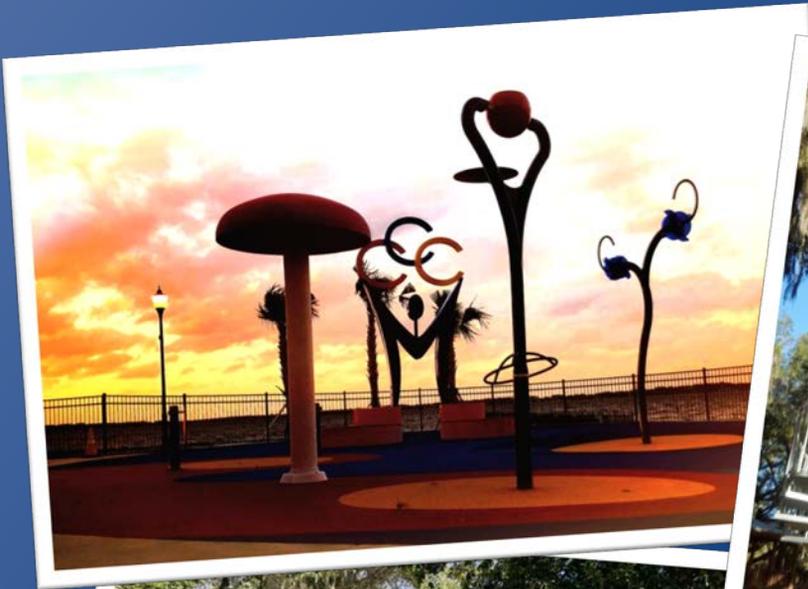


City Of Clermont Florida



*Comprehensive Annual Financial Report
Fiscal Year Ended
September 30, 2015*



Lake Hiawatha Preserve

On November 15, 2015, the City of Clermont unveiled its newest park, Lake Hiawatha Preserve. It is a 220-acre, passive park, which includes two dog parks, picnic pavilions and a playground with a working, old-fashioned water tank. The park is located at 450 N. 12th Street in Clermont.



Champions Splash Park

The City also officially opened the new Champions Splash Park located at Waterfront Park on March 27, 2015. Champions Splash Park is a colorful, 3,245 square-foot facility with aerial spray features open to children of all ages from March through October.

CITY OF CLERMONT FLORIDA

Comprehensive Annual Financial Report

For The Year Ended September 30, 2015



*Prepared by:
Finance Department*



CITY OF CLERMONT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Year Ended September 30, 2015

	<u>Page</u>
I. Introductory Section:	
Table of Contents	i
Letter of Transmittal	v
GFOA Certificate of Achievement	ix
List of Principal Officials	xi
Organizational Chart	xii
II. Financial Section:	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Infrastructure Special Revenue Fund	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Community Redevelopment Special Revenue Fund	23
Statement of Net Position - Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28
Statement of Fiduciary Net Position - Fiduciary Funds	30
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	31
Notes to Financial Statements	33
Required Supplementary Information	71
Major Governmental Funds:	79
Capital Projects Fund	80
Other Governmental Funds:	81
Combining Balance Sheet – Other Governmental Funds	82

CITY OF CLERMONT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS - Continued

Year Ended September 30, 2015

	<u>Page</u>
II. Financial Section - Continued:	
Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Other Governmental Funds	84
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Special Revenue Funds	86
Debt Service Fund	90
Combining Statement of Fiduciary Net Position	92
Combining Statement of Changes in Fiduciary Net Position	93
III. Statistical Section:	
Net Position by Component	96
Changes in Net Position	98
Fund Balances of Governmental Funds	102
Changes in Fund Balances of Governmental Funds	104
Governmental Activities Tax Revenues by Source	106
Assessed Value and Estimated Actual Value of Taxable Property	107
Property Tax Rates – Direct and Overlapping Governments	108
Principal Property Taxpayers	109
Property Tax Levies and Collections	110
Ratios of Outstanding Debt by Type	111
Direct and Overlapping Governmental Activities Debt	112
Pledged-Revenue Coverage	113
Demographic and Economic Statistics	116
Principal Employers	117
Principal Water Customers	118
Principal Sewer Customers	119
Full-time Equivalent City Government Employees by Function	120
Operating Indicators by Function	122
Capital Asset Statistics by Function	124
IV. Other Reports:	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	127
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	129
Schedule of Expenditures of Federal Awards	131
Notes to Schedule of Expenditures of Federal Awards	132

CITY OF CLERMONT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS - Continued

Year Ended September 30, 2015

IV. Other Reports - Continued

Schedule of Findings and Questioned Costs – Federal Awards	133
Management Letter	135
Communication with those Charged with Governance	137
Independent Auditor’s Report on Compliance with the Requirements of Section 218.415, Florida Statues	141





April 27, 2016

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, 2015. State law requires that every general-purpose local government publish within nine 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, 2015.

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, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Clermont's financial statements for the fiscal year ended September 30, 2015, 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 16.65 square miles and population of approximately 32,348. The City is located in south Lake County, approximately 22 miles west of the City of Orlando and about 25 miles northwest of Walt Disney World. Clermont, known as “Choice Of Champions”, 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, 10 piers measuring a total of 1,818 feet, 1-800 foot boardwalk, 7 special purpose buildings and a boat ramp.

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

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

The annual budget serves as the foundation the City of Clermont’s financial planning and control. All departments of the City of Clermont are required to submit requests for appropriations to the City Manager. The City Manager then uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City of Clermont’s fiscal year. The appropriated budget is prepared by fund (e.g. general fund), and department (e.g. fire department). The City Manager may make transfers of appropriations within departments; however, any revisions that alter the total appropriations of a department must be approved by City Council. Original and final amended budget-to-actual comparisons are provided in this report for each individual governmental fund. The General Fund is presented on pages 20-21, the Infrastructure Fund is presented on page 22 and the Community Redevelopment Special Revenue fund is presented on page 23 as part of the basic financial statements for the governmental funds. The Capital Projects Fund is presented on page 80, followed by the other governmental funds, which start on page 82.

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, 2015, Lake County's unemployment rate was 5.2%, which is a decrease of 1.1% from 2014. Clermont's unemployment rate was below the County average for the 6th year in a row at 4.8% for 2015. This is lower than both the state's average of 5.4% and the national average of 4.9%. Educational institutions in Clermont such as Lake-Sumter State College and the University of Central Florida assist in supplying a skilled labor force.

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

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

- The replacement of the existing Public Works Operations Complex – A space needs assessment recommends a new public works operating complex with approximately 45,100 square feet and anticipated to cost approximately \$8 million. The project is anticipated to be funded by a debt issuance pledged potentially by the one cent sales tax.
- Implementation of the Master Plan – In 2015, the Clermont City Council approved a Master Plan that will serve as a blueprint for the city's future during the next five, 10 and 20 years. The Master Plan offers an exciting view of the future of Clermont, the Choice of Champions. While much of the focus is on the Downtown-Waterfront District, the Master Plan offers insights on how to keep the growing city connected and how to protect the very charms that have drawn hundreds of thousands to this internationally-recognized city that is one of the nation's top places to live and also a training ground for the world's elite athletes. The Master Plan projects are estimated to cost approximately \$19.2 million and will be funded by the Community Redevelopment Fund, Stormwater Fund, one cent sales tax and grants.

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

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 \$57,432,799 and the

average investment earnings rate was 0.65%. 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 \$30,941,964 and fund had a loss on investment of 0.14%.

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, 2014. This was the 27th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the staffs in the City Manager's office and Finance Department. We would like to express our appreciation to all members of these departments who assisted and contributed to the preparation of this report. A special note of appreciation is due Lacy Smith-Castillo, Finance Manager for her 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,



Darren Gray
City Manager



Joseph Van Zile
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Clermont
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO



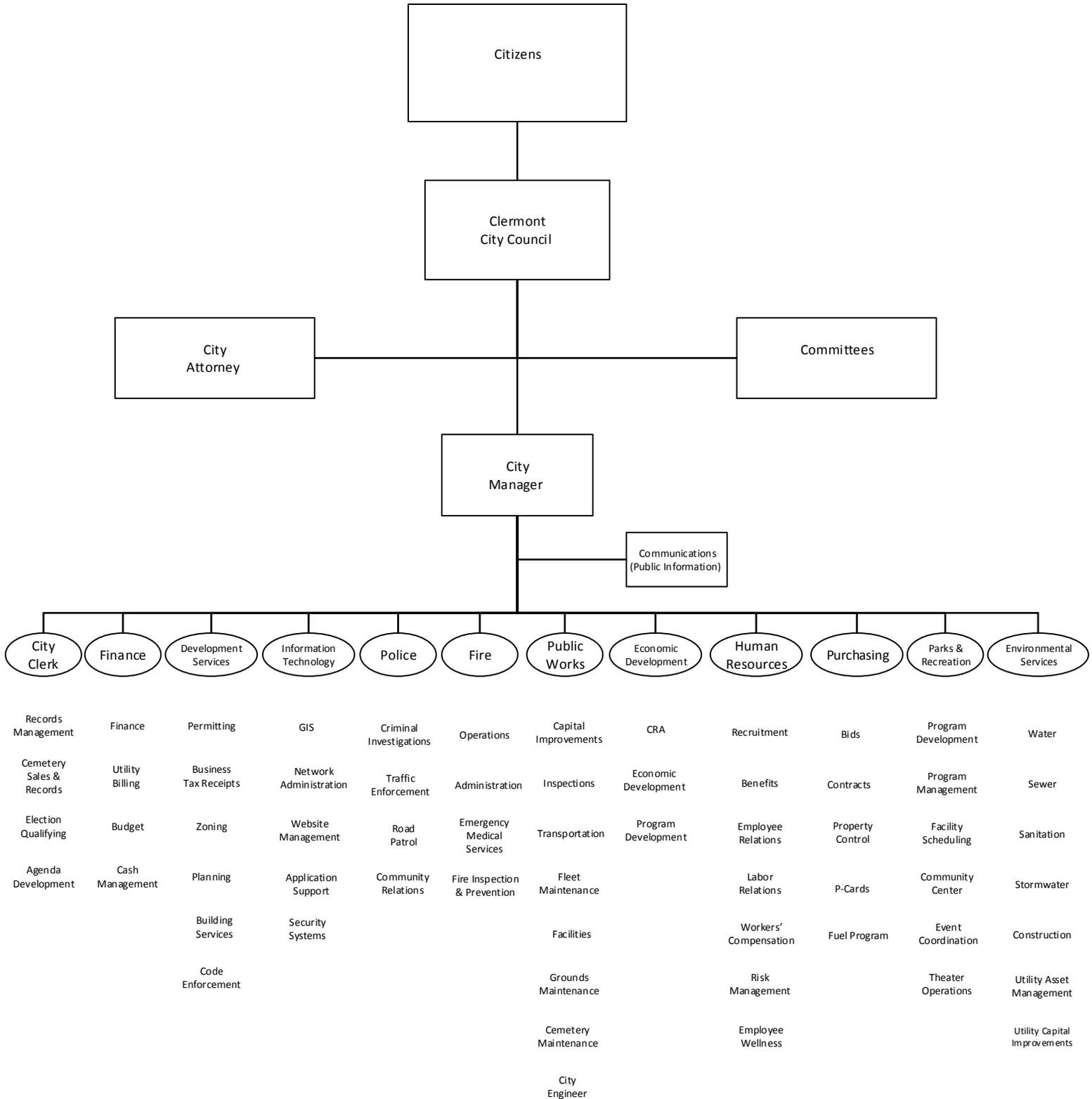
CITY OF CLERMONT, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2015

ELECTED OFFICIALS

Mayor	Gail L. Ash
Mayor Pro-Tem	Ray Goodgame
Council Member	Keith Mullins
Council Member	Diane Travis
Council Member	Timothy Bates

APPOINTED OFFICIALS

City Manager	Darren Gray
Assistant City Manager	James Kinzler
City Attorney	Dan Mantzaris
City Clerk	Tracy Ackroyd-Howe
Communications Director	Doris Bloodsworth
Economic Development Director	James Hitt
Environmental Services Director	Paul Roy
Finance Director	Joseph Van Zile
Fire Chief	Carle Bishop
Human Resources Director	Susan Dauderis
Information Technology Director	Don Dennis
Parks and Recreation Director	Scott Davidoff
Development Services Director	Barbara Hollerand
Police Chief	Charles Broadway
Public Works Director	Stoney Brunson
Purchasing Director	Freddy Suarez



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Clermont, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Clermont, Florida*, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Clermont, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Infrastructure Special Revenue Fund, and Community Redevelopment Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803

TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

MEMBERS: PRIVATE COMPANIES PRACTICE SECTION AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015, the city adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the pension and other postemployment benefits disclosures on page 3 through 14 and 71 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise *City of Clermont's* basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section and the Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 26, 2016 on our consideration of *City of Clermont's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *City of Clermont's* internal control over financial reporting and compliance.

McDiernit Davis & Company, LLC

Orlando, FL
April 26, 2016

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, 2015. 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 iv through vii of this report.

Financial Highlights

- The City of Clermont's assets and deferred outflows of resources exceeded its liabilities and deferred inflows at September 30, 2015 by \$164,431,319 (net position). Of this amount, \$38,592,552 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$10,726,662 (or 7%) during fiscal year 2015 primarily due to the City adopting GASB Statement No. 68, Accounting and Financial Reporting of Pensions. The pronouncement required the restatement of the September 30, 2014 net position which resulted in an increase of \$6,525,025.
- At September 30, 2015, the City of Clermont's governmental funds reported combined ending fund balances of \$17,990,507 a decrease of \$913,184 from the previous fiscal year. Of this amount \$7,013,550 (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 \$7,013,550, which represents 32.1% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

environment, and culture and recreation. The business-type activities of the City of Clermont include water, sewer, sanitation, and stormwater utilities.

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

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

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

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

The City of Clermont maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Infrastructure Fund, and Community Redevelopment Fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Clermont adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund (pages 20-21), the Infrastructure Fund (page 22) and the Community Redevelopment Fund (page 23) to demonstrate compliance with budgets. Other major and nonmajor funds comparisons can be found beginning on page 79.

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate

information for water, sewer and sanitation which are all considered to be major funds. Data for the Stormwater Fund is also included since it is the only nonmajor fund.

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

The basic fiduciary fund financial statements can be found on pages 30 - 31 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 33 - 70 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 80 - 93 of this report.

Government-Wide Financial Analysis

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

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Assets:						
Current and other assets	\$ 26,304,928	\$ 21,816,704	\$ 42,150,163	\$ 39,233,918	\$ 68,455,091	\$ 61,050,622
Capital assets	54,901,599	52,157,191	69,800,664	71,041,133	124,702,263	123,198,324
Total assets	81,206,527	73,973,895	111,950,827	110,275,051	193,157,354	184,248,946
Deferred Outflows of Resources:						
Deferred outflow of pension earnings	1,682,840	-	-	-	1,682,840	-
Deferred charge of refunding	-	-	513,138	546,787	513,138	546,787
Total deferred outflows of resources	1,682,840	-	513,138	546,787	2,195,978	546,787
Liabilities:						
Long-term liabilities outstanding	11,703,848	11,761,397	1,540,734	15,692,341	13,244,582	27,453,738
Other liabilities	2,201,433	2,459,166	15,259,180	1,178,172	17,460,613	3,637,338
Total liabilities	13,905,281	14,220,563	16,799,914	16,870,513	30,705,195	31,091,076
Deferred Inflow of Resources:						
Deferred inflow of pension earnings	216,818	-	-	-	216,818	-
Net investment in capital assets	47,718,124	44,115,790	56,585,567	56,680,065	104,303,691	100,795,855
Restricted	9,399,756	9,918,073	12,135,320	10,216,975	21,535,076	20,135,048
Unrestricted	11,649,388	5,719,469	26,943,164	27,054,285	38,592,552	32,773,754
Total net position	\$ 68,767,268	\$ 59,753,332	\$ 95,664,051	\$ 93,951,325	\$ 164,431,319	\$ 153,704,657

The City's total net position at September 30, 2015 was \$164,431,319. Of the City's total net position \$104,303,691 (63.4%) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Clermont's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net position, \$21,535,076 (13.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's total net position, \$38,592,552 (23.5%) is unrestricted. These assets may be used at the City's discretion in meeting its ongoing obligations to citizens and creditors.

The City's net position increased by \$10,726,662 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 2014-15, including revenues and expenses, with a comparison to the prior year. For more detail see the Statement of Activities on page 16.

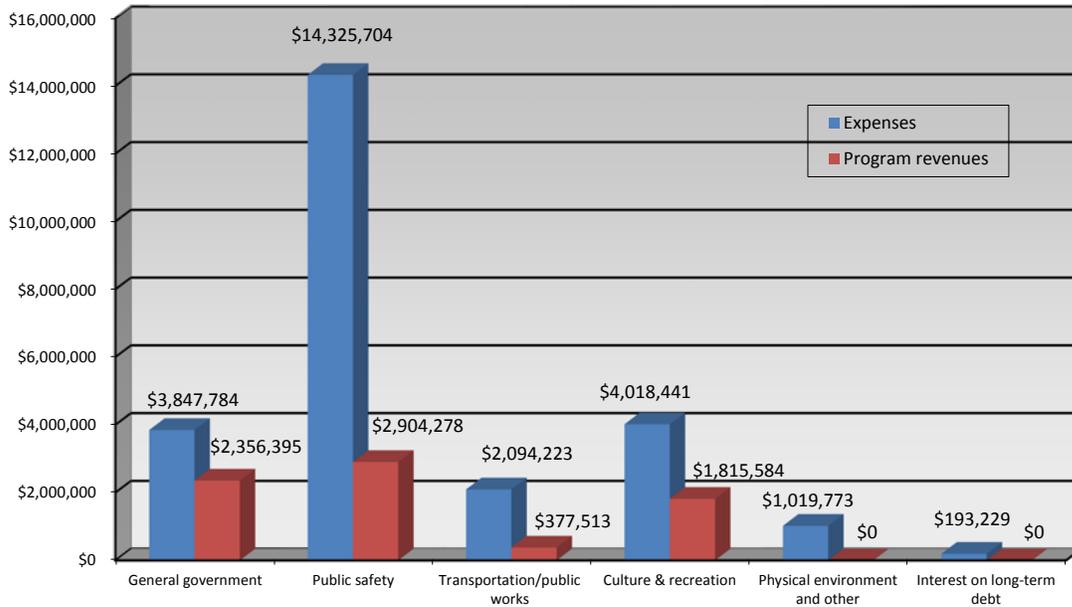
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	Governmental Activities		Business-type Activities		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Revenues:						
Program revenues -						
Charges for services	\$ 5,357,705	\$ 4,751,091	\$ 15,356,903	\$ 14,697,489	\$ 20,714,608	\$ 19,448,580
Operating grants and contributions	1,597,812	938,861	275,751	-	1,873,563	938,861
Capital grants and contributions	498,253	1,717,851	3,219,208	2,416,757	3,717,461	4,134,608
General revenues -						
Property Taxes	7,192,996	6,532,656	-	-	7,192,996	6,532,656
Business Taxes	129,620	126,172	-	-	129,620	126,172
Franchise Fees	2,502,153	2,379,312	-	-	2,502,153	2,379,312
Utility Taxes	2,952,785	2,887,161	-	-	2,952,785	2,887,161
Intergovernmental	6,644,875	6,110,184	-	-	6,644,875	6,110,184
Investment income and miscellaneous	554,883	478,577	272,353	198,224	827,236	676,801
Gain on sale of capital assets	-	-	-	1,765	-	1,765
Total revenues	27,431,082	25,921,865	19,124,215	17,314,235	46,555,297	43,236,100
Expenses:						
General government	3,847,784	3,406,735	-	-	3,847,784	3,406,735
Public safety	14,325,704	14,117,124	-	-	14,325,704	14,117,124
Physical environment	453,027	350,243	-	-	453,027	350,243
Transportation	2,094,223	2,201,649	-	-	2,094,223	2,201,649
Economic environment	566,746	362,766	-	-	566,746	362,766
Culture and recreation	4,018,441	3,095,752	-	-	4,018,441	3,095,752
debt	193,229	236,466	-	-	193,229	236,466
Water	-	-	4,822,683	4,589,022	4,822,683	4,589,022
Sewer	-	-	6,570,897	6,436,780	6,570,897	6,436,780
Sanitation	-	-	3,132,989	2,471,861	3,132,989	2,471,861
Stormwater	-	-	1,079,920	1,016,124	1,079,920	1,016,124
Total expenses	25,499,154	23,770,735	15,606,489	14,513,787	41,105,643	38,284,522
Increase (Decrease) in Net						
Position Before Transfers	1,931,928	2,151,130	3,517,726	2,800,448	5,449,654	4,951,578
Special item - loss on sale of capital asset	-	-	(1,248,017)	-	(1,248,017)	-
Transfers	556,983	438,893	(556,983)	(438,893)	-	-
Increase in Net Position	2,488,911	2,590,023	1,712,726	2,361,555	4,201,637	4,951,578
Net Position - Beginning, as restated	66,278,357	57,163,309	93,951,325	91,589,770	160,229,682	148,753,079
Net Position - Ending	\$ 68,767,268	\$ 59,753,332	\$ 95,664,051	\$ 93,951,325	\$ 164,431,319	\$ 153,704,657

Governmental activities - Governmental activities increased the City of Clermont's net position by \$9,013,936, which is primarily due to the adoption of GASB Statement No. 68 and required prior period adjustment as well as increased general government revenues and operating grants.

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.

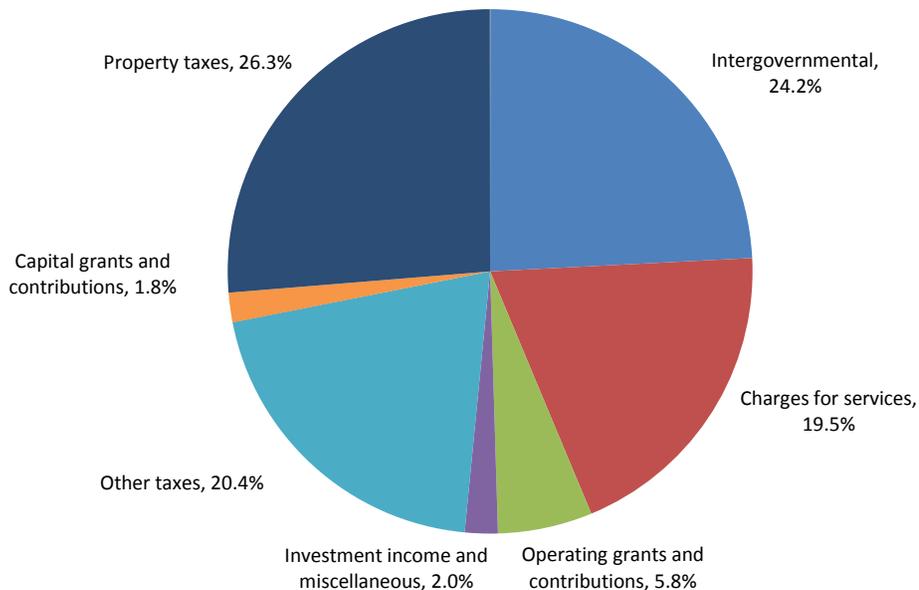
Expenses and Program Revenues - Governmental Activities



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

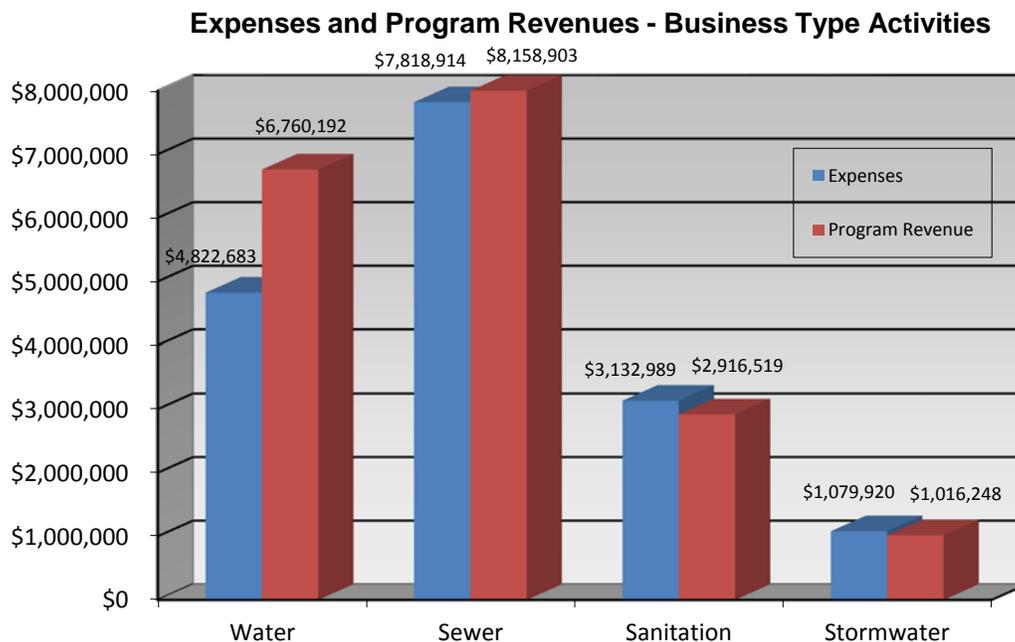
Revenues by Source - Governmental Activities

- Intergovernmental
- Charges for services
- Operating grants and contributions
- Investment income and miscellaneous
- Other taxes
- Capital grants and contributions
- Property taxes



Business-type activities - Business-type activities increased the City of Clermont's net position by \$1,712,726. This change was due to increased revenue from services totaling \$659,414, and capital contributions totaling \$3,219,208. These contributions are water and sewer impact fees paid by developers. The fees were adopted by the City to require new development to pay its proportionate share of the capital costs necessary to accommodate new development impacts on the City's water and sewer system. The City is using this revenue for large capital projects that are currently under construction such as the Reclaim Water System Expansion and the East Water Loop.

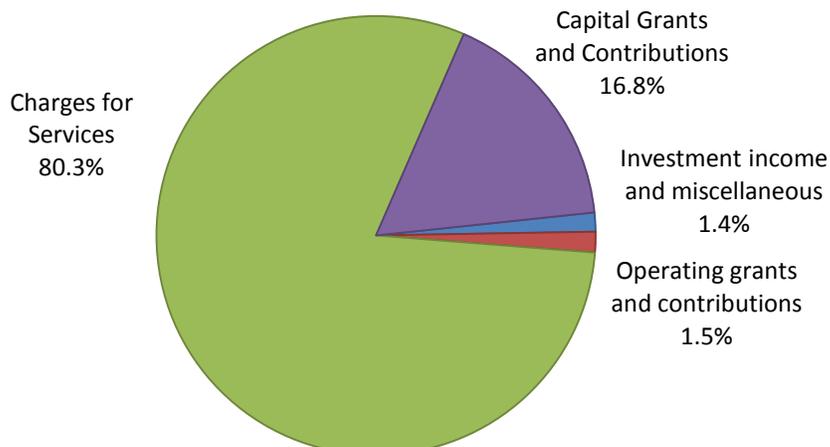
The following graph is a comparison of program revenues and program expenses for all business-type activities. This chart is intended to give the reader an idea of the degree to which business-type activities are self-supporting.



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

Revenues by Source - Business Activities

- Investment income and miscellaneous
- Operating grants and contributions
- Charges for Services
- Capital Grants and Contributions



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, 2015, the City of Clermont's governmental funds reported combined ending fund balances of \$17,990,507 a decrease of \$913,184 in comparison with the prior year. This decrease is primarily due to the use of accumulated funds for planned capital projects. Of the governmental funds combined ending fund balances, \$7,013,550 (38.9%) represents *unassigned fund balance*, which is available for spending at the City's discretion. An additional \$304,600 (*assigned fund balance*) has been set aside for encumbrances and fiscal year 2016 expenditures. *Restricted fund balances* totaling over \$7.9 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 *nonspendable* (\$2,766,462) 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, 2015, the fund balance in the General Fund was \$8,864,949 a decrease of \$371,461 in comparison with the prior year due to current expenditures exceeding current revenues. The change in fund balance was less than the anticipated amount of the original budget by \$830,528 and \$1.7 million less than the revised budget. Revenues exceeded budget by \$1,183,603 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, franchise fees and fines and forfeitures relating to the red light camera program. Departmental expenditures also came in less than anticipated reducing the amount of reserves used. Of the total fund balance in the General Fund, \$7,013,550 (79%) 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 32.1% of total General Fund expenditures, while total fund balance represents 40.6% of that same amount.

The City has a Capital Projects Fund that is considered a major fund under criteria set forth by GASB Statement No. 34. This fund is used to account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds. Funds have been accumulated so projects can be completed on a pay-as-you-go basis.

The City has an Infrastructure Fund that is considered a major fund under criteria set forth by GASB Statement No. 34. This fund was established to account for the proceeds of the Local Government Infrastructure Surtax. The proceeds and interest accrued thereto, by law are only to be used to finance, plan and construct infrastructure. The fund balance in this fund increased by \$91,082 in fiscal year 2015, which is \$1,917,759 more than the revised budget. This increase was due to both higher than anticipated revenues (\$160,751) as well as reduced expenditures (\$1,513,197). Planned expenditures for the purchase of a new fire truck are being rolled over to fiscal year 2016 due to the delay in delivery of the vehicle until after the end of the fiscal year.

The Community Redevelopment Special Revenue Fund is considered a major fund in order for our external auditors to express an opinion on this fund as required by Florida Statutes chapter 163.387(8). This fund was created in 1997 as a dependent taxing district. The incremental annual increase in tax over the base years is used to fund projects. As of September 30, 2015, the fund balance was \$552,606, a decrease of \$220,993 over the prior year. This decrease was due to the commencement of the master plan and streetscape projects.

The remainder of the change \$411,812 to the governmental fund balance was from the non-major governmental funds. Police and Fire Impact Fee fund balances combined increased a total of \$303,080 due to both an increase in revenues as well as a delay in the planned use of funds for capital projects. The Recreation Impact Fee fund decreased \$653,206 due to capital projects such as Lake Hiawatha Park, Rowing Facility, and the Splash Park. The fund balances in the remaining nonmajor funds decreased a total of \$61,686.

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

The Water Fund accounts for the provision of potable water and reclaimed irrigation services to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of September 30, 2015, the City of Clermont's Water Fund reported total net position of \$34,614,652, an increase of \$1,545,734 in comparison with the prior year. This increase in net position was due to an increase in operating income along with 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, 2015, the City of Clermont's Sewer Fund reported total net position of \$51,445,431, an increase of \$421,016 in comparison with the prior year. This increase is primarily due to capital contributions.

The Sanitation Fund accounts for the provision of garbage and trash collection, recycling, and composting services to City residents. All activities necessary to the provision of these services are accounted for in this fund. As of September 30, 2015, the City of Clermont's Sanitation Fund reported total net position of \$4,928,871, an decrease of \$187,058 in comparison with the prior year, which is due to the implementation of single stream recycling program.

General Fund Budgetary Highlights

During the year there was an \$818,431 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$252,512 for consultant services including non-utility fee study, fire assessment, Public Works space needs analysis, ADA and paving studies, and master plan study.
- \$125,000 for settlements of liability claims.
- \$34,143 for 5 additional police officer positions.

- \$28,000 for Laserfiche software.
- \$26,404 creation of new records coordinator position.

General Fund revenue increases totaling \$54,989 were due to the receipt of a community development grant which was awarded after the beginning of the fiscal year as well as the recognizing revenue received from Federal and State confiscation programs.

Considering the above noted increases in General Fund budgeted appropriations, actual expenditures were less than budgeted by \$1,439,474. In addition, actual revenues exceeded the budget by \$1,183,603.

Capital Assets

The following is a summary of the City of Clermont's capital assets, net of depreciation for governmental and business-type activities for the current year with a comparison to the prior year. Additional information on the City of Clermont's capital assets can be found in Note 7 on pages 48 - 49 of this report.

	Capital Assets					
	(net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Land	\$ 25,727,548	\$ 25,727,548	\$ 1,022,590	\$ 1,861,820	\$ 26,750,138	\$ 27,589,368
Buildings	14,731,149	14,653,642	-	-	14,731,149	14,653,642
Infrastructure	9,942,940	5,590,777	64,140,411	62,476,771	74,083,351	68,067,548
Machinery and Equipment	2,999,130	2,191,359	2,968,262	2,444,267	5,967,392	4,635,626
Intangibles	261,635	26,456	187,004	109,620	448,639	136,076
Construction in Progress	1,239,197	3,967,409	1,482,397	4,148,655	2,721,594	8,116,064
Total	\$ 54,901,599	\$ 52,157,191	\$ 69,800,664	\$ 71,041,133	\$ 124,702,263	\$ 123,198,324

The City of Clermont's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$124,702,263 (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 \$1,503,939. Major capital asset events during the current fiscal year included the following:

- Completion of the Lake Hiawatha Preserve development – \$1,376,369 was added and prior years Construction in Progress in the amount of \$2,993,946 was moved to Infrastructure for a total project cost of \$4,370,315.
- Completion of the Rowing Facility – \$644,000 was added and prior years Construction in Progress in the amount of \$197,384 was moved to Buildings for a total project cost of \$841,384.
- Purchase of twenty police vehicles for a total of \$668,118.
- Purchase of a fire boat for \$119,875.

- Completion of the East West Water Connector - \$125,685 was added and prior years Construction in Progress in the amount of \$1,289,779, for the total project cost of \$1,415,464 was moved Infrastructure/Improvements.
- Completion of the Reclaimed Water Storage Tank - prior years Construction in Progress in the amount of \$1,512,242 was moved to Infrastructure/Improvements.
- Completion of the 12th Street and Lakeshore Stormwater Improvements - \$544,529 was added and prior years Construction in Progress in the amount of \$33,522, for the total project cost of \$578,051 was moved Infrastructure/Improvements.
- Purchase of 2 sanitation vehicles for a total of \$584,431.
- Construction in progress includes construction of the Police Headquarters, Fire Station No. 4, Master Plan, 12" Water Main Loop, Environmental Services Administration Building, Lift Station Improvement, Reclaimed System Improvements, and the CDBG Stormwater Project.

Debt Administration

The following is a summary of the City's long-term debt for governmental and business-type activity for the current year with a comparison to the prior year. Additional information on long-term debt can be found in Note 8 on pages 50 - 52 of this report.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Revenue bonds payable	\$ -	\$ -	\$ 13,685,000	\$ 14,315,000	\$ 13,685,000	\$ 14,315,000
Notes payable	7,157,670	8,041,401	-	-	7,157,670	8,041,401
Total	\$ 7,157,670	\$ 8,041,401	\$ 13,685,000	\$ 14,315,000	\$ 20,842,670	\$ 22,356,401

At the end of the current fiscal year, the City of Clermont had total debt outstanding of \$20,842,670, which includes revenue bonds payable and notes payable.

Economic Factors and Next Year's Budgets and Rates

- The annual unemployment rate for Lake County in 2015 was 5.2%, which is a decrease of 1.1% from 2014. Clermont's unemployment rate was below the County average for the 6th year in a row at 4.8% for 2015. This is lower than both the state's average of 5.4% and the national average of 4.9%.
- The taxable value of commercial and residential property increased 11.72% from fiscal year 2013-14 to fiscal year 2014-15 due to increasing home values and new construction.
- Population increased 1.9% from 31,745 in 2014 to 32,348 in 2015.

As of September 30, 2015, the General Fund unassigned fund balance was \$7,013,550. In addition, the City appropriated \$304,600 for spending in the 2015-16 fiscal year budget. The property tax rate included for the General Fund for the 2015-16 fiscal year budget increased by .4771 mills to 4.2061, the City's second increase since 2001. Property tax revenue is projected to be \$1,747,781 higher in fiscal year 2015-16 due to the millage increase and the increase in

the assessed values. This increase will help the City continue to meet the level of service required as well as implementing new initiatives.

No utility rate adjustments were proposed for the 2015-16 fiscal year with the exception of the sewer rate structure. The sewer rates increased 1.57% on October 1, 2015 pursuant to a required adjustment in accordance with the Florida Public Service Commission Annual Deflator Index previously adopted by the Clermont City Council.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



CITY OF CLERMONT, FLORIDA

STATEMENT OF NET POSITION

September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 13,286,990	\$ 24,263,913	\$ 37,550,903
Investments	4,239,143	6,694,036	10,933,179
Receivables, net	1,125,928	1,220,836	2,346,764
Inventories	20,474	311,005	331,479
Due from other governments	1,396,873	135,481	1,532,354
Internal balances	(1,076,989)	1,076,989	-
Prepaid costs	1,662,128	134,280	1,796,408
Restricted assets:			
Cash and cash equivalents	-	1,533,860	1,533,860
Investments	-	6,750,871	6,750,871
Interest receivable	7,413	28,892	36,305
Net pension asset	5,642,968	-	5,642,968
Capital assets not being depreciated	26,966,745	2,504,987	29,471,732
Capital assets being depreciated, net of accumulated depreciation	27,934,854	67,295,677	95,230,531
Total assets	<u>81,206,527</u>	<u>111,950,827</u>	<u>193,157,354</u>
Deferred Outflows of Resources:			
Deferred outflow of pension earnings	1,682,840	-	1,682,840
Deferred charge on refunding	-	513,138	513,138
Total deferred outflows of resources	<u>1,682,840</u>	<u>513,138</u>	<u>2,195,978</u>
Liabilities:			
Accounts payable and accrued expenses	2,137,965	1,540,734	3,678,699
Due to other governmental agencies	11,893	-	11,893
Unearned revenue	51,575	-	51,575
Noncurrent liabilities:			
Due within one year	1,024,729	681,554	1,706,283
Due in more than one year	10,679,119	14,577,626	25,256,745
Total liabilities	<u>13,905,281</u>	<u>16,799,914</u>	<u>30,705,195</u>
Deferred Inflows of Resources:			
Deferred inflow of pension earnings	216,818	-	216,818
Net Position:			
Net investment in capital assets	47,718,124	56,585,567	104,303,691
Restricted for:			
Capital Improvements	-	12,135,320	12,135,320
Community redevelopment	552,606	-	552,606
Public safety	3,803,007	-	3,803,007
Culture and recreation	234,609	-	234,609
Infrastructure	2,764,060	-	2,764,060
Debt service	872,649	-	872,649
Building services	88,965	-	88,965
Perpetual care:			
Nonexpendable	1,083,860	-	1,083,860
Unrestricted	11,649,388	26,943,164	38,592,552
Total net position	<u>\$ 68,767,268</u>	<u>\$ 95,664,051</u>	<u>\$ 164,431,319</u>

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

CITY OF CLERMONT, FLORIDA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2015

Functions/Programs:	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government		
			Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities:							
General government	\$ 3,847,784	\$ 2,356,395	\$ -	\$ -	\$ (1,491,389)	\$ -	\$ (1,491,389)
Public safety	14,325,704	1,683,979	1,220,299	-	(11,421,426)	-	(11,421,426)
Physical environment	453,027	-	-	-	(453,027)	-	(453,027)
Transportation/public works	2,094,223	-	377,513	-	(1,716,710)	-	(1,716,710)
Economic environment	566,746	-	-	-	(566,746)	-	(566,746)
Culture and recreation	4,018,441	1,317,331	-	498,253	(2,202,857)	-	(2,202,857)
Interest on long-term debt	193,229	-	-	-	(193,229)	-	(193,229)
Total governmental activities	<u>25,499,154</u>	<u>5,357,705</u>	<u>1,597,812</u>	<u>498,253</u>	<u>(18,045,384)</u>	<u>-</u>	<u>(18,045,384)</u>
Business-type Activities:							
Water	4,822,683	5,725,946	275,751	758,495	-	1,937,509	1,937,509
Sewer	6,570,897	5,809,151	-	2,349,752	-	1,588,006	1,588,006
Sanitation	3,132,989	2,916,519	-	-	-	(216,470)	(216,470)
Stormwater	1,079,920	905,287	-	110,961	-	(63,672)	(63,672)
Total business-type activities	<u>15,606,489</u>	<u>15,356,903</u>	<u>275,751</u>	<u>3,219,208</u>	<u>-</u>	<u>3,245,373</u>	<u>3,245,373</u>
Total primary government	<u>\$ 41,105,643</u>	<u>\$ 20,714,608</u>	<u>\$ 1,873,563</u>	<u>\$ 3,717,461</u>	<u>(18,045,384)</u>	<u>3,245,373</u>	<u>(14,800,011)</u>
General Revenues:							
Property taxes					7,192,996	-	7,192,996
Business taxes					129,620	-	129,620
Franchise fees					2,502,153	-	2,502,153
Utility taxes					2,952,785	-	2,952,785
Intergovernmental - unrestricted					6,644,875	-	6,644,875
Unrestricted investment earnings					134,608	272,353	406,961
Miscellaneous					420,275	-	420,275
Special Item - Loss on Sale of Capital Assets					-	(1,248,017)	(1,248,017)
Transfers					556,983	(556,983)	-
Total general revenues and transfers					<u>20,534,295</u>	<u>(1,532,647)</u>	<u>19,001,648</u>
Change in net position					2,488,911	1,712,726	4,201,637
Net Position - beginning, as restated					<u>66,278,357</u>	<u>93,951,325</u>	<u>160,229,682</u>
Net Position - ending					<u>\$ 68,767,268</u>	<u>\$ 95,664,051</u>	<u>\$ 164,431,319</u>

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

CITY OF CLERMONT, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Infrastructure Special Revenue</u>	<u>Community Redevelopment Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ 3,569,667	\$ 27,269	\$ 2,526,739	\$ 663,992	\$ 5,834,432	\$ 12,622,099
Investments	4,239,143	-	-	-	-	4,239,143
Receivables, net	1,132,404	-	-	-	65	1,132,469
Inventories, at cost	20,474	-	-	-	-	20,474
Due from other governments	1,008,776	200,000	188,097	-	-	1,396,873
Due from other funds	68,030	-	-	-	-	68,030
Prepaid costs	1,279,396	-	380,347	-	2,385	1,662,128
Total assets	<u>\$ 11,317,890</u>	<u>\$ 227,269</u>	<u>\$ 3,095,183</u>	<u>\$ 663,992</u>	<u>\$ 5,836,882</u>	<u>\$ 21,141,216</u>
Liabilities:						
Accounts payable	\$ 974,171	\$ 159,239	\$ 331,123	\$ 111,386	\$ 27,990	\$ 1,603,909
Payable to other governments	11,893	-	-	-	-	11,893
Due to other funds	947,127	68,030	-	-	-	1,015,157
Unearned revenue	51,575	-	-	-	-	51,575
Accrued liabilities	380,705	-	-	-	-	380,705
Total liabilities	<u>2,365,471</u>	<u>227,269</u>	<u>331,123</u>	<u>111,386</u>	<u>27,990</u>	<u>3,063,239</u>
Deferred Inflows of Resources:						
Unavailable revenue - liens, forfeitures and rents	87,470	-	-	-	-	87,470
Total deferred inflows of resources	<u>87,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,470</u>
Fund Balances:						
Nonspendable	1,299,870	-	380,347	-	1,086,245	2,766,462
Restricted	246,929	-	2,383,713	552,606	4,722,647	7,905,895
Assigned	304,600	-	-	-	-	304,600
Unassigned	7,013,550	-	-	-	-	7,013,550
Total fund balances	<u>8,864,949</u>	<u>-</u>	<u>2,764,060</u>	<u>552,606</u>	<u>5,808,892</u>	<u>17,990,507</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,317,890</u>	<u>\$ 227,269</u>	<u>\$ 3,095,183</u>	<u>\$ 663,992</u>	<u>\$ 5,836,882</u>	

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	54,901,599
Accrued interest payable is not due in the current period and therefore is not reported in the funds.	(63,208)
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	87,470
Deferred inflows and outflows of resources related to pension earnings are not recognized in governmental funds, however, they are recorded in net position under full accrual accounting.	1,466,022
Net pension assets are not current financial resources and therefore are not reported in the funds	5,642,968
The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	445,758
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(11,703,848)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 68,767,268</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, 2015

	General	Capital Projects	Infrastructure Special Revenue	Community Redevelopment Special Revenue	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 10,075,999	\$ -	\$ -	\$ 199,402	\$ -	\$ 10,275,401
Franchise fees	2,502,153	-	-	-	-	2,502,153
Licenses and permits	144,513	-	-	-	643,795	788,308
Intergovernmental revenues	5,517,892	498,253	2,755,364	-	-	8,771,509
Charges for services	1,206,162	-	-	-	106,057	1,312,219
Fines and forfeitures	757,007	-	-	-	-	757,007
Impact fees/special assessments	-	-	-	-	1,857,581	1,857,581
Investment earnings	72,977	-	17,387	5,082	35,582	131,028
Miscellaneous	964,809	-	-	-	82,226	1,047,035
Total revenues	21,241,512	498,253	2,772,751	204,484	2,725,241	27,442,241
Expenditures:						
Current:						
General government	3,543,040	-	56,484	-	-	3,599,524
Public safety	13,075,595	-	727,419	-	1,040,946	14,843,960
Physical environment	612,501	-	131,653	-	-	744,154
Transportation	1,172,386	-	462,638	-	-	1,635,024
Economic environment	138,247	-	-	425,477	-	563,724
Culture and recreation	3,315,105	21,895	343,296	-	45,000	3,725,296
Debt Service:						
Principal retirement	-	-	-	-	883,731	883,731
Interest and fiscal charges	-	-	-	-	198,438	198,438
Capital Outlay:						
Public safety	-	236,976	-	-	-	236,976
Culture and recreation	-	2,458,455	-	-	-	2,458,455
Total expenditures	21,856,874	2,717,326	1,721,490	425,477	2,168,115	28,889,282
Excess (Deficiency) of Revenues Over Expenditures	(615,362)	(2,219,073)	1,051,261	(220,993)	557,126	(1,447,041)
Other Financing Sources (Uses):						
Transfers in	540,695	2,219,073	-	-	1,097,579	3,857,347
Transfers out	(296,794)	-	(960,179)	-	(2,066,517)	(3,323,490)
Total other financing sources (uses)	243,901	2,219,073	(960,179)	-	(968,938)	533,857
Net Change in Fund Balances	(371,461)	-	91,082	(220,993)	(411,812)	(913,184)
Fund Balances - beginning	9,236,410	-	2,672,978	773,599	6,220,704	18,903,691
Fund Balances - ending	\$ 8,864,949	\$ -	\$ 2,764,060	\$ 552,606	\$ 5,808,892	\$ 17,990,507

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, 2015

Net Change in Fund Balances - total governmental funds: \$ (913,184)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	2,721,282
Net transfers of capital assets from proprietary funds	23,126
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	14,261
Revenue reported in the funds must be eliminated from the statement of activities since revenue was recognized in a prior year.	(29,000)
Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities, and therefore increased net position	583,965
Governmental funds report note proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of note 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.	883,731
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.	(820,973)
Internal service funds are used by management to charge the costs of certain activities, such as health insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>25,703</u>
Change in Net Position of Governmental Activities	<u>\$ 2,488,911</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

Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 9,721,469	\$ 9,721,469	\$ 10,075,999	\$ 354,530
Franchise fees	2,296,900	2,296,900	2,502,153	205,253
Licenses and permits	125,660	125,660	144,513	18,853
Intergovernmental revenues	5,245,945	5,270,945	5,517,892	246,947
Charges for services	1,131,995	1,131,995	1,206,162	74,167
Fines and forfeitures	442,800	472,789	757,007	284,218
Investment earnings	40,000	40,000	72,977	32,977
Miscellaneous	998,151	998,151	964,809	(33,342)
Total revenues	<u>20,002,920</u>	<u>20,057,909</u>	<u>21,241,512</u>	<u>1,183,603</u>
Expenditures:				
Current:				
General government:				
City council	25,959	30,549	30,482	67
City clerk	278,031	281,477	262,821	18,656
City manager	437,445	437,445	428,010	9,435
Finance	850,426	822,196	822,121	75
Legal services	100,500	100,500	96,101	4,399
Planning & zoning	543,010	592,601	591,867	734
Information technology	586,085	618,159	562,317	55,842
Human resources	329,385	349,582	330,826	18,756
Purchasing	-	70,837	69,122	1,715
Other general government	193,462	348,360	349,373	(1,013)
	<u>3,344,303</u>	<u>3,651,706</u>	<u>3,543,040</u>	<u>108,666</u>
Public safety:				
Law enforcement	6,963,720	7,279,668	7,223,453	56,215
Fire control	7,146,268	7,080,839	5,852,142	1,228,697
	<u>14,109,988</u>	<u>14,360,507</u>	<u>13,075,595</u>	<u>1,284,912</u>
Physical environment	<u>554,326</u>	<u>594,326</u>	<u>612,501</u>	<u>(18,175)</u>
Transportation	<u>1,150,707</u>	<u>1,236,757</u>	<u>1,172,386</u>	<u>64,371</u>
Economic environment	<u>187,269</u>	<u>187,269</u>	<u>138,247</u>	<u>49,022</u>
Culture and recreation				
Culture and recreation	2,151,039	2,188,209	2,010,303	177,906
Events	174,712	208,312	227,571	(19,259)
Arts and rec center	805,573	869,262	1,077,231	(207,969)
	<u>3,131,324</u>	<u>3,265,783</u>	<u>3,315,105</u>	<u>(49,322)</u>
Total expenditures	<u>22,477,917</u>	<u>23,296,348</u>	<u>21,856,874</u>	<u>1,439,474</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,474,997)</u>	<u>(3,238,439)</u>	<u>(615,362)</u>	<u>2,623,077</u>
Other Financing Sources (Uses):				
Loan Proceeds	1,250,000	1,092,127	-	(1,092,127)
Transfers In	459,700	459,700	540,695	80,995
Transfers Out	<u>(436,692)</u>	<u>(442,489)</u>	<u>(296,794)</u>	<u>145,695</u>
Total other financing sources (uses)	<u>1,273,008</u>	<u>1,109,338</u>	<u>243,901</u>	<u>(865,437)</u>
Net Change in Fund Balance	(1,201,989)	(2,129,101)	(371,461)	1,757,640
Fund Balance - beginning	9,236,410	9,236,410	9,236,410	-
Fund Balance - ending	<u>\$ 8,034,421</u>	<u>\$ 7,107,309</u>	<u>\$ 8,864,949</u>	<u>\$ 1,757,640</u>

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

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 2,600,000	\$ 2,600,000	\$ 2,755,364	\$ 155,364
Investment earnings	12,000	12,000	17,387	5,387
Miscellaneous	-	-	-	-
Total revenues	<u>2,612,000</u>	<u>2,612,000</u>	<u>2,772,751</u>	<u>160,751</u>
Expenditures:				
Current:				
General government	<u>70,000</u>	<u>70,000</u>	<u>56,484</u>	<u>13,516</u>
Public safety:				
Police	450,920	738,635	674,023	64,612
Fire control	50,000	430,347	53,396	376,951
	<u>500,920</u>	<u>1,168,982</u>	<u>727,419</u>	<u>441,563</u>
Transportation:				
Roads & streets	<u>759,500</u>	<u>929,919</u>	<u>462,638</u>	<u>467,281</u>
Physical Environment	<u>191,500</u>	<u>191,500</u>	<u>131,653</u>	<u>59,847</u>
Culture and recreation:				
Recreation programs	269,500	327,786	313,310	14,476
Arts and rec center	566,500	546,500	29,986	516,514
	<u>836,000</u>	<u>874,286</u>	<u>343,296</u>	<u>530,990</u>
Total expenditures	<u>2,357,920</u>	<u>3,234,687</u>	<u>1,721,490</u>	<u>1,513,197</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>254,080</u>	<u>(622,687)</u>	<u>1,051,261</u>	<u>1,673,948</u>
Other Financing Uses:				
Transfers out	<u>(945,798)</u>	<u>(1,203,990)</u>	<u>(960,179)</u>	<u>243,811</u>
Total other financing uses	<u>(945,798)</u>	<u>(1,203,990)</u>	<u>(960,179)</u>	<u>243,811</u>
Net Change in Fund Balances	<u>(691,718)</u>	<u>(1,826,677)</u>	<u>91,082</u>	<u>1,917,759</u>
Fund Balances - beginning	<u>2,672,978</u>	<u>2,672,978</u>	<u>2,672,978</u>	<u>-</u>
Fund Balances - ending	<u>\$ 1,981,260</u>	<u>\$ 846,301</u>	<u>\$ 2,764,060</u>	<u>\$ 1,917,759</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 204,392	\$ 204,392	\$ 199,402	\$ (4,990)
Investment earnings	5,100	5,100	5,082	(18)
Total revenues	<u>209,492</u>	<u>209,492</u>	<u>204,484</u>	<u>(5,008)</u>
Expenditures:				
Economic environment:				
Economic development	489,222	592,972	425,477	167,495
Total expenditures	<u>489,222</u>	<u>592,972</u>	<u>425,477</u>	<u>167,495</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(279,730)</u>	<u>(383,480)</u>	<u>(220,993)</u>	<u>162,487</u>
Net Change in Fund Balances	(279,730)	(383,480)	(220,993)	162,487
Fund Balances - beginning	773,599	773,599	773,599	-
Fund Balances - ending	<u>\$ 493,869</u>	<u>\$ 390,119</u>	<u>\$ 552,606</u>	<u>\$ 162,487</u>

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

CITY OF CLERMONT, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2015

	Business-type Activities-Enterprise Funds					Governmental
	Water	Sewer	Sanitation	Stormwater	Total	Activities- Internal Service Fund
Assets:						
Current assets:						
Cash and cash equivalents	\$ 8,680,042	\$ 11,192,894	\$ 3,234,287	\$ 1,156,690	\$ 24,263,913	\$ 664,891
Investments	6,694,036	-	-	-	6,694,036	-
Restricted cash and cash equivalents	830,036	703,824	-	-	1,533,860	-
Accounts receivable, net	396,609	489,213	255,496	79,518	1,220,836	872
Due from other governments	129,806	-	-	5,675	135,481	-
Inventories	273,781	36,464	-	760	311,005	-
Prepaid expenses	61,485	50,763	11,986	10,046	134,280	-
Total current assets	<u>17,065,795</u>	<u>12,473,158</u>	<u>3,501,769</u>	<u>1,252,689</u>	<u>34,293,411</u>	<u>665,763</u>
Noncurrent assets:						
Restricted investments	-	6,750,871	-	-	6,750,871	-
Advances to other funds	-	-	947,127	-	947,127	-
Interest receivable	14,316	14,576	-	-	28,892	-
Capital assets:						
Land, buildings and equipment	33,948,192	61,657,809	3,953,716	5,693,896	105,253,613	-
Construction in progress	252,894	1,109,177	-	120,326	1,482,397	-
Less accumulated depreciation	<u>(10,546,166)</u>	<u>(21,334,092)</u>	<u>(2,679,138)</u>	<u>(2,375,950)</u>	<u>(36,935,346)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>23,654,920</u>	<u>41,432,894</u>	<u>1,274,578</u>	<u>3,438,272</u>	<u>69,800,664</u>	<u>-</u>
Total non-current assets	<u>23,669,236</u>	<u>48,198,341</u>	<u>2,221,705</u>	<u>3,438,272</u>	<u>77,527,554</u>	<u>-</u>
Total assets	<u>40,735,031</u>	<u>60,671,499</u>	<u>5,723,474</u>	<u>4,690,961</u>	<u>111,820,965</u>	<u>665,763</u>
Deferred Outflows of Resources:						
Deferred charge on refunding	180,240	332,898	-	-	513,138	-
Total deferred outflows of resources	<u>180,240</u>	<u>332,898</u>	<u>-</u>	<u>-</u>	<u>513,138</u>	<u>-</u>

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

Liabilities:

Current liabilities:

Accounts payable	195,876	151,223	446,954	20,684	814,737	90,143
Salaries payable	41,698	38,686	24,071	9,516	113,971	-
Accrued interest payable	64,041	113,850	-	-	177,891	-
Compensated absences	14,494	10,368	4,677	2,015	31,554	-
Customer deposits payable	434,135	-	-	-	434,135	-
Revenue bonds payable-current	234,000	416,000	-	-	650,000	-
Total current liabilities	<u>984,244</u>	<u>730,127</u>	<u>475,702</u>	<u>32,215</u>	<u>2,222,288</u>	<u>90,143</u>

Noncurrent liabilities:

Compensated absences	130,446	93,315	42,094	18,137	283,992	-
Other post employment benefits	477,765	365,453	276,807	95,374	1,215,399	-
Revenue bonds payable	4,708,164	8,370,071	-	-	13,078,235	-
Total non-current liabilities	<u>5,316,375</u>	<u>8,828,839</u>	<u>318,901</u>	<u>113,511</u>	<u>14,577,626</u>	<u>-</u>
Total liabilities	<u>6,300,619</u>	<u>9,558,966</u>	<u>794,603</u>	<u>145,726</u>	<u>16,799,914</u>	<u>90,143</u>

Net Position:

Net investment in capital assets	18,892,996	32,979,721	1,274,578	3,438,272	56,585,567	-
Restricted for capital improvements	1,907,224	10,228,096	-	-	12,135,320	-
Unrestricted	13,814,432	8,237,614	3,654,293	1,106,963	26,813,302	575,620
Total net position	<u>\$ 34,614,652</u>	<u>\$ 51,445,431</u>	<u>\$ 4,928,871</u>	<u>\$ 4,545,235</u>	<u>95,534,189</u>	<u>\$ 575,620</u>

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

129,862

Total Net Position per Government-Wide Financial Statements

\$ 95,664,051



CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2015

	<u>Business-type Activities-Enterprise Funds</u>					<u>Governmental Activities- Internal Service Fund</u>
	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>	
Operating Revenues:						
Charges for services	\$ 5,509,877	\$ 5,795,770	\$ 2,912,318	\$ 903,444	\$ 15,121,409	\$ 3,668,054
Miscellaneous	216,069	13,381	4,201	1,843	235,494	235,917
Total operating revenues	<u>5,725,946</u>	<u>5,809,151</u>	<u>2,916,519</u>	<u>905,287</u>	<u>15,356,903</u>	<u>3,903,971</u>
Operating Expenses:						
Personnel services	1,683,305	1,481,898	944,114	420,915	4,530,232	-
Utilities	425,098	767,964	1,160	833	1,195,055	-
Dump fees	-	153,750	456,207	23,506	633,463	-
Administrative services	326,729	343,617	281,636	56,520	1,008,502	-
Repairs and maintenance	221,302	268,959	166,647	58,781	715,689	-
Depreciation and amortization	1,033,421	2,376,229	401,265	349,122	4,160,037	-
Professional services	430,519	305,421	40,877	96,518	873,335	2,400
Insurance claims and expenses	122,347	141,018	59,404	17,028	339,797	3,872,477
Other supplies and expenses	377,843	369,461	783,241	57,267	1,587,812	-
Total operating expenses	<u>4,620,564</u>	<u>6,208,317</u>	<u>3,134,551</u>	<u>1,080,490</u>	<u>15,043,922</u>	<u>3,874,877</u>
Operating income (loss)	<u>1,105,382</u>	<u>(399,166)</u>	<u>(218,032)</u>	<u>(175,203)</u>	<u>312,981</u>	<u>29,094</u>
Nonoperating Revenues (Expenses):						
Investment income	115,027	117,777	29,989	9,560	272,353	3,580
Grant Revenue	275,751	-	-	-	275,751	-
Interest expense	(204,735)	(364,803)	-	-	(569,538)	-
Gain (loss) on disposal of capital assets	22,315	-	985	-	23,300	-
Total nonoperating revenue (expenses)	<u>208,358</u>	<u>(247,026)</u>	<u>30,974</u>	<u>9,560</u>	<u>1,866</u>	<u>3,580</u>
Income (loss) before contributions and transfers	1,313,740	(646,192)	(187,058)	(165,643)	314,847	32,674
Capital contributions	758,495	2,349,752	-	110,961	3,219,208	-
Transfers in	18,583	-	-	-	18,583	-
Transfers out	(545,084)	(11,227)	-	(19,255)	(575,566)	-
Special item - loss on sale of fixed assets	-	(1,271,317)	-	-	(1,271,317)	-
Change in net position	<u>1,545,734</u>	<u>421,016</u>	<u>(187,058)</u>	<u>(73,937)</u>	<u>1,705,755</u>	<u>32,674</u>
Total Net Position - Beginning	<u>33,068,918</u>	<u>51,024,415</u>	<u>5,115,929</u>	<u>4,619,172</u>		<u>542,946</u>
Total Net Position - Ending	<u>\$ 34,614,652</u>	<u>\$ 51,445,431</u>	<u>\$ 4,928,871</u>	<u>\$ 4,545,235</u>		<u>\$ 575,620</u>
Change in Net Position, per above					1,705,755	
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.					6,971	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements					<u>\$ 1,712,726</u>	

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, 2015

	Business-Type Activities-Enterprise Funds					Governmental
	Water	Sewer	Sanitation	Stormwater	Total	Activities- Internal Service Fund
Cash Flows from Operating Activities:						
Receipts from customers	\$ 5,892,507	\$ 5,855,803	\$ 2,922,426	\$ 902,349	\$ 15,573,085	\$ -
Receipts from internal services provided	-	-	-	-	-	3,903,099
Payments to suppliers	(1,986,503)	(2,403,493)	(1,466,478)	(312,176)	(6,168,650)	(4,070,832)
Payments to employees	(1,606,807)	(1,414,766)	(898,227)	(398,713)	(4,318,513)	-
Net cash provided (used) by operating activities	2,299,197	2,037,544	557,721	191,460	5,085,922	(167,733)
Cash Flows from Non-Capital Financing Activities:						
Due from other funds	-	-	(947,127)	-	(947,127)	-
Operating grants	145,945				145,945	
Transfers in	-	-	-	-	-	-
Transfers out	(533,857)	-	-	-	(533,857)	-
Net cash provided (used) by non-capital financing activities	(387,912)	-	(947,127)	-	(1,335,039)	-
Cash Flows from Capital and Related Financing Activities:						
Acquisition of capital assets	(1,255,271)	(1,185,973)	(677,495)	(951,686)	(4,070,425)	-
Sale of capital assets	22,315	(143,586)	985	-	(120,286)	-
Interest paid on long-term debt	(196,203)	(348,820)	-	-	(545,023)	-
Principal paid on debt	(226,800)	(403,200)	-	-	(630,000)	-
Capital Grants	-	-	-	105,286	105,286	-
Fees and assessments received	758,495	2,349,752	-	-	3,108,247	-
Net cash provided (used) by capital and related financing activities	(897,464)	268,173	(676,510)	(846,400)	(2,152,201)	-

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

Cash Flows from Investing Activities:

Sale (Purchase) of investments	524,877	341,374	-	-	866,251	-
Investment income	80,961	99,704	29,989	9,560	220,214	3,580
Net cash provided by investing activities	<u>605,838</u>	<u>441,078</u>	<u>29,989</u>	<u>9,560</u>	<u>1,086,465</u>	<u>3,580</u>

Net Increase (Decrease) in Cash and

Cash Equivalents	1,619,659	2,746,795	(1,035,927)	(645,380)	2,685,147	(164,153)
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Cash and Cash Equivalents - beginning

	7,890,419	9,149,923	4,270,214	1,802,070	23,112,626	829,044
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Cash and Cash Equivalents - end

	<u>\$ 9,510,078</u>	<u>\$ 11,896,718</u>	<u>\$ 3,234,287</u>	<u>\$ 1,156,690</u>	<u>\$ 25,797,773</u>	<u>\$ 664,891</u>
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Classified As:

Cash and cash equivalents	\$ 8,680,042	\$ 11,192,894	\$ 3,234,287	\$ 1,156,690	\$ 24,263,913	\$ 664,891
Restricted cash and cash equivalents	830,036	703,824	-	-	1,533,860	-
Total	<u>\$ 9,510,078</u>	<u>\$ 11,896,718</u>	<u>\$ 3,234,287</u>	<u>\$ 1,156,690</u>	<u>\$ 25,797,773</u>	<u>\$ 664,891</u>

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

Operating income (loss)	<u>\$ 1,105,382</u>	<u>\$ (399,166)</u>	<u>\$ (218,032)</u>	<u>\$ (175,203)</u>	<u>\$ 312,981</u>	<u>\$ 29,094</u>
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Adjustments Not Affecting Cash:

Depreciation and amortization	1,033,421	2,376,229	401,265	349,122	4,160,037	-
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Change in Assets and Liabilities:

Decrease (Increase) in accts receivable	169,021	46,652	5,907	(2,938)	218,642	(872)
Increase in customer deposits	(2,460)	-	-	-	(2,460)	-
Decrease in prepaid costs	(37,349)	(44,655)	(11,986)	(10,046)	(104,036)	600
Decrease (Increase) in inventory	(65,396)	(5,402)	-	561	(70,237)	-
Increase (Decrease) in accounts payable	20,080	(3,246)	334,680	7,762	359,276	(196,555)
Increase in accrued liabilities	76,498	67,132	45,887	22,202	211,719	-
Total adjustments	<u>1,193,815</u>	<u>2,436,710</u>	<u>775,753</u>	<u>366,663</u>	<u>4,772,941</u>	<u>(196,827)</u>

Net Cash Provided (Used) by Operating

Activities	<u>\$ 2,299,197</u>	<u>\$ 2,037,544</u>	<u>\$ 557,721</u>	<u>\$ 191,460</u>	<u>\$ 5,085,922</u>	<u>\$ (167,733)</u>
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**Noncash Investing, Capital,
and Financing Activities:**

Increase (Decrease) in Fair Value of Investments	\$ 28,211	\$ 13,855	\$ -	\$ -	\$ 42,066	\$ -
Net transfers of capital assets	\$ 7,356	\$ (11,227)	\$ -	\$ (19,255)	\$ (23,126)	\$ -

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

CITY OF CLERMONT, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

September 30, 2015

	<u>Total Employee Pension Funds</u>
Assets:	
Cash and cash equivalents	\$ 194,740
Receivables:	
Due from state	421,778
Total receivables	<u>421,778</u>
Investments:	
U.S. Government & other debt securities	9,688,348
Equities	21,058,876
Total investments	<u>30,747,224</u>
 Total assets	 <u>31,363,742</u>
Liabilities:	
Refunds payable and other	597,800
Total liabilities	<u>597,800</u>
 Net Position Held in Trust for Pension Benefits	 <u>\$ 30,765,942</u>

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

CITY OF CLERMONT, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

Year Ended September 30, 2015

	<u>Total Employee Pension Funds</u>
Additions:	
Contributions:	
Employer	\$ 1,205,420
Plan members	240,820
State	<u>421,778</u>
Total contributions	<u>1,868,018</u>
Investment earnings:	
Net decrease in fair value of investments	<u>(43,104)</u>
Total net investment earnings	<u>(43,104)</u>
Total additions	<u>1,824,914</u>
Deductions:	
Benefits/distributions	561,860
Administrative	<u>131,839</u>
Total deductions	<u>693,699</u>
Change in Net Position	1,131,215
Net Position - beginning	<u>29,634,727</u>
Net Position - ending	<u><u>\$ 30,765,942</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, 2015

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. The CRA is governed by a board of seven-the five members of the Clermont City Council and two individuals appointed by the City Council.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) 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, 2015

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

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

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

The government reports the following funds:

Major Governmental Funds

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

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

Infrastructure Special Revenue Fund accounts for the proceeds of the Local Government Infrastructure Surtax. The proceeds and interest accrued thereto, by law are only to be used to finance, plan and construct infrastructure.

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

Nonmajor Governmental Fund Types

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

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

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

Major Proprietary Funds

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

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

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

Nonmajor Proprietary Funds

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

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

Fiduciary Funds

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

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, 2015

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

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

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

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

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

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance:

1. Deposits and Investments

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

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

2. Receivables and Payables

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

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

2. Receivables and Payables - (Continued)

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

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

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

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

5. Capital Assets

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

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

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

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

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

6. Compensated Absences

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

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

7. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

8. Deferred Outflows/Inflows of Resources

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

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

9. Net Position Flow Assumptions

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

10. Fund Balance Flow Assumptions

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

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

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

11. Fund Balance Policies - (Continued)

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

E. New GASB Statements Implemented:

In fiscal year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements replace the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. GASB Statement No. 71 addresses the issue of the transition provisions of GASB Statement No. 68. Beginning net position of governmental activities has been restated and disclosed in Note 3.

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 position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$2,721,282 difference are as follows:

Capital Outlay	\$ 4,917,533
Depreciation Expense	<u>(2,196,251)</u>
<i>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ 2,721,282</u></u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

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

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$883,731 difference are as follows:

Debt Issued or Incurred	\$ -
Principal Repayment	833,731
	<hr/>
<i>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 833,731</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	\$ (311,721)
Other Post Employment Benefits	(514,461)
Accrued Interest Payable	5,209
	<hr/>
<i>Net Adjustment to Decrease Net Changes in Fund Balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (820,973)</u>

Note 3 - Accounting Changes:

The beginning balances of governmental activities have been adjusted due to the implementation of GASB 68.

	Governmental Activities
	<hr/>
Net Position, October 1, 2014, Previously Stated	\$ 59,753,332
Increase for Accounting Change - GASB 68	6,525,025
	<hr/>
Net Position, October 1, 2014, Restated	<u>\$ 66,278,357</u>

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 4 - Stewardship, Compliance, and Accountability:

A. Budgetary Information -

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

- (1) Prior to the end of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Budget workshops are scheduled as needed.
- (3) The general summary of the budget and notice of public hearing is published in the local newspaper.
- (4) Public hearings are conducted to obtain taxpayer comments.
- (5) Prior to October 1, the budgets are legally enacted through passage of a resolution.
- (6) The City Manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total appropriations of any department must be approved by the City Council.
- (7) The level of classification detail at which expenditures may not legally exceed appropriations is the department level.
- (8) Appropriations lapse at the close of the fiscal year to the extent they have not been expended. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.
- (9) Budgets are adopted for the general fund, special revenue funds, debt service funds and the capital projects fund on a basis consistent with generally accepted accounting principles, except as described below under Budget Basis of Accounting. Budgets are also adopted for the enterprise funds; however, budgetary comparisons are not presented since they are not required 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.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 4 - 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.

C. Expenditures in Excess of Appropriations -

Expenditures exceeded appropriations in various departments of the General Fund, Capital Projects Fund, and Recreation Impact Fee Fund. These excess expenditures were funded by greater than anticipated revenues and available fund balance.

Note 5 - Cash and Investments:

Deposits

At year-end, the carrying amount of the City's deposits was \$39,084,763 and the bank balance was \$39,737,424. 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.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 5 - Cash and Investments (Continued):

Investments (Continued)

- (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.

Investments made by the *City of Clermont* at September 30, 2015 are summarized below. Defined benefit pension plan investments, other than \$21,058,876 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	\$ 3,716,401	AA+	1.55 years
US Treasury Notes	10,169,278	TSY	1.67 years
Corporate Note	2,498,004	AAA/AA	2.12 years
Commercial Paper	474,526	A-1	103 days
Municipal Bond	825,841	AA	308 days
Pension Fixed Income Securities	9,688,348	AAV4	5.98 years
	<u>\$ 27,372,398</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, 2015, all of the city's bank deposits were in qualified public depositories.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 5 - Cash and Investments (Continued):

Investments (Continued)

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, 2015, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk:

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

Interest Rate Risk:

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

Note 6 - Receivables:

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

	<u>Accounts</u>	<u>Taxes</u>	<u>Other</u>	<u>Less Allowance for Uncollectible Accounts</u>	<u>Total</u>
General Fund	\$ 2,224,789	\$ 130,448	\$ 966,847	\$ (2,189,680)	\$ 1,132,404
Water Fund	393,936	-	42,580	(39,907)	396,609
Sewer Fund	603,670	-	-	(114,457)	489,213
Sanitation Fund	299,103	-	285	(43,892)	255,496
Nonmajor Enterprise Fund	94,294	-	-	(14,776)	79,518
Internal Service Fund	-	-	2,371	(1,499)	872
Nonmajor Governmental Funds	-	-	65	-	65
	<u>\$ 3,615,792</u>	<u>\$ 130,448</u>	<u>\$ 1,012,148</u>	<u>\$ (2,404,211)</u>	<u>\$ 2,354,177</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 7 - Capital Assets:

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$25,727,548	\$ -	\$ -	\$25,727,548
Construction in progress	3,967,409	3,190,187	(5,918,399)	1,239,197
Total capital assets, not being depreciated	<u>29,694,957</u>	<u>3,190,187</u>	<u>(5,918,399)</u>	<u>26,966,745</u>
Capital Assets, being depreciated:				
Buildings	21,739,659	972,753	-	22,712,412
Improvements/infrastructure	15,265,015	4,959,351	-	20,224,366
Machinery and equipment	8,810,173	1,474,505	(121,555)	10,163,123
Intangibles	684,068	302,083	-	986,151
Total capital assets being depreciated	<u>46,498,915</u>	<u>7,708,692</u>	<u>(121,555)</u>	<u>54,086,052</u>
Less Accumulated Depreciation for:				
Buildings	(7,086,017)	(895,246)	-	(7,981,263)
Improvements/infrastructure	(9,674,238)	(607,188)	-	(10,281,426)
Machinery and equipment	(6,618,814)	(666,734)	121,555	(7,163,993)
Intangibles	(657,612)	(66,904)	-	(724,516)
Total accumulated depreciation	<u>(24,036,681)</u>	<u>(2,236,072)</u>	<u>121,555</u>	<u>(26,151,198)</u>
Total capital assets being depreciated, net	<u>22,462,234</u>	<u>5,472,620</u>	<u>-</u>	<u>27,934,854</u>
Governmental activities capital assets, net	<u>\$52,157,191</u>	<u>\$ 8,662,807</u>	<u>\$ (5,918,399)</u>	<u>\$54,901,599</u>

Increases in accumulated depreciation for governmental activities includes accumulated depreciation on assets transferred from business-type activities, therefore total increases is not the same as depreciation expense. This difference is \$39,821.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 7 - Capital Assets (Continued):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital Assets, not being depreciated:				
Land	\$ 1,861,820	\$ -	\$ (839,230)	\$ 1,022,590
Construction in progress	4,148,655	2,335,864	(5,002,122)	1,482,397
Total capital assets, not being depreciated	<u>6,010,475</u>	<u>2,335,864</u>	<u>(5,841,352)</u>	<u>2,504,987</u>
Capital Assets, being depreciated:				
Buildings	37,178	-	(1,216)	35,962
Improvements/infrastructure	91,644,122	5,495,899	(729,874)	96,410,147
Machinery and equipment	6,504,350	1,156,893	(176,231)	7,485,012
Intangibles	216,011	83,891	-	299,902
Total capital assets being depreciated	<u>98,401,661</u>	<u>6,736,683</u>	<u>(907,321)</u>	<u>104,231,023</u>
Less Accumulated Depreciation for:				
Buildings	(37,178)	-	1,216	(35,962)
Improvements/infrastructure	(29,167,351)	(3,543,757)	441,372	(32,269,736)
Machinery and equipment	(4,060,083)	(609,773)	153,106	(4,516,750)
Intangibles	(106,391)	(6,507)	-	(112,898)
Total accumulated depreciation	<u>(33,371,003)</u>	<u>(4,160,037)</u>	<u>595,694</u>	<u>(36,935,346)</u>
Total capital assets being depreciated, net	<u>65,030,658</u>	<u>2,576,646</u>	<u>(311,627)</u>	<u>67,295,677</u>
Business-type activities capital assets, net	<u>\$71,041,133</u>	<u>\$ 4,912,510</u>	<u>\$ (6,152,979)</u>	<u>\$69,800,664</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 473,854
Public safety	752,041
Physical environment/transportation	445,665
Economic environment	354
Culture and recreation	524,337
Total Depreciation Expense - governmental activities	<u>\$ 2,196,251</u>
Business-type Activities	
Water	\$ 1,033,421
Sewer	2,376,229
Sanitation	401,265
Stormwater	349,122
Total Depreciation Expense - business-type activities	<u>\$ 4,160,037</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 8 - Long-Term Debt:

Bonds Payable

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

The 2009 Water and Sewer Revenue and Refunding Bonds are secured by net revenue of the water and sewer system. The total principal and interest remaining to be paid on this series is \$18,687,997. For the fiscal year, principal and interest paid on this series was \$1,197,635 and total pledged revenue was \$4,348,670.

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

<u>Business-Type Activities</u>	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2015</u>
Water and Sewer Revenue Refunding Bonds, Series 2009	3.0 - 4.6% (6/1 & 12/1)	12/1/2010 to 12/1/2030	<u>\$16,640,000</u>	<u>\$ 13,685,000</u>

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

Year Ending September 30,	<u>Business - Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 650,000	\$ 523,922
2017	670,000	504,123
2018	690,000	483,723
2019	710,000	460,948
2020	735,000	435,660
2021-2025	4,105,000	1,745,025
2026-2030	4,995,000	823,606
2031	1,130,000	25,990
Total	<u>\$13,685,000</u>	<u>\$ 5,002,997</u>

Notes Payable

The Public Improvement Refunding Revenue Note, Series 2012, are secured by public services taxes, communications service tax and half cent sales tax revenue. Total principal and interest remaining to be paid on this series is \$1,484,105. For the fiscal year, principal and interest paid on this series was \$597,060 and total pledged revenue was \$5,934,260.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 8 - Long-Term Debt (Continued):

Notes Payable (Continued)

The City issued Public Improvement Revenue Note, Series 2013 in the amount of \$6,000,000 with interest of 3.05% to finance the purchase of the Arts and Recreation Center. This note is secured by public services taxes and communications service tax. Total principal and interest remaining to be paid on this series is \$6,994,487. For the fiscal year, principal and interest paid on this series was \$484,109 and total pledged revenue was \$4,114,351.

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

<u>Governmental Activities</u>	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2015</u>
Public Improvement Refunding Revenue Note, Series 2012	1.09% (6/1 & 12/1)	12/1/2013 to 12/1/2017	<u>\$ 2,612,000</u>	\$ 1,463,442
Public Improvement Revenue Note, Series 2013	3.05% (6/1 & 12/1)	12/1/2014 to 12/1/2028	<u>\$ 6,000,000</u>	5,694,228
				<u>\$ 7,157,670</u>

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

Year Ending September 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 917,744	\$ 181,369
2017	933,957	164,668
2018	638,845	149,285
2019	363,461	136,805
2020	374,547	125,550
2021-2025	2,051,221	446,543
2026-2029	1,877,895	116,702
Total	<u>\$7,157,670</u>	<u>\$1,320,922</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 8 - Long-Term Debt (Continued):

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
Public improvement revenue notes	\$ 8,041,401	\$ -	\$ (883,731)	\$ 7,157,670	\$ 917,744
Other post employment benefits	2,961,865	514,461	-	3,476,326	-
Compensated absences	758,131	387,534	(75,813)	1,069,852	106,985
Governmental activity long-term liabilities	<u>\$11,761,397</u>	<u>\$ 901,995</u>	<u>\$ (959,544)</u>	<u>\$11,703,848</u>	<u>\$ 1,024,729</u>
Business-type Activities					
Bonds payable-					
Revenue bonds	\$14,315,000	\$ -	\$ (630,000)	\$13,685,000	\$ 650,000
Premium	46,069	-	(2,834)	43,235	-
Total bonds payable	<u>14,361,069</u>	<u>-</u>	<u>(632,834)</u>	<u>13,728,235</u>	<u>650,000</u>
Other post employment benefits	1,053,293	162,106	-	1,215,399	-
Compensated absences	<u>277,979</u>	<u>65,365</u>	<u>(27,798)</u>	<u>315,546</u>	<u>31,554</u>
Business-type activity long-term liabilities	<u>\$15,692,341</u>	<u>\$ 227,471</u>	<u>\$ (660,632)</u>	<u>\$15,259,180</u>	<u>\$ 681,554</u>

Note 9 - Interfund Receivables, Payables and Transfers:

Interfund transfers for the year ended September 30, 2015 consisted of the following:

Transfers Out:	Transfers In					Total
	General Fund	Capital Projects Fund	Water Fund	General Fixed Assets	Nonmajor Govt	
General Fund	\$ -	\$ 5,796	\$ -	\$ -	\$ 290,998	\$ 296,794
Infrastructure Fund	-	529,446	-	-	430,733	960,179
Water Fund	533,857	-	-	11,227	-	545,084
Sewer Fund	-	-	-	11,227	-	11,227
Stormwater Fund	-	-	18,583	672	-	19,255
Nonmajor Governmental	6,838	1,683,831	-	-	375,848	2,066,517
	<u>\$ 540,695</u>	<u>\$ 2,219,073</u>	<u>\$ 18,583</u>	<u>\$ 23,126</u>	<u>\$1,097,579</u>	<u>\$ 3,899,056</u>

The majority of the transfers above were to fund various capital projects and debt service payments. The transfer out of the Water Fund is for their share of administrative expenses and asset transfers to governmental activities. The transfers out of the Sewer and Stormwater Funds were to recognize the transfer of assets to other funds.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 9 - Interfund Receivables, Payables and Transfers (Continued):

The composition of interfund receivables and payables as of September 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 68,030
Sanitation Fund	General Fund	947,127
		<u>\$ 1,015,157</u>

The balance due to the Sanitation fund is a result of an interfund loan for the purchase of a fire truck to be repaid over ten years.

Note 10 - Retirement Plans:

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

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

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

A. General Employees -

Contributions - The City's actuarially determined contribution rate per the October 1, 2014 actuarial valuations is \$0 for general employees. The City is no longer obligated to make contributions for general employees. Administrative costs are deducted from the net position of the plan.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 10 - Retirement Plans (Continued):

A. General Employees (Continued) -

Summary of Significant Accounting Policies

Plan Description - The general employees defined benefit pension plan is for general employees hired prior to September 30, 1985.

Plan Administration - The General Employees' Pension is administered by a Board of Trustees.

Plan Membership - At September 30, 2015 plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	8
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Active Plan Members	-
	<u>8</u>

Net Pension Liability of the City - The City's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability (asset) of the sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 344,982
Plan Fiduciary Net Position	(391,547)
Sponsor's Net Pension Liability (Asset)	<u>\$ (46,565)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	113.50%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of October 1, 2014, updated September 30, 2015 using the following actuarial assumptions:

Inflation	3.60%
Salary Increases	0.00%
Investment Rate of Return	9.08%

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 10 - Retirement Plans (Continued):

A. General Employees (Continued) -

Mortality rates were based on the sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants and non-annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Core Bonds	16%	2.48%
Multi-sector	24%	2.20%
U.S. Large Cap Equity	39%	7.14%
U.S. Small Cap Equity	11%	8.45%
Non-U.S. Equity	10%	8.43%
Total	100%	

Discount rate - The discount rate used to measure the total pension liability was 9.08%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 10 - Retirement Plans (Continued):

A. General Employees (Continued) -

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at September 30, 2014	\$ 349,279	\$ 458,926	\$ (109,647)
Changes Due to:			
Service Cost	-	-	-
Expected interest growth	29,060	38,562	(9,502)
Unexpected investment income	-	(35,949)	35,949
Demographic experience	40,676	-	40,676
Benefit payments and refunds	(63,484)	(63,484)	-
Administrative expenses	-	(6,508)	6,508
Assumption changes	(10,549)	-	(10,549)
Balance at September 30, 2015	<u>\$ 344,982</u>	<u>\$ 391,547</u>	<u>\$ (46,565)</u>

Sensitivity of the Net Pension Liability to changes in the Discount Rate

	Current Discount Rate		
	1% Decrease	Rate	1% Increase
	8.08%	9.08%	10.08%
General Pension Plan Net Pension Liability	\$ (30,452)	\$ (46,565)	\$ (61,278)

Deferred outflows and inflows of resources

For the year ended September 30, 2015 the City will recognize a pension expense of \$8,212. On September 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,189	\$ -
Changes of assumptions	-	8,867
Net difference between projected and actual earnings on pension plan investments	28,759	2,367
	<u>\$ 62,948</u>	<u>\$ 11,234</u>

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 10 - Retirement Plans (Continued):

A. General Employees (Continued) -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:		
2016	\$	11,206
2017		11,206
2018		11,206
2019		11,994
2020		4,805
Thereafter		1,297

B. Police Officers' Retirement -

The police officers' defined benefit pension plan is a local law, single employer, defined benefit pension plans as defined under Florida Statutes, Chapters 175 and 185, which covers all sworn police officers. 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 plan is administered by a board of Trustees.

Contributions - The City's actuarially determined contribution rate per the October 1, 2014 actuarial valuation. Employees must contribute 3% of pensionable earnings. Administrative costs are deducted from the net position of the plan. Contributions from the State received under Florida State Statutes 175 and 185 amounted to \$240,486 in 2015 and were recorded as revenue and expenditures in the general fund.

Benefits Provided - The plan provides retirement, disability, and pre-retirement death benefits. Normal retirement is defined as the attainment of age 55 and 10 years of service, or 20 years of service, regardless of age. The normal retirement benefit is the number of years of credited service prior to October 1, 2002 multiplied by 2.25%, and the number of years of credited service after October 1, 2002 multiplied by 3%, and multiplied by the average final monthly compensation. Early retirement is defined as attainment of age 50 and 10 years of service; however, the early retirement benefit is reduced by 3% for each year before the normal retirement date. Employees are 50% vested after five years of service, increasing at the rate of 10% per year, up to 100% vesting after 10 years of service. Disability benefits are the larger of the basic pension formula or 42% of average earnings for service connected disabilities. For non-service connected disabilities, benefits are the larger of the basic pension formula or 25% of average earnings, and require 10 years of service. Disability pension is offset as necessary to preclude the total of the participant's worker's compensation, disability pension, and other City-financed disability or salary continuation benefit (excluding social security benefits) from exceeding average earnings. Pre-retirement death benefits for vested members are the vested portion of the basic pension formula, reduced for payment prior to normal retirement age (payable for 10 years certain to the beneficiary of a vested participant). For non-vested participants the benefit is the return of accumulated employee contributions.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 10 - Retirement Plans (Continued):

B. Police Officers' Retirement (Continued)-

Plan Membership - At September 30, 2015 plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	15
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	11
Active Plan Members	60
	<u>86</u>

Net Pension Liability of the City - The City's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability (asset) of the sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 10,126,748
Plan Fiduciary Net Position	<u>(12,874,567) *</u>
Sponsor's Net Pension Liability (Asset)	<u>\$ (2,747,819)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	127.13%

* does not include excess chapter 175/185 contributions

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of October 1, 2014, updated September 30, 2015 using the following actuarial assumptions:

Inflation	3.60%
Salary Increases	5.50%
Investment Rate of Return	9.08%

Mortality rates were based on the sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants and non-annuitants, projected to 2007 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 10 - Retirement Plans (Continued):

B. Police Officers' Retirement (Continued)-

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Core Bonds	16%	2.48%
Multi-sector	24%	2.20%
U.S. Large Cap Equity	39%	7.14%
U.S. Small Cap Equity	11%	8.45%
Non-U.S. Equity	10%	8.43%
Total	100%	

Discount rate - The discount rate used to measure the total pension liability was 9.08%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2014	\$ 9,166,440	\$ 12,621,003	\$ (3,454,563)
Changes Due to:			
Service Cost	560,680	-	560,680
Expected interest growth	860,884	1,157,905	(297,021)
Unexpected investment income	-	(1,172,684)	1,172,684
Demographic experience	(162,697)	-	(162,697)
Employer contributions	-	522,208	(522,208)
Employee contributions	-	99,188	(99,188)
Benefit payments and refunds	(298,559)	(298,559)	-
Administrative expenses	-	(54,494)	54,494
Assumption changes	-	-	-
Balance at September 30, 2015	\$ 10,126,748	\$ 12,874,567	\$ (2,747,819)

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 10 - Retirement Plans (Continued):

B. Police Officers' Retirement (Continued)-

Sensitivity of the Net Pension Liability to changes in the Discount Rate

	1% Decrease 8.08%	Current Discount Rate 9.08%	1% Increase 10.08%
Police Pension Net Pension Liability	\$(1,504,457)	\$(2,747,819)	\$ (3,791,493)

Deferred outflows and inflows of resources

For the year ended September 30, 2015 the City will recognize a pension expense of \$436,231. On September 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	145,426
Net difference between projected and actual earnings on pension plan investments	938,147	-
	<u>\$ 938,147</u>	<u>\$ 145,426</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2016	\$ 217,266
2017	217,266
2018	217,266
2019	217,265
2020	(17,271)
Thereafter	(59,071)

Deferred Retirement Option Program (DROP) - DROP is available to participants who have attained their normal retirement age and individuals may participate in the DROP for up to 60 months; DROP accounts are credited with interest at the rate of 6.50% per annum. The Police DROP balance as of September 30, 2015 is \$199,645.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 10 - Retirement Plans (Continued):

C. Firefighters' Retirement -

The firefighters' defined benefit pension plan is a local law, single employer, defined benefit pension plans as defined under Florida Statutes, Chapters 175 and 185, which covers all sworn police officers. 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 plan is administered by a board of Trustees.

Contributions - The City's actuarially determined contribution rate per the October 1, 2014 actuarial valuation. Employees must contribute 4% of pensionable earnings. Administrative costs are deducted from the net position of the plan. Contributions from the State received under Florida State Statutes 175 and 185 amounted to \$181,292 in 2015 and were recorded as revenue and expenditures in the general fund.

Benefits Provided - The plan provides retirement, disability, and pre-retirement death benefits. Normal retirement is defined as 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. Volunteer firefighters earn a minimum benefit of \$5 for each year of service. Early retirement is defined as attainment of age 50 and 10 years of service; however, the early retirement benefit is reduced by 3% for each year before the normal retirement date. Employees are 50% vested after five years of service, increasing at the rate of 10% per year, up to 100% vesting after 10 years of service. Disability benefits are the larger of the basic pension formula or 42% of average earnings for service connected disabilities. For non-service connected disabilities, benefits are the larger of the basic pension formula or 25% of average earnings, and require 10 years of service. Disability pension is offset as necessary to preclude the total of the participant's worker's compensation, disability pension, and other City-financed disability or salary continuation benefit (excluding social security benefits) from exceeding average earnings. Pre-retirement death benefits for vested members are the vested portion of the basic pension formula, reduced for payment prior to normal retirement age (payable for 10 years certain to the beneficiary of a vested participant). For non-vested participants the benefit is the return of accumulated employee contributions.

Plan Membership - At September 30, 2015 plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	62
Active Plan Members	58
	<hr style="width: 100%; border: 0.5px solid black;"/>
	121
	<hr style="width: 100%; border: 0.5px solid black;"/>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 10 - Retirement Plans (Continued):

C. Firefighters' Retirement (Continued) -

Net Pension Liability of the City - The City's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability (asset) of the sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 6,617,503
Plan Fiduciary Net Position	(9,466,087) *
Sponsor's Net Pension Liability (Asset)	<u>\$ (2,848,584)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	143.05%

* does not include excess chapter 175/185 contributions

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of October 1, 2014, updated September 30, 2015 using the following actuarial assumptions:

Inflation	3.60%
Salary Increases	5.50%
Investment Rate of Return	9.08%

Mortality rates were based on the sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants and non-annuitants, projected to 2007 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 10 - Retirement Plans (Continued):

C. Firefighters' Retirement (Continued) -

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Core bonds	16%	2.48%
Multi-sector	24%	2.20%
U.S. Large Cap Equity	39%	7.14%
U.S. Small Cap Equity	11%	8.45%
Non-U.S. Equity	10%	8.43%
Total	100%	

Discount rate - The discount rate used to measure the total pension liability was 9.08%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2014	\$ 5,607,656	\$ 8,571,627	\$ (2,963,971)
Changes Due to:			
Service Cost	524,325	-	524,325
Expected interest growth	553,753	819,482	(265,729)
Unexpected investment income	-	(852,181)	852,181
Demographic experience	(67,286)	-	(67,286)
Employer contributions	-	827,357	(827,357)
Employee contributions	-	141,632	(141,632)
Benefit payments and refunds	(945)	(945)	-
Administrative expenses	-	(40,885)	40,885
Assumption changes	-	-	-
Balance at September 30, 2015	\$ 6,617,503	\$ 9,466,087	\$ (2,848,584)

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 10 - Retirement Plans (Continued):

C. Firefighters' Retirement (Continued) -

Sensitivity of the Net Pension Liability to changes in the Discount Rate

	1% Decrease 8.08%	Current Discount Rate 9.08%	1% Increase 10.08%
Fire Pension Net Pension Liability	\$(1,894,105)	\$(2,848,584)	\$(3,641,361)

Deferred outflows and inflows of resources

For the year ended September 30, 2015 the City will recognize a pension expense of \$321,157. On September 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	60,158
Net difference between projected and actual earnings on pension plan investments	681,745	-
	<u>\$ 681,745</u>	<u>\$ 60,158</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2016	\$ 163,308
2017	163,308
2018	163,308
2019	163,309
2020	(7,128)
Thereafter	(24,518)

Deferred Retirement Option Program (DROP) - DROP is available to participants who have attained their normal retirement age and individuals may participate in the DROP for up to 60 months; DROP accounts are credited with interest at the rate of 6.50% per annum. The Fire DROP balance as of September 30, 2015 is \$0.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 10 - Retirement Plans (Continued):

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

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

Covered payroll for this Plan for fiscal year 2015 was \$6,095,900; the City's total payroll for City employees was \$13,681,329.

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 2015 was \$561,578.

Note 11 - Other Post Employment Benefits:

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

The most recent actuarial report for the City's Retiree Continuation Insurance Plan was prepared as of April 1, 2015. The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2015 is as follows:

Annual Required Contribution	\$ 927,336
Interest on Net OPEB Obligation	160,606
Adjustment to Annual Required Contribution	<u>(347,238)</u>
Annual OPEB Cost	740,704
Employer Contributions	<u>(64,137)</u>
Increase in Net OPEB Obligation	676,567
Net OPEB Obligation (beginning of year)	4,015,158
Net OPEB Obligation (end of year)	<u><u>\$4,691,725</u></u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 11 - Other Post Employment Benefits (Continued):

Three Year Trend Information -

Fiscal Year Ending	Annual OPEB Cost	Percentage of Cost Contributed	Net OPEB Obligation
9/30/2013	\$ 1,010,011	10.0%	\$ 3,120,055
9/30/2014	967,942	7.5%	4,015,158
9/30/2015	740,704	9.0%	4,691,725

Funded Status and Funding Progress - OPEB

The funded status of the plan as of April 1, 2015, 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)
\$ -	\$ 4,835,731	\$ 4,835,731	0.0%	\$ 14,667,088	33.00%

Summary of Actuarial Methods & Assumptions:

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

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.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 11 - Other Post Employment Benefits (Continued):

Summary of Actuarial Methods & Assumptions (Continued)

Actuarial Cost Method - The projected unit credit cost method.

Amortization Method - level dollar open over 15 years.

Benefits Not Included - None.

Discount Rate - 4.00%.

Inflation rate - 3%

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>
2016	7.50%	2020	6.39%	2024	5.28%
2017	7.22%	2021	6.11%	2025	5.00%
2018	6.94%	2022	5.83%	and later	
2019	6.67%	2023	5.56%		

Retiree Contribution Trend - Same as Health Care Trend.

Mortality - RP-2000 Combined Mortality Table for males and females with mortality improvement projected to 2015 using Scale AA.

Morbidity:

<u>Age</u>	<u>Rate Per Age</u>
Under 65	4.50%
65 - 69	3.00%
70 - 74	2.50%
75 - 85	2.00%
86 and older	0.00%

Election at Retirement - 40% of future retirees will elect medical and dental coverage at retirement.

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

Marital Status - 60% of active employees who elect retiree coverage are assumed to elect coverage for their spouse. Males are assumed to be three years older than females. Actual spouse data was used for current retirees.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 12 - Risk Management:

During fiscal year 1990, the City established an internal service fund to account for its uninsured risk of loss for employee medical and dental coverage. Under this program, the fund provides coverage for the first \$150,000 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 \$3,800,000.

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 \$90,143 represents claims processed through October 2015 which were applicable to the current fiscal year and any additional claims are deemed immaterial. Changes to the current claims liability are as follows:

	<u>2015</u>	<u>2014</u>
Claims Liabilities, beginning of year	\$ 286,698	\$ 62,051
Incurred Claims	3,872,477	3,453,582
Payments on Claims	(4,069,032)	(3,228,935)
Claims Liabilities, end of year	<u>\$ 90,143</u>	<u>\$ 286,698</u>

Note 13 - Commitments and Contingencies:

Litigation - The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2015. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 14 - Fund Balances:

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

Nonspendable

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

Spendable Fund Balance

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

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

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

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

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 14 - Fund Balances (Continued):

At September 30, 2015, the City's governmental fund balances were as follows:

	General Fund	Capital Projects	Infrastructure Special Revenue Fund	Community Redevelopment Special Revenue	Other Governmental Funds	Total
Fund Balances						
Nonspendable						
Inventory/prepays	\$ 1,299,870	\$ -	\$ 380,347	\$ -	\$ 2,385	\$ 1,682,602
Cemetery	-	-	-	-	1,083,860	1,083,860
Spendable						
Restricted for:						
Police	246,929	-	-	-	2,897,850	3,144,779
Fire	-	-	-	-	632,423	632,423
Building Services	-	-	-	-	86,580	86,580
Culture and recreation	-	-	-	-	233,145	233,145
Community redevelopment	-	-	-	552,606	-	552,606
Infrastructure	-	-	2,383,713	-	-	2,383,713
Debt service	-	-	-	-	872,649	872,649
Assigned for:						
Subsequent year expenditures	304,600	-	-	-	-	304,600
Unassigned	7,013,550	-	-	-	-	7,013,550
	<u>\$ 8,864,949</u>	<u>\$ -</u>	<u>\$ 2,764,060</u>	<u>\$ 552,606</u>	<u>\$ 5,808,892</u>	<u>\$17,990,507</u>

Note 15 - Subsequent Events:

Subsequent to year end, the City issued Public Improvement Refunding Revenue Note, Series 2016 in March 2016 to refund the 2013 Public Improvement Revenue Note. The Series 2016 Note has an interest rate of 2.03% with principal and interest payments due through maturity date of December 1, 2028. The City also issued Infrastructure Sales Surtax Revenue Note, Series 2016 that has an interest rate of 2.12% with principal and interest payments due through maturity date of December 1, 2030.

REQUIRED SUPPLEMENTAL INFORMATION



CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2015

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%
4/1/2013	-	5,563,664	5,563,664	0.0%	10,854,391	51.0%
4/1/2015	-	4,835,731	4,835,731	0.0%	14,667,088	33.0%

*initial valuation date

Schedule of Employer Contributions - Retiree Continuation Insurance Plan

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
9/30/2010	\$ 611,000	5.0%	\$ 1,099,000
9/30/2011	649,000	7.0%	1,650,000
9/30/2012	691,000	7.0%	2,215,000
9/30/2013	1,112,968	10.0%	3,120,055
9/30/2014	1,112,968	6.5%	4,015,158
9/30/2015	927,336	6.9%	4,691,725

CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES**

September 30, 2015

	<u>9/30/2015</u>	<u>9/30/2014</u>
Total Pension Liability		
Service Cost	\$ -	\$ -
Interest	29,060	28,229
Changes in Excess State Money	-	-
Differences Between Expected and Actual Experience	40,676	-
Changes of Assumptions	(10,549)	-
Benefit Payments, including refunds of employee contributions	(63,484)	(56,412)
Net Change in Total Pension Liability	(4,297)	(28,183)
Total Pension Liability-beginning	349,279	377,462
Total Pension Liability-ending (a)	<u>\$ 344,982</u>	<u>\$ 349,279</u>
 Plan Fiduciary Net Position		
Contributions-employer	-	-
Contributions-state	-	-
Contributions-employee	-	-
Net Investment Income	2,613	40,560
Benefit Payments, including refunds of employee contributions	(63,484)	(66,212)
Administrative Expense	(6,508)	(3,136)
Other	-	-
Net Change in Plan Fiduciary Net Position	(67,379)	(28,788)
 Plan Fiduciary Net Position - beginning	458,926	487,714
Plan Fiduciary Net Position - ending (b)	<u>\$ 391,547</u>	<u>\$ 458,926</u>
 Net Pension Liability - ending (a)- (b)	<u>\$ (46,565)</u>	<u>\$ (109,647)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	113.50%	131.39%
Covered-employee Payroll	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A

CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE**

September 30, 2015

	<u>9/30/2015</u>	<u>9/30/2014</u>
Total Pension Liability		
Service Cost	\$ 560,680	\$ 524,531
Interest	860,884	723,246
Changes in Excess State Money	-	-
Differences Between Expected and Actual Experience	(162,697)	-
Changes of Assumptions	-	-
Benefit Payments, including refunds of employee contributions	(298,559)	(532,943)
Net Change in Total Pension Liability	<u>960,308</u>	<u>714,834</u>
Total Pension Liability-beginning	<u>9,166,440</u>	<u>8,451,606</u>
Total Pension Liability-ending (a)	<u>\$ 10,126,748</u>	<u>\$ 9,166,440</u>
 Plan Fiduciary Net Position		
Contributions-employer	281,722	411,953
Contributions-state	240,486	217,653
Contributions-employee	99,188	95,733
Net Investment Income	(14,779)	1,043,670
Benefit Payments, including refunds of employee contributions	(298,559)	(334,599)
Administrative Expense	(54,494)	(31,851)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>253,564</u>	<u>1,402,559</u>
 Plan Fiduciary Net Position - beginning	<u>12,621,003</u>	<u>11,218,444</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 12,874,567</u>	<u>\$ 12,621,003</u>
 Net Pension Liability - ending (a) - (b)	<u>\$ (2,747,819)</u>	<u>\$ (3,454,563)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	127.13%	137.69%
Covered-employee Payroll	\$ 3,108,552	\$ 3,108,552
Net Pension Liability as a Percentage of Covered Employee Payroll	-88.40%	-111.13%

CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIRE**

September 30, 2015

	<u>9/30/2015</u>	<u>9/30/2014</u>
Total Pension Liability		
Service Cost	\$ 524,325	\$ 596,543
Interest	553,753	530,089
Changes in Excess State Money	-	-
Differences Between Expected and Actual Experience	(67,286)	-
Changes of Assumptions	-	-
Benefit Payments, including refunds of employee contributions	(945)	(81,466)
Net Change in Total Pension Liability	<u>1,009,847</u>	<u>1,045,166</u>
Total Pension Liability-beginning	<u>5,607,656</u>	<u>4,562,490</u>
Total Pension Liability-ending (a)	<u>\$ 6,617,503</u>	<u>\$ 5,607,656</u>
 Plan Fiduciary Net Position		
Contributions-employer	646,065	438,902
Contributions-state	181,292	175,931
Contributions-employee	141,632	86,520
Net Investment Income	(32,699)	704,467
Benefit Payments, including refunds of employee contributions	(945)	(756)
Administrative Expense	(40,885)	(24,109)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>894,460</u>	<u>1,380,955</u>
 Plan Fiduciary Net Position - beginning	<u>8,571,627</u>	<u>7,190,672</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 9,466,087</u>	<u>\$ 8,571,627</u>
 Net Pension Liability - ending (a) - (b)	<u>\$ (2,848,584)</u>	<u>\$ (2,963,971)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	143.05%	152.86%
Covered-employee Payroll	\$ 2,798,049	\$ 2,798,049
Net Pension Liability as a Percentage of Covered Employee Payroll	-101.81%	-105.93%

CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
GENERAL EMPLOYEES**

September 30, 2015

	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially Determined Contribution	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	-	-
Contributions as a Percentage of Covered employee Payroll	N/A	N/A

Notes to Schedule

Valuation Date

10/1/2014

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Aggregate
Amortization Method	Level Percentage of Pay, open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Inflation	3.60%
Salary Increases	N/A
Interest Rate	9.08% per year, compounded annually, net of investment expenses

Schedule of Investment Returns	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual money-weighted rate of return, net of investment expenses	-0.05%	8.55%

CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
POLICE**

September 30, 2015

	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially Determined Contribution	\$ 583,559	\$ 629,606
Contributions in Relation to the Actuarially Determined Contribution	522,208	629,606
Contribution Deficiency (Excess)	<u>\$ 61,351</u>	<u>\$ -</u>
Covered Employee Payroll	3,108,552	2,424,191
Contributions as a Percentage of Covered Employee Payroll	16.80%	25.97%

Notes to Schedule

Valuation Date 10/1/2014

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Aggregate
Amortization Method	Level Percentage of Pay, open
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Salary Increases	5.50% per annum
Interest Rate	9.08% per annum (3.60% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments
Retirement	20% of eligible participants are assumed to retire at each of ages 52 through 54 and 100% of eligible participants are assumed to retire at normal retirement age
Other Decrements	Assumed employment termination is based on age and ranges from 5.00% at age 20 to 0.00% at age 50 Assumed disability is based on age and ranges from 0.03% at age 20 to 0.18% at age 50; 75% of disabilities are assumed to be service-connected
Mortality	Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants and non-annuitants, projected to 2007 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected
Non-investment Expenses	Liabilities have been loaded by 1.50% to account for non-investment expenses
Future Contributions	Contributions from the employer and employees are assumed to be made as legally required.

Schedule of Investment Returns	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual money-weighted rate of return, net of investment expenses	-0.05%	8.55%

CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
FIRE**

September 30, 2015

	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially Determined Contribution	\$ 603,000	\$ 614,833
Contributions in Relation to the Actuarially Determined Contribution	827,357	614,833
Contribution Deficiency (Excess)	<u>\$ (224,357)</u>	<u>\$ -</u>
Covered Employee Payroll	2,798,049	2,767,580
Contributions as a Percentage of Covered Employee Payroll	29.57%	22.22%

Notes to Schedule

Valuation Date 10/1/2014

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Aggregate
Amortization Method	Level Percentage of Pay, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Salary Increases	5.50% per annum
Interest Rate	9.08% per annum (3.60% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments
Retirement	20% of eligible participants are assumed to retire at each of ages 52 through 54 and 100% of eligible participants are assumed to retire at normal retirement age
Other Decrements	Assumed employment termination is based on age and ranges from 4.30% at age 20 to 0.00% at age 50 Assumed disability is based on age and ranges from 0.03% at age 20 to 0.18% at age 50; 75% of disabilities are assumed to be service-connected
Mortality	Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants and non-annuitants, projected to 2007 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected
Non-investment Expenses	Liabilities have been loaded by 1.75% to account for non-investment expenses
Future Contributions	Contributions from the employer and employees are assumed to be made as legally required.

Schedule of Investment Returns	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual money-weighted rate of return, net of investment expenses	-0.05%	8.55%



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

Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 307,804	\$ 581,611	\$ 498,253	\$ (83,358)
Investment earnings	1,200	1,200	-	(1,200)
Total revenues	<u>309,004</u>	<u>582,811</u>	<u>498,253</u>	<u>(84,558)</u>
Expenditures:				
Current:				
Culture and recreation	53,770	78,893	21,895	56,998
Public safety:				
Police	216,653	248,353	-	248,353
Capital Outlay:				
Public safety	4,090,000	3,186,372	236,976	2,949,396
Culture and recreation	1,427,400	2,445,170	2,458,455	(13,285)
Total expenditures	<u>5,787,823</u>	<u>5,958,788</u>	<u>2,717,326</u>	<u>3,241,462</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,478,819)</u>	<u>(5,375,977)</u>	<u>(2,219,073)</u>	<u>3,156,904</u>
Other Financing Sources:				
Transfers in	5,478,819	5,375,977	2,219,073	(3,156,904)
Total other financing sources	<u>5,478,819</u>	<u>5,375,977</u>	<u>2,219,073</u>	<u>(3,156,904)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances - beginning	-	-	-	-
Fund Balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

Recreation Impact Fees Fund

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

Police Impact Fees Fund

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

Fire Impact Fee Fund

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

Building Services Fund

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

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, 2015

Special Revenue

	<u>Recreation Impact Fees</u>	<u>Police Impact Fees</u>	<u>Fire Impact Fees</u>	<u>Building Services</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 233,145	\$ 2,897,850	\$ 637,155	\$ 109,563	\$ 3,877,713
Other receivables	-	-	-	-	-
Prepaid costs	-	-	-	2,385	2,385
Total assets	<u>\$ 233,145</u>	<u>\$ 2,897,850</u>	<u>\$ 637,155</u>	<u>\$ 111,948</u>	<u>\$ 3,880,098</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 4,732	\$ 22,983	\$ 27,715
Total liabilities	<u>-</u>	<u>-</u>	<u>4,732</u>	<u>22,983</u>	<u>27,715</u>
Fund balances:					
Nonspendable	-	-	-	2,385	2,385
Restricted	233,145	2,897,850	632,423	86,580	3,849,998
Total fund balances	<u>233,145</u>	<u>2,897,850</u>	<u>632,423</u>	<u>88,965</u>	<u>3,852,383</u>
Total liabilities and fund balances	<u>\$ 233,145</u>	<u>\$ 2,897,850</u>	<u>\$ 637,155</u>	<u>\$ 111,948</u>	<u>\$ 3,880,098</u>

Debt Service	Permanent Fund - Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ 872,649	\$ 1,084,070	\$ 5,834,432
-	65	65
-	-	2,385
<u>\$ 872,649</u>	<u>\$ 1,084,135</u>	<u>\$ 5,836,882</u>
\$ -	\$ 275	\$ 27,990
-	275	27,990
-	1,083,860	1,086,245
872,649	-	4,722,647
872,649	1,083,860	5,808,892
<u>\$ 872,649</u>	<u>\$ 1,084,135</u>	<u>\$ 5,836,882</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2015

Special Revenue

	Recreation Impact Fees	Police Impact Fees	Fire Impact Fees	Building Services	Total
Revenues:					
Licenses and permits	\$ -	\$ -	\$ -	\$ 643,795	\$ 643,795
Charges for services	-	-	-	106,057	106,057
Impact fees/special assessments	1,077,768	339,370	440,443	-	1,857,581
Investment earnings	2,560	18,482	3,037	1,010	25,089
Miscellaneous	-	-	-	726	726
Total revenues	<u>1,080,328</u>	<u>357,852</u>	<u>443,480</u>	<u>751,588</u>	<u>2,633,248</u>
Expenditures:					
Current:					
Public safety	-	-	127,107	913,839	1,040,946
Culture and recreation	45,000	-	-	-	45,000
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>45,000</u>	<u>-</u>	<u>127,107</u>	<u>913,839</u>	<u>1,085,946</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,035,328</u>	<u>357,852</u>	<u>316,373</u>	<u>(162,251)</u>	<u>1,547,302</u>
Other Financing Uses:					
Transfers in	-	-	-	-	-
Transfers out	(1,688,534)	(231,275)	(139,870)	-	(2,059,679)
Total other financing uses	<u>(1,688,534)</u>	<u>(231,275)</u>	<u>(139,870)</u>	<u>-</u>	<u>(2,059,679)</u>
Net Change in Fund Balances	<u>(653,206)</u>	<u>126,577</u>	<u>176,503</u>	<u>(162,251)</u>	<u>(512,377)</u>
Fund Balances - beginning	<u>886,351</u>	<u>2,771,273</u>	<u>455,920</u>	<u>251,216</u>	<u>4,364,760</u>
Fund Balances - ending	<u>\$ 233,145</u>	<u>\$ 2,897,850</u>	<u>\$ 632,423</u>	<u>\$ 88,965</u>	<u>\$ 3,852,383</u>

Debt Service	Permanent Fund - Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 643,795
-	-	106,057
-	-	1,857,581
3,655	6,838	35,582
-	81,500	82,226
<u>3,655</u>	<u>88,338</u>	<u>2,725,241</u>
-	-	1,040,946
-	-	45,000
883,731	-	883,731
198,438	-	198,438
<u>1,082,169</u>	<u>-</u>	<u>2,168,115</u>
<u>(1,078,514)</u>	<u>88,338</u>	<u>557,126</u>
1,097,579	-	1,097,579
-	(6,838)	(2,066,517)
<u>1,097,579</u>	<u>(6,838)</u>	<u>(968,938)</u>
19,065	81,500	(411,812)
853,584	1,002,360	6,220,704
<u>\$ 872,649</u>	<u>\$ 1,083,860</u>	<u>\$ 5,808,892</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees/special assessments	\$ 500,000	\$ 1,075,000	\$ 1,077,768	\$ 2,768
Investment earnings	6,700	6,700	2,560	(4,140)
Total revenues	<u>506,700</u>	<u>1,081,700</u>	<u>1,080,328</u>	<u>(1,372)</u>
Expenditures:				
Current:				
Culture and recreation	105,000	169,995	45,000	124,995
Total expenditures	<u>105,000</u>	<u>169,995</u>	<u>45,000</u>	<u>124,995</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>401,700</u>	<u>911,705</u>	<u>1,035,328</u>	<u>123,623</u>
Other Financing Uses				
Transfers out	(1,144,356)	(1,649,453)	(1,688,534)	(39,081)
Total other financing uses	<u>(1,144,356)</u>	<u>(1,649,453)</u>	<u>(1,688,534)</u>	<u>(39,081)</u>
Net Change in Fund Balances	(742,656)	(737,748)	(653,206)	84,542
Fund Balances - beginning	886,351	886,351	886,351	-
Fund Balances - ending	<u>\$ 143,695</u>	<u>\$ 148,603</u>	<u>\$ 233,145</u>	<u>\$ 84,542</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees/special assessments	\$ 175,000	\$ 175,000	\$ 339,370	\$ 164,370
Investment earnings	13,500	13,500	18,482	4,982
Total revenues	<u>188,500</u>	<u>188,500</u>	<u>357,852</u>	<u>169,352</u>
Expenditures:				
Current:				
Public Safety:				
Law enforcement	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>188,500</u>	<u>188,500</u>	<u>357,852</u>	<u>169,352</u>
Other Financing Sources (Uses)				
Transfers in	1,203,628	-	-	-
Transfers out	(4,101,266)	(2,897,638)	(231,275)	2,666,363
Total other financing sources (uses)	<u>(2,897,638)</u>	<u>(2,897,638)</u>	<u>(231,275)</u>	<u>2,666,363</u>
Net Change in Fund Balances	(2,709,138)	(2,709,138)	126,577	2,835,715
Fund Balances - beginning	<u>2,771,273</u>	<u>2,771,273</u>	<u>2,771,273</u>	<u>-</u>
Fund Balances - ending	<u>\$ 62,135</u>	<u>\$ 62,135</u>	<u>\$ 2,897,850</u>	<u>\$ 2,835,715</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees/special assessments	\$ 175,000	\$ 200,000	\$ 440,443	\$ 240,443
Investment earnings	600	600	3,037	2,437
Total revenues	<u>175,600</u>	<u>200,600</u>	<u>443,480</u>	<u>242,880</u>
Expenditures:				
Current:				
Public safety:				
Fire control	<u>157,450</u>	<u>157,450</u>	<u>127,107</u>	<u>30,343</u>
Total expenditures	<u>157,450</u>	<u>157,450</u>	<u>127,107</u>	<u>30,343</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>18,150</u>	<u>43,150</u>	<u>316,373</u>	<u>273,223</u>
Other Financing Uses:				
Transfers out	<u>(95,960)</u>	<u>(427,660)</u>	<u>(139,870)</u>	<u>287,790</u>
Total other financing sources	<u>(95,960)</u>	<u>(427,660)</u>	<u>(139,870)</u>	<u>287,790</u>
Net Change in Fund Balances	<u>(77,810)</u>	<u>(384,510)</u>	<u>176,503</u>	<u>561,013</u>
Fund Balances - beginning	<u>455,920</u>	<u>455,920</u>	<u>455,920</u>	<u>-</u>
Fund Balances - ending	<u>\$ 378,110</u>	<u>\$ 71,410</u>	<u>\$ 632,423</u>	<u>\$ 561,013</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 745,000	\$ 800,000	\$ 643,795	\$ (156,205)
Charges for services	153,585	153,585	106,057	(47,528)
Investment earnings	1,000	1,000	1,010	10
Miscellaneous	889	889	726	(163)
Total revenues	<u>900,474</u>	<u>955,474</u>	<u>751,588</u>	<u>(203,886)</u>
Expenditures:				
Current:				
Public safety	<u>857,465</u>	<u>959,641</u>	<u>913,839</u>	<u>45,802</u>
Total expenditures	<u>857,465</u>	<u>959,641</u>	<u>913,839</u>	<u>45,802</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>43,009</u>	<u>(4,167)</u>	<u>(162,251)</u>	<u>(158,084)</u>
Net Change in Fund Balances	43,009	(4,167)	(162,251)	(158,084)
Fund Balances - beginning	251,216	251,216	251,216	-
Fund Balances - ending	<u>\$ 294,225</u>	<u>\$ 247,049</u>	<u>\$ 88,965</u>	<u>\$ (158,084)</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 2,000	\$ 2,000	\$ 3,655	\$ 1,655
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>3,655</u>	<u>1,655</u>
Expenditures:				
Debt Service:				
Principal	883,731	883,731	883,731	-
Interest and fiscal charges	342,889	342,889	198,438	144,451
Total expenditures	<u>1,226,620</u>	<u>1,226,620</u>	<u>1,082,169</u>	<u>144,451</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,224,620)</u>	<u>(1,224,620)</u>	<u>(1,078,514)</u>	<u>146,106</u>
Other Financing Sources:				
Transfers in	1,245,253	1,245,253	1,097,579	(147,674)
Total other financing sources	<u>1,245,253</u>	<u>1,245,253</u>	<u>1,097,579</u>	<u>(147,674)</u>
Net Change in Fund Balances	20,633	20,633	19,065	(1,568)
Fund Balances - beginning	853,584	853,584	853,584	-
Fund Balances - ending	<u>\$ 874,217</u>	<u>\$ 874,217</u>	<u>\$ 872,649</u>	<u>\$ (1,568)</u>

FIDUCIARY FUNDS

Pension Trust Funds

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

CITY OF CLERMONT, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

September 30, 2015

	<u>General Employees</u>		<u>Police Officers Pension Trust</u>	<u>Firefighters Pension Trust</u>	<u>Total Employee Pension Funds</u>
	<u>Defined Benefit</u>	<u>Defined Contribution</u>			
Assets:					
Cash and cash equivalents	\$ 3,132	\$ -	\$ 110,032	\$ 81,576	\$ 194,740
Receivables:					
Due from state	-	-	240,486	181,292	421,778
Total receivables	-	-	240,486	181,292	421,778
Investments:					
U.S. Government & other debt securities	155,836	-	5,474,111	4,058,401	9,688,348
Equities	232,579	6,599,382	8,169,905	6,057,010	21,058,876
Total Investments	388,415	6,599,382	13,644,016	10,115,411	30,747,224
Total assets	391,547	6,599,382	13,994,534	10,378,279	31,363,742
Liabilities:					
Refunds payable and other	-	-	132,898	464,902	597,800
Total liabilities	-	-	132,898	464,902	597,800
Net Position Held in Trust for Pension Benefits	\$ 391,547	\$ 6,599,382	\$ 13,861,636	\$ 9,913,377	\$ 30,765,942

CITY OF CLERMONT, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

Year Ended September 30, 2015

	<u>General Employees</u>		<u>Police Officers Pension Trust</u>	<u>Firefighters Pension Trust</u>	<u>Total Employee Funds</u>
	<u>Defined Benefit</u>	<u>Defined Contribution</u>			
Additions:					
Contributions:					
Employer	\$ -	\$ 561,578	\$ 462,483	\$ 181,359	\$ 1,205,420
Plan members	-	-	99,188	141,632	240,820
State	-	-	240,486	181,292	421,778
Total contributions	-	561,578	802,157	504,283	1,868,018
Investment earnings:					
Net increase (decrease) in fair value of investments	2,613	1,760	(14,778)	(32,699)	(43,104)
Total net investment earnings	2,613	1,760	(14,778)	(32,699)	(43,104)
Total additions	2,613	563,338	787,379	471,584	1,824,914
Deductions:					
Benefits/distributions	63,484	198,872	298,559	945	561,860
Administrative expenses	6,508	29,952	54,494	40,885	131,839
Total deductions	69,992	228,824	353,053	41,830	693,699
Change in Net Position	(67,379)	334,514	434,326	429,754	1,131,215
Net Position Held in Trust for Pension Benefits					
Beginning of Year	458,926	6,264,868	13,427,310	9,483,623	29,634,727
End of Year	\$ 391,547	\$ 6,599,382	\$ 13,861,636	\$ 9,913,377	\$ 30,765,942



STATISTICAL SECTION



Statistical Section

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

Contents	Page
Financial Trends	96
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	106
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	
Debt Capacity	111
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	116
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	122
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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 15,777	\$ 15,825	\$ 27,462	\$ 33,938
Restricted	5,935	7,830	8,959	6,526
Unrestricted	<u>8,693</u>	<u>14,459</u>	<u>11,946</u>	<u>13,608</u>
Total governmental activities net position	<u>\$ 30,405</u>	<u>\$ 38,114</u>	<u>\$ 48,367</u>	<u>\$ 54,072</u>
Business-type activities				
Net investment in capital assets	\$ 15,864	\$ 24,837	\$ 46,569	\$ 54,834
Restricted	33,732	36,931	13,899	10,437
Unrestricted	<u>13,447</u>	<u>10,841</u>	<u>18,103</u>	<u>17,801</u>
Total business-type activities net position	<u>\$ 63,043</u>	<u>\$ 72,609</u>	<u>\$ 78,571</u>	<u>\$ 83,072</u>
Primary government				
Net investment in capital assets	\$ 31,641	\$ 40,662	\$ 74,031	\$ 88,772
Restricted	39,667	44,761	22,858	16,963
Unrestricted	<u>22,140</u>	<u>25,300</u>	<u>30,049</u>	<u>31,409</u>
Total primary government net position	<u>\$ 93,448</u>	<u>\$ 110,723</u>	<u>\$ 126,938</u>	<u>\$ 137,144</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 33,817	\$ 34,894	\$ 36,612	\$ 39,950	\$ 44,116	\$ 47,718
6,693	7,381	8,876	9,490	9,918	9,400
13,988	12,465	9,701	7,723	5,719	11,649
<u>\$ 54,498</u>	<u>\$ 54,740</u>	<u>\$ 55,189</u>	<u>\$ 57,163</u>	<u>\$ 59,753</u>	<u>\$ 68,767</u>
\$ 55,540	\$ 56,430	\$ 57,241	\$ 57,863	\$ 56,680	\$ 56,586
17,293	9,241	9,477	9,536	10,217	12,135
11,407	19,376	20,436	24,191	27,054	26,943
<u>\$ 84,240</u>	<u>\$ 85,047</u>	<u>\$ 87,154</u>	<u>\$ 91,590</u>	<u>\$ 93,951</u>	<u>\$ 95,664</u>
\$ 89,357	\$ 91,324	\$ 93,853	\$ 97,813	\$ 100,796	\$ 104,304
23,986	16,622	18,353	19,026	20,135	21,535
25,395	31,841	30,137	31,914	32,773	38,592
<u>\$ 138,738</u>	<u>\$ 139,787</u>	<u>\$ 142,343</u>	<u>\$ 148,753</u>	<u>\$ 153,704</u>	<u>\$ 164,431</u>

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

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 3,232	\$ 3,297	\$ 4,204	\$ 4,747
Public safety	7,109	8,783	10,330	10,775
Physical environment	382	470	514	364
Transportation/public works	1,322	1,255	1,544	1,164
Economic environment	181	52	48	101
Human services	77	130	107	-
Culture and recreation	1,851	2,441	2,061	2,082
Interest on long-term debt	285	226	459	326
Total governmental activities expenses	<u>14,439</u>	<u>16,654</u>	<u>19,267</u>	<u>19,559</u>
Business-type activities:				
Water	3,427	2,987	3,737	3,990
Sewer	4,024	3,896	4,521	4,489
Sanitation	1,731	1,816	2,123	2,086
Stormwater	316	427	549	534
Total business-type activities expenses	<u>9,498</u>	<u>9,126</u>	<u>10,930</u>	<u>11,099</u>
Total primary government expenses	<u>\$ 23,937</u>	<u>\$ 25,780</u>	<u>\$ 30,197</u>	<u>\$ 30,658</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,037	\$ 1,116	\$ 1,582	\$ 1,854
Public safety	1,158	1,105	975	1,203
Transportation/public works	-	-	-	-
Culture and recreation	1,566	882	761	99
Operating grants and contributions	523	923	1,047	921
Capital grants and contributions	105	2,518	7,330	3,307
Total governmental activities program revenues	<u>4,389</u>	<u>6,544</u>	<u>11,695</u>	<u>7,384</u>
Business-type activities:				
Charges for services:				
Water	\$ 4,839	\$ 5,502	\$ 5,654	\$ 4,909
Sewer	3,784	4,242	4,422	4,655
Sanitation	2,236	2,402	2,515	2,560
Stormwater	689	729	766	801
Operating grants and contributions	11	38	700	-
Capital grants and contributions	6,408	3,676	1,480	2,137
Total business-type activities program revenues	<u>17,967</u>	<u>16,589</u>	<u>15,537</u>	<u>15,062</u>
Total primary government program revenues	<u>\$ 22,356</u>	<u>\$ 23,133</u>	<u>\$ 27,232</u>	<u>\$ 22,446</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 4,287	\$ 3,643	\$ 4,211	\$ 3,258	\$ 3,407	\$ 3,848
12,459	12,531	12,168	12,685	14,117	14,326
319	279	248	303	350	453
1,768	1,661	1,719	1,725	2,202	2,094
50	102	116	200	363	567
-	-	-	-	-	-
2,055	1,822	1,045	1,928	3,096	4,018
175	156	137	87	236	193
<u>21,113</u>	<u>20,194</u>	<u>19,644</u>	<u>20,186</u>	<u>23,771</u>	<u>25,499</u>
4,316	4,461	4,052	4,154	4,589	4,823
5,927	6,022	5,752	6,106	6,437	6,571
2,169	2,364	2,567	2,465	2,472	3,133
848	955	939	897	1,016	1,080
<u>13,260</u>	<u>13,802</u>	<u>13,310</u>	<u>13,622</u>	<u>14,514</u>	<u>15,607</u>
<u>\$ 34,373</u>	<u>\$ 33,996</u>	<u>\$ 32,954</u>	<u>\$ 33,808</u>	<u>\$ 38,285</u>	<u>\$ 41,106</u>
\$ 1,857	\$ 1,695	\$ 1,649	\$ 2,117	\$ 2,429	\$ 2,356
665	355	450	1,040	1,366	1,684
-	-	-	-	-	-
872	539	604	1,262	956	1,317
1,162	1,237	1,191	896	939	1,598
134	129	27	112	1,718	498
<u>4,690</u>	<u>3,955</u>	<u>3,921</u>	<u>5,427</u>	<u>7,408</u>	<u>7,453</u>
\$ 4,817	\$ 5,377	\$ 5,099	\$ 5,215	\$ 5,362	\$ 5,726
4,852	5,065	5,154	5,357	5,585	5,809
2,613	2,688	2,721	2,775	2,869	2,917
829	855	855	862	881	905
-	-	-	-	-	276
1,544	999	1,752	3,430	2,417	3,219
<u>14,655</u>	<u>14,984</u>	<u>15,581</u>	<u>17,639</u>	<u>17,114</u>	<u>18,852</u>
<u>\$ 19,345</u>	<u>\$ 18,939</u>	<u>\$ 19,502</u>	<u>\$ 23,066</u>	<u>\$ 24,522</u>	<u>\$ 26,305</u>

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

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2006	2007	2008	2009
Net (expense)/revenue				
Governmental activities	\$ (10,050)	\$ (10,110)	\$ (7,572)	\$ (12,175)
Business-type activities	8,469	7,463	4,605	3,964
Total primary government net expense	<u>\$ (1,581)</u>	<u>\$ (2,647)</u>	<u>\$ (2,967)</u>	<u>\$ (8,211)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 5,665	\$ 7,452	\$ 7,749	\$ 7,601
Business taxes	*	*	*	*
Franchise fees	1,714	1,808	1,911	2,151
Utility taxes	1,782	1,881	1,992	2,152
Unrestricted intergovernmental revenues	4,953	4,952	4,776	4,458
Unrestricted investment earnings and miscellaneous revenues	835	1,216	901	1,050
Transfers	464	509	496	469
Total governmental activities	<u>15,413</u>	<u>17,818</u>	<u>17,825</u>	<u>17,881</u>
Business-type activities:				
Investment earnings	\$ 1,968	\$ 2,612	\$ 1,853	\$ 1,005
Transfers	(464)	(509)	(496)	(469)
Total business-type activities	<u>1,504</u>	<u>2,103</u>	<u>1,357</u>	<u>536</u>
Total primary government	<u>\$ 16,917</u>	<u>\$ 19,921</u>	<u>\$ 19,182</u>	<u>\$ 18,417</u>
Change in Net Position				
Governmental activities	\$ 5,363	\$ 7,708	\$ 10,253	\$ 5,706
Business-type activities	9,973	9,566	5,961	4,500
Total primary government	<u>\$ 15,336</u>	<u>\$ 17,274</u>	<u>\$ 16,214</u>	<u>\$ 10,206</u>

*Business taxes previously reported as General Government Charges for Services

**Special item loss on sale of capital assets

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ (16,422)	\$ (16,240)	\$ (15,721)	\$ (14,759)	\$ (16,363)	\$ (18,045)
1,395	1,182	2,271	4,018	2,600	3,245
<u>\$ (15,027)</u>	<u>\$ (15,058)</u>	<u>\$ (13,450)</u>	<u>\$ (10,741)</u>	<u>\$ (13,763)</u>	<u>\$ (14,800)</u>
\$ 6,844	\$ 5,966	\$ 5,535	\$ 5,350	\$ 6,533	\$ 7,193
*	*	113	111	126	130
2,373	2,285	2,189	2,123	2,379	2,502
2,558	2,568	2,430	2,490	2,887	2,953
4,503	4,664	5,063	5,802	6,110	6,645
525	478	388	378	479	554
443	520	453	479	439	557
<u>17,246</u>	<u>16,481</u>	<u>16,171</u>	<u>16,733</u>	<u>18,953</u>	<u>20,534</u>
\$ 360	\$ 145	\$ 289	\$ 167	\$ 200	\$ (976) **
(443)	(520)	(453)	(479)	(439)	(557)
(83)	(375)	(164)	(312)	(239)	(1,533)
<u>\$ 17,163</u>	<u>\$ 16,106</u>	<u>\$ 16,007</u>	<u>\$ 16,421</u>	<u>\$ 18,714</u>	<u>\$ 19,001</u>
\$ 824	\$ 241	\$ 450	\$ 1,974	\$ 2,590	\$ 2,489
1,312	807	2,107	3,706	2,361	1,712
<u>\$ 2,136</u>	<u>\$ 1,048</u>	<u>\$ 2,557</u>	<u>\$ 5,680</u>	<u>\$ 4,951</u>	<u>\$ 4,201</u>

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

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year		
	2006	2007	2008
General fund			
Reserved	\$ 233	\$ 307	\$ 209
Unreserved	4,857	9,128	9,572
Total general fund	<u>\$ 5,090</u>	<u>\$ 9,435</u>	<u>\$ 9,781</u>
All other governmental funds			
Reserved	\$ 1,189	\$ 1,539	\$ 1,912
Unreserved, reported in:			
Special revenue funds	7,767	10,771	5,314
Capital projects fund	780	843	4,496
Total all other governmental funds	<u>\$ 9,736</u>	<u>\$ 13,153</u>	<u>\$ 11,722</u>
	Post GASB 54		
	2011	2012	2013
General fund			
Nonspendable	\$ 335	\$ 195	\$ 189
Restricted	175	224	257
Assigned	912	1,039	765
Unassigned	10,048	9,744	8,878
Total general fund	<u>\$ 11,470</u>	<u>\$ 11,202</u>	<u>\$ 10,089</u>
All other governmental funds			
Nonspendable	\$ 848	\$ 890	\$ 939
Restricted	6,359	7,763	8,295
Assigned	2,854	668	-
Unassigned	(1)	-	-
Total all other governmental funds	<u>\$ 10,060</u>	<u>\$ 9,321</u>	<u>\$ 9,234</u>

Fiscal Year	
2009	2010
\$ 214	\$ 246
10,860	11,358
<u>\$ 11,074</u>	<u>\$ 11,604</u>

\$ 2,267	\$ 2,758
4,147	4,839
3,271	2,978
<u>\$ 9,685</u>	<u>\$ 10,575</u>

Post GASB 54	
2014	2015
\$ 53	\$ 1,300
312	247
1,202	304
7,669	7,014
<u>\$ 9,236</u>	<u>\$ 8,865</u>

\$ 1,064	\$ 1,466
8,604	7,659
-	-
-	-
<u>\$ 9,668</u>	<u>\$ 9,125</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			
	2006	2007	2008	2009
Revenues				
Taxes	\$ 10,327	\$ 11,141	\$ 11,652	\$ 11,903
Franchise Fees	*	*	*	*
Licenses and permits	456	491	835	674
Intergovernmental revenue	4,211	8,340	11,977	8,666
Charges for services	407	462	643	1,103
Fines and forfeitures	226	175	321	178
Impact fees/special assessments	2,444	1,717	1,209	903
Investment income	738	1,101	687	848
Miscellaneous	505	391	1,683	444
Total revenues	<u>19,314</u>	<u>23,818</u>	<u>29,007</u>	<u>24,719</u>
Expenditures				
General government	\$ 2,694	\$ 3,079	\$ 3,640	\$ 3,654
Public Safety	6,452	9,141	10,999	10,275
Physical environment	343	461	497	490
Transportation	967	1,189	2,976	1,129
Economic environment	38	48	48	102
Human services	75	129	105	-
Culture and recreation	1,259	1,556	10,024	1,893
Capital outlay	10,235	94	1,909	1,738
Debt service				
Principal	868	449	8,176	6,259
Interest	244	440	465	375
Other charges	-	-	-	-
Total expenditures	<u>23,175</u>	<u>16,586</u>	<u>38,839</u>	<u>25,915</u>
Excess of revenues over (under) expenditures	\$ (3,861)	\$ 7,232	\$ (9,832)	\$ (1,196)
Other financing sources (uses)				
Refunding Bonds/Notes Payable	\$ -	\$ -	\$ -	\$ -
Transfers in	1,676	1,265	6,468	6,684
Transfers out	(1,212)	(756)	(5,971)	(6,232)
Debt issuance	5,250	-	8,250	-
Sale of capital assets	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>5,714</u>	<u>509</u>	<u>8,747</u>	<u>452</u>
Net change in fund balances	<u>\$ 1,853</u>	<u>\$ 7,741</u>	<u>\$ (1,085)</u>	<u>\$ (744)</u>
Debt service as a percentage of noncapital expenditures	9.3%	7.1%	23.4%	28.9%

* Note: Franchise Fees previously reported as Taxes.

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

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 11,775	\$ 10,819	\$ 8,079	\$ 7,951	\$ 9,546	\$ 10,275	
*	*	2,188	2,123	2,379	2,502	
678	528	455	884	941	788	
5,733	6,059	6,310	6,729	8,796	8,772	
1,036	1,013	1,011	1,085	1,212	1,312	
189	186	215	172	589	757	
1,131	582	679	1,909	1,401	1,858	
379	148	244	108	99	131	
522	612	474	622	915	1,047	
21,443	19,947	19,655	21,583	25,878	27,442	
\$ 4,081	\$ 3,272	\$ 3,080	\$ 3,148	\$ 3,776	\$ 3,600	
11,212	11,625	11,352	12,579	13,571	14,844	
309	275	247	307	423	744	
1,620	1,472	1,340	1,263	1,635	1,635	
50	102	641	722	365	564	
-	-	-	-	-	-	
1,878	1,792	1,769	2,014	2,948	3,725	
643	1,923	2,073	2,638	9,381	2,695	
493	470	490	3,080	571	884	
181	162	143	122	177	198	
-	-	-	-	-	-	
20,467	21,093	21,135	25,873	32,847	28,889	
\$ 976	\$ (1,146)	\$ (1,480)	\$ (4,290)	\$ (6,969)	\$ (1,447)	
\$ -	\$ -	\$ -	\$ 2,612	\$ 6,000	\$ -	
2,088	3,274	1,118	3,091	9,337	3,857	
(1,645)	(2,776)	(644)	(2,612)	(8,788)	(3,323)	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
443	498	474	3,091	6,549	534	
\$ 1,419	\$ (648)	\$ (1,006)	\$ (1,199)	\$ (420)	\$ (913)	
3.6%	3.3%	3.5%	14.9% **	3.5%	4.5%	

City of Clermont, Florida
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years

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

Fiscal Year	Property Tax	Utility Tax	Business Tax	Franchise Fees	Total
2006	5,488	2,948	*	1,714	10,150
2007	7,155	3,138	*	1,808	12,101
2008	7,749	1,992	*	1,911	11,652
2009	7,601	2,152	*	2,151	11,904
2010	6,844	2,558	*	2,373	11,775
2011	5,966	2,568	*	2,285	10,819
2012	5,535	2,430	113	2,189	10,267
2013	5,350	2,490	111	2,123	10,074
2014	6,533	2,887	126	2,379	11,925
2015	7,193	2,953	130	2,502	12,778

Taxes Included in Unrestricted Intergovernmental Revenues

Fiscal Year	Sales Tax	State Revenue Sharing	Local Option Gas Tax	Total
2006	1,157	368	286	1,811
2007	1,210	388	325	1,923
2008	1,139	356	300	1,795
2009	1,033	302	289	1,624
2010	1,053	299	322	1,674
2011	1,100	328	306	1,734
2012	1,296	383	296	1,975
2013	1,419	535	280	2,234
2014	1,567	635	290	2,492
2015	1,820	749	378	2,947

* *Business Tax Receipts previously reported under Licenses*

City of Clermont, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year Ended Sep 30	Real* Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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	3.729	2,638,019	76.47%
2008	2,975,139	186,835	676,371	2,485,603	3.142	3,161,974	78.61%
2009	3,022,925	195,808	792,997	2,425,736	3.142	3,218,733	75.36%
2010	2,592,111	211,950	599,821	2,204,240	3.142	2,804,061	78.61%
2011	2,171,815	209,726	598,187	1,783,354	3.142	2,381,541	74.88%
2012	2,124,017	206,870	605,114	1,725,773	3.142	2,330,887	74.04%
2013	2,185,702	205,140	611,063	1,779,779	3.142	2,390,842	74.44%
2014	2,336,882	207,024	630,762	1,913,144	3.729	2,543,906	75.20%
2015	2,574,360	215,752	652,769	2,137,343	3.729	2,790,112	76.60%

Source: Lake County Property Appraisers Office

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

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

(per \$1,000 of assessed value)

Fiscal Year	Direct Rate	Overlapping Rates							Total Direct & Overlapping Rates
	City of Clermont Operating Millage	Lake County			Lake County School District	South Lake Hospital District	Lake County Water Authority	St. Johns River Water Management District	
		Operating Millage	Voted Debt Service	Ambulance MSTU					
2006	3.7290	5.7970	0.0000	0.5289	7.9810	1.0000	0.3370	0.4620	19.8349
2007	3.7290	5.7470	0.2000	0.5289	7.6480	1.0000	0.2530	0.4620	19.5679
2008	3.1420	4.7410	0.2000	0.4651	7.6980	0.8666	0.2130	0.4158	17.7415
2009	3.1420	4.6511	0.1101	0.4651	7.5170	0.8666	0.2130	0.4158	17.3807
2010	3.1420	4.6511	0.1101	0.4651	7.5320	0.8666	0.2130	0.4158	17.3957
2011	3.1420	4.7309	0.1101	0.3853	7.5230	0.8666	0.2405	0.4158	17.4142
2012	3.1420	4.7309	0.1101	0.3853	7.3940	0.8000	0.2405	0.3313	17.1341
2013	3.1420	4.7309	0.1900	0.3853	7.3200	0.8000	0.2554	0.3313	17.1549
2014	3.7290	4.7309	0.1900	0.3853	7.1700	0.7900	0.2554	0.3283	17.5789
2015	3.7290	5.3856	0.1600	0.4629	7.2460	0.7633	0.2554	0.3164	18.3186

Source: Lake County Property Appraisers Office

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

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

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

<u>Taxpayer</u>	<u>2015</u>			<u>2006</u>		
	<u>Taxable Assessed</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
	<u>Value</u>		<u>Value</u>	<u>Value</u>		<u>Value</u>
John P. Adams & Ann D. Adams Family LP	\$ 26,348	1	1.23%	\$ 27,391	1	1.78%
Citrus Tower FL Phase I LLC	24,627	2	1.38%			
Centennial Citrus Tower LLC	23,942	3	1.35%			
South Lake Hospital, Inc.	19,657	4	1.10%			
Westdale Sundance LTD	18,623	5	1.05%			
IP9 MF Clermont LLC	17,953	6	1.01%			
Citrus Tower FL Phase II LLC	15,326	7	0.86%	20,148	3	1.31%
Weingarten I-4 Clermont Landing	14,400	8	0.81%			
Taylor Morrison of Florida Inc	13,456	9	0.76%			
Living Well Lodges Clermont LLC	12,633	10	0.71%			
Lennar Homes Inc.				27,122	2	1.76%
Sundance Clermont LLC				11,890	5	0.77%
Target Corporation				9,984	9	0.65%
Clermont Center LTD				10,923	6	0.71%
Village at East Lake				9,860	10	0.64%
Lost Lake Reserve LC				12,231	4	0.79%
KB Home Orlando LLC				10,235	8	0.66%
Regency Hills by Levitt & Sons LLC				10,384	7	0.67%
TOTAL	<u><u>\$186,965</u></u>		<u><u>10.50%</u></u>	<u><u>\$150,168</u></u>		<u><u>9.74%</u></u>

Source: Lake County Property Appraiser

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

(amounts expressed in thousands)

Fiscal Year Ended September	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	7,522	5,544	73.7%	-	5,544	73.7%
2007	7,518	7,155	95.2%	17	7,172	95.4%
2008	7,810	7,425	95.1%	15	7,440	95.3%
2009	7,622	7,243	95.0%	22	7,265	95.3%
2010	6,814	6,536	95.9%	5	6,541	96.0%
2011	6,001	5,698	95.0%	15	5,713	95.2%
2012	5,603	5,325	95.0%	5	5,330	95.1%
2013	5,422	5,153	95.0%	8	5,161	95.2%
2014	6,635	6,325	95.3%	9	6,334	95.5%
2015	7,133	6,793	95.2%	6	6,799	95.3%

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

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

(amounts expressed in thousands, except per capita amount)

Fiscal Year Ended Sept	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Revenue Bonds	Notes Payable	Water & Sewer Refunding Revenue Bonds			
2006	5,775	5,392	17,146	28,313	5.55%	1,288
2007	5,360	5,358	16,954	27,672	5.53%	1,209
2008	4,935	5,857	16,603	27,395	3.94%	1,167
2009	4,495	38	16,232	20,765	2.89%	858
2010	4,040	-	16,016	20,056	2.76%	698
2011	3,570	-	15,512	19,082	2.55%	650
2012	3,080	-	14,963	18,043	2.41%	615
2013	-	2,612	14,979	17,591	2.19%	582
2014	-	8,041	14,361	22,402	2.74%	706
2015	-	7,157	13,728	20,885	2.45%	646

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

¹ See the Schedule of Demographic and Economic Statistics on page 116 for personal income and population data.

* Information is not available.

City of Clermont, Florida
Direct and Overlapping Governmental Activities Debt
September 30, 2015

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

	<u>Total Outstanding</u>	<u>Percentage Applicable to City of Clermont</u> ⁽¹⁾	<u>Amount Applicable to City of Clermont</u>
Direct:			
City of Clermont	\$ 7,157	100%	\$ 7,157
Total Direct Debt	\$ 7,157		\$ 7,157
Overlapping:			
Lake County	24,255	13%	3,153
School District of Lake County	-	13%	-
Total Overlapping Debt	\$ 24,255		\$ 3,153
Total direct and overlapping debt payable from ad valorem taxes	\$ 31,412		\$ 10,310
Estimated Population			32,348
Total direct and overlapping debt per capita			\$ 318.73

⁽¹⁾ 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

Public Improvement Revenue Refunding Note, Series 2012

Fiscal Year	Public Service Taxes	Communications Service Tax	Half-Cent Sales Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
					Principal	Interest	
2006	1,781,626	1,163,971	1,156,694	4,102,291	415,000	222,372	6.44
2007	1,881,092	1,253,425	1,209,748	4,344,265	415,000	228,338	6.75
2008	1,992,018	1,279,653	1,139,315	4,410,986	425,000	209,606	6.95
2009	2,151,318	1,257,344	1,033,141	4,441,803	440,000	195,106	6.99
2010	2,558,281	1,266,696	1,053,073	4,878,050	455,000	179,159	7.69
2011	2,568,141	1,233,789	1,100,125	4,902,055	470,000	161,806	7.76
2012	2,430,440	1,257,217	1,295,687	4,983,344	490,000	143,350	7.87
2013	2,490,461	1,349,929	1,418,710	5,259,100	3,080,000 *	66,550	1.67
2014	2,887,161	1,216,076	1,567,249	5,670,486	570,599	25,361	9.51
2015	2,952,785	1,161,566	1,819,909	5,934,260	577,959	19,101	9.94

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

* Public Improvement Revenue Note, Series 2002 was refunded in 2012, this includes the payoff of the original bonds.

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

Public Improvement Revenue Note, Series 2013

Fiscal Year	Public Service Taxes	Communications Service Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2006	-	-	-	-	-	N/A
2007	-	-	-	-	-	N/A
2008	-	-	-	-	-	N/A
2009	-	-	-	-	-	N/A
2010	-	-	-	-	-	N/A
2011	-	-	-	-	-	N/A
2012	-	-	-	-	-	N/A
2013	-	-	-	-	-	N/A
2014	2,887,161	1,216,076	4,103,237	-	82,350	49.83
2015	2,952,785	1,161,566	4,114,351	305,772	178,337	8.50

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

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

Water and Sewer Revenue and Refunding Bonds						
Fiscal Year	Water and Sewer Operating Revenues ¹	Water and Sewer Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
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 ³	2.56
2011	10,561,295	7,080,592	3,480,703	535,000	660,640	2.91
2012	10,496,535	6,377,695	4,118,840	580,000	643,307	3.37
2013	10,687,908	6,677,774	4,010,134	595,000	604,811	3.34
2014	11,108,744	7,090,566	4,018,178	615,000	586,461	3.34
2015	11,767,901	7,419,231	4,348,670	630,000	567,636	3.63

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

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

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

³ Includes interest paid on the 2000 and 2009 Refunding Bonds

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

Fiscal Year	Population¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income²	Median Age²	Education Level in Years of Formal Schooling²	School Enrollment³	Unemployment Rate⁴
2006	21,986	509,987	23,196	35.9	13.5	5,640	3.3%
2007	22,882	500,338	21,866	36.8	13.6	5,915	3.8%
2008	23,476	696,040	29,649	39.6	13.2	5,436	7.1%
2009	24,199	717,597	29,654	39.7	13.2	4,900	12.3%
2010	28,742	727,000	25,294	36.8	13.6	5,024	9.8%
2011	29,358	748,482	25,495	40.9	13.6	5,116	9.3%
2012	29,827	784,361	26,297	46.8	13.6	5,158	7.0%
2013	30,201	802,803	26,582	41.5	13.8	5,153	5.8%
2014	31,745	816,926	25,734	41.9	13.7	5,198	5.6%
2015	32,348	854,020	26,401	42.1	13.7	5,172	4.8%

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

² Metro Orlando Economic Development Commission

³ Lake County School Board

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

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

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

<u>Employer</u>	<u>2015</u>			<u>2006</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	14,362			7,105		
South Lake Hospital, Inc.	1,436	1	10.00%	983	1	13.84%
Lake County School System	856	2	5.96%	557	2	7.84%
Publix Supermarkets	473	3	3.29%	349	4	4.91%
Target Corporation	460	4	3.20%	265	5	3.73%
Walmart	329	5	2.29%	446	3	6.28%
City of Clermont	302	6	2.10%	257	6	3.62%
Lowe's	250	7	1.74%			
Progressive Plumbing Inc.	200	8	1.39%			
Winn Dixie	193	9	1.34%	130	10	1.83%
Home Depot	178	10	1.24%	197	7	2.77%
CBS Builders Supply Inc.				142	9	2.00%
Westminster Care of Clermont				160	8	2.25%
TOTAL	4,677		32.57%	3,486		49.06%

Source: Florida Department of Economic Opportunity , Labor Market Statistics Center

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

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow¹</u>	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow</u>
Kings Ridge	202,260	1	8.02%			
South Lake Hospital	37,744	2	1.50%	23,512	2	1.11%
Lake County Schools	27,349	3	1.08%	25,054	1	1.18%
Lennar Homes	24,290	4	0.96%			
City of Clermont	21,405	5	0.85%			
Citrus Tower FL Phase I&II LLC	20,544	6	0.81%			
Heritage Hills of Clermont	17,392	7	0.69%			
Westminster Comm Care Service	17,171	8	0.68%	15,687	3	0.74%
Meritage Homes	16,687	9	0.66%			
Taylor Morrison of Florida	15,952	10	0.63%			
Osprey Ridge Apartments				10,484	4	0.49%
Grandview Apartments				9,571	5	0.45%
Sundance Apartments				9,384	6	0.44%
Village at East Lake				8,447	7	0.40%
Emerald Lakes of Clermont				7,375	8	0.35%
Oakridge Apartments				6,328	9	0.30%
Blue Water Express Car Wash				5,744	10	0.27%
TOTAL	<u>400,794</u>		<u>15.88%</u>	<u>121,586</u>		<u>5.73%</u>

¹ The City of Clermont had a total metered water flow of approximately 2,521,397,000 gallons for the 12-month period ending September 30, 2015

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

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow¹</u>	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow</u>
South Lake Hospital	34,998	1	3.17%	22,519	1	3.07%
Lake County Schools	22,732	2	2.06%	17,919	2	2.44%
Citrus Tower FL Phase I&II LLC	20,544	3	1.86%			
Westminster Comm Care Service	15,943	4	1.44%	13,843	3	1.89%
Living Well Lodges Clermont LLC	15,754	5	1.43%			
Centennial Citrus Tower LLC	13,156	6	1.19%			
Sundance Apartments	11,650	7	1.05%	9,384	6	1.28%
Village at East Lake	11,535	8	1.04%	8,447	7	1.15%
Osprey Ridge Apartments	10,283	9	0.93%	10,484	4	1.43%
Mister Car Wash	6,280	10	0.57%			
Grandview Apartments				9,571	5	1.31%
Emerald Lakes of Clermont				7,375	8	1.01%
Oakridge Apartments				6,328	9	0.86%
Blue Water Express Car Wash				5,744	10	0.78%
TOTAL	<u>162,875</u>		<u>14.74%</u>	<u>111,614</u>		<u>15.22%</u>

¹ The City of Clermont had a total metered water flow for wastewater billing purposes of approximately 1,105,275,000 gallons for the 12-month period ending September 30, 2015

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

Function	Full-time Equivalent Employees as of September 30,			
	2006	2007	2008	2009
General Government	27.50	30.50	30.50	31.00
Public Safety:				
Police				
Sworn personnel	45.00	51.00	53.00	53.00
Non sworn personnel	16.00	16.00	17.00	17.00
Fire				
Firefighters	38.00	45.00	49.00	47.85
Other personnel	2.00	2.00	2.00	2.00
Building Services	0.00	0.00	0.00	0.00
Physical Environment	10.00	10.00	10.00	11.65
Transportation	13.70	15.20	15.60	15.60
Human Services	2.00	2.00	2.00	0.00
Culture & Recreation	22.20	26.20	26.60	25.60
Water	25.40	26.90	29.40	29.40
Sewer	26.30	27.80	26.30	26.30
Stormwater	7.20	8.70	8.80	8.80
Sanitation	8.70	14.70	16.80	16.80
Total	244.00	276.00	287.00	285.00

Source: City of Clermont Finance Department.

Full-time Equivalent Employees as of September 30,

2010	2011	2012	2013	2014	2015
28.00	27.00	25.85	26.66	31.56	36.00
57.00	57.00	57.00	57.00	61.00	61.00
16.00	5.00	5.00	6.00	6.00	6.00
48.00	48.00	47.80	47.80	56.80	56.80
2.00	2.00	2.00	2.00	2.40	1.90
0.00	0.00	0.00	0.60	8.80	8.30
10.90	5.40	4.60	4.95	4.70	7.45
15.35	13.50	14.80	14.65	12.95	12.85
0.00	0.00	0.00	0.00	0.00	0.00
21.10	22.00	21.20	21.10	27.25	33.35
29.15	29.15	29.45	29.66	30.61	29.35
26.05	25.85	24.50	23.78	23.88	24.15
9.15	9.40	7.95	6.72	6.87	6.65
<u>16.30</u>	<u>16.70</u>	<u>16.85</u>	<u>17.08</u>	<u>17.18</u>	<u>18.20</u>
<u><u>279.00</u></u>	<u><u>261.00</u></u>	<u><u>257.00</u></u>	<u><u>258.00</u></u>	<u><u>290.00</u></u>	<u><u>302.00</u></u>

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

Function	Fiscal Year			
	2006	2007	2008	2009
General Government				
Municipal boundary (square miles)	14.13	14.37	14.42	14.43
Business Tax Receipts issued	1,985	2,141	2,263	1,771
A/P Checks issued	5,664	6,023	6,440	6,042
Commercial construction (units)	38	24	42	19
Commercial construction (value in thousands)	17,534	24,433	18,859	13,223
Residential construction (units)	635	324	301	204
Residential construction (value in thousands)	186,189	136,477	56,578	56,092
Public Safety:				
Police				
Auto accidents	625	1,192	1,272	972
Physical arrests	707	933	842	949
911 calls received	7,008	6,317	6,046	6,828
Evidence processed (pieces)	1,610	1,585	1,300	1,652
Parking violations	161	140	145	107
Traffic violations	5,259	5,164	5,103	4,553
Fire				
Volunteer firefighters	27	9	8	10
Fire inspections completed	625	414	880	979
Emergency calls answered	3,132	3,048	3,177	3,155
Non-emergency calls answered	189	198	234	434
Human Services				
Animals captured**	495	652	-	-
Water				
Residential accounts	15,733	16,394	16,959	17,375
Commercial accounts	993	1,069	1,156	1,201
Annual water usage (thousands of gallons)	2,121,588	2,654,352	2,589,664	2,312,962
Sewer				
Residential accounts	11,125	11,554	11,913	12,154
Commercial accounts	955	1,031	1,120	1,158

Sources: Various government departments.

* Data not available.

** Program was discontinued in FY 07-08

*** Decrease in accounts due to software conversion combining multi-metered services

Fiscal Year					
2010	2011	2012	2013	2014	2015
14.76	14.90	14.95	14.95	15.18	16.65
1,833	1,843	2,237	2,483	1,955	1,701
5,722	4,875	2,336	2,288	3,529	2,747
10	3	8	20	15	16
8,357	18,020	15,203	34,268	17,288	8,625
305	151	173	327	572	323
53,202	23,558	25,882	53,055	62,117	55,178
955	1,121	1,259	1,402	1,357	1,573
854	699	644	886	631	652
5,230	5,587	5,911	6,352	6,643	7,618
1,349	1,297	1,413	2,930	2,384	989
137	378	201	252	379	144
4,981	6,312	5,389	7,225	4,623	6,879
6	6	6	-	-	
2,121	896	662	1,240	3,766	3,813
3,112	3,822	3,320	3,414	4,127	4,202
352	805	934	447	987	523
-	-	-	-	-	-
17,884	18,240	18,619	19,399	19,670	13,242 ***
1,206	1,210	1,207	1,232	1,234	1,211
2,054,236	2,275,936	2,391,485	2,392,022	2,406,183	2,521,397
12,508	12,722	12,936	13,407	13,718	13,578
1,158	1,167	1,166	1,194	1,055	1,074

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

Function	Fiscal Year			
	2006	2007	2008	2009
General Government				
Public Safety:				
Police				
Police stations	1	1	1	1
Patrol units	45	45	45	45
Fire				
Fire department facilities	3	3	3	3
Staffed fire stations	2	3	3	3
Fire hydrants	1,630	1,896	2,140	2,140
Fire apparatus	9	9	9	9
Staffed fire apparatus	4	5	5	5
ALS non-transport units	3	3	3	4
Transportation				
Streets paved (miles)	109.94	122.93	126.16	131.72
Streetlights	1,231	1,256	1,331	1,331
Culture & Recreation				
Number of parks	22	22	22	22
Parks acreage	349.5	349.5	349.5	349.5
Scenic linear trail (miles)	5.7	5.7	5.7	5.7
Tennis courts	8	8	9	9
Fishing piers	4	4	4	4
Boat ramp	1	1	1	1
Water				
Miles of water mains	104.52	115.02	115.98	122.83
Sewer				
Miles of sanitary sewers	49.51	56.98	59.40	65.18
Miles of storm sewers	11.13	18.07	20.88	24.61

Sources: Various government departments.

* Does not include private systems

Fiscal Year					
2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
45	46	46	55	57	79
4	4	4	4	4	3
3	3	3	3	3	3
2,012	2,016	2,048	2,120	2,146	2,200
8	7	8	8	8	12
5	5	5	5	5	3
4	4	4	4	4	3
133.20	133.20	133.20	173.91	191.52	202.38
1,352	1,352	3,103	3,103	3,127	3,158
22	23	23	23	23	23
349.5	349.5	349.5	349.5	349.5	378.0
5.7	5.7	5.7	5.7	5.7	5.7
9	9	9	9	9	9
4	4	4	5	5	10
1	1	1	1	1	1
124.11	197.40	242.36	243.14	222.75	230.28
66.19	132.02	156.81	160.42	161.25	167.60
26.32	89.80	105.38	109.05	133.70	48.22 *



Other Reports



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

Honorable Mayor and City Council
City of Clermont, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Clermont, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Clermont, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Clermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

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

McDiernit Davis & Company, LLC

Orlando, FL
April 26, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of *City of Clermont, Florida* (the City) with types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2015. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs is the responsibility of the City's management.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2015.

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129

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

McDiarmid Davis & Company, LLC

Orlando, Florida
April 26, 2016

CITY OF CLERMONT, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2015

Award type			
Grantor			
Pass-through grantor	CFDA	Agency or Pass-through	
Grantor program title	Number	Entity Grant Number	Expenditures
Federal Grants			
United States Department of Justice			
Bulletproof Vest Partnership Program	16.607		2,348
passed through State of Florida, Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2015-JAGC-LAKE-4-R1-029	6,435
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2015-JAGC-LAKE-8-R3-039	10,198
United States Department of Homeland Security			
FEMA Staffing for Adequate Fire and Emergency Response (SAFER) *	97.083	EMW-2013-FH-00073	534,564
United States Department of the Interior			
passed through State of Florida, Department of Environmental Protection			
Land & Water Conservation Program	15.916	LW585 and LW589	307,804
United States Department of Housing and Urban Development			
passed through State of Florida, Department of Economic Opportunity			
Small Cities Community Development Block Grant	14.228	15DB-OH-06-45-02-N44	22,274
Total federal awards			<u>\$ 883,623</u>

* Denotes a major program

See accompanying Notes to Schedule of Expenditures of Federal Awards

CITY OF CLERMONT, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2015

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Clermont, Florida (the City) under programs of the federal government for the year ended September 30, 2015. The information in this Schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, amounts reported on the Schedule are based on expenditures incurred as of September 30, 2015, even if grant or loan was received subsequent to that date. Federal expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD PROGRAMS**

Year Ended September 30, 2015

Part A - Summary of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Clermont, Florida (the City).
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance Required By OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program for the City expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program was the Department of Homeland Security SAFER Grant (CFDA 97.083).
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City did not qualify as a low-risk auditee.

Part B - Findings - Financial Statement Audit:

None

Part C - Findings and Questioned Costs - Major Federal Award Programs:

None

Part D - Prior Year Audit Findings:

None



MANAGEMENT LETTER

Honorable Mayor and City Council
City of Clermont, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Clermont, Florida, as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated April 26, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Auditor's Report on an examination conducted in accordance with *ACIPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 26, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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.

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Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the *City of Clermont, Florida* 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.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the *City of Clermont, Florida'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.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the *City of Clermont, Florida* for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., 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)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of This Letter

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

McDiernit Davis & Company, LLC

Orlando, Florida
April 26, 2016

Honorable Mayor and City Council
City of Clermont, Florida

We have audited the financial statements of City of Clermont as of and for the year ended September 30, 2015, and have issued our report thereon dated April 26, 2016. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

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

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

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

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Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Clermont is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, *City of Clermont* changed accounting policies related to the adoption of Statement of Governmental Accounting Standards (GASB Statement) No. 68, *Accounting and Financial Reporting for Pension Plans* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Activities. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

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

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

Financial Statement Disclosures

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

Significant Difficulties Encountered During the Audit

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

Uncorrected and Corrected Misstatements

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

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Clermont, Florida's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated April 26, 2016.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

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

Very truly yours,

McDiernit Davis & Company, LLC

Orlando, Florida
April 26, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

The Honorable Mayor and City Council
City of Clermont, Florida

We have examined City of Clermont, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, City of Clermont, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

MCDIRMIT DAVIS & COMPANY, LLC

Orlando, Florida
April 26, 2016

MCDIRMIT DAVIS & COMPANY, LLC

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MEMBERS: PRIVATE COMPANIES PRACTICE SECTION AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS FLORIDA INSTITUTE OF CERTIFIED PUBLIC

