

# *City of Clermont Florida*



## *Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2011*





## *Waterfront Pavilion*

*The Waterfront Pavilion on Lake Minneola in Waterfront Park includes a 9,000 square foot open-air stage with covered seating for 400 spectators and additional seating on the lawn. The attached 4,000 square foot Highlander Hut building includes an open indoor space available for use by the public for meetings or social gatherings and an attached courtyard overlooking Lake Minneola.*

# *City of Clermont, Florida*

## *COMPREHENSIVE ANNUAL FINANCIAL REPORT*

*For The Year Ended September 30, 2011*



*Prepared By  
Finance*

*Regina M. Frazier  
Finance Manager*

*Lacy Smith-Castillo  
Accountant*



CITY OF CLERMONT

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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CITY OF CLERMONT

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# CITY OF CLERMONT

March 30, 2012

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, 2011. 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, 2011.

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, 2011, 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, 2011, 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 16.11 square miles and population of approximately 29,358. The City is located in south Lake County, approximately twenty-two miles west of the City of Orlando and about twenty-five miles northwest of Walt Disney World. Clermont, known as “The Gem of the Hills”, is truly the crossroads of Florida, at the intersection of State Road 50 that runs east and west across the state and U.S. Highway 27, which runs north and south through the center of the state. Clermont is on a chain of 15 lakes connected by the winding Palatka River in the Ocklawaha Basin of tributaries of the St. Johns River, the only river system in the United States of America that flows north. The lakes offer residents the opportunity for excellent fishing, boating, swimming and other water sports including competitive skiing and wakeboarding offered by world-class instructional schools.

The City of Clermont is known for its scenic beauty, relaxed lifestyle, recreational facilities and temperate climate. Residents have a wide variety of housing and property ownership opportunities, including lakefront and lake access property, golf course communities, homes in existing neighborhoods, residential retirement communities and new subdivisions. The City of Clermont Parks and Recreation Department operates 23 parks, 5.7 miles of scenic paved trails, 4 piers measuring a total of 840 feet, 1-612 foot boardwalk, 4 special purpose buildings and a boat ramp.

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

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

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

and final amended budget-to-actual comparisons are provided in this report for each individual governmental fund. The General Fund is presented on pages 18-19, the Community Redevelopment Special Revenue fund is presented on page 21 as part of the basic financial statements for the governmental funds. The Capital Projects Fund is presented on page 66, followed by the other governmental funds, which start on page 68.

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, 2011, Lake County's unemployment rate was 10.6%. This is a decrease of 1.8% from 2010 and is slightly higher than the state's average of 10.5% and the national average of 8.9%. Educational institutions in Clermont such as Lake-Sumter Community College and the University of Central Florida assist in supplying a skilled labor force.

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

**Major initiatives.** The following items are capital projects that are currently in the planning/design phase for the City:

- The replacement of the existing Police Station – A new 4 acre site is under contract for purchase and construction of the new 26,000 square foot facility is scheduled to begin in late 2012. The project is anticipated to cost \$6.3 million and will be funded from police impact fees and infrastructure sales taxes.
- The replacement of Jenkins Auditorium – The replacement building will be built on vacant City owned property and will include meeting space, kitchen area and office area. The new facility is anticipated to cost \$2,091,500 and is proposed to be funded from infrastructure sales taxes.
- The construction of the West Water Treatment Plant – The plant will include a one million gallon ground storage tank, a sodium hypochlorite feed system for disinfection and a bank of high service pumps to deliver potable water to the distribution system. The construction is anticipated to cost \$8,000,000 and will be funded from water utility reserves.

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

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

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

The City administers a cash management and investment program that seeks to maximize, in order of priority, the preservation of funds, liquidity and interest earnings over its cash and investments. Cash resources of the individual funds are combined to form a pool of cash and investments. The average cash and investment pool balance during the year (not including pension funds) was \$50,614,590 and the average investment earnings rate was 1.75%. Investment income includes the change in the fair value of investments. During the year monies were invested in accordance with the City's investment policy. Pension fund assets were invested in accordance with the City's Investment Policy for Retirement Funds. The total pension fund cash and investments at year end were \$17,944,837 and the average investment income was 1.72%.

### **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, 2010. This was the twenty-third 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,



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Wayne Saunders  
City Manager



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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, 2010

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.



*Linda C. Danison*

President

*Jeffrey R. Emer*

Executive Director



CITY OF CLERMONT, FLORIDA  
LIST OF ELECTED AND APPOINTED OFFICIALS  
SEPTEMBER 30, 2011

**ELECTED OFFICIALS**

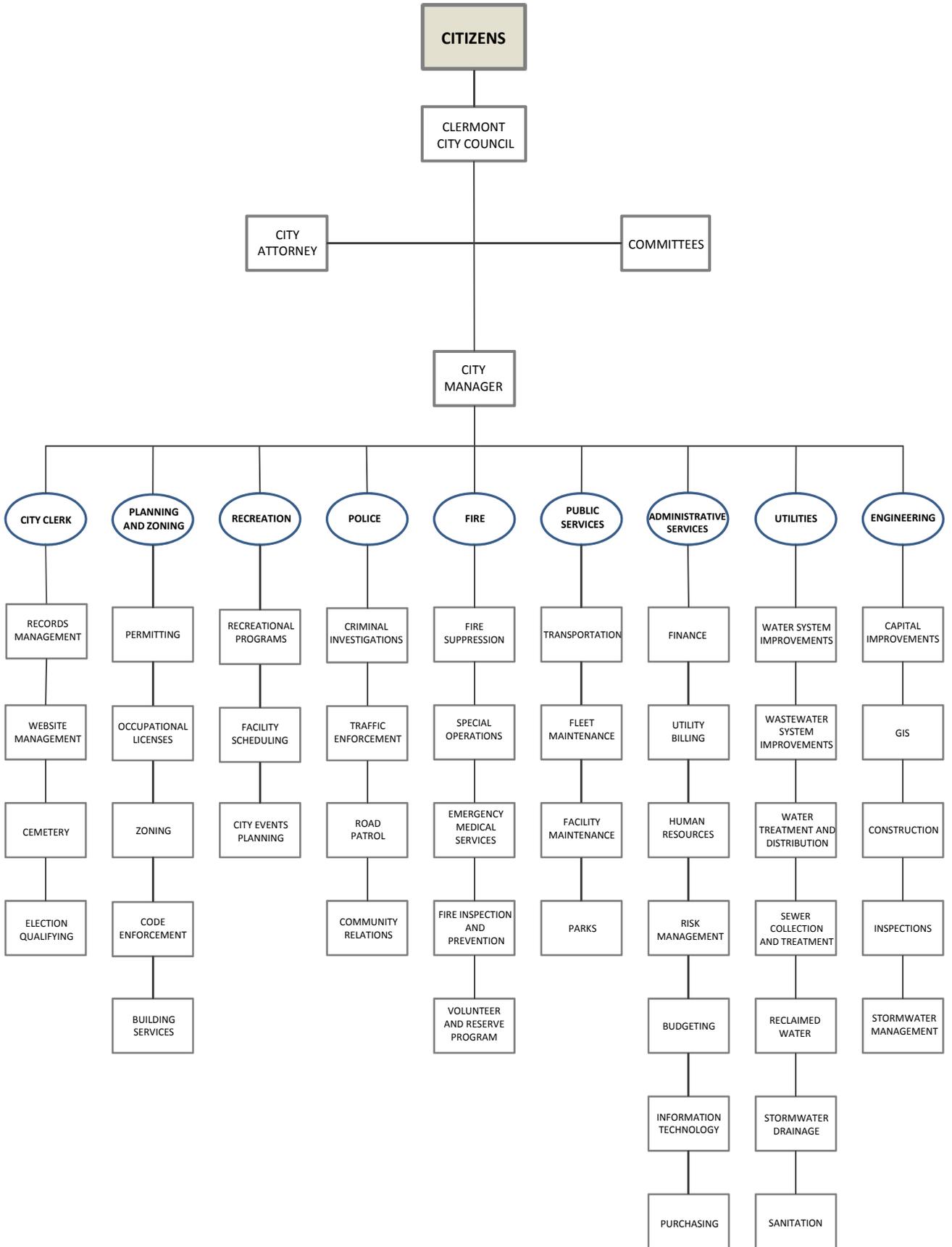
Mayor	Harold Turville, Jr.
Mayor Pro-Tem	Ray Goodgame
Council Member	Jack Hogan
Council Member	Keith Mullins
Council Member	Rick VanWagner

**APPOINTED OFFICIALS**

City Manager	Wayne Saunders
Assistant to the City Manager	Barbara Hollerand
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, 2011, 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, 2011 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Community Redevelopment Special Revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 5, 2012 on our consideration of the *City of Clermont, Florida's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

*McDiernit Davis & Company, LLC*

March 5, 2012

*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, 2011. 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, 2011 by \$139,786,687 (net assets). Of this amount, \$31,841,355 (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 \$1,048,507 (or 0.75%) over the previous fiscal year.
- At September 30, 2011, the City of Clermont's governmental funds reported combined ending fund balances of \$21,529,812 a decrease of \$647,913 from the previous fiscal year. Of this amount \$10,046,694 (unassigned fund balance) is available for spending at the government's discretion.
- The General Fund, the City's primary operating fund, reported an unassigned fund balance of \$10,047,810, which represents 58% of total General Fund expenditures.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The City of Clermont maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, and the Community Redevelopment Fund, all of which are considered to be major funds. Data from the other seven 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 major and nonmajor funds comparisons can be found beginning on page 66.

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 - 60 of this report.

**Other information.** The combining statements referred to earlier in connection with other governmental and proprietary funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 66 - 77 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	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Assets:						
Current and other assets	\$ 22,354,843	\$ 25,017,023	\$ 30,868,191	\$ 31,214,772	\$ 53,223,034	\$ 56,231,795
Capital assets	38,463,475	37,856,800	71,578,874	71,173,655	110,042,349	109,030,455
Total assets	60,818,318	62,873,823	102,447,065	102,388,427	163,265,383	165,262,250
Liabilities:						
Long-term liabilities outstanding	5,405,896	5,449,961	16,179,340	16,570,095	21,585,236	22,020,056
Other liabilities	672,352	2,925,470	1,221,108	1,578,544	1,893,460	4,504,014
Total liabilities	6,078,248	8,375,431	17,400,448	18,148,639	23,478,696	26,524,070
Net assets:						
Invested in capital assets,						
Net of related debt	34,893,475	33,816,797	56,430,326	55,539,792	91,323,801	89,356,589
Restricted	7,381,124	6,693,736	9,240,407	17,293,091	16,621,531	23,986,827
Unrestricted	12,465,471	13,987,859	19,375,884	11,406,905	31,841,355	25,394,764
Total net assets	\$ 54,740,070	\$ 54,498,392	\$ 85,046,617	\$ 84,239,788	\$ 139,786,687	\$ 138,738,180

The City's total net assets at September 30, 2011 were \$139,786,687. Of the City's total net assets \$91,323,801 (65.3%) 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, \$16,621,531 (11.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's total net assets, \$31,841,355 (22.8%) 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 \$1,048,507 during the current fiscal year. Major components of this increase are discussed in the Governmental and Business-Type Activities sections to follow. Restricted reserves represent the accumulation of impact fee funds for upcoming and ongoing capital projects.

The following is a summary of the City's governmental and business-type activities for fiscal year 2010-11, including revenues and expenses, with a comparison to the prior year. For more detail see the Statement of Activities on page 14.

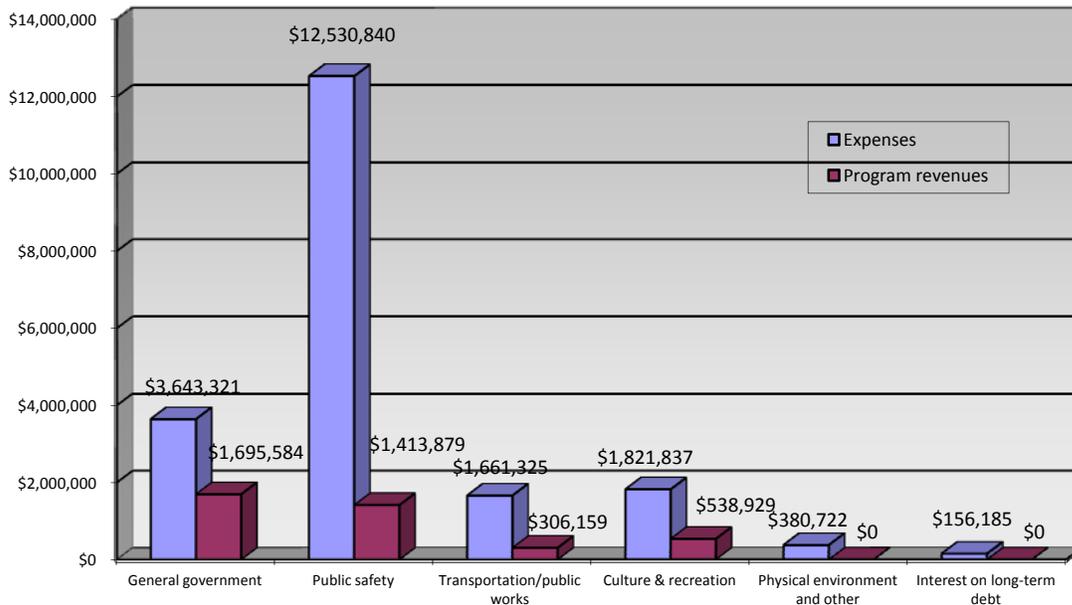
**CITY OF CLERMONT'S Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>Revenues:</b>						
Program revenues -						
Charges for services	\$ 2,589,177	\$ 3,393,971	\$ 13,985,304	\$ 13,111,848	\$ 16,574,481	\$ 16,505,819
Operating grants and contributions	1,236,588	1,162,255	-	-	1,236,588	1,162,255
Capital grants and contributions	128,786	134,200	998,446	1,543,638	1,127,232	1,677,838
General revenues -						
Property Taxes	5,965,731	6,844,084	-	-	5,965,731	6,844,084
Franchise Fees	2,284,839	2,373,096	-	-	2,284,839	2,373,096
Utility Taxes	2,568,141	2,558,282	-	-	2,568,141	2,558,282
Intergovernmental	4,664,393	4,503,416	-	-	4,664,393	4,503,416
Investment income and miscellaneous	477,857	525,178	145,153	359,711	623,010	884,889
Total revenues	19,915,512	21,494,482	15,128,903	15,015,197	35,044,415	36,509,679
<b>Expenses:</b>						
General government	3,643,321	4,286,713	-	-	3,643,321	4,286,713
Public safety	12,530,840	12,458,811	-	-	12,530,840	12,458,811
Physical environment	279,236	318,878	-	-	279,236	318,878
Transportation	1,661,325	1,767,731	-	-	1,661,325	1,767,731
Economic environment	101,486	50,328	-	-	101,486	50,328
Culture and recreation	1,821,837	2,055,568	-	-	1,821,837	2,055,568
Interest on long-term debt	156,185	174,858	-	-	156,185	174,858
Water	-	-	4,460,605	4,316,170	4,460,605	4,316,170
Sewer	-	-	6,021,892	5,927,529	6,021,892	5,927,529
Sanitation	-	-	2,364,382	2,168,794	2,364,382	2,168,794
Stormwater	-	-	954,799	847,963	954,799	847,963
Total expenses	20,194,230	21,112,887	13,801,678	13,260,456	33,995,908	34,373,343
Increase (Decrease) in Net Assets Before Transfers	(278,718)	381,595	1,327,225	1,754,741	1,048,507	2,136,336
Transfers	520,396	442,782	(520,396)	(442,782)	-	-
Increase in Net Assets	241,678	824,377	806,829	1,311,959	1,048,507	2,136,336
Net Assets – Beginning	54,498,392	53,674,015	84,239,788	82,927,829	138,738,180	136,601,844
Net Assets – Ending	\$ 54,740,070	\$ 54,498,392	\$ 85,046,617	\$ 84,239,788	\$139,786,687	\$138,738,180

**Governmental activities** - Governmental activities increased the City of Clermont's net assets by \$241,678, which is primarily due to reduced general government expenditures.

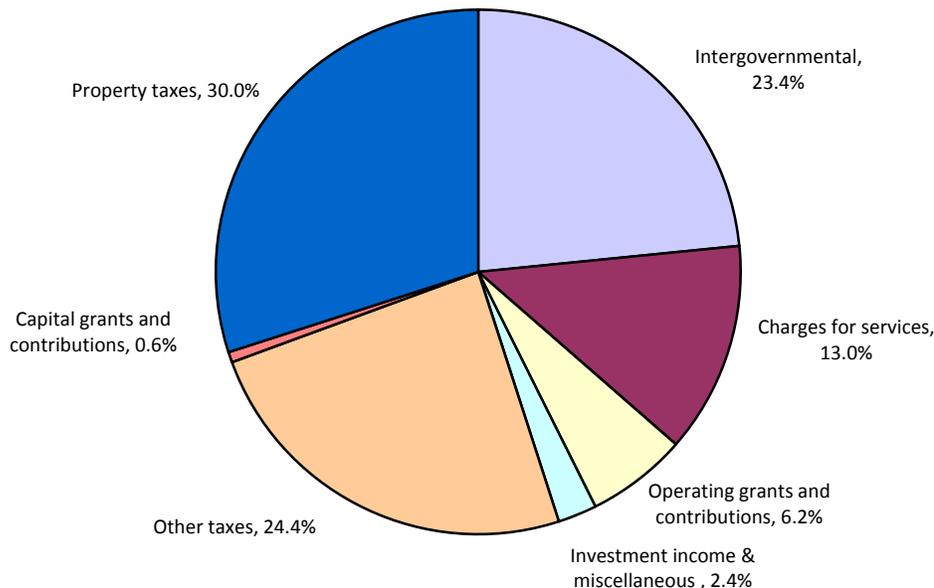
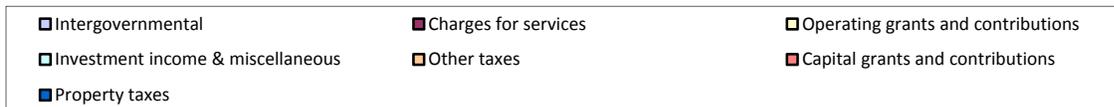
The following graph is a comparison of program revenues and program expenses for all governmental activities. This chart is intended to give the reader an idea of the degree to which governmental activities are self-supporting.

### Expenses and Program Revenues - Governmental Activities



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

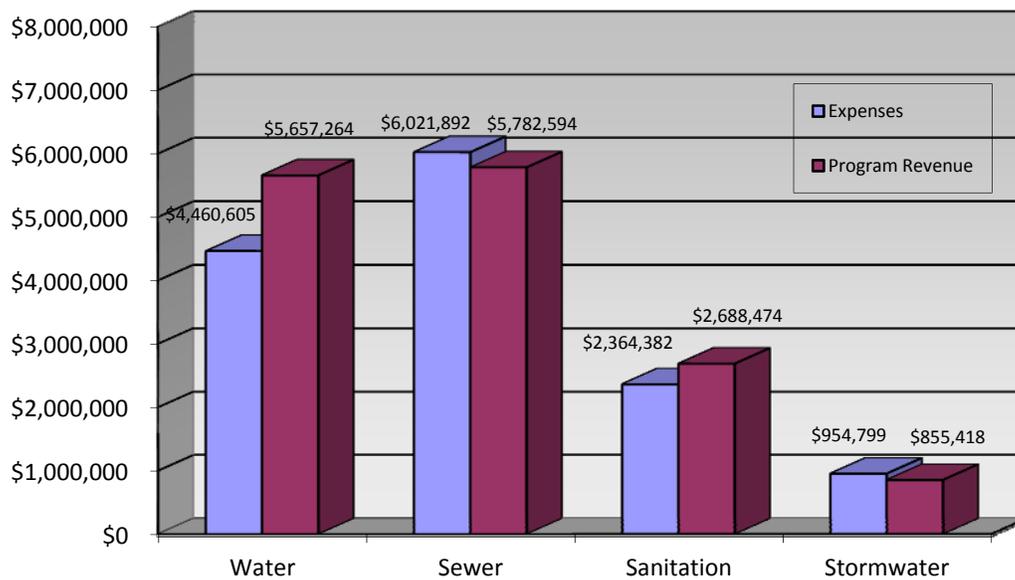
### Revenues by Source - Governmental Activities



**Business-type activities** - Business-type activities increased the City of Clermont's net assets by \$806,829. This change was due to capital contributions totaling \$998,446. These contributions are water and sewer impact fees paid by developers. The fees were adopted by the City to require new development to pay its proportionate share of the capital costs necessary to accommodate new development impacts on the City's water and sewer system. The City is using this revenue for large capital projects that are currently under construction such as Lift Station Improvements and the Reclaim Water System Expansion.

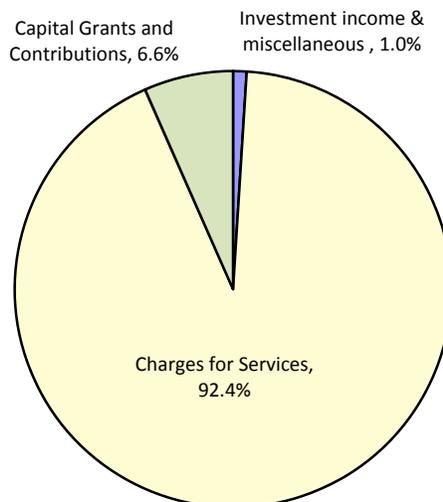
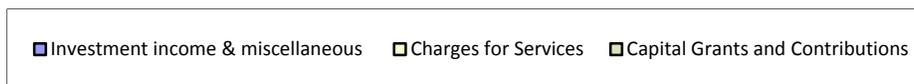
The following graph is a comparison of program revenues and program expenses for all business-type activities. This chart is intended to give the reader an idea of the degree to which business-type activities are self-supporting.

**Expenses and Program Revenues - Business Type Activities**



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

**Revenues by Source - Business Activities**



## Financial Analysis of the City's Funds

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

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

As of September 30, 2011, the City of Clermont's governmental funds reported combined ending fund balances of \$21,529,812 a decrease of \$647,913 in comparison with the prior year. This decrease is primarily due to the use of accumulated funds for the completion of planned capital projects. Of the governmental funds combined ending fund balances, \$10,046,694 (46.7%) represents *unassigned fund balance*, which is available for spending at the City's discretion. An additional \$3,765,884 (*assigned fund balance*) has been set aside for FY 2012 capital projects and expenditures. *Restricted fund balances* totaling over \$6.5 million include funds required for debt service, as well as funds collected for specific purposes such as impact fees and community redevelopment. *The remainder of fund balance is non spendable* (\$1,183,370) to indicate that it is not available for spending because it has already been committed for inventories and prepaid expenses, or it is being held in a non-expendable trust fund.

The General Fund is the chief operating fund of the City of Clermont. As of September 30, 2011, the fund balance in the General Fund was \$11,469,528 a decrease of \$134,007 in comparison with the prior year. This decrease is due to current expenditures exceeding current revenues, however, this is nearly \$1.4 million less than originally budgeted and over \$1.9 million less than the revised budget. Revenues exceeded budget by \$613,454 mainly attributable to tax receipts coming in higher than anticipated due to additional collections of delinquent taxes as well as fewer taxpayers taking advantage of the early payment discounts. Departmental expenditures also came in less than anticipated reducing the amount of reserves used. Of the total fund balance in the General Fund, \$10,047,810 (87.6%) is unassigned fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 58.3% of total General Fund expenditures, while total fund balance represents 66.5% of that same amount.

The City also has a Capital Projects Fund that is considered a major fund under criteria set forth by GASB Statement No. 34. This fund is used to account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds. Funds have been accumulated so projects can be completed on a pay-as-you-go basis. During fiscal year 2010-11, the fund balance of the capital projects fund decreased by \$123,875 due to completion of planned capital projects. Additional on-going projects are expected to be completed during FY 2012 utilizing the balance of the accumulated funds.

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, 2011, the fund balance was \$1,658,517 an increase of \$185,783 over the prior year. This increase is due to additional delays in the streetscape improvements project.

The remainder of the change \$575,814 to the governmental fund balance was from the non-major governmental funds. The Infrastructure Fund balance increased by \$443,502 mainly due to an increase in state infrastructure tax receipts. Recreation and Fire Impact Fee fund balances combined decreased a total of \$1,072,297 due to the planned use of funds for capital projects. The fund balances in the remaining non-major funds increased a total of \$52,981.

**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, 2011, the City of Clermont's Water Fund reported total net assets of \$29,163,622, an increase of \$694,600 in comparison with the prior year. This increase in net assets was a result of surplus operating income primarily due to lower than anticipated operating expenses.

The Sewer Fund accounts for the provision of sewer services to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of September 30, 2011, the City of Clermont's Sewer Fund reported total net assets of \$47,103,846, a decrease of \$202,537 in comparison with the prior year. This decrease is primarily due to the completion of capital projects.

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, 2011, the City of Clermont's Sanitation Fund reported total net assets of \$4,176,414, an increase of \$318,052 in comparison with the prior year, which is primarily due to surplus operating income.

### **General Fund Budgetary Highlights**

During the year there was a \$1,202,822 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$599,588 for expenditures associated with several public safety grants. These grants had not yet been awarded at the start of the fiscal year.
- \$412,352 for increases in the City's contribution to the Group Self Insurance Fund.
- \$25,000 for a lawsuit settlement.
- \$27,504 for software maintenance costs for the Police Department.
- \$14,500 for the cost of mosquito control spraying.
- \$22,552 for the cost of staffing lifeguards at the Waterfront Park.
- \$50,616 for the costs of a labor attorney.

- \$16,952 for the purchase of equipment to provide connectivity to the Fire Department mobile data terminals.
- \$18,867 to cover the deficit in the Building Services Fund.

General Fund revenue increases totaling \$618,168 were due to the receipt of several public safety grants, which were awarded after the beginning of the fiscal year.

Even considering the above noted increases in General Fund budgeted appropriations, actual expenditures were less than budgeted by \$1,247,546. In addition, actual revenues exceeded the budget by \$613,454.

## Capital Assets

The following is a summary of the City of Clermont's capital assets, net of depreciation for governmental and business-type activities for the current year with a comparison to the prior year. Additional information on the City of Clermont's capital assets can be found in Note 6 on pages 45 - 46 of this report.

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

	Governmental Activities		Business-type Activities		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Land	\$ 22,128,032	\$ 22,128,032	\$ 1,851,483	\$ 1,457,973	\$ 23,979,515	\$ 23,586,005
Buildings	8,598,119	7,723,916	-	76	8,598,119	7,723,992
Infrastructure	4,921,173	4,206,113	61,789,590	60,468,734	66,710,763	64,674,847
Machinery and Equipment	1,489,583	1,992,930	1,365,717	1,579,181	2,855,300	3,572,111
Intangibles	206,250	324,821	-	-	206,250	324,821
Construction in progress	1,120,318	1,480,988	6,572,084	7,667,691	7,692,402	9,148,679
<b>Total</b>	<b>\$ 38,463,475</b>	<b>\$ 37,856,800</b>	<b>\$71,578,874</b>	<b>\$71,173,655</b>	<b>\$ 110,042,349</b>	<b>\$ 109,030,455</b>

The City of Clermont's investment in capital assets for its governmental and business-type activities as of September 30, 2011, amounts to \$110,042,349 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements/infrastructure, machinery and equipment and intangibles. The total change in the City's investment in capital assets for the current fiscal year was \$1,011,894. Major capital asset events during the current fiscal year included the following:

- Completion of the Waterfront Pavilion – \$1,221,060 was added and prior years Construction in Progress in the amount of \$207,295 was moved to Buildings for a total project cost of \$1,428,355.
- Completion of the West Park Renovations – \$718,200 was added and prior years Construction in Progress in the amount of \$156,498 was moved to Infrastructure/Improvements for a total project cost of \$874,698.
- Completion of the Third Street Reconstruction – \$248,410 was added and prior years Construction in Progress in the amount of \$233,565 was moved to Infrastructure/Improvements for a total project cost of \$481,975.
- Completion of the Equalization Wastewater Basin – \$3,000 was added and prior years Construction in Progress in the amount of \$1,189,630 was moved to Infrastructure/Improvements for a total project cost of \$1,192,630.
- Construction in progress includes construction of the Community Center, Police Headquarters Expansion, Meter Replacement Program, Water and Sewer Security Improvements and Reclaim Water System Expansion.

## Debt Administration

The following is a summary of the City's long-term debt for governmental and business-type activity for the current year with a comparison to the prior year. Additional information on long-term debt can be found in Note 7 on pages 47 - 49 of this report.

### CITY OF CLERMONT'S Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenue bonds payable	\$ 3,570,000	\$ 4,040,000	\$ 16,105,000	\$ 16,640,000	\$ 19,675,000	\$ 20,680,000
Total	\$ 3,570,000	\$ 4,040,000	\$ 16,105,000	\$ 16,640,000	\$ 19,675,000	\$ 20,680,000

At the end of the current fiscal year, the City of Clermont had total debt outstanding of \$19,675,000, which includes revenue bonds payable.

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

- The annual unemployment rate for Lake County in 2011 was 10.6%, which is a decrease of 1.8% from 2010. It is higher than both the state's average of 10.5% and the national average of 8.9%.
- The taxable value of commercial and residential property decreased 15.1% from fiscal year 2009-10 to fiscal year 2010-11 due to declining home values and foreclosures.
- Population increased 2.14% from 28,742 in 2010 to 29,358 in 2011.

As of September 30, 2011, the General Fund unassigned fund balance was \$10,047,810. The City appropriated \$912,137 of this amount for spending in the 2011-12 fiscal year budget. The same property tax rate is included for the General Fund for the 2011-12 fiscal year budget. However, property tax revenue is projected to be \$685,865 lower in fiscal year 2011-12 due to continued declining home values and foreclosures.

No utility rate adjustments were proposed for the 2011-12 fiscal year with the exception of the sewer rate structure. The sewer rates increased 1.18% on October 1, 2011 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, 2011

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 18,173,957	\$ 11,155,288	\$ 29,329,245
Investments	3,080,394	8,049,397	11,129,791
Receivables, net	277,290	1,233,230	1,510,520
Inventories	33,873	327,377	361,250
Due from other governments	455,699	1,231	456,930
Internal balances	28,606	(28,606)	-
Prepaid costs	302,237	125,194	427,431
Restricted assets:			
Cash and cash equivalents	-	1,427,468	1,427,468
Investments	-	8,149,904	8,149,904
Interest receivable	2,787	64,411	67,198
Bond issuance costs	-	363,297	363,297
Capital assets not being depreciated	23,248,350	8,423,567	31,671,917
Capital assets being depreciated, net of accumulated depreciation	15,215,125	63,155,307	78,370,432
<b>Total assets</b>	<b>60,818,318</b>	<b>102,447,065</b>	<b>163,265,383</b>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	672,352	1,221,108	1,893,460
Noncurrent liabilities:			
Due within one year	552,221	603,118	1,155,339
Due in more than one year	4,853,675	15,576,222	20,429,897
<b>Total liabilities</b>	<b>6,078,248</b>	<b>17,400,448</b>	<b>23,478,696</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	34,893,475	56,430,326	91,323,801
Restricted for:			
Capital Improvements	-	9,240,407	9,240,407
Community redevelopment	1,658,499	-	1,658,499
Public safety	2,667,477	-	2,667,477
Culture and recreation	312,055	-	312,055
Infrastructure	1,401,692	-	1,401,692
Debt service	494,141	-	494,141
Perpetual care:			
Nonexpendable	847,260	-	847,260
Unrestricted	12,465,471	19,375,884	31,841,355
<b>Total net assets</b>	<b>\$ 54,740,070</b>	<b>\$ 85,046,617</b>	<b>\$ 139,786,687</b>

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

CITY OF CLERMONT, FLORIDA

**STATEMENT OF ACTIVITIES**

Year Ended September 30, 2011

Functions/Programs:	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 3,643,321	\$ 1,695,584	\$ -	\$ -	\$ (1,947,737)	\$ -	\$ (1,947,737)
Public safety	12,530,840	354,664	930,429	128,786	(11,116,961)	-	(11,116,961)
Physical environment	279,236	-	-	-	(279,236)	-	(279,236)
Transportation/public works	1,661,325	-	306,159	-	(1,355,166)	-	(1,355,166)
Economic environment	101,486	-	-	-	(101,486)	-	(101,486)
Culture and recreation	1,821,837	538,929	-	-	(1,282,908)	-	(1,282,908)
Interest on long-term debt	156,185	-	-	-	(156,185)	-	(156,185)
Total governmental activities	<u>20,194,230</u>	<u>2,589,177</u>	<u>1,236,588</u>	<u>128,786</u>	<u>(16,239,679)</u>	<u>-</u>	<u>(16,239,679)</u>
Business-type activities							
Water	4,460,605	5,376,890	-	280,374	-	1,196,659	1,196,659
Sewer	6,021,892	5,064,522	-	718,072	-	(239,298)	(239,298)
Sanitation	2,364,382	2,688,474	-	-	-	324,092	324,092
Stormwater	954,799	855,418	-	-	-	(99,381)	(99,381)
Total business-type activities	<u>13,801,678</u>	<u>13,985,304</u>	<u>-</u>	<u>998,446</u>	<u>-</u>	<u>1,182,072</u>	<u>1,182,072</u>
Total primary government	<u>\$ 33,995,908</u>	<u>\$ 16,574,481</u>	<u>\$ 1,236,588</u>	<u>\$ 1,127,232</u>	<u>(16,239,679)</u>	<u>1,182,072</u>	<u>(15,057,607)</u>
General revenues:							
Property taxes					5,965,731	-	5,965,731
Franchise fees					2,284,839	-	2,284,839
Utility taxes					2,568,141	-	2,568,141
Intergovernmental - unrestricted					4,664,393	-	4,664,393
Unrestricted investment earnings					148,195	145,153	293,348
Miscellaneous					329,662	-	329,662
Transfers					520,396	(520,396)	-
Total general revenues and transfers					<u>16,481,357</u>	<u>(375,243)</u>	<u>16,106,114</u>
Change in net assets					241,678	806,829	1,048,507
Net assets - beginning					54,498,392	84,239,788	138,738,180
Net assets - ending					<u>\$ 54,740,070</u>	<u>\$ 85,046,617</u>	<u>\$ 139,786,687</u>

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

CITY OF CLERMONT, FLORIDA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

September 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Community Redevelopment Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 7,996,599	\$ 2,876,268	\$ 1,658,499	\$ 5,452,461	\$ 17,983,827
Investments	3,080,394	-	-	-	3,080,394
Receivables, net	277,913	-	-	-	277,913
Inventories, at cost	33,873	-	-	-	33,873
Due from other governments	328,946	-	-	126,753	455,699
Prepaid costs	301,112	-	18	1,107	302,237
Total assets	<u>\$ 12,018,837</u>	<u>\$ 2,876,268</u>	<u>\$ 1,658,517</u>	<u>\$ 5,580,321</u>	<u>\$ 22,133,943</u>
<b>Liabilities and Fund Balances:</b>					
Liabilities:					
Accounts payable	\$ 288,945	\$ 22,521	\$ -	\$ 32,301	\$ 343,767
Deferred revenue	96,278	-	-	-	96,278
Accrued liabilities	164,086	-	-	-	164,086
Total liabilities	<u>549,309</u>	<u>22,521</u>	<u>-</u>	<u>32,301</u>	<u>604,131</u>
Fund balances:					
Non spendable	334,985	-	18	848,367	1,183,370
Restricted	174,596	-	1,658,499	4,700,769	6,533,864
Assigned	912,137	2,853,747	-	-	3,765,884
Unassigned	10,047,810	-	-	(1,116)	10,046,694
Total fund balances	<u>11,469,528</u>	<u>2,853,747</u>	<u>1,658,517</u>	<u>5,548,020</u>	<u>21,529,812</u>
Total liabilities and fund balances	<u>\$ 12,018,837</u>	<u>\$ 2,876,268</u>	<u>\$ 1,658,517</u>	<u>\$ 5,580,321</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.	38,463,475
Accrued interest payable is not due in the current period and therefore is not reported in the funds.	(50,900)
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds	96,278
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.	107,301
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(5,405,896)</u>
Net Assets of Governmental Activities in the Statement of Net Assets	<u>\$ 54,740,070</u>

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

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Community Redevelopment Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes	\$ 10,586,864	\$ -	\$ 231,847	\$ -	\$ 10,818,711
Licenses and permits	236,659	-	-	291,199	527,858
Intergovernmental revenues	4,160,335	-	-	1,899,202	6,059,537
Charges for services	975,802	-	-	37,514	1,013,316
Fines and forfeitures	185,614	-	-	-	185,614
Impact fees/special assessments	-	-	-	582,282	582,282
Investment earnings	98,072	7,127	8,632	34,364	148,195
Miscellaneous	561,375	-	-	50,400	611,775
Total revenues	<u>16,804,721</u>	<u>7,127</u>	<u>240,479</u>	<u>2,894,961</u>	<u>19,947,288</u>
<b>Expenditures:</b>					
Current:					
General government	2,720,658	144,760	-	406,377	3,271,795
Public safety	11,452,451	41,901	-	130,973	11,625,325
Physical environment	274,738	-	-	-	274,738
Transportation	1,052,759	-	-	418,917	1,471,676
Economic environment	47,592	-	54,696	-	102,288
Culture and recreation	1,688,432	58,878	-	44,774	1,792,084
Debt Service:					
Principal retirement	-	-	-	470,000	470,000
Interest and fiscal charges	-	-	-	162,256	162,256
Capital Outlay:					
General government	-	6,671	-	-	6,671
Culture and recreation	-	1,916,484	-	-	1,916,484
Total expenditures	<u>17,236,630</u>	<u>2,168,694</u>	<u>54,696</u>	<u>1,633,297</u>	<u>21,093,317</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>					
	<u>(431,909)</u>	<u>(2,161,567)</u>	<u>185,783</u>	<u>1,261,664</u>	<u>(1,146,029)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	541,868	2,077,132	-	655,277	3,274,277
Transfers out	(243,966)	(39,440)	-	(2,492,755)	(2,776,161)
Total other financing sources (uses)	<u>297,902</u>	<u>2,037,692</u>	<u>-</u>	<u>(1,837,478)</u>	<u>498,116</u>
<b>Net Change in Fund Balances</b>					
	(134,007)	(123,875)	185,783	(575,814)	(647,913)
<b>Fund Balances - Beginning</b>					
	11,603,535	2,977,622	1,472,734	6,123,834	22,177,725
<b>Fund Balances - Ending</b>					
	<u>\$ 11,469,528</u>	<u>\$ 2,853,747</u>	<u>\$ 1,658,517</u>	<u>\$ 5,548,020</u>	<u>\$ 21,529,812</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, 2011

Net change in fund balances - total governmental funds: \$ (647,913)

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. 599,739

The net effect of sales of capital assets is to decrease net assets. (15,344)

Revenue reported in the funds must be eliminated from the statement of activities since revenue was recognized in a prior year (31,776)

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. 470,000

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. (419,864)

Contributions of capital assets from proprietary funds 22,280

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. 264,556

Change in net assets of governmental activities \$ 241,678

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 9,894,072	\$ 9,894,072	\$ 10,586,864	\$ 692,792
Licenses and permits	209,800	209,800	236,659	26,859
Intergovernmental revenues	3,568,434	4,186,602	3,774,759	(411,843)
Charges for services	987,717	987,717	975,802	(11,915)
Fines and forfeitures	145,000	145,000	185,614	40,614
Investment earnings	78,750	78,750	98,072	19,322
Miscellaneous	303,750	303,750	561,375	257,625
Total revenues	<u>15,187,523</u>	<u>15,805,691</u>	<u>16,419,145</u>	<u>613,454</u>
<b>Expenditures:</b>				
Current:				
General government:				
City council	27,233	27,233	24,184	3,049
City clerk	208,829	211,488	198,040	13,448
City manager	403,841	409,223	356,975	52,248
Administrative services	1,153,838	1,171,356	1,142,583	28,773
Legal services	113,000	163,616	160,150	3,466
Planning & zoning	545,676	558,923	455,493	103,430
Engineering	94,413	97,694	94,926	2,768
Other general government	297,535	322,535	288,307	34,228
	<u>2,844,365</u>	<u>2,962,068</u>	<u>2,720,658</u>	<u>241,410</u>
Public Safety:				
Law enforcement	6,127,547	6,562,158	5,965,016	597,142
Fire control	4,755,015	5,277,457	5,101,859	175,598
	<u>10,882,562</u>	<u>11,839,615</u>	<u>11,066,875</u>	<u>772,740</u>
Physical environment	<u>292,420</u>	<u>297,449</u>	<u>274,738</u>	<u>22,711</u>
Transportation	<u>1,187,027</u>	<u>1,215,060</u>	<u>1,052,759</u>	<u>162,301</u>
Economic environment	<u>63,385</u>	<u>63,385</u>	<u>47,592</u>	<u>15,793</u>
Culture and recreation	<u>1,626,019</u>	<u>1,721,023</u>	<u>1,688,432</u>	<u>32,591</u>
Total expenditures	<u>16,895,778</u>	<u>18,098,600</u>	<u>16,851,054</u>	<u>1,247,546</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,708,255)	(2,292,909)	(431,909)	1,861,000
<b>Other Financing Sources (Uses):</b>				
Transfers in	411,000	450,440	541,868	91,428
Transfers out	(224,547)	(243,966)	(243,966)	-
Total other financing sources (uses)	<u>186,453</u>	<u>206,474</u>	<u>297,902</u>	<u>91,428</u>
<b>Net Change in Fund Balance</b>	(1,521,802)	(2,086,435)	(134,007)	1,952,428
<b>Fund Balance - Beginning</b>	<u>11,603,535</u>	<u>11,603,535</u>	<u>11,603,535</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 10,081,733</u>	<u>\$ 9,517,100</u>	<u>\$ 11,469,528</u>	<u>\$ 1,952,428</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, 2011

	<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>
<b>Revenues:</b>				
Taxes	\$ 231,060	\$ 231,060	\$ 231,847	\$ 787
Investment earnings	3,750	3,750	8,632	4,882
Total revenues	<u>234,810</u>	<u>234,810</u>	<u>240,479</u>	<u>5,669</u>
<b>Expenditures:</b>				
Economic environment:				
Economic development	<u>1,529,561</u>	<u>1,529,881</u>	<u>54,696</u>	<u>1,475,185</u>
Total expenditures	<u>1,529,561</u>	<u>1,529,881</u>	<u>54,696</u>	<u>1,475,185</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<u>(1,294,751)</u>	<u>(1,295,071)</u>	<u>185,783</u>	<u>1,480,854</u>
<b>Net Change in Fund Balances</b>	<u>(1,294,751)</u>	<u>(1,295,071)</u>	<u>185,783</u>	<u>1,480,854</u>
<b>Fund Balances - Beginning</b>	<u>1,472,734</u>	<u>1,472,734</u>	<u>1,472,734</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 177,983</u>	<u>\$ 177,663</u>	<u>\$ 1,658,517</u>	<u>\$ 1,480,854</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, 2011

	<b>Business-type Activities-Enterprise Funds</b>					<b>Governmental</b>
	<b>Water</b>	<b>Sewer</b>	<b>Sanitation</b>	<b>Stormwater</b>	<b>Total</b>	<b>Activities- Internal Service Fund</b>
<b>Assets:</b>						
Current assets:						
Cash and cash equivalents	\$ 2,929,130	\$ 3,355,040	\$ 3,205,028	\$ 1,666,090	\$ 11,155,288	\$ 190,130
Investments	8,049,397	-	-	-	8,049,397	-
Restricted cash and cash equivalents	733,649	693,819	-	-	1,427,468	-
Accounts receivable, net	452,951	457,741	244,021	78,517	1,233,230	2,164
Receivables from other governments	-	-	1,231	-	1,231	-
Inventories	295,905	31,472	-	-	327,377	-
Prepaid expenses	46,491	45,814	23,681	9,208	125,194	-
Total current assets	<u>12,507,523</u>	<u>4,583,886</u>	<u>3,473,961</u>	<u>1,753,815</u>	<u>22,319,185</u>	<u>192,294</u>
Non-current assets:						
Restricted investments	-	8,149,904	-	-	8,149,904	-
Interest receivable	32,129	32,282	-	-	64,411	-
Bond issuance costs	130,787	232,510	-	-	363,297	-
Capital assets:						
Land , buildings and equipment	26,876,127	53,443,647	2,494,346	4,058,862	86,872,982	-
Construction in progress	3,067,792	3,455,437	-	48,855	6,572,084	-
Less accumulated depreciation	<u>(6,967,823)</u>	<u>(12,236,921)</u>	<u>(1,583,811)</u>	<u>(1,077,637)</u>	<u>(21,866,192)</u>	-
Total capital assets (net of accumulated depreciation)	<u>22,976,096</u>	<u>44,662,163</u>	<u>910,535</u>	<u>3,030,080</u>	<u>71,578,874</u>	-
Total non-current assets	<u>23,139,012</u>	<u>53,076,859</u>	<u>910,535</u>	<u>3,030,080</u>	<u>80,156,486</u>	-
Total assets	<u>35,646,535</u>	<u>57,660,745</u>	<u>4,384,496</u>	<u>4,783,895</u>	<u>102,475,671</u>	<u>192,294</u>

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

**Liabilities:**

## Current liabilities:

Accounts payable	150,324	287,126	69,045	92,025	598,520	113,599
Salaries payable	28,046	27,373	13,678	8,024	77,121	-
Accrued interest payable	72,753	129,338	-	-	202,091	-
Compensated absences	11,530	7,013	2,493	2,082	23,118	-
Customer deposits payable	343,376	-	-	-	343,376	-
Revenue bonds payable-current	208,800	371,200	-	-	580,000	-
Total current liabilities	<u>814,829</u>	<u>822,050</u>	<u>85,216</u>	<u>102,131</u>	<u>1,824,226</u>	<u>113,599</u>

## Non-current liabilities:

Compensated absences	103,772	63,116	22,436	18,741	208,065	-
Other post employment benefits	183,181	121,019	100,430	31,682	436,312	-
Revenue bonds payable	5,381,131	9,550,714	-	-	14,931,845	-
Total non-current liabilities	<u>5,668,084</u>	<u>9,734,849</u>	<u>122,866</u>	<u>50,423</u>	<u>15,576,222</u>	<u>-</u>
Total liabilities	<u>6,482,913</u>	<u>10,556,899</u>	<u>208,082</u>	<u>152,554</u>	<u>17,400,448</u>	<u>113,599</u>

**Net Assets:**

Invested in capital assets, net of related debt	17,516,952	34,972,759	910,535	3,030,080	56,430,326	-
Restricted for capital improvements	383,463	8,856,944	-	-	9,240,407	-
Unrestricted	11,263,207	3,274,143	3,265,879	1,601,261	19,404,490	78,695
Total net assets	<u>\$ 29,163,622</u>	<u>\$ 47,103,846</u>	<u>\$ 4,176,414</u>	<u>\$ 4,631,341</u>	<u>85,075,223</u>	<u>\$ 78,695</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.

(28,606)

Total net assets per Government-Wide financial statements

\$ 85,046,617

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, 2011

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Fund
	Water	Sewer	Sanitation	Stormwater	Total	
<b>Operating Revenues:</b>						
Charges for services	\$ 5,045,721	\$ 5,064,522	\$ 2,677,531	\$ 847,371	\$ 13,635,145	\$ 3,285,937
Miscellaneous	331,169	-	10,943	8,047	350,159	1,083
Total operating revenues	<u>5,376,890</u>	<u>5,064,522</u>	<u>2,688,474</u>	<u>855,418</u>	<u>13,985,304</u>	<u>3,287,020</u>
<b>Operating Expenses:</b>						
Personal services	1,672,238	1,486,320	840,305	465,558	4,464,421	-
Utilities	459,731	679,152	1,701	-	1,140,584	-
Dump fees	-	130,590	537,741	7,982	676,313	-
Administrative services	331,133	310,933	146,646	38,360	827,072	-
Repairs and maintenance	383,259	302,000	212,962	54,406	952,627	-
Depreciation and amortization	787,791	2,032,894	313,732	284,785	3,419,202	-
Professional services	237,083	322,628	18,310	50,182	628,203	-
Insurance claims and expenses	160,204	167,693	23,625	11,905	363,427	2,928,460
Other supplies and expenses	240,188	197,440	293,009	48,791	779,428	-
Total operating expenses	<u>4,271,627</u>	<u>5,629,650</u>	<u>2,388,031</u>	<u>961,969</u>	<u>13,251,277</u>	<u>2,928,460</u>
Operating income (loss)	<u>1,105,263</u>	<u>(565,128)</u>	<u>300,443</u>	<u>(106,551)</u>	<u>734,027</u>	<u>358,560</u>
<b>Non-Operating Revenues (Expenses):</b>						
Investment income	51,601	68,282	16,009	9,261	145,153	-
Interest expense	(237,478)	(423,003)	-	-	(660,481)	-
Gain (loss) on disposal of capital assets	14,476	-	1,600	-	16,076	-
Total non-operating revenue (expenses)	<u>(171,401)</u>	<u>(354,721)</u>	<u>17,609</u>	<u>9,261</u>	<u>(499,252)</u>	<u>-</u>
Income (loss) before contributions and transfers	933,862	(919,849)	318,052	(97,290)	234,775	358,560
Capital contributions	280,374	718,072	-	-	998,446	-
Transfers out	(519,636)	(760)	-	-	(520,396)	-
Change in net assets	<u>694,600</u>	<u>(202,537)</u>	<u>318,052</u>	<u>(97,290)</u>	<u>712,825</u>	<u>358,560</u>
<b>Total Net Assets - Beginning</b>	<u>28,469,022</u>	<u>47,306,383</u>	<u>3,858,362</u>	<u>4,728,631</u>		<u>(279,865)</u>
<b>Total Net Assets - Ending</b>	<u>\$ 29,163,622</u>	<u>\$ 47,103,846</u>	<u>\$ 4,176,414</u>	<u>\$ 4,631,341</u>		<u>\$ 78,695</u>

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.

94,004

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

\$ 806,829

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, 2011

	Business-Type Activities-Enterprise Funds					Governmental
	Water	Sewer	Sanitation	Stormwater	Total	Activities- Internal Service Fund
<b>Cash Flows from Operating Activities:</b>						
Receipts from customers	\$ 5,411,406	\$ 5,052,560	\$ 2,685,598	\$ 854,751	\$ 14,004,315	\$ -
Receipts from internal services provided	-	-	-	-	-	3,284,884
Payments to suppliers	(1,944,468)	(2,209,180)	(1,225,454)	(149,117)	(5,528,219)	(2,922,797)
Payments to employees	(1,683,966)	(1,490,577)	(829,417)	(484,653)	(4,488,613)	-
Net cash provided (used) by operating activities	1,782,972	1,352,803	630,727	220,981	3,987,483	362,087
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Decrease due to other funds	-	-	-	-	-	(230,957)
Decrease in due from other governments	-	-	139	-	139	-
Transfers out	(498,116)	-	-	-	(498,116)	-
Net cash provided (used) by non-capital financing activities	(498,116)	-	139	-	(497,977)	(230,957)
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Acquisition of capital assets	(2,420,220)	(761,797)	(238,711)	(425,973)	(3,846,701)	-
Sale of capital assets	14,476	-	1,600	-	16,076	-
Interest paid on long-term debt	(221,810)	(394,335)	-	-	(616,145)	-
Principal paid on debt	(192,600)	(342,400)	-	-	(535,000)	-
Fees and assessments received	280,374	718,072	-	-	998,446	-
Net cash provided (used) by capital and related financing activities	(2,539,780)	(780,460)	(237,111)	(425,973)	(3,983,324)	-

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

**Cash Flows from Investing Activities:**

Sale (Purchase) of investments	2,828,236	(542,983)	-	-	2,285,253	-
Investment income	109,491	105,159	16,009	9,261	239,920	-
Net cash provided by investing activities	<u>2,937,727</u>	<u>(437,824)</u>	<u>16,009</u>	<u>9,261</u>	<u>2,525,173</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,682,803	134,519	409,764	(195,731)	2,031,355	131,130
<b>Cash and Cash Equivalents - Beginning</b>	1,979,976	3,914,340	2,795,264	1,861,821	10,551,401	59,000
<b>Cash and Cash Equivalents - End</b>	<u>\$ 3,662,779</u>	<u>\$ 4,048,859</u>	<u>\$ 3,205,028</u>	<u>\$ 1,666,090</u>	<u>\$ 12,582,756</u>	<u>\$ 190,130</u>

**Classified As:**

Cash and cash equivalents	\$ 2,929,130	\$ 3,355,040	\$ 3,205,028	\$ 1,666,090	\$ 11,155,288	\$ 190,130
Restricted cash and cash equivalents	733,649	693,819	-	-	1,427,468	-
Total	<u>\$ 3,662,779</u>	<u>\$ 4,048,859</u>	<u>\$ 3,205,028</u>	<u>\$ 1,666,090</u>	<u>\$ 12,582,756</u>	<u>\$ 190,130</u>

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

Operating income (loss)	<u>\$ 1,105,263</u>	<u>\$ (565,128)</u>	<u>\$ 300,443</u>	<u>\$ (106,551)</u>	<u>\$ 734,027</u>	<u>\$ 358,560</u>
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**Adjustments Not Affecting Cash:**

Depreciation and amortization	787,791	2,032,894	313,732	284,785	3,419,202	-
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**Change in Assets and Liabilities:**

Decrease (Increase) in accts receivable	12,653	(11,962)	(2,876)	(667)	(2,852)	(2,136)
Decrease (Increase) in customer deposits	21,863	-	-	-	21,863	-
Decrease (Increase) in prepaid costs	(4,491)	5,715	(4,617)	(3,578)	(6,971)	-
Decrease (Increase) in inventory	85,669	(2,936)	-	-	82,733	-
Increase (decrease) in accounts payable	(214,048)	(101,523)	13,157	66,087	(236,327)	5,663
Increase (decrease) in accrued liabilities	(11,728)	(4,257)	10,888	(19,095)	(24,192)	-
Total adjustments	<u>677,709</u>	<u>1,917,931</u>	<u>330,284</u>	<u>327,532</u>	<u>3,253,456</u>	<u>3,527</u>

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

	<u>\$ 1,782,972</u>	<u>\$ 1,352,803</u>	<u>\$ 630,727</u>	<u>\$ 220,981</u>	<u>\$ 3,987,483</u>	<u>\$ 362,087</u>
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**Noncash investing, capital,  
and financing activities:**

Decrease in fair value of investments	\$ (26,531)	\$ (48,625)	\$ -	\$ -	\$ (75,156)	\$ -
Transfer of capital assets	(21,520)	(760)	-	-	(22,280)	-

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, 2011

	<b><u>Total Employee Pension Funds</u></b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 248,149
Receivables:	
Employer contribution receivable	3,051
Due from other governments	5,998
Total receivables	<u>9,049</u>
Investments:	
U.S. Government & other debt securities	5,941,821
Equities	11,754,867
Total investments	<u>17,696,688</u>
 Total assets	 <u>17,953,886</u>
<b>Liabilities:</b>	
Refunds payable and other	169,874
Total liabilities	<u>169,874</u>
 <b>Net Assets Held in Trust for Pension Benefits</b>	 <b><u>\$ 17,784,012</u></b>

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

CITY OF CLERMONT, FLORIDA

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

For the Year Ended September 30, 2011

	<b><u>Total Employee Pension Funds</u></b>
<b>Additions:</b>	
Contributions:	
Employer	\$ 1,821,218
Plan members	125,040
State	385,576
Total contributions	<u>2,331,834</u>
Investment earnings:	
Net increase in fair value of investments	54,988
Total net investment earnings	<u>54,988</u>
Total additions	<u>2,386,822</u>
<b>Deductions:</b>	
Benefits/distributions	656,649
Administrative	66,668
Total deductions	<u>723,317</u>
<b>Change in Net Assets</b>	1,663,505
<b>Net Assets - Beginning</b>	<u>16,120,507</u>
<b>Net Assets - End</b>	<u><u>\$ 17,784,012</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, 2011

**Note 1 - Summary of Significant Accounting Policies:**

**A. Reporting Entity**

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

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

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

The *City of Clermont* Community Redevelopment Fund

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

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

***B. Government-Wide and Fund Financial Statements***

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

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

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

The government reports the following funds:

**Major Governmental Funds**

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

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

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

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

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

**Major Proprietary Funds**

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

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

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

**Major Proprietary Funds (Continued)**

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

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

**Non-Major Proprietary Funds**

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

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

**Fiduciary Funds**

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

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

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

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

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

***D. Assets, Liabilities, and Net Assets or Equity***

**1. Deposits and Investments**

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

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

**2. Receivables and Payables**

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

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

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

**2. Receivables and Payables - (Continued)**

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

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

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

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

**3. Inventories and Prepaid Items**

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

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

**4. Restricted Assets**

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

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

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

**5. Capital Assets**

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

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

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

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

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

**6. Compensated Absences**

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

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

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

**7. Long-Term Obligations**

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

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

**8. Fund Equity**

During 2011, the City implemented GASB 54. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Fund balance classifications under GASB 54 are Nonspendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note 13.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

**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 \$599,739 difference are as follows:

Capital outlay	\$ 2,605,290
Depreciation expense	<u>(2,005,551)</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>\$ 599,739</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 \$470,000 difference are as follows:

Principal repayment	<u>\$ 470,000</u>
Net adjustment to <i>increase net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 470,000</u>

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

Compensated absences	\$ (19,352)
Other post employment benefits	(406,583)
Accrued interest payable	<u>6,071</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>\$ (419,864)</u>

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

**Note 3 - Stewardship, Compliance, and Accountability:**

**A. Budgetary Information -**

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

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

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

***B. Budgetary Basis of Accounting -***

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

For the fiscal year ended September 30, 2011 the following adjustments are necessary to convert General Fund revenues and expenditures on the GAAP basis to the budgetary basis:

	<b><u>Revenues</u></b>	<b><u>Expenditures</u></b>
General Fund:		
GAAP Basis	\$ 16,804,721	\$ 17,236,630
Nonbudgeted state pension amounts	<u>(385,576)</u>	<u>(385,576)</u>
Budgetary basis	<u>\$ 16,419,145</u>	<u>\$ 16,851,054</u>

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

**Note 4 - Cash and Investments:**

***Deposits***

At year-end, the carrying amount of the City's deposits was \$30,756,713 and the bank balance was \$31,259,862. Fiduciary fund cash held by the pension fund is not in the City's bank. All bank deposits were fully covered by federal depository insurance or by collateral held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to "authorized depositories".

***Investments***

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

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

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

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

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

***Investments - (Continued)***

Investments made by the *City of Clermont* at September 30, 2011 are summarized below. Defined benefit pension plan investments, other than \$11,754,867 in mutual funds, investing in equity securities, are included below. In accordance with GASB 31, investments are reported at fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
Federal Agency Bond	\$ 13,114,942	AA+	1.96 years
US Treasury Notes	2,910,268	AA+	1.20 years
Corporate Note	2,749,805	AA-	1.63 years
Municipal Bond	504,680	AA+	1.84 years
Pension fixed income securities	5,941,821	AAV4	6.74 years
	<u>\$ 25,221,516</u>		

**Credit Risk:**

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

**Custodial Credit Risk:**

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2011, 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, 2011, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**Concentration of Credit Risk:**

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

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

***Investments - (Continued)***

Interest Rate Risk:

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

**Note 5 - Receivables:**

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

	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Nonmajor Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>
Receivables:							
Accounts	\$ 762,358	\$ 422,396	\$ 510,660	\$ 275,353	\$ 89,248	\$ 2,164	\$ 2,062,179
Taxes	34,870	-	-	-	-	-	34,870
Other	202,147	59,366	-	1,113	-	-	262,626
Less allowance for uncollectible accounts	<u>(721,462)</u>	<u>(28,811)</u>	<u>(52,919)</u>	<u>(32,445)</u>	<u>(10,731)</u>	<u>-</u>	<u>(846,368)</u>
	<u>\$ 277,913</u>	<u>\$ 452,951</u>	<u>\$ 457,741</u>	<u>\$ 244,021</u>	<u>\$ 78,517</u>	<u>\$ 2,164</u>	<u>\$ 1,513,307</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

**Note 6 - Capital Assets:**

Capital asset activity for the year ended September 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 22,128,032	\$ -	\$ -	\$ 22,128,032
Construction in progress	<u>1,480,988</u>	<u>2,296,977</u>	<u>(2,657,647)</u>	<u>1,120,318</u>
Total capital assets, not being depreciated	<u>23,609,020</u>	<u>2,296,977</u>	<u>(2,657,647)</u>	<u>23,248,350</u>
Capital assets, being depreciated:				
Buildings	12,598,720	1,435,981	-	14,034,701
Improvements/infrastructure	11,704,183	1,258,535	-	12,962,718
Machinery and equipment	7,934,983	372,986	(1,272,247)	7,035,722
Intangibles	<u>632,481</u>	<u>12,918</u>	<u>-</u>	<u>645,399</u>
Total capital assets being depreciated	<u>32,870,367</u>	<u>3,080,420</u>	<u>(1,272,247)</u>	<u>34,678,540</u>
Less accumulated depreciation for:				
Buildings	(4,874,804)	(561,778)	-	(5,436,582)
Improvements/infrastructure	(7,498,070)	(543,475)	-	(8,041,545)
Machinery and equipment	(5,942,053)	(859,572)	1,255,486	(5,546,139)
Intangibles	<u>(307,660)</u>	<u>(131,489)</u>	<u>-</u>	<u>(439,149)</u>
Total accumulated depreciation	<u>(18,622,587)</u>	<u>(2,096,314)</u>	<u>1,255,486</u>	<u>(19,463,415)</u>
Total capital assets being depreciated, net	<u>14,247,780</u>	<u>984,106</u>	<u>(16,761)</u>	<u>15,215,125</u>
Governmental activities capital assets, net	<u>\$ 37,856,800</u>	<u>\$ 3,281,083</u>	<u>\$ (2,674,408)</u>	<u>\$ 38,463,475</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,457,973	\$ 393,510	\$ -	\$ 1,851,483
Construction in progress	<u>7,667,691</u>	<u>2,480,761</u>	<u>(3,576,368)</u>	<u>6,572,084</u>
Total capital assets, not being depreciated	<u>9,125,664</u>	<u>2,874,271</u>	<u>(3,576,368)</u>	<u>8,423,567</u>
Capital assets, being depreciated:				
Buildings	37,178	-	-	37,178
Improvements/infrastructure	76,397,292	4,256,194	-	80,653,486
Machinery and equipment	4,042,698	292,604	(110,399)	4,224,903
Intangibles	<u>105,932</u>	<u>-</u>	<u>-</u>	<u>105,932</u>
Total capital assets being depreciated	<u>80,583,100</u>	<u>4,548,798</u>	<u>(110,399)</u>	<u>85,021,499</u>
Less accumulated depreciation for:				
Buildings	(37,102)	(76)	-	(37,178)
Improvements/infrastructure	(15,928,558)	(2,935,338)	-	(18,863,896)
Machinery and equipment	(2,463,517)	(483,788)	88,119	(2,859,186)
Intangibles	<u>(105,932)</u>	<u>-</u>	<u>-</u>	<u>(105,932)</u>
Total accumulated depreciation	<u>(18,535,109)</u>	<u>(3,419,202)</u>	<u>88,119</u>	<u>(21,866,192)</u>
Total capital assets being depreciated, net	<u>62,047,991</u>	<u>1,129,596</u>	<u>(22,280)</u>	<u>63,155,307</u>
Business-type activities capital assets, net	<u>\$ 71,173,655</u>	<u>\$ 4,003,867</u>	<u>\$ (3,598,648)</u>	<u>\$ 71,578,874</u>

Increases in accumulated depreciation for governmental activities include depreciation on assets transferred from business-type, as well as reclassifications and adjustments. This difference is \$90,763.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 355,157
Public safety	1,019,891
Physical environment/transportation	382,216
Culture and recreation	<u>248,287</u>
Total depreciation expense - governmental activities	<u>\$ 2,005,551</u>
Business-type activities	
Water	\$ 787,792
Sewer	2,032,895
Sanitation	313,732
Stormwater	<u>284,785</u>
Total depreciation expense - business-type activities	<u>\$ 3,419,204</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

**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 \$4,181,710. For the fiscal year, principal and interest paid on this series was \$632,256 and total pledged revenue was \$4,902,055.

The 2009 Water and Sewer Revenue and Refunding Bonds are secured by net revenue of the water and sewer system. The total principal and interest remaining to be paid on this series is \$23,390,438. For the fiscal year, principal and interest paid on this series was \$1,193,633 and total pledged revenue was \$3,480,703.

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

<b><u>Governmental Activities</u></b>	<b><u>Interest Rates and Dates</u></b>	<b><u>Maturity</u></b>	<b><u>Original Amount</u></b>	<b><u>Balance September 30, 2011</u></b>
Public Improvement Revenue Bonds, Series 2002	1.75 - 4.6%  (6/1 & 12/1)	12/1/2003 to 12/1/2017	<u>\$ 6,965,000</u>	<u>\$ 3,570,000</u>
<b><u>Business-Type Activities</u></b>				
Water and Sewer Revenue Refunding Bonds, Series 2009	3.0 - 4.6%  (6/1 & 12/1)	12/1/2010 to 12/1/2030	<u>\$ 16,640,000</u>	<u>\$ 16,105,000</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

***Bonds Payable - (Continued)***

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

Year ending September 30,	<u>Governmental Activities</u>		<u>Business - Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 490,000	\$ 152,700	\$ 580,000	\$ 597,573
2013	510,000	133,100	595,000	579,948
2014	530,000	112,700	615,000	561,798
2015	550,000	90,440	630,000	543,123
2016	575,000	66,790	650,000	523,922
2017-2021	915,000	55,980	3,565,000	2,293,950
2022-2026	-	-	4,265,000	1,583,090
2027-2031	-	-	5,205,000	602,034
Total	<u>\$ 3,570,000</u>	<u>\$ 611,710</u>	<u>\$ 16,105,000</u>	<u>\$ 7,285,438</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Bonds payable-					
Revenue Bonds	\$ 4,040,000	\$ -	\$ (470,000)	\$ 3,570,000	\$ 490,000
Other post employment benefits	807,105	406,583	-	1,213,688	-
Compensated Absences	<u>602,856</u>	<u>79,638</u>	<u>(60,286)</u>	<u>622,208</u>	<u>62,221</u>
Governmental activity long- term liabilities	<u>\$ 5,449,961</u>	<u>\$ 486,221</u>	<u>\$ (530,286)</u>	<u>\$ 5,405,896</u>	<u>\$ 552,221</u>
<b>Business-type activities</b>					
Bonds payable-					
Revenue Bonds	\$16,640,000	\$ -	\$ (535,000)	\$ 16,105,000	\$ 580,000
Less deferred amounts:					
(discount)	57,414	-	(2,836)	54,578	-
Loss on refunding	<u>(681,383)</u>	<u>-</u>	<u>33,650</u>	<u>(647,733)</u>	<u>-</u>
Total bonds payable	<u>16,016,031</u>	<u>-</u>	<u>(504,186)</u>	<u>15,511,845</u>	<u>580,000</u>
Other post employment benefits	291,895	144,417	-	436,312	-
Compensated Absences	<u>262,169</u>	<u>26,218</u>	<u>(57,204)</u>	<u>231,183</u>	<u>23,118</u>
Business-type activity long- term liabilities	<u>\$16,570,095</u>	<u>\$ 170,635</u>	<u>\$ (561,390)</u>	<u>\$ 16,179,340</u>	<u>\$ 603,118</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

Interfund transfers for the year ended September 30, 2011 consisted of the following:

<b>Transfers Out:</b>	<b>Transfer In</b>				<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental</b>	<b>Governmental Capital Assets Not a Fund</b>	
General Fund	\$ -	\$ 148,730	\$ 95,236	\$ -	\$ 243,966
Capital Projects	39,440	-	-	-	39,440
Nonmajor governmental	4,312	1,928,402	560,041	-	2,492,755
Water fund	498,116	-	-	21,520	519,636
Sewer fund	-	-	-	760	760
	<u>\$541,868</u>	<u>\$ 2,077,132</u>	<u>\$ 655,277</u>	<u>\$ 22,280</u>	<u>\$ 3,296,557</u>

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

Transfers in the fund statements do not balance due to the transfer of capital assets out of the water and sewer funds into the governmental capital assets.

**Note 9 - Retirement Plans:**

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

**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, 2009, the date of the latest actuarial valuation:

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

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

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

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

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

	<b>General Employees</b>	<b>Police Officers</b>	<b>Firefighters</b>
Annual Required Contribution (ARC)	\$ 3,051	\$ 752,413	\$ 650,663
Interest on the Net Pension Obligation (Asset)	-	-	-
Adjustment to ARC	-	(3,375)	126
Annual Pension Cost	<u>\$ 3,051</u>	<u>\$ 749,038</u>	<u>\$ 650,789</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.

<b>Three-Year Trend Information</b>		
<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>
<b><u>General Employees</u></b>		
9/30/2011	\$ 3,051	100%
9/30/2010	3,051	100%
9/30/2009	-	100%
<b><u>Police Officers</u></b>		
9/30/2011	\$ 749,038	100%
9/30/2010	713,188	100%
9/30/2009	570,869	100%
<b><u>Firefighters</u></b>		
9/30/2011	\$ 650,789	100%
9/30/2010	617,491	100%
9/30/2009	420,790	100%

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

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

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

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

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

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

Additional information as of the latest actuarial valuation follows:

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

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

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

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

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

Covered payroll for this Plan for fiscal year 2011 was \$5,469,214; the City's total payroll for City employees was \$11,290,462.

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 2011 was \$427,806.

**Note 10 - Other Post Employment Benefits:**

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

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

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

Annual required contribution	\$ 649,000
Interest on net OPEB Obligation	44,000
Adjustment to annual required contribution	<u>(95,000)</u>
Annual OPEB Cost	598,000
Employer Contributions	(46,000)
Interest on Employer Contributions	<u>(1,000)</u>
Increase in Net OPEB Obligation	551,000
Net OPEB Obligation (beginning of year)	<u>1,099,000</u>
Net OPEB Obligation (end of year)	<u><u>\$ 1,650,000</u></u>

**Three Year Trend Information-**

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Cost Contributed</b>	<b>Net OPEB Obligation</b>
9/30/2009	\$ 571,000	5.0%	\$ 542,000
9/30/2010	611,000	5.0%	1,099,000
9/30/2011	649,000	7.0%	1,650,000

**Funded Status and Funding Progress - OPEB**

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

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

**Summary of Actuarial Methods & Assumptions:**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

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

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

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

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

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

**Decrements-**

**Mortality-** Sex-distinct mortality rates set forth in the RP-2000 mortality table for annuitants and non-annuitants, projected to 2007 by Scale AA, as published by the IRS for purposes of IRC section 430; no deaths were assumed to be service-related.

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

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

**Retirement-** Retirement was assumed to occur as follows:

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

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

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

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

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

<u>Year</u>	<u>Increase</u>	<u>Year</u>	<u>Increase</u>	<u>Year</u>	<u>Increase</u>
2011	10.00%	2015	8.00%	2019	6.00%
2012	9.50%	2016	7.50%	2020	5.00%
2013	9.00%	2017	7.00%	and later	
2014	8.50%	2018	6.50%		

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

**Retiree Premiums**-During the period April 1, 2011 through March 31, 2012, retirees under age 65 have been assumed to make a contribution equal to \$293.70 per month for themselves plus \$282.70 per month for their spouses. During the same period, retirees over age 65 have been assumed to make a contribution equal to \$176.22 per month for themselves plus \$169.62 per month for their spouses. All amounts are assumed to increase thereafter in accordance with the healthcare cost trend rates.

**Dental Subsidy**-Dental costs are not assumed to increase with age. Therefore, this valuation only reflects explicit dental subsidy that is provided by the City. For the period April 1, 2011 through March 31, 2012, the dental subsidy is \$25.04 per month for retired employees and \$61.40 per month for spouses of retirees, with both amounts assumed to increase at the rate of 2.5% per annum thereafter.

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

***Summary of Benefits***

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

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

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

**Note 11 - Risk Management:**

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

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

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

The claims liability of \$113,599 represents claims processed through October 2011 which were applicable to the current fiscal year and any additional claims are deemed immaterial. Changes to the current claims liability are as follows:

	<b>2011</b>	<b>2010</b>
Claims liabilities, beginning of year	\$ 107,936	\$ 165,714
Incurred Claims	2,928,460	2,865,301
Payments on Claims	(2,922,797)	(2,923,079)
Claims liabilities, end of year	<u>\$ 113,599</u>	<u>\$ 107,936</u>

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

**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, 2011. 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 - Fund Balances:**

In fiscal year 2011, the City implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This standard promotes clarity and consistency to Fund Balance classifications and categories, making the statements more useful by clarifying the presentation of available resources.

Due to the implementation of GASB Statement 54, the components of the fund balances of governmental funds now reflect the classifications described below.

**Nonspendable**

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

**Spendable Fund Balance**

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

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

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

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2011

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

**Spendable Fund Balance (Continued)**

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

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

At September 30, 2011, the City's governmental fund balances were as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Community Redevelopment Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balances					
Non-spendable					
Inventory/prepays	\$ 334,985	\$ -	\$ 18	\$ 1,107	\$ 336,110
Cemetery	-	-	-	847,260	847,260
Spendable					
Restricted for:					
Public safety	174,596	-	-	2,492,881	2,667,477
Culture and recreation	-	-	-	312,055	312,055
Community redevelopment	-	-	1,658,499	-	1,658,499
Infrastructure	-	-	-	1,401,692	1,401,692
Debt service	-	-	-	494,141	494,141
Assigned for:					
Capital projects	-	2,853,747	-	-	2,853,747
Subsequent year expenditures	912,137	-	-	-	912,137
Unassigned	10,047,810	-	-	(1,116)	10,046,694
	<u>\$ 11,469,528</u>	<u>\$ 2,853,747</u>	<u>\$ 1,658,517</u>	<u>\$ 5,548,020</u>	<u>\$ 21,529,812</u>

**Note 14 - Evaluation of Events:**

The City has evaluated subsequent events through March 5, 2012, the date the financial statements were available to be issued.

*REQUIRED SUPPLEMENTAL INFORMATION*



CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2011

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
<b>General Employees</b>						
10/1/2003	863,029	863,029	-	100.0%	-	N/A
10/1/2004	863,278	863,278	-	100.0%	-	N/A
10/1/2005	816,972	816,972	-	100.0%	-	N/A
10/1/2006	794,277	794,277	-	100.0%	-	N/A
10/1/2007	822,401	822,401	-	100.0%	-	N/A
10/1/2009	573,379	566,885	-	101.2%	-	N/A
<b>Police Officers</b>						
10/1/2002	3,268,335	2,368,335	-	100.0%	1,042,972	0.0%
10/1/2003	2,762,688	2,762,688	-	100.0%	1,279,696	0.0%
10/1/2004	3,032,203	3,032,203	-	100.0%	1,424,568	0.0%
10/1/2005	3,571,295	3,571,295	-	100.0%	1,534,254	0.0%
10/1/2007	4,905,071	4,905,071	-	100.0%	2,356,375	0.0%
10/1/2009	5,288,822	6,163,934	875,112	85.8%	2,485,033	35.2%
<b>Fire Fighters</b>						
10/1/2003	814,097	814,097	-	100.0%	597,364	0.0%
10/1/2004	974,966	974,966	-	100.0%	901,980	0.0%
10/1/2005	1,256,347	1,256,347	-	100.0%	1,047,097	0.0%
10/1/2006	1,345,093	1,345,093	-	100.0%	1,257,860	0.0%
10/1/2007	1,972,299	1,972,299	-	100.0%	2,031,230	0.0%
10/1/2009	2,609,047	2,596,659	-	100.5%	2,552,427	0.0%

CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2011

***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
2006	\$ 19,697	100%	\$ 291,677	100%	\$ 189,164	100%
2007	19,697	100%	376,518	100%	199,989	100%
2008	-	100%	541,697	100%	410,350	100%
2009	-	100%	570,869	100%	420,790	100%
2010	3,051	100%	713,188	100%	616,742	100%
2011	3,051	100%	749,038	100%	650,789	100%

CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2011

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

**Schedule of Funding Progress**

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

\*initial valuation date

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

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
9/30/2009	\$ 571,000	5.0%	\$ 542,000
9/30/2010	611,000	5.0%	1,099,000
9/30/2011	649,000	7.0%	1,650,000

CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

Notes to Required Supplementary Information

September 30, 2011

**Note 1**

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

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

**Note 2**

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

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

**Note 3**

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

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

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*



## **MAJOR GOVERNMENTAL FUNDS**

### **Capital Projects Fund**

#### **Capital Projects Fund**

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

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment earnings	\$ 22,500	\$ 22,500	\$ 7,127	\$ (15,373)
Total revenues	<u>22,500</u>	<u>22,500</u>	<u>7,127</u>	<u>(15,373)</u>
<b>Expenditures:</b>				
Current:				
General government	91,500	144,760	144,760	-
Culture and recreation	30,000	71,997	58,878	13,119
Public safety:				
Police	250,000	290,838	41,901	248,937
Capital Outlay:				
General government	2,000,000	2,000,000	6,671	1,993,329
Public safety	500,000	500,000	-	500,000
Culture and recreation	1,248,730	2,631,118	1,916,484	714,634
Total expenditures	<u>4,491,730</u>	<u>6,146,308</u>	<u>2,168,694</u>	<u>3,732,075</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(4,469,230)</u>	<u>(6,123,808)</u>	<u>(2,161,567)</u>	<u>3,716,702</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,720,230	2,760,103	2,077,132	(682,971)
Transfers out	-	(39,440)	(39,440)	-
Total other financing sources (uses)	<u>3,720,230</u>	<u>2,720,663</u>	<u>2,037,692</u>	<u>(682,971)</u>
<b>Net Change in Fund Balance</b>	(749,000)	(3,403,145)	(123,875)	3,279,270
<b>Fund Balances - Beginning</b>	2,977,622	2,977,622	2,977,622	-
<b>Fund Balances - Ending</b>	<u>\$ 2,228,622</u>	<u>\$ (425,523)</u>	<u>\$ 2,853,747</u>	<u>\$ 3,279,270</u>

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

## OTHER GOVERNMENTAL FUNDS

### Special Revenue Funds

#### Recreation Impact Fees Fund

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

#### Police Impact Fees Fund

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

#### Fire Impact Fee Fund

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

#### Building Services Fund

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

#### Infrastructure Fund

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

### Debt Service Fund

#### Debt Service Fund

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

### Permanent Fund

#### Cemetery Perpetual Care Fund

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

CITY OF CLERMONT, FLORIDA

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

September 30, 2011

	<b>Special Revenue</b>				<b>Infrastructure Special Revenue</b>
	<b>Recreation Impact Fees</b>	<b>Police Impact Fees</b>	<b>Fire Impact Fees</b>	<b>Building Services</b>	
<b>Assets:</b>					
Cash and cash equivalents	\$ 317,601	\$ 2,415,113	\$ 77,768	\$ 24,331	\$ 1,275,972
Due from other governments	-	-	-	-	126,753
Prepaid costs	-	-	-	1,107	-
<b>Total assets</b>	<b>\$ 317,601</b>	<b>\$ 2,415,113</b>	<b>\$ 77,768</b>	<b>\$ 25,438</b>	<b>\$ 1,402,725</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 5,546	\$ -	\$ -	\$ 25,447	\$ 1,033
<b>Total liabilities</b>	<b>5,546</b>	<b>-</b>	<b>-</b>	<b>25,447</b>	<b>1,033</b>
<b>Fund balances:</b>					
Non spendable	-	-	-	1,107	-
Restricted	312,055	2,415,113	77,768	-	1,401,692
Unassigned	-	-	-	(1,116)	-
<b>Total fund balances</b>	<b>312,055</b>	<b>2,415,113</b>	<b>77,768</b>	<b>(9)</b>	<b>1,401,692</b>
<b>Total liabilities and fund balances</b>	<b>\$ 317,601</b>	<b>\$ 2,415,113</b>	<b>\$ 77,768</b>	<b>\$ 25,438</b>	<b>\$ 1,402,725</b>

<b>Special Revenue Total</b>	<b>Debt Service</b>	<b>Permanent Fund - Cemetery Perpetual Care</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 4,110,785	\$ 494,141	\$ 847,535	\$ 5,452,461
126,753	-	-	126,753
1,107	-	-	1,107
<u>\$ 4,238,645</u>	<u>\$ 494,141</u>	<u>\$ 847,535</u>	<u>\$ 5,580,321</u>
\$ 32,026	\$ -	\$ 275	\$ 32,301
<u>32,026</u>	<u>-</u>	<u>275</u>	<u>32,301</u>
1,107	-	847,260	848,367
4,206,628	494,141	-	4,700,769
<u>(1,116)</u>	<u>-</u>	<u>-</u>	<u>(1,116)</u>
4,206,619	494,141	847,260	5,548,020
<u>\$ 4,238,645</u>	<u>\$ 494,141</u>	<u>\$ 847,535</u>	<u>\$ 5,580,321</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2011

	<b>Special Revenue</b>			
	<b>Recreation Impact Fees</b>	<b>Police Impact Fees</b>	<b>Fire Impact Fees</b>	<b>Building Services</b>
<b>Revenues:</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ 291,199
Intergovernmental	-	-	-	-
Charges for services	-	-	-	37,514
Impact fees/special assessments	437,547	84,696	60,039	-
Investment earnings	8,348	12,614	498	159
Miscellaneous	-	-	-	-
Total revenues	<u>445,895</u>	<u>97,310</u>	<u>60,537</u>	<u>328,872</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	406,377
Public safety	-	-	-	-
Transportation	-	-	-	-
Culture and recreation	44,774	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>44,774</u>	<u>-</u>	<u>-</u>	<u>406,377</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>401,121</u>	<u>97,310</u>	<u>60,537</u>	<u>(77,505)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	18,867
Transfers out	(1,432,127)	(41,902)	(101,828)	-
Total other financing sources (uses)	<u>(1,432,127)</u>	<u>(41,902)</u>	<u>(101,828)</u>	<u>18,867</u>
<b>Net Change in Fund Balances</b>	(1,031,006)	55,408	(41,291)	(58,638)
<b>Fund Balances - Beginning</b>	1,343,061	2,359,705	119,059	58,629
<b>Fund Balances - Ending</b>	<u>\$ 312,055</u>	<u>\$ 2,415,113</u>	<u>\$ 77,768</u>	<u>\$ (9)</u>

<b>Special Revenue</b>				
<b>Infrastructure Special Revenue</b>	<b>Total</b>	<b>Debt Service</b>	<b>Permanent Fund - Cemetery Perpetual Care</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 291,199	\$ -	\$ -	\$ 291,199
1,899,202	1,899,202	-	-	1,899,202
-	37,514	-	-	37,514
-	582,282	-	-	582,282
6,776	28,395	1,657	4,312	34,364
-	-	-	50,400	50,400
<u>1,905,978</u>	<u>2,838,592</u>	<u>1,657</u>	<u>54,712</u>	<u>2,894,961</u>
-	406,377	-	-	406,377
130,973	130,973	-	-	130,973
418,917	418,917	-	-	418,917
-	44,774	-	-	44,774
-	-	470,000	-	470,000
-	-	162,256	-	162,256
<u>549,890</u>	<u>1,001,041</u>	<u>632,256</u>	<u>-</u>	<u>1,633,297</u>
<u>1,356,088</u>	<u>1,837,551</u>	<u>(630,599)</u>	<u>54,712</u>	<u>1,261,664</u>
-	18,867	636,410	-	655,277
(912,586)	(2,488,443)	-	(4,312)	(2,492,755)
<u>(912,586)</u>	<u>(2,469,576)</u>	<u>636,410</u>	<u>(4,312)</u>	<u>(1,837,478)</u>
443,502	(632,025)	5,811	50,400	(575,814)
958,190	4,838,644	488,330	796,860	6,123,834
<u>\$ 1,401,692</u>	<u>\$ 4,206,619</u>	<u>\$ 494,141</u>	<u>\$ 847,260</u>	<u>\$ 5,548,020</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 500,000	\$ 500,000	\$ 437,547	\$ (62,453)
Investment earnings	3,750	3,750	8,348	4,598
Total revenues	<u>503,750</u>	<u>503,750</u>	<u>445,895</u>	<u>(57,855)</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	<u>35,000</u>	<u>50,968</u>	<u>44,774</u>	<u>6,194</u>
Total expenditures	<u>35,000</u>	<u>50,968</u>	<u>44,774</u>	<u>6,194</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>468,750</u>	<u>452,782</u>	<u>401,121</u>	<u>(51,661)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(1,130,000)</u>	<u>(1,459,657)</u>	<u>(1,432,127)</u>	<u>27,530</u>
Total other financing sources (uses)	<u>(1,130,000)</u>	<u>(1,459,657)</u>	<u>(1,432,127)</u>	<u>27,530</u>
<b>Net Change in Fund Balances</b>	<u>(661,250)</u>	<u>(1,006,875)</u>	<u>(1,031,006)</u>	<u>(24,131)</u>
<b>Fund Balances - Beginning</b>	<u>1,343,061</u>	<u>1,343,061</u>	<u>1,343,061</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 681,811</u>	<u>\$ 336,186</u>	<u>\$ 312,055</u>	<u>\$ (24,131)</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, 2011

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 130,000	\$ 130,000	\$ 84,696	\$ (45,304)
Investment earnings	7,500	7,500	12,614	5,114
Total revenues	<u>137,500</u>	<u>137,500</u>	<u>97,310</u>	<u>(40,190)</u>
<b>Expenditures:</b>				
Current:				
Public Safety:				
Law enforcement	-	150,000	-	150,000
Total expenditures	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>137,500</u>	<u>(12,500)</u>	<u>97,310</u>	<u>109,810</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(750,000)</u>	<u>(632,837)</u>	<u>(41,902)</u>	<u>590,935</u>
Total other financing sources (uses)	<u>(750,000)</u>	<u>(632,837)</u>	<u>(41,902)</u>	<u>590,935</u>
<b>Net Change in Fund Balances</b>	<u>(612,500)</u>	<u>(645,337)</u>	<u>55,408</u>	<u>700,745</u>
<b>Fund Balances - Beginning</b>	<u>2,359,705</u>	<u>2,359,705</u>	<u>2,359,705</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 1,747,205</u>	<u>\$ 1,714,368</u>	<u>\$ 2,415,113</u>	<u>\$ 700,745</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 100,000	\$ 100,000	\$ 60,039	\$ (39,961)
Investment earnings	750	750	498	(252)
Total revenues	<u>100,750</u>	<u>100,750</u>	<u>60,537</u>	<u>(40,213)</u>
<b>Expenditures:</b>				
Current:				
Public safety:				
Fire control	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>100,750</u>	<u>100,750</u>	<u>60,537</u>	<u>(40,213)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(101,089)	(101,828)	(101,828)	-
Total other financing sources (uses)	<u>(101,089)</u>	<u>(101,828)</u>	<u>(101,828)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(339)	(1,078)	(41,291)	(40,213)
<b>Fund Balances - Beginning</b>	<u>119,059</u>	<u>119,059</u>	<u>119,059</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 118,720</u>	<u>\$ 117,981</u>	<u>\$ 77,768</u>	<u>\$ (40,213)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses and permits	\$ 400,000	\$ 400,000	\$ 291,199	\$ (108,801)
Charges for services	68,000	68,000	37,514	(30,486)
Investment earnings	375	375	159	(216)
Total revenues	<u>468,375</u>	<u>468,375</u>	<u>328,872</u>	<u>(139,503)</u>
<b>Expenditures:</b>				
Current:				
General government	<u>503,659</u>	<u>510,177</u>	<u>406,377</u>	<u>103,800</u>
Total expenditures	<u>503,659</u>	<u>510,177</u>	<u>406,377</u>	<u>103,800</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(35,284)</u>	<u>(41,802)</u>	<u>(77,505)</u>	<u>(35,703)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	18,867	18,867	-
Total other financing sources and uses	<u>-</u>	<u>18,867</u>	<u>18,867</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(35,284)</u>	<u>(22,935)</u>	<u>(58,638)</u>	<u>(35,703)</u>
<b>Fund Balances - Beginning</b>	<u>58,629</u>	<u>58,629</u>	<u>58,629</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 23,345</u>	<u>\$ 35,694</u>	<u>\$ (9)</u>	<u>\$ (35,703)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenues	\$ 1,730,000	\$ 1,730,000	\$ 1,899,202	\$ 169,202
Investment earnings	3,750	3,750	6,776	3,026
Total revenues	<u>1,733,750</u>	<u>1,733,750</u>	<u>1,905,978</u>	<u>172,228</u>
<b>Expenditures:</b>				
Current:				
Public safety:				
Police	148,000	148,000	130,973	17,027
Transportation:				
Roads & streets	295,000	558,748	418,917	139,831
Total expenditures	<u>443,000</u>	<u>706,748</u>	<u>549,890</u>	<u>156,858</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,290,750</u>	<u>1,027,002</u>	<u>1,356,088</u>	<u>329,086</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(2,146,400)	(977,092)	(912,586)	64,506
Total other financing sources (uses)	<u>(2,146,400)</u>	<u>(977,092)</u>	<u>(912,586)</u>	<u>64,506</u>
<b>Net Change in Fund Balances</b>	<u>(855,650)</u>	<u>49,910</u>	<u>443,502</u>	<u>393,592</u>
<b>Fund Balances - Beginning</b>	<u>958,190</u>	<u>958,190</u>	<u>958,190</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 102,540</u>	<u>\$ 1,008,100</u>	<u>\$ 1,401,692</u>	<u>\$ 393,592</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2011

	<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>
<b>Revenues:</b>				
Investment earnings	\$ 1,500	\$ 1,500	\$ 1,657	\$ 157
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>1,657</u>	<u>157</u>
<b>Expenditures:</b>				
Debt Service:				
Principal	470,000	470,000	470,000	-
Interest and fiscal charges	162,256	162,256	162,256	-
Total expenditures	<u>632,256</u>	<u>632,256</u>	<u>632,256</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<u>(630,756)</u>	<u>(630,756)</u>	<u>(630,599)</u>	<u>157</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	631,806	636,410	636,410	-
Total other financing sources (uses)	<u>631,806</u>	<u>636,410</u>	<u>636,410</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	1,050	5,654	5,811	157
<b>Fund Balances - Beginning</b>	<u>488,330</u>	<u>488,330</u>	<u>488,330</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 489,380</u>	<u>\$ 493,984</u>	<u>\$ 494,141</u>	<u>\$ 157</u>



## **FIDUCIARY FUNDS**

### **Pension Trust Funds**

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

CITY OF CLERMONT, FLORIDA

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

September 30, 2011

	<u>General Employees</u>		<u>Police Officers Pension Trust</u>	<u>Firefighters Pension Trust</u>	<u>Total Employee Pension Funds</u>
	<u>Defined Benefit</u>	<u>Defined Contribution</u>			
<b>Assets:</b>					
Cash and cash equivalents	\$ 8,733	\$ -	\$ 147,360	\$ 92,056	\$ 248,149
Receivables:					
Employer contribution receivable	3,051	-	-	-	3,051
Due from other governments	-	-	-	5,998	5,998
Total receivables	3,051	-	-	5,998	9,049
Investments:					
U.S. Government & other debt securities	209,110	-	3,528,475	2,204,236	5,941,821
Equities	267,331	4,158,710	4,510,881	2,817,945	11,754,867
Total Investments	476,441	4,158,710	8,039,356	5,022,181	17,696,688
Total assets	488,225	4,158,710	8,186,716	5,120,235	17,953,886
<b>Liabilities:</b>					
Refunds payable and other	-	-	119,907	49,967	169,874
Total liabilities	-	-	119,907	49,967	169,874
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 488,225</b>	<b>\$ 4,158,710</b>	<b>\$ 8,066,809</b>	<b>\$ 5,070,268</b>	<b>\$ 17,784,012</b>

CITY OF CLERMONT, FLORIDA

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

For the Year Ended September 30, 2011

	<u>General Employees</u>		<u>Police Officers Pension Trust</u>	<u>Firefighters Pension Trust</u>	<u>Total Employee Pension Funds</u>
	<u>Defined Benefit</u>	<u>Defined Contribution</u>			
<b>Additions:</b>					
Contributions:					
Employer	\$ 3,051	\$ 427,806	\$ 743,926	\$ 646,435	\$ 1,821,218
Plan members	-	-	94,705	30,335	125,040
State	-	-	212,565	173,011	385,576
Total contributions	<u>3,051</u>	<u>427,806</u>	<u>1,051,196</u>	<u>849,781</u>	<u>2,331,834</u>
Investment earnings:					
Net increase (decrease) in fair value of investments	10,636	36,781	18,538	(10,967)	54,988
Total net investment earnings	<u>10,636</u>	<u>36,781</u>	<u>18,538</u>	<u>(10,967)</u>	<u>54,988</u>
Total additions	13,687	464,587	1,069,734	838,814	2,386,822
<b>Deductions:</b>					
Benefits/distributions	70,296	424,876	159,965	1,512	656,649
Administrative expenses	2,106	22,049	30,874	11,639	66,668
Total deductions	<u>72,402</u>	<u>446,925</u>	<u>190,839</u>	<u>13,151</u>	<u>723,317</u>
<b>Change in Net Assets</b>	(58,715)	17,662	878,895	825,663	1,663,505
<b>Net Assets Held in Trust for Pension Benefits</b>					
<b>Beginning of Year</b>	<u>546,940</u>	<u>4,141,048</u>	<u>7,187,914</u>	<u>4,244,605</u>	<u>16,120,507</u>
<b>End of Year</b>	<u>\$ 488,225</u>	<u>\$ 4,158,710</u>	<u>\$ 8,066,809</u>	<u>\$ 5,070,268</u>	<u>\$ 17,784,012</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.

<b>Contents</b>	<b>Page</b>
Financial Trends	84
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	94
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	99
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
There are no limitations placed upon the amount of debt the City of Clermont may issue by either the City Charter or the City's Code of Ordinances or by Florida Statutes.	
The City of Clermont has no general obligation bonds outstanding.	
Demographic and Economic Information	104
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	108
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

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

	Fiscal Year			
	2002	2003	2004	2005
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	*	*	\$ 10,959	\$ 12,118
Restricted	*	*	3,121	4,800
Unrestricted	*	*	5,619	8,125
<b>Total governmental activities net assets</b>	<b>*</b>	<b>*</b>	<b>\$ 19,699</b>	<b>\$ 25,043</b>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	*	*	\$ 12,054	\$ 12,082
Restricted	*	*	22,601	27,573
Unrestricted	*	*	9,903	13,414
<b>Total business-type activities net assets</b>	<b>*</b>	<b>*</b>	<b>\$ 44,558</b>	<b>\$ 53,069</b>
<b>Primary government</b>				
Invested in capital assets, net of related debt	*	*	\$ 23,013	\$ 24,200
Restricted	*	*	25,722	32,373
Unrestricted	*	*	15,522	21,539
<b>Total primary government net assets</b>	<b>*</b>	<b>*</b>	<b>\$ 64,257</b>	<b>\$ 78,112</b>

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

<b>Fiscal Year</b>					
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
\$ 15,777	\$ 15,825	\$ 27,462	\$ 33,938	\$ 33,817	\$ 34,894
5,935	7,830	8,959	6,526	6,693	7,381
8,693	14,459	11,946	13,608	13,988	12,465
<u>\$ 30,405</u>	<u>\$ 38,114</u>	<u>\$ 48,367</u>	<u>\$ 54,072</u>	<u>\$ 54,498</u>	<u>\$ 54,740</u>
\$ 15,864	\$ 24,837	\$ 46,569	\$ 54,834	\$ 55,540	\$ 56,430
33,732	36,931	13,899	10,437	17,293	9,241
13,447	10,841	18,103	17,801	11,407	19,376
<u>\$ 63,043</u>	<u>\$ 72,609</u>	<u>\$ 78,571</u>	<u>\$ 83,072</u>	<u>\$ 84,240</u>	<u>\$ 85,047</u>
\$ 31,641	\$ 40,662	\$ 74,031	\$ 88,772	\$ 89,357	\$ 91,324
39,667	44,761	22,858	16,963	23,986	16,622
22,140	25,300	30,049	31,409	25,395	31,841
<u>\$ 93,448</u>	<u>\$ 110,723</u>	<u>\$ 126,938</u>	<u>\$ 137,144</u>	<u>\$ 138,738</u>	<u>\$ 139,787</u>

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

(accrual basis of accounting)  
(amounts expressed in thousands)

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental activities:				
General government	*	*	\$ 2,337	\$ 2,617
Public safety	*	*	4,688	5,773
Physical environment	*	*	421	278
Transportation/public works	*	*	1,056	1,172
Economic environment	*	*	32	13
Human services	*	*	132	149
Culture and recreation	*	*	1,742	1,816
Interest on long-term debt	*	*	350	255
Total governmental activities expenses	*	*	10,758	12,073
Business-type activities:				
Water	*	*	2,707	3,015
Sewer	*	*	3,423	3,572
Sanitation	*	*	1,617	1,817
Stormwater	*	*	266	287
Total business-type activities expenses	*	*	8,013	8,691
Total primary government expenses	*	*	\$ 18,771	\$ 20,764
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	*	*	\$ 963	\$ 1,042
Public safety	*	*	807	912
Transportation/public works	*	*	250	36
Culture and recreation	*	*	1,009	463
Operating grants and contributions	*	*	591	512
Capital grants and contributions	*	*	-	1,644
Total governmental activities program revenues	*	*	3,620	4,609
Business-type activities:				
Charges for services:				
Water	*	*	\$ 4,342	\$ 4,320
Sewer	*	*	2,832	3,295
Sanitation	*	*	1,811	2,088
Stormwater	*	*	571	627
Operating grants and contributions	*	*	105	138
Capital grants and contributions	*	*	7,095	6,287
Total business-type activities program revenues	*	*	16,756	16,755
Total primary government program revenues	*	*	\$ 20,376	\$ 21,364

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

		<b>Fiscal Year</b>					
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>		
\$ 3,232	\$ 3,297	\$ 4,204	\$ 4,747	\$ 4,287	\$ 3,643		
7,109	8,783	10,330	10,775	12,459	12,531		
382	470	514	364	319	279		
1,322	1,255	1,544	1,164	1,768	1,661		
181	52	48	101	50	102		
77	130	107	0	0	0		
1,851	2,441	2,061	2,082	2,055	1,822		
285	226	459	326	175	156		
<u>14,439</u>	<u>16,654</u>	<u>19,267</u>	<u>19,559</u>	<u>21,113</u>	<u>20,194</u>		
3,427	2,987	3,737	3,990	4,316	4,461		
4,024	3,896	4,521	4,489	5,927	6,022		
1,731	1,816	2,123	2,086	2,169	2,364		
316	427	549	534	848	955		
<u>9,498</u>	<u>9,126</u>	<u>10,930</u>	<u>11,099</u>	<u>13,260</u>	<u>13,802</u>		
<u>\$ 23,937</u>	<u>\$ 25,780</u>	<u>\$ 30,197</u>	<u>\$ 30,658</u>	<u>\$ 34,373</u>	<u>\$ 33,996</u>		
\$ 1,037	\$ 1,116	\$ 1,582	\$ 1,854	\$ 1,857	\$ 1,695		
1,158	1,105	975	1,203	665	355		
-	-	-	-	-	-		
1,566	882	761	99	872	539		
523	923	1,047	921	1,162	1,237		
105	2,518	7,330	3,307	134	129		
<u>4,389</u>	<u>6,544</u>	<u>11,695</u>	<u>7,384</u>	<u>4,690</u>	<u>3,955</u>		
\$ 4,839	\$ 5,502	\$ 5,654	\$ 4,909	\$ 4,817	\$ 5,377		
3,784	4,242	4,422	4,655	4,852	5,065		
2,236	2,402	2,515	2,560	2,613	2,688		
689	729	766	801	829	855		
11	38	700	-	-	-		
6,408	3,676	1,480	2,137	1,544	999		
<u>17,967</u>	<u>16,589</u>	<u>15,537</u>	<u>15,062</u>	<u>14,655</u>	<u>14,984</u>		
<u>\$ 22,356</u>	<u>\$ 23,133</u>	<u>\$ 27,232</u>	<u>\$ 22,446</u>	<u>\$ 19,345</u>	<u>\$ 18,939</u>		

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

(accrual basis of accounting)  
(amounts expressed in thousands)

	Fiscal Year			
	2002	2003	2004	2005
Net (expense)/revenue				
Governmental activities	*	*	\$ (7,138)	\$ (7,464)
Business-type activities	*	*	8,743	8,064
Total primary government net expense	*	*	\$ 1,605	\$ 600
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes				
Property taxes	*	*	\$ 3,371	\$ 4,417
Franchise fees	*	*	1,128	1,357
Utility taxes			1,382	1,552
Unrestricted intergovernmental revenues	*	*	3,279	3,923
Unrestricted investment earnings and miscellaneous revenues	*	*	186	1,181
Transfers	*	*	385	377
Total governmental activities	*	*	9,731	12,807
Business-type activities:				
Investment earnings	*	*	\$ 390	\$ 825
Transfers	*	*	(385)	(377)
Total business-type activities	*	*	5	448
Total primary government	*	*	\$ 9,736	\$ 13,255
<b>Change in Net Assets</b>				
Governmental activities	*	*	\$ 2,593	\$ 5,343
Business-type activities	*	*	8,748	8,512
Total primary government	*	*	\$ 11,341	\$ 13,855

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

<b>Fiscal Year</b>					
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
\$ (10,050)	\$ (10,110)	\$ (7,572)	\$ (12,175)	\$ (16,422)	\$ (16,240)
8,469	7,463	4,605	3,964	1,395	1,182
<u>\$ (1,581)</u>	<u>\$ (2,647)</u>	<u>\$ (2,967)</u>	<u>\$ (8,211)</u>	<u>\$ (15,027)</u>	<u>\$ (15,058)</u>
\$ 5,665	\$ 7,452	\$ 7,749	\$ 7,601	\$ 6,844	\$ 5,966
1,714	1,808	1,911	2,151	2,373	2,285
1,782	1,881	1,992	2,152	2,558	2,568
4,953	4,952	4,776	4,458	4,503	4,664
835	1,216	901	1,050	525	478
464	509	496	469	443	520
<u>15,413</u>	<u>17,818</u>	<u>17,825</u>	<u>17,881</u>	<u>17,246</u>	<u>16,481</u>
\$ 1,968	\$ 2,612	\$ 1,853	\$ 1,005	\$ 360	\$ 145
(464)	(509)	(496)	(469)	(443)	(520)
1,504	2,103	1,357	536	(83)	(375)
<u>\$ 16,917</u>	<u>\$ 19,921</u>	<u>\$ 19,182</u>	<u>\$ 18,417</u>	<u>\$ 17,163</u>	<u>\$ 16,106</u>
\$ 5,363	\$ 7,708	\$ 10,253	\$ 5,706	\$ 824	\$ 241
9,973	9,566	5,961	4,500	1,312	807
<u>\$ 15,336</u>	<u>\$ 17,274</u>	<u>\$ 16,214</u>	<u>\$ 10,206</u>	<u>\$ 2,136</u>	<u>\$ 1,048</u>

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

(modified accrual basis of accounting)

(amounts expressed in thousands)

	<b>Fiscal Year</b>			
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
General fund				
Reserved	\$ 162	\$ 167	\$ 168	\$ 198
Unreserved	2,559	3,110	4,207	5,758
Total general fund	<u>\$ 2,721</u>	<u>\$ 3,277</u>	<u>\$ 4,375</u>	<u>\$ 5,956</u>
All other governmental funds				
Reserved	\$ 512	\$ 760	\$ 894	\$ 1,083
Unreserved, reported in:				
Special revenue funds	1,003	2,318	3,410	5,028
Capital projects fund	4,423	106	-	926
Total all other governmental funds	<u>\$ 5,938</u>	<u>\$ 3,184</u>	<u>\$ 4,304</u>	<u>\$ 7,037</u>

**Post GASB 54**

	<b>2011</b>
General fund	
Non spendable	\$ 335
Restricted	175
Assigned	912
Unassigned	10,048
Total general fund	<u>\$ 11,470</u>
All other governmental funds	
Non spendable	\$ 848
Restricted	6,359
Assigned	2,854
Unassigned	(1)
Total all other governmental funds	<u>\$ 10,060</u>

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

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

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>Revenues</b>				
Taxes	\$ 5,752	\$ 6,794	\$ 6,791	\$ 8,391
Licenses and permits	253	277	467	484
Intergovernmental revenue	1,408	1,152	2,758	5,216
Charges for services	367	378	381	389
Fines and forfeitures	112	114	125	164
Impact fees/special assessments	1,314	1,424	1,592	1,152
Investment income	141	145	107	267
Miscellaneous	177	219	541	310
<b>Total revenues</b>	<b>9,524</b>	<b>10,503</b>	<b>12,762</b>	<b>16,373</b>
<b>Expenditures</b>				
General government	\$ 1,117	\$ 1,338	\$ 1,432	\$ 2,053
Public Safety	3,118	3,606	4,274	5,285
Physical environment	42	35	278	318
Transportation	622	806	1,055	917
Economic environment	44	39	32	33
Human services	58	89	122	139
Culture and recreation	1,162	1,316	1,009	1,025
Capital outlay	3,205	5,351	2,752	2,484
Debt service				
Principal	396	236	507	855
Interest	92	257	268	258
Other charges	211	-	-	-
<b>Total expenditures</b>	<b>10,067</b>	<b>13,073</b>	<b>11,729</b>	<b>13,367</b>
Excess of revenues over (under) expenditures	\$ (543)	\$ (2,570)	\$ 1,033	\$ 3,006
<b>Other financing sources (uses)</b>				
Transfers in	\$ 1,468	\$ 1,182	\$ 1,217	\$ 1,081
Transfers out	(1,378)	(863)	(832)	(704)
Debt issuance	6,965	27	800	-
Sale of capital assets	-	-	-	931
Payments to refunded bond escrow agent	(2,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>5,055</b>	<b>346</b>	<b>1,185</b>	<b>1,308</b>
<b>Net change in fund balances</b>	<b>\$ 4,512</b>	<b>\$ (2,224)</b>	<b>\$ 2,218</b>	<b>\$ 4,314</b>
Debt service as a percentage of noncapital expenditures	10.2%	6.4%	8.6%	10.2%

<b>Fiscal Year</b>						
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	
\$ 10,327	\$ 11,141	\$ 11,652	\$ 11,903	\$ 11,775	\$ 10,819	
456	491	835	674	678	528	
4,211	8,340	11,977	8,666	5,733	6,059	
407	462	643	1,103	1,036	1,013	
226	175	321	178	189	186	
2,444	1,717	1,209	903	1,131	582	
738	1,101	687	848	379	148	
505	391	1,683	444	522	612	
<u>19,314</u>	<u>23,818</u>	<u>29,007</u>	<u>24,719</u>	<u>21,443</u>	<u>19,947</u>	
\$ 2,694	\$ 3,079	\$ 3,640	\$ 3,654	\$ 4,081	\$ 3,272	
6,452	9,141	10,999	10,275	11,212	11,625	
343	461	497	490	309	275	
967	1,189	2,976	1,129	1,620	1,472	
38	48	48	102	50	102	
75	129	105	-	-	-	
1,259	1,556	10,024	1,893	1,878	1,792	
10,235	94	1,909	1,738	643	1,923	
868	449	8,176	6,259	493	470	
244	440	465	375	181	162	
-	-	-	-	-	-	
<u>23,175</u>	<u>16,586</u>	<u>38,839</u>	<u>25,915</u>	<u>20,467</u>	<u>21,093</u>	
\$ (3,861)	\$ 7,232	\$ (9,832)	\$ (1,196)	\$ 976	\$ (1,146)	
\$ 1,676	\$ 1,265	\$ 6,468	\$ 6,684	\$ 2,088	\$ 3,274	
(1,212)	(756)	(5,971)	(6,232)	(1,645)	(2,776)	
5,250	-	8,250	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>5,714</u>	<u>509</u>	<u>8,747</u>	<u>452</u>	<u>443</u>	<u>498</u>	
<u>\$ 1,853</u>	<u>\$ 7,741</u>	<u>\$ (1,085)</u>	<u>\$ (744)</u>	<u>\$ 1,419</u>	<u>\$ (648)</u>	
9.3%	7.1%	23.4%	28.9%	3.6%	3.3%	

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Franchise Fees</b>	<b>Utility Tax</b>	<b>Total</b>
2002	\$ 2,038	\$ 806	\$ 1,855	\$ 4,699
2003	2,592	922	1,981	5,495
2004	3,305	1,128	2,292	6,725
2005	4,321	1,357	2,617	8,295
2006	5,488	1,714	2,948	10,150
2007	7,155	1,808	3,138	12,101
2008	7,749	1,911	1,992	11,652
2009	7,601	2,151	2,152	11,904
2010	6,844	2,373	2,558	11,775
2011	5,966	2,285	2,568	10,819

**Taxes Included in Unrestricted Intergovernmental Revenues**

<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>State Revenue Sharing</b>	<b>Local Option Gas Tax</b>	<b>Total</b>
2002	\$ 464	\$ 192	\$ 226	\$ 882
2003	541	207	243	991
2004	781	242	268	1,291
2005	930	328	275	1,533
2006	1,157	368	286	1,811
2007	1,210	388	325	1,923
2008	1,139	356	300	1,795
2009	1,033	302	289	1,624
2010	1,053	299	322	1,674
2011	1,100	328	306	1,734

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

<b>Fiscal Year Ended Sep 30</b>	<b>Real* Property</b>	<b>Personal Property</b>	<b>Less: Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
2002	626,840	72,610	128,222	571,228	3.729	699,450	81.67%
2003	793,583	92,764	166,209	720,138	3.729	886,347	81.25%
2004	1,041,341	112,546	238,373	915,514	3.729	1,153,887	79.34%
2005	1,363,931	133,687	299,162	1,198,456	3.729	1,497,618	80.02%
2006	1,771,503	153,086	382,885	1,541,704	3.729	1,924,589	80.11%
2007	2,466,549	171,470	620,750	2,017,269	3.142	2,638,019	76.47%
2008	2,975,139	186,835	676,371	2,485,603	3.142	3,161,974	78.61%
2009	3,022,925	195,808	792,997	2,425,736	3.142	3,218,733	75.36%
2010	2,592,111	211,950	599,821	2,204,240	3.142	2,804,061	78.61%
2011	2,171,815	209,726	598,187	1,783,354	3.142	2,381,541	74.88%

Source: Lake County Property Appraisers Office

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

**City of Clermont, Florida**  
**Property Tax Rates**  
**Direct and Overlapping<sup>1</sup> Governments**  
**Last Ten Fiscal Years<sup>2</sup>**

(per \$1,000 of assessed value)

Fiscal Year	Direct Rate	Overlapping Rates							Total Direct & Overlapping Rates
	City of Clermont Operating Millage	Lake County Operating Millage	Lake County Voted Debt Service	Lake County Ambulance MSTU	Lake County School District	South Lake Hospital District	Lake County Water Authority	St. Johns River Water Management District	
2002	3.7290	5.1170	0.0000	0.5289	8.2020	1.0000	0.5000	0.4620	19.5389
2003	3.7290	5.9170	0.0000	0.5289	8.3950	1.0000	0.4819	0.4620	20.5138
2004	3.7290	5.9170	0.0000	0.5289	8.4400	1.0000	0.4080	0.4620	20.4849
2005	3.7290	5.8170	0.0000	0.5289	7.9900	1.0000	0.3831	0.4620	19.9100
2006	3.7290	5.7970	0.0000	0.5289	7.9810	1.0000	0.3370	0.4620	19.8349
2007	3.1420	5.7470	0.2000	0.5289	7.6480	1.0000	0.2530	0.4620	18.9809
2008	3.1420	4.7410	0.2000	0.4651	7.6980	0.8666	0.2130	0.4158	17.7415
2009	3.1420	4.6511	0.1101	0.4651	7.5170	0.8666	0.2130	0.4158	17.3807
2010	3.1420	4.6511	0.1101	0.4651	7.5320	0.8666	0.2130	0.4158	17.3957
2011	3.1420	4.7309	0.1101	0.3853	7.5230	0.8666	0.2405	0.4158	17.4142

Source: Lake County Property Appraisers Office

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

<sup>2</sup> Taxes levied for the fiscal year are based on the prior year taxable value.

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

<u>Taxpayer</u>	<u>2011</u>			<u>2002</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
John P. Adams & Ann D. Adams Family LP	\$ 26,014	1	1.46%			
Fountains at Clermont LLC	17,332	2	0.97%			
Westdale Sundance LDT	16,387	3	0.92%			
Citrus Tower Development	14,386	4	0.81%			
Weingarten I-4 Clermont Landing	12,293	5	0.69%			
South Lake Hospital, Inc.	12,012	6	0.67%			
Village at East Lake	11,655	7	0.65%	\$ 9,573	4	1.68%
Progress Energy Florida Inc.	10,730	8	0.60%	10,119	3	1.77%
Wal-Mart Stores East LP	10,106	9	0.57%			
Target Corporation	9,236	10	0.52%			
Clermont Center LTD				11,289	1	1.98%
Lennar Land Partners				10,219	2	1.79%
Lucas Clermont Ltd Partnership				7,473	5	1.31%
Sprint Florida Inc				7,967	6	1.39%
HEP-8-Cler LC				6,145	7	1.08%
Osprey Ridge Apartments Inc.				6,077	8	1.06%
Florida Power Corporation				6,522	9	1.14%
Mercator Properties, Inc.				5,581	10	0.98%
<b>TOTAL</b>	<u><u>\$140,151</u></u>		<u><u>6.36%</u></u>	<u><u>\$ 80,965</u></u>		<u><u>14.17%</u></u>

Source: Lake County Property Appraiser

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

<b>Fiscal Year Ended September</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Fiscal Year of the Levy</b>	<b>Percentage</b>		<b>Amount</b>	<b>Percentage</b>
		<b>Amount</b>	<b>of Levy</b>		<b>Amount</b>	<b>of Levy</b>
2002	2,130	2,054	96.4%	10	2,064	96.9%
2003	2,685	2,586	96.3%	9	2,595	96.6%
2004	3,414	3,293	96.5%	10	3,303	96.8%
2005	4,469	4,310	96.4%	5	4,315	96.6%
2006	5,749	5,544	96.4%	-	5,544	96.4%
2007	7,518	7,155	95.2%	17	7,172	95.4%
2008	7,810	7,425	95.1%	15	7,440	95.3%
2009	7,622	7,243	95.0%	22	7,265	95.3%
2010	6,814	6,536	95.9%	5	6,541	96.0%
2011	5,914	5,698	96.3%	15	5,713	96.6%

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

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

(amounts expressed in thousands, except per capita amount)

Fiscal Year Ended Sept	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	Revenue Bonds	Notes Payable	Water & Sewer Refunding Revenue Bonds			
2002	\$ 6,965	\$ 459	\$ 17,935	\$ 25,359	*	\$ 1,849
2003	6,965	381	17,935	25,281	*	1,643
2004	6,575	1,064	17,935	25,574	*	1,449
2005	6,180	605	17,835	24,620	*	1,230
2006	5,775	5,392	17,685	28,852	5.66%	1,312
2007	5,360	5,358	17,455	28,173	5.63%	1,231
2008	4,935	5,857	17,065	27,857	4.00%	1,187
2009	4,495	38	16,655	21,188	2.95%	876
2010	4,040	0	16,640	20,680	2.84%	720
2011	3,570	0	16,105	19,675	2.63%	670

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

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

\* Information is not available.

**City of Clermont, Florida**  
**Direct and Overlapping Governmental Activities Debt**  
**September 30, 2011**

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

	<u>Total Outstanding</u>	<u>Percentage Applicable to City of Clermont</u> <sup>(1)</sup>	<u>Amount Applicable to City of Clermont</u>
Direct:			
City of Clermont	\$ 3,570	100%	\$ 3,570
Overlapping:			
Lake County	28,500	11%	3,135
School District of Lake County	35,725	11%	3,930
<hr/>			
<b>Total direct and overlapping debt payable from ad valorem taxes</b>	<b>\$ 67,795</b>		<b>\$ 10,635</b>
<hr/>			
Estimated Population			29,358
<hr/>			
Total direct and overlapping debt per capita			\$ 362.24

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

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

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

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

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Public Improvement Revenue Bonds, Series 2002

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Fiscal Year	Public Service Taxes	Communications Service Tax	Half-Cent Sales Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
					Principal	Interest	
2002	\$1,054,652	\$ 800,177	\$ 464,290	\$ 2,319,119	\$ - <sup>1</sup>	\$ 254,188	9.12
2003	1,172,270	808,813	540,717	2,521,800	390,000	250,775	3.94
2004	1,381,779	910,725	780,863	3,073,367	395,000	243,166	4.82
2005	1,552,000	1,063,454	929,740	3,545,194	405,000	233,653	5.55
2006	1,781,626	1,163,971	1,156,694	4,102,291	415,000	222,372	6.44
2007	1,881,092	1,253,425	1,209,748	4,344,265	415,000	228,338	6.75
2008	1,992,018	1,279,653	1,139,315	4,410,986	425,000	209,606	6.95
2009	2,151,318	1,257,344	1,033,141	4,441,803	440,000	195,106	6.99
2010	2,558,281	1,266,696	1,053,073	4,878,050	455,000	179,159	7.69
2011	2,568,141	1,233,789	1,100,125	4,902,055	470,000	161,806	7.76

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

<sup>1</sup> 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**

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Sales Tax Revenue Bonds, Series 1989

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Fiscal Year	State Infrastructure Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
			Principal	Interest	
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	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2005	1,538,498	1,538,498	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2006	1,934,455	1,934,455	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2007	1,920,486	1,920,486	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2008	1,900,640	1,900,640	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2009	1,764,949	1,764,949	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2010	1,780,177	1,780,177	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
2011	1,899,202	1,899,202	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>

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

<sup>1</sup> All outstanding revenue bonds were paid in full as of June 1, 2003.

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

Water and Sewer Revenue and Refunding Bonds						
Fiscal Year	Water and Sewer Operating Revenues <sup>1</sup>	Water and Sewer Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2002	\$ 5,124,778	\$ 2,952,556	\$ 2,172,222	\$ - <sup>3</sup>	\$ 932,128	2.33
2003	5,901,907	3,461,216	2,440,691	- <sup>3</sup>	932,128	2.62
2004	7,261,239	4,339,959	2,921,280	- <sup>3</sup>	932,128	3.13
2005	7,841,830	4,773,639	3,068,191	100,000	929,928	2.98
2006	9,421,834	5,456,689	3,965,145	150,000	924,353	3.69
2007	12,875,170	8,820,932	4,054,238	230,000	915,802	3.54
2008	10,075,706	7,192,314	2,883,392	390,000	892,688	2.25
2009	10,561,949	6,511,487	4,050,462	410,000	883,206	3.13
2010	10,001,836	6,999,096	3,002,740	430,000	744,892 <sup>4</sup>	2.56
2011	10,561,295	7,080,592	3,480,703	535,000	660,640	2.91

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

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

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

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

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

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

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income (amounts expressed in thousands)</b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Median Age<sup>2</sup></b>	<b>Education Level in Years of Formal Schooling<sup>2</sup></b>	<b>School Enrollment<sup>3</sup></b>	<b>Unemployment Rate<sup>4</sup></b>
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	5,640	3.3%
2007	22,882	500,338	21,866	36.8	13.6	5,915	3.8%
2008	23,476	696,040	29,649	39.6	13.2	5,436	7.1%
2009	24,199	717,597	29,654	39.7	13.2	4,900	12.3%
2010	28,742	727,000	25,294	36.8	13.6	5,024	12.4%
2011	29,358	748,482	25,495	40.9	13.6	5,116	10.6%

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

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

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

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

*Note: Unemployment rate information 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>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Total City Employment	20,604			8,114		
South Lake Hospital, Inc.	1,200	1	5.82%	608	1	7.49%
Lake County Sheriff's Office	774	2	3.76%			
Lake County School System	465	3	2.26%	435	2	5.36%
Publix Supermarkets	359	4	1.74%	215	3	2.65%
Lowe's	320	5	1.55%			
Target Corporation	310	6	1.50%			
Walmart	282	7	1.37%			
City of Clermont	261	8	1.27%	162	5	2.00%
Winn Dixie	207	9	1.00%	105	7	
Progressive Plumbing Inc	200	10	0.97%	85	9	1.05%
Westminister Care of Clermont				200	4	2.46%
Kmart				120	6	1.48%
CBS Builders Supply Inc.				100	8	1.23%
Kash-N-Karry				65	10	0.80%
<b>TOTAL</b>	<u><u>3,178</u></u>		<u><u>15.42%</u></u>	<u><u>1,487</u></u>		<u><u>18.33%</u></u>

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

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

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow<sup>1</sup></u>	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow</u>
Kings Ridge	276,474	1	12.15%	*	*	*
City of Clermont	27,054	2	1.19%	*	*	*
South Lake Hospital	24,737	3	1.09%	*	*	*
Lake County Schools	24,249	4	1.07%	*	*	*
Westminster Comm Care Service	15,790	5	0.69%	*	*	*
Gardens at Citrus Tower	12,300	6	0.54%	*	*	*
The Vista at Lost Lake	11,701	7	0.51%	*	*	*
Sundance Clermont Apartments	8,574	8	0.38%	*	*	*
Osprey Ridge Apartments LTD	8,131	9	0.36%	*	*	*
Emerald Lakes of Clermont	7,817	10	0.34%	*	*	*
<b>TOTAL</b>	<u>416,827</u>		<u>18.31%</u>	<u>*</u>		<u>*</u>

<sup>1</sup> The City of Clermont had a total metered water flow of approximately 2,275,936,180 gallons for the 12-month period ending September 30, 2011

\* Information is not available.

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

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow<sup>1</sup></u>	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow</u>
South Lake Hospital	26,264	1	1.78%	*	*	*
Lake County Schools	17,928	2	1.21%	*	*	*
The Vista at Lost Lake	14,102	3	0.95%	*	*	*
Westminster Comm Care Service	13,901	4	0.94%	*	*	*
Village at East Lake	11,096	5	0.75%	*	*	*
Hwy 27 17156 LLC (BP)	3,795	6	0.26%	*	*	*
Olive Garden	3,599	7	0.24%	*	*	*
Walmart	3,265	8	0.22%	*	*	*
Empirian Property Management	3,105	9	0.21%	*	*	*
Superior Residences of Clermont	2,443	10	0.17%	*	*	*
<b>TOTAL</b>	<b>99,498</b>		<b>6.73%</b>	<b>*</b>		<b>*</b>

<sup>1</sup> The City of Clermont had a total metered water flow for wastewater billing purposes of approximately 1,477,656,774 gallons for the 12-month period ending September 30, 2011

\* 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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Government	17.00	23.00	22.50	25.50
Public Safety:				
Police				
Sworn personnel	29.00	31.00	34.00	38.00
Non sworn personnel	10.00	11.00	12.00	16.00
Fire				
Firefighters	12.00	13.00	19.00	22.00
Other personnel	1.00	1.00	1.00	1.00
Physical Environment	-	0.50	7.50	7.50
Transportation	11.35	13.16	13.25	13.25
Human Services	1.00	1.75	2.25	2.25
Culture & Recreation	20.75	23.50	19.45	19.45
Water	18.72	20.32	22.90	23.40
Sewer	19.02	19.22	25.80	25.30
Stormwater	2.20	4.49	4.65	4.65
Sanitation	8.96	9.06	8.70	8.70
Total	<u>151.00</u>	<u>171.00</u>	<u>193.00</u>	<u>207.00</u>

Source: City of Clermont Administrative Services Department.

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

<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
27.50	30.50	30.50	31.00	28.00	27.00
45.00	51.00	53.00	53.00	57.00	57.00
16.00	16.00	17.00	17.00	16.00	5.00
38.00	45.00	49.00	47.85	48.00	48.00
2.00	2.00	2.00	2.00	2.00	2.00
10.00	10.00	10.00	11.65	10.90	5.40
13.70	15.20	15.60	15.60	15.35	13.50
2.00	2.00	2.00	0.00	0.00	0.00
22.20	26.20	26.60	25.60	21.10	22.00
25.40	26.90	29.40	29.40	29.15	29.15
26.30	27.80	26.30	26.30	26.05	25.85
7.20	8.70	8.80	8.80	9.15	9.40
8.70	14.70	16.80	16.80	16.30	16.70
<u>244.00</u>	<u>276.00</u>	<u>287.00</u>	<u>285.00</u>	<u>279.00</u>	<u>261.00</u>

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

Function	Fiscal Year			
	2002	2003	2004	2005
<b>General Government</b>				
Municipal boundary (square miles)	11.18	11.88	11.97	12.45
Business Tax Receipts issued	1,290	1,468	1,551	1,795
A/P Checks issued	4,808	4,940	4,967	5,415
Commercial construction (units)	39	22	24	23
Commercial construction (value in thousands)	52,343	18,758	14,272	7,115
Residential construction (units)	829	959	1,155	673
Residential construction (value in thousands)	77,470	124,837	158,458	103,672
<b>Public Safety:</b>				
<b>Police</b>				
Auto accidents	390	489	541	671
Physical arrests	465	449	414	500
911 calls received	*	*	5,580	6,262
Evidence processed (pieces)	1,123	1,075	1,054	1,127
Parking violations	36	48	87	71
Traffic violations	3,623	2,713	2,394	2,855
<b>Fire</b>				
Volunteer firefighters	34	34	34	27
Fire inspections completed	494	441	483	457
Emergency calls answered	2,271	2,506	3,093	3,321
Non-emergency calls answered	77	86	143	143
<b>Human Services</b>				
Animals captured**	521	364	562	445
<b>Water</b>				
Residential customers	8,461	10,529	12,751	14,284
Commercial customers	644	723	817	921
Annual water usage (thousands of gallons)	1,299,701	1,338,818	1,655,203	1,788,337
<b>Sewer</b>				
Residential customers	6,243	7,650	9,217	10,176
Commercial customers	581	673	767	883

Sources: Various government departments.

\* Data not available.

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

<b>Fiscal Year</b>					
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
14.13	14.37	14.42	14.43	14.76	16.11
1,985	2,141	2,263	1,771	1,833	1,843
5,664	6,023	6,440	6,042	5,722	4,875
38	24	42	19	10	3
17,534	24,433	18,859	13,223	8,357	18,020
635	324	301	204	305	151
186,189	136,477	56,578	56,092	53,202	23,558
625	1,192	1,272	972	955	1,121
707	933	842	949	854	699
7,008	6,317	6,046	6,828	5,230	5,587
1,610	1,585	1,300	1,652	1,349	1,297
161	140	145	107	137	378
5,259	5,164	5,103	4,553	4,981	6,312
27	9	8	10	6	6
625	414	880	979	2,121	896
3,132	3,048	3,177	3,155	3,112	3,822
189	198	234	434	352	805
495	652	-	-	-	-
15,733	16,394	16,959	17,375	11,376	14,174
993	1,069	1,156	1,201	1,033	1,210
2,121,588	2,654,352	2,589,664	2,312,962	2,054,236	2,275,936
11,125	11,554	11,913	12,154	11,583	12,722
955	1,031	1,120	1,158	944	1,167

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

<b>Function</b>	<b>Fiscal Year</b>			
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
General Government				
Public Safety:				
Police				
Police stations	1	1	1	1
Patrol units	29	31	34	38
Fire				
Fire stations	3	3	3	3
Staffed fire stations	2	2	2	2
Fire hydrants	940	1,064	1,200	1,431
Fire apparatus	6	7	7	8
Staffed fire apparatus	2	2	2	3
ALS non-transport units	1	2	3	3
Transportation				
Streets paved (miles)	88.74	92.90	97.00	101.39
Streetlights	1,056	1,056	1,106	1,131
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	5.7
Tennis courts	6	6	8	8
Fishing piers	4	4	4	4
Boat ramp	1	1	1	1
Libraries	1	1	1	1
Water				
Miles of water mains	88.74	88.74	92.94	97.23
Miles of sanitary sewers	39.05	39.05	41.15	44.26
Miles of storm sewers	9.11	9.11	9.53	10.27

Sources: Various government departments.

<b>Fiscal Year</b>						
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	
1	1	1	1	1	1	1
45	45	45	45	45	45	46
3	3	3	3	4	4	4
2	3	3	3	3	3	3
1,630	1,896	2,140	2,140	2,012	2,016	2,016
9	9	9	9	8	7	7
4	5	5	5	5	5	5
3	3	3	4	4	4	4
109.94	122.93	126.16	131.72	133.20	191.73	191.73
1,231	1,256	1,331	1,331	1,352	1,352	1,352
22	22	22	22	22	23	23
349.5	349.5	349.5	349.5	349.5	349.5	349.5
5.7	5.7	5.7	5.7	5.7	5.7	5.7
8	8	9	9	9	9	9
4	4	4	4	4	4	4
1	1	1	1	1	1	1
1	1	1	1	1	1	1
104.52	115.02	115.98	122.83	124.11	197.40	197.40
49.51	56.98	59.40	65.18	66.19	182.02	182.02
11.13	18.07	20.88	24.61	26.32	89.80	89.80



**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, 2011, and have issued our report thereon dated March 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

We noted certain matters that we reported to management of City of Clermont, Florida, in a separate letter dated March 5, 2012.

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

*McDiernit Davis & Company, LLC*

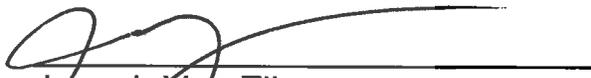
March 5, 2012



# CITY OF CLERMONT

## Affidavit of Impact Fee Compliance

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

  
\_\_\_\_\_  
Joseph Van Zile  
Administrative Services Director

The foregoing instrument was acknowledged before me this 6<sup>th</sup> day of March, 2012 by Joseph Van Zile.

  
\_\_\_\_\_  
Notary Signature & Stamp



BECKI O. YOUNG  
NOTARY PUBLIC  
STATE OF FLORIDA  
Comm# DD810071  
Expires 10/31/2012

Personally Known  or Produced Identification \_\_\_\_\_ Type of Identification Produced \_\_\_\_\_



## MANAGEMENT LETTER

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

We have audited the financial statements of the City of *Clermont, Florida*, as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 5, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 5, 2012, should be considered in conjunction with this management letter.

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

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

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

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *City of Clermont, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the *City of Clermont, Florida* for the fiscal year ended September 30, 2011 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, 2011. We determined that these two reports are in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specific parties.

*McDiernit Davis & Company, LLC*

March 5, 2012

CITY OF CLERMONT, FLORIDA

**APPENDIX A - PRIOR YEAR RECOMMENDATIONS**

Year Ended September 30, 2011

<b>No.</b>	<b>Prior Year's Observations</b>	<b>Observation is Still Relevant</b>	<b>Observation Addressed or No Longer Relevant</b>
ML 10-1	Appropriations in excess of funds available		X
ML 10-2	Deficit Net Assets		X



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, 2011. 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 December 1, 2011. Professional standards also require that we communicate to you the following information related to the audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the *City of Clermont, Florida* are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, *City of Clermont, Florida* changed accounting policies related to fund balances by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 54. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

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

**MCDIRMIT DAVIS & COMPANY, LLC**  
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### *Corrected and Uncorrected Misstatements*

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

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 5, 2012.

### *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.

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

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

Very truly yours,

*McDiernit Davis & Company, LLC*

March 5, 2012