

CITY OF CLERMONT FLORIDA



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

THE CITY OF CLERMONT RECENTLY RENOVATED THE HISTORIC VILLAGE IN HONOR OF OUR 125TH ANNIVERSARY. THE SITE, LOCATED ALONG THE SHORES OF LAKE MINNEOLA, CONSISTS OF BUILDINGS OF HISTORIC SIGNIFICANCE TO THE CITY IN A MUSEUM-STYLE SETTING. THE SITE WAS REDEVELOPED TO FUNCTION AS A MEETING PLACE INCLUDING INDOOR AND OUTDOOR VENUES. THE SITE IS A CHARMING ADDITION TO THE MULTI-USE TRAIL AND WATERFRONT PARK.

CITY OF CLERMONT, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2009



**PREPARED BY
FINANCE**

**REGINA M. FRAZIER
FINANCE MANAGER**

**LACY SMITH-CASTILLO
ACCOUNTANT**



CITY OF CLERMONT

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CITY OF CLERMONT

March 31, 2010

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Clermont, Florida, for the fiscal year ended September 30, 2009. 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, 2009.

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, 2009, 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, 2009, 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 14.43 square miles and population of approximately 24,199. 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, mosquito control, recreational facilities and programs, cemetery and general administrative functions. The City also provides potable water, wastewater collection and treatment, reclaimed water production and distribution, stormwater treatment, solid waste collection and recycling services.

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

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

and final amended budget-to-actual comparisons are provided in this report for each individual governmental fund. The General Fund is presented on pages 18-19, the Community Redevelopment Special Revenue fund is presented on page 21 as part of the basic financial statements for the governmental funds. For other governmental funds, these comparisons are presented in the other governmental funds subsection of this report, which starts on page 59.

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

Local economy. The City of Clermont is essentially residential in character and its economy is centered in retail, real estate, personal services and healthcare. At September 30, 2009, Lake County's unemployment rate was 12.3%. This is an increase of 5.2% over 2008 and is slightly higher than the state's average of 11.2% and the national average of 9.8%. Educational institutions in Clermont such as Lake-Sumter Community College and the University of Central Florida assist in supplying a skilled labor force.

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

The national housing market decline affected Clermont during Fiscal Year 2009 in the form of reduced building permits and impact fee collections. The total of these collections decreased over 5.2% from Fiscal Year 2008. The decrease in these collections is continuing in Fiscal Year 2010.

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

- The planning/design phase for the expansion of the existing Police Station. The project consists of expanding the existing Police Station and demolishing the building currently occupied by the Lake County Sheriff's office. The expansion is anticipated to cost \$3,000,000 and will be funded from police impact fees.
- The planning/design phase for improvements to West Park. The park will be reconstructed from one softball and one baseball field to two baseball fields, pitching/batting cages, bathrooms, concession area and parking. The improvements are anticipated to cost \$800,000 and will be funded from infrastructure sales taxes, recreation impact fees and grants.
- The planning/design phase for the construction of a pavilion at Waterfront Park. The project will include construction of a pavilion with a performance stage and a building to replace the Highlander Hut. The construction is anticipated to cost \$750,000 and will be funded from infrastructure sales taxes and recreation impact fees.

- The planning/design phase for the replacement of Jenkins Auditorium. The replacement building will be built on vacant City owned property and will include meeting space, kitchen area and office area. The new facility is anticipated to cost \$2,000,000 and is proposed to be funded from infrastructure sales taxes.
- The planning/design phase of the construction of the West Water Treatment Plant. The plant will include a one million gallon ground storage tank, a sodium hypochlorite feed system for disinfection and a bank of high service pumps to deliver potable water to the distribution system. The construction is anticipated to cost \$9,000,000 and will be funded from water utility reserves.

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

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

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

The City administers a cash management and investment program that seeks to maximize, in order of priority, the preservation of funds, liquidity and interest earnings over its cash and investments. Cash resources of the individual funds are combined to form a pool of cash and investments. The average cash and investment pool balance during the year (not including pension funds) was \$48,614,522 and the average investment earnings rate was 5.15%. Investment income includes the change in the fair value of investments. During the year monies were invested in accordance with the City's investment policy. Pension fund assets were invested in accordance with the City's Investment Policy for Retirement Funds. The total pension fund assets at year end were \$13,080,119 and the average investment income was 2.2%.

Awards and Acknowledgements

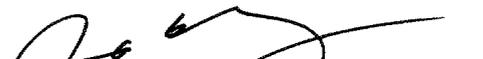
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clermont for its comprehensive annual financial report for the fiscal year ended September 30, 2008. This was the twenty-first consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,


Wayne Saunders
City Manager


Joseph Van Zile
Administrative Services Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Clermont
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

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



President

Executive Director



CITY OF CLERMONT, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2009

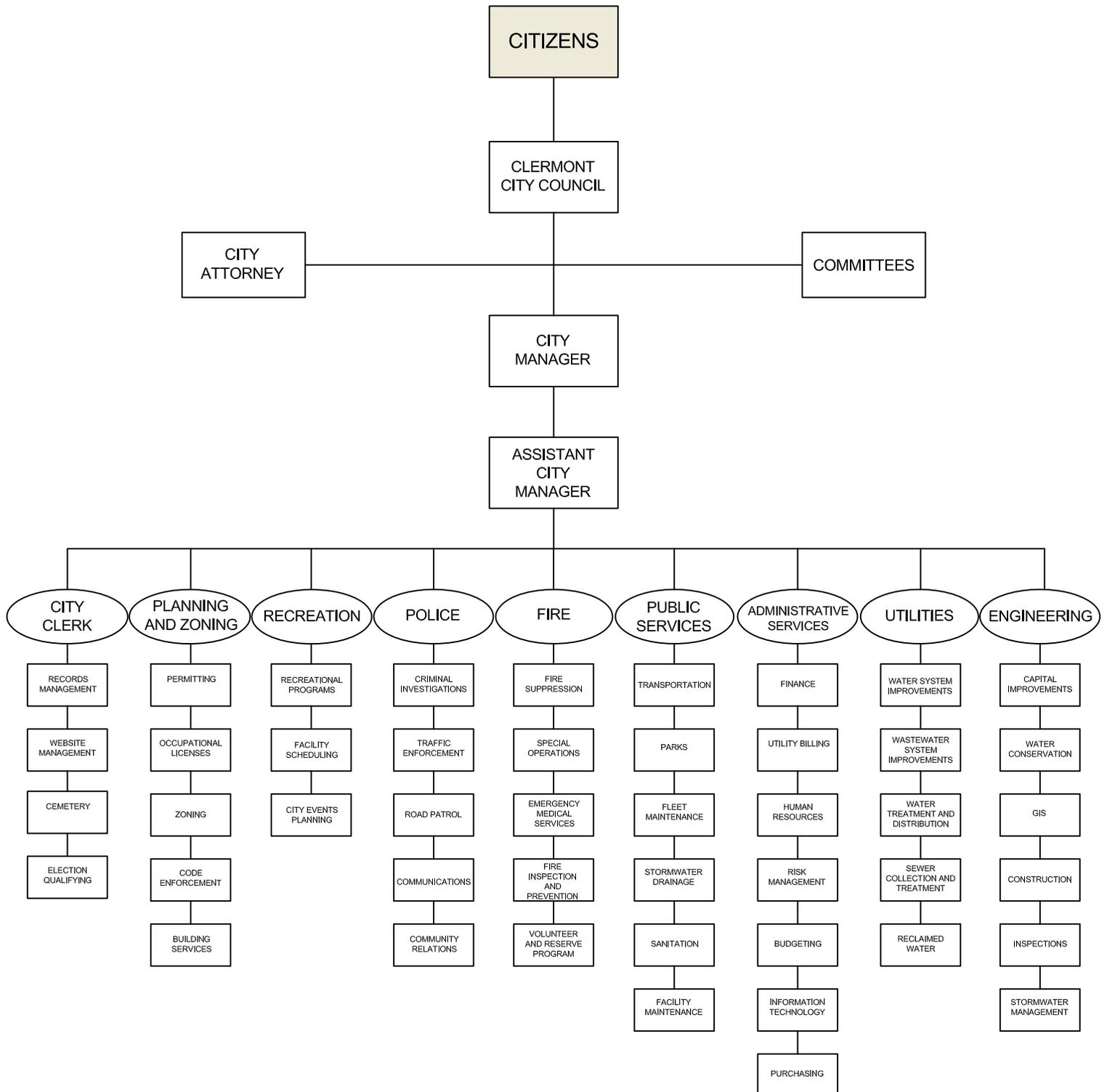
ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

CITY OF CLERMONT, FLORIDA



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Clermont, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Clermont, Florida*, as of and for the year ended September 30, 2009, 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, 2009 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the community redevelopment special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 16, 2010 on our consideration of the *City of Clermont, Florida's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis starting on page 3 and the pension plan schedules on pages 54 and 55 are not a required part of the basic financial statements but are supplementary information required by 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 supplementary 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, Florida basic financial statements. The introductory section, combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550, Rules of the Auditor General and is also not a required part of the basic financial statements of the *City of Clermont, Florida*. The schedule of expenditures of state financial assistance and 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 statistical tables 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

April 16, 2010

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, 2009. 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, 2009 by \$137,143,844 (net assets). Of this amount, \$31,409,129 (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 \$10,205,980 (or 8%) over the previous fiscal year.
- At September 30, 2009, the City of Clermont's governmental funds reported combined ending fund balances of \$20,759,197 a decrease of \$743,639 over the previous fiscal year. Of this amount \$18,278,423 (unreserved fund balance) is available for spending at the government's discretion.
- The General Fund, the City's primary operating fund, reported an unreserved fund balance of \$10,860,489, which represents 48% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Clermont that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Clermont include general government, public safety, physical environment, transportation, economic environment, 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 ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Community Redevelopment Fund, both of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Clermont adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund (pages 18-19) and the Community Redevelopment Fund (page 21) to demonstrate compliance with budgets. Other nonmajor funds comparisons can be found beginning on page 64.

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 31 - 56 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 60 - 70 of this report.

Government-Wide Financial Analysis

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

CITY OF CLERMONT'S Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Assets:						
Current and other assets	\$ 22,052,573	\$ 23,365,386	\$ 30,475,440	\$ 35,551,637	\$ 52,528,013	\$ 58,917,023
Capital assets	38,470,822	38,254,015	70,782,742	63,171,994	109,253,564	101,426,009
Total assets	60,523,395	61,619,401	101,258,182	98,723,631	161,781,577	160,343,032
Liabilities:						
Long-term liabilities outstanding	5,120,893	11,319,769	16,465,109	16,872,313	21,586,002	28,192,082
Other liabilities	1,330,442	1,932,670	1,721,289	3,280,416	3,051,731	5,213,086
Total liabilities	6,451,335	13,252,439	18,186,398	20,152,729	24,637,733	33,405,168
Net assets:						
Invested in capital assets,						
Net of related debt	33,937,745	27,462,150	54,834,359	46,568,955	88,772,104	74,031,105
Restricted	6,525,848	8,958,624	10,436,763	13,898,851	16,962,611	22,857,475
Unrestricted	13,608,467	11,946,188	17,800,662	18,103,096	31,409,129	30,049,284
Total net assets	\$ 54,072,060	\$ 48,366,962	\$ 83,071,784	\$ 78,570,902	\$ 137,143,844	\$ 126,937,864

The City's total net assets at September 30, 2009 were \$137,143,844. Of the City's total net assets \$88,772,104 (65%) 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, \$16,962,611 (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's total net assets, \$31,409,129 (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 \$10,205,980 during the current fiscal year. Major components of this increase are discussed in the Governmental and Business-Type Activities sections to follow. Restricted reserves represent the accumulation of impact fee funds for upcoming and ongoing capital projects. Unrestricted reserves represent increases in investment cash in governmental funds.

The following is a summary of the City's governmental and business-type activities for fiscal year 2008-09, including revenues and expenses, with a comparison to the prior year. For more detail see the Statement of Activities on page 14.

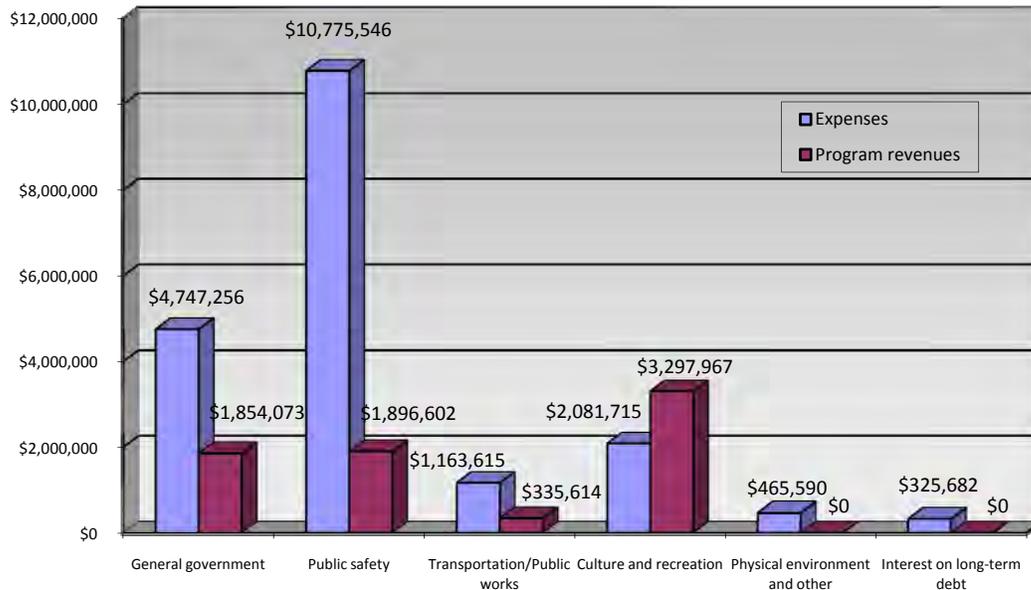
CITY OF CLERMONT'S Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Revenues:						
Program revenues -						
Charges for services	\$ 3,156,087	\$ 3,318,136	\$ 12,925,275	\$ 13,356,193	\$ 16,081,362	\$ 16,674,329
Operating grants and contributions	921,314	1,047,030	-	700,000	921,314	1,747,030
Capital grants and contributions	3,306,855	7,329,269	2,137,323	1,479,537	5,444,178	8,808,806
General revenues -					-	-
Property Taxes	7,600,966	7,749,126	-	-	7,600,966	7,749,126
Franchise Fees	2,151,258	1,912,399	-	-	2,151,258	1,912,399
Utility Taxes	2,151,318	1,990,457	-	-	2,151,318	1,990,457
Intergovernmental	4,458,162	4,776,028	-	-	4,458,162	4,776,028
Investment income and miscellaneous	1,049,971	901,255	1,005,498	1,852,522	2,055,469	2,753,777
Total revenues	24,795,931	29,023,700	16,068,096	17,388,252	40,864,027	46,411,952
Expenses:						
General government	4,747,256	4,204,200	-	-	4,747,256	4,204,200
Public safety	10,775,546	10,329,913	-	-	10,775,546	10,329,913
Physical environment	364,023	513,364	-	-	364,023	513,364
Transportation	1,163,615	1,544,426	-	-	1,163,615	1,544,426
Economic environment	101,567	47,687	-	-	101,567	47,687
Human services	-	106,890	-	-	-	106,890
Culture and recreation	2,081,715	2,060,547	-	-	2,081,715	2,060,547
Interest on long-term debt	325,682	459,883	-	-	325,682	459,883
Water	-	-	3,989,838	3,737,133	3,989,838	3,737,133
Sewer	-	-	4,488,829	4,520,756	4,488,829	4,520,756
Sanitation	-	-	2,085,708	2,122,675	2,085,708	2,122,675
Stormwater	-	-	534,268	549,873	534,268	549,873
Total expenses	19,559,404	19,266,910	11,098,643	10,930,437	30,658,047	30,197,347
Increase (Decrease) in Net Assets Before Transfers	5,236,527	9,756,790	4,969,453	6,457,815	10,205,980	16,214,605
Transfers	468,571	496,438	(468,571)	(496,438)	-	-
Increase in Net Assets	5,705,098	10,253,228	4,500,882	5,961,377	10,205,980	16,214,605
Net Assets – Beginning	48,366,962	38,113,734	78,570,902	72,609,525	126,937,864	110,723,259
Net Assets – Ending	\$ 54,072,060	\$ 48,366,962	\$ 83,071,784	\$ 78,570,902	\$ 137,143,844	\$ 126,937,864

Governmental activities - Governmental activities increased the City of Clermont's net assets by \$5,705,098. The primary reason for this change was the receipt of a State grant in the amount of \$3,199,226 which was used to pay off the Inland Groves Note.

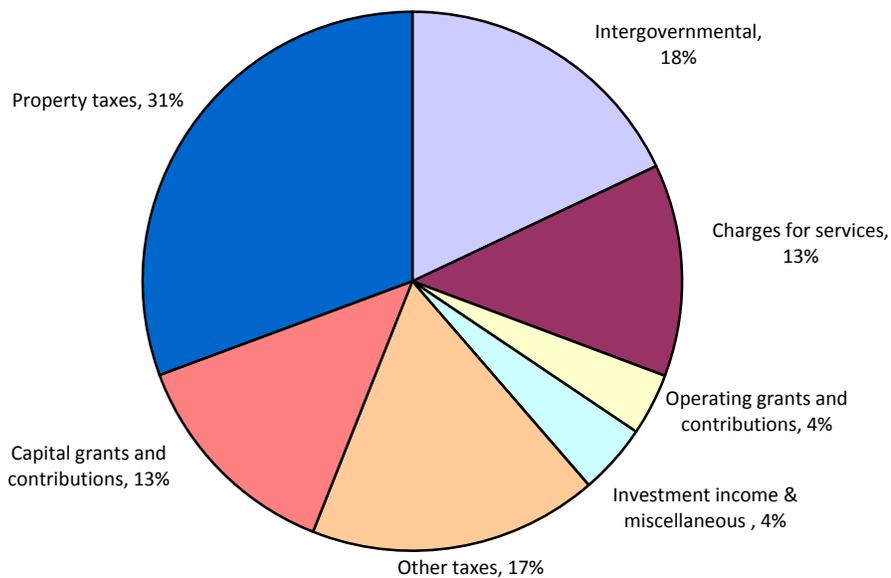
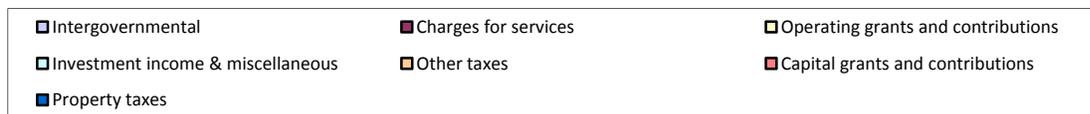
The following graph is a comparison of program revenues and program expenses for all governmental activities. This chart is intended to give the reader an idea of the degree to which governmental activities are self-supporting.

Expenses and Program Revenues - Governmental Activities



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

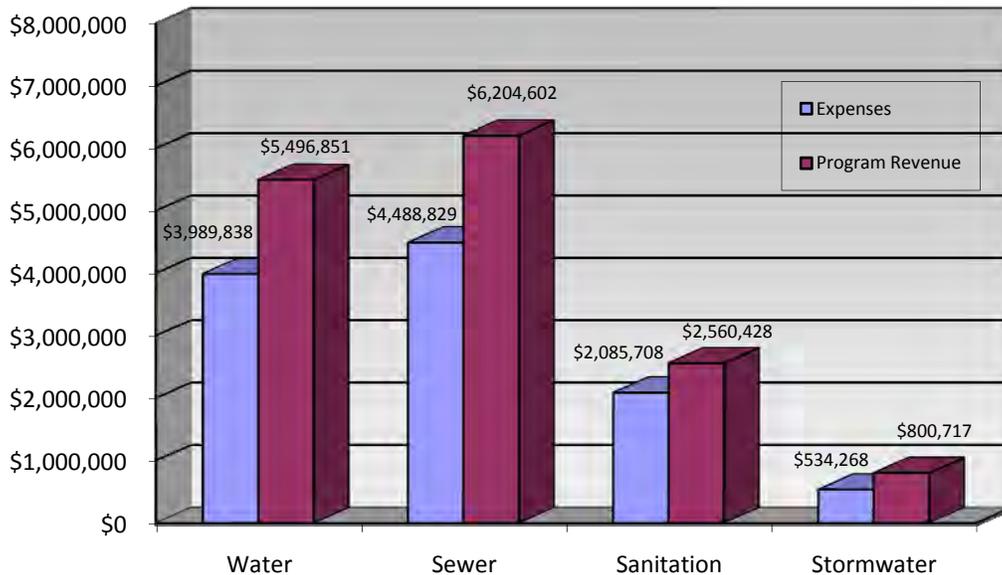
Revenues by Source - Governmental Activities



Business-type activities - Business-type activities increased the City of Clermont's net assets by \$4,500,882. Much of this change was due to capital contributions totaling \$2,137,323. These contributions are water and sewer impact fees paid by developers. The fees were adopted by the City to require new development to pay its proportionate share of the capital costs necessary to accommodate new development impacts on the City's water and sewer system. The City is using this revenue for large capital projects that are currently under construction such as the Greater Hills Water Treatment Plant, the West Side Force Main, the Equilization Wastewater Basin and Lift Station Improvements.

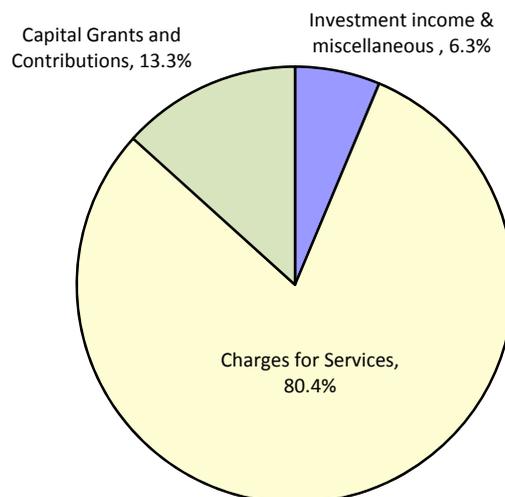
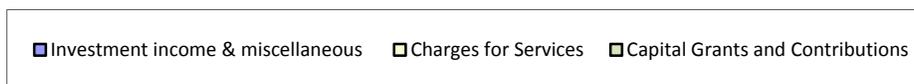
The following graph is a comparison of program revenues and program expenses for all business-type activities. This chart is intended to give the reader an idea of the degree to which business-type activities are self-supporting.

Expenses and Program Revenues - Business Type Activities



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

Revenues by Source - Business Activities



Financial Analysis of the City's Funds

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

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

As of September 30, 2009, the City of Clermont's governmental funds reported combined ending fund balances of \$20,759,197 a decrease of \$743,639 in comparison with the prior year. Of the governmental funds combined ending fund balances, \$18,278,423 (88%) 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, 2009, the fund balance in the General Fund was \$11,074,367 an increase of \$1,293,581 in comparison with the prior year. This increase is due to current revenues exceeding current expenditures. Of the total fund balance in the General Fund, \$10,860,489 (98%) 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 48% of total General Fund expenditures, while total fund balance represents 49% of that same amount.

The Community Redevelopment Special Revenue Fund is considered a major fund in order for our external auditors to express an opinion on this fund as required by Florida Statutes chapter 163.387(8). This fund was created in 1997 as a dependent taxing district. The incremental annual increase in tax over the base years is used to fund projects. As of September 30, 2009, the fund balance was \$1,180,696 an increase of \$273,350 over the prior year. This increase is due to unanticipated delays in the streetscape improvements project.

The remainder of the change (\$2,310,570) to the governmental fund balance was from the non-major governmental funds. The Infrastructure Fund and Capital Projects Fund balances decreased by \$1,563,000 and \$1,225,145, respectively. Recreation, Police and Fire Impact Fee fund balances combined increased a total of \$340,547. The fund balances in the remaining non-major funds increased a total of \$59,663.

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

The Water Fund accounts for the provision of potable water service to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of September 30, 2009, the City of Clermont's Water Fund reported total net assets of \$27,759,881, an

increase of \$585,157 (2%) in comparison with the prior year. This increase is partially due to servicing an expanded customer base. The residential customer base has increased from 16,969 customers in September 2008 to 17,375 as of September 2009. Approximately 24% 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 the 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, 2009, the City of Clermont's Sewer Fund reported total net assets of \$47,230,489, an increase of \$3,193,803 in comparison with the prior year. This increase is primarily due to impact fee collections. Much of the money collected for impact fees is accumulating for large capital projects that will expand the current sewer system. The remainder of the increase is due to servicing an expanded customer base. The residential customer base has increased from 11,913 customers in September 2008 to 12,154 in September 2009.

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, 2009, the City of Clermont's Sanitation Fund reported total net assets of \$3,422,601, an increase of \$479,734 in comparison with the prior year. This was primarily due to operating income.

General Fund Budgetary Highlights

During the year there was a \$6,256,072 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$5,782,778 to pay off the debt service for recreation land purchased in a prior year.
- \$59,641 for equipment for the new Fire Station #3.
- \$50,000 carryforward from FY 2008 for the columbarium project at the Cemetery.
- \$30,000 carryforward from FY 2008 for the downtown street signage project.
- \$29,275 for a security system and cameras at City Hall.
- \$24,700 for additional improvements at the Historic Village Train Depot.
- \$30,200 for final payment of costs associated with the Legends Way project.
- \$17,900 for the installation of a fountain and lighting at Center Lake.

Actual revenues were \$860,818 more than budgeted revenue and actual expenditures were \$1,224,619 less than budgeted expenditures.

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 46 - 47 of this report.

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

	Governmental Activities		Business-type Activities		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Land	\$21,776,552	\$21,652,809	\$ 1,457,973	\$ 1,464,129	\$ 23,234,525	\$ 23,116,938
Buildings	6,025,822	5,823,494	228	304	6,026,050	5,823,798
Infrastructure	4,801,673	5,505,263	53,856,205	32,790,570	58,657,878	38,295,833
Machinery and Equipment	2,708,533	3,341,216	1,819,305	2,136,040	4,527,838	5,477,256
Intangibles	410,925	430,668	28,722	24,524	439,647	455,192
Construction in progress	2,747,317	1,500,565	13,620,309	26,756,427	16,367,626	28,256,992
Total	\$38,470,822	\$38,254,015	\$70,782,742	\$63,171,994	\$ 109,253,564	\$ 101,426,009

The City of Clermont's investment in capital assets for its governmental and business-type activities as of September 30, 2009, amounts to \$109,253,564 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements/infrastructure, machinery and equipment and intangibles. The total increase in the City's investment in capital assets for the current fiscal year was \$7,827,556 (8%). Major capital asset events during the current fiscal year included the following:

- Completion of the East Water Reclamation Facility – \$1,036,629 was added and prior years Construction in Progress in the amount of \$18,352,297 was moved to Infrastructure/Improvements for a total project cost of \$19,388,926.
- Completion of the Terrace Grove Water and Sewer Systems for \$583,686.
- Completion of the East Side Refueling Station for \$109,200.
- Completion of the Lift Station Telemetry System – \$219,478 was added and prior years Construction in Progress in the amount of \$710,862 was moved for a total project cost of \$930,340.
- Water System Improvements totaling \$571,710.
- Construction in progress includes construction of the Greater Hills Water Treatment Plant, the West Side Force Main, the Equilization Wastewater Basin, Lift Station Improvements, Fire Station #3 construction and Historic Village Improvements.

Debt Administration

The following is a summary of the City's long-term debt for governmental and business-type activity for the current year with a comparison to the prior year. Additional information on long-term debt can be found in Note 7 on pages 47 - 50 of this report.

CITY OF CLERMONT'S Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Revenue bonds payable	\$4,495,000	\$ 4,935,000	\$ 16,655,000	\$ 17,065,000	\$21,150,000	\$22,000,000
Notes payable	38,077	5,856,865	-	-	38,077	5,856,865
Total	\$4,533,077	\$10,791,865	\$ 16,655,000	\$ 17,065,000	\$21,188,077	\$27,856,865

At the end of the current fiscal year, the City of Clermont had total debt outstanding of \$21,188,077. This debt includes revenue bonds payable and notes payable. During fiscal year 2008-2009, the City paid off a note issued during fiscal year 2007-2008 for the purchase of recreation land. This note was originally scheduled to be paid off in fiscal year 2010-2011 but with the help of state grant funding and City reserves, the City was able to pay off the note early.

Economic Factors and Next Year's Budgets and Rates

- The annual unemployment rate for Lake County in 2009 was 12.3%, which is an increase of 5.2% over 2008. It is higher than both the state's average of 11.2% and the national average of 9.8%.
- The taxable value of commercial and residential property decreased 3.0% from fiscal year 2007-08 to fiscal year 2008-09 due to declining home values.
- Population increased 3.1% from 23,476 in 2008 to 24,199 in 2009.

As of September 30, 2009, the General Fund unreserved fund balance was \$10,860,489. The City appropriated \$431,721 of this amount for spending in the 2009-10 fiscal year budget. The same property tax rate is included for the General Fund for the 2009-10 fiscal year budget. However, property tax revenue is projected to be nearly \$673,629 lower in fiscal year 2009-2010 due to declining home values and foreclosures.

No utility rate adjustments were proposed for the 2009-10 fiscal year with the exception of the sewer rate structure. The sewer rates increased 2.6% on October 1, 2009 pursuant to a required adjustment in accordance with the Florida Public Service Commission Annual Deflator Index previously adopted by the Clermont City Council.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



CITY OF CLERMONT, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 4,644,086	\$ 8,867,696	\$ 13,511,782
Investments	16,012,422	8,369,405	24,381,827
Receivables, net	248,005	1,501,039	1,749,044
Inventories	28,072	153,883	181,955
Due from other governments	260,644	319	260,963
Internal balances	84,151	(84,151)	-
Prepaid costs	204,851	121,481	326,332
Restricted assets:			
Cash and cash equivalents	-	1,133,795	1,133,795
Investments	-	10,059,294	10,059,294
Interest receivable	570,342	69,457	639,799
Bond issuance costs	0	283,222	283,222
Capital assets not being depreciated	24,523,869	15,078,282	39,602,151
Capital assets being depreciated, net of accumulated depreciation	13,946,953	55,704,460	69,651,413
Total assets	60,523,395	101,258,182	161,781,577
Liabilities:			
Accounts payable and accrued expenses	1,330,442	1,721,289	3,051,731
Noncurrent liabilities:			
Due within one year	551,859	453,351	1,005,210
Due in more than one year	4,569,034	16,011,758	20,580,792
Total liabilities	6,451,335	18,186,398	24,637,733
Net Assets:			
Invested in capital assets, net of related debt	33,937,745	54,834,359	88,772,104
Restricted for:			
Capital improvements	4,258,952	10,436,763	14,695,715
Community redevelopment	1,180,696	-	1,180,696
Debt service	365,590	-	365,590
Perpetual care:			
Nonexpendable	720,610	-	720,610
Unrestricted	13,608,467	17,800,662	31,409,129
Total net assets	\$ 54,072,060	\$ 83,071,784	\$ 137,143,844

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

CITY OF CLERMONT, FLORIDA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2009

Functions/Programs:	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for		Capital Grants and Contributions	Primary Government		
		Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 4,747,256	\$ 1,854,073	\$ -	\$ -	\$ (2,893,183)	\$ -	\$ (2,893,183)
Public safety	10,775,546	1,203,273	632,463	60,866	(8,878,944)	-	(8,878,944)
Physical environment	364,023	-	-	-	(364,023)	-	(364,023)
Transportation/public works	1,163,615	-	288,851	46,763	(828,001)	-	(828,001)
Economic environment	101,567	-	-	-	(101,567)	-	(101,567)
Culture and recreation	2,081,715	98,741	-	3,199,226	1,216,252	-	1,216,252
Interest on long-term debt	325,682	-	-	-	(325,682)	-	(325,682)
Total governmental activities	<u>19,559,404</u>	<u>3,156,087</u>	<u>921,314</u>	<u>3,306,855</u>	<u>(12,175,148)</u>	<u>-</u>	<u>(12,175,148)</u>
Business-type activities							
Water	3,989,838	4,908,911	-	587,940	-	1,507,013	1,507,013
Sewer	4,488,829	4,655,219	-	1,549,383	-	1,715,773	1,715,773
Sanitation	2,085,708	2,560,428	-	-	-	474,720	474,720
Stormwater	534,268	800,717	-	-	-	266,449	266,449
Total business-type activities	<u>11,098,643</u>	<u>12,925,275</u>	<u>-</u>	<u>2,137,323</u>	<u>-</u>	<u>3,963,955</u>	<u>3,963,955</u>
Total primary government	<u>\$ 30,658,047</u>	<u>\$ 16,081,362</u>	<u>\$ 921,314</u>	<u>\$ 5,444,178</u>	<u>(12,175,148)</u>	<u>3,963,955</u>	<u>(8,211,193)</u>
General revenues:							
Property taxes					7,600,966	-	7,600,966
Franchise fees and utility taxes					4,302,576	-	4,302,576
Intergovernmental - unrestricted					4,458,162	-	4,458,162
Unrestricted investment earnings					847,861	1,005,498	1,853,359
Miscellaneous					202,110	-	202,110
Transfers					468,571	(468,571)	-
Total general revenues and transfers					<u>17,880,246</u>	<u>536,927</u>	<u>18,417,173</u>
Change in net assets					<u>5,705,098</u>	<u>4,500,882</u>	<u>10,205,980</u>
Net assets - beginning					<u>48,366,962</u>	<u>78,570,902</u>	<u>126,937,864</u>
Net assets - ending					<u>\$ 54,072,060</u>	<u>\$ 83,071,784</u>	<u>\$ 137,143,844</u>

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

CITY OF CLERMONT, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2009

	General	Community Redevelopment Special Revenue	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 973,460	\$ 1,180,696	\$ 2,459,281	\$ 4,613,437
Investments	10,012,422	-	6,000,000	16,012,422
Receivables, net	679,279	-	139,068	818,347
Inventories, at cost	28,072	-	-	28,072
Due from other governments	138,153	-	122,491	260,644
Prepaid costs	185,806	-	19,045	204,851
Total assets	<u>\$ 12,017,192</u>	<u>\$ 1,180,696</u>	<u>\$ 8,739,885</u>	<u>\$ 21,937,773</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 525,296	\$ -	\$ 233,456	\$ 758,752
Deferred revenue	76,681	-	-	76,681
Accrued liabilities	340,848	-	2,295	343,143
Total liabilities	<u>942,825</u>	<u>-</u>	<u>235,751</u>	<u>1,178,576</u>
Fund balances:				
Reserved for:				
Inventories and prepaid costs	213,878	-	-	213,878
Community redevelopment	-	1,180,696	-	1,180,696
Debt service	-	-	365,590	365,590
Perpetual care	-	-	720,610	720,610
Unreserved, reported in:				
General fund	10,860,489	-	-	10,860,489
Special revenue funds	-	-	4,146,904	4,146,904
Capital projects funds	-	-	3,271,030	3,271,030
Total fund balances	<u>11,074,367</u>	<u>1,180,696</u>	<u>8,504,134</u>	<u>20,759,197</u>
Total liabilities and fund balances	<u>\$ 12,017,192</u>	<u>\$ 1,180,696</u>	<u>\$ 8,739,885</u>	

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

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

38,470,822

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

(62,833)

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

76,681

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.

(50,914)

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

(5,120,893)

Net Assets of Governmental Activities in the Statement of Net Assets

\$ 54,072,060

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, 2009

	General	Community Redevelopment Special Revenue	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 11,594,781	\$ 308,761	\$ -	\$ 11,903,542
Licenses and permits	226,455	-	447,420	673,875
Intergovernmental revenues	6,901,042	-	1,764,949	8,665,991
Charges for services	987,297	-	116,183	1,103,480
Fines and forfeitures	177,708	-	-	177,708
Impact fees/special assessments	-	-	902,905	902,905
Investment earnings	573,331	2,611	271,800	847,742
Miscellaneous	347,559	-	96,329	443,888
Total revenues	<u>20,808,173</u>	<u>311,372</u>	<u>3,599,586</u>	<u>24,719,131</u>
Expenditures:				
Current:				
General government	3,144,934	-	509,382	3,654,316
Public safety	10,159,096	-	116,102	10,275,198
Physical environment	489,660	-	-	489,660
Transportation	1,129,371	-	-	1,129,371
Economic environment	63,545	38,022	-	101,567
Culture and recreation	1,705,640	-	187,158	1,892,798
Debt Service:				
Principal retirement	5,782,778	-	476,010	6,258,788
Interest and fiscal charges	-	-	374,684	374,684
Capital outlay:				
Public safety	-	-	1,608,254	1,608,254
Culture and recreation	-	-	130,116	130,116
Total expenditures	<u>22,475,024</u>	<u>38,022</u>	<u>3,401,706</u>	<u>25,914,752</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,666,851)</u>	<u>273,350</u>	<u>197,880</u>	<u>(1,195,621)</u>
Other Financing Sources (Uses):				
Transfers in	3,037,163	-	3,647,115	6,684,278
Transfers out	(76,731)	-	(6,155,565)	(6,232,296)
Net other financing sources (uses)	<u>2,960,432</u>	<u>-</u>	<u>(2,508,450)</u>	<u>451,982</u>
Net Change in Fund Balances	1,293,581	273,350	(2,310,570)	(743,639)
Fund Balances - Beginning	<u>9,780,786</u>	<u>907,346</u>	<u>10,814,704</u>	<u>21,502,836</u>
Fund Balances - Ending	<u>\$ 11,074,367</u>	<u>\$ 1,180,696</u>	<u>\$ 8,504,134</u>	<u>\$ 20,759,197</u>

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

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2009

Net change in fund balances - total governmental funds: \$ (743,639)

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 \$2,272,960 exceeded depreciation \$1,834,856 in the current period. 438,104

The net effect of sales of capital assets is to decrease net assets. (237,886)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 76,681

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds. 6,258,788

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: (10,910)

Contributions of capital assets from proprietary funds 16,589

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. (92,629)

Change in net assets of governmental activities \$ 5,705,098

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Taxes	\$ 10,807,098	\$ 10,807,098	\$ 11,594,781	\$ 787,683
Licenses and permits	257,500	257,500	226,455	(31,045)
Intergovernmental revenues	3,586,331	6,785,557	6,530,685	(254,872)
Charges for services	984,708	984,708	987,297	2,589
Fines and forfeitures	201,400	201,400	177,708	(23,692)
Investment earnings	225,000	225,000	573,331	348,331
Miscellaneous	315,735	315,735	347,559	31,824
Total revenues	<u>16,377,772</u>	<u>19,576,998</u>	<u>20,437,816</u>	<u>860,818</u>
Expenditures:				
Current:				
General government:				
City council	26,748	26,748	25,945	803
City clerk	225,760	228,456	212,535	15,921
City manager	465,873	468,041	451,761	16,280
Administrative services	1,115,086	1,137,550	1,099,588	37,962
Legal services	113,000	117,985	117,984	1
Planning & zoning	686,989	699,349	684,709	14,640
Engineering	360,472	363,062	353,951	9,111
Other general government	126,250	205,225	198,461	6,764
	<u>3,120,178</u>	<u>3,246,416</u>	<u>3,144,934</u>	<u>101,482</u>
Public Safety:				
Law enforcement	5,590,662	5,670,057	5,330,092	339,965
Fire control	4,439,243	4,533,490	4,458,647	74,843
	<u>10,029,905</u>	<u>10,203,547</u>	<u>9,788,739</u>	<u>414,808</u>
Physical environment / Transportation	<u>1,846,746</u>	<u>1,921,546</u>	<u>1,619,031</u>	<u>302,515</u>
Economic environment / Human Services	<u>49,440</u>	<u>64,395</u>	<u>63,545</u>	<u>850</u>
Culture and recreation	<u>2,026,945</u>	<u>2,110,604</u>	<u>1,705,640</u>	<u>404,964</u>
Debt Service:				
Principal	-	5,782,778	5,782,778	-
Interest and other charges	-	-	-	-
Total expenditures	<u>17,073,214</u>	<u>23,329,286</u>	<u>22,104,667</u>	<u>1,224,619</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive - (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	<u>(695,442)</u>	<u>(3,752,288)</u>	<u>(1,666,851)</u>	<u>2,085,437</u>
Other Financing Sources (Uses):				
Transfers in	463,000	3,046,552	3,037,163	(9,389)
Transfers out	<u>(76,213)</u>	<u>(76,213)</u>	<u>(76,731)</u>	<u>(518)</u>
Total other financing sources (uses)	<u>386,787</u>	<u>2,970,339</u>	<u>2,960,432</u>	<u>(9,907)</u>
Net Change in Fund Balance	(308,655)	(781,949)	1,293,581	2,075,530
Fund Balance - Beginning	9,780,786	9,780,786	9,780,786	-
Fund Balance - Ending	<u>\$ 9,472,131</u>	<u>\$ 8,998,837</u>	<u>\$ 11,074,367</u>	<u>\$ 2,075,530</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, 2009

	<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:				
Taxes	\$ 304,976	\$ 304,976	\$ 308,761	\$ 3,785
Investment earnings	15,000	15,000	2,611	(12,389)
Total revenues	<u>319,976</u>	<u>319,976</u>	<u>311,372</u>	<u>(8,604)</u>
Expenditures:				
Economic environment:				
Economic development	<u>900,175</u>	<u>900,175</u>	<u>38,022</u>	<u>862,153</u>
Total expenditures	<u>900,175</u>	<u>900,175</u>	<u>38,022</u>	<u>862,153</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(580,199)</u>	<u>(580,199)</u>	<u>273,350</u>	<u>853,549</u>
Net Change in Fund Balances	<u>(580,199)</u>	<u>(580,199)</u>	<u>273,350</u>	<u>853,549</u>
Fund Balances - Beginning	<u>907,346</u>	<u>907,346</u>	<u>907,346</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 327,147</u>	<u>\$ 327,147</u>	<u>\$ 1,180,696</u>	<u>\$ 853,549</u>

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

CITY OF CLERMONT, FLORIDA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

September 30, 2009

	Business-type Activities-Enterprise Funds					Governmental
	Water	Sewer	Sanitation	Stormwater	Total	Activities- Internal Service Fund
Assets:						
Current assets:						
Cash and cash equivalents	\$ 4,544,889	\$ 395,534	\$ 2,061,891	\$ 1,865,382	\$ 8,867,696	\$ 30,649
Investments	8,369,405	-	-	-	8,369,405	-
Restricted cash and cash equivalents	604,249	529,546	-	-	1,133,795	-
Accounts receivable, net	385,813	812,322	227,464	75,440	1,501,039	-
Receivables from other governments	-	-	319	-	319	-
Inventories	153,883	-	-	-	153,883	-
Prepaid expenses	38,993	54,774	22,462	5,252	121,481	-
Total current assets	<u>14,097,232</u>	<u>1,792,176</u>	<u>2,312,136</u>	<u>1,946,074</u>	<u>20,147,618</u>	<u>30,649</u>
Non-current assets:						
Restricted investments	-	10,059,294	-	-	10,059,294	-
Interest receivable	26,492	42,965	-	-	69,457	-
Bond issuance costs	101,960	181,262	-	-	283,222	-
Capital assets:						
Land, buildings and equipment	18,251,143	49,115,467	2,264,031	3,032,427	72,663,068	-
Construction in progress	8,405,507	4,803,430	-	411,372	13,620,309	-
Less accumulated depreciation	<u>(5,692,293)</u>	<u>(8,300,457)</u>	<u>(987,166)</u>	<u>(520,719)</u>	<u>(15,500,635)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>20,964,357</u>	<u>45,618,440</u>	<u>1,276,865</u>	<u>2,923,080</u>	<u>70,782,742</u>	<u>-</u>
Total non-current assets	<u>21,092,809</u>	<u>55,901,961</u>	<u>1,276,865</u>	<u>2,923,080</u>	<u>81,194,715</u>	<u>-</u>
Total assets	<u>35,190,041</u>	<u>57,694,137</u>	<u>3,589,001</u>	<u>4,869,154</u>	<u>101,342,333</u>	<u>30,649</u>

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

Liabilities:

Current liabilities:

Accounts payable	109,232	637,533	117,600	102,217	966,582	165,714
Salaries payable	65,953	52,967	27,021	11,322	157,263	-
Accrued interest payable	104,847	186,395	-	-	291,242	-
Compensated absences	12,318	7,590	2,178	1,265	23,351	-
Other accrued expenses	306,202	-	-	-	306,202	-
Revenue bonds payable-current	154,800	275,200	-	-	430,000	-
Total current liabilities	<u>753,352</u>	<u>1,159,685</u>	<u>146,799</u>	<u>114,804</u>	<u>2,174,640</u>	<u>165,714</u>

Non-current liabilities:

Compensated absences	110,859	68,307	19,601	11,386	210,153	-
Revenue bonds payable	6,565,949	9,235,656	-	-	15,801,605	-
Total non-current liabilities	<u>6,676,808</u>	<u>9,303,963</u>	<u>19,601</u>	<u>11,386</u>	<u>16,011,758</u>	<u>-</u>
Total liabilities	<u>7,430,160</u>	<u>10,463,648</u>	<u>166,400</u>	<u>126,190</u>	<u>18,186,398</u>	<u>165,714</u>

Net Assets:

Invested in capital assets, net of related debt	14,345,568	36,288,846	1,276,865	2,923,080	54,834,359	-
Restricted for capital improvements	420,033	10,016,730	-	-	10,436,763	-
Unrestricted	12,994,280	924,913	2,145,736	1,819,884	17,884,813	(135,065)
Total net assets	<u>\$ 27,759,881</u>	<u>\$ 47,230,489</u>	<u>\$ 3,422,601</u>	<u>\$ 4,742,964</u>	<u>83,155,935</u>	<u>\$ (135,065)</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.

(84,151)

Total net assets per Government-Wide financial statements

\$ 83,071,784

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



CITY OF CLERMONT, FLORIDA

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

Year Ended September 30 ,2009

	Business-type Activities-Enterprise Funds					Governmental
	Water	Sewer	Sanitation	Stormwater	Total	Activities- Internal Service Fund
Operating Revenues:						
Charges for services	\$ 4,609,740	\$ 4,655,219	\$ 2,547,479	\$ 800,717	\$ 12,613,155	\$ 2,667,305
Miscellaneous	299,171	-	12,949	-	312,120	171,567
Total operating revenues	4,908,911	4,655,219	2,560,428	800,717	12,925,275	2,838,872
Operating Expenses:						
Personal services	1,547,332	1,342,128	763,919	332,407	3,985,786	-
Utilities	512,704	654,532	52	-	1,167,288	-
Dump fees	-	141,056	543,970	13,270	698,296	-
Administrative services	358,425	317,632	117,124	28,927	822,108	-
Repairs and maintenance	330,508	215,796	115,804	30,704	692,812	-
Depreciation and amortization	442,124	562,687	235,598	88,502	1,328,911	-
Professional services	135,669	316,322	5,016	547	457,554	-
Insurance claims and expenses	91,234	180,349	39,354	5,100	316,037	2,966,146
Other supplies and expenses	221,608	146,192	193,305	31,955	593,060	-
Total operating expenses	3,639,604	3,876,694	2,014,142	531,412	10,061,852	2,966,146
Operating income (loss)	1,269,307	778,525	546,286	269,305	2,863,423	(127,274)
Non-Operating Revenues (Expenses):						
Investment income	140,753	857,066	3,696	3,983	1,005,498	119
Interest expense	(334,052)	(596,655)	-	-	(930,707)	-
Gain (loss) on disposal of capital assets	(59)	(6,602)	(64,897)	-	(71,558)	-
Total non-operating revenue (expenses)	(193,358)	253,809	(61,201)	3,983	3,233	119
Income (loss) before contributions and transfers	1,075,949	1,032,334	485,085	273,288	2,866,656	(127,155)
Capital contributions	587,940	1,549,383	-	-	2,137,323	-
Transfers in	15,201	635,334	-	4,923	655,458	-
Transfers out	(1,093,933)	(23,248)	(5,351)	(1,497)	(1,124,029)	-
Change in net assets	585,157	3,193,803	479,734	276,714	4,535,408	(127,155)
Total Net Assets - Beginning	27,174,724	44,036,686	2,942,867	4,466,250		(7,910)
Total Net Assets - Ending	\$ 27,759,881	\$ 47,230,489	\$ 3,422,601	\$ 4,742,964		\$ (135,065)

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.

(34,526)

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

\$ 4,500,882

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

CITY OF CLERMONT, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended September 30, 2009

	Business-Type Activities-Enterprise Funds					Governmental Activities- Internal Service Fund
	Water	Sewer	Sanitation	Stormwater	Total	
Cash Flows from Operating Activities:						
Receipts from customers	\$ 4,913,143	\$ 4,231,321	\$ 2,561,311	\$ 924,143	\$ 12,629,918	\$ -
Receipts from internal services provided	-	-	-	-	-	2,838,872
Payments to suppliers	(2,219,656)	(3,263,991)	(950,264)	(12,586)	(6,446,497)	(3,214,938)
Payments to employees	(1,552,065)	(1,350,134)	(781,995)	(329,099)	(4,013,293)	-
Net cash provided (used) by operating activities	1,141,422	(382,804)	829,052	582,458	2,170,128	(376,066)
Cash Flows from Non-Capital Financing Activities:						
Decrease in due from other funds	7,599,616	-	-	1,000,000	8,599,616	-
Increase due to other funds	-	(8,599,616)	-	-	(8,599,616)	-
Decrease in due from other governments	-	-	2,077	-	2,077	-
Grant revenues	-	-	-	-	-	-
Transfers in	-	630,657	-	-	630,657	-
Transfers out	(1,051,983)	-	-	-	(1,051,983)	-
Net cash provided (used) by non-capital financing activities	6,547,633	(7,968,959)	2,077	1,000,000	(419,249)	-
Cash Flows from Capital and Related Financing Activities:						
Acquisition of capital assets	(2,526,838)	(6,144,401)	-	(387,223)	(9,058,462)	-
Interest paid on long-term debt	(318,629)	(566,452)	-	-	(885,081)	-
Principal paid on debt	(147,600)	(262,400)	-	-	(410,000)	-
Fees and assessments received	587,940	1,549,383	-	-	2,137,323	-
Net cash provided (used) by capital and related financing activities	(2,405,127)	(5,423,870)	-	(387,223)	(8,216,220)	-

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

Cash Flows from Investing Activities:

Sale (Purchase) of investments	(1,280,734)	13,220,293	-	-	11,939,559	-
Investment income	157,680	956,128	3,696	3,983	1,121,487	119
Net cash provided by investing activities	<u>(1,123,054)</u>	<u>14,176,421</u>	<u>3,696</u>	<u>3,983</u>	<u>13,061,046</u>	<u>119</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,160,874	400,788	834,825	1,199,218	6,595,705	(375,947)
Cash and Cash Equivalents - Beginning	988,264	524,292	1,227,066	666,164	3,405,786	406,596
Cash and Cash Equivalents - End	<u>\$ 5,149,138</u>	<u>\$ 925,080</u>	<u>\$ 2,061,891</u>	<u>\$ 1,865,382</u>	<u>\$ 10,001,491</u>	<u>\$ 30,649</u>

Classified As:

Cash and cash equivalents	4,544,889	395,534	2,061,891	1,865,382	\$ 8,867,696	30,649
Restricted cash and cash equivalents	604,249	529,546	-	-	1,133,795	-
Total	<u>\$ 5,149,138</u>	<u>\$ 925,080</u>	<u>\$ 2,061,891</u>	<u>\$ 1,865,382</u>	<u>\$ 10,001,491</u>	<u>\$ 30,649</u>

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

Operating income (loss)	<u>1,269,307</u>	<u>778,525</u>	<u>546,286</u>	<u>269,305</u>	<u>\$ 2,863,423</u>	<u>(127,274)</u>
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Adjustments Not Affecting Cash:

Depreciation and amortization	442,124	562,687	235,598	88,502	1,328,911	-
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Change in Assets and Liabilities:

Decrease (Increase) in accts receivable	652	(423,898)	883	123,426	(298,937)	-
Decrease (Increase) in customer deposits	3,580	-	-	-	3,580	-
Decrease (Increase) in prepaid costs	(11,978)	(12,921)	(3,358)	(811)	(29,068)	-
Decrease (Increase) in inventory	(105,624)	-	-	-	(105,624)	-
Increase (decrease) in accounts payable	(451,906)	(1,279,191)	67,719	98,728	(1,564,650)	(248,792)
Increase (decrease) in accrued liabilities	(4,733)	(8,006)	(18,076)	3,308	(27,507)	-
Total adjustments	<u>(127,885)</u>	<u>(1,161,329)</u>	<u>282,766</u>	<u>313,153</u>	<u>(693,295)</u>	<u>(248,792)</u>

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

	<u>\$ 1,141,422</u>	<u>\$ (382,804)</u>	<u>\$ 829,052</u>	<u>\$ 582,458</u>	<u>\$ 2,170,128</u>	<u>\$ (376,066)</u>
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**Noncash investing, capital,
and financing activities:**

Decrease in fair value of investments	\$ (15,310)	\$ (19,531)	\$ -	\$ -	\$ (34,841)	\$ -
Transfer of capital assets	3,907	(18,571)	(5,351)	3,426	(16,589)	-

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, 2009

	<u>Total Employee Pension Funds</u>
Assets:	
Cash and cash equivalents	\$ 67,001
Investments:	
U.S. Government & other debt securities	3,972,215
Equities	<u>9,040,904</u>
Total investments	<u>13,013,119</u>
 Total assets	 <u>13,080,120</u>
Liabilities:	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
 Net Assets Held in Trust for Pension Benefits	 <u>\$ 13,080,120</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, 2009

	<u>Total Employee Pension Funds</u>
Additions:	
Contributions:	
Employer	\$ 1,217,823
Plan members	99,681
State	<u>370,357</u>
Total contributions	<u>1,687,861</u>
Investment earnings:	
Net increase in fair value of investments	<u>291,003</u>
Total net investment earnings	<u>291,003</u>
Total additions	<u>1,978,864</u>
Deductions:	
Benefits/distributions	455,205
Administrative	<u>39,320</u>
Total deductions	<u>494,525</u>
Change in Net Assets	1,484,339
Net Assets - Beginning	<u>11,595,781</u>
Net Assets - End	<u><u>\$ 13,080,120</u></u>

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



NOTES TO FINANCIAL STATEMENTS



NOTES TO FINANCIAL STATEMENTS

September 30, 2009

Note 1 - Summary of Significant Accounting Policies:

A. Reporting Entity

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

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

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

The *City of Clermont* Community Redevelopment Fund

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

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

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

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

The government reports the following funds:

Major Governmental Funds

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

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

Non-Major Governmental Fund Types

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

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

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

Major Proprietary Funds

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

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

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

Major Proprietary Funds (Continued)

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

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

Non-Major Proprietary Funds

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

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

Fiduciary Funds

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

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

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

2. Receivables and Payables

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

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

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

2. Receivables and Payables - (Continued)

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

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

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

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

3. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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.

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

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 \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

In accordance with GASB Statement 51, beginning balance of capital assets has been reclassified to include intangible assets which had been acquired prior to October 1, 2008. This reclassification had no effect on the beginning balance of total capital assets since intangible assets had been previously recorded and included with equipment and machinery.

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

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

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.

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

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 \$438,104 difference are as follows:

Capital outlay	2,272,960
Depreciation expense	<u>(1,834,856)</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>\$ 438,104</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 \$6,258,788 difference are as follows:

Debt issued or incurred:	
Principal repayment	<u>\$ 6,258,788</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>\$ 6,258,788</u>

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

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

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

Another element of that reconciliation states that “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	\$ 59,912
Accrued interest payable	<u>(49,002)</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>\$ 10,910</u>

Note 3 - Stewardship, Compliance, and Accountability:

A. Budgetary Information -

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

- (1) Prior to the end of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Budget workshops are scheduled as needed.
- (3) The general summary of the budget and notice of public hearing is published in the local newspaper.
- (4) Public hearings are conducted to obtain taxpayer comments.
- (5) Prior to October 1, the budgets are legally enacted through passage of a resolution.
- (6) The City Manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total appropriations of any department must be approved by the City Council.
- (7) The level of classification detail at which expenditures may not legally exceed appropriations is the department level.

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

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

A. Budgetary Information - (Continued)

- (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.

B. Excess of Expenditures over Appropriations -

For the year ended September 30, 2009, expenditure exceeded appropriations in the Recreation Impact Fees Special Revenue Fund, Fire Impact Fees Special Revenue Fund, and Infrastructure Special Revenue Fund. These over expenditures were funded by greater than anticipated revenues and by available fund balance.

C. Appropriations in Excess of Funds Available -

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

D. Deficit Net Assets -

The Internal Service Fund has a deficit net asset balance of \$135,065 at September 30, 2009.

E. Budgetary Basis of Accounting -

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

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

E. Budgetary Basis of Accounting - (Continued)

For the fiscal year ended September 30, 2009 the following adjustments are necessary to convert General Fund revenues and expenditures on the GAAP basis to the budgetary basis:

	<u>Revenues</u>	<u>Expenditures</u>
General Fund:		
GAAP Basis	\$ 20,808,173	\$ 22,475,024
Nonbudgeted state pension amounts	(370,357)	(370,357)
Budgetary basis	<u>\$ 20,437,816</u>	<u>\$ 22,104,667</u>

Note 4 - Cash and Investments:

Deposits

At year-end, the carrying amount of the City's deposits was \$14,645,577 and the bank balance was \$15,258,779. Fiduciary fund cash held by the pension fund is not in the City's bank. All bank deposits were fully covered by federal depository insurance or by collateral held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to "authorized depositories".

Investments

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

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

- (a) The Local Government Surplus Funds Trust (SBA).
- (b) SEC registered money market funds.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories.
- (d) Direct obligations of the U.S. Treasury.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

Note 4 - Cash and Investments (Continued):

Investments - (Continued)

- (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.

Investments made by the *City of Clermont* at September 30, 2009 are summarized below. Defined benefit pension plan investments, other than \$9,040,904 in mutual funds investing in equity securities, are included below. In accordance with GASB 31, investments are reported at fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
Certificates of Deposit	\$ 15,000,000	Unrated	43 days
Federal Agency Bond	10,651,203	AAA	648 days
US Treasury Bond	4,003,180	TSY	648 days
US Treasury Bill	2,265,630	TSY	648 days
Government supported corporate debt	2,521,108	AAA	648 days
Pension fixed income securities	3,972,215	AA/V4	4.81 years
	<u>\$ 38,413,336</u>		

Credit Risk:

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

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, 2009, 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, 2009, 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, 2009

Note 5 - Receivables:

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

	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Nonmajor Enterprise Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:							
Accounts	\$ 851	\$ 340,603	\$ 433,502	\$ 244,644	\$ 81,194	\$ -	\$ 1,100,794
Taxes	41,605	-	-	-	-	-	41,605
Other	637,149	67,120	407,237	-	-	139,068	1,250,574
Less allowance for uncollectible accounts	(326)	(21,910)	(28,417)	(17,180)	(5,754)	-	(73,587)
	<u>\$ 679,279</u>	<u>\$ 385,813</u>	<u>\$ 812,322</u>	<u>\$ 227,464</u>	<u>\$ 75,440</u>	<u>\$ 139,068</u>	<u>\$ 2,319,386</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

Note 6 - Capital Assets:

Capital asset activity for the year ended September 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 21,652,809	\$ 265,460	\$ (141,717)	\$ 21,776,552
Construction in progress	1,500,565	1,719,203	(472,451)	2,747,317
Total capital assets, not being depreciated	<u>23,153,374</u>	<u>1,984,663</u>	<u>(614,168)</u>	<u>24,523,869</u>
Capital assets, being depreciated:				
Buildings	9,925,313	556,724	(30,975)	10,451,062
Improvements/infrastructure	13,184,458	64,561	(1,617,975)	11,631,044
Machinery and equipment	8,639,505	441,480	(1,037,996)	8,042,989
Intangibles	443,546	68,642	-	512,188
Total capital assets being depreciated	<u>32,192,822</u>	<u>1,131,407</u>	<u>(2,686,946)</u>	<u>30,637,283</u>
Less accumulated depreciation for:				
Buildings	(4,101,819)	(356,031)	32,610	(4,425,240)
Improvements/infrastructure	(7,679,195)	(483,622)	1,333,446	(6,829,371)
Machinery and equipment	(5,298,289)	(993,851)	957,684	(5,334,456)
Intangibles	(12,878)	(88,385)	-	(101,263)
Total accumulated depreciation	<u>(17,092,181)</u>	<u>(1,921,889)</u>	<u>2,323,740</u>	<u>(16,690,330)</u>
Total capital assets being depreciated, net	<u>15,100,641</u>	<u>(790,482)</u>	<u>(363,206)</u>	<u>13,946,953</u>
Governmental activities capital assets, net	<u>\$ 38,254,015</u>	<u>\$ 1,194,181</u>	<u>\$ (977,374)</u>	<u>\$ 38,470,822</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,464,129	\$ -	\$ (6,156)	\$ 1,457,973
Construction in progress	26,756,427	7,424,652	(20,560,770)	13,620,309
Total capital assets, not being depreciated	<u>28,220,556</u>	<u>7,424,652</u>	<u>(20,566,926)</u>	<u>15,078,282</u>
Capital assets, being depreciated:				
Buildings	41,324	-	(4,146)	37,178
Improvements/infrastructure	45,380,576	22,003,596	(186,148)	67,198,024
Machinery and equipment	4,514,770	150,576	(832,230)	3,833,116
Intangibles	127,027	9,750	-	136,777
Total capital assets being depreciated	<u>50,063,697</u>	<u>22,163,922</u>	<u>(1,022,524)</u>	<u>71,205,095</u>
Less accumulated depreciation for:				
Buildings	(41,020)	(76)	4,146	(36,950)
Improvements/infrastructure	(12,590,006)	(937,592)	185,779	(13,341,819)
Machinery and equipment	(2,378,730)	(385,691)	750,610	(2,013,811)
Intangibles	(102,503)	(5,552)	-	(108,055)
Total accumulated depreciation	<u>(15,112,259)</u>	<u>(1,328,911)</u>	<u>940,535</u>	<u>(15,500,635)</u>
Total capital assets being depreciated, net	<u>34,951,438</u>	<u>20,835,011</u>	<u>(81,989)</u>	<u>55,704,460</u>
Business-type activities capital assets, net	<u>\$ 63,171,994</u>	<u>\$ 28,259,663</u>	<u>\$ (20,648,915)</u>	<u>\$ 70,782,742</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

Note 6 - Capital Assets (Continued):

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 880,305
Public safety	780,362
Physical environment/transportation	28,728
Culture and recreation	145,461
Total depreciation expense - governmental activities	<u>\$ 1,834,856</u>
Business-type activities	
Water	442,124
Sewer	562,687
Sanitation	235,598
Stormwater	88,502
Total depreciation expense - business-type activities	<u>\$ 1,328,911</u>

For the governmental activities, total depreciation expense does not equal increases to accumulated depreciation due to asset transfers from enterprise funds to governmental activities.

The city has restated the beginning balance for capital assets to include intangible assets in accordance with GASB 51. Total net assets were not affected as a result of this restatement. All intangible assets had previously been included as a part of Machinery and Equipment totals.

Note 7 - Long-Term Debt:

Bonds Payable

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

The 2002 Public Improvement Revenue Bonds are secured by Public Service Tax, Communication Service Tax and Half Cent Sales Tax revenue. The total principal and interest remaining to be paid on this series is \$5,465,029. For the fiscal year, principal and interest paid on this series was \$635,106 and total pledged revenue was \$4,136,638.

The 2000 Water and Sewer Revenue and Refunding Bonds are secured by net revenue of the water and sewer system. The total principal and interest remaining to be paid on this series is \$28,644,738. For the fiscal year, principal and interest paid on this series was \$1,293,206 and total pledged revenue was \$4,050,462.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

Note 7 - Long-Term Debt (Continued):

Bonds Payable - (Continued)

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, 2009</u>
Public Improvement Revenue Bonds, Series 2002	1.75 - 4.6% (6/1 & 12/1)	12/1/2003 to 12/1/2017	<u>\$ 6,965,000</u>	<u>\$ 4,495,000</u>
<u>Business-Type Activities</u>				
Water and Sewer Revenue and Refunding Bonds, Series 2000	4.4 - 5.25% (6/1 & 12/1)	12/1/2004 to 12/1/2030	<u>\$ 17,935,000</u>	<u>\$ 16,655,000</u>

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

Year ending September 30,	<u>Governmental Activities</u>		<u>Business - Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 455,000	\$ 187,406	\$ 430,000	\$ 873,725
2011	470,000	170,913	450,000	853,838
2012	490,000	152,700	470,000	832,688
2013	510,000	133,100	490,000	810,363
2014	530,000	112,700	515,000	786,475
2015-2019	2,040,000	213,210	3,000,000	3,512,513
2020-2024	-	-	3,870,000	2,639,642
2025-2029	-	-	5,025,000	1,484,844
2030-2031	-	-	2,405,000	195,650
Total	<u>\$ 4,495,000</u>	<u>\$ 970,029</u>	<u>\$ 16,655,000</u>	<u>\$ 11,989,738</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

Note 7 - Long-Term Debt (Continued):

Notes Payable

The City has one note payable for governmental activities. During 2009, the City paid in full the Inland Groves Note. Notes payable outstanding at year end is as follows:

<u>Governmental Activities</u>	<u>Original Amount</u>	<u>Balance September 30, 2009</u>
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.	\$ 300,000	\$ 38,077
Inland Groves North Note, due to individual in quarterly interest only payments of \$57.828 (4%). Final principal payment due on July 14, 2011.	6,000,000	-
Total	<u>\$ 6,300,000</u>	<u>\$ 38,077</u>

Annual requirements to amortize outstanding notes payable for governmental activities as of September 30, 2009 are as follows:

<u>Year ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	<u>\$ 38,077</u>	<u>\$ 1,093</u>
Total	<u>\$ 38,077</u>	<u>\$ 1,093</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

Note 7 - Long-Term Debt (Continued):

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds payable-					
Revenue Bonds	\$ 4,935,000	\$ -	\$ (440,000)	\$ 4,495,000	\$ 455,000
Notes payable-					
Revenue note, Series 1999	74,087	-	(36,010)	38,077	38,077
Inland Groves North	5,782,778	-	(5,782,778)	-	-
Total notes payable	5,856,865	-	(5,818,788)	38,077	38,077
Compensated Absences	527,904	59,912	-	587,816	58,782
Governmental activity long- term liabilities	\$ 11,319,769	\$ 59,912	\$ (6,258,788)	\$ 5,120,893	\$ 551,859
Business-type activities					
Bonds payable-					
Revenue Bonds	\$ 17,065,000	\$ -	\$ (410,000)	\$ 16,655,000	\$ 430,000
Less deferred amount:					
Issuance discount	(461,961)	-	38,566	(423,395)	-
Total bonds payable	16,603,039	-	(371,434)	16,231,605	430,000
Compensated Absences	269,274	-	(35,770)	233,504	23,351
Business-type activity long- term liabilities	\$ 16,872,313	\$ -	\$ (407,204)	\$ 16,465,109	\$ 453,351

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

Note 8 - Interfund Receivables, Payables and Transfers:

Interfund transfers for the year ended September 30, 2009 consisted of the following:

Transfers Out:	Transfer In					Governmental Capital Assets (not a fund)	Total
	General Fund	Water Fund	Sewer Fund	Stormwater Fund	Nonmajor Governmental		
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 76,731	\$ -	\$ 76,731
Nonmajor governmental	2,585,181				3,570,384		6,155,565
Water fund	451,982		633,409			8,542	1,093,933
Sewer fund		15,201				8,047	23,248
Sanitation fund			428	4,923	-	-	5,351
Stormwater fund			1,497				1,497
	<u>\$ 3,037,163</u>	<u>\$ 15,201</u>	<u>\$ 635,334</u>	<u>\$ 4,923</u>	<u>\$ 3,647,115</u>	<u>\$ 16,589</u>	<u>\$ 7,356,325</u>

Most of the transfers above are to cover debt service payments for the 2002 Public Improvement Revenue Bonds and for the payoff of the Inland Groves Note, and also to cover costs of various capital projects. The transfer out of the Water Fund is to cover non-operating expenditures.

Transfers in the fund statements do not balance due to the transfer of capital assets out of the enterprise funds into the governmental capital assets in the amount of \$16,589.

Note 9 - Retirement Plans:

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

Note 9 - Retirement Plans (Continued):

Summary of Significant Accounting Policies

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

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

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

Plan Descriptions and Contribution Information -

Membership of each of the defined benefit pension plans consisted of the following at October 1, 2007, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Retirees and beneficiaries			
currently receiving benefits	12	6	1
Terminated plan members entitled to,			
but not yet receiving, benefits	-	20	54
Active plan members	-	49	43
Total	<u>12</u>	<u>75</u>	<u>98</u>

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

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

Note 9 - Retirement Plans (Continued):

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

Contributions - The City's actuarially determined contribution rate per the October 1, 2007 actuarial valuations is 0% for general employees, 22.99% for police officers and 19.66% for firefighters. Police officers make a minimum mandatory contribution of 3% and firefighters make a minimum mandatory contribution of 1%, in order to take advantage of the insurance premium tax rebate provided for in the statutes. Administrative costs are deducted from the net assets of the plan.

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

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Annual Required Contribution (ARC)	\$ -	\$ 570,869	\$ 420,790
Adjustment to ARC	-	-	-
Annual Pension Cost	<u>\$ -</u>	<u>\$ 570,869</u>	<u>\$ 420,790</u>

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

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
<u>General Employees</u>		
9/30/09	\$ -	100%
9/30/08	-	100
9/30/07	19,697	100
<u>Police Officers</u>		
9/30/09	\$ 570,869	100%
9/30/08	541,697	100
9/30/07	376,518	100
<u>Firefighters</u>		
9/30/09	\$ 420,790	100%
9/30/08	410,350	100
9/30/07	199,989	100

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

Note 9 - Retirement Plans (Continued):

Funded Status and Funding Progress – Pension Plans

The funded status of each plan as of October 1, 2007, the most recent actuarial valuation date, is as follows:

	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
General Employees	\$ 822,401	\$ 822,401	\$ -	100.0%	\$ -	N/A
Police Officers	4,905,071	4,905,071	-	100.0%	2,356,375	0.0%
Fifefighters	1,972,299	1,972,299	-	100.0%	2,031,236	0.0%

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

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

Additional information as of the latest actuarial valuation follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Valuation date	10/1/2007	10/1/2007	10/1/2007
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%)	0.0%	5.5%	5.5%

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

Note 9 - Retirement Plans (Continued):

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

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

Covered payroll for this Plan for fiscal year 2009 was \$5,954,160; the City's total payroll for City employees was \$11,300,373.

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

The actual contribution made by the City for fiscal year 2009 was \$409,966.

Note 10 - 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 shared by the City and the retirees.

Note 11 - Risk Management:

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

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.

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2009

Note 11 - Risk Management (Continued):

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

The claims liability of \$165,714 represents claims processed through November 2009 which were applicable to the current fiscal year and any additional claims are deemed immaterial. Changes to the current claims liability are as follows:

	<u>2009</u>	<u>2008</u>
Claims liabilities, beginning of year	\$ 414,506	\$ 272,165
Incurred Claims	2,838,872	2,138,680
Payments on Claims	<u>(3,087,664)</u>	<u>(1,996,339)</u>
Claims liabilities, end of year	<u>\$ 165,714</u>	<u>\$ 414,506</u>

Note 12 - Commitments and Contingencies:

Litigation - The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2009. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

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

Note 13 - Subsequent Events:

The city refunded the 2000 Water and Sewer Revenue and Refunding Bonds in December 2009. The Water and Sewer Revenue Refunding Bonds, Series 2009, has a variable interest rate with principal and interest payments due through maturity date of December 1, 2030.

REQUIRED SUPPLEMENTAL INFORMATION



CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2009

Schedules of Funding Progress - Pension Plans

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)
General Employees					
10/1/2002	852,955	852,955	-	100.0%	-
10/1/2003	863,029	863,029	-	100.0%	-
10/1/2004	863,278	863,278	-	100.0%	-
10/1/2005	816,972	816,972	-	100.0%	-
10/1/2006	794,277	794,277	-	100.0%	-
10/1/2007	822,401	822,401	-	100.0%	-
Police Officers					
10/1/2001	2,392,277	2,392,277	-	100.0%	714,709
10/1/2002	3,268,335	2,368,335	-	100.0%	1,042,972
10/1/2003	2,762,688	2,762,688	-	100.0%	1,279,696
10/1/2004	3,032,203	3,032,203	-	100.0%	1,424,568
10/1/2005	3,571,295	3,571,295	-	100.0%	1,534,254
10/1/2007	4,905,071	4,905,071	-	100.0%	2,356,375
Fire Fighters					
10/1/2002	861,722	861,722	-	100.0%	512,906
10/1/2003	814,097	814,097	-	100.0%	597,364
10/1/2004	974,966	974,966	-	100.0%	901,980
10/1/2005	1,256,347	1,256,347	-	100.0%	1,047,097
10/1/2006	1,345,093	1,345,093	-	100.0%	1,257,860
10/1/2007	1,972,299	1,972,299	-	100.0%	2,031,230

CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2009

Schedules of Employer Contributions - Pension Plans

Year Ended 9/30	Employer Contributions					
	General Employees		Police Officers		Firefighters	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2004	\$ 5,454	100%	\$ 249,332	100%	\$ 103,481	100%
2005	7,897	100%	277,060	100%	160,454	100%
2006	19,697	100%	291,677	100%	189,164	100%
2007	19,697	100%	376,518	100%	199,989	100%
2008	-	100%	541,697	100%	410,350	100%
2009	-	100%	570,869	100%	420,790	100%

**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.

Building Services Fund

This fund was established to account for the operations of the City's building and other permits department.

Infrastructure Fund

This fund was established to account for the proceeds of the Local Government Infrastructure Surtax. The proceeds and interest accrued thereto, by law are only to be used to finance, plan and construct infrastructure.

Debt Service Fund

Debt Service Fund

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

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, 2009

	Special Revenue				Infrastructure Special Revenue
	Recreation Impact Fees	Police Impact Fees	Fire Impact Fees	Building Services	
Assets:					
Cash and cash equivalents	\$ 259,557	\$ 118,746	\$ 154,311	\$ 97,952	\$ 353,842
Investments	500,000	2,000,000	-	-	500,000
Other receivables	11,589	46,356	-	-	11,589
Due from other governments	-	-	-	-	122,491
Prepaid expenses	-	-	-	19,045	-
	<u>771,146</u>	<u>2,165,102</u>	<u>154,311</u>	<u>116,997</u>	<u>987,922</u>
Total assets	\$ 771,146	\$ 2,165,102	\$ 154,311	\$ 116,997	\$ 987,922
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ -	\$ 2,110	\$ 13,877	\$ 30,292	\$ -
Accrued Liabilities	-	-	-	2,295	-
Total liabilities	<u>-</u>	<u>2,110</u>	<u>13,877</u>	<u>32,587</u>	<u>-</u>
Fund balances:					
Reserved for:					
Debt service	-	-	-	-	-
Perpetual care	-	-	-	-	-
Unreserved	<u>771,146</u>	<u>2,162,992</u>	<u>140,434</u>	<u>84,410</u>	<u>987,922</u>
Total fund balances	771,146	2,162,992	140,434	84,410	987,922
Total liabilities and fund balances	\$ 771,146	\$ 2,165,102	\$ 154,311	\$ 116,997	\$ 987,922

Special Revenue Total	Debt Service	Capital Projects	Permanent Fund - Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ 984,408	\$ 365,590	\$ 388,673	\$ 720,610	\$ 2,459,281
3,000,000	-	3,000,000	-	6,000,000
69,534	-	69,534	-	139,068
122,491	-	-	-	122,491
19,045	-	-	-	19,045
<u>\$ 4,195,478</u>	<u>\$ 365,590</u>	<u>\$ 3,458,207</u>	<u>\$ 720,610</u>	<u>\$ 8,739,885</u>
\$ 46,279	\$ -	\$ 187,177	\$ -	\$ 233,456
2,295	-	-	-	2,295
<u>48,574</u>	<u>-</u>	<u>187,177</u>	<u>-</u>	<u>235,751</u>
-	365,590	-	-	365,590
-	-	-	720,610	720,610
<u>4,146,904</u>	<u>-</u>	<u>3,271,030</u>	<u>-</u>	<u>7,417,934</u>
<u>4,146,904</u>	<u>365,590</u>	<u>3,271,030</u>	<u>720,610</u>	<u>8,504,134</u>
<u>\$ 4,195,478</u>	<u>\$ 365,590</u>	<u>\$ 3,458,207</u>	<u>\$ 720,610</u>	<u>\$ 8,739,885</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2009

	Special Revenue			
	Recreation Impact Fees	Police Impact Fees	Fire Impact Fees	Building Services
Revenues:				
Licenses and permits	\$ -	\$ -	\$ -	\$ 447,420
Intergovernmental	-	-	-	-
Charges for services	-	-	-	116,183
Impact fees/special assessments	553,151	208,161	141,593	-
Investment earnings	13,406	50,973	643	270
Miscellaneous	-	-	-	-
Total revenues	<u>566,557</u>	<u>259,134</u>	<u>142,236</u>	<u>563,873</u>
Expenditures:				
Current:				
General government	-	-	-	508,864
Public safety	-	116,102	-	-
Culture and recreation	183,244	-	-	-
Debt Service				
Principal	-	-	36,010	-
Interest and other charges	175,860	-	3,268	-
Capital Outlay:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>359,104</u>	<u>116,102</u>	<u>39,278</u>	<u>508,864</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>207,453</u>	<u>143,032</u>	<u>102,958</u>	<u>55,009</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(10,588)	-	(102,308)	-
Total other financing sources (uses)	<u>(10,588)</u>	<u>-</u>	<u>(102,308)</u>	<u>-</u>
Net Change in Fund Balances	196,865	143,032	650	55,009
Fund Balances - Beginning	574,281	2,019,960	139,784	29,401
Fund Balances - Ending	<u>\$ 771,146</u>	<u>\$ 2,162,992</u>	<u>\$ 140,434</u>	<u>\$ 84,410</u>

Special Revenue					
Infrastructure Special Revenue	Total	Debt Service	Capital Projects	Permanent Fund - Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ 447,420	\$ -	\$ -	\$ -	\$ 447,420
1,764,949	1,764,949	-	-	-	1,764,949
-	116,183	-	-	-	116,183
-	902,905	-	-	-	902,905
130,057	195,349	785	74,072	1,594	271,800
-	-	-	18,929	77,400	96,329
<u>1,895,006</u>	<u>3,426,806</u>	<u>785</u>	<u>93,001</u>	<u>78,994</u>	<u>3,599,586</u>
518	509,382	-	-	-	509,382
-	116,102	-	-	-	116,102
-	183,244	-	3,914	-	187,158
-	36,010	440,000	-	-	476,010
-	179,128	195,556	-	-	374,684
-	-	-	1,608,254	-	1,608,254
-	-	-	130,116	-	130,116
<u>518</u>	<u>1,023,866</u>	<u>635,556</u>	<u>1,742,284</u>	<u>-</u>	<u>3,401,706</u>
<u>1,894,488</u>	<u>2,402,940</u>	<u>(634,771)</u>	<u>(1,649,283)</u>	<u>78,994</u>	<u>197,880</u>
-	-	639,425	3,007,690	-	3,647,115
<u>(3,457,488)</u>	<u>(3,570,384)</u>	<u>-</u>	<u>(2,583,552)</u>	<u>(1,629)</u>	<u>(6,155,565)</u>
<u>(3,457,488)</u>	<u>(3,570,384)</u>	<u>639,425</u>	<u>424,138</u>	<u>(1,629)</u>	<u>(2,508,450)</u>
(1,563,000)	(1,167,444)	4,654	(1,225,145)	77,365	(2,310,570)
2,550,922	5,314,348	360,936	4,496,175	643,245	10,814,704
<u>\$ 987,922</u>	<u>\$ 4,146,904</u>	<u>\$ 365,590</u>	<u>\$ 3,271,030</u>	<u>\$ 720,610</u>	<u>\$ 8,504,134</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 560,000	\$ 560,000	\$ 553,151	\$ (6,849)
Investment earnings	15,000	15,000	13,406	(1,594)
Total revenues	<u>575,000</u>	<u>575,000</u>	<u>566,557</u>	<u>(8,443)</u>
Expenditures:				
Current:				
Culture and recreation	15,000	177,415	183,244	(5,829)
Debt Service:				
Interest and other charges	231,308	231,308	175,860	55,448
Total expenditures	<u>246,308</u>	<u>408,723</u>	<u>359,104</u>	<u>49,619</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>328,692</u>	<u>166,277</u>	<u>207,453</u>	<u>41,176</u>
Other Financing Sources (Uses)				
Transfers out	(750,000)	(750,000)	(10,588)	739,412
Total other financing sources (uses)	<u>(750,000)</u>	<u>(750,000)</u>	<u>(10,588)</u>	<u>739,412</u>
Net Change in Fund Balances	(421,308)	(583,723)	196,865	780,588
Fund Balances - Beginning	<u>574,281</u>	<u>574,281</u>	<u>574,281</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 152,973</u>	<u>\$ (9,442)</u>	<u>\$ 771,146</u>	<u>\$ 780,588</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, 2009

	<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	\$ 216,900	\$ 216,900	\$ 208,161	\$ (8,739)
Investment earnings	35,000	35,000	50,973	15,973
Total revenues	<u>251,900</u>	<u>251,900</u>	<u>259,134</u>	<u>7,234</u>
Expenditures:				
Current:				
Public Safety:				
Law enforcement	747,435	849,972	116,102	733,870
Total expenditures	<u>747,435</u>	<u>849,972</u>	<u>116,102</u>	<u>733,870</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(495,535)</u>	<u>(598,072)</u>	<u>143,032</u>	<u>741,104</u>
Net Change in Fund Balances	<u>(495,535)</u>	<u>(598,072)</u>	<u>143,032</u>	<u>741,104</u>
Fund Balances - Beginning	<u>2,019,960</u>	<u>2,019,960</u>	<u>2,019,960</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,524,425</u>	<u>\$ 1,421,888</u>	<u>\$ 2,162,992</u>	<u>\$ 741,104</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, 2009

	<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:				
Impact fees/special assessments	\$ 150,000	\$ 150,000	\$ 141,593	\$ (8,407)
Investment earnings	2,100	2,100	643	(1,457)
Total revenues	<u>152,100</u>	<u>152,100</u>	<u>142,236</u>	<u>(9,864)</u>
Expenditures:				
Current:				
Public safety:				
Fire control	55,500	2,770	-	2,770
Debt Service:				
Principal retirement	36,009	36,009	36,010	(1)
Interest and fiscal charges	3,220	3,220	3,268	(48)
Total expenditures	<u>94,729</u>	<u>41,999</u>	<u>39,278</u>	<u>2,721</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>57,371</u>	<u>110,101</u>	<u>102,958</u>	<u>(7,143)</u>
Other Financing Sources (Uses):				
Transfers out	(101,617)	(101,617)	(102,308)	(691)
Total other financing sources (uses)	<u>(101,617)</u>	<u>(101,617)</u>	<u>(102,308)</u>	<u>(691)</u>
Net Change in Fund Balances	(44,246)	8,484	650	(7,834)
Fund Balances - Beginning	<u>139,784</u>	<u>139,784</u>	<u>139,784</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 95,538</u>	<u>\$ 148,268</u>	<u>\$ 140,434</u>	<u>\$ (7,834)</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget - Positive</u> <u>(Negative)</u>
Revenues:				
Licenses and permits	\$ 500,000	\$ 500,000	\$ 447,420	\$ (52,580)
Charges for services	70,000	70,000	116,183	46,183
Investment earnings	-	-	270	270
Total revenues	<u>570,000</u>	<u>570,000</u>	<u>563,873</u>	<u>(6,127)</u>
Expenditures:				
Current:				
General government	<u>570,000</u>	<u>570,000</u>	<u>508,864</u>	<u>61,136</u>
Total expenditures	<u>570,000</u>	<u>570,000</u>	<u>508,864</u>	<u>61,136</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>-</u>	<u>-</u>	<u>55,009</u>	<u>55,009</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>55,009</u>	<u>55,009</u>
Fund Balances - Beginning	<u>29,401</u>	<u>29,401</u>	<u>29,401</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 29,401</u>	<u>\$ 29,401</u>	<u>\$ 84,410</u>	<u>\$ 55,009</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 1,800,000	\$ 1,800,000	\$ 1,764,949	\$ (35,051)
Investment earnings	29,000	29,000	130,057	101,057
Total revenues	<u>1,829,000</u>	<u>1,829,000</u>	<u>1,895,006</u>	<u>66,006</u>
Expenditures:				
Current:				
General government	-	-	518	(518)
Transportation:				
Roads & streets	30,000	30,000	-	30,000
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>518</u>	<u>29,482</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,799,000</u>	<u>1,799,000</u>	<u>1,894,488</u>	<u>95,488</u>
Other Financing Sources (Uses):				
Transfers out	(3,797,277)	(4,049,812)	(3,457,488)	592,324
Total other financing sources (uses)	<u>(3,797,277)</u>	<u>(4,049,812)</u>	<u>(3,457,488)</u>	<u>592,324</u>
Net Change in Fund Balances	(1,998,277)	(2,250,812)	(1,563,000)	687,812
Fund Balances - Beginning	<u>2,550,992</u>	<u>2,550,992</u>	<u>2,550,992</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 552,715</u>	<u>\$ 300,180</u>	<u>\$ 987,992</u>	<u>\$ 687,812</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2009

	<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	\$ 9,400	\$ 9,400	\$ 785	\$ (8,615)
Total revenues	<u>9,400</u>	<u>9,400</u>	<u>785</u>	<u>(8,615)</u>
Expenditures:				
Debt Service:				
Principal	440,000	440,000	440,000	-
Interest and fiscal charges	195,557	195,557	195,556	1
Total expenditures	<u>635,557</u>	<u>635,557</u>	<u>635,556</u>	<u>1</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(626,157)</u>	<u>(626,157)</u>	<u>(634,771)</u>	<u>(8,614)</u>
Other Financing Sources (Uses):				
Transfers in	635,107	635,107	639,425	4,318
Total other financing sources (uses)	<u>635,107</u>	<u>635,107</u>	<u>639,425</u>	<u>4,318</u>
Net Change in Fund Balances	8,950	8,950	4,654	(4,296)
Fund Balances - Beginning	<u>360,936</u>	<u>360,936</u>	<u>360,936</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 369,886</u>	<u>\$ 369,886</u>	<u>\$ 365,590</u>	<u>\$ (4,296)</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2009

	<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	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
Investment earnings	7,200	7,200	74,072	66,872
Miscellaneous	96,830	96,830	18,929	(77,901)
Total revenues	<u>304,030</u>	<u>304,030</u>	<u>93,001</u>	<u>(211,029)</u>
Expenditures:				
Current:				
Culture and recreation	-	-	3,914	(3,914)
Capital outlay:				
Public safety	2,000,000	2,000,000	1,608,254	391,746
Culture and recreation	1,336,830	1,589,365	130,116	1,459,249
Total expenditures	<u>3,336,830</u>	<u>3,589,365</u>	<u>1,742,284</u>	<u>1,847,081</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,032,800)</u>	<u>(3,285,335)</u>	<u>(1,649,283)</u>	<u>1,636,052</u>
Other Financing Sources (Uses):				
Transfers in	4,090,000	4,342,535	3,007,690	(1,334,845)
Transfers out	-	(2,583,552)	(2,583,552)	-
Total other financing sources (uses)	<u>4,090,000</u>	<u>1,758,983</u>	<u>424,138</u>	<u>(1,334,845)</u>
Net Change in Fund Balances	1,057,200	(1,526,352)	(1,225,145)	301,207
Fund Balances - Beginning	<u>4,496,175</u>	<u>4,496,175</u>	<u>4,496,175</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 5,553,375</u>	<u>\$ 2,969,823</u>	<u>\$ 3,271,030</u>	<u>\$ 301,207</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, 2009

	<u>General Employees</u>		<u>Police Officers Pension Trust</u>	<u>Firefighters Pension Trust</u>	<u>Total Employee Pension Funds</u>
	<u>Defined Benefit</u>	<u>Defined Contribution</u>			
Assets:					
Cash and cash equivalents	\$ 4,014	\$ -	\$ 40,854	\$ 22,133	\$ 67,001
Investments:					
U.S. Government & other debt securities	237,952	-	2,422,086	1,312,177	3,972,215
Equities	331,413	3,508,516	3,373,412	1,827,563	9,040,904
Total Investments	569,365	3,508,516	5,795,498	3,139,740	13,013,119
Total assets	573,379	3,508,516	5,836,352	3,161,873	13,080,120
Liabilities:					
Accounts payable	-	-	-	-	-
Total liabilities	-	-	-	-	-
Net Assets Held in Trust for Pension Benefits	<u>\$ 573,379</u>	<u>\$ 3,508,516</u>	<u>\$ 5,836,352</u>	<u>\$ 3,161,873</u>	<u>\$ 13,080,120</u>

CITY OF CLERMONT, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended September 30, 2009

	<u>General Employees</u>		<u>Police Officers Pension Trust</u>	<u>Firefighters Pension Trust</u>	<u>Total Employee Pension Funds</u>
	<u>Defined Benefit</u>	<u>Defined Contribution</u>			
Additions:					
Contributions:					
Employer	\$ -	\$ 409,966	\$ 449,224	\$ 358,633	\$ 1,217,823
Plan members	-	-	73,819	25,862	99,681
State	-	-	215,007	155,350	370,357
Total contributions	-	409,966	738,050	539,845	1,687,861
Investment earnings:					
Net increase in fair value of investments	3,091	50,570	139,767	97,575	291,003
Total net investment earnings	3,091	50,570	139,767	97,575	291,003
Total additions	3,091	460,536	877,817	637,420	1,978,864
Deductions:					
Benefits/distributions	73,988	217,366	161,068	2,783	455,205
Administrative expenses	2,129	15,155	12,413	9,623	39,320
Total deductions	76,117	232,521	173,481	12,406	494,525
Change in Net Assets	(73,026)	228,015	704,336	625,014	1,484,339
Net Assets Held in Trust for Pension Benefits:					
Beginning of Year	646,405	3,280,501	5,132,016	2,536,859	11,595,781
End of Year	<u>\$ 573,379</u>	<u>\$ 3,508,516</u>	<u>\$ 5,836,352</u>	<u>\$ 3,161,873</u>	<u>\$ 13,080,120</u>



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	76
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	84
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	89
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	94
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	98
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			
	2000	2001	2002	2003
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					
2004	2005	2006	2007	2008	2009
\$ 10,959	\$ 12,118	\$ 15,777	\$ 15,825	\$ 27,462	\$ 33,938
3,121	4,800	5,935	7,830	8,959	6,526
5,619	8,125	8,693	14,459	11,946	13,608
<u>\$ 19,699</u>	<u>\$ 25,043</u>	<u>\$ 30,405</u>	<u>\$ 38,114</u>	<u>\$ 48,367</u>	<u>\$ 54,072</u>
\$ 12,054	\$ 12,082	\$ 15,864	\$ 24,837	\$ 46,569	\$ 54,834
22,601	27,573	33,732	36,931	13,899	10,437
9,903	13,414	13,447	10,841	18,103	17,801
<u>\$ 44,558</u>	<u>\$ 53,069</u>	<u>\$ 63,043</u>	<u>\$ 72,609</u>	<u>\$ 78,571</u>	<u>\$ 83,072</u>
\$ 23,013	\$ 24,200	\$ 31,641	\$ 40,662	\$ 74,031	\$ 88,772
25,722	32,373	39,667	44,761	22,858	16,963
15,522	21,539	22,140	25,300	30,049	31,409
<u>\$ 64,257</u>	<u>\$ 78,112</u>	<u>\$ 93,448</u>	<u>\$ 110,723</u>	<u>\$ 126,938</u>	<u>\$ 137,144</u>

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

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Expenses						
Governmental activities:						
General government	\$ 2,337	\$ 2,617	\$ 3,232	\$ 3,297	\$ 4,204	\$ 4,747
Public safety	4,688	5,773	7,109	8,783	10,330	10,775
Physical environment	421	278	382	470	514	364
Transportation/public works	1,056	1,172	1,322	1,255	1,544	1,164
Economic environment	32	13	181	52	48	101
Human services	132	149	77	130	107	0
Culture and recreation	1,742	1,816	1,851	2,441	2,061	2,082
Interest on long-term debt	350	255	285	226	459	326
Total governmental activities expenses	<u>10,758</u>	<u>12,073</u>	<u>14,439</u>	<u>16,654</u>	<u>19,267</u>	<u>19,559</u>
Business-type activities:						
Water	2,707	3,015	3,427	2,987	3,737	3,990
Sewer	3,423	3,572	4,024	3,896	4,521	4,489
Sanitation	1,617	1,817	1,731	1,816	2,123	2,086
Stormwater	266	287	316	427	549	534
Total business-type activities expenses	<u>8,013</u>	<u>8,691</u>	<u>9,498</u>	<u>9,126</u>	<u>10,930</u>	<u>11,099</u>
Total primary government expenses	<u>\$ 18,771</u>	<u>\$ 20,764</u>	<u>\$ 23,937</u>	<u>\$ 25,780</u>	<u>\$ 30,197</u>	<u>\$ 30,658</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 963	\$ 1,042	\$ 1,037	\$ 1,116	\$ 1,582	\$ 1,854
Public safety	807	912	1,158	1,105	975	1,203
Transportation/public works	250	36	-	-	-	-
Culture and recreation	1,009	463	1,566	882	761	99
Operating grants and contributions	591	512	523	923	1,047	921
Capital grants and contributions	-	1,644	105	2,518	7,330	3,307
Total governmental activities program revenues	<u>3,620</u>	<u>4,609</u>	<u>4,389</u>	<u>6,544</u>	<u>11,695</u>	<u>7,384</u>
Business-type activities:						
Charges for services:						
Water	\$ 4,342	\$ 4,320	\$ 4,839	\$ 5,502	\$ 5,654	\$ 4,909
Sewer	2,832	3,295	3,784	4,242	4,422	4,655
Sanitation	1,811	2,088	2,236	2,402	2,515	2,560
Stormwater	571	627	689	729	766	801
Operating grants and contributions	105	138	11	38	700	-
Capital grants and contributions	7,095	6,287	6,408	3,676	1,480	2,137
Total business-type activities program revenues	<u>16,756</u>	<u>16,755</u>	<u>17,967</u>	<u>16,589</u>	<u>15,537</u>	<u>15,062</u>
Total primary government program revenues	<u>\$ 20,376</u>	<u>\$ 21,364</u>	<u>\$ 22,356</u>	<u>\$ 23,133</u>	<u>\$ 27,232</u>	<u>\$ 22,446</u>

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

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

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Net (expense)/revenue						
Governmental activities	\$ (7,138)	\$ (7,464)	\$ (10,050)	\$ (10,110)	\$ (7,572)	\$ (12,175)
Business-type activities	8,743	8,064	8,469	7,463	4,605	3,964
Total primary government net expense	<u>\$ 1,605</u>	<u>\$ 600</u>	<u>\$ (1,581)</u>	<u>\$ (2,647)</u>	<u>\$ (2,967)</u>	<u>\$ (8,211)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$ 3,371	\$ 4,417	\$ 5,665	\$ 7,452	\$ 7,749	\$ 7,601
Franchise fees	1,128	1,357	1,714	1,808	1,911	2,151
Utility taxes	1,382	1,552	1,782	1,881	1,992	2,152
Unrestricted intergovernmental revenues	3,279	3,923	4,953	4,952	4,776	4,458
Unrestricted investment earnings and miscellaneous revenues	186	1,181	835	1,216	901	1,050
Transfers	385	377	464	509	496	469
Total governmental activities	<u>9,731</u>	<u>12,807</u>	<u>15,413</u>	<u>17,818</u>	<u>17,825</u>	<u>17,881</u>
Business-type activities:						
Investment earnings	\$ 390	\$ 825	\$ 1,968	\$ 2,612	\$ 1,853	\$ 1,005
Transfers	(385)	(377)	(464)	(509)	(496)	(469)
Total business-type activities	<u>5</u>	<u>448</u>	<u>1,504</u>	<u>2,103</u>	<u>1,357</u>	<u>536</u>
Total primary government	<u>\$ 9,736</u>	<u>\$ 13,255</u>	<u>\$ 16,917</u>	<u>\$ 19,921</u>	<u>\$ 19,182</u>	<u>\$ 18,417</u>
Change in Net Assets						
Governmental activities	\$ 2,593	\$ 5,343	\$ 5,363	\$ 7,708	\$ 10,253	\$ 5,705
Business-type activities	8,748	8,512	9,973	9,566	5,961	4,501
Total primary government	<u>\$ 11,341</u>	<u>\$ 13,855</u>	<u>\$ 15,336</u>	<u>\$ 17,274</u>	<u>\$ 16,214</u>	<u>\$ 10,206</u>

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

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

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2000	2001	2002	2003
General fund				
Reserved	\$ 54	\$ 97	\$ 162	\$ 167
Unreserved	<u>1,407</u>	<u>2,120</u>	<u>2,559</u>	<u>3,110</u>
Total general fund	<u>\$ 1,461</u>	<u>\$ 2,217</u>	<u>\$ 2,721</u>	<u>\$ 3,277</u>
 All other governmental funds				
Reserved	\$ 409	\$ 430	\$ 512	\$ 760
Unreserved, reported in:				
Special revenue funds	1,291	793	1,003	2,318
Capital projects fund	<u>1,088</u>	<u>669</u>	<u>4,423</u>	<u>106</u>
Total all other governmental funds	<u>\$ 2,788</u>	<u>\$ 1,892</u>	<u>\$ 5,938</u>	<u>\$ 3,184</u>

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 168	\$ 198	\$ 233	\$ 307	\$ 209	\$ 214
<u>4,207</u>	<u>5,758</u>	<u>4,857</u>	<u>9,128</u>	<u>9,572</u>	<u>10,860</u>
<u><u>\$ 4,375</u></u>	<u><u>\$ 5,956</u></u>	<u><u>\$ 5,090</u></u>	<u><u>\$ 9,435</u></u>	<u><u>\$ 9,781</u></u>	<u><u>\$ 11,074</u></u>
\$ 894	\$ 1,083	\$ 1,189	\$ 1,539	\$ 1,912	\$ 2,267
3,410	5,028	7,767	10,771	5,314	4,147
<u>-</u>	<u>926</u>	<u>780</u>	<u>843</u>	<u>4,496</u>	<u>3,271</u>
<u><u>\$ 4,304</u></u>	<u><u>\$ 7,037</u></u>	<u><u>\$ 9,736</u></u>	<u><u>\$ 13,153</u></u>	<u><u>\$ 11,722</u></u>	<u><u>\$ 9,685</u></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			
	2000	2001	2002	2003
Revenues				
Taxes	\$ 3,939	\$ 4,931	\$ 5,752	\$ 6,794
Licenses and permits	189	211	253	277
Intergovernmental revenue	960	930	1,408	1,152
Charges for services	60	37	367	378
Fines and forfeitures	174	146	112	114
Impact fees/special assessments	996	945	1,314	1,424
Investment income	151	243	141	145
Miscellaneous	261	212	177	219
Total revenues	<u>6,730</u>	<u>7,655</u>	<u>9,524</u>	<u>10,503</u>
Expenditures				
General government	\$ 808	\$ 874	\$ 1,117	\$ 1,338
Public Safety	1,868	2,247	3,118	3,606
Physical environment	134	197	42	35
Transportation	404	454	622	806
Economic environment	24	27	44	39
Human services	25	20	58	89
Culture and recreation	876	1,011	1,162	1,316
Capital outlay	2,417	2,882	3,205	5,351
Debt service				
Principal	200	257	396	236
Interest	54	99	92	257
Other charges	-	1	211	-
Total expenditures	<u>6,810</u>	<u>8,069</u>	<u>10,067</u>	<u>13,073</u>
Excess of revenues over (under) expenditures	\$ (80)	\$ (414)	\$ (543)	\$ (2,570)
Other financing sources (uses)				
Transfers in	\$ 1,328	\$ 551	\$ 1,468	\$ 1,182
Transfers out	(1,037)	(302)	(1,378)	(863)
Debt issuance	2,390	-	6,965	27
Sale of capital assets	-	-	-	-
Payments to refunded bond escrow agent	-	-	(2,000)	-
Total other financing sources (uses)	<u>2,681</u>	<u>249</u>	<u>5,055</u>	<u>346</u>
Net change in fund balances	<u>\$ 2,601</u>	<u>\$ (165)</u>	<u>\$ 4,512</u>	<u>\$ (2,224)</u>
Debt service as a percentage of noncapital expenditures	5.8%	6.9%	10.2%	6.4%

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 6,791	\$ 8,391	\$ 10,327	\$ 11,141	\$ 11,652	\$ 11,903
467	484	456	491	835	674
2,758	5,216	4,211	8,340	11,977	8,666
381	389	407	462	643	1,103
125	164	226	175	321	178
1,592	1,152	2,444	1,717	1,209	903
107	267	738	1,101	687	848
541	310	505	391	1,683	444
<u>12,762</u>	<u>16,373</u>	<u>19,314</u>	<u>23,818</u>	<u>29,007</u>	<u>24,719</u>
\$ 1,432	\$ 2,053	\$ 2,694	\$ 3,079	\$ 3,640	\$ 3,654
4,274	5,285	6,452	9,141	10,999	10,275
278	318	343	461	497	490
1,055	917	967	1,189	2,976	1,129
32	33	38	48	48	102
122	139	75	129	105	-
1,009	1,025	1,259	1,556	10,024	1,893
2,752	2,484	10,235	94	1,909	1,738
507	855	868	449	8,176	6,259
268	258	244	440	465	375
-	-	-	-	-	-
<u>11,729</u>	<u>13,367</u>	<u>23,175</u>	<u>16,586</u>	<u>38,839</u>	<u>25,915</u>
\$ 1,033	\$ 3,006	\$ (3,861)	\$ 7,232	\$ (9,832)	\$ (1,196)
\$ 1,217	\$ 1,081	\$ 1,676	\$ 1,265	\$ 6,468	\$ 6,684
(832)	(704)	(1,212)	(756)	(5,971)	(6,232)
800	-	5,250	-	8,250	-
-	931	-	-	-	-
-	-	-	-	-	-
<u>1,185</u>	<u>1,308</u>	<u>5,714</u>	<u>509</u>	<u>8,747</u>	<u>452</u>
<u>\$ 2,218</u>	<u>\$ 4,314</u>	<u>\$ 1,853</u>	<u>\$ 7,741</u>	<u>\$ (1,085)</u>	<u>\$ (744)</u>
8.6%	10.2%	9.3%	7.1%	23.4%	28.3%

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
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
2008	7,749	1,911	1,992	11,652
2009	7,601	2,151	2,152	11,904

Taxes Included in Unrestricted Intergovernmental Revenues

Fiscal Year	Sales Tax	State Revenue Sharing	Local Option Gas Tax	Total
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
2008	1,139	356	300	1,795
2009	1,033	302	289	1,624

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
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%
2008	2,975,139	186,835	676,371	2,485,603	3.142	3,161,974	78.61%
2009	3,022,925	195,808	792,997	2,425,736	3.142	3,218,733	75.36%

Source: Lake County Property Appraisers Office

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

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

(per \$1,000 of assessed value)

Fiscal Year	Direct Rate	Overlapping Rates							Total Direct & Overlapping Rates
	City of Clermont Operating Millage	Lake County Operating Millage	Lake County Voted Debt Service	Lake County Ambulance MSTU	Lake County School District	South Lake Hospital District	Lake County Water Authority	St. Johns River Water Management District	
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
2008	3.1420	4.6511	0.1101	0.4651	7.5170	0.8666	0.2130	0.4158	17.3807
2009	3.1420	4.6511	0.1101	0.4651	7.5320	0.8666	0.2130	0.4158	17.3957

Source: Lake County Property Appraisers Office

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

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

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

<u>Taxpayer</u>	<u>2009</u>			<u>2000</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	\$ 32,621	1	1.34%			
Fountains at Clermont LLC	21,377	2	0.88%			
South Lake Hospital, Inc.	17,192	3	0.71%			
Sundance Clermont LLC	16,329	4	0.67%			
Citrus Tower Development	15,535	5	0.64%			
Lennar Homes, Inc.	15,639	6	0.64%	\$ 6,161	4	1.73%
Village at East Lake	12,839	7	0.53%			
Wal-Mart Stores East LP	12,469	8	0.51%			
Lowe's Home Centers Inc.	11,986	9	0.49%			
Target Corporation	11,082	10	0.46%			
Levitt Homes, Inc.				10,069	1	2.82%
CPF Property Investments, Inc.				8,556	2	2.40%
Lucas Clermont Ltd Partnership				8,108	3	2.27%
Lennar Land Partners				5,864	5	1.64%
Hurtak, Family Partnership Ltd.				5,329	6	1.49%
Mercator Properties, Inc.				4,466	7	1.25%
Health Care Reit, Inc.				4,195	8	1.18%
Lakeworth MHP, LTD				4,041	9	1.13%
Lost Lake Reserve LC				2,968	10	0.83%
TOTAL	\$167,069		6.89%	\$ 59,757		16.74%

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
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	7,172	95.4%
2008	7,810	7,425	95.1%	15	7,440	95.3%
2009	7,622	7,243	95.0%	22	7,265	95.3%

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

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

(amounts expressed in thousands, except per capita amount)

Fiscal Year Ended Sept	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Revenue Bonds	Notes Payable	Line of Credit	Water & Sewer Refunding Revenue Bonds			
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
2008	4,935	5,857	-	17,065	\$27,857	4.00%	1,187
2009	4,495	38	-	16,655	\$21,188	2.95%	876

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, 2009

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

	<u>Total Outstanding</u>	<u>Percentage Applicable to City of Clermont</u>	<u>Amount Applicable to City of Clermont</u>
Direct:			
City of Clermont	\$ 4,533	100%	\$ 4,533
Overlapping:			
Lake County	31,090	11%	3,420
Total direct and overlapping debt payable from ad valorem taxes	\$ 35,623		\$ 7,953
Estimated Population			24,199
Total direct and overlapping debt per capita			\$ 328.65

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	
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
2008	1,688,421	1,279,653	1,139,315	4,107,389	425,000	209,606	6.47
2009	1,846,153	1,257,344	1,033,141	4,136,638	440,000	195,106	6.51

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	
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
2008	1,900,640	1,900,640	- ¹	- ¹	- ¹
2009	1,764,949	1,764,949	- 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	
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
2008	10,075,706	7,192,314	2,883,392	390,000	892,688	2.25
2009	10,561,949	6,511,487	4,050,462	410,000	883,206	3.13

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
2000	9,455	204,937	21,675	37.6	13.2	3,841	3.6%
2001	10,571	*	*	*	*	4,500	3.9%
2002	13,718	*	*	*	*	4,616	5.8%
2003	15,391	*	*	*	*	4,630	5.4%
2004	17,654	*	*	*	*	5,219	4.6%
2005	20,017	*	*	*	*	5,165	4.0%
2006	21,986	509,987	23,196	35.9	13.5	5,375	3.3%
2007	22,882	500,338	21,866	36.8	13.6	5,411	3.8%
2008	23,476	696,040	29,649	39.6	13.2	4,208	7.1%
2009	24,199	717,597	29,654	39.7	13.2	4,968	12.3%

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>2009</u>			<u>2000</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	1,914	1	10.82%			
Publix Supermarkets	773	2	4.37%	87	6	*
Department of Corrections	420	3	2.37%			
Target Corporation	312	4	1.76%			
Lake County School System	301	5	1.70%	320	2	*
Lowe's	300	6	1.70%			
Ford of Clermont	300	7	1.70%	73	7	*
Winn Dixie	290	8	1.64%			*
Darden Restaurants Inc.	288	9	1.63%			
McDonald's	268	10	1.51%			
South Lake Hospital, Inc.				454	1	*
Westminister Care of Clermont				150	3	*
City of Clermont				127	4	*
CBS Builders Supply Inc.				102	5	*
Exceletech, Inc.				64	8	*
Kmart				53	9	*
Bill Seidel's Chevrolet & Oldsmobile				43	10	*
TOTAL	5,166		29.19%	1,473		*

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

¹ There are an estimated 17,695 employees working at approximately 1,771 business establishments within the City of Clermont as of 9/30/2009.

* Information is not available.

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

<u>Employer</u>	<u>2009</u>			<u>2000</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>
Lake County Schools	32,240	1	1.39%	*	*	*
South Lake Hospital	24,022	2	1.04%	*	*	*
City of Clermont	19,783	3	0.86%	*	*	*
Gardens at Citrus Tower	13,274	4	0.57%	*	*	*
Westminster Comm Care Service	12,094	5	0.52%	*	*	*
Sundance Clermont Apartments	10,636	6	0.46%	*	*	*
Osprey Ridge Apartments LTD	9,676	7	0.42%	*	*	*
The Vista at Lost Lake	9,075	8	0.39%	*	*	*
Village at East Lake Apartments	8,081	9	0.35%	*	*	*
Emerald Lakes of Clermont	6,950	10	0.30%	*	*	*
TOTAL	145,831		6.30%	*		*

¹ The City of Clermont had a total metered water flow of approximately 2,312,962,000 gallons for the 12-month period ending September 30, 2009

* Information is not available.

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

<u>Employer</u>	2009			2000		
	<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>
Lake County Schools	23,885	1	1.71%	*	*	*
South Lake Hospital	21,596	2	1.55%	*	*	*
Westminster Comm Care Service	11,303	3	0.81%	*	*	*
The Vista at Lost Lake	9,075	4	0.65%	*	*	*
Village at East Lake	8,081	5	0.58%	*	*	*
Emerald Lakes of Clermont	6,950	6	0.50%	*	*	*
Blue Water Express Car Wash	6,446	7	0.46%	*	*	*
Empirian Property Management	5,072	8	0.36%	*	*	*
Clermont Dialysis LLC	3,428	9	0.25%	*	*	*
Walmart	3,281	10	0.23%	*	*	*
TOTAL	<u>99,117</u>		<u>7.10%</u>	<u>*</u>		<u>*</u>

¹ The City of Clermont had a total metered water flow for wastewater billing purposes of approximately 1,396,371,000 gallons for the 12-month period ending September 30, 2009

* Information is not available.

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

Function	<u>Full-time Equivalent Employees as of September 30,</u>			
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Government	19.50	17.50	17.00	23.00
Public Safety:				
Police				
Sworn personnel	25.00	27.00	29.00	31.00
Non sworn personnel	10.00	10.00	10.00	11.00
Fire				
Firefighters	5.00	11.00	12.00	13.00
Other personnel	1.00	1.00	1.00	1.00
Physical Environment	4.00	5.00	-	0.50
Transportation	7.87	8.21	11.35	13.16
Human Services	0.50	0.50	1.00	1.75
Culture & Recreation	17.50	19.50	20.75	23.50
Water	12.59	14.12	18.72	20.32
Sewer	13.09	14.82	19.02	19.22
Stormwater	2.29	2.49	2.20	4.49
Sanitation	8.66	8.86	8.96	9.06
Total	<u>127.00</u>	<u>140.00</u>	<u>151.00</u>	<u>171.00</u>

Source: City of Clermont Administrative Services Department.

Full-time Equivalent Employees as of September 30,

2004	2005	2006	2007	2008	2009
22.50	25.50	27.50	30.50	30.50	31.00
34.00	38.00	45.00	51.00	53.00	53.00
12.00	16.00	16.00	16.00	17.00	17.00
19.00	22.00	38.00	45.00	49.00	47.85
1.00	1.00	2.00	2.00	2.00	2.00
7.50	7.50	10.00	10.00	10.00	11.65
13.25	13.25	13.70	15.20	15.60	15.60
2.25	2.25	2.00	2.00	2.00	0.00
19.45	19.45	22.20	26.20	26.60	25.60
22.90	23.40	25.40	26.90	29.40	29.40
25.80	25.30	26.30	27.80	26.30	26.30
4.65	4.65	7.20	8.70	8.80	8.80
8.70	8.70	8.70	14.70	16.80	16.80
<u>193.00</u>	<u>207.00</u>	<u>244.00</u>	<u>276.00</u>	<u>287.00</u>	<u>285.00</u>

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

Function	Fiscal Year			
	2000	2001	2002	2003
General Government				
Municipal boundary (square miles)	11.26	11.29	11.18	11.88
Business Tax Receipts issued	*	1,202	1,290	1,468
A/P Checks issued	3,757	4,481	4,808	4,940
Commercial construction (units)	11	17	39	22
Commercial construction (value in thousands)	22,396	17,264	52,343	18,758
Residential construction (units)	711	884	829	959
Residential construction (value in thousands)	58,830	82,040	77,470	124,837
Public Safety:				
Police				
Auto accidents	392	374	390	489
Physical arrests	397	462	465	449
911 calls received	*	*	*	*
Evidence processed (pieces)	229	311	1,123	1,075
Parking violations	*	8	36	48
Traffic violations	4,562	3,489	3,623	2,713
Fire				
Volunteer firefighters	34	34	34	34
Fire inspections completed	266	279	494	441
Emergency calls answered	831	1,556	2,271	2,506
Non-emergency calls answered	54	65	77	86
Human Services				
Animals captured**	231	488	521	364
Water				
Residential customers	5,992	7,303	8,461	10,529
Commercial customers	531	579	644	723
Annual water usage (thousands of gallons)	1,394,359	1,365,196	1,299,701	1,338,818
Sewer				
Residential customers	3,928	5,001	6,243	7,650
Commercial customers	458	511	581	673

Sources: Various government departments.

* Data not available.

** Program was discontinued in FY 07-08

Fiscal Year					
2004	2005	2006	2007	2008	2009
11.97	12.45	14.13	14.37	14.42	14.43
1,551	1,795	1,985	2,141	2,263	1,771
4,967	5,415	5,664	6,023	6,440	6,042
24	23	38	24	42	19
14,272	7,115	17,534	24,433	18,859	13,223
1,155	673	635	324	301	204
158,458	103,672	186,189	136,477	56,578	56,092
541	671	625	1,192	1,272	972
414	500	707	933	842	949
5,580	6,262	7,008	6,317	6,046	6,828
1,054	1,127	1,610	1,585	1,300	1,652
87	71	161	140	145	107
2,394	2,855	5,259	5,164	5,103	4,553
34	27	27	9	8	10
483	457	625	414	880	979
3,093	3,321	3,132	3,048	3,177	3,155
143	143	189	198	234	434
562	445	495	652	0	0
12,751	14,284	15,733	16,394	16,959	17,375
817	921	993	1,069	1,156	1,201
1,655,203	1,788,337	2,121,588	2,654,352	2,589,664	2,312,962
9,217	10,176	11,125	11,554	11,913	12,154
767	883	955	1,031	1,120	1,158

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

Function	Fiscal Year			
	2000	2001	2002	2003
General Government				
Public Safety:				
Police				
Police stations	1	1	1	1
Patrol units	25	27	29	31
Fire				
Fire stations	1	3	3	3
Staffed fire stations	1	2	2	2
Fire hydrants	657	840	940	1,064
Fire apparatus	6	7	6	7
Staffed fire apparatus	1	2	2	2
ALS non-transport units	0	1	1	2
Transportation				
Streets paved (miles)	52.00	77.00	88.74	92.90
Streetlights	825	875	1,056	1,056
Culture & Recreation				
Number of parks	22	22	22	22
Parks acreage	101.5	101.5	101.5	101.5
Scenic linear trail (miles)	**	3.5	3.5	3.5
Tennis courts	4	6	6	6
Fishing piers	**	4	4	4
Boat ramp	1	1	1	1
Libraries	1	1	1	1
Water				
Miles of water mains	*	*	88.74	88.74
Miles of sanitary sewers	*	34.00	39.05	39.05
Miles of storm sewers	*	8.50	9.11	9.11

Sources: Various government departments.

* Data not available.

** Asset was not in service.

Fiscal Year						
2004	2005	2006	2007	2008	2009	
1	1	1	1	1	1	1
34	38	45	45	45	45	45
3	3	3	3	3	3	3
2	2	2	3	3	3	3
1,200	1,431	1,630	1,896	2,140	2,140	2,140
7	8	9	9	9	9	9
2	3	4	5	5	5	5
3	3	3	3	3	3	4
97.00	101.39	109.94	122.93	126.16	131.72	131.72
1,106	1,131	1,231	1,256	1,331	1,331	1,331
22	22	22	22	22	22	22
101.5	101.5	230.5	230.5	230.5	230.5	230.5
3.5	5.7	5.7	5.7	5.7	5.7	5.7
8	8	8	8	8	8	8
4	4	4	4	4	4	4
1	1	1	1	1	1	1
1	1	1	1	1	1	1
92.94	97.23	104.52	115.02	115.98	122.83	122.83
41.15	44.26	49.51	56.98	59.40	65.18	65.18
9.53	10.27	11.13	18.07	20.88	24.61	24.61



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

Honorable Mayor and City Council
City of Clermont, Florida

We have audited the financial statements of *City of Clermont, Florida*, as of and for the year ended September 30, 2009, and have issued our report thereon dated April 16, 2010. 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.

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 April 16, 2010. The City's response to our findings identified in our audit is included in this report. We did not audit the City's response, and accordingly, we express no opinion on it.

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

McDiarmid Davis & Company, LLC

April 16, 2010

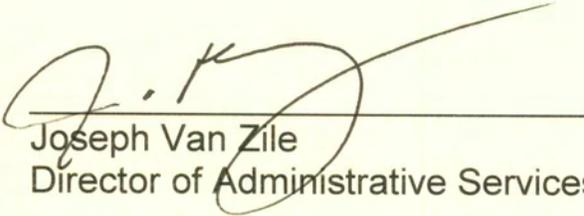


CITY OF CLERMONT

Office of the
Administrative Services Director

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE STATE
PROJECT AND INTERNAL CONTROL OVER COMPLIANCE**

Honorable Mayor and City Council
City of Clermont, Florida

Compliance

We have audited the compliance of the *City of Clermont, Florida* with the types of compliance requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that are applicable to the state project for the year ended September 30, 2009. The *City of Clermont, Florida's* major state project is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to the state project is the responsibility of the *City of Clermont, Florida's* management. Our responsibility is to express an opinion on the *City of Clermont, Florida's* compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the *City of Clermont, Florida's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the *City of Clermont, Florida's* compliance with those requirements.

In our opinion, the *City of Clermont, Florida*, complied, in all material respects, with the requirements referred to above that are applicable to its major state project for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the *City of Clermont, Florida* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state projects.

In planning and performing our audit, we considered the *City of Clermont, Florida's* internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the *City of Clermont, Florida's* internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weaknesses, as defined above.

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

McDiarmid Davis & Company, LLC

April 16, 2010

CITY OF CLERMONT, FLORIDA

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Year Ended September 30, 2009

<u>Grantor/Program Title</u>	<u>CFSA No.</u>	<u>Grant Number</u>	<u>Reimbursable Expenditures</u>
<u>State Financial Assistance</u>			
Florida Department of Community Affairs Florida Communities Trust Grant	52.002	08-070-FF8	<u>\$3,199,226</u>
Total State Financial Assistance			<u>\$3,199,226</u>

See accompanying Notes to Schedule of Expenditures of State Financial Assistance.

CITY OF CLERMONT, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Year Ended September 30, 2009

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of the *City of Clermont, Florida* and is presented on the accrual basis of accounting. This information in the schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes. Therefore, some accounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF CLERMONT, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE PROJECTS**

Year Ended September 30, 2009

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the *City of Clermont, Florida*.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instance of noncompliance material to the financial statements of the *City of Clermont, Florida* were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major state project are reported in the Report on Compliance with Requirements Applicable to the State Project and on Internal Control Over Compliance.
5. The auditor's report on compliance for the state project for the *City of Clermont, Florida*, expresses an unqualified opinion.
6. The project tested as major projects included in the following:

State Project

Florida Department of Community Affairs-
Florida Communities Trust Grant

State CSFA No.

52.002

7. The threshold for distinguishing Type A and Type B programs/projects was \$300,000 for major state projects.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs and State Projects

None

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Clermont, Florida

We have audited the financial statements of the City of *Clermont, Florida*, as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated April 16, 2010.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters, Report on Compliance with Requirements Applicable to State Project and Internal Control Over Compliance and Schedule of Findings and Questioned Costs. Disclosures in those reports, which are dated April 16, 2010, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The 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, we have one current year comment as discussed in the accompanying page.
- 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.

- Section 10.554(1)(i)5., Rules of the Auditor General, requires based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. 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, 2009 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, 2009. 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

April 16, 2010

COMMENTS AND RECOMMENDATIONS

STATUS OF PRIOR YEAR COMMENTS

Year Ended September 30, 2009

1. Utility Billing Cash Receipts

During our audit we noted that utility billing clerks can change the cash received amount in the utility billing software until the batch is closed. We also noted that receipts given to customers are handwritten receipts, and not computer generated receipts.

Recommendation

We recommend that a supervisor document approval of any revisions to cash received once it is posted, and receipts should be generated from the system to be able to accurately track the correct amount the customer paid.

Corrective Action

Receipt validating machines have been added to each cashier's workstation to enable printing of computer generated receipts. Procedures have also been put in place to ensure supervisory approval of any revisions to cash received.

2. Cash Receipt Posting

During our audit, we noted that cashiers are not closing batches daily and not posting receipts to customer accounts at the time of payment.

Recommendation

We recommend that the City implement written procedures which include daily closing of batches and balancing of cash drawers to help identify any cash over/short issues on a timely basis. Written procedures should also require immediate posting of cash receipts.

Corrective Action

Procedures have been implemented to ensure immediate posting of payments received and daily batch closing and reconciliation.

3. Capital Asset Inventory

During our audit we noted that the City is not performing an annual inventory of capital assets.

Recommendation

We recommend that the City tag all tangible assets, and that the asset listing provide sufficient detail to properly identify assets and perform annual inventories to verify assets are still in use, and reported in the proper department. We were informed by the Finance Department that they have purchased a capital asset program and will begin using it in 2009.

CITY OF CLERMONT, FLORIDA

COMMENTS AND RECOMMENDATIONS

STATUS OF PRIOR YEAR COMMENTS - Continued

Year Ended September 30, 2009

3. Capital Asset Inventory - Continued

Corrective Action

During 2009, the City installed new capital asset software and did a complete inventory of capital assets.

4. Community Redevelopment Fund

At September 30, 2008, the fund balance in the Community Redevelopment Fund has a fund balance of \$907,346. The fund balance has increased during 2007 and 2008 because of delays in the streetscape project. Our interpretation of Florida Statute 163.387(7) is that if a redevelopment project is not completed within 3 years that money remaining in the Community Redevelopment Fund may have to be returned to each taxing authority.

Recommendation

We recommend that the City start spending some of the funds in the Community Redevelopment Fund in 2009 and also obtain a legal interpretation of the Florida Statute mentioned above.

Corrective Action

During 2009, the City obtained a legal interpretation that stated as long as funds are budgeted to a project, they would not have to be returned, even if not spent.

CITY OF CLERMONT, FLORIDA

COMMENTS AND RECOMMENDATIONS

CURRENT YEAR COMMENTS

Year Ended September 30, 2009

1. Budget Amendments

In the *City of Clermont*, expenditures may not legally exceed appropriations at the department level. During 2009, there are some special revenue funds where this occurred. Also, in the Recreation Impact Fee Special Revenue Fund, appropriations were in excess of anticipated revenue and prior years fund balance for 2009.

Recommendation

We recommend that the City amend the budget as allowed by Florida Statutes within 60 days of year end.

2. Deficit Net Assets

The Internal Service fund has a deficit fund balance at September 30, 2009.

Recommendation

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



CITY OF CLERMONT

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.

Budget Amendments

The City will ensure that all adjusting entries are posted prior to amending the budget at year end so that the expenditures do not exceed appropriations.

It is important to note that the original Recreation Impact Fee Special Revenue Fund budget approved by the City did not provide for appropriations in excess of funds available. In addition, actual expenditures were adjusted to prevent negative fund balances from occurring.

Deficit Net Assets

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



Joseph Van Zile
Administrative Services Director
City of Clermont, Florida

April 25, 2010

Honorable Mayor and City Council
City of Clermont, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the *City of Clermont, Florida* as of and for the year ended September 30, 2009, and have issued our report thereon dated April 16, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 1, 2009. Professional standards also require that we communicate to you the following information related to the audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the *City of Clermont, Florida* are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

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

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

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Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 16, 2010.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

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

Very truly yours,

McDiarmid Davis & Company, LLC

April 16, 2010