

CITY OF CLERMONT, FLORIDA



**Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2007**

Currently under construction, the East Water Reclamation Facility Expansion project includes construction of processes to upgrade the treatment capacity from two million gallons per day to four million gallons per day. Other improvements in the project include the addition of reclaimed water storage and distribution piping to deliver reclaimed water to existing customers. This project, which began in 2007, is anticipated to cost \$19.9 million and is projected to be completed by February 2009. It is the largest capital project undertaken by the City to date.

City of Clermont, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended September 30, 2007

Prepared by: Administrative Services Department



CITY OF CLERMONT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF CLERMONT

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March 31, 2008

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 Clermont, Florida, for the fiscal year ended September 30, 2007. 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, 2007.

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, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Clermont's financial statements for the fiscal year ended September 30, 2007, 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 14.37 square miles and population of approximately 22,882. The City is located in south Lake County, approximately twenty-two miles west of the City of Orlando and about twenty-five miles northwest of Walt Disney World. Clermont, known as “The Gem of the Hills”, is truly the crossroads of Florida, at the intersection of State Road 50 that runs east and west across the state and U.S. Highway 27, which runs north and south through the center of the state. Clermont is on a chain of 15 lakes connected by the winding Palatka River in the Ocklawaha Basin of tributaries of the St. Johns River, the only river system in the United States of America that flows north. The lakes offer residents the opportunity for excellent fishing, boating, swimming and other water sports including competitive skiing and wakeboarding offered by world-class instructional schools.

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

The City of Clermont provides a full range of services as directed by its charter. These include police and fire protection; streets and sidewalk maintenance, planning and development, code enforcement, animal/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 a separately 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 heads 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 Special Revenue 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. For other governmental funds, these comparisons are presented in the other governmental funds subsection of this report, which starts on page 58.

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. Lake County's unemployment rate is 4.7%. This is an increase of 1.6% over 2006 and is slightly higher than the state's average of 4.0% and the national average rate of 4.6%. Educational institutions in Clermont such as Lake-Sumter Community College and the University of Central Florida assist in supplying a skilled labor force. South Lake Hospital, one of the City's largest employers, is a significant economic presence that provides employment to 900 healthcare professionals and staff. The hospital has also attracted many new medical offices to the area.

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.

The national housing market decline affected Clermont during Fiscal Year 2007 in the form of reduced building permits and impact fee collections. The total of these collections decreased nearly 39% from Fiscal Year 2006. The decrease in these collections is continuing in Fiscal Year 2008.

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

- The planning/design phase for the construction of Fire Station No. 3 and an addition to Fire Station No. 1 was completed during Fiscal Year 2007. The new station to be located in the eastern portion of the City will enable quicker response times to the growing population base in the area. The addition to Fire Station No. 1 will include administrative offices, conference rooms and training rooms. The projects are estimated to cost approximately \$3.9 million and will be funded from infrastructure sales taxes and fire impact fees.
- Planning for the construction of a new community center located on Lake Minneola near Waterfront Park is ongoing. Currently estimated to cost \$9 million, the planned facility will accommodate weddings, meetings, and various community functions. This project is anticipated to be funded from infrastructure sales taxes, recreation impact fees and General Fund reserves.

- Currently under construction, the East Water Reclamation Facility Expansion project includes construction of processes to upgrade the treatment capacity from two million gallons per day to four million gallons per day. Other improvements in the project include the addition of reclaimed water storage and distribution piping to deliver reclaimed water to existing customers. The total budget for the improvements is \$19,900,000. The project is being funded from sewer utility reserves and sewer impact fees.
- The Greater Hills Water Treatment Plant expansion project includes construction of a one million gallon ground storage tank and a bank of high service pumps to deliver potable water to the distribution system. Also included in the project is a new potable well and associated piping. The total budget for the improvements is \$6,100,000. The project is anticipated to be funded from water utility reserves and water impact fees.
- The City continued making installment payments on the purchase of 220 acres of land known as the Inland Groves property. The land is undeveloped and will be used for a passive park. Development is not scheduled to begin for several years. The price of the property purchased in 2006 was \$16.5 million. The note provides payments to be made over the next four (4) years from infrastructure sales taxes, recreation impact fees and grants.

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

Slowed building permits for new home construction are being monitored closely since impact fee revenue is directly impacted by the housing market. This slowed growth also impacts the growth of ad valorem, utility tax and franchise fee revenues in future years. The slowdown in revenue growth may change the need for future borrowing in order to complete planned projects. However, through careful short and long range planning, conservative budgeting and sound management practices, most projects noted in the major initiatives section are anticipated to be accomplished without incurring any additional debt.

The City also monitors state legislation regarding ad valorem taxes. Changes approved during the 2007 legislative sessions are affecting the Fiscal Year 2008 budget and will continue to affect future years. There are also a number of other changes being proposed during 2008 that could have far reaching implications on how government operates and the revenue sources available to fund them. Due to these circumstances, we are actively monitoring expansion projects and limiting additional personnel that will require multi-year funding commitments. Clermont City Council and management 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 \$75,776,901 and the average investment earnings rate was 4.7%. 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 average total pension fund assets during the year were \$11,505,289 and the average investment income was 7.5%.

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, 2006. This was the nineteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,


Wayne Saunders
City Manager


Joseph Van Zile
Administrative Services Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Clermont
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2006

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



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF CLERMONT, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2007

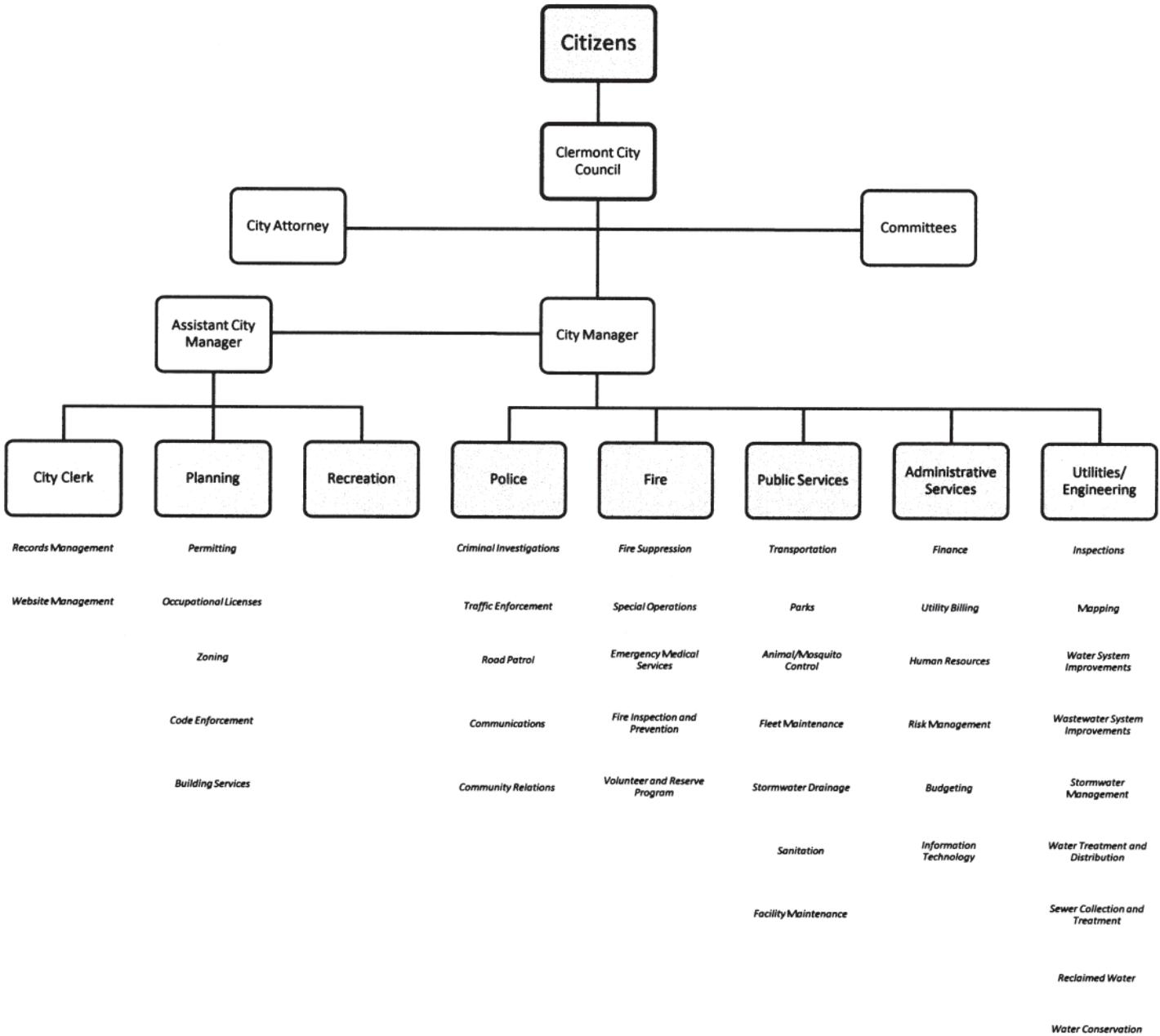
ELECTED OFFICIALS

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

APPOINTED OFFICIALS

City Manager	Wayne Saunders
City Attorney	Dan Mantzaris
Administrative Services Director	Joseph Van Zile
Public Services Director	Preston Davis
Chief of Police	Stephen Graham
Fire Chief	Carle Bishop
Utility Director/City Engineer	Tamara Richardson
Planning Director	James Hitt
City Clerk	Tracy Ackroyd

City of Clermont, Florida Organizational Chart





INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Clermont, Florida*, as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Clermont, Florida*, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and the infrastructure special revenue fund and the community redevelopment fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 19, 2008 on our consideration of the *City of Clermont, Florida's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis starting on page 3 is not a required part of the basic financial statements but is supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clermont's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McDiernit Davis & Company, LLC

March 19, 2008

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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii through vii of this report.

Financial Highlights

- The City of Clermont's assets exceeded its liabilities at September 30, 2007 by \$110,269,373 (net assets). Of this amount, \$25,550,775 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$16,821,103 (or 18%) over the previous fiscal year.
- At September 30, the City of Clermont's governmental funds reported combined ending fund balances of \$22,838,446, an increase of \$7,992,621 over the previous fiscal year. Most of this total amount is available for spending at the government's discretion (unreserved fund balance).
- The General Fund, the City's primary operating fund, reported an unreserved fund balance of \$9,378,973, which represents 62% of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Clermont's financial position, in a manner similar to a private-sector business. They include a *Statement of Net Assets* and a *Statement of Activities*. These statements appear on pages 15 and 16 of the report.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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, human services, 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 nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Infrastructure Fund and the Community Redevelopment Fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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 to demonstrate compliance with this budget at page 20. Budgetary comparison schedules have been provided for the Infrastructure Fund and the Community Redevelopment Fund on pages 22-23. Other nonmajor funds comparisons can be found beginning on page 62.

The basic governmental fund financial statements can be found on pages 17 - 23 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Proprietary funds. The City of Clermont maintains two types of proprietary funds: *enterprise* and *internal service*, which can be found on pages 24-28 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 29 - 30 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 31 - 55 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 58 - 69 of this report.

Government-Wide Financial Analysis

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

CITY OF CLERMONT'S Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>
Assets:						
Current and other assets	\$ 23,914,752	\$ 15,947,959	\$ 53,538,468	\$ 49,352,419	\$ 77,453,220	\$ 65,300,378
Capital assets	<u>26,543,013</u>	<u>26,946,411</u>	<u>41,062,919</u>	<u>34,437,667</u>	<u>67,605,932</u>	<u>61,384,078</u>
Total assets	<u>50,457,765</u>	<u>42,894,370</u>	<u>94,601,387</u>	<u>83,790,086</u>	<u>145,059,152</u>	<u>126,684,456</u>
Liabilities:						
Long-term liabilities outstanding	11,144,514	11,545,996	16,954,473	17,145,908	28,098,987	28,691,904
Other liabilities	<u>948,748</u>	<u>943,436</u>	<u>5,742,044</u>	<u>3,600,846</u>	<u>6,690,792</u>	<u>4,544,282</u>
Total liabilities	<u>12,093,262</u>	<u>12,489,432</u>	<u>22,696,517</u>	<u>20,746,754</u>	<u>34,789,779</u>	<u>33,236,186</u>
Net assets:						
Invested in capital assets, Net of related debt	15,824,872	15,776,569	24,132,244	15,864,458	39,957,116	31,641,027
Restricted	7,829,950	5,935,326	36,931,532	33,731,859	44,761,482	39,667,185
Unrestricted	<u>14,709,681</u>	<u>8,693,043</u>	<u>10,841,094</u>	<u>13,447,015</u>	<u>25,550,775</u>	<u>22,140,058</u>
Total net assets	<u>\$ 38,364,503</u>	<u>\$ 30,404,938</u>	<u>\$ 71,904,870</u>	<u>\$ 63,043,332</u>	<u>\$110,269,373</u>	<u>\$ 93,448,270</u>

The City's total net assets at September 30, 2007 were \$110,269,373. Of the City's total net assets \$39,957,116 (36%) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Clermont's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net assets, \$44,761,482 (41%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's total net assets, \$25,550,775 (23%) is unrestricted. These assets may be used at the City's discretion in meeting its ongoing obligations to citizens and creditors.

The City's net assets increased by \$16,821,103 during the current fiscal year. Almost half of this increase was due to the construction in progress of the Sunburst and Greater Hills Water Treatment Plants and a reclaimed water plant, which significantly increased capital assets. Restricted reserves represent the accumulation of impact fee funds for upcoming and ongoing capital projects. Unrestricted reserves represent increases in investment cash in governmental funds. The increase is due to actual revenues exceeding anticipated revenues, which is the result of growth in the City's tax base.

The following is a summary of the City's governmental and business-type activities for fiscal year 2006-07, including revenues and expenses, with a comparison to the prior year. For more detail see the Statement of Activities on page 16.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

CITY OF CLERMONT'S Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>
Revenues:						
Program revenues -						
Charges for services	\$ 3,103,384	\$ 3,760,643	\$12,875,170	\$ 11,548,548	\$ 15,978,554	\$ 15,309,191
Operating grants and contributions	922,836	523,310	38,261	10,852	961,097	534,162
Capital grants and contributions	2,517,692	105,379	3,675,902	6,408,010	6,193,594	6,513,389
General revenues -						
Property Taxes	7,452,155	5,664,705	-	-	7,452,155	5,664,705
Franchise Fees	1,807,878	1,714,203	-	-	1,807,878	1,714,203
Utility Taxes	1,881,092	1,781,626	-	-	1,881,093	1,781,626
Intergovernmental	4,952,062	4,953,248	-	-	4,952,061	4,953,248
Investment income and miscellaneous	1,215,447	835,156	2,612,266	1,968,333	3,827,713	2,803,489
Gain on sale of capital assets	-	-	-	-	-	-
Total revenues	<u>23,852,546</u>	<u>19,338,270</u>	<u>19,201,599</u>	<u>19,935,743</u>	<u>43,054,145</u>	<u>39,274,013</u>
Expenses:						
General government	3,201,057	3,232,213	-	-	3,201,057	3,232,213
Public safety	8,782,773	7,109,231	-	-	8,782,773	7,109,231
Physical environment	469,591	382,089	-	-	469,591	382,089
Transportation	1,100,292	1,321,429	-	-	1,100,292	1,321,429
Economic environment	51,766	180,968	-	-	51,766	180,968
Human services	130,244	77,055	-	-	130,244	77,055
Culture and recreation	2,440,608	1,851,227	-	-	2,440,608	1,851,227
Interest on long-term debt	226,090	285,405	-	-	226,090	285,405
Water	-	-	3,571,233	3,426,967	3,571,233	3,426,967
Sewer	-	-	3,950,318	4,023,962	3,950,318	4,023,962
Sanitation	-	-	1,816,156	1,730,987	1,816,156	1,730,987
Stormwater	-	-	<u>492,914</u>	<u>316,542</u>	<u>492,914</u>	<u>316,542</u>
Total expenses	<u>16,402,421</u>	<u>14,439,617</u>	<u>9,830,621</u>	<u>9,498,458</u>	<u>26,233,042</u>	<u>23,938,075</u>
Increase (Decrease) in Net Assets Before Transfers	7,450,125	4,898,653	9,370,978	10,437,285	16,821,103	15,335,938
Transfers	<u>509,440</u>	<u>463,610</u>	<u>(509,440)</u>	<u>(463,610)</u>	-	-
Increase in Net Assets	7,959,565	5,362,263	8,861,538	9,973,675	16,821,103	15,335,938
Net Assets – Beginning	<u>30,404,938</u>	<u>25,042,675</u>	<u>63,043,332</u>	<u>53,069,657</u>	<u>93,448,270</u>	<u>78,112,332</u>
Net Assets – Ending	<u>\$ 38,364,503</u>	<u>\$ 30,404,938</u>	<u>\$ 71,904,870</u>	<u>\$ 63,043,332</u>	<u>\$ 110,269,373</u>	<u>\$ 93,448,270</u>

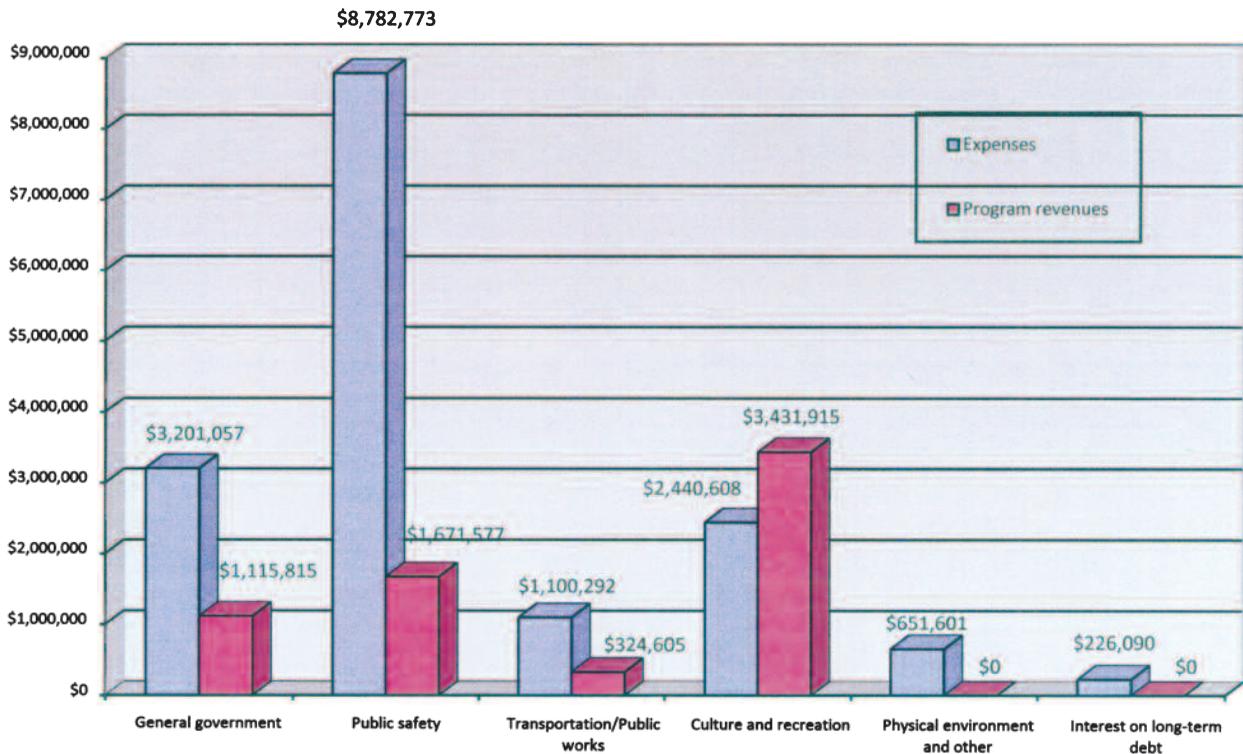
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Governmental activities - Governmental activities increased the City of Clermont's net assets by \$7,959,565. Key elements of this change are as follows:

- Property tax revenue increased by \$1,787,450 (31.6%) during the year. Franchise fee revenue and utility tax revenue increased \$193,141 (5.5%). These increases are the result of growth and not a change in the City's tax rate structure.
- Capital grants and contributions increased by \$2,412,313 primarily due to receipt of a County grant to assist in the purchase of recreation land.
- Charges for services decreased by \$657,259 primarily due to a decrease in collections of recreation, police and fire impact fees. This is due to a slowdown in new construction.
- Increases in expenses closely paralleled inflation and growth in the demand for services. The most significant increase can be observed in the public safety category. The majority of this increase is additional personnel in both the police and fire departments.

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.

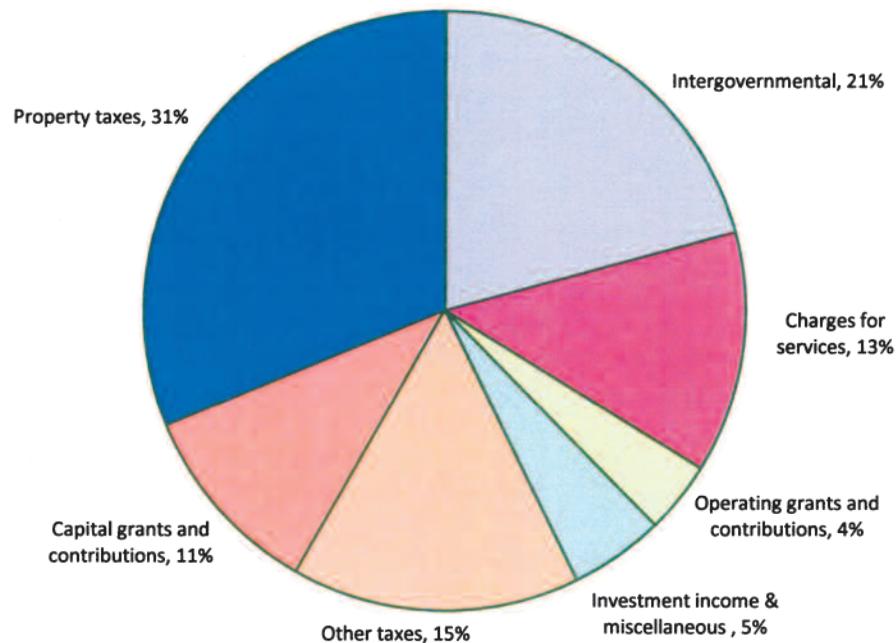
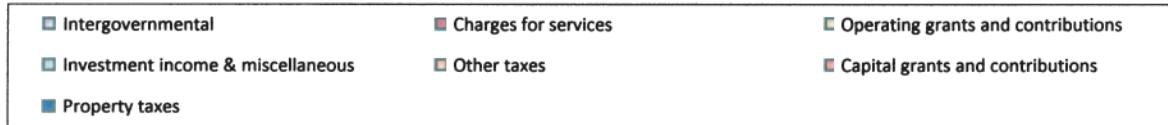
Expenses and Program Revenues - Governmental Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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

Revenues by Source - Governmental Activities



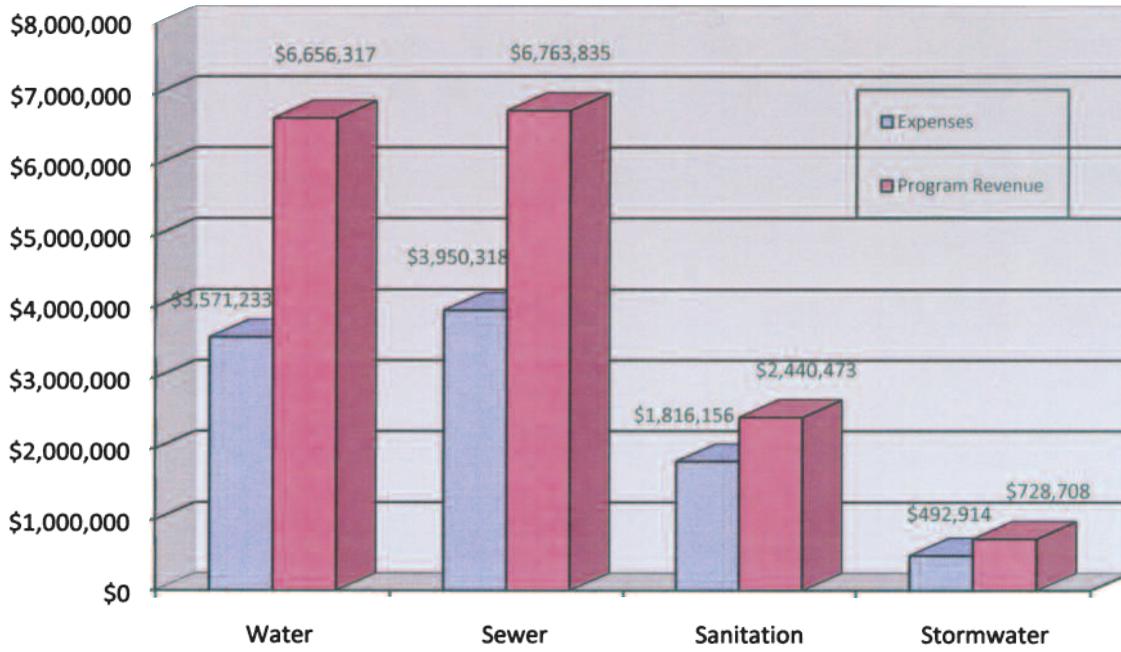
Business-type activities - Business-type activities increased the City of Clermont's net assets by \$8,861,538. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$1,326,622 (11.5%), primarily due to increase in demand.
- Capital contributions totaled \$3,675,902. These contributions are water and sewer impact fees paid by developers. Although this total was a decrease of \$2,732,108 from the previous fiscal year, this amount contributes to the majority of the increase in net assets. 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 Sunburst Lane and Greater Hills Water Treatment Plants and a Water Reclamation Plant.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

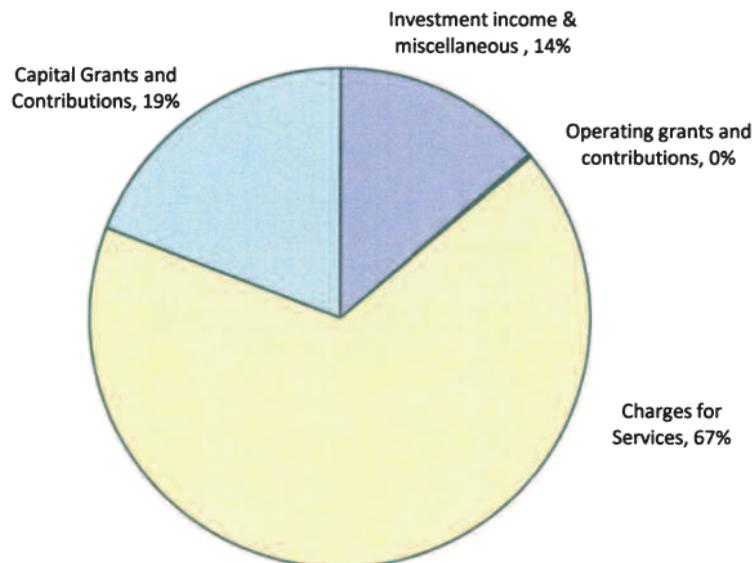
The following graph is a comparison of program revenues and program expenses for all business-type activities. This chart is intended to give the reader an idea of the degree to which business-type activities are self-supporting.

Expenses and Program Revenues - Business Type Activities



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

Revenues by Source - Business Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

Financial Analysis of the City's Funds

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

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

As of September 30, 2007, the City of Clermont's governmental funds reported combined ending fund balances of \$22,838,446, an increase of \$7,992,623 in comparison with the prior year. Of the governmental funds combined ending fund balances, \$20,992,749 (91.9%) represents *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for spending because it has already been committed for debt service, inventories and prepaid expenses, or it is being held in a non-expendable trust fund.

The general fund is the chief operating fund of the City of Clermont. As of September 30, 2007, the fund balance in the General Fund was \$9,686,083, an increase of \$4,595,378 in comparison with the prior year. Of the total fund balance in the General Fund, \$9,378,973 (96.8%) was unreserved fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 62% of total general fund expenditures, while total fund balance represents 64% of that same amount. Contributing to this increase in fund balance is a grant received from the County which partially offset a recreation land purchase made in the prior year.

The City also has an Infrastructure Special Revenue Fund that is considered a major fund under criteria set forth by GASB Statement #34. This fund is used to account for the City's share of the Local Government Infrastructure Surtax. The surtax, which represents a countywide one-cent increase in the state sales tax, was authorized for an additional fifteen years by the voters of Lake County in November, 2001. The surtax may only be used for infrastructure projects or public safety equipment with a useful life in excess of five years or on debt issued to finance the above. During fiscal year 2006-07, the fund balance of the infrastructure fund increased by \$1,606,024. This increase is due to intergovernmental revenue being higher than anticipated. There were only minimal expenditures from this fund since the City is accumulating money for the future construction of a community center.

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, 2007, the fund balance was \$603,602, an increase of \$315,227 over the prior year. Currently, phase II of the streetscape improvements in this district is being engineered.

The remainder of the increase to the governmental fund balance was from the non-major governmental funds. Recreation, police and fire impact fee fund balances combined increased a total of \$1,397,506. The capital projects fund balance increased by \$43,771. These funds are to be used for the construction of a new community center.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

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.

As of September 30, 2007, the City of Clermont's proprietary funds reported total net assets of \$71,904,870, an increase of \$8,861,538 in comparison with the prior year. Of the proprietary funds total net assets, \$10,841,094 (15%) represents unrestricted net assets. Restricted assets of \$36,931,532 (51%) are reserved for capital improvements.

The Water Fund accounts for the provision of potable water service to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of September 30, 2007, the City of Clermont's water fund reported total net assets of \$24,044,564, an increase of \$3,365,447 (16%) in comparison with the prior year. This increase is primarily due to servicing an expanded customer base. The residential customer base has increased from 15,733 customers in September 2006 to 16,394 as of September 2007. Approximately 68% of the increase in net assets was operating income. The remainder was from impact fee collections that are accumulating for large capital projects that will expand our current water system.

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, 2007, the City of Clermont's sewer fund reported total net assets of \$41,816,082, an increase of \$4,535,712 in comparison with the prior year. This increase is primarily due to impact fee collections. Much of the money collected for impact fees is accumulating for large capital projects that will expand our current sewer system. The remainder of the increase is due to servicing an expanded customer base. The residential customer base has increased from 11,125 customers in September 2006 to 11,554 in September 2007.

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, 2007, the City of Clermont's sanitation fund reported total net assets of \$2,504,538, an increase of \$652,410 in comparison with the prior year. This was primarily due to operating income.

General Fund Budgetary Highlights

During the year there was a \$236,780 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$210,000 increase for the payment of interest on the Inland Groves-South Property loan
- \$26,780 increase for the demolition of the Cooper Memorial Library Building.

Actual revenues (excluding the \$2,500,000 property grant) were \$661,897 more than budgeted revenue and actual expenditures were \$1,657,741 less than budgeted expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Capital Assets

The following is a summary of the City of Clermont's capital assets, net of depreciation for governmental and business-type activities for the current year with a comparison to the prior year. Additional information on the City of Clermont's capital assets can be found in Note 6 on pages 44 - 45 of this report.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>
Land	\$12,943,998	\$12,941,498	\$ 1,464,129	\$ 1,464,129	\$14,408,127	\$14,405,627
Buildings	4,760,998	5,219,249	426	547	4,761,424	5,219,796
Improvements/ Infrastructure	4,120,723	4,971,506	27,881,360	26,120,246	32,002,083	31,091,752
Machinery and Equipment	3,612,628	3,401,866	2,352,221	982,642	5,964,849	4,384,508
Construction in progress	<u>1,104,666</u>	<u>412,292</u>	<u>9,364,783</u>	<u>5,870,103</u>	<u>10,469,449</u>	<u>6,282,395</u>
Total	<u>\$ 26,543,013</u>	<u>\$ 26,946,411</u>	<u>\$ 41,062,919</u>	<u>\$ 34,437,667</u>	<u>\$ 67,605,932</u>	<u>\$ 61,384,078</u>

The City of Clermont's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounts to \$67,605,932 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements/infrastructure, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was \$6,221,854 (10%). Major capital asset events during the current fiscal year included the following:

- Completion of Temporary Fire Station #3 for \$87,284.
- Downtown Drainage Project completion for \$150,784.
- South Lake Connector Project was completed for \$293,077.
- New Lift Station Generators \$220,964.
- Nottingham Lift Station for \$839,199.
- New/replacement vehicles totaling \$676,686.
- Lift Station Lining \$1,059,226
- Clermont/Minneola Interconnect \$168,989
- 3 Lodal Garbage Trucks and 6 Recycling Trucks \$1,427,742
- Construction in progress includes construction of Fire Station No. 1 Administration Building, the expansion of Fire Station No. 2, community center construction, Bloxam Avenue drainage improvements, Sunburst Lane and Greater Hills water treatment plant expansions, and a sewer reclaimed water plant.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

Debt Administration

The following is a summary of the City's long-term debt for governmental and business-type activity for the current year with a comparison to the prior year. Additional information on long-term debt can be found in Note 7 on pages 46 - 48 of this report.

CITY OF CLERMONT'S Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>
Revenue bonds payable	\$ 5,360,000	\$ 5,775,000	\$ 17,455,000	\$ 17,685,000	\$ 22,815,000	\$ 23,460,000
Notes payable	<u>5,358,141</u>	<u>5,391,589</u>	<u>-</u>	<u>-</u>	<u>5,358,141</u>	<u>5,391,589</u>
Total	<u>\$ 10,718,141</u>	<u>\$ 11,166,589</u>	<u>\$ 17,455,000</u>	<u>\$ 17,685,000</u>	<u>\$ 28,173,141</u>	<u>\$ 28,851,589</u>

At the end of the current fiscal year, the City of Clermont had total debt outstanding of \$28,173,141. This debt includes revenue bonds payable and notes payable. The City of Clermont issued a note payable during fiscal year 2005-2006 for the purchase of recreation land. No new debt was issued during fiscal year 2006-2007.

Economic Factors and Next Year's Budgets and Rates

- The annual unemployment rate for Lake County in 2007 was 4.7%, which is an increase from a rate of 3.1% in 2006. This is an increase of 1.6% over 2006 and is slightly higher than the state's average of 4.0% and the national average rate of 4.6%.
- The taxable value of commercial and residential property increased 23% from fiscal year 2006-07 to fiscal year 2007-08.
- Population increased 4% from 21,986 in 2006 to 22,882 in 2007.

As of September 30, 2007, the General Fund unreserved fund balance was \$9,378,973. The City appropriated \$184,950 of this amount for spending in the 2007-08 fiscal year budget. Due to new Legislation, a property tax rate reduction of 7% is included for the general fund for the 2007-08 fiscal year budget.

No utility rate adjustments were proposed for the 2007-08 fiscal year with the exception of the sewer rate structure. The sewer rates increased 2.7% on October 1, 2007 pursuant to a required adjustment in accordance with the Florida Public Service Commission Annual Deflator Index previously adopted by the Clermont City Council.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



CITY OF CLERMONT

STATEMENT OF NET ASSETS

September 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 2,275,369	\$ 664,224	\$ 2,939,593
Investments	20,966,037	14,035,078	35,001,115
Receivables, net	167,193	1,082,573	1,249,766
Inventories	29,217	49,548	78,765
Due from other governments	296,496	-	296,496
Internal balances	(97,453)	97,453	-
Prepaid costs	277,893	12,867	290,760
Restricted assets:			
Cash and cash equivalents	-	2,965,710	2,965,710
Investments	-	34,155,867	34,155,867
Interest receivable	-	165,166	165,166
Bond issuance costs	-	309,982	309,982
Capital assets not being depreciated	14,048,664	10,828,912	24,877,576
Capital assets being depreciated, net of accumulated depreciation	12,494,349	30,234,007	42,728,356
Total capital assets	<u>26,543,013</u>	<u>41,062,919</u>	<u>67,605,932</u>
Total assets	<u>50,457,765</u>	<u>94,601,387</u>	<u>145,059,152</u>
Liabilities:			
Accounts payable and accrued expenses	948,748	5,742,044	6,690,792
Noncurrent liabilities:			
Due within one year	5,730,373	390,000	6,120,373
Due in more than one year	5,414,141	16,564,473	21,978,614
Total liabilities	<u>12,093,262</u>	<u>22,696,517</u>	<u>34,789,779</u>
Net Assets:			
Invested in capital assets, net of related debt	15,824,872	24,132,244	39,957,116
Restricted for:			
Capital improvements	6,291,363	36,931,532	43,222,895
Community redevelopment	603,602	-	603,602
Debt service	355,470	-	355,470
Other projects	579,515	-	579,515
Unrestricted	14,709,681	10,841,094	25,550,775
Total net assets	<u>\$ 38,364,503</u>	<u>\$ 71,904,870</u>	<u>\$ 110,269,373</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, 2007

Functions/Programs:	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 3,201,057	\$ 1,115,815	\$ -	\$ -	(2,085,242)	\$ -	(2,085,242)
Public safety	8,782,773	1,105,323	561,912	4,342	(7,111,196)	-	(7,111,196)
Physical environment	469,591	-	-	-	(469,591)	-	(469,591)
Transportation/public works	1,100,292	-	324,605	-	(775,687)	-	(775,687)
Economic environment	51,766	-	-	-	(51,766)	-	(51,766)
Human Services	130,244	-	-	-	(130,244)	-	(130,244)
Culture and recreation	2,440,608	882,246	36,319	2,513,350	(991,307)	-	991,307
Interest on long-term debt	226,090	-	-	-	(226,090)	-	(226,090)
Total governmental activities	16,402,421	3,103,384	922,836	2,517,692	(9,858,509)	-	(9,858,509)
Business-type activities							
Water	3,571,233	5,502,586	-	1,153,731	-	3,085,084	3,085,084
Sewer	3,950,318	4,241,664	-	2,522,171	-	2,813,517	2,813,517
Sanitation	1,816,156	2,402,212	38,261	-	-	624,317	624,317
Stormwater	492,914	728,708	-	-	-	235,794	235,794
Total business-type activities	9,830,621	12,875,170	38,261	3,675,902	-	6,758,712	6,758,712
Total primary government	\$ 26,233,042	\$ 15,978,554	\$ 961,097	\$ 6,193,594	(9,858,509)	6,758,712	(3,099,797)
General revenues:							
Property taxes					7,452,155	-	7,452,155
Franchise fees					1,807,878	-	1,807,878
Utility taxes					1,881,092	-	1,881,092
Intergovernmental - unrestricted					4,952,062	-	4,952,062
Unrestricted investment earnings					1,164,682	2,612,266	3,776,948
Miscellaneous					50,765	-	50,765
Transfers					509,440	(509,440)	-
Total general revenues, special items, and transfers					17,818,074	2,102,826	19,920,900
Change in net assets					7,959,565	8,861,538	16,821,103
Net assets - beginning					30,404,938	63,043,332	93,448,270
Net assets - ending					\$ 38,364,503	\$ 71,904,870	\$ 110,269,373

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

CITY OF CLERMONT, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2007

	<u>General</u>	<u>Infrastructure Special Revenue</u>	<u>Community Redevelopment Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 61,249	\$ 250,340	\$ 74,663	\$ 1,731,625	\$ 2,117,877
Investments	9,433,331	5,041,399	528,939	5,505,923	20,509,592
Receivables, net	167,193	-	-	-	167,193
Inventories, at cost	29,217	-	-	-	29,217
Due from other governments	161,721	134,775	-	-	296,496
Prepaid costs	277,893	-	-	-	277,893
Total assets	<u>\$ 10,130,604</u>	<u>\$ 5,426,514</u>	<u>\$ 603,602</u>	<u>\$ 7,237,548</u>	<u>\$ 23,398,268</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 123,996	\$ 698	\$ -	\$ 114,603	\$ 239,297
Accrued liabilities	320,525	-	-	-	320,525
Total liabilities	<u>444,521</u>	<u>698</u>	<u>-</u>	<u>114,603</u>	<u>559,822</u>
Fund balances:					
Reserved for:					
Inventories and prepaid costs	307,110	-	-	-	307,110
Community redevelopment	-	-	603,602	-	603,602
Debt service	-	-	-	355,470	355,470
Perpetual care	-	-	-	579,515	579,515
Unreserved, reported in:					
General fund	9,378,973	-	-	-	9,378,973
Special revenue funds	-	5,425,816	-	5,344,507	10,770,323
Capital projects funds	-	-	-	843,453	843,453
Total fund balances	<u>9,686,083</u>	<u>5,425,816</u>	<u>603,602</u>	<u>7,122,945</u>	<u>22,838,446</u>
Total liabilities and fund balances	<u>\$ 10,130,604</u>	<u>\$ 5,426,514</u>	<u>\$ 603,602</u>	<u>\$ 7,237,548</u>	

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	26,543,013
Accrued interest payable is not due in the current period and therefore is not reported in the funds.	(116,761)
The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.	244,319
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.	<u>(11,144,514)</u>
Net Assets of Governmental Activities in the Statement of Net Assets	<u>\$ 38,364,503</u>

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

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2007

	General	Community		Other Governmental Funds	Total Governmental Funds
		Infrastructure Special Revenue	Redevelopment Special Revenue		
Revenues:					
Taxes	\$ 10,844,346	\$ -	\$ 296,779	\$ -	\$ 11,141,125
Licenses and permits	491,597	-	-	-	491,597
Intergovernmental revenues	6,419,661	1,920,486	-	-	8,340,147
Charges for services	461,523	-	-	-	461,523
Fines and forfeitures	174,573	-	-	-	174,573
Impact fees/special assessments	-	-	-	1,716,628	1,716,628
Investment earnings	509,505	247,484	28,714	315,569	1,101,272
Miscellaneous	359,203	-	-	32,025	391,228
Total revenues	19,260,408	2,167,970	325,493	2,064,222	23,818,093
Expenditures:					
Current:					
General government	2,982,926	-	-	-	2,982,926
Public safety	8,782,828	-	-	358,224	9,141,052
Physical environment	461,400	-	-	-	461,400
Transportation	1,020,192	13,613	-	-	1,033,805
Economic environment	38,011	-	10,266	-	48,277
Human services	129,382	-	-	-	129,382
Culture and recreation	1,503,663	-	-	52,055	1,555,718
Debt Service:					
Principal retirement	1,244	-	-	447,205	448,449
Interest and fiscal charges	210,009	-	-	230,058	440,067
Capital outlay:					
Culture and recreation	-	-	-	93,836	93,836
Total expenditures	15,129,655	13,613	10,266	1,181,378	16,334,912
Excess (Deficiency) of Revenues Over Expenditures	4,130,753	2,154,357	315,227	882,844	7,483,181
Other Financing Sources (Uses):					
Transfers in	540,374	-	-	725,083	1,265,457
Transfers out	(75,750)	(548,333)	-	(131,934)	(756,017)
Net other financing sources and (uses)	464,624	(548,333)	-	593,149	509,440
Net Change in Fund Balances	4,595,377	1,606,024	315,227	1,475,993	7,992,621
Fund Balances - Beginning	5,090,706	3,819,792	288,375	5,646,952	14,845,825
Fund Balances - Ending	\$ 9,686,083	\$ 5,425,816	\$ 603,602	\$ 7,122,945	\$ 22,838,446

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, 2007

Net change in fund balances - total governmental funds: \$ 7,992,621

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.

This is the amount by which capital outlays \$2,099,113 exceeded depreciation \$2,498,187 in the current period. (399,074)

The net effect of sales of capital assets is to decrease net assets. (4,324)

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 proceeds exceeded repayments. 448,449

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: (42,990)

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. (35,117)

Change in net assets of governmental activities \$ 7,959,565

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
Revenues:				
Taxes	\$ 11,084,047	\$ 11,084,047	\$ 10,844,346	\$ (239,701)
Licenses and permits	401,275	401,275	491,597	90,322
Intergovernmental revenues	3,495,011	3,495,011	6,065,615	2,570,604
Charges for services	413,455	413,455	461,523	48,068
Fines and forfeitures	107,000	107,000	174,573	67,573
Investment earnings	331,500	331,500	509,505	178,005
Miscellaneous	266,051	266,051	359,203	93,152
Total revenues	<u>16,098,339</u>	<u>16,098,339</u>	<u>18,906,362</u>	<u>2,808,023</u>
Expenditures:				
Current:				
General government:				
City council	26,545	26,545	23,963	2,582
City clerk	199,237	199,237	183,798	15,439
City manager	427,330	427,330	366,520	60,810
Administrative services	1,262,671	1,262,671	1,141,657	121,014
Legal services	117,570	117,570	114,448	3,122
Planning & zoning	795,510	795,510	586,044	209,466
Engineering	439,995	439,995	408,087	31,908
Other general government	164,300	164,300	158,409	5,891
	<u>3,433,158</u>	<u>3,433,158</u>	<u>2,982,926</u>	<u>450,232</u>
Public Safety:				
Law enforcement	4,910,158	4,910,158	4,440,362	469,796
Fire control	4,110,225	4,110,225	3,988,420	121,805
	<u>9,020,383</u>	<u>9,020,383</u>	<u>8,428,782</u>	<u>591,601</u>
Physical environment / Transportation	2,198,319	2,198,319	1,481,592	716,727
Economic environment / Human Services	281,321	281,321	167,393	113,928
Culture and recreation	1,612,382	1,639,162	1,503,663	135,499
Debt Service:				
Principal	4,797	4,797	1,244	3,553
Interest and other charges	84	210,084	210,009	75
Total expenditures	<u>16,550,444</u>	<u>16,787,224</u>	<u>14,775,609</u>	<u>2,011,615</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, 2007

Excess (Deficiency) of Revenues Over Expenditures	<u>(452,105)</u>	<u>(688,885)</u>	<u>4,130,753</u>	<u>4,819,638</u>
Other Financing Sources (Uses):				
Transfers in	505,800	505,800	540,374	34,574
Transfers out	<u>(76,810)</u>	<u>(76,810)</u>	<u>(75,750)</u>	<u>1,060</u>
Total other financing sources (uses)	<u>428,990</u>	<u>428,990</u>	<u>464,624</u>	<u>35,634</u>
Net Change in Fund Balances	<u>(23,115)</u>	<u>(259,895)</u>	<u>4,595,377</u>	<u>4,855,272</u>
Fund Balances - Beginning	<u>5,090,706</u>	<u>5,090,706</u>	<u>5,090,706</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 5,067,591</u>	<u>\$ 4,830,811</u>	<u>\$ 9,686,083</u>	<u>\$ 4,855,272</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 2,138,000	\$ 2,138,000	\$ 1,920,486	\$ (217,514)
Investment earnings	72,000	72,000	247,484	175,484
Total revenues	<u>2,210,000</u>	<u>2,210,000</u>	<u>2,167,970</u>	<u>(42,030)</u>
Expenditures:				
Transportation:				
Roads & streets	40,065	40,065	13,613	26,452
Total expenditures	<u>40,065</u>	<u>40,065</u>	<u>13,613</u>	<u>26,452</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,169,935</u>	<u>2,169,935</u>	<u>2,154,357</u>	<u>(15,578)</u>
Other Financing Sources (Uses):				
Transfers out	(5,054,626)	(5,054,626)	(548,333)	4,506,293
Total other financing sources (uses)	<u>(5,054,626)</u>	<u>(5,054,626)</u>	<u>(548,333)</u>	<u>4,506,293</u>
Net Change in Fund Balance	<u>(2,884,691)</u>	<u>(2,884,691)</u>	<u>1,606,024</u>	<u>4,490,715</u>
Fund Balances - Beginning	<u>3,819,792</u>	<u>3,819,792</u>	<u>3,819,792</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 935,101</u>	<u>\$ 935,101</u>	<u>\$ 5,425,816</u>	<u>\$ 4,490,715</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 195,680	\$ 195,680	\$ 296,779	\$ 101,099
Investment earnings	9,000	9,000	28,714	19,714
Total revenues	204,680	204,680	325,493	120,813
Expenditures:				
Economic environment:				
Economic development	530,175	530,175	10,266	519,909
Total expenditures	530,175	530,175	10,266	519,909
Excess (Deficiency) of Revenues Over Expenditures	(325,495)	(325,495)	315,227	640,722
Other Financing Sources (Uses):				
Transfers in	109,516	109,516	-	(109,516)
Total other financing sources and uses	109,516	109,516	-	(109,516)
Net Change in Fund Balances	(215,979)	(215,979)	315,227	531,206
Fund Balances - Beginning	288,375	288,375	288,375	-
Fund Balances - Ending	\$ 72,396	\$ 72,396	\$ 603,602	\$ 531,206

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

CITY OF CLERMONT, FLORIDA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

September 30, 2007

	Enterprise Funds					Internal Service Funds
	Water	Sewer	Sanitation	Stormwater	Total	
Assets:						
Current assets:						
Cash and cash equivalents	\$ 41,995	\$ 11,536	\$ 400,819	\$ 209,874	\$ 664,224	\$ 157,492
Investments	7,818,031	4,278,030	253,484	1,685,533	14,035,078	456,445
Restricted cash and cash equivalents	1,644,259	1,321,451	-	-	2,965,710	-
Accounts receivable, net	435,460	372,718	210,239	64,156	1,082,573	-
Due from other funds	2,993,188	-	-	-	2,993,188	-
Inventories	49,548	-	-	-	49,548	-
Prepaid expenses	-	12,867	-	-	12,867	-
Total current assets	12,982,481	5,996,602	864,542	1,959,563	21,803,188	613,937
Non-current assets:						
Restricted investments	7,347,306	26,808,561	-	-	34,155,867	-
Interest receivable	32,032	133,134	-	-	165,166	-
Bond issuance costs	111,594	198,388	-	-	309,982	-
Capital assets:						
Land, buildings and equipment	13,053,734	27,816,848	2,614,945	1,790,962	45,276,489	-
Construction in progress	4,402,035	4,237,397	-	725,351	9,364,783	-
Less accumulated depreciation	(5,162,086)	(7,231,214)	(833,419)	(351,634)	(13,578,353)	-
Total capital assets (net of accumulated depreciation)	12,293,683	24,823,031	1,781,526	2,164,679	41,062,919	-
Total non-current assets	19,784,615	51,963,114	1,781,526	2,164,679	75,693,934	-
Total assets	32,767,096	57,959,716	2,646,068	4,124,242	97,497,122	613,937

Liabilities:							
Current liabilities:							
Accounts payable	1,214,999	2,903,474	91,194	663,281	4,872,948	272,165	
Salaries payable	129,588	81,218	-	-	210,806	-	
Accrued interest payable	109,275	194,267	-	-	303,542	-	
Due to other funds	-	2,993,188	-	-	2,993,188	-	
Payable to other governments	-	-	-	-	-	-	
Other accrued expenses	285,684	-	50,336	18,728	354,748	-	
Revenue bonds payable-current	140,400	249,600	-	-	390,000	-	
Total current liabilities	<u>1,879,946</u>	<u>6,421,747</u>	<u>141,530</u>	<u>682,009</u>	<u>9,125,232</u>	<u>-</u>	
Non-current liabilities:							
Revenue bonds payable	6,842,586	9,721,887	-	-	16,564,473	-	
Total non-current liabilities	<u>6,842,586</u>	<u>9,721,887</u>	<u>-</u>	<u>-</u>	<u>16,564,473</u>	<u>-</u>	
Total liabilities	<u>8,722,532</u>	<u>16,143,634</u>	<u>141,530</u>	<u>682,009</u>	<u>25,989,705</u>	<u>-</u>	
Net Assets:							
Invested in capital assets, net of related deb	5,310,697	14,875,342	1,781,526	2,164,679	24,132,244	-	
Restricted for capital improvements	8,218,856	28,712,676	-	-	36,931,532	-	
Unrestricted	10,515,011	(1,771,936)	723,012	1,277,554	10,743,641	341,772	
Total net assets	<u>\$ 24,044,564</u>	<u>\$ 41,816,082</u>	<u>\$ 2,504,538</u>	<u>\$ 3,442,233</u>	<u>71,807,417</u>	<u>\$ 341,772</u>	

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

Total net assets per Government-Wide financial statements \$ 71,904,870

97,453

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



CITY OF CLERMONT, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Proprietary Funds

For the Year Ended September 30, 2007

	Enterprise Funds			Total	Internal Service Funds
	Water	Sewer	Sanitation		
Operating Revenues:					
Charges for services	\$ 5,221,625	\$ 4,236,546	\$ 2,391,499	\$ 728,708	\$ 2,053,448
Miscellaneous	280,961	5,118	10,713	-	5,000
Total operating revenues	5,502,586	4,241,664	2,402,212	728,708	2,058,448
Operating Expenses:					
Personal services	1,214,242	1,166,811	570,179	280,077	-
Utilities	459,983	512,395	67	-	-
Dump fees	-	76,370	395,439	6,331	-
Administrative services	132,475	165,645	39,880	27,155	-
Repairs and maintenance	665,043	216,710	48,770	7,770	-
Depreciation and amortization	372,362	675,684	259,863	65,291	-
Professional services	98,021	230,310	297,870	2,665	-
Insurance claims and expenses	64,395	133,764	53,130	5,335	-
Other supplies and expenses	210,609	146,220	145,579	98,290	-
Total operating expenses	3,217,130	3,323,909	1,810,777	492,914	2,144,646
Operating income (loss)	2,285,456	917,755	591,435	235,794	(86,198)
Non-Operating Revenues (Expenses):					
Grants revenue	-	-	38,261	-	-
Investment income	782,526	1,715,154	22,714	91,874	31,382
Interest expense	(346,828)	(619,367)	-	-	(966,195)
Total non-operating revenue (expenses)	435,698	1,095,787	60,975	91,874	31,382
Income (loss) before contributions and transfers	2,721,154	2,013,542	652,410	327,668	(54,816)
Capital contributions	1,153,731	2,522,171	-	-	-
Transfers in	365,556	649,877	-	-	-
Transfers out	(874,996)	(649,877)	-	-	-
Special item - gain (loss) on sale of land	-	-	-	-	-
Change in net assets	3,365,445	4,535,713	652,410	327,668	(54,816)
Total Net Assets - Beginning	20,679,119	37,280,369	1,852,128	3,114,565	396,588
Total Net Assets - Ending	\$ 24,044,564	\$ 41,816,082	\$ 2,504,538	\$ 3,442,233	\$ 341,772

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.

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

	(19,696)
	\$ 8,861,540

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

Net Increase (Decrease) in Cash and Cash Equivalents	197,919	(377,923)	20,480	40,820	(118,704)	140,354
Cash and Cash Equivalents - Beginning	1,488,355	1,710,910	380,339	169,054	3,748,658	17,138
Cash and Cash Equivalents - End	<u>\$ 1,686,274</u>	<u>\$ 1,332,987</u>	<u>\$ 400,819</u>	<u>\$ 209,874</u>	<u>\$ 3,629,954</u>	<u>\$ 157,492</u>
Classified As:						
Cash and cash equivalents	\$ 41,995	11,536	\$ 400,819	\$ 209,874	\$ 664,224	\$ 157,492
Restricted cash and cash equivalents	1,644,259	1,321,451	-	-	2,965,710	-
Total	<u>\$ 1,686,254</u>	<u>\$ 1,332,987</u>	<u>\$ 400,819</u>	<u>\$ 209,874</u>	<u>\$ 3,629,934</u>	<u>\$ 157,492</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities						
Operating income	\$ 2,285,456	\$ 917,755	\$ 591,435	\$ 235,794	\$ 4,030,440	\$ (86,198)
Adjustments Not Affecting Cash:						
Depreciation and amortization	372,362	675,684	259,863	65,291	1,373,200	-
Change in Assets and Liabilities:						
Decrease (Increase) in accts receivable	(1,893)	(38,963)	(20,846)	(5,105)	(66,807)	-
Decrease (Increase) in prepaid costs	26,305	33,904	18,232	5,188	83,629	-
Decrease (Increase) in inventory	(22,379)	-	-	-	(22,379)	-
Increase (decrease) in accounts payable	517,668	944,553	(1,497,301)	5,816	(29,264)	118,987
Increase (decrease) in accrued liabilities	24,652	(15,709)	(68,751)	3,025	(56,783)	-
Total adjustments	<u>916,715</u>	<u>1,599,469</u>	<u>(1,308,803)</u>	<u>74,215</u>	<u>1,281,596</u>	<u>118,987</u>
Net Cash Provided by Operating Activities	<u>\$ 3,202,171</u>	<u>\$ 2,517,224</u>	<u>\$ (717,368)</u>	<u>\$ 310,009</u>	<u>\$ 5,312,036</u>	<u>\$ 32,789</u>
Noncash investing, capital, and financing activities:						
Increase in fair value of investments	\$ 1,920	\$ 59,893	\$ 19,097	\$ -	\$ 80,910	\$ -

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

CITY OF CLERMONT, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

September 30, 2007

	<u>Total Employee Pension Funds</u>
Assets:	
Cash and cash equivalents	\$ 477,469
Investments:	
U.S. Government & other debt securities	4,441,041
Equities	6,586,779
Total investments	<u>11,027,820</u>
 Total assets	 <u>11,505,289</u>
Liabilities:	
Accounts payable	-
Total liabilities	<u>-</u>
 Net Assets Held in Trust for Pension Benefits	 <u>\$ 11,505,289</u>

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

CITY OF CLERMONT, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended September 30, 2007

	<u>Total Employee Pension Funds</u>
Additions:	
Contributions:	
Employer	\$ 718,081
Plan members	86,458
State	354,046
Total contributions	<u>1,158,585</u>
Investment earnings:	
Net increase in fair value of investments	1,122,187
Total net investment earnings	<u>1,122,187</u>
Total additions	<u>2,280,772</u>
Deductions:	
Benefits	304,209
Administrative	41,439
Total deductions	<u>345,648</u>
Change in Net Assets	1,935,124
Net Assets - Beginning	<u>9,570,165</u>
Net Assets - End	<u>\$ 11,505,289</u>

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



NOTES TO FINANCIAL STATEMENTS



CITY OF CLERMONT, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2007

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.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

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

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

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

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

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

The government reports the following funds:

Major Governmental Funds

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

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

Non-Major Governmental Fund Types

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

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

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

Major Proprietary Funds

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

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

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

Major Proprietary Funds (Continued)

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

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

Non-Major Proprietary Funds

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

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

Fiduciary Funds

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

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

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

2. Receivables and Payables

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

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

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

2. Receivables and Payables - (Continued)

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

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

All receivables are shown net of an allowance for 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.

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 bank accounts and their use is limited by applicable bond covenants. Assets so designated are identified as restricted assets on the balance sheet.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

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

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

5. Capital Assets

Capital assets, which include property, plant, equipment, 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 \$750 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	3-15

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

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

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

6. Compensated Absences

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

7. Long-Term Obligations

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

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

8. Fund Equity

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements:

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$(399,074) difference are as follows:

Capital outlay	\$ 2,099,113
Depreciation expense	<u>(2,498,187)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (399,074)</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this \$448,449 difference are as follows:

Debt issued or incurred:	
Loan proceeds	\$ -
Principal repayment	<u>448,449</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$448,449</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	\$(46,967)
Accrued interest payable	<u>3,977</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$(42,990)</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 3 - Stewardship, Compliance, and Accountability:

Budgetary Information -

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

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 3 - Stewardship, Compliance, and Accountability (continued):

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. Also, the City does not budget for the state pension contributions that must be recorded as intergovernmental revenue and public safety expenditures in the General Fund GAAP financial statements.

For the fiscal year ended September 30, 2007 the following adjustments are necessary to convert General Fund revenue and expenditures on the GAAP basis to the budgetary basis:

	<u>Revenues</u>	<u>Expenditures</u>
General Fund:		
GAAP Basis	\$19,263,476	\$15,132,723
Nonbudgeted state pension amounts	<u>(354,046)</u>	<u>(354,046)</u>
Budgetary Basis	<u>\$18,909,430</u>	<u>\$14,778,677</u>

Note 4 - Cash and Investments:

Deposits

At year-end, the carrying amount of the City's deposits was \$63,842 and the bank balance was \$339,463. 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.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 4 - Cash and Investments (Continued):

Investments - (Continued)

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

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

Most of the City's investments are invested in the SBA, an investment pool administered by the State of Florida.

Investments held in the State Board Administration Fund (SBA) consist of short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. The SBA is not a registrant with the Securities and Exchange Commission (SEC); however, the SBA has adopted operating procedures consistent with the requirements for a 2a-7 like pool and the fair value of the position in the pool is equal to the fair value of the pool shares. Such investments are stated at amortized cost in the accompanying financial statements. Investment income is recognized as earned and is allocated to the participating funds based on their equity participation.

Investments made by the City of Clermont at September 30, 2007 are summarized below. Defined benefit pension plan investments, other than \$6,586,779 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 (Years)</u>
State Board of Administration	\$47,019,083	See Note 14	See Note 14
Federal Agency Bond	14,396,433	AAA	1.859
FHLMC Disc. Note	2,895,373	A-1+	0.070
US Treasury Bond	9,285,592	TSY	1.851
Repurchase Agreements	<u>6,621,461</u>	Unrated	<90 days

\$80,217,942

Credit Risk:

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 4 - Cash and Investments (Continued):

Investments - (Continued)

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, 2007, 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, 2007, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk:

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

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.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 5 - Receivables:

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

	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:						
Accounts	\$ 858	\$ 418,730	\$392,373	\$220,728	\$68,145	\$1,100,834
Taxes	45,168	-	-	-	-	45,168
Other	121,595	37,792	-	-	-	159,387
Less allowance for uncollectible account	<u>(428)</u>	<u>(21,062)</u>	<u>(19,655)</u>	<u>(10,489)</u>	<u>(3,989)</u>	<u>(55,623)</u>
	<u>\$167,193</u>	<u>\$ 435,460</u>	<u>\$372,718</u>	<u>\$210,239</u>	<u>\$64,156</u>	<u>\$1,249,766</u>

Note 6 - Capital Assets:

Capital asset activity for the year ended September 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,941,498	\$ 2,500	\$ -	\$ 12,943,998
Construction in progress	<u>412,292</u>	<u>692,374</u>	<u>-</u>	<u>1,104,666</u>
Total capital assets, not being depreciated	<u>13,353,790</u>	<u>694,874</u>	<u>-</u>	<u>14,048,664</u>
Capital assets, being depreciated:				
Buildings	8,900,010	106,081	-	9,006,091
Improvements/infrastructure	11,298,050	48,682	-	11,346,732
Machinery and equipment	<u>6,723,888</u>	<u>1,249,476</u>	<u>(58,837)</u>	<u>7,914,527</u>
Total capital assets, being depreciated	<u>26,921,948</u>	<u>1,404,239</u>	<u>(58,837)</u>	<u>28,267,350</u>
Less accumulated depreciation for:				
Buildings	(3,680,761)	(564,332)	-	(4,245,093)
Improvements/infrastructure	(6,326,544)	(899,465)	-	(7,226,009)
Machinery and equipment	<u>(3,322,022)</u>	<u>(1,034,390)</u>	<u>54,513</u>	<u>(4,301,899)</u>
Total accumulated depreciation	<u>(13,329,327)</u>	<u>(2,498,187)</u>	<u>54,513</u>	<u>(15,773,001)</u>
Total capital assets, being depreciated, net	<u>13,592,621</u>	<u>(1,093,948)</u>	<u>(4,324)</u>	<u>12,494,349</u>
Governmental activities capital assets, net	<u>\$ 26,946,411</u>	<u>\$ (399,074)</u>	<u>\$ (4,324)</u>	<u>\$ 26,543,013</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 6 - Capital Assets (Continued):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,464,129	\$ -	\$ -	\$ 1,464,129
Construction in progress	<u>5,870,103</u>	<u>3,494,680</u>	<u>-</u>	<u>9,364,783</u>
Total capital assets, not being depreciated	<u>7,334,232</u>	<u>3,494,680</u>	<u>-</u>	<u>10,828,912</u>
Capital assets, being depreciated:				
Buildings	41,324	-	-	41,324
Improvements	36,638,687	2,745,534	-	39,384,221
Machinery and equipment	<u>2,910,427</u>	<u>1,761,173</u>	<u>(284,785)</u>	<u>4,386,815</u>
Total capital assets, being depreciated	<u>39,590,438</u>	<u>4,506,707</u>	<u>(284,785)</u>	<u>43,812,360</u>
Less accumulated depreciation for:				
Buildings	(40,775)	(123)	-	(40,898)
Improvements	(10,518,441)	(984,420)	-	(11,502,861)
Machinery and equipment	<u>(1,927,785)</u>	<u>(388,657)</u>	<u>281,848</u>	<u>(2,034,594)</u>
Total accumulated depreciation	<u>(12,487,001)</u>	<u>(1,373,200)</u>	<u>281,848</u>	<u>(13,578,353)</u>
Total capital assets, being depreciated, net	<u>27,103,437</u>	<u>3,133,507</u>	<u>(2,937)</u>	<u>30,234,007</u>
Business-type activities capital assets, net	<u>\$34,437,669</u>	<u>\$ 6,628,187</u>	<u>\$ (2,937)</u>	<u>\$ 41,062,919</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 556,872
Public safety	771,331
Physical environment/transportation	421,557
Culture and recreation	<u>748,427</u>
Total depreciation expense - governmental activities	<u>\$2,498,187</u>
Business-type activities:	
Water	\$ 372,362
Sewer	675,684
Sanitation	259,863
Stormwater	<u>65,291</u>
Total depreciation expense - business-type activities	<u>\$1,373,200</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 7 - Long-Term Debt:

Bonds Payable

The City issues bonds to provide funds for the acquisition and construction of major capital assets. Bonds have been issued for both governmental and business-type activities. The original amount of revenue bonds issued in prior years is described below. Revenue bonds outstanding at year end are as follows:

<u>Governmental Activities</u>	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2007</u>
Public Improvement Revenue Bonds, Series 2002	1.75 - 4.6% (6/1 & 12/1)	12/01/2003 to 12/01/2017	<u>\$ 6,965,000</u>	<u>\$ 5,360,000</u>
<u>Business-Type Activities</u>				
Water and Sewer Revenue and Refunding Bonds, Series 2000	4.4 - 5.25% (6/1 & 12/1)	12/01/2004 to 12/01/2030	<u>\$17,935,000</u>	<u>\$17,455,000</u>

<u>Year ending September 30,</u>	<u>Governmental Activities</u>		<u>Business -Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 425,000	\$ 216,406	\$ 390,000	\$ 901,657
2009	440,000	202,806	410,000	883,207
2010	455,000	187,406	430,000	863,781
2011	470,000	170,913	450,000	853,837
2012	490,000	152,700	470,000	832,363
2013-2017	2,765,000	444,520	2,715,000	3,795,800
2018-2022	315,000	14,490	3,490,000	3,018,750
2023-2027	-	-	4,525,000	1,930,431
2028-2032	-	-	4,575,000	630,756
Total	<u>\$5,360,000</u>	<u>\$1,389,241</u>	<u>\$17,455,000</u>	<u>\$13,710,582</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 7 - Long-Term Debt (Continued):

Notes Payable

The City has notes payable for governmental activities only. During 2007, the City did not enter into any new note payable agreements. Notes payable outstanding at year end are as follows:

<u>Governmental Activities</u>	<u>Original Amount</u>	<u>Balance September 30, 2007</u>
Inland Groves North Note, due to individual in quarterly interest only payments of \$52,500 (4%). Final principal payment due on July 14, 2008.	\$5,250,000	\$5,250,000
Capital Improvement Notes, Series 1999 due to SunTrust Bank in ten annual installments of \$40,264 (including interest) beginning December 2000. The notes bear an interest rate of 5.742%. The loan was obtained to purchase a fire truck.	<u>300,000</u>	<u>108,141</u>
Total:	<u>\$5,550,000</u>	<u>\$5,358,141</u>

Annual requirements to amortize outstanding notes payable for governmental activities as of September 30, 2007 are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$5,284,055	\$215,232
2009	36,009	3,220
2010	<u>38,077</u>	<u>1,093</u>
Total:	<u>\$5,358,141</u>	<u>\$219,545</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 7 - Long-Term Debt (Continued):

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bond payable -					
Revenue bonds	\$ 5,775,000	\$ -	\$ (415,000)	\$ 5,360,000	\$ 425,000
Notes payable-					
Inland Groves Note	5,250,000	-	-	5,250,000	5,250,000
Revenue Note, Series 1999	140,346	-	(32,205)	108,141	34,055
Note	1,244	-	(1,244)	-	-
Total notes payable	<u>5,391,590</u>	<u>-</u>	<u>(448,449)</u>	<u>5,358,141</u>	<u>5,284,055</u>
Compensated absences	<u>379,407</u>	<u>388,845</u>	<u>(341,879)</u>	<u>426,373</u>	<u>21,318</u>
Governmental activity long-term liabilities	<u>\$11,545,997</u>	<u>\$388,845</u>	<u>\$ (790,328)</u>	<u>\$11,144,514</u>	<u>\$5,730,373</u>
Business-type activities:					
Bonds payable -					
Revenue bonds	\$17,685,000	\$ -	\$(230,000)	\$17,455,000	\$ 390,000
Less deferred amount:					
Issuance discount	<u>(539,092)</u>	<u>-</u>	<u>38,565</u>	<u>(500,527)</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$17,145,908</u>	<u>\$ -</u>	<u>\$(191,435)</u>	<u>\$16,954,473</u>	<u>\$ 390,000</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 8 - Advance Refunding:

In prior years, the City defeased its 1972 and 1988 bond issues by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On September 30, 2007, \$1,750,000 of bonds outstanding are considered defeased.

Note 9 - Interfund Receivables, Payables and Transfers:

The composition of due to/from other funds at September 30, 2007 is as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Fund	<u>\$2,993,188</u>	Sewer Fund	<u>\$2,993,188</u>

To record the effect of the amount paid on 2000 series revenue bonds by the water fund for the sewer fund.

Interfund transfers for the year ended September 30, 2007 consisted of the following:

<u>Recipient Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	\$ 30,934	Transfer from Cemetery Fund to defray the cost of cemetery operation and maintenance.
General Fund	509,440	Transfer from Water Fund to cover non-operating expenditures.
Debt Service Fund	631,247	Transfer from the General Fund, Infrastructure Fund and Fire Impact Fee Funds to cover the debt service payments for the 2002 Public Improvement Revenue Bonds.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

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 of the defined contribution plan were administered by Met Life.

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.

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.

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 10 - Retirement Plans (Continued):

In 1997 the City adopted GASB Statement No. 25 on pension accounting and reporting. This Statement requires the disclosure of any investments in any one organization that represents 5% or more of plan net assets. All investments in the police officers' retirement trust fund and the firefighters' pension fund are invested in the Principal Financial Group's various investment portfolios. There are no investments that exceed 5% of plan net assets. None of the plans held securities issued by the employer.

Description of Plans - 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.

Membership in each of the defined benefit pension plans at September 30, 2007 was as follows:

<u>Membership and Provisions</u>	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Members:			
Retirees and beneficiaries			
currently receiving benefits	13	7	1
Vested terminated employees	-	11	42
Active participating employees	<u>-</u>	<u>46</u>	<u>49</u>
Total	<u>13</u>	<u>64</u>	<u>92</u>

Funding Policy - The City's actuarially determined contribution rate per the October 1, 2005 actuarial valuations is 0% for general employees, 20.9% for police officers and 16.1% for firefighters. Police officers make a minimum mandatory contribution of 3% and firefighters make a minimum mandatory contribution of 1%, in order to take advantage of the insurance premium tax rebate provided for in the statutes. Administrative costs are deducted from the net assets of the plan.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 10 - Retirement Plans (Continued):

Annual Pension Cost and Net Pension Obligation - The City has contributed the Annual Required Contribution (ARC) each year, since plan inception and has not had, or had need to report, a Net Pension Obligation (NPO). In accordance with GASB Statement No. 27, the City calculated the potential for a net pension liability (asset) and reaffirmed that none existed at September 30, 2007. In accordance with GAAP, the City has recorded the direct state pension contribution from insurance premium payments in the amount of \$354,046 as intergovernmental revenue and public safety expense in the general fund.

State law requires that actuarial valuations of the Police and Fire Plan be performed at least every three years. An actuarial valuation was performed as of October 1, 2005. The actuarial and census information contained herein, unless otherwise indicated, reflects the status of the Plan as of the actuarial valuation date.

Required supplementary information is as follows:

Schedule of Contributions from the Employer and Other Contributing Entities

Year Ended	<u>General Employees</u>		<u>Police Officers</u>		<u>Firefighters</u>	
	<u>Annual Required Contribution</u>	<u>Percentage of ARC Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage of ARC Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage of ARC Contributed</u>
<u>September 30</u>						
2007	\$18,998	100%	\$254,873	100%	\$137,834	100%
2006	18,323	100%	291,677	100%	176,631	100%
2005	7,346	100%	277,060	100%	160,454	100%
2004	5,500	100%	249,332	100%	103,481	100%
2003	8,091	100%	179,838	100%	83,365	100%
2002	5,301	100%	87,526	100%	10,283	100%

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 10 - Retirement Plans (Continued):

Notes to the Required Supplementary Information - The information presented in the required supplementary schedule was determined as part of the actuarial valuation at October 1, 2005. Additional information applies as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Actuarial Cost Method	Aggregate Cost	Aggregate Cost	Aggregate Cost
Amortization Method	N/A	N/A	N/A
Remaining Amortization Period	N/A	N/A	N/A
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%)	6.0%	5.5%	5.5%
Cost of living adjustment	N/A	N/A	N/A

As noted above, all of the plans use the aggregate actuarial cost method, which does not identify or separately amortize unfunded actuarial liabilities. Therefore, presentation of a schedule of funding progress is not required.

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 2007 was \$4,440,059; the City's total payroll for City employees was \$9,699,959.

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.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 10 - Retirement Plans (Continued):

The actual contribution made by the City for fiscal year 2007 was \$444,309.

Note 11 - Post-retirement Benefits:

Retired employees have the option of continuing the same type of health and dental insurance coverage available to them while they were employed with the City. The cost of the premiums is paid totally by the retirees.

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 \$40,000 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 \$1,000,000.

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.

	<u>2007</u>	<u>2006</u>
Claims liabilities, beginning of year	\$ 153,177	\$ 161,436
Incurred claims	1,714,624	1,574,318
Payments on claims	<u>(1,595,636)</u>	<u>(1,582,577)</u>
Claims liabilities, end of year	<u>\$ 272,165</u>	<u>\$ 153,177</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, 2007. 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.

Land Purchase - The city has entered into a contract to purchase two properties totaling \$8,250,000. Pending inspection, closing on these properties will occur on July 14, 2008. The city hopes to obtain a state grant to help offset some of the cost.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2007

Note 13 - Commitments and Contingencies (Continued):

Risk Management - The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City has obtained excess insurance coverage with varying retentions and limits to further limit exposure to large losses. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage during the past three years.

Note 14 - Subsequent Event:

As discussed in Note 4, at September 30, 2007, the City had \$47,017,083 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool ("Pool"). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage rise. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently, Pool A participants may withdraw 37% of their balance or \$4 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard and Poor's Rating Services assigned its "AAAM" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principle value of Pool B assets is not readily determinable.

Additional information regarding the Local Government Surplus Funds Trust may be obtained from the State Board of Administration at www.sbafl.org. On January 17, 2008, \$50 Million was released from Pool B and transferred into Pool A based on the investor's proportional share invested in Pool B. On February 11, 2008 and additional amount, \$518 Million, was released from Pool B. Pool B cash holdings are being distributed to participants as they become available.



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

Recreation Impact Fees Fund

This fund was established to account for recreation impact fees collected from new developments constructed in the City.

Police Impact Fees Fund

This fund was established to account for police impact fees collected from new developments constructed in the City.

Fire Impact Fees Fund

This fund was established to account for fire impact fees collected from new developments constructed in the City.

Debt Service Fund

Debt Service Fund

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

Capital Projects Fund

Capital Projects Fund

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

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, 2007

	<u>Special Revenue</u>			<u>Special Revenue Total</u>
	<u>Recreation Impact Fees</u>	<u>Police Impact Fees</u>	<u>Fire Impact Fees</u>	
Assets:				
Cash and cash equivalents	\$ 479,279	\$ 478,887	\$ 252,648	\$ 1,210,814
Investments	2,022,096	1,641,235	481,562	4,144,893
Total assets	<u>\$ 2,501,375</u>	<u>\$ 2,120,122</u>	<u>\$ 734,210</u>	<u>\$ 5,355,707</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 11,200	\$ 11,200
Total liabilities	<u>-</u>	<u>-</u>	<u>11,200</u>	<u>11,200</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Perpetual care	-	-	-	-
Unreserved	2,501,375	2,120,122	723,010	5,344,507
Total fund balances	<u>2,501,375</u>	<u>2,120,122</u>	<u>723,010</u>	<u>5,344,507</u>
Total liabilities and fund balances	<u>\$ 2,501,375</u>	<u>\$ 2,120,122</u>	<u>\$ 734,210</u>	<u>\$ 5,355,707</u>

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Fund - Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 355,470	\$ 136,446	\$ 28,895	\$ 1,731,625
-	810,410	550,620	5,505,923
<u>\$ 355,470</u>	<u>\$ 946,856</u>	<u>\$ 579,515</u>	<u>\$ 7,237,548</u>
\$ -	\$ 103,403	\$ -	\$ 114,603
-	103,403	-	114,603
355,470	-	-	355,470
-	-	579,515	579,515
-	843,453	-	6,187,960
<u>355,470</u>	<u>843,453</u>	<u>579,515</u>	<u>7,122,945</u>
<u>\$ 355,470</u>	<u>\$ 946,856</u>	<u>\$ 579,515</u>	<u>\$ 7,237,548</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2007

	<u>Special Revenue</u>			
	<u>Recreation Impact Fees</u>	<u>Police Impact Fees</u>	<u>Fire Impact Fees</u>	<u>Special Revenue Total</u>
Revenues:				
Impact fees/special assessments	\$ 792,566	\$ 552,396	\$ 371,666	\$ 1,716,628
Investment earnings	104,170	96,077	31,351	231,598
Miscellaneous	-	-	-	-
Total revenues	<u>896,736</u>	<u>648,473</u>	<u>403,017</u>	<u>1,948,226</u>
Expenditures:				
Current:				
Public safety	-	244,474	113,750	358,224
Culture and recreation	52,055	-	-	52,055
Debt Service				
Principal	-	-	32,205	32,205
Interest and other charges	-	-	7,236	7,236
Capital Outlay:				
Culture and recreation	-	-	-	-
Total expenditures	<u>52,055</u>	<u>244,474</u>	<u>153,191</u>	<u>449,720</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>844,681</u>	<u>403,999</u>	<u>249,826</u>	<u>1,498,506</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(101,000)	(101,000)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(101,000)</u>	<u>(101,000)</u>
Net Change in Fund Balances	844,681	403,999	148,826	1,397,506
Fund Balances - Beginning	1,656,694	1,716,123	574,184	3,947,001
Fund Balances - Ending	<u>\$ 2,501,375</u>	<u>\$ 2,120,122</u>	<u>\$ 723,010</u>	<u>\$ 5,344,507</u>

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Fund - Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 1,716,628
9,265	43,772	30,934	315,569
-	-	32,025	32,025
<u>9,265</u>	<u>43,772</u>	<u>62,959</u>	<u>2,064,222</u>
-	-	-	358,224
-	-	-	52,055
415,000	-	-	447,205
222,822	-	-	230,058
-	93,836	-	93,836
<u>637,822</u>	<u>93,836</u>	<u>-</u>	<u>1,181,378</u>
<u>(628,557)</u>	<u>(50,064)</u>	<u>62,959</u>	<u>882,844</u>
631,248	93,835	-	725,083
-	-	(30,934)	(131,934)
<u>631,248</u>	<u>93,835</u>	<u>(30,934)</u>	<u>593,149</u>
2,691	43,771	32,025	1,475,993
352,779	799,682	547,490	5,646,952
<u>\$ 355,470</u>	<u>\$ 843,453</u>	<u>\$ 579,515</u>	<u>\$ 7,122,945</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees/special assessments	\$ 1,100,000	\$ 1,100,000	\$ 792,566	\$ (307,434)
Investment earnings	37,000	37,000	104,170	67,170
Total revenues	<u>1,137,000</u>	<u>1,137,000</u>	<u>896,736</u>	<u>(240,264)</u>
Expenditures:				
Current:				
Culture and recreation	595,300	595,300	52,055	543,245
Total expenditures	<u>595,300</u>	<u>595,300</u>	<u>52,055</u>	<u>543,245</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>541,700</u>	<u>541,700</u>	<u>844,681</u>	<u>302,981</u>
Net Change in Fund Balances	541,700	541,700	844,681	302,981
Fund Balances - Beginning	<u>1,656,694</u>	<u>1,656,694</u>	<u>1,656,694</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,198,394</u>	<u>\$ 2,198,394</u>	<u>\$ 2,501,375</u>	<u>\$ 302,981</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees/special assessments	\$ 400,000	\$ 400,000	\$ 552,396	\$ 152,396
Investment earnings	62,000	62,000	96,077	34,077
Total revenues	<u>462,000</u>	<u>462,000</u>	<u>648,473</u>	<u>186,473</u>
Expenditures:				
Current:				
Public Safety:				
Law enforcement	1,113,485	1,113,485	244,474	869,011
Total expenditures	<u>1,113,485</u>	<u>1,113,485</u>	<u>244,474</u>	<u>869,011</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(651,485)</u>	<u>(651,485)</u>	<u>403,999</u>	<u>1,055,484</u>
Net Change in Fund Balances	<u>(651,485)</u>	<u>(651,485)</u>	<u>403,999</u>	<u>1,055,484</u>
Fund Balances - Beginning	<u>1,716,123</u>	<u>1,716,123</u>	<u>1,716,123</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,064,638</u>	<u>\$ 1,064,638</u>	<u>\$ 2,120,122</u>	<u>\$ 1,055,484</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Impact fees/special assessments	\$ 340,000	\$ 340,000	\$ 371,666	\$ 31,666
Investment earnings	10,500	10,500	31,351	20,851
Total revenues	<u>350,500</u>	<u>350,500</u>	<u>403,017</u>	<u>52,517</u>
Expenditures:				
Current:				
Public safety:				
Fire control	3,637,885	3,637,885	113,750	3,524,135
Debt Service:				
Principal retirement	196,605	196,605	32,205	164,400
Interest and fiscal charges	121,400	121,400	7,236	114,164
Total expenditures	<u>3,955,890</u>	<u>3,955,890</u>	<u>153,191</u>	<u>3,802,699</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(3,605,390)</u>	<u>(3,605,390)</u>	<u>249,826</u>	<u>3,855,216</u>
Other Financing Sources (Uses):				
Note issued	3,800,000	3,800,000	-	3,800,000
Transfers out	(102,410)	(102,410)	(101,000)	1,410
Total other financing sources and uses	<u>3,697,590</u>	<u>3,697,590</u>	<u>(101,000)</u>	<u>3,801,410</u>
Net Change in Fund Balances	92,200	92,200	148,826	56,626
Fund Balances - Beginning	<u>574,184</u>	<u>574,184</u>	<u>574,184</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 666,384</u>	<u>\$ 666,384</u>	<u>\$ 723,010</u>	<u>\$ 56,626</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget - Positive</u> <u>(Negative)</u>
Revenues:				
Investment earnings	\$ 6,500	\$ 6,500	\$ 9,265	\$ 2,765
Total revenues	<u>6,500</u>	<u>6,500</u>	<u>9,265</u>	<u>2,765</u>
Expenditures:				
Debt Service:				
Principal	415,000	415,000	415,000	-
Interest and fiscal charges	<u>222,822</u>	<u>222,822</u>	<u>222,822</u>	<u>-</u>
Total expenditures	<u>637,822</u>	<u>637,822</u>	<u>637,822</u>	<u>-</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(631,322)</u>	<u>(631,322)</u>	<u>(628,557)</u>	<u>2,765</u>
Other Financing Sources (Uses):				
Transfers in	640,065	640,065	631,248	(8,817)
Total other financing sources and uses	<u>640,065</u>	<u>640,065</u>	<u>631,248</u>	<u>(8,817)</u>
Net Change in Fund Balances	8,743	8,743	2,691	(6,052)
Fund Balances - Beginning	<u>352,779</u>	<u>352,779</u>	<u>352,779</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 361,522</u>	<u>\$ 361,522</u>	<u>\$ 355,470</u>	<u>\$ (6,052)</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 31,000	\$ 31,000	\$ 43,772	\$ 12,772
Miscellaneous	-	-	-	-
Total revenues	<u>31,000</u>	<u>31,000</u>	<u>43,772</u>	<u>12,772</u>
Expenditures:				
Capital outlay				
Culture and recreation	5,000,000	5,000,000	93,836	4,906,164
Total expenditures	<u>5,000,000</u>	<u>5,000,000</u>	<u>93,836</u>	<u>4,906,164</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,969,000)</u>	<u>(4,969,000)</u>	<u>(50,064)</u>	<u>4,918,936</u>
Other Financing Sources (Uses):				
Transfers in	4,593,781	4,593,781	93,835	(4,499,946)
Total other financing sources and uses	<u>4,593,781</u>	<u>4,593,781</u>	<u>93,835</u>	<u>(4,499,946)</u>
Net Change in Fund Balances	<u>(375,219)</u>	<u>(375,219)</u>	<u>43,771</u>	<u>418,990</u>
Fund Balances - Beginning	<u>799,682</u>	<u>799,682</u>	<u>799,682</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 424,463</u>	<u>\$ 424,463</u>	<u>\$ 843,453</u>	<u>\$ 418,990</u>

FIDUCIARY FUNDS

Pension Trust Funds

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

CITY OF CLERMONT, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

September 30, 2007

	<u>General Employees</u>				<u>Employee Pension Funds</u>
	<u>Defined Benefit</u>	<u>Defined Contribution</u>	<u>Police Officers Pension Trust</u>	<u>Firefighters Pension Trust</u>	
Assets:					
Cash and cash equivalents	\$ 33,636	\$ 131,975	\$ 218,514	\$ 93,344	\$ 477,469
Investments:					
U.S. Government & other debt securities	312,854	1,227,528	2,032,447	868,212	4,441,041
Equities	464,013	1,820,622	3,014,446	1,287,698	6,586,779
Total Investments	776,867	3,048,150	5,046,893	2,155,910	11,027,820
Total assets	810,503	3,180,125	5,265,407	2,249,254	11,505,289
Liabilities:					
Accounts payable	-	-	-	-	-
Total liabilities	-	-	-	-	-
Net Assets Held in Trust for Pension Benefits	\$ 810,503	\$ 3,180,125	\$ 5,265,407	\$ 2,249,254	\$ 11,505,289

CITY OF CLERMONT, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended September 30, 2007

	<u>General Employees</u>				
	<u>Defined Benefit</u>	<u>Defined Contribution</u>	<u>Police Officers Pension Trust</u>	<u>Firefighters Pension Trust</u>	<u>Total Employee Pension Funds</u>
Additions:					
Contributions:					
Employer	\$ 18,998	\$ 306,376	\$ 254,873	\$ 137,834	\$ 718,081
Plan members	-	-	65,292	21,166	86,458
State	-	-	211,850	142,196	354,046
Total contributions	<u>18,998</u>	<u>306,376</u>	<u>532,015</u>	<u>301,196</u>	<u>1,158,585</u>
Investment earnings:					
Net increase in fair value of investments	91,254	283,918	525,860	221,155	1,122,187
Total net investment earnings	<u>91,254</u>	<u>283,918</u>	<u>525,860</u>	<u>221,155</u>	<u>1,122,187</u>
Total additions	110,252	590,294	1,057,875	522,351	2,280,772
Deductions:					
Benefits/distributions	79,539	92,928	128,922	2,820	304,209
Administrative expenses	2,589	14,767	14,884	9,199	41,439
Total deductions	<u>82,128</u>	<u>107,695</u>	<u>143,806</u>	<u>12,019</u>	<u>345,648</u>
Change in Net Assets	28,124	482,599	914,069	510,332	1,935,124
Net Assets Held in Trust for Pension Benefits:					
Beginning of Year	<u>782,379</u>	<u>2,697,526</u>	<u>4,351,338</u>	<u>1,738,922</u>	<u>9,570,165</u>
End of Year	<u>\$ 810,503</u>	<u>\$ 3,180,125</u>	<u>\$ 5,265,407</u>	<u>\$ 2,249,254</u>	<u>\$ 11,505,289</u>



**CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS**



CITY OF CLERMONT, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

For The Year Ended September 30, 2007

	<u>Land</u>	<u>Buildings</u>	<u>Improvements/ Infrastructure</u>	<u>Machinery/ Equipment</u>	<u>Total</u>
General government	\$ 170,115	\$ 5,559,926	\$ 32,793	\$ 1,628,961	\$ 7,391,795
Public safety	450,064	1,746,396	-	4,890,570	7,087,030
Physical environment/ transportation	119,494	728,159	5,689,867	712,037	7,249,557
Culture & recreation	12,014,824	956,830	5,477,699	661,526	19,110,879
Older assets not maintained by function	189,500	14,780	146,373	21,434	372,087
Total	<u>\$ 12,943,997</u>	<u>\$ 9,006,091</u>	<u>\$ 11,346,732</u>	<u>\$ 7,914,528</u>	<u>\$ 41,211,348</u>

	<u>Balance 09/30/06</u>	<u>Additions</u>	<u>Deletions and Transfers</u>	<u>Balance 09/30/07</u>
General government	\$ 7,035,165	\$ 356,630	\$ 957	\$ 7,390,838
Public safety	6,313,329	773,701	37,041	7,049,989
Physical environment/ transportation	7,120,581	187,812	12,838	7,295,555
Culture & recreation	19,022,283	88,596	8,000	19,102,879
Older assets not maintained by function	372,087	-	-	372,087
Total	<u>\$ 39,863,445</u>	<u>\$ 1,406,739</u>	<u>\$ 58,836</u>	<u>\$ 41,211,348</u>



Statistical Section

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

Contents	Page
Financial Trends	74
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	83
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	87
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
There are no limitations placed upon the amount of debt the City of Clermont may issue by either the City Charter or the City's Code of Ordinances or by Florida Statutes.	
The City of Clermont has no general obligation bonds outstanding.	
Demographic and Economic Information	92
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	96
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

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

	Fiscal Year			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Governmental activities				
Invested in capital assets, net of related debt	*	*	*	*
Restricted	*	*	*	*
Unrestricted	*	*	*	*
Total governmental activities net assets	*	*	*	*
Business-type activities				
Invested in capital assets, net of related debt	*	*	*	*
Restricted	*	*	*	*
Unrestricted	*	*	*	*
Total business-type activities net assets	*	*	*	*
Primary government				
Invested in capital assets, net of related debt	*	*	*	*
Restricted	*	*	*	*
Unrestricted	*	*	*	*
Total primary government net assets	*	*	*	*

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

Fiscal Year					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
*	*	\$ 10,959	\$ 12,118	\$ 15,777	\$ 15,825
*	*	3,121	4,800	5,935	7,830
*	*	5,619	8,125	8,693	14,710
*	*	<u>\$ 19,699</u>	<u>\$ 25,043</u>	<u>\$ 30,405</u>	<u>\$ 38,365</u>
*	*	\$ 12,054	\$ 12,082	\$ 15,864	\$ 24,132
*	*	22,601	27,573	33,732	36,932
*	*	9,903	13,414	13,447	10,767
*	*	<u>\$ 44,558</u>	<u>\$ 53,069</u>	<u>\$ 63,043</u>	<u>\$ 71,831</u>
*	*	\$ 23,013	\$ 24,200	\$ 31,641	\$ 39,957
*	*	25,722	32,373	39,667	44,762
*	*	15,522	21,539	22,140	25,477
*	*	<u>\$ 64,257</u>	<u>\$ 78,112</u>	<u>\$ 93,448</u>	<u>\$ 110,196</u>

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

Expenses	Fiscal Year				
	1998 -2003	2004	2005	2006	2007
Governmental activities:					
General government	*	\$ 2,337	\$ 2,617	\$ 3,232	\$ 3,201
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	1,100
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	*	10,758	12,073	14,439	16,403
Business-type activities:					
Water	*	2,707	3,015	3,427	3,571
Sewer	*	3,423	3,572	4,024	3,950
Sanitation	*	1,617	1,817	1,731	1,816
Stormwater	*	266	287	316	493
Total business-type activities expenses	*	8,013	8,691	9,498	9,830
Total primary government expenses	*	\$ 18,771	\$ 20,764	\$ 23,937	\$ 26,233
 Program Revenues					
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	*	3,620	4,609	4,389	6,544
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	*	16,756	16,755	17,967	16,589
Total primary government program revenues	*	\$ 20,376	\$ 21,364	\$ 22,356	\$ 23,133

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

	Fiscal Year				
	<u>1998-2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net (expense)/revenue					
Governmental activities	*	\$ (7,138)	\$ (7,464)	\$ (10,050)	\$ (9,859)
Business-type activities	*	8,743	8,064	8,469	6,759
Total primary government net expense	*	<u>\$ 1,605</u>	<u>\$ 600</u>	<u>\$ (1,581)</u>	<u>\$ (3,100)</u>
General Revenues and Other Changes					
in Net Assets					
Governmental activities:					
Taxes					
Property taxes	*	\$ 3,371	\$ 4,417	\$ 5,665	\$ 7,452
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>
Change in Net Assets					
Governmental activities	*	\$ 2,593	\$ 5,343	\$ 5,363	\$ 7,959
Business-type activities	*	8,748	8,512	9,973	8,862
Total primary government	*	<u>\$ 11,341</u>	<u>\$ 13,855</u>	<u>\$ 15,336</u>	<u>\$ 16,821</u>

* Information not available prior to implementation of GASB Statement 34.

City of Clermont, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>Fiscal Year</u>			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General fund				
Reserved	\$ 50	\$ 43	\$ 54	\$ 97
Unreserved	<u>713</u>	<u>736</u>	<u>1,407</u>	<u>2,120</u>
Total general fund	<u>\$ 763</u>	<u>\$ 779</u>	<u>\$ 1,461</u>	<u>\$ 2,217</u>
All other governmental funds				
Reserved	\$ 368	\$ 393	\$ 409	\$ 430
Unreserved, reported in:				
Special revenue funds	199	458	1,291	793
Capital projects fund	<u>-</u>	<u>-</u>	<u>1,088</u>	<u>669</u>
Total all other governmental funds	<u>\$ 567</u>	<u>\$ 851</u>	<u>\$ 2,788</u>	<u>\$ 1,892</u>

Fiscal Year					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 162	\$ 167	\$ 168	\$ 198	\$ 233	\$ 307
<u>2,559</u>	<u>3,110</u>	<u>4,207</u>	<u>5,758</u>	<u>4,857</u>	<u>9,379</u>
<u>\$ 2,721</u>	<u>\$ 3,277</u>	<u>\$ 4,375</u>	<u>\$ 5,956</u>	<u>\$ 5,090</u>	<u>\$ 9,686</u>
\$ 512	\$ 760	\$ 894	\$ 1,083	\$ 1,189	\$ 1,539
1,003	2,318	3,410	5,028	7,767	10,771
<u>4,423</u>	<u>106</u>	<u>-</u>	<u>926</u>	<u>780</u>	<u>843</u>
<u>\$ 5,938</u>	<u>\$ 3,184</u>	<u>\$ 4,304</u>	<u>\$ 7,037</u>	<u>\$ 9,736</u>	<u>\$ 13,153</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			
	1998	1999	2000	2001
Revenues				
Taxes	\$ 2,770	\$ 3,184	\$ 3,939	\$ 4,931
Licenses and permits	134	150	189	211
Intergovernmental revenue	1,013	872	960	930
Charges for services	42	44	60	37
Fines and forfeitures	160	109	174	146
Impact fees/special assessments	201	240	996	945
Investment income	85	88	151	243
Miscellaneous	93	71	261	212
Total revenues	4,498	4,758	6,730	7,655
Expenditures				
General government	771	737	808	874
Public Safety	1,335	1,551	1,868	2,247
Physical environment	140	114	134	197
Transportation	423	376	404	454
Economic environment	11	7	24	27
Human services	24	26	25	20
Culture and recreation	586	735	876	1,011
Capital outlay	1,080	1,231	2,417	2,882
Debt service				
Principal	175	185	200	257
Interest	79	68	54	99
Other charges	-	-	-	1
Total expenditures	4,624	5,030	6,810	8,069
Excess of revenues over (under) expenditures	(126)	(272)	(80)	(414)
Other financing sources (uses)				
Transfers in	526	536	1,328	551
Transfers out	(408)	(385)	(1,037)	(302)
Debt issuance	-	397	2,390	-
Sale of capital assets	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	118	548	2,681	249
Net change in fund balances	\$ (8)	\$ 276	\$ 2,601	\$ (165)
Debt service as a percentage of noncapital expenditures	7.2%	6.7%	5.8%	6.9%

Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$	5,752	\$ 6,794	\$ 6,791	\$ 8,391	\$ 10,327	\$ 11,141
	253	277	467	484	456	491
	1,408	1,152	2,758	5,216	4,211	8,340
	367	378	381	389	407	462
	112	114	125	164	226	175
	1,314	1,424	1,592	1,152	2,444	1,717
	141	145	107	267	738	1,101
	177	219	541	310	505	391
	<u>9,524</u>	<u>10,503</u>	<u>12,762</u>	<u>16,373</u>	<u>19,314</u>	<u>23,818</u>
	1,117	1,338	1,432	2,053	2,694	2,983
	3,118	3,606	4,274	5,285	6,452	9,141
	42	35	278	318	343	461
	622	806	1,055	917	967	1,034
	44	39	32	33	38	48
	58	89	122	139	75	129
	1,162	1,316	1,009	1,025	1,259	1,556
	3,205	5,351	2,752	2,484	10,235	94
	396	236	507	855	868	449
	92	257	268	258	244	440
	211	-	-	-	-	-
	<u>10,067</u>	<u>13,073</u>	<u>11,729</u>	<u>13,367</u>	<u>23,175</u>	<u>16,335</u>
	(543)	(2,570)	1,033	3,006	(3,861)	7,483
	1,468	1,182	1,217	1,081	1,676	1,265
	(1,378)	(863)	(832)	(704)	(1,212)	(756)
	6,965	27	800	-	5,250	-
	-	-	-	931	-	-
	(2,000)	-	-	-	-	-
	<u>5,055</u>	<u>346</u>	<u>1,185</u>	<u>1,308</u>	<u>5,714</u>	<u>509</u>
\$	<u>4,512</u>	<u>(2,224)</u>	<u>2,218</u>	<u>4,314</u>	<u>1,853</u>	<u>7,992</u>
	10.2%	6.4%	8.6%	10.2%	9.4%	5.8%

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

Fiscal Year	Property Tax	Franchise Fees	Utility Tax	Total
1998	\$ 710	\$ 528	\$ 885	\$ 2,123
1999	838	560	1,027	2,425
2000	1,205	654	1,248	3,107
2001	1,594	806	1,552	3,952
2002	2,038	806	1,855	4,699
2003	2,592	922	1,981	5,495
2004	3,305	1,128	2,292	6,725
2005	4,321	1,357	2,617	8,295
2006	5,488	1,714	2,948	10,150
2007	7,155	1,808	3,138	12,101

Taxes Included in Unrestricted Intergovernmental Revenues

Fiscal Year	Sales Tax	State Revenue Sharing	Local Option Gas Tax	Total
1998	\$ 301	\$ 155	\$ 172	\$ 628
1999	336	151	199	686
2000	381	169	206	756
2001	416	187	213	816
2002	464	192	226	882
2003	541	207	243	991
2004	781	242	268	1,291
2005	930	328	275	1,533
2006	1,157	368	286	1,811
2007	1,210	388	325	1,923

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

Fiscal Year Ended Sep 30	Real* Property	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
1998	269,423	53,654	75,609	247,468	2.979	323,077	76.60%
1999	317,940	55,962	82,258	291,644	2.979	373,902	78.00%
2000	384,836	60,922	88,777	356,981	3.479	445,758	80.08%
2001	491,701	64,111	105,297	450,515	3.729	555,812	81.06%
2002	626,840	72,610	128,222	571,228	3.729	699,450	81.67%
2003	793,583	92,764	166,209	720,138	3.729	886,347	81.25%
2004	1,041,341	112,546	238,373	915,514	3.729	1,153,887	79.34%
2005	1,363,931	133,687	299,162	1,198,456	3.729	1,497,618	80.02%
2006	1,771,503	153,086	382,885	1,541,704	3.729	1,924,589	80.11%
2007	2,466,549	171,470	620,750	2,017,269	3.142	2,638,019	76.47%

Source: Lake County Property Appraisers Office

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

City of Clermont, Florida
Property Tax Rates
Direct and Overlapping¹ Governments
Last Ten Fiscal Years²
(per \$1,000 of assessed value)

Fiscal Year	City of Clermont Operating Millage	Overlapping Rates							Total Direct & Overlapping Rates
		Lake County			Lake County	South Lake	Lake County	St. Johns River Water	
		Operating Millage	Voted Debt Service	Ambulance MSTU	School District	Hospital District	Water Authority	Management District	
1998	2.9790	4.7330	0.0000	0.1580	9.1000	2.0000	0.3840	0.4820	19.8360
1999	2.9790	4.7330	0.0000	0.2680	9.1900	2.0000	0.3840	0.4820	20.0360
2000	3.4790	4.7330	0.0000	0.3160	8.7420	1.0000	0.5000	0.4820	19.2520
2001	3.7290	5.1170	0.0000	0.5500	8.4950	1.0000	0.5000	0.4720	19.8630
2002	3.7290	5.1170	0.0000	0.5289	8.2020	1.0000	0.5000	0.4620	19.5389
2003	3.7290	5.9170	0.0000	0.5289	8.3950	1.0000	0.4819	0.4620	20.5138
2004	3.7290	5.9170	0.0000	0.5289	8.4400	1.0000	0.4080	0.4620	20.4849
2005	3.7290	5.8170	0.0000	0.5289	7.9900	1.0000	0.3831	0.4620	19.9100
2006	3.7290	5.7970	0.0000	0.5289	7.9810	1.0000	0.3370	0.4620	19.8349
2007	3.1420	4.7410	0.2000	0.4651	7.6980	0.8666	0.2130	0.4158	17.7415

Source: Lake County Property Appraisers Office

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

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

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

<u>Taxpayer</u>	<u>2008</u>			<u>1998</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	\$ 30,265	1	1.50%			
Lennar Homes, Inc.	27,019	2	1.34%	\$ 6,888	2	2.78%
Fountains at Clermont LLC	21,421	3				
South Lake Hospital, Inc.	20,177	4	1.00%	5,115	3	2.07%
Wal-Mart Stores East LP	12,767	5	0.63%			
Sundance Clermont LLC	12,054	6	0.60%			
Pulte Home Corporation	11,966	7	0.59%			
Clermont Center LTD	11,088	8	0.55%			
Lost Lake Reserve LC	10,776	9	0.53%			
Target Corporation	10,346	10	0.51%			
CPF Property Investments, Inc.				8,144	1	3.29%
Hurtak, Family Partnership Ltd.				5,087	4	2.06%
Health Care Reit, Inc.				4,135	5	1.67%
Mercator Properties, Inc.				3,865	6	1.56%
Lakeworth MHP, LTD				3,122	7	1.26%
Lake Highlands Assoc, Inc.				2,966	8	1.20%
Grand View Garden Homes, LC				2,218	9	0.90%
Indian Shores Development				1,693	10	0.68%
TOTAL	\$167,879		8.32%	\$ 43,233		17.47%

Source: Lake County Property Appraiser

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

Fiscal Year Ended September	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	737	700	95.0%	10	710	96.3%
1999	869	836	96.2%	2	838	96.4%
2000	1,242	1,201	96.7%	4	1,205	97.0%
2001	1,680	1,607	95.7%	14	1,621	96.5%
2002	2,130	2,054	96.4%	10	2,064	96.9%
2003	2,685	2,586	96.3%	9	2,595	96.6%
2004	3,414	3,293	96.5%	10	3,303	96.8%
2005	4,469	4,310	96.4%	5	4,315	96.6%
2006	5,749	5,544	96.4%	-	5,544	96.4%
2007	7,518	7,155	95.2%	17	7,155	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	Per Capita ¹
	Revenue Bonds	Notes Payable	Line of Credit	Water & Sewer Refunding Revenue Bonds			
1998	950	31	-	11,135	\$12,116	*	1,477
1999	765	424	-	10,960	\$12,149	*	1,371
2000	565	744	2,000	10,780	\$14,089	6.87%	1,490
2001	355	630	2,000	17,935	\$20,920	*	1,979
2002	6,965	459	-	17,935	\$25,359	*	1,849
2003	6,965	381	-	17,935	\$25,281	*	1,643
2004	6,575	1,064	-	17,935	\$25,574	*	1,449
2005	6,180	605	-	17,835	\$24,620	*	1,230
2006	5,775	5,392	-	17,685	\$28,852	5.66%	1,312
2007	5,360	5,358	-	17,455	\$28,173	5.63%	1,231

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

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

* Information is not available.

City of Clermont, Florida
Direct and Overlapping Governmental Activities Debt
September 30, 2007

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

	<u>Total Outstanding</u>	<u>Percentage Applicable to City of Clermont</u>	<u>Amount Applicable to City of Clermont</u>
Direct:			
City of Clermont	\$ 10,718	100.00%	\$ 10,718
Overlapping:			
Lake County	33,485	10.86%	3,636
<hr/>			
Total direct and overlapping debt payable from ad valorem taxes	\$ 44,203		\$ 14,354
<hr/>			
Estimated Population			22,882
<hr/>			
Total direct and overlapping debt per capita			\$ 627.33

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

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

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

Public Improvement Revenue Bonds, Series 2002

Fiscal Year	Public Service Taxes	Communications Service Tax	Half-Cent Sales Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
					Principal	Interest	
1998	\$ 885,004	\$ -	\$ 300,506	\$ 1,185,510	\$ -	\$ -	-
1999	1,027,025	-	335,509	1,362,534	-	-	-
2000	1,247,966	-	380,646	1,628,612	-	-	-
2001	1,551,762	-	416,036	1,967,798	-	-	-
2002	1,054,652	800,177	464,290	2,319,119	- ¹	254,188	9.12
2003	1,172,270	808,813	540,717	2,521,800	390,000	250,775	3.94
2004	1,381,779	910,725	780,863	3,073,367	395,000	243,166	4.82
2005	1,552,000	1,063,454	929,740	3,545,194	405,000	233,653	5.55
2006	1,781,626	1,163,971	1,156,694	4,102,291	415,000	222,372	6.44
2007	1,559,824	1,253,425	1,209,748	4,022,997	415,000	228,338	6.25

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

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

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

Sales Tax Revenue Bonds, Series 1989

Fiscal Year	State Infrastructure Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
			Principal	Interest	
1998	\$ 475,531	\$ 475,531	\$ 175,000	\$ 77,883	1.88
1999	547,480	547,480	185,000	65,983	2.18
2000	598,313	598,313	200,000	53,310	2.36
2001	708,636	708,636	210,000	39,510	2.84
2002	752,740	752,740	225,000	24,915	3.01
2003	996,162	996,162	130,000	9,165	7.16
2004	1,233,598	1,233,598	- ¹	- ¹	- ¹
2005	1,538,498	1,538,498	- ¹	- ¹	- ¹
2006	1,934,455	1,934,455	- ¹	- ¹	- ¹
2007	1,920,486	1,920,486	- ¹	- ¹	- ¹

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

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

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

Water and Sewer Revenue and Refunding Bonds						
Fiscal Year	Water and Sewer Operating Revenues ¹	Water and Sewer Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
1998	\$ 2,457,227	\$ 1,514,280	\$ 942,947	\$ 170,000	\$ 560,006	1.29
1999	2,803,192	1,737,216	1,065,976	175,000	553,085	1.46
2000	3,619,767	2,122,938	1,496,829	180,000	530,069	2.11
2001	4,326,638	2,236,146	2,090,492	- ³	543,741	3.84
2002	5,124,778	2,952,556	2,172,222	- ³	932,128	2.33
2003	5,901,907	3,461,216	2,440,691	- ³	932,128	2.62
2004	7,261,239	4,339,959	2,921,280	- ³	932,128	3.13
2005	7,841,830	4,773,639	3,068,191	100,000	929,928	2.98
2006	9,421,834	5,456,689	3,965,145	150,000	924,353	3.69
2007	12,875,170	8,820,932	4,054,238	230,000	915,802	3.54

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

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

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

³ On November 21, 2000, the City defeased its 1972 and 1988 bond issues and paid off a 1996 Bond

Anticipation note that was due December 1, 2000. Principal payments were not due until December 1, 2004.

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

Fiscal Year	Population¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income²	Median Age²	Education Level in Years of Formal Schooling²	School Enrollment³	Unemployment Rate⁴
1998	8,202	*	*	*	*	2,412	3.3%
1999	8,861	*	*	*	*	3,683	2.7%
2000	9,455	204,937	21,675	37.6	13.2	3,841	3.6%
2001	10,571	*	*	*	*	4,500	4.4%
2002	13,718	*	*	*	*	4,616	5.6%
2003	15,391	*	*	*	*	4,630	5.0%
2004	17,654	*	*	*	*	5,219	4.3%
2005	20,017	*	*	*	*	5,165	3.6%
2006	21,986	509,987	23,196	35.9	13.5	5,375	3.1%
2007	22,882	500,338	21,866	36.8	13.6	5,411	4.7%

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

² Metro Orlando Economic Development Commission

³ Lake County School Board

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

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

* Information is not available.

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

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment¹</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Walmart	1,172	1	9.98%			
Lake County School System	981	2	8.35%	127	5	*
South Lake Hospital, Inc.	900	3	7.66%	352	1	*
Publix Supermarkets	627	4	5.34%	276	2	*
Target Corporation	460	5	3.92%			
South Lake Ford	300	6	2.55%	48	10	*
Winn Dixie	287	7	2.44%	236	3	*
City of Clermont	244	8	2.08%	109	6	*
Progressive Plumbing Inc	220	9	1.87%			
Westminister Care of Clermont	175	10	1.49%	150	4	*
CBS Builders Supply Inc.				91	7	*
Quincy's Steak House				72	8	*
Exceletech, Inc.				64	9	*
TOTAL	5,366		75.52%	1,525		*

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

¹ The City of Clermont has an estimated daytime population of 11,747 with approximately 1,665 business establishments as of 9/30/2007.

* Information is not available.

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

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow¹</u>	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow</u>
Levitt & Sons Inc.	41,798	1	1.57%	*	*	*
KB Homes Inc.	32,746	2	1.23%	*	*	*
Lennar Homes Inc.	32,283	3	1.22%	*	*	*
South Lake Hospital, Inc.	27,077	4	1.02%	*	*	*
Greater Homes Inc.	22,097	5	0.83%	*	*	*
Lake County Schools	20,973	6	0.79%	*	*	*
City of Clermont	15,966	7	0.60%	*	*	*
Pulte Homes Inc.	15,557	8	0.59%	*	*	*
US Homes Inc.	15,076	9	0.57%	*	*	*
Westminister Community Care	12,590	10	0.47%	*	*	*
TOTAL	236,163		8.90%	*		*

¹ The City of Clermont had a total metered water flow of approximately 2,654,352,000 gallons for the 12-month period ending September 30, 2007

* Information is not available.

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

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow¹</u>	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow</u>
Greater Homes Inc.	23,977	1	3.23%	*	*	*
US Homes Inc.	15,076	2	2.03%	*	*	*
City of Clermont	14,803	3	1.99%	*	*	*
Lake County Schools	13,560	4	1.82%	*	*	*
Westminister Community Care	12,437	5	1.67%	*	*	*
Lennar Homes Inc.	11,180	6	1.50%	*	*	*
Osprey Apartments	10,287	7	1.38%	*	*	*
Banyan Homes Inc.	9,658	8	1.30%	*	*	*
Sundance Apartments	9,370	9	1.26%	*	*	*
Blue Water Express Car Wash	7,446	10	1.00%	*	*	*
TOTAL	127,794		17.19%	*		*

¹ The City of Clermont had a total metered water flow for wastewater billing purposes of approximately 743,218,650 gallons for the 12-month period ending September 30, 2007

* Information is not available.

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

Function	Full-time Equivalent Employees as of September 30,			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Government	13.50	15.50	19.50	17.50
Public Safety:				
Police				
Sworn personnel	22.00	24.00	25.00	27.00
Non sworn personnel	9.00	10.00	10.00	10.00
Fire				
Firefighters	-	5.00	5.00	11.00
Other personnel	-	-	1.00	1.00
Physical Environment	4.00	4.00	4.00	5.00
Transportation	5.81	7.09	7.87	8.21
Human Services	0.50	0.50	0.50	0.50
Culture & Recreation	11.50	14.50	17.50	19.50
Water	10.34	11.84	12.59	14.12
Sewer	9.34	9.84	13.09	14.82
Stormwater	1.35	2.07	2.29	2.49
Sanitation	<u>8.66</u>	<u>8.66</u>	<u>8.66</u>	<u>8.86</u>
Total	<u><u>96.00</u></u>	<u><u>113.00</u></u>	<u><u>127.00</u></u>	<u><u>140.00</u></u>

Source: City of Clermont Administrative Services Department.

Full-time Equivalent Employees as of September 30,					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
17.00	23.00	22.50	25.50	27.50	30.50
29.00	31.00	34.00	38.00	45.00	51.00
10.00	11.00	12.00	16.00	16.00	16.00
12.00	13.00	19.00	22.00	38.00	45.00
1.00	1.00	1.00	1.00	2.00	2.00
-	0.50	7.50	7.50	10.00	10.00
11.35	13.16	13.25	13.25	13.70	15.20
1.00	1.75	2.25	2.25	2.00	2.00
20.75	23.50	19.45	19.45	22.20	26.20
18.72	20.32	22.90	23.40	25.40	26.90
19.02	19.22	25.80	25.30	26.30	27.80
2.20	4.49	4.65	4.65	7.20	8.70
<u>8.96</u>	<u>9.06</u>	<u>8.70</u>	<u>8.70</u>	<u>8.70</u>	<u>14.70</u>
<u>151.00</u>	<u>171.00</u>	<u>193.00</u>	<u>207.00</u>	<u>244.00</u>	<u>276.00</u>

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

Function	Fiscal Year			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Government				
Municipal boundary (square miles)	11.26	11.26	11.26	11.29
Occupational licenses issued	*	*	*	1,202
A/P Checks issued	2,875	3,024	3,757	4,481
Commercial construction (units)	13	5	11	17
Commercial construction (value in thousands)	24,687	17,725	22,396	17,264
Residential construction (units)	333	492	711	884
Residential construction (value in thousands)	21,414	34,375	58,830	82,040
Public Safety:				
Police				
Auto accidents	330	305	392	374
Physical arrests	411	318	397	462
911 calls received	*	*	*	*
Evidence processed (pieces)	8	123	229	311
Parking violations	*	*	*	8
Traffic violations	3,510	2,220	4,562	3,489
Fire				
Volunteer firefighters	25	33	34	34
Fire inspections completed	319	319	266	279
Emergency calls answered	412	579	831	1,556
Non-emergency calls answered	51	64	54	65
Human Services				
Animals captured	*	*	231	488
Water				
Residential customers	4,549	5,009	5,992	7,303
Commercial customers	447	490	531	579
Annual water usage (thousands of gallons)	1,087,078	1,146,663	1,394,359	1,365,196
Sewer				
Residential customers	3,099	3,328	3,928	5,001
Commercial customers	388	443	458	511

Sources: Various government departments.

* Data not available.

Fiscal Year					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
11.18	11.88	11.97	12.45	14.13	14.37
1,290	1,468	1,551	1,795	1,985	2,141
4,808	4,940	4,967	5,415	5,664	6,023
39	22	24	23	38	24
52,343	18,758	14,272	7,115	17,534	24,433
829	959	1,155	673	635	324
77,470	124,837	158,458	103,672	186,189	136,477
390	489	541	671	625	1,192
465	449	414	500	707	933
*	*	5,580	6,262	7,008	6,317
1,123	1,075	1,054	1,127	1,610	1,585
36	48	87	71	161	140
3,623	2,713	2,394	2,855	5,259	5,164
34	34	34	27	27	9
494	441	483	457	625	414
2,271	2,506	3,093	3,321	3,132	3,048
77	86	143	143	189	198
521	364	562	445	495	652
8,461	10,529	12,751	14,284	15,733	16,394
644	723	817	921	993	1,069
1,299,701	1,338,818	1,655,203	1,788,337	2,121,588	2,654,352
6,243	7,650	9,217	10,176	11,125	11,554
581	673	767	883	955	1,031

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

Function	Fiscal Year			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Government				
Public Safety:				
Police				
Police stations	1	1	1	1
Patrol units	22	24	25	27
Fire				
Fire stations	1	1	1	3
Staffed fire stations	0	1	1	2
Fire hydrants	227	642	657	840
Fire apparatus	5	5	6	7
Staffed fire apparatus	0	0	1	2
ALS non-transport units	0	0	0	1
Transportation				
Streets paved (miles)	46.00	48.00	52.00	77.00
Streetlights	699	775	825	875
Culture & Recreation				
Number of parks	21	22	22	22
Parks acreage	88.0	101.5	101.5	101.5
Scenic linear trail (miles)	**	**	**	3.5
Tennis courts	4	4	4	6
Fishing piers	**	**	**	4
Boat ramp	1	1	1	1
Libraries	1	1	1	1
Water				
Miles of water mains	*	*	*	*
Miles of sanitary sewers	*	*	*	34.00
Miles of storm sewers	*	*	*	8.50

Sources: Various government departments.

* Data not available.

** Asset was not in service.

Fiscal Year					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
1	1	1	1	1	1
29	31	34	38	45	45
3	3	3	3	3	3
2	2	2	2	2	3
940	1,064	1,200	1,431	1,630	1,896
6	7	7	8	9	9
2	2	2	3	4	5
1	2	3	3	3	3
88.74	92.90	97.00	101.39	109.94	122.93
1,056	1,056	1,106	1,131	1,231	1,256
22	22	22	22	22	22
101.5	101.5	101.5	101.5	230.5	230.5
3.5	3.5	3.5	5.7	5.7	5.7
6	6	8	8	8	8
4	4	4	4	4	4
1	1	1	1	1	1
1	1	1	1	1	1
88.74	88.74	92.94	97.23	104.52	115.02
39.05	39.05	41.15	44.26	49.51	56.98
9.11	9.11	9.53	10.27	11.13	18.07



**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**

The Honorable Mayor and
City Commission
City of Clermont, Florida

We have audited the financial statements of *City of Clermont* (the City), Florida, as of and for the year ended September 30, 2007, and have issued our report thereon dated March 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management of employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

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Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Clermont, Florida, in a separate letter dated March 19, 2008. The City's response to our findings identified in our audit is included in this report. We did not audit the City's response, and accordingly, we express no opinion on it.

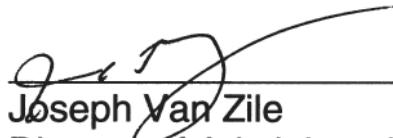
This report is intended solely for the information and use of management, the Board of Commissioners and the Auditor General of the State of Florida, and is not intended to be, and should not be used by anyone other than these specified parties.

McDiernit Davis & Company, LLC

March 19, 2008

Affidavit of Impact Fee Compliance

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



Joseph Van Zile
Director of Administrative Services



MANAGEMENT COMMENTS

Honorable Mayor, City Council and City Manager
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, 2007, and have issued our report thereon dated March 19, 2008.

We conducted our audit in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 19, 2008 should be considered in conjunction with this management letter.

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

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

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- Section 10.554(1)(i)5., Rules of the Auditor General, requires based on professional judgement, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *City of Clermont, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the *City of Clermont, Florida* for the fiscal year ended September 30, 2007, 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, 2007. We determined that these two reports are in agreement.
- Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

McDiernit Davis & Company, LLC

March 19, 2008

Current Year Comments

Spreadsheet Recordkeeping

We noted errors on some of the city's spreadsheets that could have been corrected with recalculation of formulas and proper review.

Recommendation

Procedures should be put in place for recalculating spreadsheet amounts and documenting that amounts are properly booked.

Status of Prior Year Comments

1. Contributed Capital Assets

The City has not been recording contributed capital assets.

Recommendation

Procedures should be put in place for identifying and quantifying contributed capital assets.

Corrective Action

The City has put procedures in place for identifying and quantifying contributed capital assets.



RESPONSE TO MANAGEMENT COMMENTS

Auditor General
State of Florida

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

Spreadsheet Record Keeping

Procedures are being put in place to protect spreadsheet formulas and to eliminate manual spreadsheet calculations wherever possible.


_____ March 25, 2008
Joseph Van Zile
Administrative Services Director
City of Clermont, Florida

