

CITY OF CLERMONT FLORIDA



Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2008

The Fire Station 1 Administration Building Addition, which was completed in September 2008, provided 5,856 square feet of offices, conference rooms, training rooms and storage to accommodate the expanding Fire Department. Also included in the addition is a 30 by 30 foot training room equipped with computer terminals and main viewing screens. The training room will double as an Emergency Operations Center for all City departments during crisis events.

City of Clermont, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended September 30, 2008

Prepared by: Administrative Services Department



CITY OF CLERMONT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF CLERMONT

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CITY OF CLERMONT

March 31, 2009

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, 2008. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2008.

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, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Clermont's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides narrative introduction, overview, and analysis of the basic financial statements. The MD&A provides "financial highlights" and interprets the financial reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the City of Clermont

The City was founded in 1884 and incorporated in 1916. The City currently has a land area of 14.42 square miles and population of approximately 23,476. The City is located in south Lake County, approximately twenty-two miles west of the City of Orlando and about twenty-five miles northwest of Walt Disney World. Clermont, known as “The Gem of the Hills”, is truly the crossroads of Florida, at the intersection of State Road 50 that runs east and west across the state and U.S. Highway 27, which runs north and south through the center of the state. Clermont is on a chain of 15 lakes connected by the winding Palatka River in the Ocklawaha Basin of tributaries of the St. Johns River, the only river system in the United States of America that flows north. The lakes offer residents the opportunity for excellent fishing, boating, swimming and other water sports including competitive skiing and wakeboarding offered by world-class instructional schools.

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

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

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

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

Redevelopment Special Revenue fund is presented on page 23 as part of the basic financial statements for the governmental funds. For other governmental funds, these comparisons are presented in the other governmental funds subsection of this report, which starts on page 62.

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, 2008, Lake County's unemployment rate was 6.5%. This is an increase of 1.8% over 2007 and is slightly lower than the state's average of 6.9% and slightly higher than the national average rate of 6.2%. Educational institutions in Clermont such as Lake-Sumter Community College and the University of Central Florida assist in supplying a skilled labor force. South Lake Hospital, one of the City's largest employers, is a significant economic presence that provides employment to 1,000 healthcare professionals and staff. The hospital has also attracted many new medical offices to the area.

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

The national housing market decline affected Clermont during Fiscal Year 2008 in the form of reduced building permits and impact fee collections. The total of these collections decreased nearly 16% from Fiscal Year 2007. The decrease in these collections is continuing in Fiscal Year 2009.

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

- The planning/design phase for the construction of Fire Station No. 3 was completed during Fiscal Year 2008. The new station to be located in the eastern portion of the City will enable quicker response times to the growing population base in the area. The new station is estimated to cost approximately \$1.5 million and will be funded from infrastructure sales taxes.
- Planning for the construction of a new community center located on Lake Minneola near Waterfront Park is ongoing. Currently estimated to cost \$9 million, the planned facility will accommodate weddings, meetings, and various community functions. This project is anticipated to be funded from infrastructure sales taxes, recreation impact fees and General Fund reserves.
- Currently under construction, the East Water Reclamation Facility Expansion project includes construction of processes to upgrade the treatment capacity from two million gallons per day to four million gallons per day. Other improvements in the project include the addition of reclaimed water storage and

distribution piping to deliver reclaimed water to existing customers. The total budget for the improvements is \$19,900,000. The project is being funded from sewer utility reserves and sewer impact fees.

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

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

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

The City also monitors state legislation regarding ad valorem taxes. Changes approved during the 2007 and 2008 legislative sessions affected the Fiscal Year 2009 budget and will continue to affect future years. There are also a number of other changes being proposed during 2009 that could have far reaching implications on how government operates and the revenue sources available to fund them. Due to these circumstances, we are actively monitoring expansion projects and limiting additional personnel that will require multi-year funding commitments. Clermont City Council and management are committed to budgeting and managing all resources in the most cost-effective manner.

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

The City administers a cash management and investment program that seeks to maximize, in order of priority, the preservation of funds, liquidity and interest earnings over its cash and investments. Cash resources of the individual funds are combined to form a pool of cash and investments. The average cash and investment pool balance during the year (not including pension funds) was \$55,063,724 and the average

investment earnings rate was 5.3%. Investment income includes the change in the fair value of investments. During the year monies were invested in accordance with the City's investment policy. Pension fund assets were invested in accordance with the City's Investment Policy for Retirement Funds. The total pension fund assets at year end were \$11,595,781 and the average investment income was -12.9%.

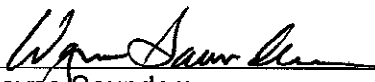
Awards and Acknowledgements

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, 2007. This was the twentieth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Wayne Saunders
City Manager



Joseph Van Zile
Administrative Services Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Clermont
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

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



A handwritten signature in black ink, appearing to read "K. L. R. R. R.", positioned above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", positioned above the title "Executive Director".

Executive Director

CITY OF CLERMONT, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2008

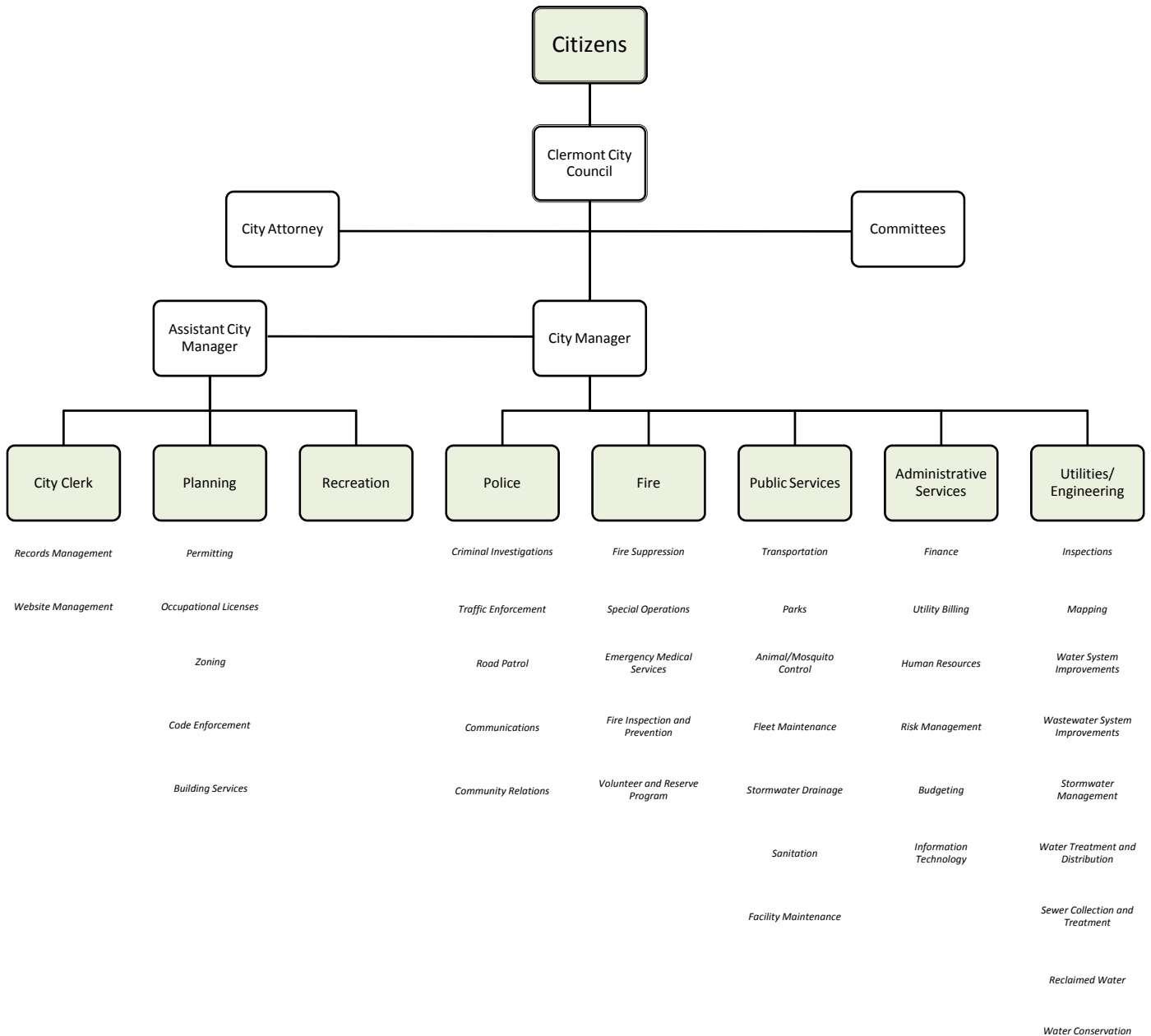
ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

City of Clermont, Florida Organizational Chart





INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Clermont, Florida

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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Clermont, Florida*, as of September 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, infrastructure special revenue fund and the community redevelopment fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 19, 2009 on our consideration of the *City of Clermont, Florida's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clermont, Florida basic financial statements. The introductory section, combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General and is also not a required part of the basic financial statements of the *City of Clermont, Florida*. The schedule of expenditures of federal awards and state financial assistance and the combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McDiernit Davis & Company, LLC

March 19, 2009

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, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii through vii of this report.

Financial Highlights

- The City of Clermont's assets exceeded its liabilities at September 30, 2008 by \$126,937,864 (net assets). Of this amount, \$30,049,284 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$16,214,605 (or 15%) over the previous fiscal year. There was also an increase in net assets of \$453,886 due to a prior period adjustment.
- At September 30, 2008 the City of Clermont's governmental funds reported combined ending fund balances of \$21,502,836 a decrease of \$1,084,841 over the previous fiscal year. Of this amount \$19,382,803 (unreserved fund balance) is available for spending at the government's discretion. There was also a decrease in fund balances of \$250,769 due to a prior period adjustment.
- The General Fund, the City's primary operating fund, reported an unreserved fund balance of \$9,572,280, which represents 30% of total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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

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

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

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

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

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

The City of Clermont adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget at page 20. Budgetary comparison schedules have been provided for the Infrastructure Fund and the Community Redevelopment Fund on pages 22-23. Other nonmajor funds comparisons can be found beginning on page 66.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Proprietary funds. The City of Clermont maintains two types of proprietary funds: *enterprise* and *internal service*, which can be found on pages 24-29 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 - 57 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 62 - 71 of this report.

Government-Wide Financial Analysis

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

CITY OF CLERMONT'S Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007-08</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2006-07</u>
Assets:						
Current and other assets	\$ 23,365,386	\$ 23,914,752	\$ 35,551,637	\$ 53,538,468	\$ 58,917,023	\$ 77,453,220
Capital assets	<u>38,254,015</u>	<u>26,543,013</u>	<u>63,171,994</u>	<u>41,767,574</u>	<u>101,426,009</u>	<u>68,310,587</u>
Total assets	<u>61,619,401</u>	<u>50,457,765</u>	<u>98,723,994</u>	<u>95,306,042</u>	<u>160,343,009</u>	<u>145,763,807</u>
Liabilities:						
Long-term liabilities outstanding	11,319,769	11,144,514	16,872,313	16,954,473	28,192,082	28,098,987
Other liabilities	<u>1,932,670</u>	<u>1,199,517</u>	<u>3,280,416</u>	<u>5,742,044</u>	<u>5,213,086</u>	<u>6,941,561</u>
Total liabilities	<u>13,252,439</u>	<u>12,344,031</u>	<u>20,152,729</u>	<u>22,696,517</u>	<u>33,405,168</u>	<u>35,040,548</u>
Net assets:						
Invested in capital assets, Net of related debt	27,462,150	15,824,872	46,568,955	24,836,899	74,031,105	40,661,771
Restricted	8,958,624	7,829,950	13,898,851	36,931,532	22,857,475	44,761,482
Unrestricted	<u>11,946,188</u>	<u>14,458,912</u>	<u>18,103,096</u>	<u>10,841,094</u>	<u>30,049,284</u>	<u>25,300,006</u>
Total net assets	<u>\$ 48,366,962</u>	<u>\$ 38,113,734</u>	<u>\$ 78,570,902</u>	<u>\$ 72,609,525</u>	<u>\$126,937,864</u>	<u>\$110,723,259</u>

The City's total net assets at September 30, 2008 were \$126,937,864. Of the City's total net assets \$74,031,105 (58%) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Clermont's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net assets, \$22,857,475 (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's total net assets, \$30,049,284 (24%) is unrestricted. These assets may be used at the City's discretion in meeting its ongoing obligations to citizens and creditors.

The City's net assets increased by \$16,214,605 during the current fiscal year. Almost half of this increase was due to the construction in progress of the East Side and Greater Hills Water Treatment Plants and a reclaimed water plant, which significantly increased capital assets. Restricted reserves represent the accumulation of impact fee funds for upcoming and ongoing capital projects. Unrestricted reserves represent increases in investment cash in governmental funds. The increase is due to actual revenues exceeding anticipated revenues, which is the result of growth in the City's tax base.

The following is a summary of the City's governmental and business-type activities for fiscal year 2007-08, including revenues and expenses, with a comparison to the prior year. For more detail see the Statement of Activities on page 16.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

CITY OF CLERMONT'S Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007-08</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2006-07</u>
Revenues:						
Program revenues -						
Charges for services	\$ 3,318,136	\$ 3,103,384	\$13,356,193	\$12,875,170	\$ 16,674,329	\$ 15,978,554
Operating grants and contributions	1,047,030	922,836	700,000	38,261	1,747,030	961,097
Capital grants and contributions	7,329,269	2,517,692	1,479,537	3,675,902	8,808,806	6,193,594
General revenues -						
Property Taxes	7,749,126	7,452,155	-	-	7,749,126	7,452,155
Franchise Fees	1,912,399	1,807,878	-	-	1,912,399	1,807,878
Utility Taxes	1,990,457	1,881,092	-	-	1,990,457	1,881,093
Intergovernmental	4,776,028	4,952,062	-	-	4,776,028	4,952,061
Investment income and miscellaneous	<u>901,255</u>	<u>1,215,447</u>	<u>1,852,522</u>	<u>2,612,266</u>	<u>2,753,777</u>	<u>3,827,713</u>
Total revenues	<u>29,023,700</u>	<u>23,852,546</u>	<u>17,388,252</u>	<u>19,201,599</u>	<u>46,411,952</u>	<u>43,054,145</u>
Expenses:						
General government	4,204,200	3,297,326	-	-	4,204,200	3,297,326
Public safety	10,329,913	8,782,773	-	-	10,329,913	8,782,773
Physical environment	513,364	469,591	-	-	513,364	469,591
Transportation	1,544,426	1,254,792	-	-	1,544,426	1,254,792
Economic environment	47,687	51,766	-	-	47,687	51,766
Human services	106,890	130,244	-	-	106,890	130,244
Culture and recreation	2,060,547	2,440,608	-	-	2,060,547	2,440,608
Interest on long-term debt	459,883	226,090	-	-	459,883	226,090
Water	-	-	3,737,133	2,987,239	3,737,133	2,987,239
Sewer	-	-	4,520,756	3,895,501	4,520,756	3,895,501
Sanitation	-	-	2,122,675	1,816,156	2,122,675	1,816,156
Stormwater	-	-	<u>549,873</u>	<u>427,070</u>	<u>549,873</u>	<u>427,070</u>
Total expenses	<u>19,266,910</u>	<u>16,653,190</u>	<u>10,930,437</u>	<u>9,125,966</u>	<u>30,197,347</u>	<u>25,779,156</u>
Increase (Decrease) in Net Assets Before Transfers	9,756,790	7,199,356	6,457,815	10,075,633	16,214,205	17,274,989
Transfers	<u>496,438</u>	<u>509,440</u>	<u>(496,438)</u>	<u>(509,440)</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	10,253,228	7,708,796	5,961,377	9,566,193	16,214,605	17,274,989
Net Assets – Beginning, As Restated	<u>38,113,734</u>	<u>30,404,938</u>	<u>72,609,525</u>	<u>63,043,332</u>	<u>110,723,259</u>	<u>93,448,270</u>
Net Assets – Ending	<u>\$ 48,366,962</u>	<u>\$ 38,113,734</u>	<u>\$ 78,570,902</u>	<u>\$ 72,609,525</u>	<u>\$ 126,937,864</u>	<u>\$ 110,723,259</u>

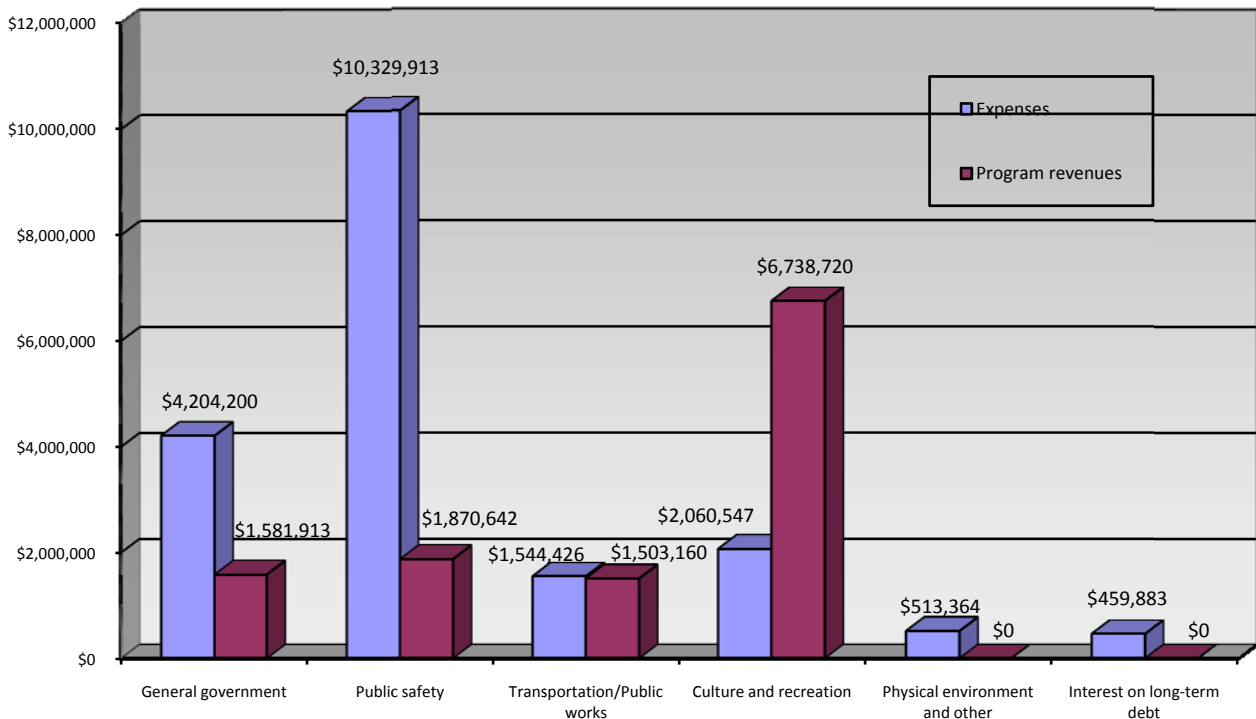
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Governmental activities - Governmental activities increased the City of Clermont's net assets by \$10,253,228. Key elements of this change are as follows:

- Property tax revenue increased by \$296,971 (4%) during the year. Franchise fee revenue and utility tax revenue increased \$233,946 (6%). These increases are the result of growth and not a change in the City's tax rate structure.
- Capital grants and contributions increased by \$4,811,577 primarily due to receipt of a County grant to assist in the purchase of recreation land.
- Charges for services increased by \$214,752 primarily due to an increase in collections of recreation, police and fire impact fees. This represents a slight increase in new construction from last year.
- Increases in expenses closely paralleled inflation and growth in the demand for services. The most significant increase can be observed in the public safety category. The majority of this increase is additional personnel in both the police and fire departments.

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

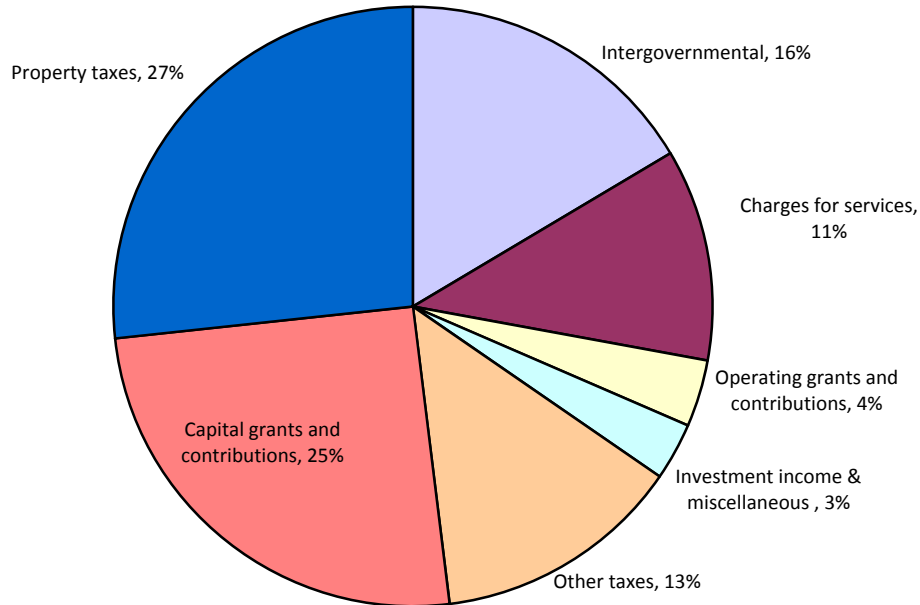
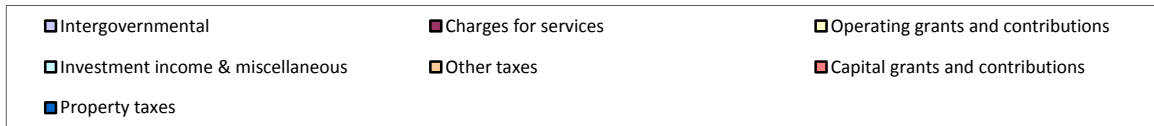
Expenses and Program Revenues - Governmental Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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

Revenues by Source - Governmental Activities



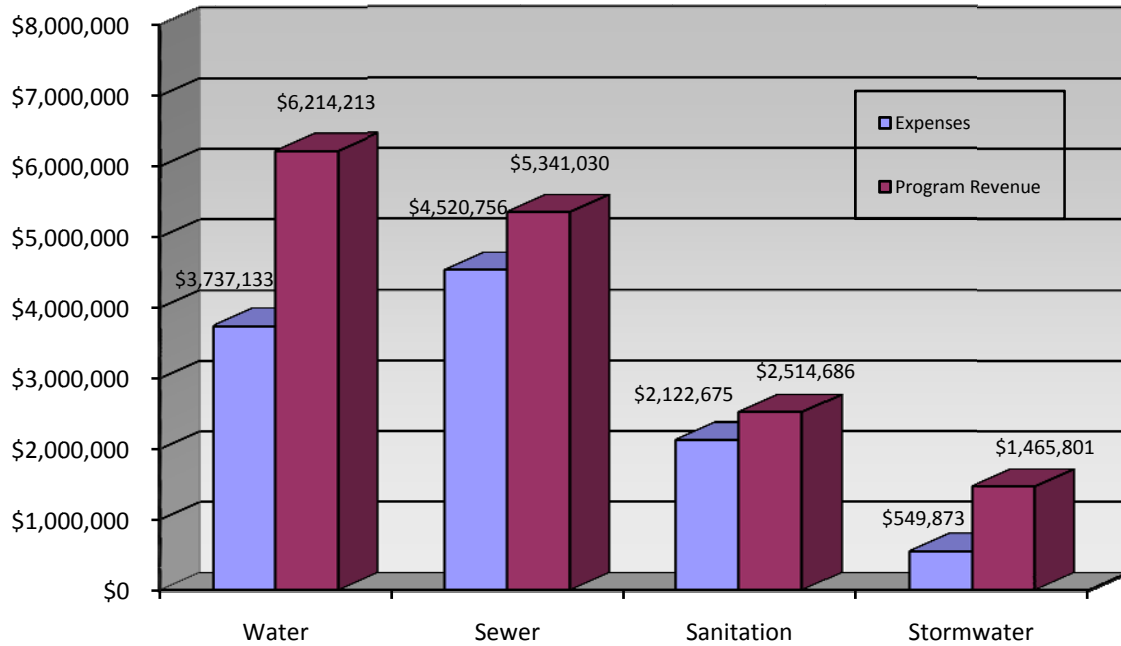
Business-type activities - Business-type activities increased the City of Clermont's net assets by \$5,961,377. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$1,099,816 (11%), primarily due to increase in demand.
- Capital contributions totaled \$1,479,537. 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 Sunburst Lane and Greater Hills Water Treatment Plants and a Water Reclamation Plant.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

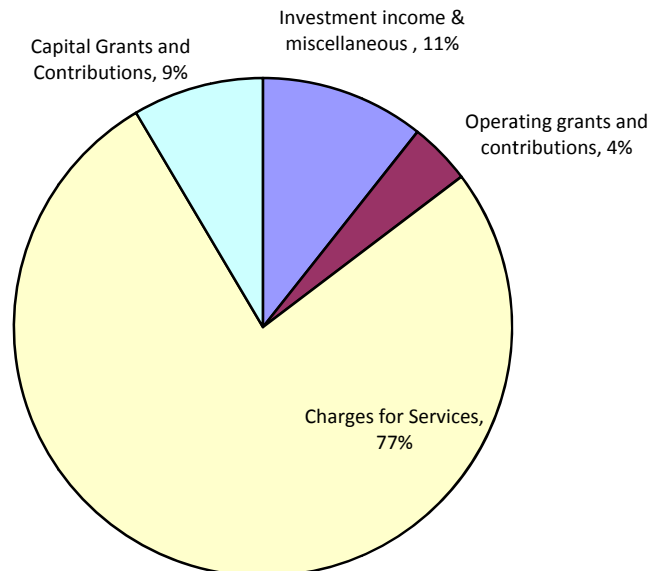
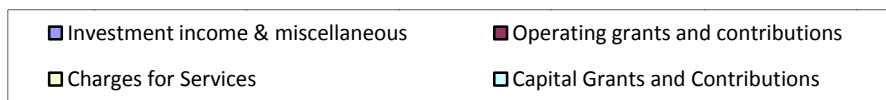
The following graph is a comparison of program revenues and program expenses for all business-type activities. This chart is intended to give the reader an idea of the degree to which business-type activities are self-supporting.

Expenses and Program Revenues - Business Type Activities



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

Revenues by Source - Business Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

Financial Analysis of the City's Funds

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

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

As of September 30, 2008, the City of Clermont's governmental funds reported combined ending fund balances of \$21,502,836 a decrease of \$1,084,841 in comparison with the prior year. Of the governmental funds combined ending fund balances, \$19,382,803 (90.1%) represents *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for spending because it has already been committed for debt service, inventories and prepaid expenses, or it is being held in a non-expendable trust fund.

The general fund is the chief operating fund of the City of Clermont. As of September 30, 2008, the fund balance in the General Fund was \$9,780,786 an increase of \$345,472 in comparison with the prior year. Of the total fund balance in the General Fund, \$9,572,280 (99%) was unreserved fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 30% of total general fund expenditures, while total fund balance represents 30% of that same amount. Contributing to this increase in fund balance is a grant received from the County which partially offset a recreation land purchase made in the prior year.

The City also has an Infrastructure Special Revenue Fund that is considered a major fund under criteria set forth by GASB Statement #34. This fund is used to account for the City's share of the Local Government Infrastructure Surtax. The surtax, which represents a countywide one-cent increase in the state sales tax, was authorized for an additional fifteen years by the voters of Lake County in November, 2001. The surtax may only be used for infrastructure projects or public safety equipment with a useful life in excess of five years or on debt issued to finance the above. During fiscal year 2007-08, the fund balance of the infrastructure fund decreased by \$2,874,894. This decrease is due to the transfer of funds to the Capital Projects Fund for expenses associated with the construction of the Fire Administration facility as well as funding for the future construction of a community center.

The Community Redevelopment Special Revenue fund is considered a major fund in order for our external auditors to express an opinion on this fund as required by Florida Statutes chapter 163.387(8). This fund was created in 1997 as a dependent taxing district. The incremental annual increase in tax over the base years is used to fund projects. As of September 30, 2008, the fund balance was \$907,346 an increase of \$303,744 over the prior year. Currently, phase II of the streetscape improvements in this district is being engineered.

The remainder of the change (\$1,140,837) to the governmental fund balance was from the non-major governmental funds. Recreation, police and fire impact fee fund balances combined decreased a total of \$2,610,482. The capital projects fund balance increased by \$3,652,722. The fund balances in the remaining non-major funds increased a total of \$98,597.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

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

As of September 30, 2008, the City of Clermont's proprietary funds reported total net assets of \$78,570,902 an increase of \$5,961,377 in comparison with the prior year. Total net assets also increased by \$704,655 due to a prior period adjustment. Of the proprietary funds total net assets, \$18,103,096 (23%) represents unrestricted net assets. Restricted assets of \$13,898,851 (18%) are reserved for capital improvements.

The Water Fund accounts for the provision of potable water service to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of September 30, 2008, the City of Clermont's water fund reported total net assets of \$27,174,724, an increase of \$2,546,166 (10%) in comparison with the prior year. This increase is partially due to servicing an expanded customer base. The residential customer base has increased from 16,394 customers in September 2007 to 16,959 as of September 2008. Approximately 54% of the increase in net assets was operating income. The remainder was from impact fee collections that are accumulating for large capital projects that will expand the current water system.

The Sewer Fund accounts for the provision of sewer services to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of September 30, 2008, the City of Clermont's sewer fund reported total net assets of \$44,036,686, an increase of \$2,165,787 in comparison with the prior year. This increase is primarily due to impact fee collections. Much of the money collected for impact fees is accumulating for large capital projects that will expand the current sewer system. The remainder of the increase is due to servicing an expanded customer base. The residential customer base has increased from 11,554 customers in September 2007 to 11,913 in September 2008.

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, 2008, the City of Clermont's sanitation fund reported total net assets of \$2,942,867, an increase of \$438,329 in comparison with the prior year. This was primarily due to operating income.

General Fund Budgetary Highlights

During the year there was a \$1,659,279 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$160,000 increase for a FEMA grant to purchase a Fire Simulator Trailer.
- \$ 26,780 increase for the demolition of the Cooper Memorial Library Building.
- \$960,000 increase for the Legends Way road extension and the Lake Winona Bridge.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Actual revenues were \$210,973 more than budgeted revenue and actual expenditures were \$1,308,702 less than budgeted expenditures.

Capital Assets

The following is a summary of the City of Clermont's capital assets, net of depreciation for governmental and business-type activities for the current year with a comparison to the prior year. Additional information on the City of Clermont's capital assets can be found in Note 7 on pages 47 - 48 of this report.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007-08</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2006-07</u>
Land	\$21,652,809	\$12,943,998	\$ 1,464,129	\$ 1,464,129	\$23,116,938	\$14,408,127
Buildings	5,823,494	4,760,998	304	426	5,823,798	4,761,424
Improvements/ Infrastructure	5,505,263	4,120,723	32,790,570	27,881,360	38,295,833	32,002,083
Machinery and Equipment	3,771,884	3,612,628	2,160,564	2,352,221	5,932,448	5,964,849
Construction in progress	<u>1,500,565</u>	<u>1,104,666</u>	<u>26,756,427</u>	<u>10,069,438</u>	<u>28,256,991</u>	<u>11,174,104</u>
Total	<u>\$ 38,254,015</u>	<u>\$ 26,543,013</u>	<u>\$ 63,171,994</u>	<u>\$ 41,767,574</u>	<u>\$ 101,426,008</u>	<u>\$ 68,310,587</u>

The City of Clermont's investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounts to \$101,426,008 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements/infrastructure, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was \$33,115,421 (48%). Major capital asset events during the current fiscal year included the following:

- Acquisition of the Inland Grove recreational property for \$8,250,000.
- Completion of the Fire Administration building for \$1,344,000.
- Completion of Legends Way road extension for \$1,143,000.
- Completion of the Lake Winona bridge and culvert for \$630,000.
- Purchase of a Typhoon Fire truck for \$262,500.
- Purchase of communication software system for Police for \$397,000.
- Completion of the Sunburst water treatment plant for \$4,145,000.
- Completion of the Bloxam Avenue drainage improvement project for \$1,228,000.
- Construction in progress includes construction of the Greater Hills Water Treatment Plant, the East Reclaimed Water Plant and the Lift Station Telemetry project.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

Debt Administration

The following is a summary of the City's long-term debt for governmental and business-type activity for the current year with a comparison to the prior year. Additional information on long-term debt can be found in Note 8 on pages 48 - 50 of this report.

CITY OF CLERMONT'S Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007-08</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2006-07</u>
Revenue bonds payable	\$ 4,935,000	\$ 5,360,000	\$ 17,065,000	\$ 17,455,000	\$ 22,000,000	\$ 22,815,000
Notes payable	<u>5,856,865</u>	<u>5,358,141</u>	<u>-</u>	<u>-</u>	<u>5,856,865</u>	<u>5,358,141</u>
Total	<u>\$ 10,791,865</u>	<u>\$ 10,718,141</u>	<u>\$ 17,455,000</u>	<u>\$ 17,455,000</u>	<u>\$ 28,246,865</u>	<u>\$ 28,173,141</u>

At the end of the current fiscal year, the City of Clermont had total debt outstanding of \$28,246,865. This debt includes revenue bonds payable and notes payable. The City of Clermont issued a note payable during fiscal year 2007-2008 for the purchase of recreation land.

Economic Factors and Next Year's Budgets and Rates

- The annual unemployment rate for Lake County in 2008 was 6.5%, which is an increase from a rate of 4.7% in 2007. This is an increase of 1.8% over 2007 and is slightly lower than the state's average of 6.9%, however, it is slightly higher than the national average rate of 6.2%.
- The taxable value of commercial and residential property increased 23% from fiscal year 2006-07 to fiscal year 2007-08.
- Population increased 2.6% from 22,882 in 2007 to 23,476 in 2008.

As of September 30, 2008, the General Fund unreserved fund balance was \$9,572,280. The City appropriated \$308,655 of this amount for spending in the 2008-09 fiscal year budget. The same property tax rate is included for the general fund for the 2008-09 fiscal year budget. However, property tax revenue is projected to be nearly \$255,000 lower in fiscal year 2008-2009 due to the approval of Amendment 1 by voters in January 2008.

No utility rate adjustments were proposed for the 2008-09 fiscal year with the exception of the sewer rate structure. The sewer rates increased 2.39% on October 1, 2008 pursuant to a required adjustment in accordance with the Florida Public Service Commission Annual Deflator Index previously adopted by the Clermont City Council.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



CITY OF CLERMONT, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 5,254,453	\$ 2,293,732	\$ 7,548,185
Investments	16,154,811	9,370,350	25,525,161
Receivables, net	250,602	1,202,102	1,452,704
Inventories	31,304	48,259	79,563
Due from other governments	1,447,389	2,396	1,449,785
Internal balances	49,625	(49,625)	-
Prepaid costs	177,202	92,413	269,615
Restricted assets:			
Cash and cash equivalents	-	1,112,054	1,112,054
Investments	-	21,032,749	21,032,749
Interest receivable	-	150,605	150,605
Bond issuance costs	-	296,602	296,602
Capital assets not being depreciated	23,153,374	28,220,556	51,373,930
Capital assets being depreciated, net of accumulated depreciation	15,100,641	34,951,438	50,052,079
Total capital assets	<u>38,254,015</u>	<u>63,171,994</u>	<u>101,426,009</u>
Total assets	<u>61,619,401</u>	<u>98,723,631</u>	<u>160,343,032</u>
Liabilities:			
Accounts payable and accrued expenses	1,932,670	3,280,416	5,213,086
Noncurrent liabilities:			
Due within one year	528,800	436,927	965,727
Due in more than one year	10,790,969	16,435,386	27,226,355
Total liabilities	<u>13,252,439</u>	<u>20,152,729</u>	<u>33,405,168</u>
Net Assets:			
Invested in capital assets, net of related debt	27,462,150	46,568,955	74,031,105
Restricted for:			
Capital improvements	7,047,097	13,898,851	20,945,948
Community redevelopment	907,346	-	907,346
Debt service	360,936	-	360,936
Other projects	643,245	-	643,245
Unrestricted	<u>11,946,188</u>	<u>18,103,096</u>	<u>30,049,284</u>
Total net assets	<u>\$ 48,366,962</u>	<u>\$ 78,570,902</u>	<u>\$ 126,937,864</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, 2008

Functions/Programs:	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 4,204,200	\$ 1,581,913	\$ -	\$ -	\$ (2,622,287)	\$ -	\$ (2,622,287)
Public safety	10,329,913	975,049	746,567	149,026	(8,459,271)	-	(8,459,271)
Physical environment	513,364	-	-	-	(513,364)	-	(513,364)
Transportation/public works	1,544,426	-	300,463	1,202,697	(41,266)	-	(41,266)
Economic environment	47,687	-	-	-	(47,687)	-	(47,687)
Human Services	106,890	-	-	-	(106,890)	-	(106,890)
Culture and recreation	2,060,547	761,174	-	5,977,546	4,678,173	-	4,678,173
Interest on long-term debt	459,883	-	-	-	(459,883)	-	(459,883)
Total governmental activities	<u>19,266,910</u>	<u>3,318,136</u>	<u>1,047,030</u>	<u>7,329,269</u>	<u>(7,572,475)</u>	<u>-</u>	<u>(7,572,475)</u>
Business-type activities							
Water	3,737,133	5,654,083	-	560,130	-	2,477,080	2,477,080
Sewer	4,520,756	4,421,623	-	919,407	-	820,274	820,274
Sanitation	2,122,675	2,514,686	-	-	-	392,011	392,011
Stormwater	549,873	765,801	700,000	-	-	915,928	915,928
Total business-type activities	<u>10,930,437</u>	<u>13,356,193</u>	<u>700,000</u>	<u>1,479,537</u>	<u>-</u>	<u>4,605,293</u>	<u>4,605,293</u>
Total primary government	<u>\$ 30,197,347</u>	<u>\$ 16,674,329</u>	<u>\$ 1,747,030</u>	<u>\$ 8,808,806</u>	<u>(7,572,475)</u>	<u>4,605,293</u>	<u>(2,967,182)</u>
General revenues:							
Property taxes					7,749,126	-	7,749,126
Franchise fees and utility taxes					3,902,856	-	3,902,856
Intergovernmental - unrestricted					4,776,028	-	4,776,028
Unrestricted investment earnings					703,143	1,852,522	2,555,665
Miscellaneous					198,112	-	198,112
Transfers					496,438	(496,438)	-
Total general revenues and transfers					<u>17,825,703</u>	<u>1,356,084</u>	<u>19,181,787</u>
Change in net assets					<u>10,253,228</u>	<u>5,961,377</u>	<u>16,214,605</u>
Net assets - beginning, as previously reported					38,364,503	71,904,870	110,269,373
Prior period adjustment					(250,769)	704,655	453,886
Net assets - beginning, as restated					<u>38,113,734</u>	<u>72,609,525</u>	<u>110,723,259</u>
Net assets - ending					<u>\$ 48,366,962</u>	<u>\$ 78,570,902</u>	<u>\$ 126,937,864</u>

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

CITY OF CLERMONT, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2008

	<u>General</u>	<u>Infrastructure Special Revenue</u>	<u>Community Redevelopment Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ 907,346	\$ 3,940,511	\$ 4,847,857
Investments	10,239,983	5,914,828	-	-	16,154,811
Receivables, net	250,602	-	-	-	250,602
Inventories, at cost	31,304	-	-	-	31,304
Due from other funds	-	-	-	4,487,001	4,487,001
Due from other governments	1,319,362	128,027	-	-	1,447,389
Prepaid costs	177,202	-	-	-	177,202
Total assets	<u>\$ 12,018,453</u>	<u>\$ 6,042,855</u>	<u>\$ 907,346</u>	<u>\$ 8,427,512</u>	<u>\$ 27,396,166</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 832,212	\$ 500	\$ -	\$ 163,730	\$ 996,442
Due to other funds	995,568	3,491,433	-	-	4,487,001
Accrued liabilities	409,887	-	-	-	409,887
Total liabilities	<u>2,237,667</u>	<u>3,491,933</u>	<u>-</u>	<u>163,730</u>	<u>5,893,330</u>
Fund balances:					
Reserved for:					
Inventories and prepaid costs	208,506	-	-	-	208,506
Community redevelopment	-	-	907,346	-	907,346
Debt service	-	-	-	360,936	360,936
Perpetual care	-	-	-	643,245	643,245
Unreserved, reported in:					
General fund	9,572,280	-	-	-	9,572,280
Special revenue funds	-	2,550,922	-	2,763,426	5,314,348
Capital projects funds	-	-	-	4,496,175	4,496,175
Total fund balances	<u>9,780,786</u>	<u>2,550,922</u>	<u>907,346</u>	<u>8,263,782</u>	<u>21,502,836</u>
Total liabilities and fund balances	<u>\$ 12,018,453</u>	<u>\$ 6,042,855</u>	<u>\$ 907,346</u>	<u>\$ 8,427,512</u>	

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.

38,254,015

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

(111,835)

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

41,715

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

(11,319,769)

Net Assets of Governmental Activities in the Statement of Net Assets

\$ 48,366,962

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, 2008

	<u>General</u>	<u>Infrastructure Special Revenue</u>	<u>Community Redevelopment Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 11,361,074	\$ -	\$ 290,908	\$ -	\$ 11,651,982
Licenses and permits	273,663	-	-	561,543	835,206
Intergovernmental revenues	9,926,370	1,900,640	-	150,000	11,977,010
Charges for services	556,166	-	-	87,240	643,406
Fines and forfeitures	320,842	-	-	-	320,842
Impact fees/special assessments	-	-	-	1,209,360	1,209,360
Investment earnings	333,582	154,537	19,566	179,251	686,936
Miscellaneous	1,529,021	-	-	153,730	1,682,751
Total revenues	<u>24,300,718</u>	<u>2,055,177</u>	<u>310,474</u>	<u>2,341,124</u>	<u>29,007,493</u>
Expenditures:					
Current:					
General government	3,020,731	-	-	619,459	3,640,190
Public safety	10,033,536	-	-	964,788	10,998,324
Physical environment	497,188	-	-	-	497,188
Transportation	2,953,710	22,552	-	-	2,976,262
Economic environment	40,957	-	6,730	-	47,687
Human services	104,944	-	-	-	104,944
Culture and recreation	10,004,114	-	-	19,862	10,023,976
Debt Service:					
Principal retirement	5,781,435	-	-	2,394,841	8,176,276
Interest and fiscal charges	41,112	-	-	423,697	464,809
Capital outlay:					
Public safety	-	-	-	1,371,050	1,371,050
Culture and recreation	-	-	-	538,066	538,066
Total expenditures	<u>32,477,727</u>	<u>22,552</u>	<u>6,730</u>	<u>6,331,763</u>	<u>38,838,772</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,177,009)</u>	<u>2,032,625</u>	<u>303,744</u>	<u>(3,990,639)</u>	<u>(9,831,279)</u>
Other Financing Sources (Uses):					
Notes issued	8,250,000	-	-	-	8,250,000
Transfers in	515,819	-	-	5,951,780	6,467,599
Transfers out	(243,338)	(4,907,519)	-	(820,304)	(5,971,161)
Net other financing sources (uses)	<u>8,522,481</u>	<u>(4,907,519)</u>	<u>-</u>	<u>5,131,476</u>	<u>8,746,438</u>
Net Change in Fund Balances	345,472	(2,874,894)	303,744	1,140,837	(1,084,841)
Fund Balances - Beginning, as previously reported	9,686,083	5,425,816	603,602	7,122,945	22,587,677
Prior Period Adjustment	(250,769)	-	-	-	(250,769)
Fund Balances - Beginning, as restated	<u>9,435,314</u>	<u>5,425,816</u>	<u>603,602</u>	<u>7,122,945</u>	<u>22,336,908</u>
Fund Balances - Ending	<u>\$ 9,780,786</u>	<u>\$ 2,550,922</u>	<u>\$ 907,346</u>	<u>\$ 8,263,782</u>	<u>\$ 21,502,836</u>

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

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2008

Net change in fund balances - total governmental funds: \$ (1,084,841)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays \$13,561,862 exceeded depreciation \$1,844,646 in the current period.

11,717,216

The net effect of sales of capital assets is to decrease net assets.

(6,214)

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

(73,724)

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:

(96,605)

Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

(202,604)

Change in net assets of governmental activities

\$ 10,253,228

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Taxes	\$ 11,198,902	\$ 11,198,902	\$ 11,361,074	\$ 162,172
Licenses and permits	414,200	289,200	273,663	(15,537)
Intergovernmental revenues	9,538,209	9,729,492	9,462,280	(267,212)
Charges for services	443,095	469,595	556,166	86,571
Fines and forfeitures	141,250	141,250	320,842	179,592
Investment earnings	427,600	427,600	333,582	(94,018)
Miscellaneous	716,119	1,369,616	1,529,021	159,405
Total revenues	<u>22,879,375</u>	<u>23,625,655</u>	<u>23,836,628</u>	<u>210,973</u>
Expenditures:				
Current:				
General government:				
City council	26,795	26,795	24,182	2,613
City clerk	249,020	249,020	223,775	25,245
City manager	444,520	444,520	436,216	8,304
Administrative services	1,041,286	1,073,648	992,519	81,129
Legal services	117,570	117,570	92,258	25,312
Planning & zoning	799,270	814,015	738,621	75,394
Engineering	387,875	387,875	357,002	30,873
Other general government	176,600	209,127	156,158	52,969
	<u>3,242,936</u>	<u>3,322,570</u>	<u>3,020,731</u>	<u>301,839</u>
Public Safety:				
Law enforcement	5,190,255	5,224,914	4,977,718	247,196
Fire control	4,253,408	4,732,823	4,591,728	141,095
	<u>9,443,663</u>	<u>9,957,737</u>	<u>9,569,446</u>	<u>388,291</u>
Physical environment / Transportation	2,712,221	3,679,134	3,450,898	228,236
Economic environment / Human Services	171,860	175,185	145,901	29,284
Culture and recreation	2,002,380	2,123,500	1,754,114	369,386
Debt Service:				
Principal	5,630,000	5,814,213	5,781,435	32,778
Interest and other charges	210,000	-	41,112	(41,112)
Total expenditures	<u>23,413,060</u>	<u>25,072,339</u>	<u>23,763,637</u>	<u>1,308,702</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, 2008

Excess (Deficiency) of Revenues Over Expenditures	<u>(533,685)</u>	<u>(1,446,684)</u>	<u>72,991</u>	<u>1,519,675</u>
Other Financing Sources (Uses):				
Transfers in	550,600	550,600	515,819	(34,781)
Transfers out	<u>(201,865)</u>	<u>(231,865)</u>	<u>(243,338)</u>	<u>(11,473)</u>
Total other financing sources (uses)	<u>348,735</u>	<u>318,735</u>	<u>272,481</u>	<u>(46,254)</u>
Net Change in Fund Balance	(184,950)	(1,127,949)	345,472	1,473,421
Fund Balance - Beginning, as previously reported	9,686,083	9,686,083	9,686,083	-
Prior Period Adjustment	-	-	(250,769)	(250,769)
Fund Balance - Beginning, as restated	<u>9,686,083</u>	<u>9,686,083</u>	<u>9,435,314</u>	<u>(250,769)</u>
Fund Balance - Ending	<u>\$ 9,501,133</u>	<u>\$ 8,558,134</u>	<u>\$ 9,780,786</u>	<u>\$ 1,222,652</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 2,000,000	\$ 2,000,000	\$ 1,900,640	\$ (99,360)
Investment earnings	110,000	110,000	154,537	44,537
Total revenues	<u>2,110,000</u>	<u>2,110,000</u>	<u>2,055,177</u>	<u>(54,823)</u>
Expenditures:				
Transportation:				
Roads & streets	33,000	33,000	22,552	10,448
Total expenditures	<u>33,000</u>	<u>33,000</u>	<u>22,552</u>	<u>10,448</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,077,000</u>	<u>2,077,000</u>	<u>2,032,625</u>	<u>(44,375)</u>
Other Financing Sources (Uses):				
Transfers out	(6,981,180)	(6,981,180)	(4,907,519)	2,073,661
Total other financing sources (uses)	<u>(6,981,180)</u>	<u>(6,981,180)</u>	<u>(4,907,519)</u>	<u>2,073,661</u>
Net Change in Fund Balance	(4,904,180)	(4,904,180)	(2,874,894)	2,029,286
Fund Balances - Beginning	5,425,816	5,425,816	5,425,816	-
Fund Balances - Ending	<u>\$ 521,636</u>	<u>\$ 521,636</u>	<u>\$ 2,550,922</u>	<u>\$ 2,029,286</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 321,365	\$ 321,365	\$ 290,908	\$ (30,457)
Investment earnings	16,000	16,000	19,566	3,566
Total revenues	<u>337,365</u>	<u>337,365</u>	<u>310,474</u>	<u>(26,891)</u>
Expenditures:				
Economic environment:				
Economic development	900,175	900,175	6,730	893,445
Total expenditures	<u>900,175</u>	<u>900,175</u>	<u>6,730</u>	<u>893,445</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(562,810)</u>	<u>(562,810)</u>	<u>303,744</u>	<u>866,554</u>
Net Change in Fund Balances	(562,810)	(562,810)	303,744	866,554
Fund Balances - Beginning	603,602	603,602	603,602	-
Fund Balances - Ending	<u>\$ 40,792</u>	<u>\$ 40,792</u>	<u>\$ 907,346</u>	<u>\$ 866,554</u>

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

CITY OF CLERMONT, FLORIDA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

September 30, 2008

	Enterprise Funds					Internal Service Funds
	Water	Sewer	Sanitation	Stormwater	Total	
Assets:						
Current assets:						
Cash and cash equivalents	\$ 400,502	\$ -	\$ 1,227,066	\$ 666,164	\$ 2,293,732	\$ 406,596
Investments	5,668,774	3,701,576	-	-	9,370,350	-
Restricted cash and cash equivalents	587,762	524,292	-	-	1,112,054	-
Accounts receivable, net	386,465	388,424	228,347	198,866	1,202,102	-
Due from other funds	7,599,616	-	-	1,000,000	8,599,616	-
Receivables from other governments	-	-	2,396	-	2,396	-
Inventories	48,259	-	-	-	48,259	-
Prepaid expenses	27,015	41,853	19,104	4,441	92,413	-
Total current assets	<u>14,718,393</u>	<u>4,656,145</u>	<u>1,476,913</u>	<u>1,869,471</u>	<u>22,720,922</u>	<u>406,596</u>
Non-current assets:						
Restricted investments	1,435,207	19,597,542	-	-	21,032,749	-
Interest receivable	28,109	122,496	-	-	150,605	-
Bond issuance costs	106,777	189,825	-	-	296,602	-
Capital assets:						
Land, buildings and equipment	17,392,403	28,392,855	2,723,855	3,018,713	51,527,826	-
Construction in progress	7,046,057	19,667,172	-	43,198	26,756,427	-
Less accumulated depreciation	<u>(5,532,009)</u>	<u>(7,998,128)</u>	<u>(1,141,144)</u>	<u>(440,978)</u>	<u>(15,112,259)</u>	-
Total capital assets (net of accumulated depreciation)	<u>18,906,451</u>	<u>40,061,899</u>	<u>1,582,711</u>	<u>2,620,933</u>	<u>63,171,994</u>	-
Total non-current assets	<u>20,476,544</u>	<u>59,971,762</u>	<u>1,582,711</u>	<u>2,620,933</u>	<u>84,651,950</u>	-
Total assets	<u>35,194,937</u>	<u>64,627,907</u>	<u>3,059,624</u>	<u>4,490,404</u>	<u>107,372,872</u>	<u>406,596</u>

Liabilities:

Current liabilities:

Accounts payable	561,138	1,916,724	49,881	3,489	2,531,232	414,506
Salaries payable	59,599	51,375	25,943	12,083	149,000	-
Accrued interest payable	107,122	190,440	-	-	297,562	-
Compensated absences	13,426	8,550	4,093	858	26,927	-
Due to other funds	-	8,599,616	-	-	8,599,616	-
Payable to other governments	-	-	-	-	-	-
Other accrued expenses	302,622	-	-	-	302,622	-
Revenue bonds payable-current	147,600	262,400	-	-	410,000	-
Total current liabilities	<u>1,191,507</u>	<u>11,029,105</u>	<u>79,917</u>	<u>16,430</u>	<u>12,316,959</u>	<u>414,506</u>

Non-current liabilities:

Compensated absences	120,838	76,945	36,840	7,724	242,347	-
Revenue bonds payable	<u>6,707,868</u>	<u>9,485,171</u>	<u>-</u>	<u>-</u>	<u>16,193,039</u>	<u>-</u>
Total non-current liabilities	<u>6,828,706</u>	<u>9,562,116</u>	<u>36,840</u>	<u>7,724</u>	<u>16,435,386</u>	<u>-</u>
Total liabilities	<u>8,020,213</u>	<u>20,591,221</u>	<u>116,757</u>	<u>24,154</u>	<u>28,752,345</u>	<u>414,506</u>

Net Assets:

Invested in capital assets, net of related deb	12,050,983	30,314,328	1,582,711	2,620,933	46,568,955	-
Restricted for capital improvements	1,194,874	12,703,977	-	-	13,898,851	-
Unrestricted	<u>13,928,867</u>	<u>1,018,381</u>	<u>1,360,156</u>	<u>1,845,317</u>	<u>18,152,721</u>	<u>(7,910)</u>
Total net assets	<u>\$ 27,174,724</u>	<u>\$ 44,036,686</u>	<u>\$ 2,942,867</u>	<u>\$ 4,466,250</u>	<u>78,620,527</u>	<u>\$ (7,910)</u>

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

(49,625)

Total net assets per Government-Wide financial statements

\$ 78,570,902

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



CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2008

	Enterprise Funds					Internal Service Funds
	Water	Sewer	Sanitation	Stormwater	Total	
Operating Revenues:						
Charges for services	\$ 4,743,149	\$ 4,421,623	\$ 2,513,128	\$ 765,801	\$ 12,443,701	\$ 2,254,105
Miscellaneous	910,934	-	1,558	-	912,492	155
Total operating revenues	<u>5,654,083</u>	<u>4,421,623</u>	<u>2,514,686</u>	<u>765,801</u>	<u>13,356,193</u>	<u>2,254,260</u>
Operating Expenses:						
Personal services	1,546,959	1,357,050	762,088	339,897	4,005,994	-
Utilities	424,517	524,302	106	-	948,925	-
Dump fees	-	120,175	501,236	13,301	634,712	-
Administrative services	135,790	169,790	40,880	27,835	374,295	-
Repairs and maintenance	452,236	278,944	167,068	23,496	921,744	-
Depreciation and amortization	383,453	770,122	307,725	89,344	1,550,644	-
Professional services	131,843	315,954	11,016	123	458,936	-
Insurance claims and expenses	66,100	164,588	62,318	4,928	297,934	2,620,149
Other supplies and expenses	197,365	153,126	250,656	39,528	640,675	-
Total operating expenses	<u>3,338,263</u>	<u>3,854,051</u>	<u>2,103,093</u>	<u>538,452</u>	<u>9,833,859</u>	<u>2,620,149</u>
Operating income (loss)	<u>2,315,820</u>	<u>567,572</u>	<u>411,593</u>	<u>227,349</u>	<u>3,522,334</u>	<u>(365,889)</u>
Non-Operating Revenues (Expenses):						
Grant revenue	-	-	-	700,000	700,000	-
Investment income	507,472	1,287,490	26,736	30,824	1,852,522	16,207
Interest expense	(340,818)	(608,682)	-	-	(949,500)	-
Total non-operating revenue (expenses)	<u>166,654</u>	<u>678,808</u>	<u>26,736</u>	<u>730,824</u>	<u>1,603,022</u>	<u>16,207</u>
Income (loss) before contributions and transfers	<u>2,482,474</u>	<u>1,246,380</u>	<u>438,329</u>	<u>958,173</u>	<u>5,125,356</u>	<u>(349,682)</u>
Capital contributions	560,130	919,407	-	-	1,479,537	-
Transfers out	(496,438)	-	-	-	(496,438)	-
Change in net assets	<u>2,546,166</u>	<u>2,165,787</u>	<u>438,329</u>	<u>958,173</u>	<u>6,108,455</u>	<u>(349,682)</u>
Total Net Assets - Beginning, as previously reported	24,044,564	41,816,082	2,504,538	3,442,233		341,772
Prior Period Adjustment	583,994	54,817	-	65,844		
Total Net Assets - Beginning, as restated	<u>24,628,558</u>	<u>41,870,899</u>	<u>2,504,538</u>	<u>3,508,077</u>		
Total Net Assets - Ending	<u>\$ 27,174,724</u>	<u>\$ 44,036,686</u>	<u>\$ 2,942,867</u>	<u>\$ 4,466,250</u>		<u>\$ (7,910)</u>

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with Business Activities.

(147,078)

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

\$ 5,961,377

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, 2008

	Business-Type Activities-Enterprise Funds					Governmental
	Water	Sewer	Sanitation	Stormwater	Total	Activities- Internal Service Fund
Cash Flows from Operating Activities:						
Receipts from customers	\$ 5,720,016	\$ 4,405,917	\$ 2,496,578	\$ 631,091	\$ 13,253,602	\$ -
Receipts from internal services provided	-	-	-	-	-	2,254,260
Payments to suppliers	(2,087,438)	(2,742,615)	(1,093,697)	(773,444)	(6,697,194)	(2,477,808)
Payments to employees	(1,482,684)	(1,301,398)	(745,548)	(337,960)	(3,867,590)	-
Net cash provided (used) by operating activities	2,149,894	361,904	657,333	(480,313)	2,688,818	(223,548)
Cash Flows from Non-Capital Financing Activities:						
Increase in due from other funds	(4,606,428)	-	-	(1,000,000)	(5,606,428)	-
Increase due to other funds	-	5,606,428	-	-	5,606,428	-
Decrease in due from other governments	-	-	(2,396)	-	(2,396)	-
Grant revenues	-	-	-	700,000	700,000	-
Transfers out	(496,438)	-	-	-	(496,438)	-
Net cash provided (used) by non-capital financing activities	(5,102,866)	5,606,428	(2,396)	(300,000)	201,166	-
Cash Flows from Capital and Related Financing Activities:						
Acquisition of capital assets	(6,412,227)	(15,954,172)	(108,910)	(479,754)	(22,955,063)	-
Interest paid on long-term debt	(325,272)	(578,262)	-	-	(903,534)	-
Principal paid on debt	(140,400)	(249,600)	-	-	(390,000)	-
Fees and assessments received	560,130	919,407	-	-	1,479,537	-
Net cash provided (used) by capital and related financing activities	(6,317,769)	(15,862,627)	(108,910)	(479,754)	(22,769,060)	-

Cash Flows from Investing Activities:

Sale (Purchase) of investments	8,099,151	7,875,255	253,484	1,685,533	17,913,423	456,445
Investment income	473,600	1,210,345	26,736	30,824	1,741,505	16,207
Net cash provided by investing activities	<u>8,572,751</u>	<u>9,085,600</u>	<u>280,220</u>	<u>1,716,357</u>	<u>19,654,928</u>	<u>472,652</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(697,990)	(808,695)	826,247	456,290	(224,148)	249,104
Cash and Cash Equivalents - Beginning	<u>1,686,254</u>	<u>1,332,987</u>	<u>400,819</u>	<u>209,874</u>	<u>3,629,934</u>	<u>157,492</u>
Cash and Cash Equivalents - End	<u>\$ 988,264</u>	<u>\$ 524,292</u>	<u>\$ 1,227,066</u>	<u>\$ 666,164</u>	<u>\$ 3,405,786</u>	<u>\$ 406,596</u>

Classified As:

Cash and cash equivalents	400,502	-	1,227,066	666,164	\$ 2,293,732	406,596
Restricted cash and cash equivalents	587,762	524,292	-	-	1,112,054	-
Total	<u>\$ 988,264</u>	<u>\$ 524,292</u>	<u>\$ 1,227,066</u>	<u>\$ 666,164</u>	<u>\$ 3,405,786</u>	<u>\$ 406,596</u>

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

Operating income (loss)	<u>2,315,820</u>	<u>567,572</u>	<u>411,593</u>	<u>227,349</u>	<u>\$ 3,522,334</u>	<u>(365,889)</u>
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Adjustments Not Affecting Cash:

Depreciation and amortization	383,453	770,122	307,725	89,344	1,550,644	-
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Change in Assets and Liabilities:

Decrease (Increase) in accts receivable	48,995	(15,706)	(18,108)	(134,710)	(119,529)	-
Decrease (Increase) in customer deposits	16,938	-	-	-	16,938	-
Decrease (Increase) in prepaid costs	(27,015)	(28,986)	(19,104)	(4,441)	(79,546)	-
Decrease (Increase) in inventory	1,289	-	-	-	1,289	-
Increase (decrease) in accounts payable	(653,861)	(986,750)	(41,313)	(659,792)	(2,341,716)	142,341
Increase (decrease) in accrued liabilities	64,275	55,652	16,540	1,937	138,404	-
Total adjustments	<u>(165,926)</u>	<u>(205,668)</u>	<u>245,740</u>	<u>(707,662)</u>	<u>(833,516)</u>	<u>142,341</u>

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

	<u>\$ 2,149,894</u>	<u>\$ 361,904</u>	<u>\$ 657,333</u>	<u>\$ (480,313)</u>	<u>\$ 2,688,818</u>	<u>\$ (223,548)</u>
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**Noncash investing, capital,
and financing activities:**

Increase in fair value of investments	\$ 37,795	\$ 87,782	\$ -	\$ -	\$ 125,577	\$ -
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The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF CLERMONT, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

September 30, 2008

	<u>Total Employee Pension Funds</u>
Assets:	
Cash and cash equivalents	\$ 231,472
Receivables:	
Employer contribution receivable	21,761
Due from other governments	48,391
Total receivables	<u>70,152</u>
Investments:	
U.S. Government & other debt securities	3,543,188
Equities	7,750,969
Total investments	<u>11,294,157</u>
 Total assets	 <u>11,595,781</u>
Liabilities:	
Accounts payable	-
Total liabilities	<u>-</u>
 Net Assets Held in Trust for Pension Benefits	 \$ 11,595,781

CITY OF CLERMONT, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended September 30, 2008

	<u>Total Employee Pension Funds</u>
Additions:	
Contributions:	
Employer	\$ 1,316,263
Plan members	106,365
State	464,090
Total contributions	<u>1,886,718</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	<u>(1,501,581)</u>
Total net investment earnings	<u>(1,501,581)</u>
Total additions	<u>385,137</u>
Deductions:	
Benefits/distributions	244,259
Administrative	50,386
Total deductions	<u>294,645</u>
Change in Net Assets	90,492
Net Assets - Beginning	<u>11,505,289</u>
Net Assets - End	<u><u>\$ 11,595,781</u></u>



NOTES TO FINANCIAL STATEMENTS



NOTES TO FINANCIAL STATEMENTS

September 30, 2008

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.

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

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

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

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

The government reports the following funds:

Major Governmental Funds

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

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

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

Non-Major Governmental Fund Types

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

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

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

Major Proprietary Funds

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

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

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

Major Proprietary Funds (Continued)

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

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

Non-Major Proprietary Funds

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

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

Fiduciary Funds

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

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

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

2. Receivables and Payables

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

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

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

2. Receivables and Payables - (Continued)

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

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

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

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

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$750 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

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

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

6. Compensated Absences

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

7. Long-Term Obligations

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

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

8. Fund Equity

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

Note 2 - Prior Period Adjustment

Beginning net assets in the water, sewer and stormwater funds have been adjusted for the effects of certain construction in progress related costs that were incorrectly expensed in the prior year. As a result, prior year operating income was understated by \$583,994 in the water fund, \$54,817 in the sewer fund, and \$65,844 in the stormwater fund.

Beginning fund balance of the General fund has been adjusted for removing an expenditure twice that did not belong in the prior fiscal year. The effect was to overstate the change in fund balance in the prior year by \$250,769.

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$11,717,216 difference are as follows:

Capital outlay	\$ 13,561,862
Depreciation expense	<u>(1,844,646)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 11,717,216</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this \$73,724 difference are as follows:

Debt issued or incurred:	
Loan proceeds	\$ (8,250,000)
Principal repayment	<u>8,176,276</u>
Net adjustment to <i>decrease net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (73,724)</u>

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

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

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

Another element of that reconciliation states that “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	\$ 101,531
Accrued interest payable	<u>(4,926)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 96,605</u></u>

Note 4 - Stewardship, Compliance, and Accountability:

Budgetary Information -

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

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

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

Budgetary Information - (Continued)

- (8) Appropriations lapse at the close of the fiscal year to the extent they have not been expended. Encumbrance accounting is not used by the City.
- (9) Budgets are adopted for the general fund, special revenue funds, debt service funds and the capital projects fund on a basis consistent with generally accepted accounting principles, except as described below under Budget Basis of accounting. Budgets are also adopted for the enterprise funds; however, these data are not presented under generally accepted accounting principles.
- (10) The City Council, by Ordinance or Resolution, may make supplemental appropriations in excess of those originally estimated for the year up to the amount of available revenues. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions.

Budgetary Basis of Accounting -

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

For the fiscal year ended September 30, 2008 the following adjustments are necessary to convert General Fund revenues, expenditures, and other financing sources on the GAAP basis to the budgetary basis:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
General Fund:			
GAAP Basis	\$ 24,300,718	\$ 32,477,727	\$ 8,522,481
Nonbudgeted state pension amounts	(464,090)	(464,090)	-
Nonbudgeted notes issued	-	(8,250,000)	(8,250,000)
Budgetary basis	<u>\$ 23,836,628</u>	<u>\$ 23,763,637</u>	<u>\$ 272,481</u>

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

Note 5 - Cash and Investments:

Deposits

At year-end, the carrying amount of the City's deposits was \$154,424 and the bank balance was \$366,645. Fiduciary fund cash held by the pension fund is not in the City's bank. All bank deposits were fully covered by federal depository insurance or by collateral held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to "authorized depositories".

Investments

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

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

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

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

Note 5 - Cash and Investments (Continued):

Investments - (Continued)

Investments made by the *City of Clermont* at September 30, 2008 are summarized below. Defined benefit pension plan investments, other than \$7,750,969 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	\$ 15,191,442	AAA	
US Treasury Bond	3,931,314	TSY	
Federal Agency Discount Note	27,435,153	A-1+	
Repurchase Agreements	8,505,815	Unrated	<90 days
Pension fixed income securities	3,543,188	AA/V4	5.04 years
	<u>\$ 55,063,724</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, 2008, all of the city's bank deposits were in qualified public depositories.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

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, 2008, 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 non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Nonmajor Enterprise Fund</u>	<u>Total</u>
Receivables:						
Accounts	\$ 856	\$ 339,439	\$ 410,360	\$ 241,724	\$ 77,026	\$ 1,069,405
Taxes	37,326	-	-	-	-	37,326
Other	212,947	67,008	285	-	126,397	406,637
Less allowance for uncollectible accounts	(527)	(19,982)	(22,221)	(13,377)	(4,557)	(60,664)
	<u>\$ 250,602</u>	<u>\$ 386,465</u>	<u>\$ 388,424</u>	<u>\$ 228,347</u>	<u>\$ 198,866</u>	<u>\$ 1,452,704</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

Note 7 - Capital Assets:

Capital asset activity for the year ended September 30, 2008 was as follows:

	<u>Beginning Balance (as restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 12,943,998	\$ 8,708,811	\$ -	\$ 21,652,809
Construction in progress	1,104,666	3,512,901	(3,117,002)	1,500,565
Total capital assets, not being depreciated	<u>14,048,664</u>	<u>12,221,712</u>	<u>(3,117,002)</u>	<u>23,153,374</u>
Capital assets, being depreciated:				
Buildings	9,006,091	1,376,273	(457,051)	9,925,313
Improvements/infrastructure	11,346,732	1,837,726	-	13,184,458
Machinery and equipment	7,914,527	1,243,153	(74,629)	9,083,051
Total capital assets being depreciated	<u>28,267,350</u>	<u>4,457,152</u>	<u>(531,680)</u>	<u>32,192,822</u>
Less accumulated depreciation for:				
Buildings	(4,245,093)	(313,777)	457,051	(4,101,819)
Improvements/infrastructure	(7,226,009)	(453,186)	-	(7,679,195)
Machinery and equipment	(4,301,899)	(1,077,683)	68,415	(5,311,167)
Total accumulated depreciation	<u>(15,773,001)</u>	<u>(1,844,646)</u>	<u>525,466</u>	<u>(17,092,181)</u>
Total capital assets being depreciated, net	<u>12,494,349</u>	<u>2,612,506</u>	<u>(6,214)</u>	<u>15,100,641</u>
Governmental activities capital assets, net	<u>\$ 26,543,013</u>	<u>\$ 14,834,218</u>	<u>\$ (3,123,216)</u>	<u>\$ 38,254,015</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	1,464,129	\$ -	\$ -	\$ 1,464,129
Construction in progress	10,069,438	22,059,691	(5,372,702)	26,756,427
Total capital assets, not being depreciated	<u>11,533,567</u>	<u>22,059,691</u>	<u>(5,372,702)</u>	<u>28,220,556</u>
Capital assets, being depreciated:				
Buildings	41,324	-	-	41,324
Improvements/infrastructure	39,384,221	5,996,355	-	45,380,576
Machinery and equipment	4,386,815	271,720	(16,738)	4,641,797
Total capital assets being depreciated	<u>43,812,360</u>	<u>6,268,075</u>	<u>(16,738)</u>	<u>50,063,697</u>
Less accumulated depreciation for:				
Buildings	(40,898)	(122)	-	(41,020)
Improvements/infrastructure	(11,502,861)	(1,087,145)	-	(12,590,006)
Machinery and equipment	(2,034,594)	(463,377)	16,738	(2,481,233)
Total accumulated depreciation	<u>(13,578,353)</u>	<u>(1,550,644)</u>	<u>16,738</u>	<u>(15,112,259)</u>
Total capital assets being depreciated, net	<u>30,234,007</u>	<u>4,717,431</u>	<u>-</u>	<u>34,951,438</u>
Business-type activities capital assets, net	<u>\$ 41,767,574</u>	<u>\$ 26,777,122</u>	<u>\$ (5,372,702)</u>	<u>\$ 63,171,994</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

Note 7 - Capital Assets (Continued):

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	580,100
Public safety		718,040
Physical environment/transportation		187,398
Culture and recreation		359,108
Total depreciation expense - governmental activities	\$	<u>1,844,646</u>
Business-type activities		
Water		383,453
Sewer		770,122
Sanitation		307,725
Stormwater		89,344
Total depreciation expense - business-type activities	\$	<u>1,550,644</u>

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 both governmental and business-type activities. The original amount of revenue bonds issued in prior years is described below. Revenue bonds outstanding at year end are as follows:

<u>Governmental Activities</u>	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2008</u>
Public Improvement Revenue Bonds, Series 2002	1.75 - 4.6% (6/1 & 12/1)	12/1/2003 to 12/1/2017	\$ 6,965,000	\$ 4,935,000
 <u>Business-Type Activities</u>				
Water and Sewer Revenue and Refunding Bonds, Series 2000	4.4 - 5.25% (6/1 & 12/1)	12/1/2004 to 12/1/2030	\$ 17,935,000	\$ 17,065,000

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

Note 8 - Long-Term Debt (Continued):

Bonds Payable - (Continued)

Year ending September 30,	<u>Governmental Activities</u>		<u>Business - Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 440,000	\$ 202,806	\$ 410,000	\$ 892,688
2010	455,000	187,406	430,000	873,725
2011	470,000	170,913	450,000	853,837
2012	490,000	152,700	470,000	832,363
2013	510,000	133,100	490,000	810,363
2014-2018	2,570,000	325,910	2,855,000	3,658,750
2019-2023	-	-	3,675,000	2,834,563
2024-2028	-	-	4,765,000	1,740,963
2029-2031	-	-	3,520,000	384,848
Total	\$ 4,935,000	\$ 1,172,835	\$ 17,065,000	\$ 12,882,100

Notes Payable

The City has notes payable for governmental activities only. During 2008, the City entered into two new note payable agreements to finance the acquisition of additional property for Inland Groves. Notes payable outstanding at year end are as follows:

<u>Governmental Activities</u>	<u>Original Amount</u>	<u>Balance September 30, 2008</u>
Inland Groves South Note, due to individual in quarterly interest only payments of \$52,500 (4%). Final principal payment due on July 14, 2008.	\$ 5,250,000	\$ -
Capital Improvement Notes, Series 1999 due to SunTrust Bank in ten annual installments of \$40,264 (including interest) beginning December 2000. The notes bear an interest rate of 5.742%. The loan was obtained to purchase a fire truck.	300,000	74,087
Inland Groves North Note, due to individual in quarterly interest only payments of \$57,828 (4%). Final principal payment due on July 14, 2011.	6,000,000	5,782,778
Pool Property North Note, due to individual in quarterly interest only payments of \$90,000 (4%). Final principal payment due on July 14, 2011.	2,250,000	-
Total	\$ 13,800,000	\$ 5,856,865

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

Note 8 - Long-Term Debt (Continued):

Notes Payable - (Continued)

Annual requirements to amortize outstanding notes payable for governmental activities as of September 30, 2008 are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 36,010	\$ 234,531
2010	38,077	232,404
2011	<u>5,782,778</u>	<u>231,311</u>
Total	<u>\$ 5,856,865</u>	<u>\$ 698,246</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2008 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities					
Bonds payable-					
Revenue Bonds	\$ 5,360,000	\$ -	\$ (425,000)	\$ 4,935,000	\$ 440,000
Notes payable-					
Inland Groves South	5,250,000	-	(5,250,000)	-	-
Revenue note, Series 1999	108,141	-	(34,054)	74,087	36,010
Pool Property North	-	2,250,000	(2,250,000)	-	-
Inland Groves North	-	6,000,000	(217,222)	5,782,778	-
Total notes payable	<u>5,358,141</u>	<u>8,250,000</u>	<u>(7,751,276)</u>	<u>5,856,865</u>	<u>36,010</u>
Compensated Absences	426,373	101,531	-	527,904	52,790
Governmental activity long-term liabilities	<u>\$ 11,144,514</u>	<u>\$ 8,351,531</u>	<u>\$ (8,176,276)</u>	<u>\$ 11,319,769</u>	<u>\$ 528,800</u>
Business-type activities					
Bonds payable-					
Revenue Bonds	17,455,000	-	(390,000)	17,065,000	410,000
Less deferred amount:					
Issuance discount	(500,527)	-	38,566	(461,961)	-
Total bonds payable	<u>16,954,473</u>	<u>-</u>	<u>(351,434)</u>	<u>16,603,039</u>	<u>410,000</u>
Compensated Absences	169,720	99,554	-	269,274	26,927
Business-type activity long-term liabilities	<u>\$ 17,124,193</u>	<u>\$ 99,554</u>	<u>\$ (351,434)</u>	<u>\$ 16,872,313</u>	<u>\$ 436,927</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

Note 9 - Interfund Receivables, Payables and Transfers:

The composition of due to/from other funds at September 30, 2008 is as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	\$ 995,568	General Fund	\$ 995,568
Capital Projects	3,491,433	Infrastructure	3,491,433
Water	7,599,616	Sewer	7,599,616
Stormwater	1,000,000	Sewer	1,000,000
	<u>\$ 13,086,617</u>		<u>\$ 13,086,617</u>

The above due to/from is to record the effect of the amount paid on 2000 series revenue bonds by the water fund for the sewer fund, and to eliminate negative cash balances.

Interfund transfers for the year ended September 30, 2008 consisted of the following:

<u>Transfers Out:</u>	<u>Transfer In</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
General Fund	\$ -	\$ 243,338	\$ 243,338
Infrastructure Special Revenue Fund	-	4,907,519	4,907,519
Nonmajor governmental	19,381	800,923	820,304
Water fund	496,438	-	496,438
	<u>\$ 515,819</u>	<u>\$ 5,951,780</u>	<u>\$ 6,467,599</u>

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

Note 10 - Retirement Plans:

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

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

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

Summary of Significant Accounting Policies

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

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

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

Note 10 - Retirement Plans (Continued):

Plan Descriptions and Contribution Information -

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

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

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

The normal retirement date for firefighters is the attainment of age 55 and 10 years of service, or earlier attainment of age 52 and 25 years of service. The normal retirement date for police officers is the attainment of age 55 and 10 years of service, or 20 years of service, regardless of age. The normal retirement benefit is the number of years of credited service prior to October 1, 2002 multiplied by 2.25%, and the number of years of credited service after October 1, 2002 multiplied by 3%, and multiplied by the average final monthly compensation. Early retirement is available after age 50 and 10 years of service; however, the early retirement benefit is reduced by 2% for each year before the normal retirement date.

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

Note 10 - Retirement Plans (Continued):

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

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Annual Required Contribution (ARC)	\$ -	\$ 541,697	\$ 410,350
Adjustment to ARC	-	-	-
Annual Pension Cost	<u>\$ -</u>	<u>\$ 541,697</u>	<u>\$ 410,350</u>

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

Three-Year Trend Information
General Employees

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
9/30/08	\$ -	100%
9/30/07	19,697	100
9/30/06	19,697	100
<u>Police Officers</u>		
9/30/08	\$ 541,697	100%
9/30/07	376,518	100
9/30/06	291,677	100
<u>Firefighters</u>		
9/30/08	\$ 410,350	100%
9/30/07	199,989	100
9/30/06	189,164	100

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

Note 10 - Retirement Plans (Continued):

Funded Status and Funding Progress – Pension Plans

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

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

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

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

Additional information as of the latest actuarial valuation follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Valuation date	10/1/2007	10/1/2007	10/1/2007
Actuarial Cost Method	Aggregate Cost	Aggregate Cost	Aggregate Cost
Amortization Method	N/A	N/A	N/A
Remaining Amortization Period	N/A	N/A	N/A
Asset Valuation Method	Market Value	Market Value	Market Value
Actuarial Assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
Projected salary increases (including inflation of 3.5%)	0.0%	5.5%	5.5%

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

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 2008 was \$4,440,059; the City's total payroll for City employees was \$9,699,959.

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

The actual contribution made by the City for fiscal year 2008 was \$444,309.

Note 11 - Post-Retirement Benefits:

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

Note 12 - Risk Management:

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

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2008

Note 12 - Risk Management (Continued):

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

	<u>2008</u>	<u>2007</u>
Claims liabilities, beginning of year	\$ 272,165	\$ 153,177
Incurred claims	2,138,680	1,714,624
Payments on claims	<u>(1,996,339)</u>	<u>(1,595,636)</u>
Claims liabilities, end of year	<u>\$ 414,506</u>	<u>\$ 272,165</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, 2008. 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.



REQUIRED SUPPLEMENTAL INFORMATION



CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2008

Schedules of Funding Progress

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

CITY OF CLERMONT, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2008

Schedules of Employer Contributions

Year Ended 9/30	Employer Contributions					
	General Employees		Police Officers		Firefighters	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2003	\$ 7,897	100%	\$ 179,838	100%	\$ 83,472	100%
2004	5,454	100%	249,332	100%	103,481	100%
2005	7,897	100%	277,060	100%	160,454	100%
2006	19,697	100%	291,677	100%	189,164	100%
2007	19,697	100%	376,518	100%	199,989	100%
2008	-	100%	541,697	100%	410,350	100%

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

- Recreation Impact Fees Fund** This fund was established to account for recreation impact fees collected from new developments constructed in the City.

- Police Impact Fees Fund** This fund was established to account for police impact fees collected from new developments constructed in the City.

- Fire Impact Fees Fund** This fund was established to account for fire impact fees collected from new developments constructed in the City.

- Building Services Fund** This fund was established to account for the operations of the City’s building and other permits department.

Debt Service Fund

- Debt Service Fund** This fund was established to account for the accumulation of resources and payment of bond principal and interest from governmental resources.

Capital Projects Fund

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

Permanent Fund

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

CITY OF CLERMONT, FLORIDA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

September 30, 2008

	<u>Special Revenue</u>				<u>Special Revenue Total</u>
	<u>Recreation Impact Fees</u>	<u>Police Impact Fees</u>	<u>Fire Impact Fees</u>	<u>Building Services</u>	
Assets:					
Cash and cash equivalents	\$ 574,379	\$ 2,019,960	\$ 139,784	\$ 75,386	\$ 2,809,509
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 574,379</u>	<u>\$ 2,019,960</u>	<u>\$ 139,784</u>	<u>\$ 75,386</u>	<u>\$ 2,809,509</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 98	\$ -	\$ -	\$ 45,985	\$ 46,083
Total liabilities	<u>98</u>	<u>-</u>	<u>-</u>	<u>45,985</u>	<u>46,083</u>
Fund balances:					
Reserved for:					
Debt service	-	-	-	-	-
Perpetual care	-	-	-	-	-
Unreserved	<u>574,281</u>	<u>2,019,960</u>	<u>139,784</u>	<u>29,401</u>	<u>2,763,426</u>
Total fund balances	<u>574,281</u>	<u>2,019,960</u>	<u>139,784</u>	<u>29,401</u>	<u>2,763,426</u>
Total liabilities and fund balances	<u>\$ 574,379</u>	<u>\$ 2,019,960</u>	<u>\$ 139,784</u>	<u>\$ 75,386</u>	<u>\$ 2,809,509</u>

Debt Service	Capital Projects	Permanent Fund - Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ 360,936	\$ 126,821	\$ 643,245	\$ 3,940,511
-	4,487,001	-	4,487,001
<u>\$ 360,936</u>	<u>\$ 4,613,822</u>	<u>\$ 643,245</u>	<u>\$ 8,427,512</u>
\$ -	\$ 117,647	\$ -	\$ 163,730
-	117,647	-	163,730
360,936	-	-	360,936
-	-	643,245	643,245
-	4,496,175	-	7,259,601
<u>360,936</u>	<u>4,496,175</u>	<u>643,245</u>	<u>8,263,782</u>
<u>\$ 360,936</u>	<u>\$ 4,613,822</u>	<u>\$ 643,245</u>	<u>\$ 8,427,512</u>

CITY OF CLERMONT, FLORIDA

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

For the Year Ended September 30, 2008

	<u>Special Revenue</u>				<u>Special Revenue Total</u>
	<u>Recreation Impact Fees</u>	<u>Police Impact Fees</u>	<u>Fire Impact Fees</u>	<u>Building Services</u>	
Revenues:					
Licenses and permits	\$ -	\$ -	\$ -	\$ 561,543	\$ 561,543
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	87,240	87,240
Impact fees/special assessments	656,908	340,442	212,010	-	1,209,360
Investment earnings	67,323	56,540	12,705	77	136,645
Miscellaneous	-	-	-	-	-
Total revenues	<u>724,231</u>	<u>396,982</u>	<u>224,715</u>	<u>648,860</u>	<u>1,994,788</u>
Expenditures:					
Current:					
General government	-	-	-	619,459	619,459
Public safety	-	497,144	467,644	-	964,788
Culture and recreation	19,862	-	-	-	19,862
Debt Service					
Principal	1,935,787	-	34,054	-	1,969,841
Interest and other charges	208,321	-	5,320	-	213,641
Capital Outlay:					
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total expenditures	<u>2,163,970</u>	<u>497,144</u>	<u>507,018</u>	<u>619,459</u>	<u>3,787,591</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,439,739)</u>	<u>(100,162)</u>	<u>(282,303)</u>	<u>29,401</u>	<u>(1,792,803)</u>
Other Financing Sources (Uses):					
Transfers in	12,645	-	-	-	12,645
Transfers out	(500,000)	-	(300,923)	-	(800,923)
Total other financing sources (uses)	<u>(487,355)</u>	<u>-</u>	<u>(300,923)</u>	<u>-</u>	<u>(788,278)</u>
Net Change in Fund Balances	(1,927,094)	(100,162)	(583,226)	29,401	(2,581,081)
Fund Balances - Beginning	2,501,375	2,120,122	723,010	-	5,344,507
Fund Balances - Ending	<u>\$ 574,281</u>	<u>\$ 2,019,960</u>	<u>\$ 139,784</u>	<u>\$ 29,401</u>	<u>\$ 2,763,426</u>

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Fund - Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 561,543
-	150,000	-	150,000
-	-	-	87,240
-	-	-	1,209,360
9,756	13,469	19,381	179,251
-	90,000	63,730	153,730
<u>9,756</u>	<u>253,469</u>	<u>83,111</u>	<u>2,341,124</u>
-	-	-	619,459
-	-	-	964,788
-	-	-	19,862
425,000	-	-	2,394,841
210,056	-	-	423,697
-	1,371,050	-	1,371,050
-	538,066	-	538,066
<u>635,056</u>	<u>1,909,116</u>	<u>-</u>	<u>6,331,763</u>
<u>(625,300)</u>	<u>(1,655,647)</u>	<u>83,111</u>	<u>(3,990,639)</u>
630,766	5,308,369	-	5,951,780
-	-	(19,381)	(820,304)
<u>630,766</u>	<u>5,308,369</u>	<u>(19,381)</u>	<u>5,131,476</u>
5,466	3,652,722	63,730	1,140,837
355,470	843,453	579,515	7,122,945
<u>\$ 360,936</u>	<u>\$ 4,496,175</u>	<u>\$ 643,245</u>	<u>\$ 8,263,782</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget - Positive</u> <u>(Negative)</u>
Revenues:				
Impact fees/special assessments	\$ 820,000	\$ 820,000	\$ 656,908	\$ (163,092)
Investment earnings	59,000	59,000	67,323	8,323
Total revenues	<u>879,000</u>	<u>879,000</u>	<u>724,231</u>	<u>(154,769)</u>
Expenditures:				
Current:				
Culture and recreation	25,000	25,000	19,862	5,138
Debt Service:				
Principal	470,000	1,910,000	1,935,787	(25,787)
Interest and other charges	-	234,107	208,321	25,786
Total expenditures	<u>495,000</u>	<u>2,169,107</u>	<u>2,163,970</u>	<u>5,137</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>384,000</u>	<u>(1,290,107)</u>	<u>(1,439,739)</u>	<u>(149,632)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	12,645	12,645
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>(500,000)</u>	<u>(487,355)</u>	<u>12,645</u>
Net Change in Fund Balances	(116,000)	(1,790,107)	(1,927,094)	(136,987)
Fund Balances - Beginning	<u>2,501,375</u>	<u>2,501,375</u>	<u>2,501,375</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,385,375</u>	<u>\$ 711,268</u>	<u>\$ 574,281</u>	<u>\$ (136,987)</u>

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

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, 2008

	<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	\$ 250,000	\$ 250,000	\$ 340,442	\$ 90,442
Investment earnings	90,000	90,000	56,540	(33,460)
Total revenues	<u>340,000</u>	<u>340,000</u>	<u>396,982</u>	<u>56,982</u>
Expenditures:				
Current:				
Public Safety:				
Law enforcement	636,135	1,014,532	497,144	517,388
Total expenditures	<u>636,135</u>	<u>1,014,532</u>	<u>497,144</u>	<u>517,388</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(296,135)</u>	<u>(674,532)</u>	<u>(100,162)</u>	<u>574,370</u>
Net Change in Fund Balances	(296,135)	(674,532)	(100,162)	574,370
Fund Balances - Beginning	<u>2,120,122</u>	<u>2,120,122</u>	<u>2,120,122</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,823,987</u>	<u>\$ 1,445,590</u>	<u>\$ 2,019,960</u>	<u>\$ 574,370</u>

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

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget - Positive</u> <u>(Negative)</u>
Revenues:				
Impact fees/special assessments	\$ 150,000	\$ 150,000	\$ 212,010	\$ 62,010
Investment earnings	9,500	9,500	12,705	3,205
Total revenues	<u>159,500</u>	<u>159,500</u>	<u>224,715</u>	<u>65,215</u>
Expenditures:				
Current:				
Public safety:				
Fire control	5,910	496,012	467,644	28,368
Debt Service:				
Principal retirement	34,055	34,055	34,054	1
Interest and fiscal charges	5,235	5,235	5,320	(85)
Total expenditures	<u>45,200</u>	<u>535,302</u>	<u>507,018</u>	<u>28,284</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>114,300</u>	<u>(375,802)</u>	<u>(282,303)</u>	<u>93,499</u>
Other Financing Sources (Uses):				
Transfers out	(302,485)	(302,485)	(300,923)	1,562
Total other financing sources (uses)	<u>(302,485)</u>	<u>(302,485)</u>	<u>(300,923)</u>	<u>1,562</u>
Net Change in Fund Balances	(188,185)	(678,287)	(583,226)	95,061
Fund Balances - Beginning	<u>723,010</u>	<u>723,010</u>	<u>723,010</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 534,825</u>	<u>\$ 44,723</u>	<u>\$ 139,784</u>	<u>\$ 95,061</u>

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

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget - Positive</u> <u>(Negative)</u>
Revenues:				
Licenses and permits	\$ -	\$ 561,500	\$ 561,543	\$ 43
Charges for services	-	65,200	87,240	22,040
Investment earnings	-	-	77	77
Total revenues	-	626,700	648,860	22,160
Expenditures:				
Current:				
General government	-	626,700	619,459	7,241
Total expenditures	-	626,700	619,459	7,241
Excess (Deficiency) of Revenues				
Over Expenditures	-	-	29,401	29,401
Net Change in Fund Balances	-	-	29,401	29,401
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ 29,401	\$ 29,401

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

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget - Positive</u> <u>(Negative)</u>
Revenues:				
Investment earnings	\$ 9,000	\$ 9,000	\$ 9,756	\$ 756
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>9,756</u>	<u>756</u>
Expenditures:				
Debt Service:				
Principal	425,000	425,000	425,000	-
Interest and fiscal charges	210,057	210,057	210,056	1
Total expenditures	<u>635,057</u>	<u>635,057</u>	<u>635,056</u>	<u>1</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(626,057)</u>	<u>(626,057)</u>	<u>(625,300)</u>	<u>757</u>
Other Financing Sources (Uses):				
Transfers in	640,530	640,530	630,766	(9,764)
Total other financing sources (uses)	<u>640,530</u>	<u>640,530</u>	<u>630,766</u>	<u>(9,764)</u>
Net Change in Fund Balances	14,473	14,473	5,466	(9,007)
Fund Balances - Beginning	<u>355,470</u>	<u>355,470</u>	<u>355,470</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 369,943</u>	<u>\$ 369,943</u>	<u>\$ 360,936</u>	<u>\$ (9,007)</u>

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

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 1,000,000	\$ 1,000,000	\$ 150,000	\$ (850,000)
Investment earnings	31,000	31,000	13,469	(17,531)
Miscellaneous	-	100,000	90,000	(10,000)
Total revenues	1,031,000	1,131,000	253,469	(877,531)
Expenditures:				
Capital outlay:				
Public safety	3,320,000	3,320,000	1,371,050	1,948,950
Culture and recreation	825,000	925,000	538,066	386,934
Total expenditures	4,145,000	4,245,000	1,909,116	2,335,884
Excess (Deficiency) of Revenues Over Expenditures	(3,114,000)	(3,114,000)	(1,655,647)	1,458,353
Other Financing Sources (Uses):				
Transfers in	7,345,000	7,375,000	5,308,369	(2,066,631)
Total other financing sources (uses)	7,345,000	7,375,000	5,308,369	(2,066,631)
Net Change in Fund Balances	4,231,000	4,261,000	3,652,722	(608,278)
Fund Balances - Beginning	843,453	843,453	843,453	-
Fund Balances - Ending	\$ 5,074,453	\$ 5,104,453	\$ 4,496,175	\$ (608,278)

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

FIDUCIARY FUNDS

Pension Trust Funds

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

CITY OF CLERMONT, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

September 30, 2008

	<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	\$ 18,099	\$ -	\$ 143,696	\$ 69,677	\$ 231,472
Receivables:					
Employer contribution receivable	-	21,761	-	-	21,761
Due from other governments	-	-	-	48,391	48,391
Total receivables	-	21,761	-	48,391	70,152
Investments:					
U.S. Government & other debt securities	277,049	-	2,199,582	1,066,557	3,543,188
Equities	351,257	3,258,740	2,788,738	1,352,234	7,750,969
Total Investments	628,306	3,258,740	4,988,320	2,418,791	11,294,157
Total assets	646,405	3,280,501	5,132,016	2,536,859	11,595,781
Liabilities:					
Accounts payable	-	-	-	-	-
Total liabilities	-	-	-	-	-
Net Assets Held in Trust for Pension Benefits	\$ 646,405	\$ 3,280,501	\$ 5,132,016	\$ 2,536,859	\$ 11,595,781

CITY OF CLERMONT, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended September 30, 2008

	<u>General Employees</u>		<u>Police Officers Pension Trust</u>	<u>Firefighters Pension Trust</u>	<u>Total Employee Pension Funds</u>
	<u>Defined Benefit</u>	<u>Defined Contribution</u>			
Additions:					
Contributions:					
Employer	\$ 11,898	\$ 547,182	\$ 420,052	\$ 337,131	\$ 1,316,263
Plan members	-	-	68,663	37,702	106,365
State	-	-	218,263	245,827	464,090
Total contributions	<u>11,898</u>	<u>547,182</u>	<u>706,978</u>	<u>620,660</u>	<u>1,886,718</u>
Investment earnings:					
Net increase (decrease) in fair value of investments	<u>(95,689)</u>	<u>(403,649)</u>	<u>(684,471)</u>	<u>(317,772)</u>	<u>(1,501,581)</u>
Total net investment earnings (loss)	<u>(95,689)</u>	<u>(403,649)</u>	<u>(684,471)</u>	<u>(317,772)</u>	<u>(1,501,581)</u>
Total additions	(83,791)	143,533	22,507	302,888	385,137
Deductions:					
Benefits/distributions	75,537	30,825	135,868	2,029	244,259
Administrative expenses	4,770	12,332	20,030	13,254	50,386
Total deductions	<u>80,307</u>	<u>43,157</u>	<u>155,898</u>	<u>15,283</u>	<u>294,645</u>
Change in Net Assets	(164,098)	100,376	(133,391)	287,605	90,492
Net Assets Held in Trust for Pension Benefits:					
Beginning of Year	<u>810,503</u>	<u>3,180,125</u>	<u>5,265,407</u>	<u>2,249,254</u>	<u>11,505,289</u>
End of Year	<u>\$ 646,405</u>	<u>\$ 3,280,501</u>	<u>\$ 5,132,016</u>	<u>\$ 2,536,859</u>	<u>\$ 11,595,781</u>

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



CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2008

	<u>Land</u>	<u>Buildings</u>	<u>Improvements/ Infrastructure</u>	<u>Machinery/ Equipment</u>	<u>Total</u>
General government	\$ 170,116	\$ 5,592,288	\$ 1,580,752	\$ 1,750,270	\$ 9,093,426
Public safety	885,513	3,090,307	-	5,887,871	9,863,691
Physical environment/ transportation	119,494	728,159	5,399,593	777,239	7,024,485
Culture & recreation	20,288,186	499,779	5,938,653	667,671	27,394,289
Older assets not maintained by function	189,500	14,780	265,460	-	469,740
Total	<u>\$ 21,652,809</u>	<u>\$ 9,925,313</u>	<u>\$ 13,184,458</u>	<u>\$ 9,083,051</u>	<u>\$ 53,845,631</u>

	<u>Balance 09/30/07</u>	<u>Additions</u>	<u>Deletions and Transfers</u>	<u>Balance 09/30/08</u>
General government	\$ 8,989,485	\$ 103,941	\$ -	\$ 9,093,426
Public safety	7,017,199	2,921,121	74,629	9,863,691
Physical environment/ transportation	5,220,258	1,804,227	-	7,024,485
Culture & recreation	19,514,666	8,336,674	457,051	27,394,289
Older assets not maintained by function	469,740	-	-	469,740
Total	<u>\$ 41,211,348</u>	<u>\$ 13,165,963</u>	<u>\$ 531,680</u>	<u>\$ 53,845,631</u>



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	78
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	86
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	91
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	96
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	100
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

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

	Fiscal Year			
	1999	2000	2001	2002
Governmental activities				
Invested in capital assets, net of related debt	*	*	*	*
Restricted	*	*	*	*
Unrestricted	*	*	*	*
Total governmental activities net assets	*	*	*	*
Business-type activities				
Invested in capital assets, net of related debt	*	*	*	*
Restricted	*	*	*	*
Unrestricted	*	*	*	*
Total business-type activities net assets	*	*	*	*
Primary government				
Invested in capital assets, net of related debt	*	*	*	*
Restricted	*	*	*	*
Unrestricted	*	*	*	*
Total primary government net assets	*	*	*	*

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

Fiscal Year					
2003	2004	2005	2006	2007	2008
*	\$ 10,959	\$ 12,118	\$ 15,777	\$ 15,825	\$ 27,462
*	3,121	4,800	5,935	7,830	8,959
*	5,619	8,125	8,693	14,459	11,946
*	<u>\$ 19,699</u>	<u>\$ 25,043</u>	<u>\$ 30,405</u>	<u>\$ 38,114</u>	<u>\$ 48,367</u>
*	\$ 12,054	\$ 12,082	\$ 15,864	\$ 24,837	\$ 46,569
*	22,601	27,573	33,732	36,931	13,899
*	9,903	13,414	13,447	10,841	18,103
*	<u>\$ 44,558</u>	<u>\$ 53,069</u>	<u>\$ 63,043</u>	<u>\$ 72,609</u>	<u>\$ 78,571</u>
*	\$ 23,013	\$ 24,200	\$ 31,641	\$ 40,662	\$ 74,031
*	25,722	32,373	39,667	44,761	22,858
*	15,522	21,539	22,140	25,300	30,049
*	<u>\$ 64,257</u>	<u>\$ 78,112</u>	<u>\$ 93,448</u>	<u>\$ 110,723</u>	<u>\$ 126,938</u>

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

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	\$ 2,337	\$ 2,617	\$ 3,232	\$ 3,297	\$ 4,204
Public safety	4,688	5,773	7,109	8,783	10,330
Physical environment	421	278	382	470	514
Transportation/public works	1,056	1,172	1,322	1,255	1,544
Economic environment	32	13	181	52	48
Human services	132	149	77	130	107
Culture and recreation	1,742	1,816	1,851	2,441	2,061
Interest on long-term debt	350	255	285	226	459
Total governmental activities expenses	<u>10,758</u>	<u>12,073</u>	<u>14,439</u>	<u>16,654</u>	<u>19,267</u>
Business-type activities:					
Water	2,707	3,015	3,427	2,987	3,737
Sewer	3,423	3,572	4,024	3,896	4,521
Sanitation	1,617	1,817	1,731	1,816	2,123
Stormwater	266	287	316	427	549
Total business-type activities expenses	<u>8,013</u>	<u>8,691</u>	<u>9,498</u>	<u>9,126</u>	<u>10,930</u>
Total primary government expenses	<u>\$ 18,771</u>	<u>\$ 20,764</u>	<u>\$ 23,937</u>	<u>\$ 25,780</u>	<u>\$ 30,197</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$963	\$1,042	\$1,037	\$1,116	\$ 1,582
Public safety	807	912	1,158	1,105	975
Transportation/public works	250	36	-	-	-
Culture and recreation	1,009	463	1,566	882	761
Operating grants and contributions	591	512	523	923	1,047
Capital grants and contributions	-	1,644	105	2,518	7,330
Total governmental activities program revenues	<u>3,620</u>	<u>4,609</u>	<u>4,389</u>	<u>6,544</u>	<u>11,695</u>
Business-type activities:					
Charges for services:					
Water	\$ 4,342	\$ 4,320	\$ 4,839	\$ 5,502	\$ 5,654
Sewer	2,832	3,295	3,784	4,242	4,422
Sanitation	1,811	2,088	2,236	2,402	2,515
Stormwater	571	627	689	729	766
Operating grants and contributions	105	138	11	38	70
Capital grants and contributions	7,095	6,287	6,408	3,676	1,480
Total business-type activities program revenues	<u>16,756</u>	<u>16,755</u>	<u>17,967</u>	<u>16,589</u>	<u>14,907</u>
Total primary government program revenues	<u>\$ 20,376</u>	<u>\$ 21,364</u>	<u>\$ 22,356</u>	<u>\$ 23,133</u>	<u>\$ 26,602</u>

* Fiscal Years 1999 through 2003 - information not available prior to implementation of GASB Statement 34.

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

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2004	2005	2006	2007	2008
Net (expense)/revenue					
Governmental activities	\$ (7,138)	\$ (7,464)	\$ (10,050)	\$ (10,110)	\$ (7,572)
Business-type activities	8,743	8,064	8,469	7,463	4,605
Total primary government net expense	<u>\$ 1,605</u>	<u>\$ 600</u>	<u>\$ (1,581)</u>	<u>\$ (2,647)</u>	<u>\$ (2,967)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 3,371	\$ 4,417	\$ 5,665	\$ 7,452	\$ 7,749
Franchise fees	1,128	1,357	1,714	1,808	1,911.00
Utility taxes	1,382	1,552	1,782	1,881	1,992.00
Unrestricted intergovernmental revenues	3,279	3,923	4,953	4,952	4,776.00
Unrestricted investment earnings and miscellaneous revenues	186	1,181	835	1,216	901.00
Transfers	385	377	464	509	496.00
Total governmental activities	<u>9,731</u>	<u>12,807</u>	<u>15,413</u>	<u>17,818</u>	<u>17,825</u>
Business-type activities:					
Investment earnings	390	825	1,968	2,612	\$ 1,853
Transfers	(385)	(377)	(464)	(509)	(496)
Total business-type activities	<u>5</u>	<u>448</u>	<u>1,504</u>	<u>2,103</u>	<u>1,357</u>
Total primary government	<u>\$ 9,736</u>	<u>\$ 13,255</u>	<u>\$ 16,917</u>	<u>\$ 19,921</u>	<u>\$ 19,182</u>
Change in Net Assets					
Governmental activities	\$ 2,593	\$ 5,343	\$ 5,363	\$ 7,708	\$ 10,253
Business-type activities	8,748	8,512	9,973	9,566	5,961
Total primary government	<u>\$ 11,341</u>	<u>\$ 13,855</u>	<u>\$ 15,336</u>	<u>\$ 17,274</u>	<u>\$ 16,214</u>

* Fiscal Years 1999 through 2003 - information not available prior to implementation of GASB Statement 34.

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

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	1999	2000	2001	2002
General fund				
Reserved	\$ 43	\$ 54	\$ 97	\$ 162
Unreserved	736	1,407	2,120	2,559
Total general fund	<u>\$ 779</u>	<u>\$ 1,461</u>	<u>\$ 2,217</u>	<u>\$ 2,721</u>
All other governmental funds				
Reserved	\$ 393	\$ 409	\$ 430	\$ 512
Unreserved, reported in:				
Special revenue funds	458	1,291	793	1,003
Capital projects fund	-	1,088	669	4,423
Total all other governmental funds	<u>\$ 851</u>	<u>\$ 2,788</u>	<u>\$ 1,892</u>	<u>\$ 5,938</u>

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 167	\$ 168	\$ 198	\$ 233	\$ 307	\$ 209
<u>3,110</u>	<u>4,207</u>	<u>5,758</u>	<u>4,857</u>	<u>9,128</u>	<u>9,572</u>
<u>\$ 3,277</u>	<u>\$ 4,375</u>	<u>\$ 5,956</u>	<u>\$ 5,090</u>	<u>\$ 9,435</u>	<u>\$ 9,781</u>
\$ 760	\$ 894	\$ 1,083	\$ 1,189	\$ 1,539	\$ 1,912
2,318	3,410	5,028	7,767	10,771	5,314
<u>106</u>	<u>-</u>	<u>926</u>	<u>780</u>	<u>843</u>	<u>4,496</u>
<u>\$ 3,184</u>	<u>\$ 4,304</u>	<u>\$ 7,037</u>	<u>\$ 9,736</u>	<u>\$ 13,153</u>	<u>\$ 11,722</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			
	1999	2000	2001	2002
Revenues				
Taxes	\$ 3,184	\$ 3,939	\$ 4,931	\$ 5,752
Licenses and permits	150	189	211	253
Intergovernmental revenue	872	960	930	1,408
Charges for services	44	60	37	367
Fines and forfeitures	109	174	146	112
Impact fees/special assessments	240	996	945	1,314
Investment income	88	151	243	141
Miscellaneous	71	261	212	177
Total revenues	<u>4,758</u>	<u>6,730</u>	<u>7,655</u>	<u>9,524</u>
Expenditures				
General government	737	808	874	1,117
Public Safety	1,551	1,868	2,247	3,118
Physical environment	114	134	197	42
Transportation	376	404	454	622
Economic environment	7	24	27	44
Human services	26	25	20	58
Culture and recreation	735	876	1,011	1,162
Capital outlay	1,231	2,417	2,882	3,205
Debt service				
Principal	185	200	257	396
Interest	68	54	99	92
Other charges	-	-	1	211
Total expenditures	<u>5,030</u>	<u>6,810</u>	<u>8,069</u>	<u>10,067</u>
Excess of revenues over (under) expenditures	(272)	(80)	(414)	(543)
Other financing sources (uses)				
Transfers in	536	1,328	551	1,468
Transfers out	(385)	(1,037)	(302)	(1,378)
Debt issuance	397	2,390	-	6,965
Sale of capital assets	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	(2,000)
Total other financing sources (uses)	<u>548</u>	<u>2,681</u>	<u>249</u>	<u>5,055</u>
Net change in fund balances	<u>\$ 276</u>	<u>\$ 2,601</u>	<u>\$ (165)</u>	<u>\$ 4,512</u>
Debt service as a percentage of noncapital expenditures	6.7%	5.8%	6.9%	10.2%

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 6,794	\$ 6,791	\$ 8,391	\$ 10,327	\$ 11,141	\$ 11,652
277	467	484	456	491	835
1,152	2,758	5,216	4,211	8,340	11,977
378	381	389	407	462	643
114	125	164	226	175	321
1,424	1,592	1,152	2,444	1,717	1,209
145	107	267	738	1,101	687
219	541	310	505	391	1,683
<u>10,503</u>	<u>12,762</u>	<u>16,373</u>	<u>19,314</u>	<u>23,818</u>	<u>29,007</u>
1,338	1,432	2,053	2,694	3,079	3,640
3,606	4,274	5,285	6,452	9,141	10,999
35	278	318	343	461	497
806	1,055	917	967	1,189	2,976
39	32	33	38	48	48
89	122	139	75	129	105
1,316	1,009	1,025	1,259	1,556	10,024
5,351	2,752	2,484	10,235	94	1,909
236	507	855	868	449	8,176
257	268	258	244	440	465
-	-	-	-	-	-
<u>13,073</u>	<u>11,729</u>	<u>13,367</u>	<u>23,175</u>	<u>16,586</u>	<u>38,839</u>
(2,570)	1,033	3,006	(3,861)	7,232	(9,832)
1,182	1,217	1,081	1,676	1,265	6,468
(863)	(832)	(704)	(1,212)	(756)	(5,971)
27	800	-	5,250	-	8,250
-	-	931	-	-	-
-	-	-	-	-	-
<u>346</u>	<u>1,185</u>	<u>1,308</u>	<u>5,714</u>	<u>509</u>	<u>8,747</u>
<u>\$ (2,224)</u>	<u>\$ 2,218</u>	<u>\$ 4,314</u>	<u>\$ 1,853</u>	<u>\$ 7,741</u>	<u>\$ (1,085)</u>
6.4%	8.6%	10.2%	9.3%	7.1%	37.0%

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

Fiscal Year	Property Tax	Franchise Fees	Utility Tax	Total
1999	838	560	1,027	2,425
2000	1,205	654	1,248	3,107
2001	1,594	806	1,552	3,952
2002	2,038	806	1,855	4,699
2003	2,592	922	1,981	5,495
2004	3,305	1,128	2,292	6,725
2005	4,321	1,357	2,617	8,295
2006	5,488	1,714	2,948	10,150
2007	7,155	1,808	3,138	12,101
2008	7,749	1,911	1,992	11,652

Taxes Included in Unrestricted Intergovernmental Revenues

Fiscal Year	Sales Tax	State Revenue Sharing	Local Option Gas Tax	Total
1999	336	151	199	686
2000	381	169	206	756
2001	416	187	213	816
2002	464	192	226	882
2003	541	207	243	991
2004	781	242	268	1,291
2005	930	328	275	1,533
2006	1,157	368	286	1,811
2007	1,210	388	325	1,923
2008	1,139	356	300	1,795

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

Fiscal Year Ended Sep 30	Real* Property	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
1999	317,940	55,962	82,258	291,644	2.979	373,902	78.00%
2000	384,836	60,922	88,777	356,981	3.479	445,758	80.08%
2001	491,701	64,111	105,297	450,515	3.729	555,812	81.06%
2002	626,840	72,610	128,222	571,228	3.729	699,450	81.67%
2003	793,583	92,764	166,209	720,138	3.729	886,347	81.25%
2004	1,041,341	112,546	238,373	915,514	3.729	1,153,887	79.34%
2005	1,363,931	133,687	299,162	1,198,456	3.729	1,497,618	80.02%
2006	1,771,503	153,086	382,885	1,541,704	3.729	1,924,589	80.11%
2007	2,466,549	171,470	620,750	2,017,269	3.142	2,638,019	76.47%
2008	2,975,139	186,835	676,311	2,485,663	3.142	3,161,974	78.61%

Source: Lake County Property Appraisers Office

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

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

(per \$1,000 of assessed value)

Fiscal Year	City of Clermont Operating Millage	Overlapping Rates							Total Direct & Overlapping Rates
		Lake County			Lake County	South Lake	Lake County	St. Johns River Water Management District	
		Operating Millage	Voted Debt Service	Ambulance MSTU	School District	Hospital District	Water Authority		
1999	2.9790	4.7330	0.0000	0.2680	9.1900	2.0000	0.3840	0.4820	20.0360
2000	3.4790	4.7330	0.0000	0.3160	8.7420	1.0000	0.5000	0.4820	19.2520
2001	3.7290	5.1170	0.0000	0.5500	8.4950	1.0000	0.5000	0.4720	19.8630
2002	3.7290	5.1170	0.0000	0.5289	8.2020	1.0000	0.5000	0.4620	19.5389
2003	3.7290	5.9170	0.0000	0.5289	8.3950	1.0000	0.4819	0.4620	20.5138
2004	3.7290	5.9170	0.0000	0.5289	8.4400	1.0000	0.4080	0.4620	20.4849
2005	3.7290	5.8170	0.0000	0.5289	7.9900	1.0000	0.3831	0.4620	19.9100
2006	3.7290	5.7970	0.0000	0.5289	7.9810	1.0000	0.3370	0.4620	19.8349
2007	3.1420	4.7410	0.2000	0.4651	7.6980	0.8666	0.2130	0.4158	17.7415
2008	3.1420	4.6511	0.1101	0.4651	7.5170	0.8666	0.2130	0.4158	17.3807

Source: Lake County Property Appraisers Office

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

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

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

<u>Taxpayer</u>	<u>2008</u>			<u>1999</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
John P. Adams & Ann D. Adams Family LP	\$ 34,051	1	1.69%			
Fountains at Clermont LLC	21,400	2				
South Lake Hospital, Inc.	21,059	3	1.04%	5,115	3	2.07%
Lennar Homes, Inc.	18,206	4	0.90%	\$ 6,888	2	2.78%
Citrus Tower Development	17,822	5				
Sundance Clermont LLC	16,349	6	0.81%			
Village at East Lake	12,780	7				
Lowe's	12,699	8	0.63%			
Wal-Mart Stores East LP	12,511	9	0.62%			
Lost Lake Reserve LC	11,616	10	0.58%			
CPF Property Investments, Inc.				8,144	1	3.29%
Hurtak, Family Partnership Ltd.				5,087	4	2.06%
Health Care Reit, Inc.				4,135	5	1.67%
Mercator Properties, Inc.				3,865	6	1.56%
Lakeworth MHP, LTD				3,122	7	1.26%
Lake Highlands Assoc, Inc.				2,966	8	1.20%
Grand View Garden Homes, LC				2,218	9	0.90%
Indian Shores Development				1,693	10	0.68%
TOTAL	<u>\$178,493</u>		<u>8.85%</u>	<u>\$ 43,233</u>		<u>17.47%</u>

Source: Lake County Property Appraiser

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

(amounts expressed in thousands)

<u>Fiscal Year Ended September</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1999	869	836	96.2%	2	838	96.4%
2000	1,242	1,201	96.7%	4	1,205	97.0%
2001	1,680	1,607	95.7%	14	1,621	96.5%
2002	2,130	2,054	96.4%	10	2,064	96.9%
2003	2,685	2,586	96.3%	9	2,595	96.6%
2004	3,414	3,293	96.5%	10	3,303	96.8%
2005	4,469	4,310	96.4%	5	4,315	96.6%
2006	5,749	5,544	96.4%	-	5,544	96.4%
2007	7,518	7,155	95.2%	17	7,155	95.2%
2008	7,749	7,425	95.8%	15	7,425	95.8%

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

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

(amounts expressed in thousands, except per capita amount)

Fiscal Year Ended Sept	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita ¹
	Revenue Bonds	Notes Payable	Line of Credit	Water & Sewer Refunding Revenue Bonds			
1999	765	424	-	10,960	\$12,149	*	1,371
2000	565	744	2,000	10,780	\$14,089	6.87%	1,490
2001	355	630	2,000	17,935	\$20,920	*	1,979
2002	6,965	459	-	17,935	\$25,359	*	1,849
2003	6,965	381	-	17,935	\$25,281	*	1,643
2004	6,575	1,064	-	17,935	\$25,574	*	1,449
2005	6,180	605	-	17,835	\$24,620	*	1,230
2006	5,775	5,392	-	17,685	\$28,852	5.66%	1,312
2007	5,360	5,358	-	17,455	\$28,173	5.63%	1,231
2008	4,935	5,857	-	17,065	\$27,857	4.00%	1,187

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

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

* Information is not available.

City of Clermont, Florida
Direct and Overlapping Governmental Activities Debt
September 30, 2008

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

	<u>Total Outstanding</u>	<u>Percentage Applicable to City of Clermont</u>	<u>Amount Applicable to City of Clermont</u>
Direct:			
City of Clermont	\$ 10,792	100%	\$ 10,792
Overlapping:			
Lake County	32,310	11%	3,554
Total direct and overlapping debt payable from ad valorem taxes	\$ 43,102		\$ 14,346
Estimated Population			23,476
Total direct and overlapping debt per capita			\$ 611.10

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

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

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

Public Improvement Revenue Bonds, Series 2002

Fiscal Year	Public Service Taxes	Communications Service Tax	Half-Cent Sales Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
					Principal	Interest	
1999	1,027,025	-	335,509	1,362,534	-	-	-
2000	1,247,966	-	380,646	1,628,612	-	-	-
2001	1,551,762	-	416,036	1,967,798	-	-	-
2002	1,054,652	800,177	464,290	2,319,119	- ¹	254,188	9.12
2003	1,172,270	808,813	540,717	2,521,800	390,000	250,775	3.94
2004	1,381,779	910,725	780,863	3,073,367	395,000	243,166	4.82
2005	1,552,000	1,063,454	929,740	3,545,194	405,000	233,653	5.55
2006	1,781,626	1,163,971	1,156,694	4,102,291	415,000	222,372	6.44
2007	1,559,824	1,253,425	1,209,748	4,022,997	415,000	228,338	6.25
2008	1,678,227	1,279,653	1,139,315	4,097,195	425,000	209,606	6.46

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

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

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

Sales Tax Revenue Bonds, Series 1989

Fiscal Year	State Infrastructure Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
			Principal	Interest	
1999	547,480	547,480	185,000	65,983	2.18
2000	598,313	598,313	200,000	53,310	2.36
2001	708,636	708,636	210,000	39,510	2.84
2002	752,740	752,740	225,000	24,915	3.01
2003	996,162	996,162	130,000	9,165	7.16
2004	1,233,598	1,233,598	- ¹	- ¹	- ¹
2005	1,538,498	1,538,498	- ¹	- ¹	- ¹
2006	1,934,455	1,934,455	- ¹	- ¹	- ¹
2007	1,920,486	1,920,486	- ¹	- ¹	- ¹
2008	1,900,640	1,900,640	- ¹	- ¹	- ¹

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

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

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

Water and Sewer Revenue and Refunding Bonds						
Fiscal Year	Water and Sewer Operating Revenues ¹	Water and Sewer Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
1999	2,803,192	1,737,216	1,065,976	175,000	553,085	1.46
2000	3,619,767	2,122,938	1,496,829	180,000	530,069	2.11
2001	4,326,638	2,236,146	2,090,492	- ³	543,741	3.84
2002	5,124,778	2,952,556	2,172,222	- ³	932,128	2.33
2003	5,901,907	3,461,216	2,440,691	- ³	932,128	2.62
2004	7,261,239	4,339,959	2,921,280	- ³	932,128	3.13
2005	7,841,830	4,773,639	3,068,191	100,000	929,928	2.98
2006	9,421,834	5,456,689	3,965,145	150,000	924,353	3.69
2007	12,875,170	8,820,932	4,054,238	230,000	915,802	3.54
2008	10,075,706	7,192,314	2,883,392	390,000	892,688	2.25

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

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

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

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

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

Fiscal Year	Population¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income²	Median Age²	Education Level in Years of Formal Schooling²	School Enrollment³	Unemployment Rate⁴
1999	8,861	*	*	*	*	3,683	2.7%
2000	9,455	204,937	21,675	37.6	13.2	3,841	3.6%
2001	10,571	*	*	*	*	4,500	4.4%
2002	13,718	*	*	*	*	4,616	5.6%
2003	15,391	*	*	*	*	4,630	5.0%
2004	17,654	*	*	*	*	5,219	4.3%
2005	20,017	*	*	*	*	5,165	3.6%
2006	21,986	509,987	23,196	35.9	13.5	5,375	3.1%
2007	22,882	500,338	21,866	36.8	13.6	5,411	4.7%
2008	23,476	696,040	29,649	39.6	13.2	4,208	6.5%

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

² Metro Orlando Economic Development Commission

³ Lake County School Board

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

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

* Information is not available.

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

<u>Employer</u>	<u>2008</u>			<u>1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment¹</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Walmart	1,930	1	16.43%			
South Lake Hospital, Inc.	1,000	2	8.51%	216	2	*
Publix Supermarkets	777	3	6.61%	83	6	*
Lake County School System	503	4	4.28%	221	1	*
Target Corporation	309	5	2.63%			
Ford of Clermont	300	6	2.55%	65	9	*
Winn Dixie	291	7	2.48%	50	10	*
City of Clermont	276	8	2.35%	113	4	*
Progressive Plumbing Inc	220	9	1.87%			
Westminister Care of Clermont	175	10	1.49%	120	3	*
CBS Builders Supply Inc.				104	5	*
Kmart				83	7	*
Exceletech, Inc.				65	8	*
TOTAL	5,781		81.37%	1,120		*

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

¹ The City of Clermont has an estimated daytime population of 13,104 with approximately 1,810 business establishments as of 9/30/2008.

* Information is not available.

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

<u>Employer</u>	<u>2008</u>			<u>1999</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, Inc.	28,177	1	1.01%	*	*	*
Heritage Hills of Clermont	26,272	2	0.94%	*	*	*
Lennar Homes	20,999	3	0.75%	*	*	*
Lake County Schools	19,303	4	0.69%	*	*	*
KB Homes	15,731	5	0.56%	*	*	*
City of Clermont	14,642	6	0.52%	*	*	*
Sundance Clermont LLC	9,995	7	0.36%	*	*	*
Osprey Ridge Apartments Ltd	9,808	8	0.35%	*	*	*
Westminister Community Care	8,628	9	0.31%	*	*	*
Emerald Lakes of Clermont	<u>7,727</u>	10	<u>0.28%</u>	*	*	*
TOTAL	<u><u>161,282</u></u>		<u><u>6.08%</u></u>	<u><u>*</u></u>		<u><u>*</u></u>

¹ The City of Clermont had a total metered water flow of approximately 2,589,664,000 gallons for the 12-month period ending September 30, 2008

* Information is not available.

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

<u>Employer</u>	<u>2008</u>			<u>1999</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	24,789	1	2.83%	*	*	*
Lake County Schools	19,205	2	2.19%	*	*	*
Blue Water Express Car Wash	16,342	3	1.86%	*	*	*
Gardens at Citrus Tower	11,599	4	1.32%	*	*	*
Osprey Ridge Apartments LTD	10,731	5	1.22%	*	*	*
Westminster Comm Care Service	10,078	6	1.15%	*	*	*
Heritage Hills of Clermont	9,977	7	1.14%	*	*	*
City of Clermont	9,758	8	1.11%	*	*	*
Lennar Homes	7,607	9	0.87%	*	*	*
King's Ridge	1,970	10	0.22%	*	*	*
TOTAL	122,056		13.92%	*		*

¹ The City of Clermont had a total metered water flow for wastewater billing purposes of approximately 877,105,000 gallons for the 12-month period ending September 30, 2008

* Information is not available.

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

Function	<u>Full-time Equivalent Employees as of September 30,</u>			
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Government	15.50	19.50	17.50	17.00
Public Safety:				
Police				
Sworn personnel	24.00	25.00	27.00	29.00
Non sworn personnel	10.00	10.00	10.00	10.00
Fire				
Firefighters	5.00	5.00	11.00	12.00
Other personnel	-	1.00	1.00	1.00
Physical Environment	4.00	4.00	5.00	-
Transportation	7.09	7.87	8.21	11.35
Human Services	0.50	0.50	0.50	1.00
Culture & Recreation	14.50	17.50	19.50	20.75
Water	11.84	12.59	14.12	18.72
Sewer	9.84	13.09	14.82	19.02
Stormwater	2.07	2.29	2.49	2.20
Sanitation	8.66	8.66	8.86	8.96
Total	<u>113.00</u>	<u>127.00</u>	<u>140.00</u>	<u>151.00</u>

Source: City of Clermont Administrative Services Department.

Full-time Equivalent Employees as of September 30,					
2003	2004	2005	2006	2007	2008
23.00	22.50	25.50	27.50	30.50	30.50
31.00	34.00	38.00	45.00	51.00	51.00
11.00	12.00	16.00	16.00	16.00	16.00
13.00	19.00	22.00	38.00	45.00	45.00
1.00	1.00	1.00	2.00	2.00	2.00
0.50	7.50	7.50	10.00	10.00	10.00
13.16	13.25	13.25	13.70	15.20	15.20
1.75	2.25	2.25	2.00	2.00	2.00
23.50	19.45	19.45	22.20	26.20	26.20
20.32	22.90	23.40	25.40	26.90	26.90
19.22	25.80	25.30	26.30	27.80	27.80
4.49	4.65	4.65	7.20	8.70	8.70
9.06	8.70	8.70	8.70	14.70	14.70
<u>171.00</u>	<u>193.00</u>	<u>207.00</u>	<u>244.00</u>	<u>276.00</u>	<u>276.00</u>

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

Function	Fiscal Year			
	1999	2000	2001	2002
General Government				
Municipal boundary (square miles)	11.26	11.26	11.29	11.18
Occupational licenses issued	*	*	1,202	1,290
A/P Checks issued	3,024	3,757	4,481	4,808
Commercial construction (units)	5	11	17	39
Commercial construction (value in thousands)	17,725	22,396	17,264	52,343
Residential construction (units)	492	711	884	829
Residential construction (value in thousands)	34,375	58,830	82,040	77,470
Public Safety:				
Police				
Auto accidents	305	392	374	390
Physical arrests	318	397	462	465
911 calls received	*	*	*	*
Evidence processed (pieces)	123	229	311	1,123
Parking violations	*	*	8	36
Traffic violations	2,220	4,562	3,489	3,623
Fire				
Volunteer firefighters	33	34	34	34
Fire inspections completed	319	266	279	494
Emergency calls answered	579	831	1,556	2,271
Non-emergency calls answered	64	54	65	77
Human Services				
Animals captured	*	231	488	521
Water				
Residential customers	5,009	5,992	7,303	8,461
Commercial customers	490	531	579	644
Annual water usage (thousands of gallons)	1,146,663	1,394,359	1,365,196	1,299,701
Sewer				
Residential customers	3,328	3,928	5,001	6,243
Commercial customers	443	458	511	581

Sources: Various government departments.

* Data not available.

** Program was discontinued in FY 07-08

Fiscal Year					
2003	2004	2005	2006	2007	2008
11.88	11.97	12.45	14.13	14.37	14.42
1,468	1,551	1,795	1,985	2,141	2,263
4,940	4,967	5,415	5,664	6,023	6,440
22	24	23	38	24	42
18,758	14,272	7,115	17,534	24,433	18,859
959	1,155	673	635	324	301
124,837	158,458	103,672	186,189	136,477	56,578
489	541	671	625	1,192	1,272
449	414	500	707	933	842
*	5,580	6,262	7,008	6,317	6,046
1,075	1,054	1,127	1,610	1,585	1,300
48	87	71	161	140	145
2,713	2,394	2,855	5,259	5,164	5,103
34	34	27	27	9	8
441	483	457	625	414	880
2,506	3,093	3,321	3,132	3,048	3,177
86	143	143	189	198	234
364	562	445	495	652	0 **
10,529	12,751	14,284	15,733	16,394	16,959
723	817	921	993	1,069	1,156
1,338,818	1,655,203	1,788,337	2,121,588	2,654,352	2,589,664
7,650	9,217	10,176	11,125	11,554	11,913
673	767	883	955	1,031	1,120

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

Function	Fiscal Year			
	1999	2000	2001	2002
General Government				
Public Safety:				
Police				
Police stations	1	1	1	1
Patrol units	24	25	27	29
Fire				
Fire stations	1	1	3	3
Staffed fire stations	1	1	2	2
Fire hydrants	642	657	840	940
Fire apparatus	5	6	7	6
Staffed fire apparatus	0	1	2	2
ALS non-transport units	0	0	1	1
Transportation				
Streets paved (miles)	48.00	52.00	77.00	88.74
Streetlights	775	825	875	1,056
Culture & Recreation				
Number of parks	22	22	22	22
Parks acreage	101.5	101.5	101.5	101.5
Scenic linear trail (miles)	**	**	3.5	3.5
Tennis courts	4	4	6	6
Fishing piers	**	**	4	4
Boat ramp	1	1	1	1
Libraries	1	1	1	1
Water				
Miles of water mains	*	*	*	88.74
Miles of sanitary sewers	*	*	34.00	39.05
Miles of storm sewers	*	*	8.50	9.11

Sources: Various government departments.

* Data not available.

** Asset was not in service.

Fiscal Year						
2003	2004	2005	2006	2007	2008	
1	1	1	1	1	1	1
31	34	38	45	45	45	45
3	3	3	3	3	3	3
2	2	2	2	3	3	3
1,064	1,200	1,431	1,630	1,896	2,140	2,140
7	7	8	9	9	9	9
2	2	3	4	5	5	5
2	3	3	3	3	3	3
92.90	97.00	101.39	109.94	122.93	126.16	126.16
1,056	1,106	1,131	1,231	1,256	1,331	1,331
22	22	22	22	22	22	22
101.5	101.5	101.5	230.5	230.5	230.5	230.5
3.5	3.5	5.7	5.7	5.7	5.7	5.7
6	8	8	8	8	8	8
4	4	4	4	4	4	4
1	1	1	1	1	1	1
1	1	1	1	1	1	1
88.74	92.94	97.23	104.52	115.02	115.98	115.98
39.05	41.15	44.26	49.51	56.98	59.40	59.40
9.11	9.53	10.27	11.13	18.07	20.88	20.88



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

Honorable Mayor and City Council
City of Clermont, Florida

We have audited the financial statements of *City of Clermont, Florida*, as of and for the year ended September 30, 2008, and have issued our report thereon dated March 19, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the *City of Clermont, Florida*, in a separate letter dated March 19, 2009. The City's response to our findings identified in our audit is included in this report. We did not audit the City's response, and accordingly, we express no opinion on it.

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

McDiarmid Davis & Company, LLC

March 19, 2009



CITY OF CLERMONT

Office of the
Administrative Services Director

Affidavit of Impact Fee Compliance

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



Joseph Van Zile
Director of Administrative Services

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and City Council
City of Clermont, Florida

Compliance

We have audited the compliance of the *City of Clermont, Florida* with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008. The *City of Clermont, Florida's* major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of the *City of Clermont, Florida's* management. Our responsibility is to express an opinion on the *City of Clermont, Florida's* compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the *City of Clermont, Florida's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the *City of Clermont, Florida's* compliance with those requirements.

In our opinion, the *City of Clermont, Florida*, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008.

Internal Control Over Compliance

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

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

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

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

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

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

McDiernit Davis & Company, LLC

March 19, 2009

CITY OF CLERMONT, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

Year Ended September 30, 2008

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA No. CFSA No.</u>	<u>Grant Number</u>	<u>Reimbursable Expenditures</u>
<u>Federal Awards</u>			
U. S. Department of Housing And Urban Development			
Passed through Florida Department of Community Affairs:			
Community Development Block Grant*	14.228	07DB-3R-06- 45-02-N30	<u>\$ 700,000</u>
U. S. Department of Homeland Security			
FEMA Assistance to Firefighters	97.044	EMW-2007-FO-12036	<u>145,310</u>
U. S. Department of Justice			
Passed through Florida Department of Law Enforcement:			
Justice Assistance Grant	16.738	2008-JAGC-LAKE- 4-Q9-090	19,538
Justice Assistance Grant	16.738	2008-JAGD-LAKE 5-Q0-063	<u>9,121</u>
			<u>28,659</u>
Total Federal Awards			<u>\$ 873,969</u>
<u>State Financial Assistance</u>			
Florida Department of Community Affairs Florida Communities Trust Grant*	52.002	07-056-FF7	<u>\$3,314,213</u>
Total State Financial Assistance			<u>\$3,314,213</u>

*Denotes a major program.

CITY OF CLERMONT, FLORIDA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANT**

Year Ended September 30, 2008

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal grant activity of the *City of Clermont, Florida* and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule also includes state financial assistance activity of the *City of Clermont, Florida* and is presented on the accrual basis of accounting. This information is presented in accordance with the requirements of Section 215.97, Florida Statutes. Therefore, some accounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF CLERMONT, FLORIDA

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

For the Year Ended September 30, 2008

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the *City of Clermont, Florida*.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instance of noncompliance material to the financial statements of the *City of Clermont, Florida* were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs and state projects are reported in the Report on Compliance with Requirements Applicable to Each Major Federal Program and State Project and on Internal Control Over Compliance in accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal programs and state projects for the *City of Clermont, Florida*, expresses an unqualified opinion.
6. The programs/projects tested as major programs/projects included in the following:

Federal Program

U. S. Department of Housing and Urban
Development - Community Development
Block Grant

Federal CFDA No.

14.228

State Project

Florida Department of Community Affairs-
Florida Communities Trust Grant

State CSFA No.

52.002

7. The threshold for distinguishing Type A and Type B programs/projects was \$300,000 for major federal programs and for major state projects.
8. The *City of Clermont, Florida* was determined to be a low-risk auditee pursuant to OMB Circular A-133. (This does not apply to state programs.)

B. Findings - Financial Statements Audit

None

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

None

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Clermont, Florida

We have audited the financial statements of the City of *Clermont, Florida*, as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated March 19, 2009.

We conducted our audit in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters, Report on Compliance with Requirements Applicable to Major Federal Program and State Project and Internal Control Over Compliance in Accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports, which are dated March 19, 2009, should be considered in conjunction with this management letter.

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

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

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

- Section 10.554(1)(i)5., Rules of the Auditor General, requires based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *City of Clermont, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the *City of Clermont, Florida* for the fiscal year ended September 30, 2007, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2007. We determined that these two reports are in agreement.
- Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

McDiernit Davis & Company, LLC

March 19, 2009

COMMENTS AND RECOMMENDATIONS

CURRENT YEAR COMMENTS

Year Ended September 30, 2008

1. Utility Billing Cash Receipts

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

Recommendation

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

2. Cash Receipt Posting

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

Recommendation

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

3. Capital Asset Inventory

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

Recommendation

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

4. Community Redevelopment Fund

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

Recommendation

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

CITY OF CLERMONT, FLORIDA

COMMENTS AND RECOMMENDATIONS

STATUS OF PRIOR YEAR COMMENT

Year Ended September 30, 2008

1. Spreadsheet Recordkeeping

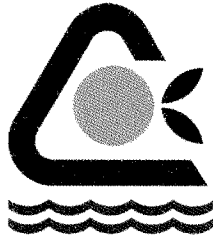
We noted errors on some of the City's spreadsheets that could have been corrected with recalculation of formulas and proper review.

Recommendation

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

Corrective Action

The City has corrected errors found in the prior year, and we noted that amounts are being properly calculated and booked in the current year.



CITY OF CLERMONT

RESPONSE TO MANAGEMENT COMMENTS

Auditor General
State of Florida

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

Utility Billing Cash Receipts

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

Cash Receipt Posting

Procedures have been put in place to ensure immediate posting of payments on customer accounts and daily batch closing and reconciliation.

Capital Asset Inventory

The asset listing is currently being updated to include the detail necessary to perform an annual physical inventory. All tangible assets will be identified, tagged and recorded into the new capital asset program to ensure proper reporting and inventory procedures are followed each year.

Community Redevelopment Fund

Due to contractor delays the plans for Phase II of the streetscape project have not been completed. In the meantime, the city is moving forward with an underground utilities project which should be complete this fiscal year.



March 25, 2009

Joseph Van Zie
Administrative Services Director
City of Clermont, Florida