>	<u>\$ 14,639,860</u>	<u>\$ 416,566</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities</b>						
Operating income (loss)	<u>\$ 1,206,058</u>	<u>\$ (209,193)</u>	<u>\$ 201,624</u>	<u>\$ (90,980)</u>	<u>\$ 1,107,509</u>	<u>\$ 293,821</u>
<b>Adjustments Not Affecting Cash:</b>						
Depreciation and amortization	788,120	2,091,157	512,859	295,973	3,688,109	-
<b>Change in Assets and Liabilities:</b>						
Decrease (Increase) in accts receivable	51,657	1,023	(5,251)	(2,036)	45,393	2,164
Decrease in due from other governments	-	-	662	-	662	-
Decrease (Increase) in customer deposits	16,801	-	-	-	16,801	-
Decrease (Increase) in prepaid costs	810	(81)	3,428	2,159	6,316	-
Decrease (Increase) in inventory	(535,636)	2,064	-	(1,145)	(534,717)	-
Increase (Decrease) in accounts payable	299,016	7,200	27,668	(84,510)	249,374	(67,305)
Increase (Decrease) in accrued liabilities	63,996	51,984	47,229	7,676	170,885	-
Total adjustments	<u>684,764</u>	<u>2,153,347</u>	<u>586,595</u>	<u>218,117</u>	<u>3,642,823</u>	<u>(65,141)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>						
	<u>\$ 1,890,822</u>	<u>\$ 1,944,154</u>	<u>\$ 788,219</u>	<u>\$ 127,137</u>	<u>\$ 4,750,332</u>	<u>\$ 228,680</u>
<b>Noncash investing, capital, and financing activities:</b>						
Increase (Decrease) in fair value of investments	\$ 38,661	\$ (11,586)	\$ -	\$ -	\$ 27,075	\$ -
Transfer of capital assets	20,837	446	-	-	21,283	-

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, 2012

	<b><u>Total Employee Pension Funds</u></b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 419,143
Receivables:	
Employer contribution receivable	22,929
Due from other governments	5,640
Total receivables	<u>28,569</u>
Investments:	
U.S. Government & other debt securities	6,758,657
Equities	15,219,733
Total investments	<u>21,978,390</u>
 Total assets	 <u>22,426,102</u>
 <b>Liabilities:</b>	
Refunds payable and other	5,555
Total liabilities	<u>5,555</u>
 <b>Net Assets Held in Trust for Pension Benefits</b>	 <b><u>\$ 22,420,547</u></b>

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, 2012

	<b><u>Total Employee Pension Funds</u></b>
<b>Additions:</b>	
Contributions:	
Employer	\$ 1,548,420
Plan members	113,760
State	387,773
Total contributions	<u>2,049,953</u>
Investment earnings:	
Net increase in fair value of investments	<u>3,126,773</u>
Total net investment earnings	<u>3,126,773</u>
Total additions	<u>5,176,726</u>
<b>Deductions:</b>	
Benefits/distributions	451,748
Administrative	88,443
Total deductions	<u>540,191</u>
<b>Change in Net Assets</b>	4,636,535
<b>Net Assets - Beginning</b>	<u>17,784,012</u>
<b>Net Assets - End</b>	<u><u>\$ 22,420,547</u></u>

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



*NOTES TO FINANCIAL STATEMENTS*



**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**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, 2012

**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, 2012

**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.

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

*Infrastructure Special Revenue Fund* accounts 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.

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.

**Nonmajor Governmental Fund Types**

*Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

*Cemetery Perpetual Care* accounts for activities of the City relative to cemetery maintenance at specified locations. Fund resources are restricted. Only earnings on invested resources may be used to support these activities.

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

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

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

**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.

*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.

**Nonmajor 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, 2012

**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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**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 non-spendable fund balance 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, 2012

**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, net pension obligations, and net other postemployment benefit obligations are generally liquidated by the general fund.

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**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**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance classifications are Nonspendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note 13.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 2 - 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 \$1,252,317 difference are as follows:

Capital outlay	\$ 3,002,685
Depreciation expense	<u>(1,750,368)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,252,317</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 \$490,000 difference are as follows:

Principal repayment	<u>\$ 490,000</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>\$ 490,000</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	\$ (52,101)
Other post employment benefits	(416,291)
Accrued interest payable	<u>6,533</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>\$ (461,859)</u>

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 3 - 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 employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.
- (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, 2012

**Note 3 - Stewardship, Compliance, and Accountability (Continued):**

***B. 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, 2012 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	16,246,235	\$ 16,919,981
Nonbudgeted state pension amounts	<u>(387,773)</u>	<u>(387,773)</u>
Budgetary basis	<u>\$ 15,858,462</u>	<u>\$ 16,532,208</u>

***C. Excess of Expenditures Over Appropriations***

The Infrastructure Special Revenue Fund contained an excess of expenditures over appropriations during the fiscal year ended September 30, 2012. These expenditures were funded with greater than anticipated revenues and available fund balances.

***D. Appropriations in Excess of Funds Available***

Appropriations for the Capital Projects Fund were in excess of anticipated revenue and available fund balance.

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 4 - Cash and Investments:**

***Deposits***

At year-end, the carrying amount of the City's deposits was \$32,796,329 and the bank balance was \$33,234,786. 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, 2012

**Note 4 - Cash and Investments (Continued):**

***Investments (Continued)***

Investments made by the *City of Clermont* at September 30, 2012 are summarized below. Defined benefit pension plan investments, other than \$15,219,733 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>
Federal Agency Bond	\$ 8,037,778	AA+	1.86 years
US Treasury Notes	7,551,720	AA+	2.34 years
Corporate Note	2,152,280	AA+/A+	.59 years
Municipal Bond	881,791	AA+/AA	1.91 years
Pension fixed income securities	6,758,657	AAV4	5.42 years
	<u>\$ 25,382,226</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, 2012, 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, 2012, 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, 2012

**Note 4 - 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 5 - Receivables:**

Receivables as of year end for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<b>General Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>
Receivables:						
Accounts	\$658,525	\$375,675	\$522,443	\$288,405	\$ 93,902	\$1,938,950
Taxes	51,990	-	-	-	-	51,990
Other	179,203	59,031	-	-	-	238,234
Less allowance for uncollectible accounts	(622,784)	(33,412)	(65,725)	(39,133)	(13,349)	(774,403)
	<u>\$266,934</u>	<u>\$401,294</u>	<u>\$456,718</u>	<u>\$249,272</u>	<u>\$ 80,553</u>	<u>\$1,454,771</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 6 - Capital Assets:**

Capital asset activity for the year ended September 30, 2012 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$22,128,032	\$ 1,199,319	\$ -	\$23,327,351
Construction in progress	1,120,318	1,578,098	-	2,698,416
Total capital assets, not being depreciated	<u>23,248,350</u>	<u>2,777,417</u>	<u>-</u>	<u>26,025,767</u>
Capital assets, being depreciated:				
Buildings	14,034,701	5,985	-	14,040,686
Improvements/infrastructure	12,962,718	16,413	-	12,979,131
Machinery and equipment	7,035,722	243,172	(209,766)	7,069,128
Intangibles	645,399	17,479	(1,526)	661,352
Total capital assets being depreciated	<u>34,678,540</u>	<u>283,049</u>	<u>(211,292)</u>	<u>34,750,297</u>
Less accumulated depreciation for:				
Buildings	(5,436,582)	(547,826)	-	(5,984,408)
Improvements/infrastructure	(8,041,545)	(522,014)	-	(8,563,559)
Machinery and equipment	(5,546,139)	(624,605)	185,680	(5,985,064)
Intangibles	(439,149)	(113,704)	1,526	(551,327)
Total accumulated depreciation	<u>(19,463,415)</u>	<u>(1,808,149)</u>	<u>187,206</u>	<u>(21,084,358)</u>
Total capital assets being depreciated, net	<u>15,215,125</u>	<u>(1,525,100)</u>	<u>(24,086)</u>	<u>13,665,939</u>
Governmental activities capital assets, net	<u>\$38,463,475</u>	<u>\$ 1,252,317</u>	<u>\$ (24,086)</u>	<u>\$39,691,706</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 6 - Capital Assets (Continued):**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,851,483	\$ 10,337	\$ -	\$ 1,861,820
Construction in progress	6,572,084	2,083,774	(3,046,804)	5,609,054
Total capital assets, not being depreciated	<u>8,423,567</u>	<u>2,094,111</u>	<u>(3,046,804)</u>	<u>7,470,874</u>
Capital assets, being depreciated:				
Buildings	37,178	-	-	37,178
Improvements/infrastructure	80,653,486	3,753,094	-	84,406,580
Machinery and equipment	4,224,903	1,418,334	(805,750)	4,837,487
Intangibles	105,932	-	-	105,932
Total capital assets being depreciated	<u>85,021,499</u>	<u>5,171,428</u>	<u>(805,750)</u>	<u>89,387,177</u>
Less accumulated depreciation for:				
Buildings	(37,178)	-	-	(37,178)
Improvements/infrastructure	(18,863,896)	(3,015,445)	-	(21,879,341)
Machinery and equipment	(2,859,186)	(753,714)	636,941	(2,975,959)
Intangibles	(105,932)	-	-	(105,932)
Total accumulated depreciation	<u>(21,866,192)</u>	<u>(3,769,159)</u>	<u>636,941</u>	<u>(24,998,410)</u>
Total capital assets being depreciated, net	<u>63,155,307</u>	<u>1,402,269</u>	<u>(168,809)</u>	<u>64,388,767</u>
Business-type activities capital assets, net	<u>\$71,578,874</u>	<u>\$ 3,496,380</u>	<u>\$ (3,215,613)</u>	<u>\$71,859,641</u>

Increases in accumulated depreciation for governmental activities include depreciation on assets transferred from business-type activities. This difference is \$57,781. Increases in accumulated depreciation for business activities include depreciation on assets transferred from governmental activities. This difference is \$81,050.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 296,034
Public safety	840,930
Physical environment/transportation	374,389
Culture and recreation	239,015
Total depreciation expense - governmental activities	<u>\$ 1,750,368</u>
Business-type activities	
Water	\$ 788,120
Sewer	2,091,157
Sanitation	512,859
Stormwater	295,973
Total depreciation expense - business-type activities	<u>\$ 3,688,109</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 7 - 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 \$3,539,010. For the fiscal year, principal and interest paid on this series was \$633,350 and total pledged revenue was \$4,983,344.

Subsequent to year end, the City refinanced the 2002 Public Improvement Revenue Bonds. The total principal and accrued interest of \$3,146,550 was refunded for a five year Note Payable of \$2,612,000 at 1.09% interest.

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 \$22,212,866. For the fiscal year, principal and interest paid on this series was \$1,223,307 and total pledged revenue was \$4,118,840.

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

<b><u>Governmental Activities</u></b>	<b><u>Interest Rates and Dates</u></b>	<b><u>Maturity</u></b>	<b><u>Original Amount</u></b>	<b><u>Balance September 30, 2012</u></b>
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>\$ 3,080,000</u>
<b><u>Business-Type Activities</u></b>				
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>\$ 15,525,000</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 7 - Long-Term Debt (Continued):**

***Bonds Payable (Continued)***

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

Year ending September 30,	<b>Governmental Activities</b>		<b>Business - Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
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	575,000	66,790	650,000	523,922
2017	600,000	41,490	670,000	504,123
2018-2022	315,000	14,490	3,685,000	2,171,213
2023-2027	-	-	4,430,000	1,410,353
2028-2031	-	-	4,250,000	393,386
Total	<u>\$3,080,000</u>	<u>\$ 459,010</u>	<u>\$15,525,000</u>	<u>\$ 6,687,866</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 7 - Long-Term Debt (Continued):**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Bonds payable-					
Revenue Bonds	\$ 3,570,000	\$ -	\$ (490,000)	\$ 3,080,000	\$ 510,000
Other post employment benefits	1,213,688	416,291	-	1,629,979	-
Compensated Absences	622,208	114,322	(62,221)	674,309	67,431
Governmental activity long-term liabilities	<u>\$ 5,405,896</u>	<u>\$ 530,613</u>	<u>\$ (552,221)</u>	<u>\$ 5,384,288</u>	<u>\$ 577,431</u>
<b>Business-type activities</b>					
Bonds payable-					
Revenue Bonds	\$16,105,000	\$ -	\$ (580,000)	\$15,525,000	\$ 595,000
Less deferred amounts:					
Discount	54,578	-	(2,836)	51,742	-
Loss on refunding	(647,733)	-	33,648	(614,085)	-
Total bonds payable	<u>15,511,845</u>	<u>-</u>	<u>(549,188)</u>	<u>14,962,657</u>	<u>595,000</u>
Other post employment benefits	436,312	148,709	-	585,021	-
Compensated Absences	231,183	46,451	(23,118)	254,516	25,451
Business-type activity long-term liabilities	<u>\$16,179,340</u>	<u>\$ 195,160</u>	<u>\$ (572,306)</u>	<u>\$15,802,194</u>	<u>\$ 620,451</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 8 - Interfund Receivables, Payables and Transfers:**

Interfund transfers for the year ended September 30, 2012 consisted of the following:

	<u>Transfer In</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
<u>Transfers Out:</u>			
General Fund	\$ -	\$ 76,180	\$ 76,180
Infrastructure Fund	-	457,079	457,079
Nonmajor governmental	8,863	101,573	110,436
Water fund	473,841	-	473,841
	<u>\$ 482,704</u>	<u>\$ 634,832</u>	<u>\$ 1,117,536</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 9 - 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.

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 9 - 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, 2011, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Retirees and beneficiaries			
currently receiving benefits	9	11	1
Terminated plan members entitled to,			
but not yet receiving, benefits	-	22	61
Active plan members	-	53	52
Total	<u>9</u>	<u>86</u>	<u>114</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.

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.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 9 - Retirement Plans (Continued):**

*Contributions* - The City's actuarially determined contribution rate per the October 1, 2011 actuarial valuations is \$0 for general employees, 26.21% for police officers and 23.39% for firefighters. The City is no longer obligated to make contributions for general employees. 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:

	<b>General Employees</b>	<b>Police Officers</b>	<b>Firefighters</b>
Annual Required Contribution (ARC)	\$ -	\$ 668,084	\$ 653,186
Interest on the Net Pension Obligation (Asset)	-	(16,699)	(6,618)
Adjustment to ARC	-	9,617	3,811
Annual Pension Cost	<u>\$ -</u>	<u>\$ 661,002</u>	<u>\$ 650,379</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**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>
<b><u>General Employees</u></b>		
9/30/2012	\$ -	N/A
9/30/2011	3,051	100%
9/30/2010	3,051	100%
<b><u>Police Officers</u></b>		
9/30/2012	\$ 661,002	100%
9/30/2011	749,038	100%
9/30/2010	713,188	100%
<b><u>Firefighters</u></b>		
9/30/2012	\$ 650,379	100%
9/30/2011	650,789	100%
9/30/2010	617,491	100%

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 9 - Retirement Plans (Continued):**

**Funded Status and Funding Progress - Pension Plans**

The funded status of each plan as of October 1, 2011, the most recent actuarial valuation dates, 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	\$ 488,225	\$ 412,730	\$ -	118.3%	\$ -	N/A
Police Officers	7,341,114	7,908,270	567,156	92.8%	2,548,993	22.3%
Firefighters	4,284,079	4,224,986	-	101.4%	2,792,489	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	10/1/2011	10/1/2011	10/1/2011
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, 2012

**Note 9 - Retirement Plans (Continued):**

**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 2012 was \$4,954,015; the City's total payroll for City employees was \$11,489,119.

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 2012 was \$288,642.

**Note 10 - 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 nine 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.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 10 - Other Post Employment Benefits (Continued):**

The most recent actuarial report for the City's Retiree Continuation Insurance Plan was prepared as of April 1, 2011. The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2012 is as follows:

Annual required contribution	\$ 691,000
Interest on net OPEB Obligation	66,000
Adjustment to annual required contribution	<u>(143,000)</u>
Annual OPEB Cost	614,000
Employer Contributions	(48,000)
Interest on Employer Contributions	<u>(1,000)</u>
Increase in Net OPEB Obligation	565,000
Net OPEB Obligation (beginning of year)	<u>1,650,000</u>
Net OPEB Obligation (end of year)	<u><u>\$2,215,000</u></u>

**Three Year Trend Information-**

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Cost Contributed</b>	<b>Net OPEB Obligation</b>
9/30/2010	\$ 586,000	5.0%	\$ 1,099,000
9/30/2011	598,000	7.0%	1,650,000
9/30/2012	614,000	8.0%	2,215,000

**Funded Status and Funding Progress - OPEB**

The funded status of the plan as of April 1, 2011, the most recent actuarial valuation date, is as follows:

<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
\$ -	\$ 2,909,000	\$ 2,909,000	0.0%	\$ 10,342,000	28.10%

**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.

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 10 - Other Post Employment Benefits (Continued):**

**Summary of Actuarial Methods & Assumptions (Continued)**

The schedule of funding progress, presented as required supplementary information 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 actuarial accrued liabilities for benefits.

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, projected to 2007 by Scale AA, as published by the IRS for purposes of IRC section 430; 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, 2012

**Note 10- 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>
2011	10.00%	2015	8.00%	2019	6.00%
2012	9.50%	2016	7.50%	2020	5.00%
2013	9.00%	2017	7.00%	and later	
2014	8.50%	2018	6.50%		

**Per Capita Annual Claim Cost** -The assumed per capita annual claim cost for a 62-year old participant during the period April 1, 2011 through March 31, 2012 is \$9,225. Medicare is assumed to cover 80% of the healthcare claim cost after age 65.

**Retiree Premiums** - During the period April 1, 2011 through March 31, 2012, 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 April 1, 2011 through March 31, 2012, the dental subsidy is \$25.04 per month for retired employees and \$61.40 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, 2012

**Note 10 - 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 11 - 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 \$100,000 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.

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 \$46,294 represents claims processed through October 2012 which were applicable to the current fiscal year and any additional claims are deemed immaterial. Changes to the current claims liability are as follows:

	<b>2012</b>	<b>2011</b>
Claims liabilities, beginning of year	\$ 113,599	\$ 107,936
Incurred Claims	2,859,648	2,928,460
Payments on Claims	<u>(2,926,953)</u>	<u>(2,922,797)</u>
Claims liabilities, end of year	<u>\$ 46,294</u>	<u>\$ 113,599</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 12 - Commitments and Contingencies:**

**Litigation** - The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2012. 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.

**Encumbrance Commitments** - At September 30, 2012, the City had encumbrance commitments in the Governmental Funds as follows:

General Fund	\$ 4,634
Capital Projects Fund	<u>602,853</u>
Total encumbrances	<u>\$ 607,487</u>

**Note 13 - Fund Balances:**

The City classifies the components of fund balance based on the classifications described below:

**Nonspendable**

*Nonspendable funds* include fund balance amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Spendable Fund Balance**

*Restricted* – includes fund balance amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – includes fund balance amounts that can be used only for the specific purposes determined by formal action of the City Council, the City's highest level of decision making authority, with formal action occurring prior to the fiscal year end. Commitments may be changed or lifted only by the City Council taking the same formal action (Resolution) that imposed the constraint originally.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 13 - Fund Balances (Continued):**

**Spendable Fund Balance (Continued)**

*Assigned* – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council is authorized to assign amounts for a specific purpose.

*Unassigned* – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

At September 3, 2012, the City's governmental fund balances were as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Infrastructure Special Revenue Fund</u>	<u>Community Redevelopment Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balances						
Nonspendable						
Inventory/prepays	\$ 195,006	\$ -	\$ -	\$ 8	\$ 574	\$ 195,588
Cemetery	-	-	-	-	889,760	889,760
Spendable						
Restricted for:						
Public safety	224,660	-	-	-	2,600,303	2,824,963
Culture and recreation	-	-	-	-	789,177	789,177
Community redevelopment	-	-	-	1,303,462	-	1,303,462
Infrastructure	-	-	2,550,254	-	-	2,550,254
Debt service	-	-	-	-	499,242	499,242
Building services	-	-	-	-	20,162	20,162
Assigned for:						
General government	4,634	-	-	-	-	4,634
Capital projects	-	667,880	-	-	-	667,880
Subsequent year expenditures	1,034,267	-	-	-	-	1,034,267
Unassigned	9,743,739	-	-	-	-	9,743,739
	<u>\$11,202,306</u>	<u>\$667,880</u>	<u>\$ 2,550,254</u>	<u>\$ 1,303,470</u>	<u>\$ 4,799,218</u>	<u>\$20,523,128</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2012

**Note 14 - Evaluation of Events:**

The City has evaluated subsequent events through the date of this report, the date the financial statements were available to be issued.

As discussed in Note 7, the City refinanced the 2002 Public Improvement Revenue Bonds for a five year Note Payable subsequent to year end.



*REQUIRED SUPPLEMENTAL INFORMATION*



CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2012

***Schedules of Funding Progress - Pension Plans***

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
<b>General Employees</b>						
10/1/2004	863,278	863,278	-	100.0%	-	N/A
10/1/2005	816,972	816,972	-	100.0%	-	N/A
10/1/2006	794,277	794,277	-	100.0%	-	N/A
10/1/2007	822,401	822,401	-	100.0%	-	N/A
10/1/2009	573,379	566,885	-	101.2%	-	N/A
10/1/2011	488,225	412,730	-	118.3%	-	N/A
<b>Police Officers</b>						
10/1/2003	2,762,688	2,762,688	-	100.0%	1,279,696	0.0%
10/1/2004	3,032,203	3,032,203	-	100.0%	1,424,568	0.0%
10/1/2005	3,571,295	3,571,295	-	100.0%	1,534,254	0.0%
10/1/2007	4,905,071	4,905,071	-	100.0%	2,356,375	0.0%
10/1/2009	5,288,822	6,163,934	875,112	85.8%	2,485,033	35.2%
10/1/2011	7,341,114	7,908,270	567,156	92.8%	2,548,993	22.3%
<b>Fire Fighters</b>						
10/1/2004	974,966	974,966	-	100.0%	901,980	0.0%
10/1/2005	1,256,347	1,256,347	-	100.0%	1,047,097	0.0%
10/1/2006	1,345,093	1,345,093	-	100.0%	1,257,860	0.0%
10/1/2007	1,972,299	1,972,299	-	100.0%	2,031,230	0.0%
10/1/2009	2,609,047	2,596,659	-	100.5%	2,552,427	0.0%
10/1/2011	4,284,079	4,224,986	-	101.4%	2,792,489	0.0%

CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2012

***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
2007	\$ 19,697	100%	\$ 376,518	100%	\$ 199,989	100%
2008	-	100%	541,697	100%	410,350	100%
2009	-	100%	570,869	100%	432,919	100%
2010	3,051	100%	713,188	100%	616,742	100%
2011	3,051	100%	752,413	100%	650,663	100%
2012	-	100%	668,084	100%	653,186	100%

CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2012

***Schedule of Funding Progress - Retiree Continuation Insurance Plan***

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a) / c
		Accrued Liability (AAL) Entry Age (b)					
5/1/2009 *	\$ -	\$ 2,413,000	\$ 2,413,000		0.0%	\$ 10,764,000	22.4%
4/1/2011	\$ -	\$ 2,909,000	\$ 2,909,000		0.0%	\$ 10,342,000	28.1%

\*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
9/30/2010	611,000	5.0%	1,099,000
9/30/2011	649,000	7.0%	1,650,000
9/30/2012	691,000	7.0%	2,215,000



*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*



**MAJOR GOVERNMENTAL FUNDS**

**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.

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2012

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Intergovernmental revenues	\$ 132,804	\$ 132,804	\$ -	\$ (132,804)
Investment earnings	10,200	10,200	22,616	12,416
Miscellaneous	-	-	437	437
Total revenues	<u>143,004</u>	<u>143,004</u>	<u>23,053</u>	<u>(119,951)</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	37,046	(37,046)
Culture and recreation	-	-	47,170	(47,170)
Public safety:				
Police	250,000	250,000	51,958	198,042
Capital Outlay:				
General government	2,200,000	2,200,000	856,658	1,343,342
Public safety	2,000,000	2,000,000	1,199,525	800,475
Culture and recreation	290,000	290,000	16,563	273,437
Total expenditures	<u>4,740,000</u>	<u>4,740,000</u>	<u>2,208,920</u>	<u>2,531,080</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(4,596,996)</u>	<u>(4,596,996)</u>	<u>(2,185,867)</u>	<u>2,411,129</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>1,740,142</u>	<u>1,740,142</u>	<u>-</u>	<u>(1,740,142)</u>
Total other financing sources (uses)	<u>1,740,142</u>	<u>1,740,142</u>	<u>-</u>	<u>(1,740,142)</u>
<b>Net Change in Fund Balance</b>	<u>(2,856,854)</u>	<u>(2,856,854)</u>	<u>(2,185,867)</u>	<u>670,987</u>
<b>Fund Balances - Beginning</b>	<u>2,853,747</u>	<u>2,853,747</u>	<u>2,853,747</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ (3,107)</u>	<u>\$ (3,107)</u>	<u>\$ 667,880</u>	<u>\$ 670,987</u>

## 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 Fees 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.

### 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.

CITY OF CLERMONT, FLORIDA

**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**

September 30, 2012

**Special Revenue**

	<u>Recreation Impact Fees</u>	<u>Police Impact Fees</u>	<u>Fire Impact Fees</u>	<u>Building Services</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 801,157	\$ 2,548,365	\$ 51,938	\$ 76,693	\$ 3,478,153
Prepaid costs	-	-	-	574	574
 Total assets	<u>\$ 801,157</u>	<u>\$ 2,548,365</u>	<u>\$ 51,938</u>	<u>\$ 77,267</u>	<u>\$ 3,478,727</u>
<b>Liabilities and Fund Balances:</b>					
Liabilities:					
Accounts payable	\$ 11,980	\$ -	\$ -	\$ 56,531	\$ 68,511
Total liabilities	<u>11,980</u>	<u>-</u>	<u>-</u>	<u>56,531</u>	<u>68,511</u>
 Fund balances:					
Nonspendable	-	-	-	574	574
Restricted	789,177	2,548,365	51,938	20,162	3,409,642
 Total fund balances	<u>789,177</u>	<u>2,548,365</u>	<u>51,938</u>	<u>20,736</u>	<u>3,410,216</u>
Total liabilities and fund balances	<u>\$ 801,157</u>	<u>\$ 2,548,365</u>	<u>\$ 51,938</u>	<u>\$ 77,267</u>	<u>\$ 3,478,727</u>

<u>Debt Service</u>	<u>Permanent Fund - Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 499,242	\$ 890,035	\$ 4,867,430
-	-	574
<u>\$ 499,242</u>	<u>\$ 890,035</u>	<u>\$ 4,868,004</u>
\$ -	\$ 275	\$ 68,786
-	275	68,786
-	889,760	890,334
499,242	-	3,908,884
<u>499,242</u>	<u>889,760</u>	<u>4,799,218</u>
<u>\$ 499,242</u>	<u>\$ 890,035</u>	<u>\$ 4,868,004</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2012

	<b>Special Revenue</b>				<b>Total</b>
	<b>Recreation Impact Fees</b>	<b>Police Impact Fees</b>	<b>Fire Impact Fees</b>	<b>Building Services</b>	
<b>Revenues:</b>					
Licenses and permits	\$ -	\$ -	\$ -	\$ 359,721	\$ 359,721
Charges for services	-	-	-	49,909	49,909
Impact fees/special assessments	496,414	107,967	75,072	-	679,453
Investment earnings	7,699	25,285	671	321	33,976
Miscellaneous	-	-	-	341	341
Total revenues	<u>504,113</u>	<u>133,252</u>	<u>75,743</u>	<u>410,292</u>	<u>1,123,400</u>
<b>Expenditures:</b>					
Current:					
General government	-	-	-	389,547	389,547
Culture and recreation	26,991	-	-	-	26,991
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>26,991</u>	<u>-</u>	<u>-</u>	<u>389,547</u>	<u>416,538</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>477,122</u>	<u>133,252</u>	<u>75,743</u>	<u>20,745</u>	<u>706,862</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(101,573)	-	(101,573)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(101,573)</u>	<u>-</u>	<u>(101,573)</u>
<b>Net Change in Fund Balances</b>	477,122	133,252	(25,830)	20,745	605,289
<b>Fund Balances - Beginning</b>	312,055	2,415,113	77,768	(9)	2,804,927
<b>Fund Balances - Ending</b>	<u>\$ 789,177</u>	<u>\$ 2,548,365</u>	<u>\$ 51,938</u>	<u>\$ 20,736</u>	<u>\$ 3,410,216</u>

<u>Debt Service</u>	<u>Permanent Fund - Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 359,721
-	-	49,909
-	-	679,453
3,619	8,863	46,458
-	42,500	42,841
<u>3,619</u>	<u>51,363</u>	<u>1,178,382</u>
-	-	389,547
-	-	26,991
490,000	-	490,000
143,350	-	143,350
<u>633,350</u>	<u>-</u>	<u>1,049,888</u>
<u>(629,731)</u>	<u>51,363</u>	<u>128,494</u>
634,832	-	634,832
-	(8,863)	(110,436)
<u>634,832</u>	<u>(8,863)</u>	<u>524,396</u>
5,101	42,500	652,890
494,141	847,260	4,146,328
<u>\$ 499,242</u>	<u>\$ 889,760</u>	<u>\$ 4,799,218</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 339,100	\$ 339,100	\$ 496,414	\$ 157,314
Investment earnings	3,750	3,750	7,699	3,949
Total revenues	<u>342,850</u>	<u>342,850</u>	<u>504,113</u>	<u>161,263</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	26,371	26,721	26,991	(270)
Total expenditures	<u>26,371</u>	<u>26,721</u>	<u>26,991</u>	<u>(270)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>316,479</u>	<u>316,129</u>	<u>477,122</u>	<u>160,993</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(157,196)	(157,196)	-	157,196
Total other financing sources (uses)	<u>(157,196)</u>	<u>(157,196)</u>	<u>-</u>	<u>157,196</u>
<b>Net Change in Fund Balances</b>	159,283	158,933	477,122	318,189
<b>Fund Balances - Beginning</b>	<u>312,055</u>	<u>312,055</u>	<u>312,055</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 471,338</u>	<u>\$ 470,988</u>	<u>\$ 789,177</u>	<u>\$ 318,189</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, 2012

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 62,100	\$ 62,100	\$ 107,967	\$ 45,867
Investment earnings	12,700	12,700	25,285	12,585
Total revenues	<u>74,800</u>	<u>74,800</u>	<u>133,252</u>	<u>58,452</u>
<b>Expenditures:</b>				
Current:				
Public Safety:				
Law enforcement	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>74,800</u>	<u>74,800</u>	<u>133,252</u>	<u>58,452</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(1,582,946)</u>	<u>(1,582,946)</u>	<u>-</u>	<u>1,582,946</u>
Total other financing sources (uses)	<u>(1,582,946)</u>	<u>(1,582,946)</u>	<u>-</u>	<u>1,582,946</u>
<b>Net Change in Fund Balances</b>	<u>(1,508,146)</u>	<u>(1,508,146)</u>	<u>133,252</u>	<u>1,641,398</u>
<b>Fund Balances - Beginning</b>	<u>2,415,113</u>	<u>2,415,113</u>	<u>2,415,113</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 906,967</u>	<u>\$ 906,967</u>	<u>\$ 2,548,365</u>	<u>\$ 1,641,398</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, 2012

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 45,100	\$ 45,100	\$ 75,072	\$ 29,972
Investment earnings	750	750	671	(79)
Total revenues	<u>45,850</u>	<u>45,850</u>	<u>75,743</u>	<u>29,893</u>
<b>Expenditures:</b>				
Current:				
Public safety:				
Fire control	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>45,850</u>	<u>45,850</u>	<u>75,743</u>	<u>29,893</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(102,896)</u>	<u>(102,896)</u>	<u>(101,573)</u>	<u>1,323</u>
Total other financing sources (uses)	<u>(102,896)</u>	<u>(102,896)</u>	<u>(101,573)</u>	<u>1,323</u>
<b>Net Change in Fund Balances</b>	<u>(57,046)</u>	<u>(57,046)</u>	<u>(25,830)</u>	<u>31,216</u>
<b>Fund Balances - Beginning</b>	<u>77,768</u>	<u>77,768</u>	<u>77,768</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 20,722</u>	<u>\$ 20,722</u>	<u>\$ 51,938</u>	<u>\$ 31,216</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Licenses and permits	\$ 392,500	\$ 392,500	\$ 359,721	\$ (32,779)
Charges for services	37,750	37,750	49,909	12,159
Investment earnings	375	375	321	(54)
Miscellaneous	-	-	341	341
Total revenues	<u>430,625</u>	<u>430,625</u>	<u>410,292</u>	<u>(20,333)</u>
<b>Expenditures:</b>				
Current:				
General government	428,736	428,736	389,547	39,189
Total expenditures	<u>428,736</u>	<u>428,736</u>	<u>389,547</u>	<u>39,189</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,889</u>	<u>1,889</u>	<u>20,745</u>	<u>18,856</u>
<b>Net Change in Fund Balances</b>	1,889	1,889	20,745	18,856
<b>Fund Balances - Beginning</b>	<u>(9)</u>	<u>(9)</u>	<u>(9)</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 1,880</u>	<u>\$ 1,880</u>	<u>\$ 20,736</u>	<u>\$ 18,856</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment earnings	\$ 1,500	\$ 1,500	\$ 3,619	\$ 2,119
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>3,619</u>	<u>2,119</u>
<b>Expenditures:</b>				
Debt Service:				
Principal	510,000	510,000	490,000	20,000
Interest and fiscal charges	133,550	133,550	143,350	(9,800)
Total expenditures	<u>643,550</u>	<u>643,550</u>	<u>633,350</u>	<u>10,200</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(642,050)</u>	<u>(642,050)</u>	<u>(629,731)</u>	<u>12,319</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	643,100	643,100	634,832	(8,268)
Total other financing sources (uses)	<u>643,100</u>	<u>643,100</u>	<u>634,832</u>	<u>(8,268)</u>
<b>Net Change in Fund Balances</b>	1,050	1,050	5,101	4,051
<b>Fund Balances - Beginning</b>	<u>494,141</u>	<u>494,141</u>	<u>494,141</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 495,191</u>	<u>\$ 495,191</u>	<u>\$ 499,242</u>	<u>\$ 4,051</u>

## **FIDUCIARY FUNDS**

### **Pension Trust Funds**

<b>General Employees' Pension Trust Fund</b>	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.
<b>Police Officers' Pension Trust Fund</b>	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.
<b>Firefighters' Pension Trust Fund</b>	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, 2012

	<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>			
<b>Assets:</b>					
Cash and cash equivalents	\$ 11,998	\$ -	\$ 243,801	\$ 163,344	\$ 419,143
Receivables:					
Employer contribution receivable	-	19,565	-	3,364	22,929
Due from other governments	-	-	-	5,640	5,640
Total receivables	-	19,565	-	9,004	28,569
Investments:					
U.S. Government & other debt securities	193,462	-	3,931,276	2,633,919	6,758,657
Equities	294,442	4,933,302	5,983,260	4,008,729	15,219,733
Total Investments	487,904	4,933,302	9,914,536	6,642,648	21,978,390
Total assets	499,902	4,952,867	10,158,337	6,814,996	22,426,102
<b>Liabilities:</b>					
Refunds payable and other	-	-	5,555	-	5,555
Total liabilities	-	-	5,555	-	5,555
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 499,902</b>	<b>\$ 4,952,867</b>	<b>\$ 10,152,782</b>	<b>\$ 6,814,996</b>	<b>\$ 22,420,547</b>

CITY OF CLERMONT, FLORIDA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**

For the Year Ended September 30, 2012

	<u>General Employees</u>		<u>Police Officers Pension Trust</u>	<u>Firefighters Pension Trust</u>	<u>Total Employee Funds</u>
	<u>Defined Benefit</u>	<u>Defined Contribution</u>			
<b>Additions:</b>					
Contributions:					
Employer	\$ -	\$ 288,642	\$ 622,673	\$ 637,105	\$ 1,548,420
Plan members	-	-	84,197	29,563	113,760
State	-	-	203,523	184,250	387,773
Total contributions	-	288,642	910,393	850,918	2,049,953
Investment earnings:					
Net increase (decrease) in fair value of investments	81,168	677,818	1,446,261	921,526	3,126,773
Total net investment earnings	81,168	677,818	1,446,261	921,526	3,126,773
Total additions	81,168	966,460	2,356,654	1,772,444	5,176,726
<b>Deductions:</b>					
Benefits/distributions	66,212	150,922	232,402	2,212	451,748
Administrative expenses	3,279	21,381	38,279	25,504	88,443
Total deductions	69,491	172,303	270,681	27,716	540,191
<b>Change in Net Assets</b>	11,677	794,157	2,085,973	1,744,728	4,636,535
<b>Net Assets Held in Trust for Pension Benefits</b>					
<b>Beginning of Year</b>	488,225	4,158,710	8,066,809	5,070,268	17,784,012
<b>End of Year</b>	\$ 499,902	\$ 4,952,867	\$ 10,152,782	\$ 6,814,996	\$ 22,420,547



## 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.

<b>Contents</b>	<b>Page</b>
Financial Trends	84
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	94
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	99
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	104
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	108
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			
	2003	2004	2005	2006
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	*	\$ 10,959	\$ 12,118	\$ 15,777
Restricted	*	3,121	4,800	5,935
Unrestricted	*	5,619	8,125	8,693
<b>Total governmental activities net assets</b>	*	<b>\$ 19,699</b>	<b>\$ 25,043</b>	<b>\$ 30,405</b>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	*	\$ 12,054	\$ 12,082	\$ 15,864
Restricted	*	22,601	27,573	33,732
Unrestricted	*	9,903	13,414	13,447
<b>Total business-type activities net assets</b>	*	<b>\$ 44,558</b>	<b>\$ 53,069</b>	<b>\$ 63,043</b>
<b>Primary government</b>				
Invested in capital assets, net of related debt	*	\$ 23,013	\$ 24,200	\$ 31,641
Restricted	*	25,722	32,373	39,667
Unrestricted	*	15,522	21,539	22,140
<b>Total primary government net assets</b>	*	<b>\$ 64,257</b>	<b>\$ 78,112</b>	<b>\$ 93,448</b>

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

<b>Fiscal Year</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 15,825	\$ 27,462	\$ 33,938	\$ 33,817	\$ 34,894	\$ 36,612
7,830	8,959	6,526	6,693	7,381	8,876
14,459	11,946	13,608	13,988	12,465	9,701
<u>\$ 38,114</u>	<u>\$ 48,367</u>	<u>\$ 54,072</u>	<u>\$ 54,498</u>	<u>\$ 54,740</u>	<u>\$ 55,189</u>
\$ 24,837	\$ 46,569	\$ 54,834	\$ 55,540	\$ 56,430	\$ 57,241
36,931	13,899	10,437	17,293	9,241	9,477
10,841	18,103	17,801	11,407	19,376	20,436
<u>\$ 72,609</u>	<u>\$ 78,571</u>	<u>\$ 83,072</u>	<u>\$ 84,240</u>	<u>\$ 85,047</u>	<u>\$ 87,154</u>
\$ 40,662	\$ 74,031	\$ 88,772	\$ 89,357	\$ 91,324	\$ 93,853
44,761	22,858	16,963	23,986	16,622	18,353
25,300	30,049	31,409	25,395	31,841	30,137
<u>\$ 110,723</u>	<u>\$ 126,938</u>	<u>\$ 137,144</u>	<u>\$ 138,738</u>	<u>\$ 139,787</u>	<u>\$ 142,343</u>

**City of Clermont, Florida**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	*	\$ 2,337	\$ 2,617	\$ 3,232
Public safety	*	4,688	5,773	7,109
Physical environment	*	421	278	382
Transportation/public works	*	1,056	1,172	1,322
Economic environment	*	32	13	181
Human services	*	132	149	77
Culture and recreation	*	1,742	1,816	1,851
Interest on long-term debt	*	350	255	285
Total governmental activities expenses	*	<u>10,758</u>	<u>12,073</u>	<u>14,439</u>
Business-type activities:				
Water	*	2,707	3,015	3,427
Sewer	*	3,423	3,572	4,024
Sanitation	*	1,617	1,817	1,731
Stormwater	*	266	287	316
Total business-type activities expenses	*	<u>8,013</u>	<u>8,691</u>	<u>9,498</u>
Total primary government expenses	*	<u>\$ 18,771</u>	<u>\$ 20,764</u>	<u>\$ 23,937</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	*	\$ 963	\$ 1,042	\$ 1,037
Public safety	*	807	912	1,158
Transportation/public works	*	250	36	-
Culture and recreation	*	1,009	463	1,566
Operating grants and contributions	*	591	512	523
Capital grants and contributions	*	-	1,644	105
Total governmental activities program revenues	*	<u>3,620</u>	<u>4,609</u>	<u>4,389</u>
Business-type activities:				
Charges for services:				
Water	*	\$ 4,342	\$ 4,320	\$ 4,839
Sewer	*	2,832	3,295	3,784
Sanitation	*	1,811	2,088	2,236
Stormwater	*	571	627	689
Operating grants and contributions	*	105	138	11
Capital grants and contributions	*	7,095	6,287	6,408
Total business-type activities program revenues	*	<u>16,756</u>	<u>16,755</u>	<u>17,967</u>
Total primary government program revenues	*	<u>\$ 20,376</u>	<u>\$ 21,364</u>	<u>\$ 22,356</u>

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

		<b>Fiscal Year</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>		
\$ 3,297	\$ 4,204	\$ 4,747	\$ 4,287	\$ 3,643	\$ 4,211		
8,783	10,330	10,775	12,459	12,531	12,168		
470	514	364	319	279	248		
1,255	1,544	1,164	1,768	1,661	1,719		
52	48	101	50	102	116		
130	107	0	0	0	0		
2,441	2,061	2,082	2,055	1,822	1,045		
226	459	326	175	156	137		
<u>16,654</u>	<u>19,267</u>	<u>19,559</u>	<u>21,113</u>	<u>20,194</u>	<u>19,644</u>		
2,987	3,737	3,990	4,316	4,461	4,052		
3,896	4,521	4,489	5,927	6,022	5,752		
1,816	2,123	2,086	2,169	2,364	2,567		
427	549	534	848	955	939		
<u>9,126</u>	<u>10,930</u>	<u>11,099</u>	<u>13,260</u>	<u>13,802</u>	<u>13,310</u>		
<u>\$ 25,780</u>	<u>\$ 30,197</u>	<u>\$ 30,658</u>	<u>\$ 34,373</u>	<u>\$ 33,996</u>	<u>\$ 32,954</u>		
\$ 1,116	\$ 1,582	\$ 1,854	\$ 1,857	\$ 1,695	\$ 1,649		
1,105	975	1,203	665	355	450		
-	-	-	-	-	-		
882	761	99	872	539	604		
923	1,047	921	1,162	1,237	1,191		
2,518	7,330	3,307	134	129	27		
<u>6,544</u>	<u>11,695</u>	<u>7,384</u>	<u>4,690</u>	<u>3,955</u>	<u>3,921</u>		
\$ 5,502	\$ 5,654	\$ 4,909	\$ 4,817	\$ 5,377	\$ 5,099		
4,242	4,422	4,655	4,852	5,065	5,154		
2,402	2,515	2,560	2,613	2,688	2,721		
729	766	801	829	855	855		
38	700	-	-	-	-		
3,676	1,480	2,137	1,544	999	1,752		
<u>16,589</u>	<u>15,537</u>	<u>15,062</u>	<u>14,655</u>	<u>14,984</u>	<u>15,581</u>		
<u>\$ 23,133</u>	<u>\$ 27,232</u>	<u>\$ 22,446</u>	<u>\$ 19,345</u>	<u>\$ 18,939</u>	<u>\$ 19,502</u>		

**City of Clermont, Florida**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2003	2004	2005	2006
Net (expense)/revenue				
Governmental activities	*	\$ (7,138)	\$ (7,464)	\$ (10,050)
Business-type activities	*	8,743	8,064	8,469
Total primary government net expense	*	\$ 1,605	\$ 600	\$ (1,581)
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes				
Property taxes	*	\$ 3,371	\$ 4,417	\$ 5,665
Franchise fees	*	1,128	1,357	1,714
Utility taxes		1,382	1,552	1,782
Unrestricted intergovernmental revenues	*	3,279	3,923	4,953
Unrestricted investment earnings and miscellaneous revenues	*	186	1,181	835
Transfers	*	385	377	464
Total governmental activities	*	9,731	12,807	15,413
Business-type activities:				
Investment earnings	*	\$ 390	\$ 825	\$ 1,968
Transfers	*	(385)	(377)	(464)
Total business-type activities	*	5	448	1,504
Total primary government	*	\$ 9,736	\$ 13,255	\$ 16,917
<b>Change in Net Assets</b>				
Governmental activities	*	\$ 2,593	\$ 5,343	\$ 5,363
Business-type activities	*	8,748	8,512	9,973
Total primary government	*	\$ 11,341	\$ 13,855	\$ 15,336

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

		<b>Fiscal Year</b>			
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ (10,110)	\$ (7,572)	\$ (12,175)	\$ (16,422)	\$ (16,240)	\$ (15,721)
7,463	4,605	3,964	1,395	1,182	2,271
<u>\$ (2,647)</u>	<u>\$ (2,967)</u>	<u>\$ (8,211)</u>	<u>\$ (15,027)</u>	<u>\$ (15,058)</u>	<u>\$ (13,450)</u>
\$ 7,452	\$ 7,749	\$ 7,601	\$ 6,844	\$ 5,966	\$ 5,648
1,808	1,911	2,151	2,373	2,285	2,189
1,881	1,992	2,152	2,558	2,568	2,430
4,952	4,776	4,458	4,503	4,664	5,063
1,216	901	1,050	525	478	388
509	496	469	443	520	453
<u>17,818</u>	<u>17,825</u>	<u>17,881</u>	<u>17,246</u>	<u>16,481</u>	<u>16,171</u>
\$ 2,612	\$ 1,853	\$ 1,005	\$ 360	\$ 145	\$ 289
(509)	(496)	(469)	(443)	(520)	(453)
2,103	1,357	536	(83)	(375)	(164)
<u>\$ 19,921</u>	<u>\$ 19,182</u>	<u>\$ 18,417</u>	<u>\$ 17,163</u>	<u>\$ 16,106</u>	<u>\$ 16,007</u>
\$ 7,708	\$ 10,253	\$ 5,706	\$ 824	\$ 241	\$ 450
9,566	5,961	4,500	1,312	807	2,107
<u>\$ 17,274</u>	<u>\$ 16,214</u>	<u>\$ 10,206</u>	<u>\$ 2,136</u>	<u>\$ 1,048</u>	<u>\$ 2,557</u>

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

(modified accrual basis of accounting)

(amounts expressed in thousands)

	<b>Fiscal Year</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
General fund				
Reserved	\$ 167	\$ 168	\$ 198	\$ 233
Unreserved	3,110	4,207	5,758	4,857
Total general fund	<u>\$ 3,277</u>	<u>\$ 4,375</u>	<u>\$ 5,956</u>	<u>\$ 5,090</u>
All other governmental funds				
Reserved	\$ 760	\$ 894	\$ 1,083	\$ 1,189
Unreserved, reported in:				
Special revenue funds	2,318	3,410	5,028	7,767
Capital projects fund	106	-	926	780
Total all other governmental funds	<u>\$ 3,184</u>	<u>\$ 4,304</u>	<u>\$ 7,037</u>	<u>\$ 9,736</u>
	<b>Post GASB 54</b>			
	<b>2011</b>	<b>2012</b>		
General fund				
Nonspendable	\$ 335	\$ 195		
Restricted	175	224		
Assigned	912	1,039		
Unassigned	10,048	9,744		
Total general fund	<u>\$ 11,470</u>	<u>\$ 11,202</u>		
All other governmental funds				
Nonspendable	\$ 848	\$ 890		
Restricted	6,359	7,763		
Assigned	2,854	668		
Unassigned	(1)	-		
Total all other governmental funds	<u>\$ 10,060</u>	<u>\$ 9,321</u>		

<b>Fiscal Year</b>			
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
\$ 307	\$ 209	\$ 214	\$ 246
9,128	9,572	10,860	11,358
<u>\$ 9,435</u>	<u>\$ 9,781</u>	<u>\$ 11,074</u>	<u>\$ 11,604</u>
\$ 1,539	\$ 1,912	\$ 2,267	\$ 2,758
10,771	5,314	4,147	4,839
843	4,496	3,271	2,978
<u>\$ 13,153</u>	<u>\$ 11,722</u>	<u>\$ 9,685</u>	<u>\$ 10,575</u>

**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			
	2003	2004	2005	2006
<b>Revenues</b>				
Taxes	\$ 6,794	\$ 6,791	\$ 8,391	\$ 10,327
Franchise Fees	*	*	*	*
Licenses and permits	277	467	484	456
Intergovernmental revenue	1,152	2,758	5,216	4,211
Charges for services	378	381	389	407
Fines and forfeitures	114	125	164	226
Impact fees/special assessments	1,424	1,592	1,152	2,444
Investment income	145	107	267	738
Miscellaneous	219	541	310	505
<b>Total revenues</b>	<b>10,503</b>	<b>12,762</b>	<b>16,373</b>	<b>19,314</b>
<b>Expenditures</b>				
General government	\$ 1,338	\$ 1,432	\$ 2,053	\$ 2,694
Public Safety	3,606	4,274	5,285	6,452
Physical environment	35	278	318	343
Transportation	806	1,055	917	967
Economic environment	39	32	33	38
Human services	89	122	139	75
Culture and recreation	1,316	1,009	1,025	1,259
Capital outlay	5,351	2,752	2,484	10,235
Debt service				
Principal	236	507	855	868
Interest	257	268	258	244
Other charges	-	-	-	-
<b>Total expenditures</b>	<b>13,073</b>	<b>11,729</b>	<b>13,367</b>	<b>23,175</b>
Excess of revenues over (under) expenditures	\$ (2,570)	\$ 1,033	\$ 3,006	\$ (3,861)
<b>Other financing sources (uses)</b>				
Transfers in	\$ 1,182	\$ 1,217	\$ 1,081	\$ 1,676
Transfers out	(863)	(832)	(704)	(1,212)
Debt issuance	27	800	-	5,250
Sale of capital assets	-	-	931	-
Payments to refunded bond escrow agent	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>346</b>	<b>1,185</b>	<b>1,308</b>	<b>5,714</b>
<b>Net change in fund balances</b>	<b>\$ (2,224)</b>	<b>\$ 2,218</b>	<b>\$ 4,314</b>	<b>\$ 1,853</b>
Debt service as a percentage of noncapital expenditures	6.4%	8.6%	10.2%	9.3%

\* Note: Franchise Fees previously reported as Taxes.

<b>Fiscal Year</b>						
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	
\$ 11,141	\$ 11,652	\$ 11,903	\$ 11,775	\$ 10,819	\$ 8,079	
*	*	*	*	*		2,188
491	835	674	678	528		455
8,340	11,977	8,666	5,733	6,059		6,310
462	643	1,103	1,036	1,013		1,011
175	321	178	189	186		215
1,717	1,209	903	1,131	582		679
1,101	687	848	379	148		244
391	1,683	444	522	612		474
<u>23,818</u>	<u>29,007</u>	<u>24,719</u>	<u>21,443</u>	<u>19,947</u>		<u>19,655</u>
\$ 3,079	\$ 3,640	\$ 3,654	\$ 4,081	\$ 3,272	\$ 3,080	
9,141	10,999	10,275	11,212	11,625		11,352
461	497	490	309	275		247
1,189	2,976	1,129	1,620	1,472		1,340
48	48	102	50	102		641
129	105	-	-	-		0
1,556	10,024	1,893	1,878	1,792		1,769
94	1,909	1,738	643	1,923		2,073
449	8,176	6,259	493	470		490
440	465	375	181	162		143
-	-	-	-	-		-
<u>16,586</u>	<u>38,839</u>	<u>25,915</u>	<u>20,467</u>	<u>21,093</u>		<u>21,135</u>
\$ 7,232	\$ (9,832)	\$ (1,196)	\$ 976	\$ (1,146)	\$ (1,480)	
\$ 1,265	\$ 6,468	\$ 6,684	\$ 2,088	\$ 3,274	\$ 1,118	
(756)	(5,971)	(6,232)	(1,645)	(2,776)	(644)	
-	8,250	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>509</u>	<u>8,747</u>	<u>452</u>	<u>443</u>	<u>498</u>	<u>474</u>	
<u>\$ 7,741</u>	<u>\$ (1,085)</u>	<u>\$ (744)</u>	<u>\$ 1,419</u>	<u>\$ (648)</u>	<u>\$ (1,006)</u>	
7.1%	23.4%	28.9%	3.6%	3.3%	3.3%	

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Utility Tax</b>	<b>Business Tax</b>	<b>Franchise Fees</b>	<b>Total</b>
2003	2,592	1,981	*	922	5,495
2004	3,305	2,292	*	1,128	6,725
2005	4,321	2,617	*	1,357	8,295
2006	5,488	2,948	*	1,714	10,150
2007	7,155	3,138	*	1,808	12,101
2008	7,749	1,992	*	1,911	11,652
2009	7,601	2,152	*	2,151	11,904
2010	6,844	2,558	*	2,373	11,775
2011	5,966	2,568	*	2,285	10,819
2012	5,535	2,430	113	2,189	10,267

**Taxes Included in Unrestricted Intergovernmental Revenues**

<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>State Revenue Sharing</b>	<b>Local Option Gas Tax</b>	<b>Total</b>
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
2011	1,100	328	306	1,734
2012	1,296	383	296	1,975

\* Business Tax Receipts previously reported under Licenses

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

<b>Fiscal Year Ended Sep 30</b>	<b>Real* Property</b>	<b>Personal Property</b>	<b>Less: Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
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%
2011	2,171,815	209,726	598,187	1,783,354	3.142	2,381,541	74.88%
2012	2,124,017	206,870	605,114	1,725,773	3.142	2,330,887	74.04%

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 Overlapping<sup>1</sup> Governments**  
**Last Ten Fiscal Years<sup>2</sup>**

(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	
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
2011	3.1420	4.7309	0.1101	0.3853	7.5230	0.8666	0.2405	0.4158	17.4142
2012	3.1420	4.7309	0.1101	0.3853	7.3940	0.8000	0.2405	0.3313	17.1341

Source: Lake County Property Appraisers Office

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

<sup>2</sup> 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>2012</u>			<u>2003</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	\$ 26,014	1	1.46%			
Fountains at Clermont LLC	17,332	2	0.97%			
Westdale Sundance LDT	16,387	3	0.92%			
Citrus Tower Development	14,386	4	0.81%			
Weingarten I-4 Clermont Landing	12,293	5	0.69%			
South Lake Hospital, Inc.	12,012	6	0.67%	\$ 11,417	1	
Village at East Lake	11,655	7	0.65%	9,561	3	1.67%
Progress Energy Florida Inc.	10,730	8	0.60%			0.00%
Wal-Mart Stores East LP	10,106	9	0.57%			
Target Corporation	9,236	10	0.52%			
Clermont Center LTD				11,273	2	1.97%
Lucas Clermont Ltd Partnership				8,825	4	1.54%
Lennar Land Partners				8,813	5	1.54%
Lennar Homes Inc.				8,202	6	1.44%
Sprint Florida Inc				7,967	7	1.39%
Florida Power Corporation				6,500	8	1.14%
HEP-8-Cler LC				6,343	9	1.11%
Mercator Properties, Inc.				5,531	10	0.97%
<b>TOTAL</b>	<u>\$140,151</u>		<u>6.36%</u>	<u>\$ 84,432</u>		<u>14.78%</u>

Source: Lake County Property Appraiser

**City of Clermont, Florida**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

(amounts expressed in thousands)

<u>Fiscal Year Ended September</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>	<u>Total Collections to Date Amount</u>	<u>Percentage of Levy</u>
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%
2011	6,001	5,698	95.0%	15	5,713	95.2%
2012	5,603	5,325	95.0%	5	5,330	95.1%

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 <sup>1</sup>	Per Capita <sup>1</sup>
	Revenue Bonds	Notes Payable	Water & Sewer Refunding Revenue Bonds			
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
2011	3,570	0	16,105	19,675	2.63%	670
2012	3,080	0	15,525	18,605	2.37%	624

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

<sup>1</sup> See the Schedule of Demographic and Economic Statistics on page 104 for personal income and population data.

\* Information is not available.

**City of Clermont, Florida**  
**Direct and Overlapping Governmental Activities Debt**  
**September 30, 2012**

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

	<u>Total Outstanding</u>	<u>Percentage Applicable to City of Clermont</u> <sup>(1)</sup>	<u>Amount Applicable to City of Clermont</u>
Direct:			
City of Clermont	\$ 3,080	100%	\$ 3,080
<b>Total Direct Debt</b>	<b>\$ 3,080</b>		<b>\$ 3,080</b>
Overlapping:			
Lake County	27,130	11%	2,984
School District of Lake County	31,315	11%	3,445
<b>Total Overlapping Debt</b>	<b>\$ 58,445</b>		<b>\$ 6,429</b>
<hr/>			
<b>Total direct and overlapping debt payable from ad valorem taxes</b>	<b>\$ 61,525</b>		<b>\$ 9,509</b>
<hr/>			
Estimated Population			29,827
<hr/>			
Total direct and overlapping debt per capita			\$ 318.80

<sup>(1)</sup> Estimates based on ratio of assessed taxable values.

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**

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Public Improvement Revenue Bonds, Series 2002

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Fiscal Year	Public Service Taxes	Communications Service Tax	Half-Cent Sales Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
					Principal	Interest	
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
2011	2,568,141	1,233,789	1,100,125	4,902,055	470,000	161,806	7.76
2012	2,430,440	1,257,217	1,295,687	4,983,344	490,000	143,350	7.87

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

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

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Sales Tax Revenue Bonds, Series 1989

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Fiscal Year	State Infrastructure Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
			Principal	Interest	
2003	996,162	996,162	130,000	9,165	7.16
2004	1,233,598	1,233,598	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2005	1,538,498	1,538,498	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2006	1,934,455	1,934,455	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2007	1,920,486	1,920,486	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2008	1,900,640	1,900,640	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2009	1,764,949	1,764,949	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2010	1,780,177	1,780,177	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2011	1,899,202	1,899,202	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2012	1,980,912	1,980,912	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>

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

<sup>1</sup> 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 <sup>1</sup>	Water and Sewer Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2003	5,901,907	3,461,216	2,440,691	- <sup>3</sup>	932,128	2.62
2004	7,261,239	4,339,959	2,921,280	- <sup>3</sup>	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 <sup>4</sup>	2.56
2011	10,561,295	7,080,592	3,480,703	535,000	660,640	2.91
2012	10,496,535	6,377,695	4,118,840	580,000	643,307	3.37

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

<sup>1</sup> Operating revenue is computed per bond resolution requirements. Investment earnings are included.

<sup>2</sup> Operating expense is computed per bond resolution requirements. Depreciation expense is not included.

<sup>3</sup> 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.

<sup>4</sup> Includes interest paid on the 2000 and 2009 Refunding Bonds

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

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income (amounts expressed in thousands)</b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Median Age<sup>2</sup></b>	<b>Education Level in Years of Formal Schooling<sup>2</sup></b>	<b>School Enrollment<sup>3</sup></b>	<b>Unemployment Rate<sup>4</sup></b>
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	5,640	3.3%
2007	22,882	500,338	21,866	36.8	13.6	5,915	3.8%
2008	23,476	696,040	29,649	39.6	13.2	5,436	7.1%
2009	24,199	717,597	29,654	39.7	13.2	4,900	12.3%
2010	28,742	727,000	25,294	36.8	13.6	5,024	9.8%
2011	29,358	748,482	25,495	40.9	13.6	5,116	9.3%
2012	29,827	784,361	26,297	46.8	13.6	5,158	7.0%

Sources: <sup>1</sup> College of Business Administration, University of Florida - Bureau of Economic and Business Research

<sup>2</sup> Metro Orlando Economic Development Commission

<sup>3</sup> Lake County School Board

<sup>4</sup> U.S. Department of Labor, Bureau of Labor Statistics

*Note: Unemployment rate information was only available on a countywide basis through 2009.*

\* Information is not available.

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

<u>Employer</u>	<u>2012</u>			<u>2003</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	22,680			8,114		
South Lake Hospital, Inc.	1,114	1	4.91%	715	1	8.81%
Publix Supermarkets	642	2	2.83%	200	4	2.46%
Lake County School System	340	3	1.50%	501	2	6.17%
Lowe's	320	4	1.41%			
Target Corporation	310	5	1.37%	230	3	
Walmart	306	6	1.35%			
City of Clermont	257	7	1.13%	188	6	2.32%
Winn Dixie	207	8	0.91%	125	9	
Progressive Plumbing Inc	200	9	0.88%			
Westminister Care of Clermont	175	10	0.77%	200	4	2.46%
Kmart				100	10	1.23%
CBS Builders Supply Inc.				158	8	1.95%
Home Depot				165	7	2.03%
<b>TOTAL</b>	<b>3,871</b>		<b>17.07%</b>	<b>1,667</b>		<b>20.54%</b>

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>2012</u>			<u>2003</u>		
	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow<sup>1</sup></u>	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow</u>
Kings Ridge	262,412	1	10.97%	*	*	*
City of Clermont	51,830	2	2.17%	*	*	*
South Lake Hospital	32,481	3	1.36%	*	*	*
Lake County Schools	25,853	4	1.08%	*	*	*
Westminster Comm Care Service	15,314	5	0.64%	*	*	*
Gardens at Citrus Tower	12,505	6	0.52%	*	*	*
Sundance Clermont Apartments	11,483	7	0.48%	*	*	*
Village at East Lake Apartments	11,087	8	0.46%	*	*	*
Osprey Ridge Apartments LTD	8,799	9	0.37%	*	*	*
The Vista at Lost Lake	8,646	10	0.36%	*	*	*
<b>TOTAL</b>	<b>440,410</b>		<b>18.42%</b>	<b>*</b>		<b>*</b>

<sup>1</sup> The City of Clermont had a total metered water flow of approximately 2,391,485,000 gallons for the 12-month period ending September 30, 2012

\* Information is not available.

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

<u>Employer</u>	<u>2012</u>			<u>2003</u>		
	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow<sup>1</sup></u>	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow</u>
South Lake Hospital	32,481	1	2.34%	*	*	*
Lake County Schools	17,651	2	1.27%	*	*	*
Westminster Comm Care Service	14,654	3	1.06%	*	*	*
Village at East Lake	11,087	4	0.80%	*	*	*
The Vista at Lost Lake	8,646	5	0.62%	*	*	*
Emerald Lakes of Clermont	8,456	6	0.61%	*	*	*
City of Clermont	7,688	7	0.55%	*	*	*
Hwy 27 17156 LLC (BP)	5,624	8	0.41%	*	*	*
Oak Ridge Apartments**	4,604	9	0.33%	*	*	*
Lost Lake Apartments	3,996	10	0.29%	*	*	*
TOTAL	<u>114,887</u>		<u>8.29%</u>	<u>*</u>		<u>*</u>

<sup>1</sup> The City of Clermont had a total metered water flow for wastewater billing purposes of approximately 1,385,491,526 gallons for the 12-month period ending September 30, 2012

\* Information is not available.

\*\* Formerly reported as Empirian Property Management

**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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Government	23.00	22.50	25.50	27.50
Public Safety:				
Police				
Sworn personnel	31.00	34.00	38.00	45.00
Non sworn personnel	11.00	12.00	16.00	16.00
Fire				
Firefighters	13.00	19.00	22.00	38.00
Other personnel	1.00	1.00	1.00	2.00
Physical Environment	0.50	7.50	7.50	10.00
Transportation	13.16	13.25	13.25	13.70
Human Services	1.75	2.25	2.25	2.00
Culture & Recreation	23.50	19.45	19.45	22.20
Water	20.32	22.90	23.40	25.40
Sewer	19.22	25.80	25.30	26.30
Stormwater	4.49	4.65	4.65	7.20
Sanitation	9.06	8.70	8.70	8.70
Total	<u>171.00</u>	<u>193.00</u>	<u>207.00</u>	<u>244.00</u>

Source: City of Clermont Administrative Services Department.

**Full-time Equivalent Employees as of September 30,**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
30.50	30.50	31.00	28.00	27.00	25.85
51.00	53.00	53.00	57.00	57.00	57.00
16.00	17.00	17.00	16.00	5.00	5.00
45.00	49.00	47.85	48.00	48.00	47.80
2.00	2.00	2.00	2.00	2.00	2.00
10.00	10.00	11.65	10.90	5.40	4.60
15.20	15.60	15.60	15.35	13.50	14.80
2.00	2.00	0.00	0.00	0.00	0.00
26.20	26.60	25.60	21.10	22.00	21.20
26.90	29.40	29.40	29.15	29.15	29.45
27.80	26.30	26.30	26.05	25.85	24.50
8.70	8.80	8.80	9.15	9.40	7.95
<u>14.70</u>	<u>16.80</u>	<u>16.80</u>	<u>16.30</u>	<u>16.70</u>	<u>16.85</u>
<u>276.00</u>	<u>287.00</u>	<u>285.00</u>	<u>279.00</u>	<u>261.00</u>	<u>257.00</u>

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

<b>Function</b>	<b>Fiscal Year</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>General Government</b>				
Municipal boundary (square miles)	11.88	11.97	12.45	14.13
Business Tax Receipts issued	1,468	1,551	1,795	1,985
A/P Checks issued	4,940	4,967	5,415	5,664
Commercial construction (units)	22	24	23	38
Commercial construction (value in thousands)	18,758	14,272	7,115	17,534
Residential construction (units)	959	1,155	673	635
Residential construction (value in thousands)	124,837	158,458	103,672	186,189
<b>Public Safety:</b>				
<b>Police</b>				
Auto accidents	489	541	671	625
Physical arrests	449	414	500	707
911 calls received	*	5,580	6,262	7,008
Evidence processed (pieces)	1,075	1,054	1,127	1,610
Parking violations	48	87	71	161
Traffic violations	2,713	2,394	2,855	5,259
<b>Fire</b>				
Volunteer firefighters	34	34	27	27
Fire inspections completed	441	483	457	625
Emergency calls answered	2,506	3,093	3,321	3,132
Non-emergency calls answered	86	143	143	189
<b>Human Services</b>				
Animals captured**	364	562	445	495
<b>Water</b>				
Residential accounts	10,529	12,751	14,284	15,733
Commercial accounts	723	817	921	993
Annual water usage (thousands of gallons)	1,338,818	1,655,203	1,788,337	2,121,588
<b>Sewer</b>				
Residential accounts	7,650	9,217	10,176	11,125
Commercial accounts	673	767	883	955

Sources: Various government departments.

\* Data not available.

\*\* Program was discontinued in FY 07-08

<b>Fiscal Year</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
14.37	14.42	14.43	14.76	14.90	14.95
2,141	2,263	1,771	1,833	1,843	2,237
6,023	6,440	6,042	5,722	4,875	2,336
24	42	19	10	3	8
24,433	18,859	13,223	8,357	18,020	15,203
324	301	204	305	151	173
136,477	56,578	56,092	53,202	23,558	25,882
1,192	1,272	972	955	1,121	1,259
933	842	949	854	699	644
6,317	6,046	6,828	5,230	5,587	5,911
1,585	1,300	1,652	1,349	1,297	1,413
140	145	107	137	378	201
5,164	5,103	4,553	4,981	6,312	5,389
9	8	10	6	6	6
414	880	979	2,121	896	662
3,048	3,177	3,155	3,112	3,822	3,320
198	234	434	352	805	934
652	-	-	-	-	-
16,394	16,959	17,375	17,884	18,240	18,619
1,069	1,156	1,201	1,206	1,210	1,207
2,654,352	2,589,664	2,312,962	2,054,236	2,275,936	2,391,485
11,554	11,913	12,154	12,508	12,722	12,936
1,031	1,120	1,158	1,158	1,167	1,166

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

Function	Fiscal Year			
	2003	2004	2005	2006
General Government				
Public Safety:				
Police				
Police stations	1	1	1	1
Patrol units	31	34	38	45
Fire				
Fire stations	3	3	3	3
Staffed fire stations	2	2	2	2
Fire hydrants	1,064	1,200	1,431	1,630
Fire apparatus	7	7	8	9
Staffed fire apparatus	2	2	3	4
ALS non-transport units	2	3	3	3
Transportation				
Streets paved (miles)	92.90	97.00	101.39	109.94
Streetlights	1,056	1,106	1,131	1,231
Culture & Recreation				
Number of parks	22	22	22	22
Parks acreage	101.5	101.5	101.5	349.5
Scenic linear trail (miles)	3.5	3.5	5.7	5.7
Tennis courts	6	8	8	8
Fishing piers	4	4	4	4
Boat ramp	1	1	1	1
Water				
Miles of water mains	88.74	92.94	97.23	104.52
Sewer				
Miles of sanitary sewers	39.05	41.15	44.26	49.51
Miles of storm sewers	9.11	9.53	10.27	11.13

Sources: Various government departments.

<b>Fiscal Year</b>						
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	
1	1	1	1	1	1	1
45	45	45	45	46	46	
3	3	3	4	4	4	
3	3	3	3	3	3	
1,896	2,140	2,140	2,012	2,016	2,048	
9	9	9	8	7	8	
5	5	5	5	5	5	
3	3	4	4	4	4	
122.93	126.16	131.72	133.20	133.20	133.20	
1,256	1,331	1,331	1,352	1,352	3,103	
22	22	22	22	23	23	
349.5	349.5	349.5	349.5	349.5	349.5	
5.7	5.7	5.7	5.7	5.7	5.7	
8	9	9	9	9	9	
4	4	4	4	4	4	
1	1	1	1	1	1	
115.02	115.98	122.83	124.11	197.40	242.36	
56.98	59.40	65.18	66.19	132.02	156.81	
18.07	20.88	24.61	26.32	89.80	105.38	



**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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of *City of Clermont, Florida*, as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 5, 2013. 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**

Management of the City is responsible for establishing and maintaining effective 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.

**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

## **Compliance and Other Matters**

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

We noted certain matters that we reported to management of City of Clermont, Florida, in a separate letter dated March 5, 2013.

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.

*McDiarmid Davis & Company, LLC*

March 5, 2013

## 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, 2012, and have issued our report thereon dated March 5, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on and Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 5, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports.

- 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. There were no findings in the preceding annual financial 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 recommendations to improve financial management. See Appendix A to this report.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

**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

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- 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, 2012 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, 2012. We determined that these two reports are in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representative, the Florida Auditor General and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specific parties.

*McDiernit Davis & Company, LLC*

March 5, 2013

**APPENDIX A - RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT**

Year Ended September 30, 2012

**ML12-1- Pay Rate Review**

**Criteria** – Pay rate information should be reviewed for accuracy prior to processing payroll.

**Condition** - Once pay rates for new hires or rate changes are approved, Human Resources manually inputs them into the system, and only Human Resources reviews the entries to ensure input accuracy.

**Cause** - Due to limited segregation of duties, minimal controls are in place to ensure the accuracy of manual inputs into the payroll system.

**Effect** - Pay rates could be input erroneously, and could result in overpaying an employee.

**Recommendation** - We recommend that the City implement procedures to properly review manually entered information. We noted that during the course of the year, and prior to year end, the City had implemented additional procedures to address these segregation of duties issues.



# 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.

### Pay Rate Review

In May 2012, the City moved the payroll function from the Human Resources Department to the Finance Department. At that time, automated workflow approval procedures were put in place to ensure that pay rate information was being properly reviewed by both Human Resources and Finance. Pay rate changes are not processed through payroll until these approvals and supporting documentation have been verified, thus ensuring that employees are paid correctly.

  
\_\_\_\_\_  
Joseph Van Zile  
Finance Director  
City of Clermont, Florida

March 29, 2013

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, 2012. 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 January 23, 2013. 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. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

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

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

### *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 5, 2013.

### *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.

### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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,

*McDermitt Davis & Company, LLC*

March 5, 2013