

# *CITY OF CLERMONT FLORIDA*

## *Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2013*



## *Clermont Community Center*

*The Clermont Community Center had its grand opening on April 17, 2013. The \$2.2-million building has been a welcome addition to the City of Clermont and the site of hundreds of weddings, receptions, quinceaneras and civic meetings in addition to its use by the City. The stunning 3,935-square-foot banquet and event venue offers the community everything from rentals for the entire building to small-to-medium meeting spaces, a patio, board room and commercial kitchen. This versatile, popular addition to our City includes Wi-Fi and is home to the South Lake Chamber of Commerce.*

# *City of Clermont, Florida*

## *COMPREHENSIVE ANNUAL FINANCIAL REPORT*

*For The Year Ended September 30, 2013*



*Prepared By  
Finance*

*Regina M. Frazier  
Assistant Finance Director*

*Lacy Smith-Castillo  
Accountant*



CITY OF CLERMONT

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CITY OF CLERMONT

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# CITY OF CLERMONT

March 28, 2014

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, 2013. 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, 2013.

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, 2013, 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 unmodified opinion that the City of Clermont's financial statements for the fiscal year ended September 30, 2013, 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 30,201. 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 Recreation and Events Department operates 23 parks, 5.7 miles of scenic paved trails, 5 piers measuring a total of 996 feet, 1-612 foot boardwalk, 7 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 20-21, the Infrastructure Fund is presented on page 22 and the Community Redevelopment Special Revenue fund is presented on page 23 as part of the basic financial statements for the governmental funds. The Capital Projects Fund is presented on page 70 and the Debt Service Fund is presented on page 71, followed by the other governmental funds, which start on page 76.

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, 2013, Lake County's unemployment rate was 6.9%, which is a decrease of 2% from 2012. Clermont's unemployment rate was below the County average for the 3<sup>rd</sup> year in a row at 5.8% for 2013. This is lower than both the state's average of 7.1% and the national average of 7.4%. Educational institutions in Clermont such as Lake-Sumter State 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 purchase of a new City facility (yet to be named) - In December 2013 a 69,000 square foot facility on 45 acres with recreational and entertainment amenities was purchased and is scheduled to open in June 2014. The total cost to purchase, renovate and open the facility is anticipated to be \$6.5 million. The purchase was funded by a bank loan with repayment to come from the general fund, recreation impact fees, and police impact fees. Renovations are being funded primarily by the general fund.
- The replacement of the existing Police Station – Along with the purchase of the new facility, the City has decided to move the construction of the new police station from the property we originally purchased to this new site. This change requires new plans that are currently in the design phase. Administrative personnel will occupy 10,000 square feet of the existing building and an additional 16,000 square feet will be constructed. The project is now anticipated to cost \$4.5 million (a savings of \$1.8 million) and will be funded from police impact fees and infrastructure sales taxes.
- Lake Hiawatha Preserve - The development of the 220-acre passive park located on Lake Hiawatha and Lake Minneola. The first phase of the project is

anticipated to cost \$2.76 million and will be funded from grants and recreation impact fees.

- The construction of the East-West Water System Interconnects – The connection of the two water systems at multiple locations to improve water quality, system hydraulics and reliability. The project is anticipated to cost \$1.25 million 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.

The Clermont City Council and management through careful short and long range planning and sound management practices are committed to budgeting and managing all resources in the most cost effective manner.

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

The City administers a cash management and investment program that seeks to maximize, in order of priority, the preservation of funds, liquidity and interest earnings over its cash and investments. Cash resources of the individual funds are combined to form a pool of cash and investments. The average cash and investment pool balance during the year (not including pension funds) was \$52,709,167.47 and the average investment earnings rate was 0.41%. 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 \$26,011,990 and the average investment income was 11.98%.

### **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, 2012. This was the twenty-fifth 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 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





Government Finance Officers Association

**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, 2012**

Executive Director/CEO



CITY OF CLERMONT, FLORIDA  
LIST OF ELECTED AND APPOINTED OFFICIALS  
SEPTEMBER 30, 2013

**ELECTED OFFICIALS**

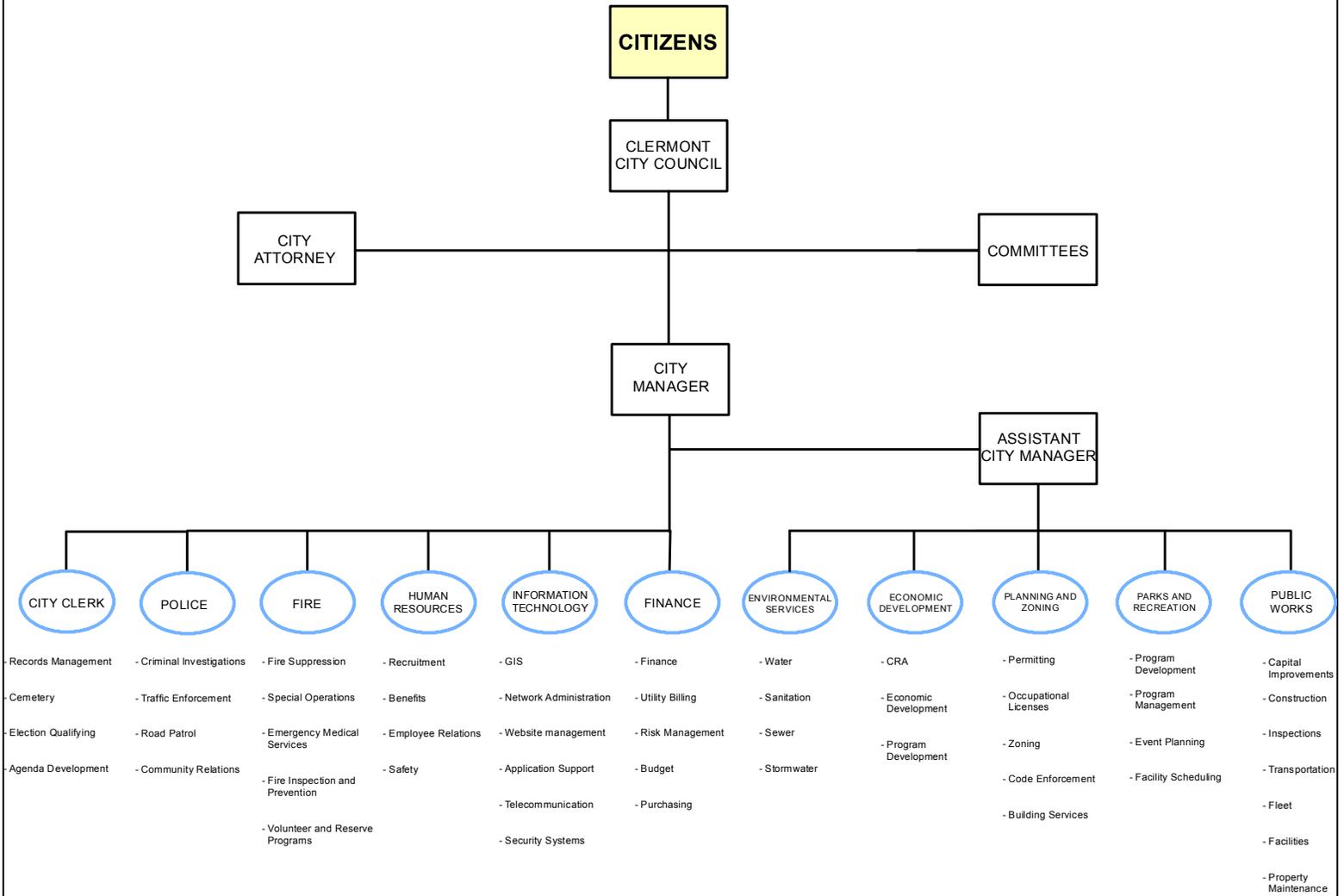
Mayor	Harold Turville, Jr.
Mayor Pro-Tem	Ray Goodgame
Council Member	Keith Mullins
Council Member	Rick VanWagner
Council Member	Timothy Bates

**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	Susan Irby
Information Technology Director	Don Dennis
Planning Director	Barbara Hollerand
Police Chief	Charles Broadway
Public Works Director	Stoney Brunson



# CITY OF CLERMONT



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
*City of Clermont, Florida*

### ***Report on the Financial Statements***

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

*City of Clermont's* management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

MCDIRMIT DAVIS & COMPANY, LLC

934 N. MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803  
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

## **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 City of Clermont, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows 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 accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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 page 3 through 13 and 65 through 67 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise *City of Clermont's* basic financial statements. 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 financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 2014 on our consideration of *City of Clermont's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *City of Clermont's* internal control over financial reporting and compliance.

*McDiernit Davis & Company, LLC*

March 27, 2014

## *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, 2013. 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 and deferred outflows of resources exceeded its liabilities at September 30, 2013 by \$148,753,079 (net position). Of this amount, \$31,914,535 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,679,872 (or 4%) over the previous fiscal year.
- At September 30, 2013, the City of Clermont's governmental funds reported combined ending fund balances of \$19,323,399 a decrease of \$1,199,729 from the previous fiscal year. Of this amount \$8,878,429 (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 \$8,878,429, which represents 50.3% 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 Position* and a *Statement of Activities*. These statements appear on pages 15 and 16 of the report.

The *Statement of Net Position* presents information on all of the City's assets and liabilities and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, Capital Projects Fund, Infrastructure Fund, Community Redevelopment Fund and the Debt Service Fund, all of which are considered to be major funds. Data from the other five 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 20-21), the Infrastructure Fund (page 22) and the Community Redevelopment Fund (page 23) to demonstrate compliance with budgets. Other major and nonmajor funds comparisons can be found beginning on page 69.

The basic governmental fund financial statements can be found on pages 17 - 23 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 24-29 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 30 - 31 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 33 - 63 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 70 - 84 of this report.

### Government-Wide Financial Analysis

The following is a summary of the City's net position for governmental and business-type activities for the current year as compared to the prior year. For more detail see the Statement of Net Position on pages 15 and 16.

	Governmental Activities		Business-type Activities		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>Assets:</b>						
Current and other assets	\$ 20,829,483	\$ 22,237,315	\$ 36,020,100	\$ 32,577,071	\$ 56,849,583	\$ 54,814,386
Capital assets	42,562,445	39,691,706	72,841,377	71,859,641	115,403,822	111,551,347
Total assets	63,391,928	61,929,021	108,861,477	104,436,712	172,253,405	166,365,733
<b>Deferred Outflows of Resources:</b>						
Deferred charge of refunding	-	-	580,436	-	580,436	-
Total deferred outflows of resources	-	-	580,436	-	580,436	-
<b>Liabilities:</b>						
Long-term liabilities outstanding	5,527,257	5,384,288	16,045,238	15,802,194	21,572,495	21,186,482
Other liabilities	701,362	1,355,270	1,806,905	1,480,326	2,508,267	2,835,596
Total liabilities	6,228,619	6,739,558	17,852,143	17,282,520	24,080,762	24,022,078
<b>Invested in capital assets,</b>						
Net of related debt	39,950,445	36,611,706	57,862,471	57,241,409	97,812,916	93,853,115
Restricted	9,489,732	8,877,028	9,535,896	9,477,232	19,025,628	18,354,260
Unrestricted	7,723,132	9,700,729	24,191,403	20,435,551	31,914,535	30,136,280
<b>Total net position</b>	<b>\$ 57,163,309</b>	<b>\$ 55,189,463</b>	<b>\$ 91,589,770</b>	<b>\$ 87,154,192</b>	<b>\$148,753,079</b>	<b>\$142,343,655</b>

The City's total net position at September 30, 2013 was \$148,753,079. Of the City's total net position \$97,812,916 (65.8%) 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 position, \$19,025,628 (12.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's total net position, \$31,914,535 (21.4%) 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 position increased by \$5,679,872 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.

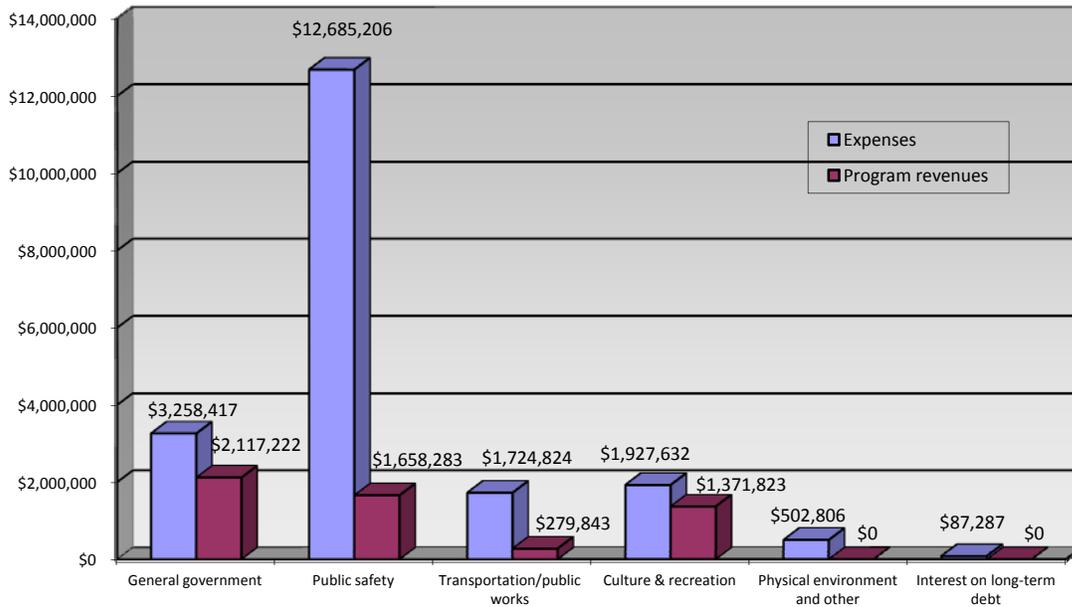
The following is a summary of the City's governmental and business-type activities for fiscal year 2012-13, including revenues and expenses, with a comparison to the prior year. For more detail see the Statement of Activities on page 16.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>Revenues:</b>						
Program revenues -						
Charges for services	\$ 4,419,357	\$ 2,703,623	\$ 14,209,383	\$ 13,829,412	\$ 18,628,740	\$ 16,533,035
Operating grants and contributions	895,725	1,190,851	-	-	895,725	1,190,851
Capital grants and contributions	112,089	27,477	3,429,673	1,751,977	3,541,762	1,779,454
General revenues -					-	-
Property Taxes	5,349,583	5,535,397	-	-	5,349,583	5,535,397
Business Taxes	111,195	113,140	-	-	111,195	113,140
Franchise Fees	2,122,797	2,188,928	-	-	2,122,797	2,188,928
Utility Taxes	2,490,461	2,430,440	-	-	2,490,461	2,430,440
Intergovernmental	5,801,871	5,062,701	-	-	5,801,871	5,062,701
Investment income and miscellaneous	378,401	388,167	149,251	288,699	527,652	676,866
Gain on sale of capital assets	-	-	17,815	-	17,815	-
<b>Total revenues</b>	<b>21,681,479</b>	<b>19,640,724</b>	<b>17,806,122</b>	<b>15,870,088</b>	<b>39,487,601</b>	<b>35,510,812</b>
<b>Expenses:</b>						
General government	3,258,417	4,211,118	-	-	3,258,417	4,211,118
Public safety	12,685,206	12,167,658	-	-	12,685,206	12,167,658
Physical environment	303,130	248,457	-	-	303,130	248,457
Transportation	1,724,824	1,718,598	-	-	1,724,824	1,718,598
Economic environment	199,676	115,692	-	-	199,676	115,692
Culture and recreation	1,927,632	1,045,549	-	-	1,927,632	1,045,549
Interest on long-term debt	87,287	136,817	-	-	87,287	136,817
Water	-	-	4,153,922	4,051,369	4,153,922	4,051,369
Sewer	-	-	6,105,933	5,752,342	6,105,933	5,752,342
Sanitation	-	-	2,464,867	2,567,157	2,464,867	2,567,157
Stormwater	-	-	896,835	939,087	896,835	939,087
<b>Total expenses</b>	<b>20,186,172</b>	<b>19,643,889</b>	<b>13,621,557</b>	<b>13,309,955</b>	<b>33,807,729</b>	<b>32,953,844</b>
Increase (Decrease) in Net Position Before Transfers	1,495,307	(3,165)	4,184,565	2,560,133	5,679,872	2,556,968
Transfers	478,539	452,558	(478,539)	(452,558)	-	-
<b>Increase in Net Position</b>	<b>1,973,846</b>	<b>449,393</b>	<b>3,706,026</b>	<b>2,107,575</b>	<b>5,679,872</b>	<b>2,556,968</b>
Net Position – Beginning, as restated	55,189,463	54,740,070	87,883,744	85,046,617	143,073,207	139,786,687
<b>Net Position – Ending</b>	<b>\$ 57,163,309</b>	<b>\$ 55,189,463</b>	<b>\$ 91,589,770</b>	<b>\$ 87,154,192</b>	<b>\$148,753,079</b>	<b>\$142,343,655</b>

**Governmental activities** - Governmental activities increased the City of Clermont's net position by \$1,973,846, which is primarily due to increased general government revenues.

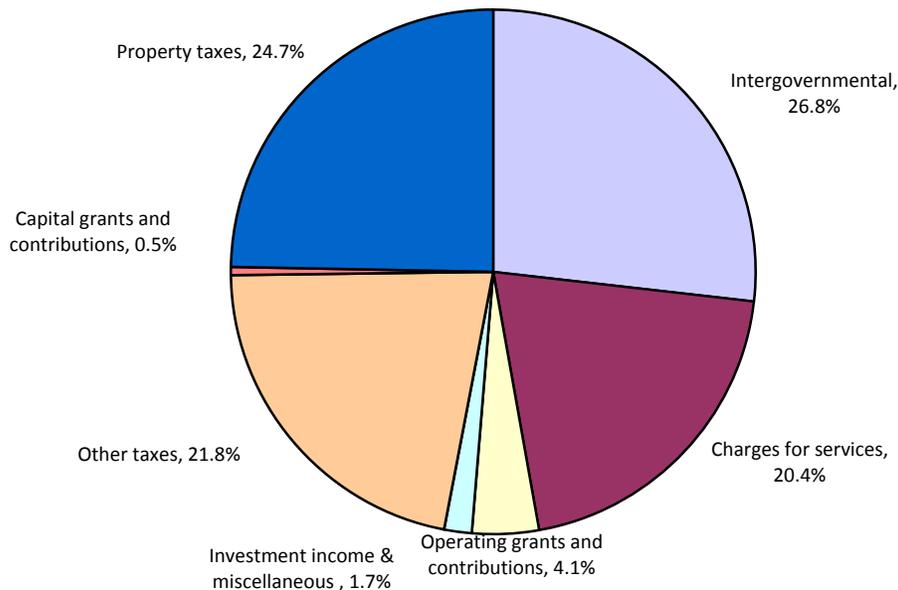
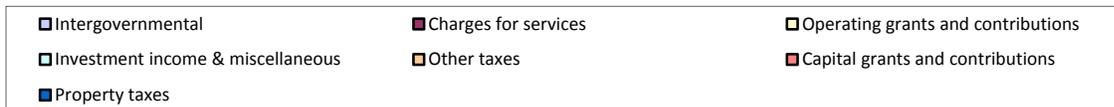
The following graph is a comparison of program revenues and program expenses for all governmental activities. This chart is intended to give the reader an idea of the degree to which governmental activities are self-supporting.

**Expenses and Program Revenues - Governmental Activities**



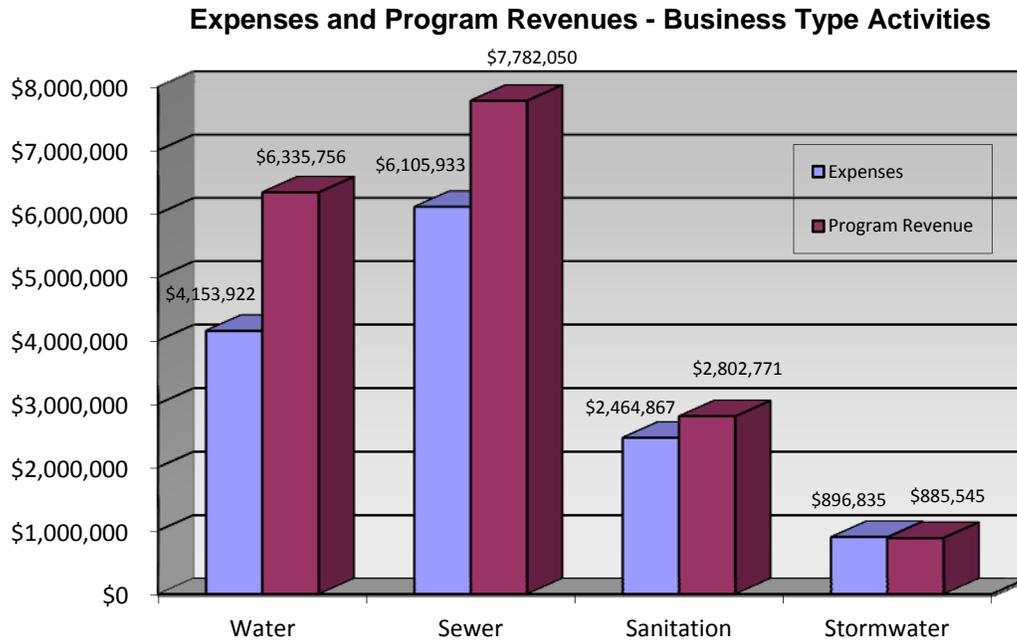
The following pie chart illustrates the composition of governmental activities revenue and its percent in relation to total governmental activities revenues.

**Revenues by Source - Governmental Activities**

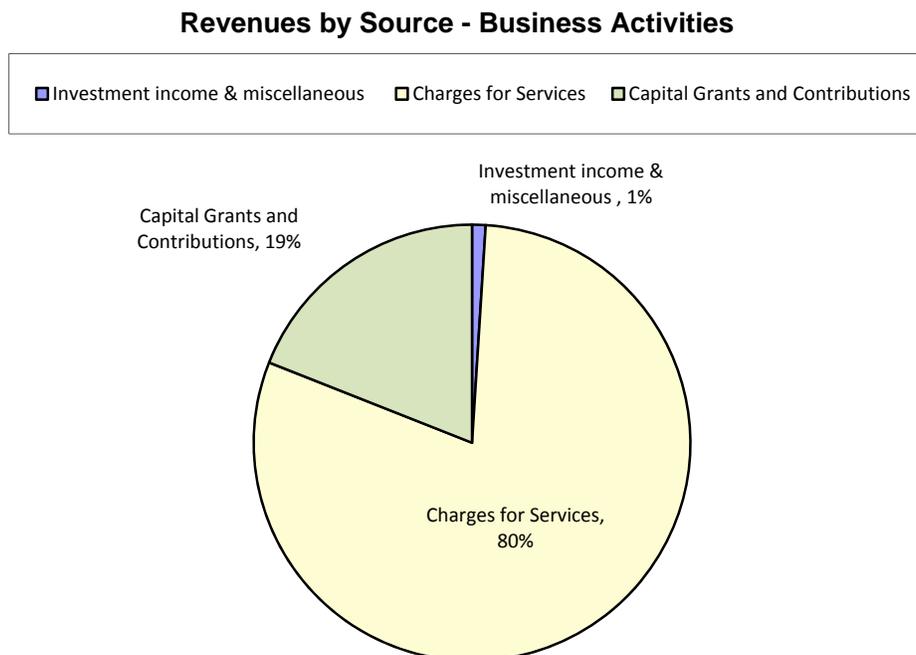


**Business-type activities** - Business-type activities increased the City of Clermont's net position by \$3,706,026. This change was due to increased revenue from services totaling \$379,971 and capital contributions totaling \$3,417,415. These contributions are water and sewer impact fees paid by developers. The fees were adopted by the City to require new development to pay its proportionate share of the capital costs necessary to accommodate new development impacts on the City's water and sewer system. The City is using this revenue for large capital projects that are currently under construction such as the Reclaim Water System Expansion and the Supplemental Well.

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.



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



## 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, 2013, the City of Clermont's governmental funds reported combined ending fund balances of \$19,323,399 a decrease of \$1,199,729 in comparison with the prior year. This decrease is primarily due to the use of accumulated funds for general fund operations including costs of insurance increases, a departmental reorganization and a property purchase. Of the governmental funds combined ending fund balances, \$8,878,429 (45.9%) represents *unassigned fund balance*, which is available for spending at the City's discretion. An additional \$764,848 (*assigned fund balance*) has been set aside for encumbrances and Fiscal Year 2014 expenditures. *Restricted fund balances* totaling over \$8.55 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* (\$1,128,579) 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, 2013, the fund balance in the General Fund was \$10,089,442 a decrease of \$1,112,864 in comparison with the prior year. This decrease is due to current expenditures exceeding current revenues and is \$78,597 more than originally budgeted, however it is just over \$1.5 million less than the revised budget. Revenues exceeded budget by \$1,064,720 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 and miscellaneous revenue and reimbursements such as p-card rebates, rental fees, and sales of assets. Departmental expenditures also came in less than anticipated reducing the amount of reserves used. Of the total fund balance in the General Fund, \$8,878,429 (88%) 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 50.3% of total General Fund expenditures, while total fund balance represents 57.2% 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 2012-13, the fund balance of the capital projects fund decreased by \$667,880 due to construction of planned capital projects.

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 decreased by \$204,047 in FY 2013, which is \$1,300,591 less than the revised budget. This decrease was lower than anticipated due to both higher than budgeted revenues (\$484,666) as well as reduced expenditures and transfers (\$815,925). Planned expenditures for a fiber optic network are being rolled over to FY 2014 due to the delay in construction.

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, 2013, the fund balance was \$707,675, a decrease of \$595,795 over the prior year. This decrease is due to the completion of the underground utilities project in conjunction with the streetscape improvements project as well as additional grants for downtown business owners.

The City has a Debt Service Fund that is considered a major fund under criteria set forth by GASB Statement No. 34. This fund was established to account for the accumulation of resources and payment of bond principal and interest from governmental resources. The fund balance as of September 30, 2013, is \$491,071, which decreased by \$8,171 due to refunding costs. The City issued Public Improvement Refunding Revenue Note, Series 2012 which resulted in an economic gain of \$194,354 and a reduction of \$201,148 in future debt service payments,

The remainder of the change \$1,389,028 to the governmental fund balance was from the non-major governmental funds. Recreation and Police Impact Fee fund balances combined increased a total of \$939,790 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 \$449,238.

***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 and reclaimed irrigation 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, 2013, the City of Clermont's Water Fund reported total net position of \$31,822,029, an increase of \$1,644,299 in comparison with the prior year. This increase in net position is primarily due to an increase in capital contributions.

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, 2013, the City of Clermont's Sewer Fund reported total net position of \$50,167,992, an increase of \$1,627,817 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, 2013, the City of Clermont's Sanitation Fund reported total net position of \$4,666,180, an increase of \$325,886 in comparison with the prior year, which is primarily due to surplus operating income primarily due to lower than anticipated operating expenses.

## General Fund Budgetary Highlights

During the year there was a \$1,973,796 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$788,654 to amend the Police and Fire Department budgets for pension costs funded by the state excise tax on insurance policies.
- \$341,201 to restore the cut in City contributions to the Group Self Insurance Fund.
- \$291,029 to provide pay increases and lump sum payments.
- \$281,797 to amend the City Manager Department budget for actual cost associated with the previous city manager voluntary retirement agreement.
- \$130,619 for the purchase of property on Lake Minneola.
- \$128,760 to amend the Fire Department budget to reflect actual costs.
- \$85,900 for the demolition of Jenkins Auditorium.
- \$82,506 for departmental reorganization plan.
- \$70,069 to amend the legal services budget to reflect actual costs.

General Fund revenue increases totaling \$394,327 were due to the receipt of several public safety grants, which were awarded after the beginning of the fiscal year.

Considering the above noted increases in General Fund budgeted appropriations, actual expenditures were less than budgeted by \$403,053. In addition, actual revenues exceeded the budget by \$1,064,720.

## Capital Assets

The following is a summary of the City of Clermont's capital assets, net of depreciation for governmental and business-type activities for the current year with a comparison to the prior year. Additional information on the City of Clermont's capital assets can be found in Note 7 on pages 49 - 50 of this report.

### Capital Assets

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Land	\$ 23,502,470	\$ 23,327,351	\$ 1,861,820	\$ 1,861,820	\$ 25,364,290	\$ 25,189,171
Buildings	11,305,671	8,056,278	-	-	11,305,671	8,056,278
Infrastructure	5,351,729	4,415,572	65,574,169	62,527,239	70,925,898	66,942,811
Machinery and Equipment	1,522,646	1,084,064	1,502,411	1,861,528	3,025,057	2,945,592
Intangibles	25,002	110,025	-	-	25,002	110,025
Construction in Progress	854,927	2,698,416	3,902,977	5,609,054	4,757,904	8,307,470
<b>Total</b>	<b>\$ 42,562,445</b>	<b>\$ 39,691,706</b>	<b>\$ 72,841,377</b>	<b>\$ 71,859,641</b>	<b>\$ 115,403,822</b>	<b>\$ 111,551,347</b>

The City of Clermont's investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounts to \$115,403,822 (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 \$3,852,475. Major capital asset events during the current fiscal year included the following:

- Completion of the Community Center - \$2,037,163 was added and prior years Construction in Progress in the amount of \$1,746,906 was moved to Buildings for a total project cost of \$3,784,069.
- Completion of the AMR Water Meter Replacement Project - \$449,579 was added and prior years Construction in Progress in the amount of \$2,464,633 was moved to Infrastructure/Improvements for a total project cost of \$2,914,212.
- Completion of Disston Avenue Stormwater Project - \$3,625 was added and prior years Construction in Progress in the amount of \$630,024 was moved to Infrastructure/Improvements for a total project cost of \$633,649.
- Purchase of an aerial fire truck for \$599,295. Construction in progress includes construction of the Lake Hiawatha Development, Police Headquarters, Water and Sewer Security Improvements, East-West Water System Interconnects, and Reclaimed Water Storage Tank.
- Completion of Hook Street Reclaim Expansion - \$179 was added and prior years Construction in Progress in the amount of \$193,057 was moved to Infrastructure/Improvements for a total project cost of \$193,236.
- Construction of the KaBoom! Playground and Nature Explorer Center at West Beach - \$164,617.
- Purchase of land on Lake Minneola for \$133,119.
- Construction in progress includes construction of the Police Headquarters, Lake Hiawatha Preserve, East-West Water System Interconnects, Water and Sewer Security Improvements and West Water Treatment Facility, and Reclaimed Water Storage Tank.

## Debt Administration

The following is a summary of the City's long-term debt for governmental and business-type activity for the current year with a comparison to the prior year. Additional information on long-term debt can be found in Note 8 on pages 51 - 52 of this report.

### Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Revenue bonds payable	\$ -	\$ 3,080,000	\$ 14,930,000	\$ 15,525,000	\$ 14,930,000	\$ 18,605,000
Note payable	2,612,000	-	-	-	2,612,000	-
<b>Total</b>	<b>\$ 2,612,000</b>	<b>\$ 3,080,000</b>	<b>\$ 14,930,000</b>	<b>\$ 15,525,000</b>	<b>\$ 17,542,000</b>	<b>\$ 18,605,000</b>

At the end of the current fiscal year, the City of Clermont had total debt outstanding of \$17,542,000, which includes revenue bonds payable and a note payable.

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

- The annual unemployment rate for Lake County in 2013 was 6.9%, which is a decrease of 2.0% from 2012. Clermont's unemployment rate was below the County average for the 4th year in a row at 5.8% for 2013. This is lower than both the state's average of 7.1% and the national average of 7.4%.
- The taxable value of commercial and residential property decreased 3.2% from fiscal year 2011-12 to fiscal year 2012-13 due to declining home values and foreclosures.
- Population increased 1.3% from 29,827 in 2012 to 30,201 in 2013.

As of September 30, 2013, the General Fund unassigned fund balance was \$8,878,429. In addition, the City appropriated \$759,225 for spending in the 2013-14 fiscal year budget. The property tax rate included for the General Fund for the 2013-14 fiscal year budget increased by 0.587 mills to 3.729, the City's first increase since 2001. Property tax revenue is projected to be \$909,104 higher in fiscal year 2013-14 due to the increase in the millage rate. This increase will help the City to complete repairs that have been put off due to the revenue reductions as well as implementing new initiatives.

No utility rate adjustments were proposed for the 2013-14 fiscal year with the exception of the sewer rate structure. The sewer rates increased 1.63% on October 1, 2013 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 POSITION**

September 30, 2013

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 16,019,976	\$ 18,097,892	\$ 34,117,868
Investments	3,953,993	7,389,121	11,343,114
Receivables, net	500,175	1,259,790	1,759,965
Inventories	23,072	335,580	358,652
Due from other governments	348,747	-	348,747
Internal balances	(200,099)	200,099	-
Prepaid costs	167,947	120,986	288,933
Restricted assets:			
Cash and cash equivalents	-	1,480,877	1,480,877
Investments	-	7,105,608	7,105,608
Interest receivable	15,672	30,147	45,819
Bond issuance costs	-	-	-
Capital assets not being depreciated	24,357,397	5,764,797	30,122,194
Capital assets being depreciated, net of accumulated depreciation	18,205,048	67,076,580	85,281,628
Total assets	<u>63,391,928</u>	<u>108,861,477</u>	<u>172,253,405</u>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	-	580,436	580,436
Total deferred outflows of resources	<u>-</u>	<u>580,436</u>	<u>580,436</u>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	701,362	1,806,905	2,508,267
Noncurrent liabilities:			
Due within one year	632,605	639,147	1,271,752
Due in more than one year	4,894,652	15,406,091	20,300,743
Total liabilities	<u>6,228,619</u>	<u>17,852,143</u>	<u>24,080,762</u>
<b>Net Position:</b>			
Net investment in capital assets	39,950,445	57,862,471	97,812,916
Restricted for:			
Capital Improvements	-	9,535,896	9,535,896
Community redevelopment	707,675	-	707,675
Public safety	3,335,576	-	3,335,576
Culture and recreation	1,671,643	-	1,671,643
Infrastructure	2,346,207	-	2,346,207
Debt service	491,071	-	491,071
Perpetual care:			
Nonexpendable	937,560	-	937,560
Unrestricted	<u>7,723,132</u>	<u>24,191,403</u>	<u>31,914,535</u>
Total net position	<u>\$ 57,163,309</u>	<u>\$ 91,589,770</u>	<u>\$ 148,753,079</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, 2013

Functions/Programs:	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 3,258,417	\$ 2,117,222	\$ -	\$ -	\$ (1,141,195)	\$ -	\$ (1,141,195)
Public safety	12,685,206	1,040,312	615,882	2,089	(11,026,923)	-	(11,026,923)
Physical environment	303,130	-	-	-	(303,130)	-	(303,130)
Transportation/public works	1,724,824	-	279,843	-	(1,444,981)	-	(1,444,981)
Economic environment	199,676	-	-	-	(199,676)	-	(199,676)
Culture and recreation	1,927,632	1,261,823	-	110,000	(555,809)	-	(555,809)
Interest on long-term debt	87,287	-	-	-	(87,287)	-	(87,287)
Total governmental activities	<u>20,186,172</u>	<u>4,419,357</u>	<u>895,725</u>	<u>112,089</u>	<u>(14,759,001)</u>	<u>-</u>	<u>(14,759,001)</u>
Business-type activities							
Water	4,153,922	5,215,188	-	1,038,052	-	2,099,318	2,099,318
Sewer	6,105,933	5,356,632	-	2,379,363	-	1,630,062	1,630,062
Sanitation	2,464,867	2,775,223	-	-	-	310,356	310,356
Stormwater	896,835	862,340	-	12,258	-	(22,237)	(22,237)
Total business-type activities	<u>13,621,557</u>	<u>14,209,383</u>	<u>-</u>	<u>3,429,673</u>	<u>-</u>	<u>4,017,499</u>	<u>4,017,499</u>
Total primary government	<u>\$ 33,807,729</u>	<u>\$ 18,628,740</u>	<u>\$ 895,725</u>	<u>\$ 3,541,762</u>	<u>(14,759,001)</u>	<u>4,017,499</u>	<u>(10,741,502)</u>
General revenues:							
Property taxes					5,349,583	-	5,349,583
Business taxes					111,195	-	111,195
Franchise fees					2,122,797	-	2,122,797
Utility taxes					2,490,461	-	2,490,461
Intergovernmental - unrestricted					5,801,871	-	5,801,871
Unrestricted investment earnings					113,537	149,251	262,788
Miscellaneous					264,864	-	264,864
Gain on sale of capital assets					-	17,815	17,815
Transfers					478,539	(478,539)	-
Total general revenues and transfers					<u>16,732,847</u>	<u>(311,473)</u>	<u>16,421,374</u>
Change in net position					1,973,846	3,706,026	5,679,872
Net position - beginning, as restated					55,189,463	87,883,744	143,073,207
Net position - ending					<u>\$ 57,163,309</u>	<u>\$ 91,589,770</u>	<u>\$ 148,753,079</u>

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

CITY OF CLERMONT, FLORIDA

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

September 30, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Infrastructure Special Revenue</u>	<u>Community Redevelopment Special Revenue</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>							
Cash and cash equivalents	\$ 5,882,631	\$ 8,060	\$ 2,191,086	\$ 713,591	\$ 491,071	\$ 5,722,361	\$ 15,008,800
Investments	3,953,993	-	-	-	-	-	3,953,993
Receivables, net	514,423	-	-	-	-	-	514,423
Inventories, at cost	23,072	-	-	-	-	-	23,072
Due from other governments	178,409	-	170,338	-	-	-	348,747
Prepaid costs	166,294	-	-	629	-	1,024	167,947
Total assets	<u>\$ 10,718,822</u>	<u>\$ 8,060</u>	<u>\$ 2,361,424</u>	<u>\$ 714,220</u>	<u>\$ 491,071</u>	<u>\$ 5,723,385</u>	<u>\$ 20,016,982</u>
<b>Liabilities:</b>							
Accounts payable	\$ 287,854	\$ 8,060	\$ 15,217	\$ 6,545	\$ -	\$ 34,381	\$ 352,057
Accrued liabilities	277,764	-	-	-	-	-	277,764
Total liabilities	<u>565,618</u>	<u>8,060</u>	<u>15,217</u>	<u>6,545</u>	<u>-</u>	<u>34,381</u>	<u>629,821</u>
<b>Deferred Inflows of Resources:</b>							
Unavailable revenue - liens and forfeitures	\$ 63,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,762
Total deferred inflows of resources	<u>63,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,762</u>
<b>Fund Balances:</b>							
Nonspendable	189,366	-	-	629	-	938,584	1,128,579
Restricted	256,799	-	2,346,207	707,046	491,071	4,750,420	8,551,543
Assigned	764,848	-	-	-	-	-	764,848
Unassigned	8,878,429	-	-	-	-	-	8,878,429
Total fund balances	<u>10,089,442</u>	<u>-</u>	<u>2,346,207</u>	<u>707,675</u>	<u>491,071</u>	<u>5,689,004</u>	<u>19,323,399</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,718,822</u>	<u>\$ 8,060</u>	<u>\$ 2,361,424</u>	<u>\$ 714,220</u>	<u>\$ 491,071</u>	<u>\$ 5,723,385</u>	

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds. 42,562,445

Accrued interest payable is not due in the current period and therefore is not reported in the funds. (9,490)

Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds. 63,762

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 Position. 750,450

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (5,527,257)

Net Position of Governmental Activities in the Statement of Net Position \$ 57,163,309

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, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Infrastructure Special Revenue</u>	<u>Community Redevelopment Special Revenue</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>							
Taxes	\$ 7,769,274	\$ -	\$ -	\$ 181,965	\$ -	\$ -	\$ 7,951,239
Franchise fees	2,122,797	-	-	-	-	-	2,122,797
Licenses and permits	113,582	-	-	-	-	770,546	884,128
Intergovernmental revenues	4,369,222	-	2,359,456	-	-	-	6,728,678
Charges for services	943,032	-	-	-	-	141,676	1,084,708
Fines and forfeitures	172,414	-	-	-	-	-	172,414
Impact fees/special assessments	-	-	-	-	-	1,908,770	1,908,770
Investment earnings	48,366	3,546	15,710	8,602	1,939	30,160	108,323
Miscellaneous	574,006	-	-	-	-	48,174	622,180
Total revenues	<u>16,112,693</u>	<u>3,546</u>	<u>2,375,166</u>	<u>190,567</u>	<u>1,939</u>	<u>2,899,326</u>	<u>21,583,237</u>
<b>Expenditures:</b>							
Current:							
General government	3,017,424	59,888	70,927	-	-	-	3,148,239
Public safety	11,022,892	-	809,510	-	-	747,013	12,579,415
Physical environment	306,808	-	-	-	-	-	306,808
Transportation	1,174,495	-	88,294	-	-	-	1,262,789
Economic environment	134,865	-	-	587,362	-	-	722,227
Culture and recreation	1,984,394	-	29,951	-	-	-	2,014,345
Debt Service:							
Principal retirement	-	-	-	-	3,080,000	-	3,080,000
Interest and fiscal charges	-	-	-	-	122,164	-	122,164
Capital Outlay:							
General government	-	2,037,163	-	-	-	-	2,037,163
Public safety	-	353,772	-	-	-	-	353,772
Culture and recreation	-	246,583	-	-	-	-	246,583
Total expenditures	<u>17,640,878</u>	<u>2,697,406</u>	<u>998,682</u>	<u>587,362</u>	<u>3,202,164</u>	<u>747,013</u>	<u>25,873,505</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,528,185)</u>	<u>(2,693,860)</u>	<u>1,376,484</u>	<u>(396,795)</u>	<u>(3,200,225)</u>	<u>2,152,313</u>	<u>(4,290,268)</u>
<b>Other Financing Sources (Uses):</b>							
Refunding bonds issued	-	-	-	-	2,612,000	-	2,612,000
Transfers in	484,927	2,025,980	-	-	580,054	-	3,090,961
Transfers out	(69,606)	-	(1,580,531)	(199,000)	-	(763,285)	(2,612,422)
Total other financing sources (uses)	<u>415,321</u>	<u>2,025,980</u>	<u>(1,580,531)</u>	<u>(199,000)</u>	<u>3,192,054</u>	<u>(763,285)</u>	<u>3,090,539</u>
<b>Net Change in Fund Balances</b>	<u>(1,112,864)</u>	<u>(667,880)</u>	<u>(204,047)</u>	<u>(595,795)</u>	<u>(8,171)</u>	<u>1,389,028</u>	<u>(1,199,729)</u>
<b>Fund Balances - Beginning</b>	<u>11,202,306</u>	<u>667,880</u>	<u>2,550,254</u>	<u>1,303,470</u>	<u>499,242</u>	<u>4,299,976</u>	<u>20,523,128</u>
<b>Fund Balances - Ending</b>	<u>\$ 10,089,442</u>	<u>\$ -</u>	<u>\$ 2,346,207</u>	<u>\$ 707,675</u>	<u>\$ 491,071</u>	<u>\$ 5,689,004</u>	<u>\$ 19,323,399</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, 2013

Net change in fund balances - total governmental funds: \$ (1,199,729)

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. 2,760,739

Governmental funds do not report capital asset contributions. In contrast, the Statement of Activities reports capital asset contributions as revenue. 110,000

Revenue reported in the funds must be eliminated from the statement of activities since revenue was recognized in a prior year (16,972)

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. 468,000

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. (576,092)

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. 427,900

Change in net position of governmental activities \$ 1,973,846

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, 2013

	<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	\$ 7,501,906	\$ 7,501,906	\$ 7,769,274	\$ 267,368
Franchise fees	2,091,400	2,091,400	2,122,797	31,397
Licenses and permits	61,100	61,100	113,582	52,482
Intergovernmental revenues	3,422,807	3,817,134	4,369,222	552,088
Charges for services	987,903	987,903	943,032	(44,871)
Fines and forfeitures	127,000	127,000	172,414	45,414
Investment earnings	111,800	111,800	48,366	(63,434)
Miscellaneous	349,730	349,730	574,006	224,276
Total revenues	<u>14,653,646</u>	<u>15,047,973</u>	<u>16,112,693</u>	<u>1,064,720</u>
<b>Expenditures:</b>				
Current:				
General government:				
City council	27,238	27,238	24,877	2,361
City clerk	198,834	218,172	212,662	5,510
City manager	361,813	650,639	648,787	1,852
Finance	1,085,750	880,533	879,225	1,308
Legal services	113,000	183,069	180,349	2,720
Planning & zoning	440,763	468,474	465,600	2,874
Information technology	-	217,934	216,234	1,700
Human resources	-	140,582	140,506	76
Other general government	256,842	256,842	249,184	7,658
	<u>2,484,240</u>	<u>3,043,483</u>	<u>3,017,424</u>	<u>26,059</u>
Public Safety:				
Law enforcement	5,690,386	6,153,424	5,931,450	221,974
Fire control	4,670,391	5,174,581	5,091,442	83,139
	<u>10,360,777</u>	<u>11,328,005</u>	<u>11,022,892</u>	<u>305,113</u>
Physical environment	<u>270,763</u>	<u>295,669</u>	<u>306,808</u>	<u>(11,139)</u>
Transportation	<u>1,190,816</u>	<u>1,212,690</u>	<u>1,174,495</u>	<u>38,195</u>
Economic environment	<u>56,480</u>	<u>159,944</u>	<u>134,865</u>	<u>25,079</u>
Culture and recreation	<u>1,707,059</u>	<u>2,004,140</u>	<u>1,984,394</u>	<u>19,746</u>
Total expenditures	<u>16,070,135</u>	<u>18,043,931</u>	<u>17,640,878</u>	<u>403,053</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, 2013

	<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>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,416,489)</u>	<u>(2,995,958)</u>	<u>(1,528,185)</u>	<u>1,467,773</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	458,170	458,170	484,927	26,757
Transfers out	<u>(75,948)</u>	<u>(75,948)</u>	<u>(69,606)</u>	<u>6,342</u>
Total other financing sources (uses)	<u>382,222</u>	<u>382,222</u>	<u>415,321</u>	<u>33,099</u>
<b>Net Change in Fund Balance</b>	(1,034,267)	(2,613,736)	(1,112,864)	1,500,872
<b>Fund Balance - Beginning</b>	11,202,306	11,202,306	11,202,306	-
<b>Fund Balance - Ending</b>	<u>\$ 10,168,039</u>	<u>\$ 8,588,570</u>	<u>\$ 10,089,442</u>	<u>\$ 1,500,872</u>

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

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2013

	<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	\$ 1,879,000	\$ 1,879,000	\$ 2,359,456	\$ 480,456
Investment earnings	11,500	11,500	15,710	4,210
Total revenues	<u>1,890,500</u>	<u>1,890,500</u>	<u>2,375,166</u>	<u>484,666</u>
<b>Expenditures:</b>				
General government	-	578,351	70,927	507,424
Public safety:				
Police	135,000	137,078	137,077	1
Fire control	598,000	672,433	672,433	-
	<u>733,000</u>	<u>809,511</u>	<u>809,510</u>	<u>1</u>
Transportation:				
Roads & streets	315,000	315,000	88,294	226,706
Culture and recreation:				
Recreation programs	54,000	72,706	29,951	42,755
Total expenditures	<u>1,102,000</u>	<u>1,775,568</u>	<u>998,682</u>	<u>776,886</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>788,500</u>	<u>114,932</u>	<u>1,376,484</u>	<u>1,261,552</u>
<b>Other Financing Uses:</b>				
Transfers out	(1,300,628)	(1,619,570)	(1,580,531)	39,039
Total other financing uses	<u>(1,300,628)</u>	<u>(1,619,570)</u>	<u>(1,580,531)</u>	<u>39,039</u>
<b>Net Change in Fund Balances</b>	(512,128)	(1,504,638)	(204,047)	1,300,591
<b>Fund Balances - Beginning</b>	2,550,254	2,550,254	2,550,254	-
<b>Fund Balances - Ending</b>	<u>\$ 2,038,126</u>	<u>\$ 1,045,616</u>	<u>\$ 2,346,207</u>	<u>\$ 1,300,591</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, 2013

	<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	\$ 189,933	\$ 189,933	\$ 181,965	\$ (7,968)
Investment earnings	9,800	9,800	8,602	(1,198)
Total revenues	<u>199,733</u>	<u>199,733</u>	<u>190,567</u>	<u>(9,166)</u>
<b>Expenditures:</b>				
Economic environment:				
Economic development	828,783	830,029	587,362	242,667
Total expenditures	<u>828,783</u>	<u>830,029</u>	<u>587,362</u>	<u>242,667</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(629,050)</u>	<u>(630,296)</u>	<u>(396,795)</u>	<u>233,501</u>
<b>Other Financing Uses:</b>				
Transfers out	(199,000)	(199,000)	(199,000)	-
Total other financing uses	<u>(199,000)</u>	<u>(199,000)</u>	<u>(199,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(828,050)</u>	<u>(829,296)</u>	<u>(595,795)</u>	<u>233,501</u>
<b>Fund Balances - Beginning</b>	<u>1,303,470</u>	<u>1,303,470</u>	<u>1,303,470</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 475,420</u>	<u>\$ 474,174</u>	<u>\$ 707,675</u>	<u>\$ 233,501</u>

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

CITY OF CLERMONT, FLORIDA

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

September 30, 2013

	<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	\$ 5,464,498	\$ 7,332,722	\$ 3,727,456	\$ 1,573,216	\$ 18,097,892	\$ 1,011,176
Investments	7,389,121	-	-	-	7,389,121	-
Restricted cash and cash equivalents	781,663	699,214	-	-	1,480,877	-
Accounts receivable, net	432,848	494,845	252,453	79,644	1,259,790	1,424
Inventories	305,401	29,421	-	758	335,580	-
Prepaid expenses	47,691	51,088	12,510	9,697	120,986	-
Total current assets	<u>14,421,222</u>	<u>8,607,290</u>	<u>3,992,419</u>	<u>1,663,315</u>	<u>28,684,246</u>	<u>1,012,600</u>
Noncurrent assets:						
Restricted investments	-	7,105,608	-	-	7,105,608	-
Interest receivable	12,641	17,506	-	-	30,147	-
Capital assets:						
Land, buildings and equipment	30,639,891	59,872,419	2,964,471	4,822,795	98,299,576	-
Construction in progress	1,655,127	2,217,231	-	30,619	3,902,977	-
Less accumulated depreciation	<u>(8,591,198)</u>	<u>(17,170,261)</u>	<u>(1,905,743)</u>	<u>(1,693,974)</u>	<u>(29,361,176)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>23,703,820</u>	<u>44,919,389</u>	<u>1,058,728</u>	<u>3,159,440</u>	<u>72,841,377</u>	<u>-</u>
Total non-current assets	<u>23,716,461</u>	<u>52,042,503</u>	<u>1,058,728</u>	<u>3,159,440</u>	<u>79,977,132</u>	<u>-</u>
Total assets	<u>38,137,683</u>	<u>60,649,793</u>	<u>5,051,147</u>	<u>4,822,755</u>	<u>108,661,378</u>	<u>1,012,600</u>
<b>Deferred Outflows of Resources:</b>						
Deferred charge on refunding	203,879	376,557	-	-	580,436	-
Total deferred outflows of resources	<u>203,879</u>	<u>376,557</u>	<u>-</u>	<u>-</u>	<u>580,436</u>	<u>-</u>

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

**Liabilities:**

## Current liabilities:

Accounts payable	192,521	796,725	142,699	9,622	1,141,567	62,051
Salaries payable	33,030	31,361	16,147	6,105	86,643	-
Accrued interest payable	68,522	121,818	-	-	190,340	-
Compensated absences	11,628	7,971	3,568	980	24,147	-
Customer deposits payable	388,355	-	-	-	388,355	-
Revenue bonds payable-current	221,400	393,600	-	-	615,000	-
Total current liabilities	<u>915,456</u>	<u>1,351,475</u>	<u>162,414</u>	<u>16,707</u>	<u>2,446,052</u>	<u>62,051</u>

## Noncurrent liabilities:

Compensated absences	104,655	71,739	32,114	8,815	217,323	-
Other post employment benefits	328,416	242,244	190,439	63,763	824,862	-
Revenue bonds payable	5,171,006	9,192,900	-	-	14,363,906	-
Total non-current liabilities	<u>5,604,077</u>	<u>9,506,883</u>	<u>222,553</u>	<u>72,578</u>	<u>15,406,091</u>	<u>-</u>
Total liabilities	<u>6,519,533</u>	<u>10,858,358</u>	<u>384,967</u>	<u>89,285</u>	<u>17,852,143</u>	<u>62,051</u>

**Net Position:**

Net investment in capital assets	18,311,414	35,332,889	1,058,728	3,159,440	57,862,471	-
Restricted for capital improvements	1,096,752	8,439,144	-	-	9,535,896	-
Unrestricted	12,413,863	6,395,959	3,607,452	1,574,030	23,991,304	950,549
Total net position	<u>\$ 31,822,029</u>	<u>\$ 50,167,992</u>	<u>\$ 4,666,180</u>	<u>\$ 4,733,470</u>	<u>91,389,671</u>	<u>\$ 950,549</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 Position.

200,099

Total net position per Government-Wide financial statements

\$ 91,589,770

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 POSITION  
PROPRIETARY FUNDS**

Year Ended September 30, 2013

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Fund
	Water	Sewer	Sanitation	Stormwater	Total	
<b>Operating Revenues:</b>						
Charges for services	\$ 4,940,623	\$ 5,343,152	\$ 2,773,181	\$ 861,229	\$ 13,918,185	\$ 3,028,033
Miscellaneous	274,565	13,480	2,042	1,111	291,198	58,334
Total operating revenues	<u>5,215,188</u>	<u>5,356,632</u>	<u>2,775,223</u>	<u>862,340</u>	<u>14,209,383</u>	<u>3,086,367</u>
<b>Operating Expenses:</b>						
Personnel services	1,643,493	1,486,333	855,335	343,751	4,328,912	-
Utilities	405,007	664,227	1,963	795	1,071,992	-
Dump fees	-	132,000	508,215	25,374	665,589	-
Administrative services	284,421	324,099	166,060	57,742	832,322	-
Repairs and maintenance	270,641	167,296	107,333	101,885	647,155	-
Depreciation and amortization	791,412	2,291,305	467,140	320,364	3,870,221	-
Professional services	138,922	288,488	34,310	13,682	475,402	3,500
Insurance claims and expenses	124,165	163,475	74,529	19,263	381,432	2,507,804
Other supplies and expenses	336,753	248,454	262,000	47,042	894,249	-
Total operating expenses	<u>3,994,814</u>	<u>5,765,677</u>	<u>2,476,885</u>	<u>929,898</u>	<u>13,167,274</u>	<u>2,511,304</u>
Operating income (loss)	<u>1,220,374</u>	<u>(409,045)</u>	<u>298,338</u>	<u>(67,558)</u>	<u>1,042,109</u>	<u>575,063</u>
<b>Nonoperating Revenues (Expenses):</b>						
Investment income	70,033	46,055	22,961	10,202	149,251	5,214
Interest expense	(218,104)	(388,556)	-	-	(606,660)	-
Gain (loss) on disposal of capital assets	12,483	-	4,587	745	17,815	-
Total nonoperating revenue (expenses)	<u>(135,588)</u>	<u>(342,501)</u>	<u>27,548</u>	<u>10,947</u>	<u>(439,594)</u>	<u>5,214</u>
Income (loss) before contributions and transfers	1,084,786	(751,546)	325,886	(56,611)	602,515	580,277
Capital contributions	1,038,052	2,379,363	-	12,258	3,429,673	-
Transfers out	(478,539)	-	-	-	(478,539)	-
Change in net position	<u>1,644,299</u>	<u>1,627,817</u>	<u>325,886</u>	<u>(44,353)</u>	<u>3,553,649</u>	<u>580,277</u>
<b>Total Net Position - Beginning, as Restated</b>	<u>30,177,730</u>	<u>48,540,175</u>	<u>4,340,294</u>	<u>4,777,823</u>		<u>370,272</u>
<b>Total Net Position - Ending</b>	<u>\$ 31,822,029</u>	<u>\$ 50,167,992</u>	<u>\$ 4,666,180</u>	<u>\$ 4,733,470</u>		<u>\$ 950,549</u>

Change in net position, per above 3,553,649

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.

152,377

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

\$ 3,706,026

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, 2013

	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	\$ 5,211,812	\$ 5,318,505	\$ 2,772,611	\$ 863,249	\$ 14,166,177	\$ -
Receipts from internal services provided	-	-	-	-	-	3,084,943
Payments to suppliers	(1,292,598)	(1,490,846)	(1,100,681)	(265,937)	(4,150,062)	(2,495,547)
Payments to employees	(1,556,289)	(1,403,523)	(799,333)	(332,293)	(4,091,438)	-
Net cash provided (used) by operating activities	2,362,925	2,424,136	872,597	265,019	5,924,677	589,396
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Transfers out	(478,539)	-	-	-	(478,539)	-
Net cash provided (used) by non-capital financing activities	(478,539)	-	-	-	(478,539)	-
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Acquisition of capital assets	(1,034,704)	(2,584,820)	-	(158,456)	(3,777,980)	-
Sale of capital assets	12,483	-	4,587	745	17,815	-
Grant revenues	-	-	-	12,258	12,258	-
Interest paid on long-term debt	(209,448)	(372,350)	-	-	(581,798)	-
Principal paid on debt	(214,200)	(380,800)	-	-	(595,000)	-
Fees and assessments received	1,038,052	2,379,363	-	-	3,417,415	-
Net cash provided (used) by capital and related financing activities	(407,817)	(958,607)	4,587	(145,453)	(1,507,290)	-

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

<b>Cash Flows from Investing Activities:</b>						
Sale (Purchase) of investments	557,727	272,680	-	-	830,407	-
Investment income	96,746	39,745	22,961	10,202	169,654	5,214
Net cash provided by investing activities	<u>654,473</u>	<u>312,425</u>	<u>22,961</u>	<u>10,202</u>	<u>1,000,061</u>	<u>5,214</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>						
	2,131,042	1,777,954	900,145	129,768	4,938,909	594,610
<b>Cash and Cash Equivalents - Beginning</b>						
	4,115,119	6,253,982	2,827,311	1,443,448	14,639,860	416,566
<b>Cash and Cash Equivalents - End</b>						
	<u>\$ 6,246,161</u>	<u>\$ 8,031,936</u>	<u>\$ 3,727,456</u>	<u>\$ 1,573,216</u>	<u>\$ 19,578,769</u>	<u>\$ 1,011,176</u>
<b>Classified As:</b>						
Cash and cash equivalents	\$ 5,464,498	\$ 7,332,722	\$ 3,727,456	\$ 1,573,216	\$ 18,097,892	\$ 1,011,176
Restricted cash and cash equivalents	781,663	699,214	-	-	1,480,877	-
Total	<u>\$ 6,246,161</u>	<u>\$ 8,031,936</u>	<u>\$ 3,727,456</u>	<u>\$ 1,573,216</u>	<u>\$ 19,578,769</u>	<u>\$ 1,011,176</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities</b>						
Operating income (loss)	\$ 1,220,374	\$ (409,045)	\$ 298,338	\$ (67,558)	\$ 1,042,109	\$ 575,063
<b>Adjustments Not Affecting Cash:</b>						
Depreciation and amortization	791,412	2,291,305	467,140	320,364	3,870,221	-
<b>Change in Assets and Liabilities:</b>						
Decrease (Increase) in accts receivable	(31,554)	(38,127)	(3,181)	909	(71,953)	(1,424)
Decrease in due from other governments	-	-	569	-	569	-
Decrease (Increase) in customer deposits	28,178	-	-	-	28,178	-
Decrease (Increase) in prepaid costs	(2,010)	(5,193)	7,743	(2,648)	(2,108)	-
Decrease (Increase) in inventory	526,140	(13)	-	387	526,514	-
Increase (Decrease) in accounts payable	(256,819)	502,399	45,986	2,107	293,673	15,757
Increase (Decrease) in accrued liabilities	87,204	82,810	56,002	11,458	237,474	-
Total adjustments	<u>1,142,551</u>	<u>2,833,181</u>	<u>574,259</u>	<u>332,577</u>	<u>4,882,568</u>	<u>14,333</u>
<b>Net Cash Provided (Used) by Operating Activities</b>						
	<u>\$ 2,362,925</u>	<u>\$ 2,424,136</u>	<u>\$ 872,597</u>	<u>\$ 265,019</u>	<u>\$ 5,924,677</u>	<u>\$ 589,396</u>
<b>Noncash investing, capital, and financing activities:</b>						
Increase (Decrease) in fair value of investments	\$ (25,008)	\$ 1,513	\$ -	\$ -	\$ (23,495)	\$ -

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

CITY OF CLERMONT, FLORIDA

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

September 30, 2013

	<b><u>Total Employee Pension Funds</u></b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 267,387
Receivables:	
Employer contribution receivable	20,464
Total receivables	<u>20,464</u>
Investments:	
U.S. Government & other debt securities	7,980,474
Equities	17,764,129
Total investments	<u>25,744,603</u>
 Total assets	 <u>26,032,454</u>
<b>Liabilities:</b>	
Refunds payable and other	219,702
Total liabilities	<u>219,702</u>
 <b>Net Position Held in Trust for Pension Benefits</b>	 <b><u>\$ 25,812,752</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 POSITION**  
**FIDUCIARY FUNDS**

Year Ended September 30, 2013

	<b><u>Total Employee Pension Funds</u></b>
<b>Additions:</b>	
Contributions:	
Employer	\$ 1,524,957
Plan members	120,127
State	396,400
Total contributions	<u>2,041,484</u>
Investment earnings:	
Net increase in fair value of investments	<u>2,786,765</u>
Total net investment earnings	<u>2,786,765</u>
Total additions	<u>4,828,249</u>
<b>Deductions:</b>	
Benefits/distributions	1,346,322
Administrative	89,722
Total deductions	<u>1,436,044</u>
<b>Change in Net Position</b>	3,392,205
<b>Net Position - Beginning</b>	<u>22,420,547</u>
<b>Net Position - Ending</b>	<u><u>\$ 25,812,752</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, 2013

**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, 2013

**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 position and the statement of changes in net position) 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, 2013

**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.

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

**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.

*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, 2013

**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, 2013

**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, Deferred Outflows/Inflows and Net Position/Fund Balance:***

**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, 2013

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

***D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (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 uncollectibles. 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, 2013

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

***D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (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, 2013

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

***D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (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 position. Bond premiums and discounts 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position and the statement of net position – proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: liens and forfeitures. These amounts are deferred and recognized as an inflow of sources in the period that the amounts become available.

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

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

***D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (Continued):***

**9. Net Position Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**10. Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**11. Fund Balance Policies**

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. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet criteria to be classified as committed. The council has maintained authority to assign fund balance.

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

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

***D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (Continued):***

**11. Fund Balance Policies - (Continued)**

The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

***E. New GASB Statements Implemented:***

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement classifies all sources of generally accepted accounting principles for state and local governments so that the authoritative accounting and financial reporting literature will be together in a single source, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. The City elected to include all pre-November 30, 1989 FASB pronouncements which are now codified in GASB 62.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides guidance for deferred outflows of resources and deferred inflows of resources. It further identifies net position as the residual of all elements presented in a statement of financial position. This Statement redefines certain assets and liabilities as "deferred outflows of resources" or "deferred inflows of resources". It further requires the "capital assets, net of related debt" now be titled "net investment in capital assets" and that the last line of the statements, previously called "net assets" now be titled "net position."

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement provides additional guidance for the items listed in GASB 63 and includes additional changes in accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement requires that debt issuance costs be expensed in the period the debt was issued. This Statement also requires that taxes and lease revenues received prior to the period to which they relate to be classified as Unavailable Revenue (a deferred inflow). A prior period adjustment was made in the proprietary funds for bond issuance costs.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 2 - Accounting Changes and Correction of an Error:**

Beginning net positions of the Water Fund and Sewer Fund have been adjusted for the effects of implementation of GASB Statement No. 65 (GASB No. 65), *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 now requires bond issuance costs be expensed when incurred and not capitalized. As a result, net positions of the Water Fund and Sewer Fund were decreased by \$123,993 and \$220,432, respectively. In addition, the net position of the Sewer Fund has been adjusted to reflect a prior year infrastructure contribution and corresponding accumulated depreciation for \$1,612,638 and \$(538,661), respectively, for a net change of \$1,073,977. Net position of business-type activities at the beginning of the year was increased by \$729,552, as follows:

	<b><u>Business-Type Activities</u></b>
Net Position, October 1, 2012, Previously Stated	\$ 87,154,192
Decrease for Accounting Change - GASB 65	(344,425)
Increase for Correction of Error	1,073,977
Net Position, October 1, 2012, Restated	<b><u>\$ 87,883,744</u></b>

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position 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 \$2,760,739 difference are as follows:

Capital outlay	\$ 4,439,129
Depreciation expense	<u>(1,678,390)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<b><u>\$ 2,760,739</u></b>

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 3 - Reconciliation of Government-Wide and Fund Financial Statements (Continued):**

**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 (Continued)**

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 position.” The details of this \$468,000 difference are as follows:

Debt issued or incurred	\$ (2,612,000)
Principal repayment	3,080,000
	<hr/>
Net adjustment to <i>increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 468,000</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	\$ 54,245
Other post employment benefits	(665,214)
Accrued interest payable	34,877
	<hr/>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (576,092)</u>

**Note 4 - Stewardship, Compliance, and Accountability:**

**A. Budgetary Information -**

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

- (1) Prior to the end of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Budget workshops are scheduled as needed.
- (3) The general summary of the budget and notice of public hearing is published in the local newspaper.

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

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

***A. Budgetary Information (Continued) -***

- (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.

***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.

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

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

***C. Appropriations in Excess of Funds Available -***

Appropriations for the Recreation Impact Fee Special Revenue Fund were in excess of anticipated revenue and available fund balance.

**Note 5 - Cash and Investments:**

***Deposits***

At year-end, the carrying amount of the City's deposits was \$35,598,745 and the bank balance was \$35,991,343. 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.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 5 - Cash and Investments (Continued):**

***Investments (Continued)***

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.

Investments made by the *City of Clermont* at September 30, 2013 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	\$ 7,805,440	AA+	1.48 years
US Treasury Notes	6,799,184	AA+	1.95 years
Corporate Note	2,457,794	AA+/AA-/AA	2.08 years
Commercial Paper	514,306	A-1	.50 years
Municipal Bond	871,998	AA+/AA	1.62 years
Pension fixed income securities	7,980,474	AA/V4	5.54 years
	<u>\$ 26,429,196</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, 2013, 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, 2013, 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.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 5 - Cash and Investments (Continued):**

***Investments (Continued)***

Concentration of Credit Risk:

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

Interest Rate Risk:

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

**Note 6 - Receivables:**

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

	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Internal Service Fund</u>	<u>Nonmajor Enterprise Fund</u>
Receivables:						
Accounts	\$556,821	\$406,336	\$576,008	\$290,538	\$ -	\$ 92,120
Taxes	74,486	-	-	-	-	-
Other	409,162	59,216	-	-	2,923	-
Less allowance for uncollectible accounts	(526,046)	(32,704)	(81,163)	(38,085)	(1,499)	(12,476)
	<u>\$514,423</u>	<u>\$432,848</u>	<u>\$494,845</u>	<u>\$252,453</u>	<u>\$ 1,424</u>	<u>\$ 79,644</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 7 - Capital Assets:**

Capital asset activity for the year ended September 30, 2013 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	\$23,327,351	\$ 175,119	\$ -	\$23,502,470
Construction in progress	2,698,416	3,273,672	(5,117,161)	854,927
Total capital assets, not being depreciated	<u>26,025,767</u>	<u>3,448,791</u>	<u>(5,117,161)</u>	<u>24,357,397</u>
Capital assets, being depreciated:				
Buildings	14,040,686	3,809,708	(243,023)	17,607,371
Improvements/infrastructure	12,979,131	1,457,680	-	14,436,811
Machinery and equipment	7,069,128	936,755	(54,460)	7,951,423
Intangibles	661,352	13,356	-	674,708
Total capital assets being depreciated	<u>34,750,297</u>	<u>6,217,499</u>	<u>(297,483)</u>	<u>40,670,313</u>
Less accumulated depreciation for:				
Buildings	(5,984,408)	(560,315)	243,023	(6,301,700)
Improvements/infrastructure	(8,563,559)	(521,523)	-	(9,085,082)
Machinery and equipment	(5,985,064)	(498,173)	54,460	(6,428,777)
Intangibles	(551,327)	(98,379)	-	(649,706)
Total accumulated depreciation	<u>(21,084,358)</u>	<u>(1,678,390)</u>	<u>297,483</u>	<u>(22,465,265)</u>
Total capital assets being depreciated, net	<u>13,665,939</u>	<u>4,539,109</u>	<u>-</u>	<u>18,205,048</u>
Governmental activities capital assets, net	<u>\$39,691,706</u>	<u>\$ 7,987,900</u>	<u>\$ (5,117,161)</u>	<u>\$42,562,445</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 7 - Capital Assets (Continued):**

	<b>Restated Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,861,820	\$ -	\$ -	\$ 1,861,820
Construction in progress	5,609,054	2,718,232	(4,424,309)	3,902,977
Total capital assets, not being depreciated	<u>7,470,874</u>	<u>2,718,232</u>	<u>(4,424,309)</u>	<u>5,764,797</u>
Capital assets, being depreciated:				
Buildings	37,178	-	-	37,178
Improvements/infrastructure	86,019,218	5,228,517	-	91,247,735
Machinery and equipment	4,837,487	255,540	(46,116)	5,046,911
Intangibles	105,932	-	-	105,932
Total capital assets being depreciated	<u>90,999,815</u>	<u>5,484,057</u>	<u>(46,116)</u>	<u>96,437,756</u>
Less accumulated depreciation for:				
Buildings	(37,178)	-	-	(37,178)
Improvements/infrastructure	(22,418,002)	(3,255,564)	-	(25,673,566)
Machinery and equipment	(2,975,959)	(614,657)	46,116	(3,544,500)
Intangibles	(105,932)	-	-	(105,932)
Total accumulated depreciation	<u>(25,537,071)</u>	<u>(3,870,221)</u>	<u>46,116</u>	<u>(29,361,176)</u>
Total capital assets being depreciated, net	<u>65,462,744</u>	<u>1,613,836</u>	<u>-</u>	<u>67,076,580</u>
Business-type activities capital assets, net	<u>\$72,933,618</u>	<u>\$ 4,332,068</u>	<u>\$ (4,424,309)</u>	<u>\$72,841,377</u>

Beginning balance for business-type activities includes restatement for contributed infrastructure amounting to \$1,612,638 and corresponding accumulated depreciation amount to \$(538,661) for a total net change of \$1,073,977.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 233,599
Public safety	785,523
Physical environment/transportation	424,884
Culture and recreation	234,384
Total depreciation expense - governmental activities	<u>\$ 1,678,390</u>
Business-type activities	
Water	\$ 791,412
Sewer	2,291,305
Sanitation	467,140
Stormwater	320,364
Total depreciation expense - business-type activities	<u>\$ 3,870,221</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 8 - Long-Term Debt:**

***Bonds Payable***

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

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 \$21,037,919. For the fiscal year, principal and interest paid on this series was \$1,174,948 and total pledged revenue was \$3,996,654.

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

<u>Business-Type Activities</u>	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2013</u>
Water and Sewer Revenue Refunding Bonds, Series 2009	3.0 - 4.6%  (6/1 & 12/1)	12/1/2010 to 12/1/2030	<u>\$ 16,640,000</u>	<u>\$ 14,930,000</u>

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

Year ending September 30,	<u>Business - Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 615,000	\$ 561,798
2015	630,000	543,123
2016	650,000	523,922
2017	670,000	504,123
2018	690,000	483,723
2019-2023	3,815,000	2,038,688
2024-2028	4,605,000	1,226,604
2029-2031	3,255,000	225,938
Total	<u>\$14,930,000</u>	<u>\$ 6,107,919</u>

***Current Refunding***

The City issued Public Improvement Refunding Revenue Note, Series 2012, in the amount of \$2,612,000 with interest of 1.09%. The refunding was undertaken to reduce total future debt service payments. The proceeds were used to currently refund \$3,080,000 of outstanding Public Improvement Revenue Bonds, Series 2002 which had interest rates ranging from 1.75% - 4.6%. This transaction resulted in an economic gain of \$194,354 and a reduction of \$201,148 in future debt service payments.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 8 - Long-Term Debt (Continued):**

**Notes Payable**

Public improvement revenue notes outstanding at year end are as follows:

<u>Governmental Activities</u>	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2013</u>
Public Improvement Refunding Revenue Note, Series 2012	1.09%  (6/1 & 12/1)	12/1/2013 to 12/1/2017	<u>\$ 2,612,000</u>	<u>\$ 2,612,000</u>

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

Year ending September 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 570,599	\$ 25,361
2015	577,959	19,101
2016	585,609	12,760
2017	591,692	6,344
2018	286,141	1,559
Total	<u>\$2,612,000</u>	<u>\$ 65,125</u>

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2013 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>					
Public improvement revenue bonds	\$ 3,080,000	\$ -	\$ (3,080,000)	\$ -	\$ -
Public improvement revenue note	-	2,612,000	-	2,612,000	570,599
Other post employment benefits	1,629,979	665,214	-	2,295,193	-
Compensated absences	674,309	13,186	(67,431)	620,064	62,006
Governmental activity long-term liabilities	<u>\$ 5,384,288</u>	<u>\$ 3,290,400</u>	<u>\$ (3,147,431)</u>	<u>\$ 5,527,257</u>	<u>\$ 632,605</u>
<b>Business-type activities</b>					
Bonds payable-					
Revenue bonds	\$15,525,000	\$ -	\$ (595,000)	\$14,930,000	\$ 615,000
Premium	51,742	-	(2,836)	48,906	-
Total bonds payable	<u>15,576,742</u>	<u>-</u>	<u>(597,836)</u>	<u>14,978,906</u>	<u>615,000</u>
Other post employment benefits	585,021	239,841	-	824,862	-
Compensated absences	254,516	12,406	(25,452)	241,470	24,147
Business-type activity long-term liabilities	<u>\$16,416,279</u>	<u>\$ 252,247</u>	<u>\$ (623,288)</u>	<u>\$16,045,238</u>	<u>\$ 639,147</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 9 - Interfund Receivables, Payables and Transfers:**

Interfund transfers for the year ended September 30, 2013 consisted of the following:

<u>Transfers Out:</u>	<u>Transfer In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	
General Fund	\$ -	\$ -	\$ 69,606	\$ 69,606
Infrastructure Special Revenue Fund	-	1,162,892	417,639	1,580,531
Community Redevelopment Special Revenue Fund	-	199,000	-	199,000
Nonmajor Governmental	6,388	664,088	92,809	763,285
Water Fund	478,539	-	-	478,539
	<u>\$ 484,927</u>	<u>\$ 2,025,980</u>	<u>\$ 580,054</u>	<u>\$ 3,090,961</u>

The majority of the transfers above were to cover various capital projects and debt service payments. The transfer out of the Water Fund is to cover their share of general fund expenses.

**Note 10 - Retirement Plans:**

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 10 - Retirement Plans (Continued):**

**Summary of Significant Accounting Policies**

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

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

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

***Plan Descriptions and Contribution Information*** -

Membership of each of the defined benefit pension plans consisted of the following at October 1, 2011 for general employees and October 1, 2012 for police officers and firefighters, the dates of the latest actuarial valuations:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Retirees and beneficiaries			
currently receiving benefits	9	12	1
Terminated plan members entitled to,			
but not yet receiving, benefits	-	25	63
Active plan members	-	53	49
Total	<u>9</u>	<u>90</u>	<u>113</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, 2013

**Note 10 - Retirement Plans (Continued):**

*Contributions* - The City's actuarially determined contribution rate per the October 1, 2011 for general employees and October 1, 2012 for police officers and firefighters actuarial valuations is \$0 for general employees, 19.73% for police officers and 20.35% 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 position 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</b>		
	<b>Employees</b>	<b>Police Officers</b>	<b>Firefighters</b>
Annual Required Contribution (ARC)	\$ -	\$ 478,414	\$ 563,291
Interest on the Net Pension Obligation (Asset)	-	(22,294)	(9,700)
Adjustment to ARC	-	12,839	5,587
Annual Pension Cost	<u>\$ -</u>	<u>\$ 468,959</u>	<u>\$ 559,178</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>		
9/30/2013	\$ -	N/A
9/30/2012		N/A
9/30/2011	3,051	100%
<b><u>Police Officers</u></b>		
9/30/2013	\$ 468,959	100%
9/30/2012	661,002	100%
9/30/2011	749,038	100%
<b><u>Firefighters</u></b>		
9/30/2013	\$ 559,178	100%
9/30/2012	650,379	100%
9/30/2011	650,789	100%

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 10 - Retirement Plans (Continued):**

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

The funded status of each plan as of October 1, 2011 for general employees and October 1, 2012 for police officers and firefighter, 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	9,291,324	8,632,023	-	107.6%	2,424,191	0.0%
Firefighters	5,898,932	5,068,853	-	116.4%	2,767,580	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	10/1/2012	10/1/2012
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, 2013

**Note 10 - 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 2013 was \$5,087,353; the City's total payroll for City employees was \$12,112,210.

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 2013 was \$508,546.

**Note 11 - Other Post Employment Benefits:**

In accordance with Florida Statutes Section 112.0801, the City makes continued group health and dental insurance through the city's current provider available to retirees and eligible dependents provided certain service requirements and normal age retirement requirements have been met. This plan is a single employer plan. The City is self insured with respect to these benefits and provides an explicit subsidy for coverage to retirees and their spouses based on the coverage selected. The City has eleven 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, 2013

**Note 11 - Other Post Employment Benefits (Continued):**

The most recent actuarial report for the City's Retiree Continuation Insurance Plan was prepared as of April 1, 2013. The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2013 is as follows:

Annual required contribution	\$ 1,112,968
Interest on net OPEB Obligation	88,600
Adjustment to annual required contribution	<u>(191,557)</u>
Annual OPEB Cost	1,010,011
Employer Contributions	<u>(104,956)</u>
Increase in Net OPEB Obligation	905,055
Net OPEB Obligation (beginning of year)	<u>2,215,000</u>
Net OPEB Obligation (end of year)	<u><u>\$ 3,120,055</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>
9/30/2011	\$ 598,000	7.0%	\$ 1,650,000
9/30/2012	614,000	8.0%	2,215,000
9/30/2013	1,010,011	10.0%	3,120,055

**Funded Status and Funding Progress - OPEB**

The funded status of the plan as of April 1, 2013, 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>
\$ -	\$ 5,563,664	\$ 5,563,664	0.0%	\$ 10,854,391	51.00%

**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, 2013

**Note 11 - 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.

**Benefits Not Included** - None.

**Discount Rate** - 4.00%.

**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>
2014	8.00%	2018	6.67%	2022	5.33%
2015	7.67%	2019	6.33%	2023	5.00%
2016	7.33%	2020	6.00%	and later	
2017	7.00%	2021	5.67%		

**Retiree Contribution Trend** - Same as Health Care Trend.

**Mortality** - RP-2000 Combined Mortality Table for males and females with mortality improvement projected to 2013 using Scale AA.

**Disability Rates** - None.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 11 - Other Post Employment Benefits (Continued):**

***Morbidity:***

<u>Age</u>	<u>Rate Per</u> <u>Age</u>
Under 65	3.50%
65 - 69	3.00%
70 - 74	2.50%
75 - 85	1.50%
86 and older	0.00%

***Election at Retirement*** - One-third of future retirees will elect medical and dental coverage at retirement.

***Participation*** - Actual coverage status is used. Active employees are assumed to continue at the current participation and coverage level in the active plan into retirement. If an employee waived active coverage, they are assumed to elect the OAP Plan.

***Marital Status*** - One-third of active employees who elect retiree coverage are assumed to elect coverage for their spouse. Males are assumed to be three years older than females. Actual spouse data was used for current retirees.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 12 - Risk Management:**

During fiscal year 1990, the City established an internal service fund to account for its uninsured risk of loss for employee medical and dental coverage. Under this program, the fund provides coverage for the first \$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 \$62,051 represents claims processed through October 2013 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><u>2013</u></b>	<b><u>2012</u></b>
Claims liabilities, beginning of year	\$ 113,599	\$ 113,599
Incurred Claims	2,507,804	2,859,648
Payments on Claims	<u>(2,559,352)</u>	<u>(2,926,953)</u>
Claims liabilities, end of year	<u>\$ 62,051</u>	<u>\$ 46,294</u>

**Note 13 - Commitments and Contingencies:**

**Litigation** - The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2013. 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.

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 13 - Commitments and Contingencies (Continued):**

***Encumbrances*** - At September 30, 2013, the City had encumbrance commitments in the Governmental Funds consisting of \$830 for the General Fund.

**Note 14 - 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.

*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.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**Note 14 - Fund Balances (Continued):**

At September 3, 2013, the City's governmental fund balances were as follows:

	<u>General Fund</u>	<u>Infrastructure Special Revenue Fund</u>	<u>Community Redevelopment Special Revenue</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balances						
Nonspendable						
Inventory/prepays	\$ 189,366	\$ -	\$ 629	\$ -	\$ 1,024	\$ 191,019
Cemetery	-	-	-	-	937,560	937,560
Spendable						
Restricted for:						
Public safety	256,799	-	-	-	3,078,777	3,335,576
Culture and recreation	-	-	-	-	1,671,643	1,671,643
Community redevelopment	-	-	707,046	-	-	707,046
Infrastructure	-	2,346,207	-	-	-	2,346,207
Debt service	-	-	-	491,071	-	491,071
Assigned for:						
General government	830	-	-	-	-	830
Police and fire donations	4,793					
Subsequent year expenditures	759,225	-	-	-	-	759,225
Unassigned	8,878,429	-	-	-	-	8,878,429
	<u>\$10,089,442</u>	<u>\$ 2,346,207</u>	<u>\$ 707,675</u>	<u>\$ 491,071</u>	<u>\$ 5,689,004</u>	<u>\$19,318,606</u>

**Note 15 - 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.

Subsequent to year end, the City purchased property for \$6,300,000 and financed the purchase with a \$6,000,000 loan.



*REQUIRED SUPPLEMENTAL INFORMATION*



CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2013

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial 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>						
10/1/2004	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%
10/1/2012	9,291,324	8,632,023	-	107.6%	2,424,191	0.0%
<b>Fire Fighters</b>						
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%
10/1/2012	5,898,932	5,068,853	-	116.4%	2,767,580	0.0%

CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2013

***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
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%
2013	-	100%	478,414	100%	563,291	100%

CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2013

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

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a) / c
5/1/2009 *	\$ -	\$ 2,413,000	\$ 2,413,000	0.0%	\$ 10,764,000	22.4%
4/1/2011	\$ -	\$ 2,909,000	\$ 2,909,000	0.0%	\$ 10,342,000	28.1%
4/1/2013	\$ -	\$ 5,563,664	\$ 5,563,664	0.0%	\$ 10,854,391	51.0%

\*initial valuation date

***Schedule of Employer Contributions - Retiree Continuation Insurance Plan***

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
9/30/2009	571,000	5.0%	542,000
9/30/2010	611,000	5.0%	1,099,000
9/30/2011	649,000	7.0%	1,650,000
9/30/2012	691,000	7.0%	2,215,000
9/30/2013	1,112,968	10.0%	3,120,055



*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*



## **MAJOR GOVERNMENTAL FUNDS**

### **Capital Projects Fund**

#### **Capital Projects Fund**

This fund was established to account for financial resources segregated for the acquisition or construction of major capital facilities.

#### **Debt Service Fund**

This fund was established to account for the accumulation of resources and payment of bond principal and interest from governmental resources.

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2013

	<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	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
Investment earnings	12,200	8,503	3,546	(4,957)
Miscellaneous	-	110,000	-	(110,000)
Total revenues	<u>212,200</u>	<u>318,503</u>	<u>3,546</u>	<u>(314,957)</u>
<b>Expenditures:</b>				
Current:				
General government	59,825	84,713	59,888	24,825
Culture and recreation	-	42,673	-	42,673
Public safety:				
Police	311,683	311,683	-	311,683
Capital Outlay:				
General government	1,724,970	2,015,327	2,037,163	(21,836)
Public safety	2,408,227	2,408,227	353,772	2,054,455
Culture and recreation	990,118	1,057,445	246,583	810,862
Total expenditures	<u>5,494,823</u>	<u>5,920,068</u>	<u>2,697,406</u>	<u>3,222,662</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(5,282,623)</u>	<u>(5,601,565)</u>	<u>(2,693,860)</u>	<u>2,907,705</u>
<b>Other Financing Sources:</b>				
Transfers in	4,379,336	4,698,278	2,025,980	(2,672,298)
Total other financing sources	<u>4,379,336</u>	<u>4,698,278</u>	<u>2,025,980</u>	<u>(2,672,298)</u>
<b>Net Change in Fund Balance</b>	(903,287)	(903,287)	(667,880)	235,407
<b>Fund Balances - Beginning</b>	667,880	667,880	667,880	-
<b>Fund Balances - Ending</b>	<u>\$ (235,407)</u>	<u>\$ (235,407)</u>	<u>\$ -</u>	<u>\$ 235,407</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2013

	<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	\$ 2,500	\$ 2,500	\$ 1,939	\$ (561)
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>1,939</u>	<u>(561)</u>
<b>Expenditures:</b>				
Debt Service:				
Principal	510,000	3,080,000	3,080,000	-
Interest and fiscal charges	123,350	165,350	122,164	43,186
Total expenditures	<u>633,350</u>	<u>3,245,350</u>	<u>3,202,164</u>	<u>43,186</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(630,850)</u>	<u>(3,242,850)</u>	<u>(3,200,225)</u>	<u>42,625</u>
<b>Other Financing Sources:</b>				
Refunding bonds issued	-	2,612,000	2,612,000	-
Transfers in	632,900	632,900	580,054	(52,846)
Total other financing sources	<u>632,900</u>	<u>3,244,900</u>	<u>3,192,054</u>	<u>(52,846)</u>
<b>Net Change in Fund Balances</b>	2,050	2,050	(8,171)	(10,221)
<b>Fund Balances - Beginning</b>	<u>499,242</u>	<u>499,242</u>	<u>499,242</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 501,292</u>	<u>\$ 501,292</u>	<u>\$ 491,071</u>	<u>\$ (10,221)</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 which are restricted for use in funding capital facilities and equipment directly related to new growth.

#### **Police Impact Fees Fund**

This fund was established to account for police impact fees collected from new developments constructed in the City which are restricted for use in funding capital facilities and equipment directly related to new growth.

#### **Fire Impact Fee Fund**

This fund was established to account for fire impact fees collected from new developments constructed in the City which are restricted for use in funding capital facilities and equipment directly related to new growth.

#### **Building Services Fund**

This fund was established to account for the operations of the City's building and other permits department which are restricted for use in funding capital facilities and equipment directly related to new growth.

### **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, 2013

**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	\$ 1,671,643	\$ 2,605,689	\$ 286,533	\$ 220,541	\$ 4,784,406
Prepaid costs	-	-	-	1,024	1,024
Total assets	<u>\$ 1,671,643</u>	<u>\$ 2,605,689</u>	<u>\$ 286,533</u>	<u>\$ 221,565</u>	<u>\$ 4,785,430</u>
<b>Liabilities and Fund Balances:</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 33,986	\$ 33,986
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,986</u>	<u>33,986</u>
Fund balances:					
Nonspendable	-	-	-	1,024	1,024
Restricted	1,671,643	2,605,689	286,533	186,555	4,750,420
Total fund balances	<u>1,671,643</u>	<u>2,605,689</u>	<u>286,533</u>	<u>187,579</u>	<u>4,751,444</u>
Total liabilities and fund balances	<u>\$ 1,671,643</u>	<u>\$ 2,605,689</u>	<u>\$ 286,533</u>	<u>\$ 221,565</u>	<u>\$ 4,785,430</u>

<b>Permanent Fund - Cemetery Perpetual Care</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 937,955	\$ 5,722,361
-	1,024
<u>\$ 937,955</u>	<u>\$ 5,723,385</u>
<u>\$ 395</u>	<u>\$ 34,381</u>
395	34,381
937,560	938,584
-	4,750,420
<u>937,560</u>	<u>5,689,004</u>
<u>\$ 937,955</u>	<u>\$ 5,723,385</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2013

	<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	\$ -	\$ -	\$ -	\$ 770,546	\$ 770,546
Charges for services	-	-	-	141,676	141,676
Impact fees/special assessments	1,186,699	395,913	326,158	-	1,908,770
Investment earnings	6,083	15,183	1,246	1,260	23,772
Miscellaneous	-	-	-	374	374
<b>Total revenues</b>	<b>1,192,782</b>	<b>411,096</b>	<b>327,404</b>	<b>913,856</b>	<b>2,845,138</b>
<b>Expenditures:</b>					
Current:					
Public safety	-	-	-	747,013	747,013
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>747,013</b>	<b>747,013</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,192,782</b>	<b>411,096</b>	<b>327,404</b>	<b>166,843</b>	<b>2,098,125</b>
<b>Other Financing Uses:</b>					
Transfers out	(310,316)	(353,772)	(92,809)	-	(756,897)
<b>Total other financing uses</b>	<b>(310,316)</b>	<b>(353,772)</b>	<b>(92,809)</b>	<b>-</b>	<b>(756,897)</b>
<b>Net Change in Fund Balances</b>	<b>882,466</b>	<b>57,324</b>	<b>234,595</b>	<b>166,843</b>	<b>1,341,228</b>
<b>Fund Balances - Beginning</b>	<b>789,177</b>	<b>2,548,365</b>	<b>51,938</b>	<b>20,736</b>	<b>3,410,216</b>
<b>Fund Balances - Ending</b>	<b>\$ 1,671,643</b>	<b>\$ 2,605,689</b>	<b>\$ 286,533</b>	<b>\$ 187,579</b>	<b>\$ 4,751,444</b>

<b>Permanent Fund - Cemetery Perpetual Care</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 770,546
-	141,676
-	1,908,770
6,388	30,160
47,800	48,174
<u>54,188</u>	<u>2,899,326</u>
-	747,013
-	<u>747,013</u>
<u>54,188</u>	<u>2,152,313</u>
<u>(6,388)</u>	<u>(763,285)</u>
<u>(6,388)</u>	<u>(763,285)</u>
47,800	1,389,028
889,760	4,299,976
<u>\$ 937,560</u>	<u>\$ 5,689,004</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, 2013

	<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	\$ 375,300	\$ 375,300	\$ 1,186,699	\$ 811,399
Investment earnings	5,000	5,000	6,083	1,083
Total revenues	<u>380,300</u>	<u>380,300</u>	<u>1,192,782</u>	<u>812,482</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	265,000	265,000	-	265,000
Total expenditures	<u>265,000</u>	<u>265,000</u>	<u>-</u>	<u>265,000</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>115,300</u>	<u>115,300</u>	<u>1,192,782</u>	<u>1,077,482</u>
<b>Other Financing Uses</b>				
Transfers out	(745,396)	(745,396)	(310,316)	435,080
Total other financing uses	<u>(745,396)</u>	<u>(745,396)</u>	<u>(310,316)</u>	<u>435,080</u>
<b>Net Change in Fund Balances</b>	<u>(630,096)</u>	<u>(630,096)</u>	<u>882,466</u>	<u>1,512,562</u>
<b>Fund Balances - Beginning</b>	<u>789,177</u>	<u>789,177</u>	<u>789,177</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 159,081</u>	<u>\$ 159,081</u>	<u>\$ 1,671,643</u>	<u>\$ 1,512,562</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, 2013

	<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	\$ 83,600	\$ 83,600	\$ 395,913	\$ 312,313
Investment earnings	19,800	19,800	15,183	(4,617)
Total revenues	<u>103,400</u>	<u>103,400</u>	<u>411,096</u>	<u>307,696</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>103,400</u>	<u>103,400</u>	<u>411,096</u>	<u>307,696</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(2,590,000)</u>	<u>(2,590,000)</u>	<u>(353,772)</u>	<u>2,236,228</u>
Total other financing sources (uses)	<u>(2,590,000)</u>	<u>(2,590,000)</u>	<u>(353,772)</u>	<u>2,236,228</u>
<b>Net Change in Fund Balances</b>	<u>(2,486,600)</u>	<u>(2,486,600)</u>	<u>57,324</u>	<u>2,543,924</u>
<b>Fund Balances - Beginning</b>	<u>2,548,365</u>	<u>2,548,365</u>	<u>2,548,365</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 61,765</u>	<u>\$ 61,765</u>	<u>\$ 2,605,689</u>	<u>\$ 2,543,924</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 66,000	\$ 66,000	\$ 326,158	\$ 260,158
Investment earnings	800	800	1,246	446
Total revenues	<u>66,800</u>	<u>66,800</u>	<u>327,404</u>	<u>260,604</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>66,800</u>	<u>66,800</u>	<u>327,404</u>	<u>260,604</u>
<b>Other Financing Uses:</b>				
Transfers out	<u>(101,264)</u>	<u>(101,264)</u>	<u>(92,809)</u>	<u>8,455</u>
Total other financing sources	<u>(101,264)</u>	<u>(101,264)</u>	<u>(92,809)</u>	<u>8,455</u>
<b>Net Change in Fund Balances</b>	<u>(34,464)</u>	<u>(34,464)</u>	<u>234,595</u>	<u>269,059</u>
<b>Fund Balances - Beginning</b>	<u>51,938</u>	<u>51,938</u>	<u>51,938</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 17,474</u>	<u>\$ 17,474</u>	<u>\$ 286,533</u>	<u>\$ 269,059</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, 2013

	<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>				
Licenses and permits	\$ 282,000	\$ 770,546	\$ 770,546	\$ -
Charges for services	50,000	62,098	141,676	79,578
Investment earnings	200	200	1,260	1,060
Miscellaneous	-	-	374	374
Total revenues	<u>332,200</u>	<u>832,844</u>	<u>913,856</u>	<u>81,012</u>
<b>Expenditures:</b>				
Current:				
Public safety	331,195	759,241	747,013	12,228
Total expenditures	<u>331,195</u>	<u>759,241</u>	<u>747,013</u>	<u>12,228</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,005</u>	<u>73,603</u>	<u>166,843</u>	<u>93,240</u>
<b>Net Change in Fund Balances</b>	1,005	73,603	166,843	93,240
<b>Fund Balances - Beginning</b>	<u>20,736</u>	<u>20,736</u>	<u>20,736</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 21,741</u>	<u>\$ 94,339</u>	<u>\$ 187,579</u>	<u>\$ 93,240</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 POSITION**  
**FIDUCIARY FUNDS**

September 30, 2013

	<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	\$ 6,340	\$ -	\$ 156,411	\$ 104,636	\$ 267,387
Receivables:					
Employer contribution receivable	-	18,391	-	2,073	20,464
Due from other governments	-	-	-	-	-
Total receivables	-	18,391	-	2,073	20,464
Investments:					
U.S. Government & other debt securities	189,233	-	4,668,269	3,122,972	7,980,474
Equities	292,141	5,443,757	7,206,942	4,821,289	17,764,129
Total Investments	481,374	5,443,757	11,875,211	7,944,261	25,744,603
Total assets	487,714	5,462,148	12,031,622	8,050,970	26,032,454
<b>Liabilities:</b>					
Refunds payable and other	-	-	153,991	65,711	219,702
Total liabilities	-	-	153,991	65,711	219,702
<b>Net Position Held in Trust for Pension Benefits</b>	<b>\$ 487,714</b>	<b>\$ 5,462,148</b>	<b>\$ 11,877,631</b>	<b>\$ 7,985,259</b>	<b>\$ 25,812,752</b>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2013

	<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	\$ -	\$ 508,546	\$ 475,318	\$ 541,093	\$ 1,524,957
Plan members	-	-	90,850	29,277	120,127
State	-	-	211,000	185,400	396,400
Total contributions	-	508,546	777,168	755,770	2,041,484
Investment earnings:					
Net increase (decrease) in fair value of investments	56,009	649,169	1,242,472	839,115	2,786,765
Total net investment earnings	56,009	649,169	1,242,472	839,115	2,786,765
Total additions	56,009	1,157,715	2,019,640	1,594,885	4,828,249
<b>Deductions:</b>					
Benefits/distributions	66,212	621,228	262,748	396,134	1,346,322
Administrative expenses	1,985	27,206	32,043	28,488	89,722
Total deductions	68,197	648,434	294,791	424,622	1,436,044
<b>Change in Net Position</b>	(12,188)	509,281	1,724,849	1,170,263	3,392,205
<b>Net Position Held in Trust for Pension Benefits</b>					
<b>Beginning of Year</b>	499,902	4,952,867	10,152,782	6,814,996	22,420,547
<b>End of Year</b>	\$ 487,714	\$ 5,462,148	\$ 11,877,631	\$ 7,985,259	\$ 25,812,752

## 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	86
<p>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p>	
Revenue Capacity	96
<p>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</p>	
Debt Capacity	101
<p>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.</p> <p>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.</p> <p>The City of Clermont has no general obligation bonds outstanding.</p>	
Demographic and Economic Information	105
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	
Operating Information	111
<p>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.</p>	

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 Position by Component**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)  
(amounts expressed in thousands)

	<b>Fiscal Year</b>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 10,959	\$ 12,118	\$ 15,777	\$ 15,825
Restricted	3,121	4,800	5,935	7,830
Unrestricted	<u>5,619</u>	<u>8,125</u>	<u>8,693</u>	<u>14,459</u>
Total governmental activities net position	<u>\$ 19,699</u>	<u>\$ 25,043</u>	<u>\$ 30,405</u>	<u>\$ 38,114</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 12,054	\$ 12,082	\$ 15,864	\$ 24,837
Restricted	22,601	27,573	33,732	36,931
Unrestricted	<u>9,903</u>	<u>13,414</u>	<u>13,447</u>	<u>10,841</u>
Total business-type activities net position	<u>\$ 44,558</u>	<u>\$ 53,069</u>	<u>\$ 63,043</u>	<u>\$ 72,609</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 23,013	\$ 24,200	\$ 31,641	\$ 40,662
Restricted	25,722	32,373	39,667	44,761
Unrestricted	<u>15,522</u>	<u>21,539</u>	<u>22,140</u>	<u>25,300</u>
Total primary government net position	<u>\$ 64,257</u>	<u>\$ 78,112</u>	<u>\$ 93,448</u>	<u>\$ 110,723</u>

<b>Fiscal Year</b>					
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 27,462	\$ 33,938	\$ 33,817	\$ 34,894	\$ 36,612	\$ 39,950
8,959	6,526	6,693	7,381	8,876	9,490
11,946	13,608	13,988	12,465	9,701	7,723
<u>\$ 48,367</u>	<u>\$ 54,072</u>	<u>\$ 54,498</u>	<u>\$ 54,740</u>	<u>\$ 55,189</u>	<u>\$ 57,163</u>
\$ 46,569	\$ 54,834	\$ 55,540	\$ 56,430	\$ 57,241	\$ 57,863
13,899	10,437	17,293	9,241	9,477	9,536
18,103	17,801	11,407	19,376	20,436	24,191
<u>\$ 78,571</u>	<u>\$ 83,072</u>	<u>\$ 84,240</u>	<u>\$ 85,047</u>	<u>\$ 87,154</u>	<u>\$ 91,590</u>
\$ 74,031	\$ 88,772	\$ 89,357	\$ 91,324	\$ 93,853	\$ 97,813
22,858	16,963	23,986	16,622	18,353	19,026
30,049	31,409	25,395	31,841	30,137	31,914
<u>\$ 126,938</u>	<u>\$ 137,144</u>	<u>\$ 138,738</u>	<u>\$ 139,787</u>	<u>\$ 142,343</u>	<u>\$ 148,753</u>

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

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 2,337	\$ 2,617	\$ 3,232	\$ 3,297
Public safety	4,688	5,773	7,109	8,783
Physical environment	421	278	382	470
Transportation/public works	1,056	1,172	1,322	1,255
Economic environment	32	13	181	52
Human services	132	149	77	130
Culture and recreation	1,742	1,816	1,851	2,441
Interest on long-term debt	350	255	285	226
Total governmental activities expenses	<u>10,758</u>	<u>12,073</u>	<u>14,439</u>	<u>16,654</u>
Business-type activities:				
Water	2,707	3,015	3,427	2,987
Sewer	3,423	3,572	4,024	3,896
Sanitation	1,617	1,817	1,731	1,816
Stormwater	266	287	316	427
Total business-type activities expenses	<u>8,013</u>	<u>8,691</u>	<u>9,498</u>	<u>9,126</u>
Total primary government expenses	<u>\$ 18,771</u>	<u>\$ 20,764</u>	<u>\$ 23,937</u>	<u>\$ 25,780</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 963	\$ 1,042	\$ 1,037	\$ 1,116
Public safety	807	912	1,158	1,105
Transportation/public works	250	36	-	-
Culture and recreation	1,009	463	1,566	882
Operating grants and contributions	591	512	523	923
Capital grants and contributions	-	1,644	105	2,518
Total governmental activities program revenues	<u>3,620</u>	<u>4,609</u>	<u>4,389</u>	<u>6,544</u>
Business-type activities:				
Charges for services:				
Water	\$ 4,342	\$ 4,320	\$ 4,839	\$ 5,502
Sewer	2,832	3,295	3,784	4,242
Sanitation	1,811	2,088	2,236	2,402
Stormwater	571	627	689	729
Operating grants and contributions	105	138	11	38
Capital grants and contributions	7,095	6,287	6,408	3,676
Total business-type activities program revenues	<u>16,756</u>	<u>16,755</u>	<u>17,967</u>	<u>16,589</u>
Total primary government program revenues	<u>\$ 20,376</u>	<u>\$ 21,364</u>	<u>\$ 22,356</u>	<u>\$ 23,133</u>

		<b>Fiscal Year</b>				
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	
\$ 4,204	\$ 4,747	\$ 4,287	\$ 3,643	\$ 4,211	\$ 3,258	
10,330	10,775	12,459	12,531	12,168	12,685	
514	364	319	279	248	303	
1,544	1,164	1,768	1,661	1,719	1,725	
48	101	50	102	116	200	
107	-	-	-	-	-	
2,061	2,082	2,055	1,822	1,045	1,928	
459	326	175	156	137	87	
<u>19,267</u>	<u>19,559</u>	<u>21,113</u>	<u>20,194</u>	<u>19,644</u>	<u>20,186</u>	
3,737	3,990	4,316	4,461	4,052	4,154	
4,521	4,489	5,927	6,022	5,752	6,106	
2,123	2,086	2,169	2,364	2,567	2,465	
549	534	848	955	939	897	
<u>10,930</u>	<u>11,099</u>	<u>13,260</u>	<u>13,802</u>	<u>13,310</u>	<u>13,622</u>	
<u>\$ 30,197</u>	<u>\$ 30,658</u>	<u>\$ 34,373</u>	<u>\$ 33,996</u>	<u>\$ 32,954</u>	<u>\$ 33,808</u>	
\$ 1,582	\$ 1,854	\$ 1,857	\$ 1,695	\$ 1,649	\$ 2,117	
975	1,203	665	355	450	1,040	
-	-	-	-	-	-	
761	99	872	539	604	1,262	
1,047	921	1,162	1,237	1,191	896	
7,330	3,307	134	129	27	112	
<u>11,695</u>	<u>7,384</u>	<u>4,690</u>	<u>3,955</u>	<u>3,921</u>	<u>5,427</u>	
\$ 5,654	\$ 4,909	\$ 4,817	\$ 5,377	\$ 5,099	\$ 5,215	
4,422	4,655	4,852	5,065	5,154	5,357	
2,515	2,560	2,613	2,688	2,721	2,775	
766	801	829	855	855	862	
700	-	-	-	-	-	
1,480	2,137	1,544	999	1,752	3,430	
<u>15,537</u>	<u>15,062</u>	<u>14,655</u>	<u>14,984</u>	<u>15,581</u>	<u>17,639</u>	
<u>\$ 27,232</u>	<u>\$ 22,446</u>	<u>\$ 19,345</u>	<u>\$ 18,939</u>	<u>\$ 19,502</u>	<u>\$ 23,066</u>	

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

(accrual basis of accounting)

(amounts expressed in thousands)

	<b>Fiscal Year</b>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Net (expense)/revenue				
Governmental activities	\$ (7,138)	\$ (7,464)	\$ (10,050)	\$ (10,110)
Business-type activities	8,743	8,064	8,469	7,463
Total primary government net expense	<u>\$ 1,605</u>	<u>\$ 600</u>	<u>\$ (1,581)</u>	<u>\$ (2,647)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 3,371	\$ 4,417	\$ 5,665	\$ 7,452
Business taxes	*	*	*	*
Franchise fees	1,128	1,357	1,714	1,808
Utility taxes	1,382	1,552	1,782	1,881
Unrestricted intergovernmental revenues	3,279	3,923	4,953	4,952
Unrestricted investment earnings and miscellaneous revenues	186	1,181	835	1,216
Transfers	385	377	464	509
Total governmental activities	<u>9,731</u>	<u>12,807</u>	<u>15,413</u>	<u>17,818</u>
Business-type activities:				
Investment earnings	\$ 390	\$ 825	\$ 1,968	\$ 2,612
Transfers	(385)	(377)	(464)	(509)
Total business-type activities	<u>5</u>	<u>448</u>	<u>1,504</u>	<u>2,103</u>
Total primary government	<u>\$ 9,736</u>	<u>\$ 13,255</u>	<u>\$ 16,917</u>	<u>\$ 19,921</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 2,593	\$ 5,343	\$ 5,363	\$ 7,708
Business-type activities	8,748	8,512	9,973	9,566
Total primary government	<u>\$ 11,341</u>	<u>\$ 13,855</u>	<u>\$ 15,336</u>	<u>\$ 17,274</u>

\*Business taxes previously reported as General Government Charges for Services

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ (7,572)	\$ (12,175)	\$ (16,422)	\$ (16,240)	\$ (15,721)	\$ (14,759)
4,605	3,964	1,395	1,182	2,271	4,018
<u>\$ (2,967)</u>	<u>\$ (8,211)</u>	<u>\$ (15,027)</u>	<u>\$ (15,058)</u>	<u>\$ (13,450)</u>	<u>\$ (10,741)</u>
\$ 7,749	\$ 7,601	\$ 6,844	\$ 5,966	\$ 5,535	\$ 5,350
*	*	*	*	113	111
1,911	2,151	2,373	2,285	2,189	2,123
1,992	2,152	2,558	2,568	2,430	2,490
4,776	4,458	4,503	4,664	5,063	5,802
901	1,050	525	478	388	378
496	469	443	520	453	479
<u>17,825</u>	<u>17,881</u>	<u>17,246</u>	<u>16,481</u>	<u>16,171</u>	<u>16,733</u>
\$ 1,853	\$ 1,005	\$ 360	\$ 145	\$ 289	\$ 167
(496)	(469)	(443)	(520)	(453)	(479)
<u>1,357</u>	<u>536</u>	<u>(83)</u>	<u>(375)</u>	<u>(164)</u>	<u>(312)</u>
<u>\$ 19,182</u>	<u>\$ 18,417</u>	<u>\$ 17,163</u>	<u>\$ 16,106</u>	<u>\$ 16,007</u>	<u>\$ 16,421</u>
\$ 10,253	\$ 5,706	\$ 824	\$ 241	\$ 450	\$ 1,974
5,961	4,500	1,312	807	2,107	3,706
<u>\$ 16,214</u>	<u>\$ 10,206</u>	<u>\$ 2,136</u>	<u>\$ 1,048</u>	<u>\$ 2,557</u>	<u>\$ 5,680</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>2004</b>	<b>2005</b>	<b>2006</b>
General fund			
Reserved	\$ 168	\$ 198	\$ 233
Unreserved	4,207	5,758	4,857
Total general fund	<u>\$ 4,375</u>	<u>\$ 5,956</u>	<u>\$ 5,090</u>
All other governmental funds			
Reserved	\$ 894	\$ 1,083	\$ 1,189
Unreserved, reported in:			
Special revenue funds	3,410	5,028	7,767
Capital projects fund	-	926	780
Total all other governmental funds	<u>\$ 4,304</u>	<u>\$ 7,037</u>	<u>\$ 9,736</u>
	<b>Post GASB 54</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
General fund			
Nonspendable	\$ 335	\$ 195	\$ 189
Restricted	175	224	257
Assigned	912	1,039	765
Unassigned	10,048	9,744	8,878
Total general fund	<u>\$ 11,470</u>	<u>\$ 11,202</u>	<u>\$ 10,089</u>
All other governmental funds			
Nonspendable	\$ 848	\$ 890	\$ 939
Restricted	6,359	7,763	8,295
Assigned	2,854	668	-
Unassigned	(1)	-	-
Total all other governmental funds	<u>\$ 10,060</u>	<u>\$ 9,321</u>	<u>\$ 9,234</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			
	2004	2005	2006	2007
<b>Revenues</b>				
Taxes	\$ 6,791	\$ 8,391	\$ 10,327	\$ 11,141
Franchise Fees	*	*	*	*
Licenses and permits	467	484	456	491
Intergovernmental revenue	2,758	5,216	4,211	8,340
Charges for services	381	389	407	462
Fines and forfeitures	125	164	226	175
Impact fees/special assessments	1,592	1,152	2,444	1,717
Investment income	107	267	738	1,101
Miscellaneous	541	310	505	391
<b>Total revenues</b>	<b>12,762</b>	<b>16,373</b>	<b>19,314</b>	<b>23,818</b>
<b>Expenditures</b>				
General government	\$ 1,432	\$ 2,053	\$ 2,694	\$ 3,079
Public Safety	4,274	5,285	6,452	9,141
Physical environment	278	318	343	461
Transportation	1,055	917	967	1,189
Economic environment	32	33	38	48
Human services	122	139	75	129
Culture and recreation	1,009	1,025	1,259	1,556
Capital outlay	2,752	2,484	10,235	94
Debt service				
Principal	507	855	868	449
Interest	268	258	244	440
Other charges	-	-	-	-
<b>Total expenditures</b>	<b>11,729</b>	<b>13,367</b>	<b>23,175</b>	<b>16,586</b>
Excess of revenues over (under) expenditures	\$ 1,033	\$ 3,006	\$ (3,861)	\$ 7,232
<b>Other financing sources (uses)</b>				
Refunding bonds issued	\$ -	\$ -	\$ -	\$ -
Transfers in	1,217	1,081	1,676	1,265
Transfers out	(832)	(704)	(1,212)	(756)
Debt issuance	800	-	5,250	-
Sale of capital assets	-	931	-	-
Payments to refunded bond escrow agent	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,185</b>	<b>1,308</b>	<b>5,714</b>	<b>509</b>
<b>Net change in fund balances</b>	<b>\$ 2,218</b>	<b>\$ 4,314</b>	<b>\$ 1,853</b>	<b>\$ 7,741</b>
Debt service as a percentage of noncapital expenditures	8.6%	10.2%	9.3%	7.1%

\* Note: Franchise Fees previously reported as Taxes.

\*\*Note: Increase in % due to refunding of 2002 bonds. Without the refunding the % would be 2.8%

<b>Fiscal Year</b>						
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	
\$ 11,652	\$ 11,903	\$ 11,775	\$ 10,819	\$ 8,079	\$ 7,951	
*	*	*	*	2,188	2,123	
835	674	678	528	455	884	
11,977	8,666	5,733	6,059	6,310	6,729	
643	1,103	1,036	1,013	1,011	1,085	
321	178	189	186	215	172	
1,209	903	1,131	582	679	1,909	
687	848	379	148	244	108	
1,683	444	522	612	474	622	
<u>29,007</u>	<u>24,719</u>	<u>21,443</u>	<u>19,947</u>	<u>19,655</u>	<u>21,583</u>	
\$ 3,640	\$ 3,654	\$ 4,081	\$ 3,272	\$ 3,080	\$ 3,148	
10,999	10,275	11,212	11,625	11,352	12,579	
497	490	309	275	247	307	
2,976	1,129	1,620	1,472	1,340	1,263	
48	102	50	102	641	722	
105	-	-	-	-	-	
10,024	1,893	1,878	1,792	1,769	2,014	
1,909	1,738	643	1,923	2,073	2,638	
8,176	6,259	493	470	490	3,080	
465	375	181	162	143	122	
-	-	-	-	-	-	
<u>38,839</u>	<u>25,915</u>	<u>20,467</u>	<u>21,093</u>	<u>21,135</u>	<u>25,873</u>	
\$ (9,832)	\$ (1,196)	\$ 976	\$ (1,146)	\$ (1,480)	\$ (4,290)	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,612	
6,468	6,684	2,088	3,274	1,118	3,091	
(5,971)	(6,232)	(1,645)	(2,776)	(644)	(2,612)	
8,250	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>8,747</u>	<u>452</u>	<u>443</u>	<u>498</u>	<u>474</u>	<u>3,091</u>	
<u>\$ (1,085)</u>	<u>\$ (744)</u>	<u>\$ 1,419</u>	<u>\$ (648)</u>	<u>\$ (1,006)</u>	<u>\$ (1,199)</u>	
23.4%	28.9%	3.6%	3.3%	3.5%	14.9% **	

**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>
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
2013	5,350	2,490	111	2,123	10,074

**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>
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
2013	1,419	535	280	2,234

\* 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>
2004	793,583	92,764	166,209	720,138	3.729	886,347	81.25%
2005	1,041,341	112,546	238,373	915,514	3.729	1,153,887	79.34%
2006	1,363,931	133,687	299,162	1,198,456	3.729	1,497,618	80.02%
2007	1,771,503	153,086	382,885	1,541,704	3.729	1,924,589	80.11%
2008	2,466,549	171,470	620,750	2,017,269	3.142	2,638,019	76.47%
2009	2,975,139	186,835	676,371	2,485,603	3.142	3,161,974	78.61%
2010	3,022,925	195,808	792,997	2,425,736	3.142	3,218,733	75.36%
2011	2,592,111	211,950	599,821	2,204,240	3.142	2,804,061	78.61%
2012	2,171,815	209,726	598,187	1,783,354	3.142	2,381,541	74.88%
2013	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	
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
2013	3.1420	4.7309	0.1900	0.3853	7.3200	0.8000	0.2554	0.3313	17.1549

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>2013</u>			<u>2004</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	\$ 24,625	1	1.43%	8,424	8
Fountains at Clermont LLC	18,251	2	1.06%			
Westdale Sundance LDT	16,372	3	0.95%			
MRP Lost Lake LLC	15,844	4	0.92%			
Weingarten I-4 Clermont Landing	12,370	5	0.72%			
Village at East Lake	12,296	6	0.71%	9,549	6	1.04%
South Lake Hospital, Inc.	11,861	7	0.69%	\$ 16,486	1	1.80%
Wal-Mart Stores East LP	10,065	8	0.58%			0.00%
Progress Energy Florida Inc.	10,022	9	0.58%			0.00%
Target Corporation	9,198	10	0.53%	11,917	3	1.30%
Lennar Homes Inc.				16,065	2	1.75%
Sundance Clermont LLC				11,900	4	1.30%
Clermont Center LTD				11,257	5	1.23%
Lucas Clermont Ltd Partnership				8,981	7	0.98%
Sprint Florida Inc				7,967	9	0.87%
Chester C Fosgate Co				7,178	10	0.78%
<b>TOTAL</b>	<u><u>\$140,904</u></u>		<u><u>8.16%</u></u>	<u><u>\$109,724</u></u>		<u><u>11.98%</u></u>

Source: Lake County Property Appraiser

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

<b>Fiscal Year Ended September</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Fiscal Year of the Levy</b>	<b>Percentage</b>		<b>Amount</b>	<b>Percentage</b>
		<b>Amount</b>	<b>of Levy</b>		<b>Amount</b>	<b>of Levy</b>
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%
2013	5,422	5,153	95.0%	8	5,161	95.2%

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			
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	-	16,640	20,680	2.84%	720
2011	3,570	-	16,105	19,675	2.63%	670
2012	3,080	-	15,525	18,605	2.49%	634
2013	-	2,612	14,930	17,542	2.19%	581

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, 2013**

(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	\$ 2,612	100%	\$ 2,612
<b>Total Direct Debt</b>	<b>\$ 2,612</b>		<b>\$ 2,612</b>
Overlapping:			
Lake County	25,705	11%	2,828
School District of Lake County	-	11%	-
<b>Total Overlapping Debt</b>	<b>\$ 25,705</b>		<b>\$ 2,828</b>
<hr/>			
<b>Total direct and overlapping debt payable from ad valorem taxes</b>	<b>\$ 28,317</b>		<b>\$ 5,440</b>
<hr/>			
Estimated Population			30,201
<hr/>			
Total direct and overlapping debt per capita			\$ 180.11

<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	
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
2013	2,490,461	1,349,929	1,418,710	5,259,100	510,000	133,100	8.18

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**

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	
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
2013	10,687,908	6,677,774	4,010,134	595,000	579,948	3.41

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%
2013	30,201	802,803	26,582	41.5	13.8	5,153	5.8%

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>2013</u>			<u>2004</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	23,532			8,114		
South Lake Hospital, Inc.	1,045	1	4.44%	815	1	10.04%
Publix Supermarkets	610	2	2.59%	200	5	2.46%
Crotthall Laundry Services	520	3	2.21%			
Lake County School System	340	4	1.44%	537	2	6.62%
Walmart	316	5	1.34%			
Target Corporation	310	6	1.32%	315	3	
City of Clermont	253	7	1.08%	205	4	2.53%
Winn Dixie	207	8	0.88%	125	9	
Senninger Irrigation	190	9	0.81%			
Clermont Health & Rehab Ctr	175	10	0.74%	189	8	2.33%
Kmart				100	10	1.23%
CBS Builders Supply Inc.				200	7	2.46%
Home Depot				200	6	2.46%
<b>TOTAL</b>	<u><u>3,966</u></u>		<u><u>16.85%</u></u>	<u><u>1,871</u></u>		<u><u>23.06%</u></u>

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

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

<u>Employer</u>	<u>2013</u>			<u>2004</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	242,120	1	10.12%	*	*	*
City of Clermont	51,140	2	2.14%	*	*	*
South Lake Hospital	33,259	3	1.39%	*	*	*
Lake County Schools	26,345	4	1.10%	*	*	*
Westminster Comm Care Service	17,026	5	0.71%	*	*	*
The Vista at Lost Lake	13,532	6	0.57%	*	*	*
Gardens at Citrus Tower	13,267	7	0.55%	*	*	*
Sundance Clermont Apartments	11,820	8	0.49%	*	*	*
Village at East Lake Apartments	11,646	9	0.49%	*	*	*
Osprey Ridge Apartments LTD	9,287	10	0.39%	*	*	*
<b>TOTAL</b>	<b>429,442</b>		<b>17.95%</b>	<b>*</b>		<b>*</b>

<sup>1</sup> The City of Clermont had a total metered water flow of approximately 2,392,022,000 gallons for the 12-month period ending September 30, 2013

\* Information is not available.

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

<u>Employer</u>	<u>2013</u>			<u>2004</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	33,262	1	2.46%	*	*	*
Lake County Schools	17,715	2	1.31%	*	*	*
Westminster Comm Care Service	16,191	3	1.20%	*	*	*
The Vista at Lost Lake	13,532	4	1.00%	*	*	*
Village at East Lake	11,646	5	0.86%	*	*	*
Emerald Lakes of Clermont	7,496	6	0.56%	*	*	*
City of Clermont	7,285	7	0.54%	*	*	*
Mister Car Wash	5,445	8	0.40%	*	*	*
Oak Ridge Apartments**	4,093	9	0.30%	*	*	*
Liberty Value Place	3,851	10	0.29%	*	*	*
TOTAL	<u>120,516</u>		<u>8.93%</u>	<u>*</u>		<u>*</u>

<sup>1</sup> The City of Clermont had a total metered water flow for wastewater billing purposes of approximately 1,349,871,000 gallons for the 12-month period ending September 30, 2013

\* 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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government	22.50	25.50	27.50	30.50
Public Safety:				
Police				
Sworn personnel	34.00	38.00	45.00	51.00
Non sworn personnel	12.00	16.00	16.00	16.00
Fire				
Firefighters	19.00	22.00	38.00	45.00
Other personnel	1.00	1.00	2.00	2.00
Physical Environment	7.50	7.50	10.00	10.00
Transportation	13.25	13.25	13.70	15.20
Human Services	2.25	2.25	2.00	2.00
Culture & Recreation	19.45	19.45	22.20	26.20
Water	22.90	23.40	25.40	26.90
Sewer	25.80	25.30	26.30	27.80
Stormwater	4.65	4.65	7.20	8.70
Sanitation	8.70	8.70	8.70	14.70
<b>Total</b>	<u><u>193.00</u></u>	<u><u>207.00</u></u>	<u><u>244.00</u></u>	<u><u>276.00</u></u>

Source: City of Clermont Finance Department.

<b>Full-time Equivalent Employees as of September 30,</b>					
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
30.50	31.00	28.00	27.00	25.85	25.85
53.00	53.00	57.00	57.00	57.00	57.00
17.00	17.00	16.00	5.00	5.00	5.00
49.00	47.85	48.00	48.00	47.80	47.80
2.00	2.00	2.00	2.00	2.00	2.00
10.00	11.65	10.90	5.40	4.60	4.60
15.60	15.60	15.35	13.50	14.80	14.80
2.00	0.00	0.00	0.00	0.00	0.00
26.60	25.60	21.10	22.00	21.20	21.20
29.40	29.40	29.15	29.15	29.45	29.28
26.30	26.30	26.05	25.85	24.50	24.34
8.80	8.80	9.15	9.40	7.95	7.78
16.80	16.80	16.30	16.70	16.85	17.35
<u>287.00</u>	<u>285.00</u>	<u>279.00</u>	<u>261.00</u>	<u>257.00</u>	<u>257.00</u>

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

Function	Fiscal Year			
	2004	2005	2006	2007
<b>General Government</b>				
Municipal boundary (square miles)	11.97	12.45	14.13	14.37
Business Tax Receipts issued	1,551	1,795	1,985	2,141
A/P Checks issued	4,967	5,415	5,664	6,023
Commercial construction (units)	24	23	38	24
Commercial construction (value in thousands)	14,272	7,115	17,534	24,433
Residential construction (units)	1,155	673	635	324
Residential construction (value in thousands)	158,458	103,672	186,189	136,477
<b>Public Safety:</b>				
<b>Police</b>				
Auto accidents	541	671	625	1,192
Physical arrests	414	500	707	933
911 calls received	5,580	6,262	7,008	6,317
Evidence processed (pieces)	1,054	1,127	1,610	1,585
Parking violations	87	71	161	140
Traffic violations	2,394	2,855	5,259	5,164
<b>Fire</b>				
Volunteer firefighters	34	27	27	9
Fire inspections completed	483	457	625	414
Emergency calls answered	3,093	3,321	3,132	3,048
Non-emergency calls answered	143	143	189	198
<b>Human Services</b>				
Animals captured**	562	445	495	652
<b>Water</b>				
Residential accounts	12,751	14,284	15,733	16,394
Commercial accounts	817	921	993	1,069
Annual water usage (thousands of gallons)	1,655,203	1,788,337	2,121,588	2,654,352
<b>Sewer</b>				
Residential accounts	9,217	10,176	11,125	11,554
Commercial accounts	767	883	955	1,031

Sources: Various government departments.

\* Data not available.

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

<b>Fiscal Year</b>					
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
14.42	14.43	14.76	14.90	14.95	14.95
2,263	1,771	1,833	1,843	2,237	2,483
6,440	6,042	5,722	4,875	2,336	2,288
42	19	10	3	8	20
18,859	13,223	8,357	18,020	15,203	34,268
301	204	305	151	173	327
56,578	56,092	53,202	23,558	25,882	53,055
1,272	972	955	1,121	1,259	1,402
842	949	854	699	644	886
6,046	6,828	5,230	5,587	5,911	6,352
1,300	1,652	1,349	1,297	1,413	2,930
145	107	137	378	201	252
5,103	4,553	4,981	6,312	5,389	7,225
8	10	6	6	6	-
880	979	2,121	896	662	1,240
3,177	3,155	3,112	3,822	3,320	3,414
234	434	352	805	934	447
-	-	-	-	-	-
16,959	17,375	17,884	18,240	18,619	19,399
1,156	1,201	1,206	1,210	1,207	1,232
2,589,664	2,312,962	2,054,236	2,275,936	2,391,485	2,392,022
11,913	12,154	12,508	12,722	12,936	13,407
1,120	1,158	1,158	1,167	1,166	1,194

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

Function	Fiscal Year			
	2004	2005	2006	2007
General Government				
Public Safety:				
Police				
Police stations	1	1	1	1
Patrol units	34	38	45	45
Fire				
Fire department facilities	3	3	3	3
Staffed fire stations	2	2	2	3
Fire hydrants	1,200	1,431	1,630	1,896
Fire apparatus	7	8	9	9
Staffed fire apparatus	2	3	4	5
ALS non-transport units	3	3	3	3
Transportation				
Streets paved (miles)	97.00	101.39	109.94	122.93
Streetlights	1,106	1,131	1,231	1,256
Culture & Recreation				
Number of parks	22	22	22	22
Parks acreage	101.5	101.5	349.5	349.5
Scenic linear trail (miles)	3.5	5.7	5.7	5.7
Tennis courts	8	8	8	8
Fishing piers	4	4	4	4
Boat ramp	1	1	1	1
Water				
Miles of water mains	92.94	97.23	104.52	115.02
Sewer				
Miles of sanitary sewers	41.15	44.26	49.51	56.98
Miles of storm sewers	9.53	10.27	11.13	18.07

Sources: Various government departments.

<b>Fiscal Year</b>						
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	
1	1	1	1	1	1	1
45	45	45	46	46		55
3	3	4	4	4		4
3	3	3	3	3		3
2,140	2,140	2,012	2,016	2,048		2,120
9	9	8	7	8		8
5	5	5	5	5		5
3	4	4	4	4		4
126.16	131.72	133.20	133.20	133.20		173.91
1,331	1,331	1,352	1,352	3,103		3,103
22	22	22	23	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
9	9	9	9	9		9
4	4	4	4	4		5
1	1	1	1	1		1
115.98	122.83	124.11	197.40	242.36		243.14
59.40	65.18	66.19	132.02	156.81		160.42
20.88	24.61	26.32	89.80	105.38		109.05

**INDEPENDENT AUDITOR'S 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, 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, the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 27, 2014.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City of Clermont, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of city of Clermont's internal control. 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 or 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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**MCDIRMIT DAVIS & COMPANY, LLC**

934 N. MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803  
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether City of Clermont's financial statements are free from 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 result of our tests disclosed no instances of noncompliance, or other matters that are required to be reported under Government Auditing Standards.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McDiernit Davis & Company LLC*

March 27, 2014

## 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, 2013, and have issued our report thereon dated March 27, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated March 27, 2014, 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 report:

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. See Appendix B to this report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of Clermont, Florida complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any 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 noncompliance with provisions of contracts or grant agreements, 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**MCDIRMIT DAVIS & COMPANY, LLC**

934 N. MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803  
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Section 10.554(1)(i)5., 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)6.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.

Sections 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City of Clermont, Florida for the fiscal ended September 30, 2013, 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, 2013. We determined that these two reports are in agreement.

Pursuant to Sections 10.554(1)(i)6.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 Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*McDiarmid Davis & Company, LLC*

March 27, 2014

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

Year Ended September 30, 2013

**ML13-1- Establishing Minimum Fund Balance Policy**

**Criteria** - It is recommended that local governments determine and establish in their fund balance policy a desired minimum level of unrestricted fund balance to maintain in their general fund and other significant governmental funds.

**Condition** - The City of Clermont currently does not have a minimum fund balance policy for the general fund or the other significant governmental funds.

**Cause** - Establishing a minimum fund balance policy is recommended by Governmental Accounting Standards Board Statement No. 54.

**Effect** - Not having a minimum fund balance policy could result in overspending.

**Recommendation** - We recommend that the City of Clermont establish a minimum fund balance policy based on policies of comparable cities in the State of Florida.



# CITY OF CLERMONT

Finance Department

## RESPONSE TO MANAGEMENT COMMENTS

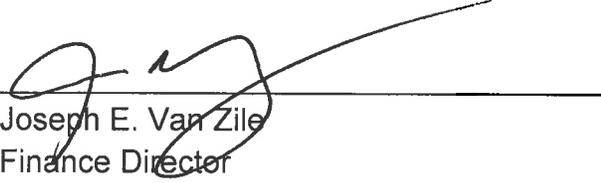
March 26, 2014

Auditor General  
State of Florida

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

### Establishing Minimum Fund Balance Policy

The City accepts the audit recommendation to establish a Minimum Fund Balance Policy. Staff will prepare a Policy for consideration by the City Council.



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

CITY OF CLERMONT, FLORIDA

**APPENDIX B - STATUS OF PRIOR YEAR COMMENTS**

Year Ended September 30, 2013

<b>No.</b>	<b>Prior Year's Observations</b>	<b>Observation is Still Relevant</b>	<b>Observation Addressed or No Longer Relevant</b>
ML 12-1	Pay Rate Review		X



Honorable Mayor and City Council  
*City of Clermont, Florida*

We have audited the financial statements of City of Clermont as of and for the year ended September 30, 2013, and have issued our report thereon dated March 27, 2014. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated July 14, 2011, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Clermont solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated March 27, 2014.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

**MCDIRMIT DAVIS & COMPANY, LLC**

934 N MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803  
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Clermont is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, *City of Clermont* changed accounting policies related to the adoption of Statement of Governmental Accounting Standards (GASB Statement) No. 62, 63, and 65. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate for the allowance for doubtful accounts 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 estimation 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.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City of Clermont, Florida's financial statements relate to revenue recognition as described in Note 1.

## **Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe 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 matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Clermont, Florida's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated March 27, 2014.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with City of Clermont, Florida, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Clermont, Florida's auditors.

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

Very truly yours,

*McDiernit Davis & Company, LLC*

March 27, 2014

