



# CITY OF CLERMONT FLORIDA



Comprehensive Annual  
Financial Report

For Fiscal Year Ended  
September 30, 2018

If you've enjoyed Clermont's South Lake Trail lately, Victory Pointe may have caught your eye. Perhaps you noticed added restrooms and water fountains. Or maybe you admired the new walking bridge, sandy beach and grassy space. Several events already successfully relocated to Victory Pointe, encouraging foot traffic into downtown's shops and restaurants.

The 10-acre site was the first major project completed in the City of Clermont's award-winning Master Plan, opening July 2018. And there's more to Clermont's newest park than meets the eye. Victory Pointe is a game changer to help revitalize downtown. This \$10.4 million stormwater filtration system serves as a business incentive for development while improving Lake Minneola's water quality. Businesses can connect to the system instead of allocating their own physical and monetary resources to satisfy state requirements.

As for water quality, the Clermont Chain of Lakes are "Outstanding Florida Waterways," and Victory Pointe ensures Lake Minneola stays pristine. Stormwater filters through bioswales, baffle boxes, retention ponds and an inundated marsh -- removing significant amounts of nitrogen and phosphorous before flowing into Lake Minneola.

The state-of-the-art project also features an observation tower, trails and educational signs. Five agencies and 11 grants made it possible. Come explore Victory Pointe for yourself.



# CITY OF CLERMONT FLORIDA

## Comprehensive Annual Financial Report

For The Year Ended September 30, 2018



Prepared by:  
Finance Department



**City of Clermont, Florida  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2018**

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# ***INTRODUCTORY SECTION***







**DARREN S. GRAY**  
**CITY MANAGER**

**352-241-7358**  
**dgray@clermontfl.org**

May 31, 2019

Honorable Mayor Gail Ash,  
Council Members and Citizens of the City of Clermont, Florida

Dear Mayor Ash, Council Members and the 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, 2018. State law requires that every general-purpose local government publish within nine months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2018.

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 Generally Accepted Accounting Principles in the United States of America (GAAP). Because the cost of internal controls should not exceed anticipated benefits, the City of Clermont's comprehensive framework of internal controls have 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, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Clermont's financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management 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 17.12 square miles and population of approximately 36,754. The City is located in south Lake County, approximately 22 miles west of the City of Orlando and about 25 miles northwest of Walt Disney World. Clermont, known as “Choice of Champions®”, is truly the crossroads of Florida, at the intersection of State Road 50 that runs east and west across the state and U.S. Highway 27, which runs north and south through the center of the state.

Clermont is on a chain of 15 lakes connected by the winding Palatka River in the Ocklawaha Basin of tributaries of the St. Johns River, the only river system in the United States of America that flows north. The lakes offer residents the opportunity for excellent fishing, boating, swimming and other water sports including competitive skiing and wakeboarding offered by world-class instructional schools. The City of Clermont is known for its scenic beauty, relaxed lifestyle, recreational facilities and temperate climate. Residents have a wide variety of housing and property-ownership opportunities, including lakefront and lake-access property, golf-course communities, homes in existing neighborhoods, residential retirement communities, and new subdivisions.

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

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

The annual budget serves as the foundation for 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. police 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 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. Clermont's economic factors for FY 2018 indicate a continued growth in the local economy. During the last 5 years, Clermont's population has increased by 5,009 residents or 15.80%. Per Capita Personal Income levels have increased \$5,802 or 22.55%. The City's unemployment rate has decreased from 5.6% to 2.7%, which continues to be below the county, state and national averages. Educational institutions in Clermont, such as Lake-Sumter State College, St. Leo University and University of Central Florida, assist in supplying a skilled labor force. The most significant change from the continued growth has been the increase in taxable property values of \$785,853,000 or 44.15%. Primarily due to this increase in property values, Clermont's property tax-millage rate of 4.2061 continues to be among the lowest of other comparable cities in the Central Florida region.

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.

## **Long-term Financial Planning**

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

The Clermont City Council and management through careful short and long-range planning and sound management practices are committed to budgeting and managing all resources in the most cost-effective manner. The City adopts a Five-Year Capital Plan as part of the annual budget process. The Capital Plan is a multi-year prioritized schedule that identifies future capital outlay by year it is intended to be purchased or commenced; the amount to be spent per year; and the funding source.

## **Relevant Financial Policies**

The City regularly reviews revenues and expenditures throughout the fiscal year. Quarterly Budget Reports are prepared and presented to the City Council. The reports show budget-to-actual for the city's top 10 revenues, total fund revenues, total fund expenditures, departmental expenditures and various department performance indicators. Through this process, 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.

## Major Initiatives

The completion of several capital projects included in the award-winning Master Plan continues to be the major emphasis of the City. The Master Plan offers an exciting view of the future of Clermont and how to protect the very charms that have drawn hundreds of thousands to this internationally-recognized city that is one of the nation's top places to live and also a training ground for the world's elite athletes. The following capital projects are included in the Master Plan and are expected to be completed within the next two years. The listed projects below are being funded primarily from several grants and a loan. It is important to note that no General Fund reserves are being used to fund the construction of these projects.

- The **Boat Ramp** relocation project involves the relocation of the existing boat ramp to the southern bank of Lake Minneola, adjacent to East Avenue. This location will shift motorized watercraft away from the many events and activities near the existing location. This project will include improvements to East Avenue, as well as rerouting portions of the South Lake Trail to improve safety. The project is anticipated to cost approximately \$2.4 million with grant funding from Lake County assisting in the construction costs. Construction is expected to commence during the summer of 2019.
- The **Downtown Waterfront District** area includes Montrose Street, Minneola Street and Osceola Street between 7th and 8<sup>th</sup> Street. The proposed improvements will consist of streetscapes, landscaping, bathrooms, lighting, upgrades for event lighting and music, banners and beautification. A focal point will be created at City Hall Park to anchor downtown visitors, creating a destination and meeting point in the heart of downtown Clermont. In addition, a refurbished park at the 8th Street pier will be the demarcation and celebration of the halfway point of the Coast-to-Coast Trail. The project is currently under design and anticipated to cost approximately \$11 million.
- The **Clermont Legacy Loop Trail Spur** and smaller connectivity projects will encourage trail users to travel through downtown from the heavily utilized South Lake Trail. The path of the Loop is proposed to run along Minneola Avenue from 7th Street to West of Victory Pointe. The first leg of the loop between 7th and 8<sup>th</sup> Street on the North side of Minneola was completed this fiscal year. Work on the additional phases is forthcoming. The total project is anticipated to cost approximately \$1.3 million.
- The **Public Wi-Fi Network** project involves the construction of a public Wi-Fi network to allow for safer and more accurate navigation of the Coast to Coast Trail. The construction on WI-Fi network began in fiscal year 2019 and will be completed in phases. The total project is anticipated to cost approximately \$750,000.
- The **Public Works Facility Relocation** project involves the expansion and relocation of the existing antiquated facility. The new facility is proposed to be relocated to the Hancock Road corridor, an area that will allow for a larger, more centralized Public Works Facility. The land acquisition has been completed and is currently in the design phase. The project is anticipated to cost approximately \$9 million.

One of the major projects in the master plan that was completed this past summer was the **Victory Pointe** stormwater project. This project incorporates a unique wetland filter marsh system that channels highly filtered, clean water into Lake Minneola. In addition, there is a park that includes boardwalks, trails, a new event area, pavilion and a beach.

## 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, 2017. This was the 30th 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 staff in the City Manager's office and Finance Department. We would like to express our appreciation to all members of these departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their support in maintaining the highest standards of professionalism in the management of the City of Clermont's finances.

Respectfully submitted,



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Darren S. Gray  
City Manager



---

Joseph E. Van Zile  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Clermont  
Florida**

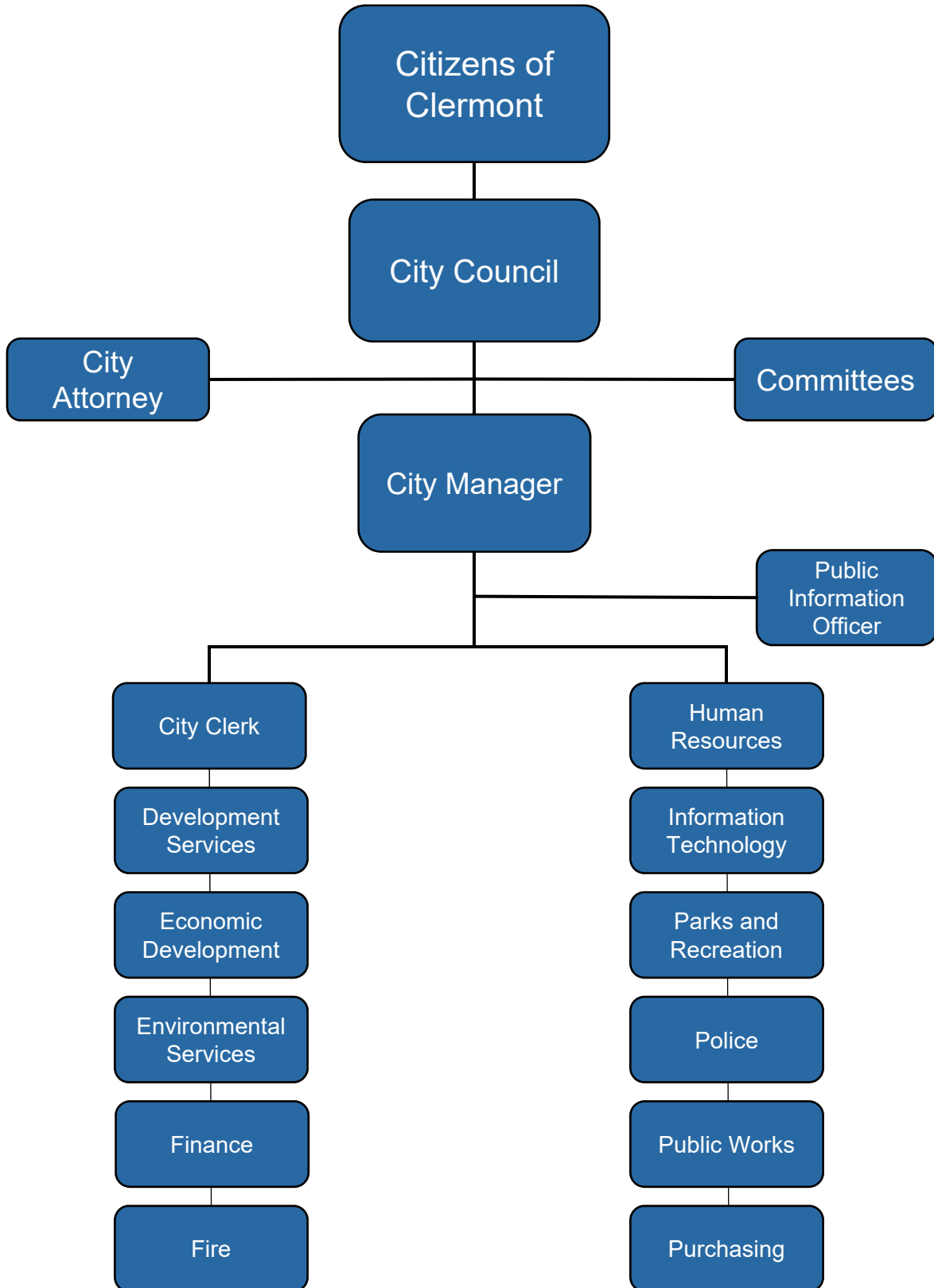
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

**City of Clermont, Florida  
Organization Chart  
For the Fiscal Year Ended September 30, 2018**



**City of Clermont, Florida  
List of Elected and Appointed Officials  
For the Fiscal Year Ended September 30, 2018**

**Elected Officials**

**Gail L. Ash**  
*Mayor*

**Diane Travis**  
*Mayor Pro-Tem*

**Ray Goodgame**  
*Council Member*

**Heidi Brishke**  
*Council Member*

**Timothy Bates**  
*Council Member*

**Appointed Officials**

**Darren S. Gray**  
*City Manager*

**Dan Mantzaris**  
*City Attorney*

**Carle Bishop**  
*Fire Chief*

**Tracy Ackroyd Howe**  
*City Clerk*

**Susan Dauderis**  
*Human Resources Director*

**James Kinzler**  
*Capital Planning, Grants and Projects Director*

**Don Dennis**  
*Information Technology Director*

**Kathryn Deen**  
*Communications Director*

**Scott Davidoff**  
*Parks and Recreation Director*

**Vacant**  
*Development Services Director*

**Charles Broadway**  
*Police Chief*

**Shannon J. Schmidt**  
*Economic Development Director*

**Stoney Brunson**  
*Public Works Director*

**Dennis Westrick**  
*Environmental Services Director*

**Freddy Suarez**  
*Purchasing Director*

**Joseph Van Zile**  
*Finance Director*



## ***FINANCIAL SECTION***



## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Clermont, Florida*, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Clermont, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Infrastructure Special Revenue Fund, and Community Redevelopment Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis-of-Matter – Change in Accounting Principle***

As discussed in Note I to the financial statements, in the year ended September 30, 2018, the City adopted the provisions of Governmental Accounting Standards Board Statement (“GASBS”) 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. As a result of the implementation of GASBS 75, the City reported a restatement for the change in accounting principle as of October 1, 2017. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, the pension and other postemployment benefits disclosures on page 17 through 28 and 97 through 103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise *City of Clermont’s* basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section and the Schedule of State Financial Assistance (the Schedule) as required by the audit requirements of Chapter 10.550, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 31, 2019 on our consideration of *City of Clermont’s* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *City of Clermont’s* internal control over financial reporting and compliance.

*McDiernit Davis & Company, LLC*

Orlando, FL  
May 31, 2019

***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, 2018. 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 3 through 7 of this report.

### Financial Highlights

- The City of Clermont's assets and deferred outflows of resources exceeded its liabilities and deferred inflows at September 30, 2018 by \$181,918,648 (net position). Of this amount, \$51,883,494 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,143,304 (or 2.9%) during fiscal year 2018 primarily due to an increase in capital assets.
- At September 30, 2018, the City of Clermont's governmental funds reported combined ending fund balances of \$38,060,445 a decrease of \$112,441 from the previous fiscal year. Of this amount \$7,103,578 (unassigned fund balance) is available for spending at the government's discretion.
- The General Fund, the City's primary operating fund, reported an unassigned fund balance of \$7,103,578, which represents 25.9% of total General Fund expenditures.

### Overview of the Financial Statements

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Clermont's financial position, in a manner similar to a private-sector business. They include a *Statement of Net Position* and a *Statement of Activities*. These statements appear on pages 31 and 32 of the report.

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

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

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

The City of Clermont adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund (pages 36 - 37), the Infrastructure Fund (page 38) and the Community Redevelopment Fund (page 39) to demonstrate compliance with budgets. Other major and nonmajor funds comparisons can be found beginning on page 108.

The basic governmental fund financial statements can be found on pages 33 - 39 of this report.

**Proprietary funds.** The City of Clermont maintains two types of proprietary funds: *enterprise* and *internal service*, which can be found on pages 40 - 45 of this report.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

*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, sanitation, and stormwater which are all considered to be major funds.

***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 46 - 47 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 51 - 93 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 108 - 124 of this report.

### **Government-Wide Financial Analysis**

The following is a summary of the City's net position for governmental and business-type activities for the current year as compared to the prior year. For more detail see the Statement of Net Position on page 31.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Assets:						
Current and other assets	\$ 46,834,336	\$ 41,606,498	\$ 48,514,271	\$ 53,242,346	\$ 95,348,607	\$ 94,848,844
Capital assets	68,385,716	66,020,164	83,598,348	76,698,502	151,984,064	142,718,666
Total assets	115,220,052	107,626,662	132,112,619	129,940,848	247,332,671	237,567,510
Deferred Outflows of Resources:						
Deferred outflow of pension and OPEB earnings	6,161,344	6,817,441	206,453	-	6,367,797	6,817,441
Deferred charge of refunding	-	-	1,038,298	445,842	1,038,298	445,842
Total deferred outflows of resources	6,161,344	6,817,441	1,244,751	445,842	7,406,095	7,263,283
Liabilities:						
Long-term liabilities outstanding	41,002,190	39,746,802	21,165,594	20,642,756	62,167,784	60,389,558
Other liabilities	3,148,787	2,763,303	1,871,908	2,818,537	5,020,695	5,581,840
Total liabilities	44,150,977	42,510,105	23,037,502	23,461,293	67,188,479	65,971,398
Deferred Inflow of Resources:						
Deferred inflow of pension and OPEB earnings	2,496,618	2,084,051	135,021	-	2,631,639	2,084,051
Net investment in capital assets	35,262,327	31,917,984	69,321,935	63,130,707	104,584,262	95,048,691
Restricted	8,546,637	7,814,560	16,904,255	17,127,547	25,450,892	24,942,107
Unrestricted	27,924,837	30,117,403	23,958,657	26,667,143	51,883,494	56,784,546
<b>Total net position</b>	<b>\$ 71,733,801</b>	<b>\$ 69,849,947</b>	<b>\$ 110,184,847</b>	<b>\$ 106,925,397</b>	<b>\$ 181,918,648</b>	<b>\$ 176,775,344</b>

The City's total net position at September 30, 2018 was \$181,918,648. Of the City's total net position \$104,584,262 (57.5%) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Clermont's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net position, \$25,450,892 (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's total net position, \$51,883,494 (58.5%) is unrestricted. These assets may be used at the City's discretion in meeting its ongoing obligations to citizens and creditors.

The City's net position increased by \$5,143,304 during the current fiscal year (\$6,858,882 increase from current year activity and a \$1,715,578 decrease for the restatement due to the implementation of a new accounting standard). Major components of this increase are discussed in the Governmental and Business-Type Activities sections to follow. Restricted reserves represent the accumulation of impact fee funds for upcoming and ongoing capital projects.

The following is a summary of the City's governmental and business-type activities for fiscal year 2017-18, including revenues and expenses, with a comparison to the prior year. For more detail see the Statement of Activities on page 32.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Changes in Net Position

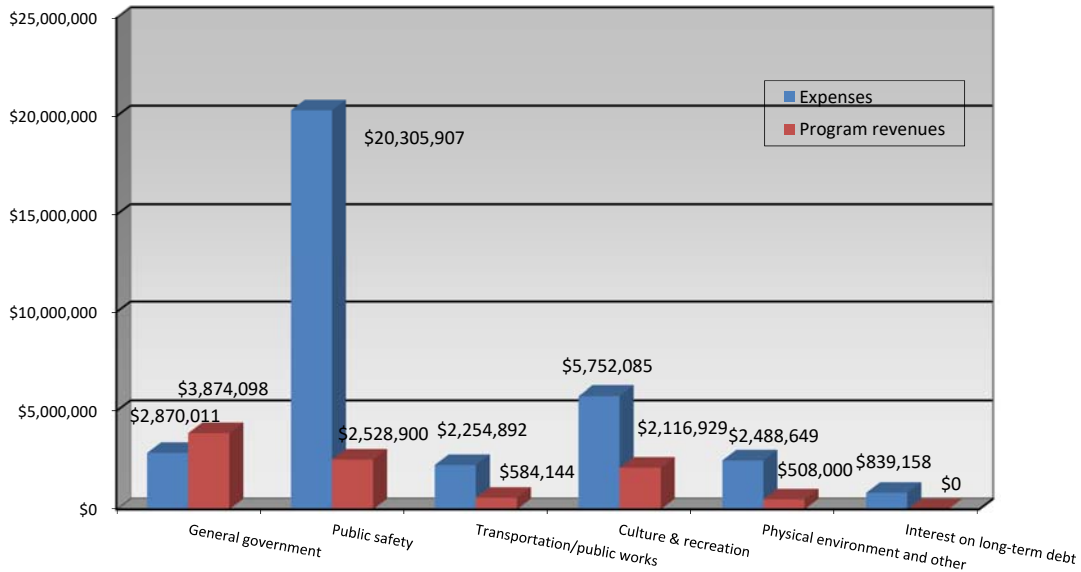
	Governmental Activities		Business-type Activities		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<b>Revenues:</b>						
Program revenues -						
Charges for services	\$ 6,915,268	6,688,146	\$ 17,641,637	17,115,766	\$ 24,556,905	\$ 23,803,912
Operating grants and contributions	2,232,803	1,456,593	-	-	2,232,803	1,456,593
Capital grants and contributions	428,000	309,225	4,534,918	6,906,054	4,962,918	7,215,279
General revenues -						
Property Taxes	10,746,758	9,747,683	-	-	10,746,758	9,747,683
Business Taxes	160,234	132,541	-	-	160,234	132,541
Franchise Fees	2,817,288	2,619,192	-	-	2,817,288	2,619,192
Utility Taxes	3,446,406	3,328,087	-	-	3,446,406	3,328,087
Intergovernmental	7,863,900	7,256,705	-	-	7,863,900	7,256,705
Investment income and miscellaneous	799,802	682,919	378,575	255,250	1,178,377	938,169
Gain on sale of capital assets	289,131	86,211	30,993	24,411	320,124	110,622
Total revenues	35,699,590	32,307,302	22,586,123	24,301,481	58,285,713	56,608,783
<b>Expenses:</b>						
General government	2,870,011	4,239,914	-	-	2,870,011	4,239,914
Public safety	20,305,907	20,296,917	-	-	20,305,907	20,296,917
Physical environment	2,103,577	805,255	-	-	2,103,577	805,255
Transportation	2,254,892	2,009,325	-	-	2,254,892	2,009,325
Economic environment	385,072	1,196,693	-	-	385,072	1,196,693
Culture and recreation	5,752,085	4,490,710	-	-	5,752,085	4,490,710
Interest on long-term debt	839,158	434,473	-	-	839,158	434,473
Water	-	-	5,633,884	5,198,731	5,633,884	5,198,731
Sewer	-	-	6,849,158	6,909,806	6,849,158	6,909,806
Sanitation	-	-	3,072,877	2,868,709	3,072,877	2,868,709
Stormwater	-	-	1,360,210	1,189,590	1,360,210	1,189,590
Total expenses	34,510,702	33,473,287	16,916,129	16,166,836	51,426,831	49,640,123
Increase (Decrease) in Net Position Before Transfers	1,188,888	(1,165,985)	5,669,994	8,134,645	6,858,882	6,968,660
Special item - loss on sale of capital asset	-	-	-	-	-	-
Transfers	2,013,216	1,367,723	(2,013,216)	(1,367,723)	-	-
Increase in Net Position	3,202,104	201,738	3,656,778	6,766,922	6,858,882	6,968,660
Net Position - Beginning, as restated	68,531,697	69,648,209	106,528,069	100,158,475	175,059,766	169,806,684
Net Position - Ending	\$ 71,733,801	\$ 69,849,947	\$ 110,184,847	\$ 106,925,397	\$ 181,918,648	\$ 176,775,344

**Governmental activities** - Governmental activities increased the City of Clermont's net position by \$3,202,104. This change is primarily due to increased general government revenues and operating grants.

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

## MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

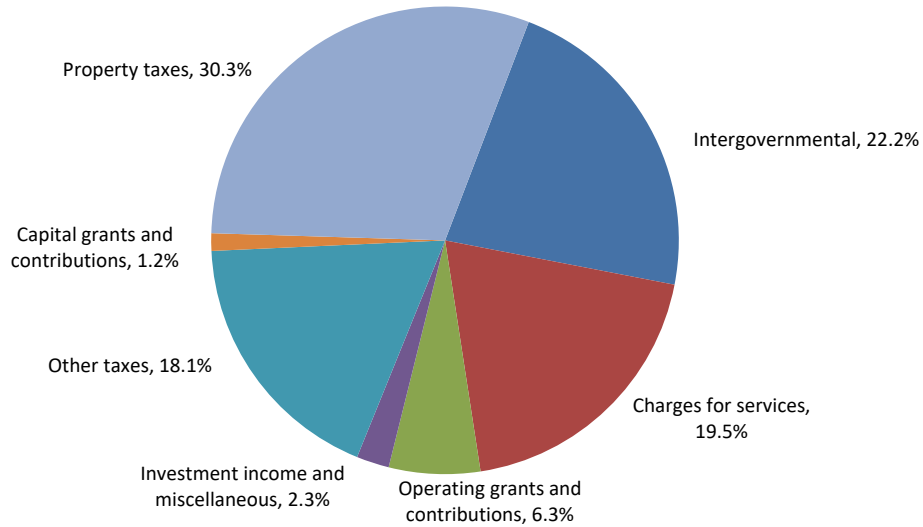
### Expenses and Program Revenues - Governmental Activities



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

### Revenues by Source - Governmental Activities

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

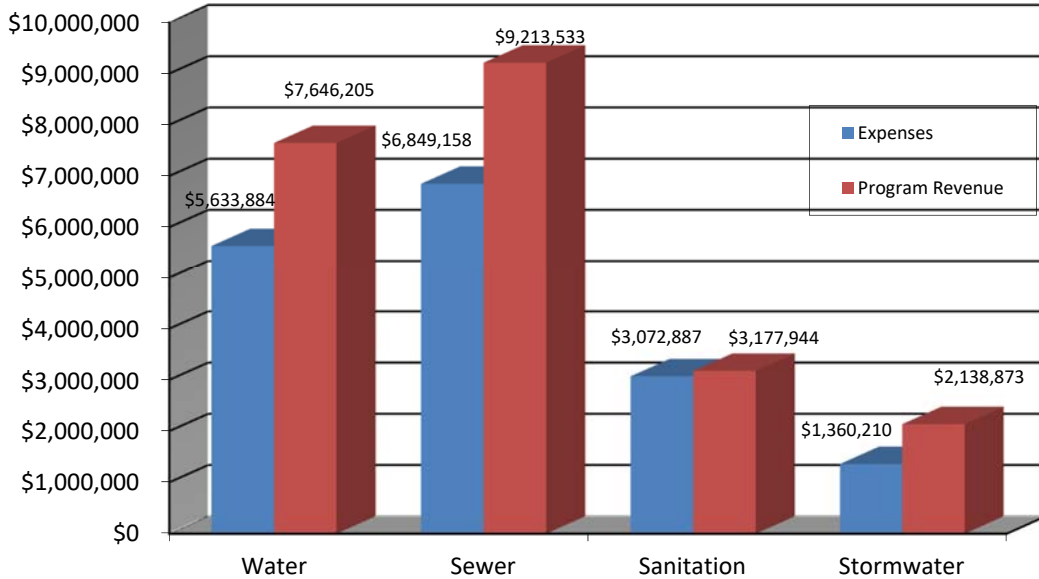


**Business-type activities** - Business-type activities increased the City of Clermont’s net position by \$3,656,778. This change is primarily due to increased revenues from services and capital contributions of water and sewer impact fees paid by developers.

## 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.

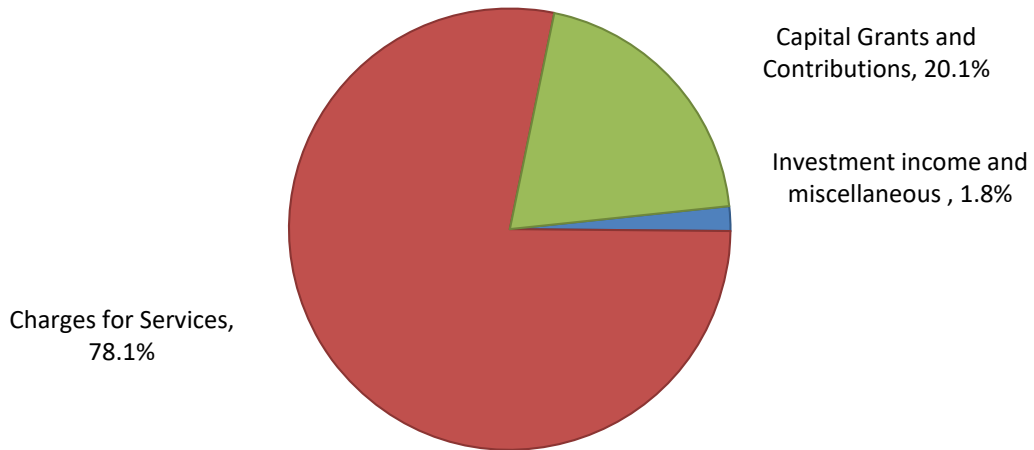
**Expenses and Program Revenues - Business Type Activities**



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**

- Investment income and miscellaneous
- Charges for Services
- Capital Grants and Contributions



## 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2018, the City of Clermont's governmental funds reported combined ending fund balances of \$38,060,445 a decrease of \$112,441 in comparison with the prior year. This decrease is primarily due to the spending of funds for capital projects related to the 2017 Master Plan Capital Projects Revenue Note issued last year. Of the governmental funds combined ending fund balances, \$7,103,578 (18.7%) represents *unassigned fund balance*, which is available for spending at the City's discretion. An additional \$21,723,347 (*assigned fund balance*) has been set aside for planned master plan project expenditures. *Restricted fund balances* totaling over \$8.5 million include funds required for debt service, as well as funds collected for specific purposes such as impact fees and community redevelopment. The remainder of fund balance is *nonspendable* (\$644,949) to indicate that it is not available for spending because it has already been committed for inventories and prepaid expenses, or it is being held in a non-expendable trust fund.

The General Fund is the chief operating fund of the City of Clermont. As of September 30, 2018, the fund balance in the General Fund was \$7,976,039 a decrease of \$7,896 in comparison with the prior year due to current expenditures exceeding current revenues. The change in fund balance was more than the anticipated amount of the original budget by \$7,896 and \$725,993 less than the revised budget. Revenues were less than budgeted by \$224,921, primarily due to electric utility tax revenues not meeting budget projections. Departmental expenditures came in less than anticipated reducing the amount of reserves used. Of the total fund balance in the General Fund, \$7,103,578 (89.1%) is unassigned fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25.9% of total General Fund expenditures, while total fund balance represents 29% of that same amount.

The City has a Capital Projects Fund that is considered a major fund under criteria set forth by GASB Statement No. 34. This fund is used to account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds. Funds have been accumulated so projects can be completed on a pay-as-you-go basis. The fund balance in this fund decreased by \$916,280 in fiscal year 2018, primarily due to spending of proceeds from the Master Plan Capital Projects Revenue Note.

The City has an Infrastructure Fund that is considered a major fund under criteria set forth by GASB Statement No. 34. This fund was established to account for the proceeds of the Local Government Infrastructure Surtax. The proceeds and interest accrued thereto, by law are only to be used to finance, plan and construct infrastructure. The fund balance in this fund decreased by \$180,098 in fiscal year 2018 primarily due to the annual debt service payments being made towards the funding of the Master Plan Capital Projects Revenue Note.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 and modified in 2015. The incremental annual increase in tax over the base years is used to fund projects. The fund balance in this fund increased by \$94,270 as anticipated to accumulate funding for upcoming projects.

The remainder of the change of \$897,563 to the governmental fund balance was from the non-major governmental funds. Recreation, Police and Fire Impact Fee fund balances combined for a decrease of \$674,049 in fiscal year 2018 primarily due to a one time outlay of \$1,000,000 from recreation impact funds towards the boat ramp project in the master plan. The Building Services fund balance increased \$840,906 due to the increase in building permits. The fund balances in the remaining nonmajor funds increased a total of \$730,706 due to an increase in the debt service fund.

**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, sanitation and stormwater.

The Water Fund accounts for the provision of potable water and reclaimed irrigation services to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of September 30, 2018, the City of Clermont's Water Fund reported total net position of \$41,039,387, an increase of \$1,191,263 in comparison with the prior year. This increase in net position was due to revenues exceeding expenses as well as the capital contributions of water impact fees on new development in the City.

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, 2018, the City of Clermont's Sewer Fund reported total net position of \$56,567,836, an increase of \$1,501,318 in comparison with the prior year. This increase in net position was primarily due to the capital contributions of sewer impact fees on new development in the City.

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, 2018, the City of Clermont's Sanitation Fund reported total net position of \$5,374,664, an increase of \$107,449 in comparison with the prior year. This increase in net position is primarily due to revenues exceeding expenses.

The Stormwater Fund accounts for the management of the City's stormwater drainage system. All activities necessary to the provision of these services are accounted for in this fund. As of September 30, 2018, the City of Clermont's Stormwater Fund reported total net position of \$7,216,402, an increase of \$760,167 in comparison with the prior year. The increase in net position is primarily due to grants pertaining to the Victory Pointe Master Plan Project.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### General Fund Budgetary Highlights

During the year, there was a \$870,989 increase in appropriations between the original and final amended budget. Following are the significant components of the increase:

- \$15,000 Consulting services Fiber Network
- \$71,490 for police department expenditure of forfeiture funds
- \$58,783 grant for mobile crisis unit in police- includes salary, benefits, and operating supplies
- \$18,045 for electronic timekeeping system (equipment and software)
- \$48,268 EOC supplies for Hurricane Irma
- \$20,000 demolition of an abandoned residence
- \$13,571 for increased ordinance advertising costs
- \$533,484 for Fire Department increased salaries and overtime.

General Fund revenue increases totaling \$137,100 due to several grants for public safety and recreation that were received during the year.

Considering the above noted increases in General Fund budgeted appropriations, actual expenditures were less than budgeted by \$1,297,126.

### Capital Assets

The following is a summary of the City of Clermont's capital assets, net of depreciation for governmental and business-type activities for the current year with a comparison to the prior year. Additional information on the City of Clermont's capital assets can be found in Note 6 on pages 68 - 69 of this report.

#### Capital Assets

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Land	\$ 25,350,984	\$ 24,773,111	\$ 1,511,807	\$ 1,084,037	\$ 26,862,791	\$ 25,857,148
Buildings	20,567,271	21,709,644	259,645	260,643	20,826,916	21,970,287
Infrastructure	15,300,005	11,897,837	74,234,774	65,380,116	89,534,779	77,277,953
Machinery and Equipment	6,331,392	5,937,986	4,156,217	3,610,140	10,487,609	9,548,126
Intangibles	104,556	156,072	255,435	165,284	359,991	321,356
Construction in Progress	731,508	1,545,514	3,180,470	6,198,282	3,911,978	7,743,796
<b>Total</b>	<b>\$ 68,385,716</b>	<b>\$ 66,020,164</b>	<b>\$ 83,598,348</b>	<b>\$ 76,698,502</b>	<b>\$ 151,984,064</b>	<b>\$ 142,718,666</b>



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The City of Clermont's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$151,984,064 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements/infrastructure, machinery and equipment and intangibles. The total change in the City's investment in capital assets for the current fiscal year was \$9,265,398. Following are the significant capital asset events that occurred during the current fiscal year:

- Purchase of land for new Public Works facility \$1,695,001
- Completion of Victory Pointe Project which is a unique wetland filter marsh system that channels highly filtered clean water into Lake Minneola, there were also park amenities included as part of the total project. Total project cost of \$11,833,367
- Completion of Lower Floridan Aquifer Wells (2) project \$2,686,654
- Completion of Hancock and Lake Felter Park improvements in the amount of \$480,312
- Completion of Phase 1 improvements to the North side of W. Minneola Ave. \$469,398
- Completion of a 12" water main between Old Highway 50 and CR455 \$267,253
- Lift station pump replacements at multiple locations \$302,759
- Purchase of a dump truck for Sanitation \$68,885
- Purchase of a 357KW portable generator trailer for Sewer \$203,318
- Purchase of vacuum truck and attachments for Sewer \$494,877
- Purchase of backhoe and compact excavator for Water \$93,250
- Purchase of pumper truck for Fire \$487,399
- Purchase of departmental vehicles including trucks and Police vehicles-26 total \$797,383
- Construction in progress includes the following projects: Public Works Complex, Asset Management System Software, CDBG project Disston to School, Wastewater Treatment Facility Expansion, Warehouse Expansion, John's Lake Road Reuse, East Wastewater Plant Expansion, Heritage Hills Force Main modification, Barbados Loop Force Main replacement, Water Treatment Plant Barrier Wall, John's Lake Road Water Main replacement, Water Treatment Plant High Service Pump Building, West side Water Loop Phase 2, Kehler Building Replacement, City Limit Signage, Promenade, Boat Ramp relocation, Downtown Waterfront Revitalization, Montrose Street Improvements, Compass/Wayfinding, Public WiFi, and Boathouse Improvements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Debt Administration

The following is a summary of the City's long-term debt for governmental and business-type activity for the current year with a comparison to the prior year. Additional information on long-term debt can be found in Note 7 on pages 70 - 73 of this report.

#### Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue bonds payable	\$ -	\$ -	\$ 12,262,000	\$ 12,365,000	\$ 12,262,000	\$ 12,365,000
Notes payable	33,123,389	34,102,180	6,239,441	6,329,441	39,362,830	40,431,621
<b>Total</b>	<b>\$ 33,123,389</b>	<b>\$ 34,102,180</b>	<b>\$ 18,501,441</b>	<b>\$ 18,694,441</b>	<b>\$ 51,624,830</b>	<b>\$ 52,796,621</b>

As of September 30, 2018, total outstanding debt was \$51,624,830, which includes both revenue bonds payable and notes payable. The outstanding debt amount decreased \$1,171,791 over the previous year.

### Next Year's Budgets and Rates

The fiscal year 2019 budget was once again approved without using reserves to balance the General Fund budget and maintaining the same property tax millage rate which continues to be one of the lowest of comparable cities in the region. Property values continued increasing in fiscal year 2019 in the amount of 11.31% due to the commercial and residential growth in the City.

Pursuant to a utility rate study performed by a private consulting firm, the Clermont City Council adopted a resolution in December 2017 that provided for an increase to stormwater rates in January 2018. This resolution also provided for inflation based increases to the water, sewer, stormwater and sanitation rates every October 1, starting on October 1, 2018 based on the Florida Public Service Commission Annual Deflator Index. The rate increases are necessary, primarily to provide funding for future planned capital projects. The 2019 budget includes these rate increases in the Proprietary Funds.

### Requests for Information

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

## ***BASIC FINANCIAL STATEMENTS***



## CITY OF CLERMONT, FLORIDA

**STATEMENT OF NET POSITION**

September 30, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>Assets:</b>			
Cash and cash equivalents	\$ 6,260,473	\$ 9,059,107	\$ 15,319,580
Investments	21,959,176	18,582,395	40,541,571
Receivables, net	1,008,494	1,140,278	2,148,772
Inventories	27,267	19,942	47,209
Due from other governments	2,131,301	623,490	2,754,791
Internal balances	(734,094)	734,094	-
Prepaid costs	262,160	120,284	382,444
Restricted assets:			
Cash and cash equivalents	-	1,882,399	1,882,399
Investments	11,238,483	16,290,867	27,529,350
Interest receivable	46,163	61,415	107,578
Net pension asset	1,634,913	-	1,634,913
Capital assets not being depreciated	26,082,492	4,692,277	30,774,769
Capital assets being depreciated, net of accumulated depreciation	42,303,224	78,906,071	121,209,295
Total assets	<u>112,220,052</u>	<u>132,112,619</u>	<u>244,332,671</u>
<b>Deferred Outflows of Resources:</b>			
Deferred outflow of pension earnings	5,473,631	-	5,473,631
Deferred outflow related to OPEB	687,713	206,453	894,166
Deferred charge on refunding	-	1,038,298	1,038,298
Total deferred outflows of resources	<u>6,161,344</u>	<u>1,244,751</u>	<u>7,406,095</u>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	3,067,267	1,871,908	4,939,175
Due to other governmental agencies	16,508	-	16,508
Unearned revenue	65,012	-	65,012
Noncurrent liabilities:			
Due within one year	2,147,976	1,192,307	3,340,283
Due in more than one year	38,854,214	19,973,287	58,827,501
Total liabilities	<u>44,150,977</u>	<u>23,037,502</u>	<u>67,188,479</u>
<b>Deferred Inflows of Resources:</b>			
Deferred inflow of pension earnings	2,059,760	-	2,059,760
Deferred inflow related to OPEB	436,858	135,021	571,879
	<u>2,496,618</u>	<u>135,021</u>	<u>2,631,639</u>
<b>Net Position:</b>			
Net investment in capital assets	35,262,327	69,321,935	104,584,262
Restricted for:			
Capital Improvements	-	16,904,255	16,904,255
Community redevelopment	396,655	-	396,655
Public safety	1,519,548	-	1,519,548
Culture and recreation	1,221,054	-	1,221,054
Infrastructure	963,138	-	963,138
Debt service	1,743,293	-	1,743,293
Building services	1,454,712	-	1,454,712
Cemetery	1,248,237	-	1,248,237
Unrestricted	27,924,837	23,958,657	51,883,494
Total net position	<u>\$ 71,733,801</u>	<u>\$ 110,184,847</u>	<u>\$ 181,918,648</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, 2018

Functions/Programs:	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 2,870,011	\$ 3,874,098	\$ -	\$ -	\$ 1,004,087	\$ -	\$ 1,004,087
Public safety	20,305,907	1,344,241	1,184,659	-	(17,777,007)	-	(17,777,007)
Physical environment	2,103,577	-	500,000	8,000	(1,595,577)	-	(1,595,577)
Transportation/public works	2,254,892	-	548,144	-	(1,706,748)	-	(1,706,748)
Economic environment	385,072	-	-	-	(385,072)	-	(385,072)
Culture and recreation	5,752,085	1,696,929	-	420,000	(3,635,156)	-	(3,635,156)
Interest on long-term debt	839,158	-	-	-	(839,158)	-	(839,158)
Total governmental activities	<u>34,510,702</u>	<u>6,915,268</u>	<u>2,232,803</u>	<u>428,000</u>	<u>(24,934,631)</u>	<u>-</u>	<u>(24,934,631)</u>
Business-type Activities							
Water	5,633,884	6,461,265	-	1,184,940	-	2,012,321	2,012,321
Sewer	6,849,158	6,624,890	-	2,588,643	-	2,364,375	2,364,375
Sanitation	3,072,877	3,177,944	-	-	-	105,067	105,067
Stormwater	1,360,210	1,377,538	-	761,335	-	778,663	778,663
Total business-type activities	<u>16,916,129</u>	<u>17,641,637</u>	<u>-</u>	<u>4,534,918</u>	<u>-</u>	<u>5,260,426</u>	<u>5,260,426</u>
Total primary government	<u>\$ 51,426,831</u>	<u>\$ 24,556,905</u>	<u>\$ 2,232,803</u>	<u>\$ 4,962,918</u>	<u>(24,934,631)</u>	<u>5,260,426</u>	<u>(19,674,205)</u>
General Revenues:							
Property taxes					10,746,758	-	10,746,758
Business taxes					160,234	-	160,234
Franchise fees					2,817,288	-	2,817,288
Utility taxes					3,446,406	-	3,446,406
Intergovernmental - unrestricted					7,863,900	-	7,863,900
Unrestricted investment earnings					457,787	378,575	836,362
Miscellaneous					342,015	-	342,015
Gain on Sale of Capital Assets					289,131	30,993	320,124
Transfers					2,013,216	(2,013,216)	-
Total general revenues and transfers					<u>28,136,735</u>	<u>(1,603,648)</u>	<u>26,533,087</u>
Change in net position					3,202,104	3,656,778	6,858,882
Net Position - beginning, as previously reported					69,849,947	106,925,397	176,775,344
Cumulative effect of change in accounting principle					(1,318,250)	(397,328)	(1,715,578)
Net Position - beginning, as restated					<u>68,531,697</u>	<u>106,528,069</u>	<u>175,059,766</u>
Net Position - ending					<u>\$ 71,733,801</u>	<u>\$ 110,184,847</u>	<u>\$ 181,918,648</u>

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

CITY OF CLERMONT, FLORIDA

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

September 30, 2018

	General	Capital Projects	Infrastructure Special Revenue	Community Redevelopment Special Revenue	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ 103,362	\$ 960,781	\$ 656,939	\$ 77,608	\$ 2,907,749	\$ 4,706,439
Investments	7,686,775	899,671	616,062	326,666	4,182,470	13,711,644
Receivables, net	980,897	17,367	1,246	663	51,851	1,052,024
Inventories, at cost	27,267	-	-	-	-	27,267
Due from other governments	996,470	908,000	226,831	-	-	2,131,301
Advances to other funds	355,522	-	-	1,676	12,393	369,591
Prepaid costs	258,639	-	-	827	2,694	262,160
Restricted Investments	-	19,140,647	-	-	-	19,140,647
Total assets	<u>\$ 10,408,932</u>	<u>\$ 21,926,466</u>	<u>\$ 1,501,078</u>	<u>\$ 407,440</u>	<u>\$ 7,157,157</u>	<u>\$ 41,401,073</u>
<b>Liabilities:</b>						
Accounts payable	\$ 844,074	\$ 206,517	\$ 537,940	\$ 9,330	\$ 114,332	\$ 1,712,193
Payable to other governments	16,508	-	-	-	-	16,508
Due to other funds	617,127	-	-	-	-	617,127
Accrued liabilities	819,443	-	-	1,455	38,161	859,059
Unearned revenue	65,012	-	-	-	-	65,012
Total liabilities	<u>2,362,164</u>	<u>206,517</u>	<u>537,940</u>	<u>10,785</u>	<u>152,493</u>	<u>3,269,899</u>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenue - liens, forfeitures and rents	70,729	-	-	-	-	70,729
Total deferred inflows of resources	<u>70,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,729</u>
<b>Fund Balances:</b>						
Nonspendable	641,428	-	-	827	2,694	644,949
Restricted	227,635	-	963,138	395,828	7,001,970	8,588,571
Assigned	3,398	21,719,949	-	-	-	21,723,347
Unassigned	7,103,578	-	-	-	-	7,103,578
Total fund balances	<u>7,976,039</u>	<u>21,719,949</u>	<u>963,138</u>	<u>396,655</u>	<u>7,004,664</u>	<u>38,060,445</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,408,932</u>	<u>\$ 21,926,466</u>	<u>\$ 1,501,078</u>	<u>\$ 407,440</u>	<u>\$ 7,157,157</u>	

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	68,385,716
Accrued interest payable is not due in the current period and therefore is not reported in the funds.	(272,901)
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	70,729
Deferred inflows and outflows of resources related to pension earnings are not recognized in governmental funds, however, they are recorded in net position under full accrual accounting.	3,664,726
Net pension assets are not current financial resources and therefore are not reported in the funds	1,634,913
The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	1,192,363
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(41,002,190)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 71,733,801</u>

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

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2018

	General	Capital Projects	Infrastructure Special Revenue	Community Redevelopment Special Revenue	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 14,105,153	\$ -	\$ -	\$ 248,245	\$ -	\$ 14,353,398
Franchise fees	2,817,288	-	-	-	-	2,817,288
Licenses and permits	361,550	-	-	-	1,887,177	2,248,727
Intergovernmental revenues	6,253,385	908,000	3,397,707	-	-	10,559,092
Charges for services	1,623,120	-	-	-	479,941	2,103,061
Fines and forfeitures	204,310	-	-	-	-	204,310
Impact fees/special assessments	-	-	-	-	1,737,598	1,737,598
Investment earnings	87,202	309,435	5,940	2,191	40,855	445,623
Miscellaneous	970,498	-	-	-	378	970,876
Total revenues	<u>26,422,506</u>	<u>1,217,435</u>	<u>3,403,647</u>	<u>250,436</u>	<u>4,145,949</u>	<u>35,439,973</u>
<b>Expenditures:</b>						
Current:						
General government	3,895,408	9,495	42,288	-	509	3,947,700
Public safety	16,859,091	-	832,861	-	2,058,494	19,750,446
Physical environment	871,995	-	8,743	-	-	880,738
Transportation	1,283,028	-	643,649	-	-	1,926,677
Economic environment	188,799	-	-	154,766	-	343,565
Culture and recreation	4,351,317	-	363,150	-	484,814	5,199,281
Debt Service:						
Principal retirement	-	-	-	-	978,791	978,791
Interest and fiscal charges	9,254	-	-	-	796,298	805,552
Capital Outlay:						
General government	-	-	-	-	-	-
Physical environment	-	1,394,151	-	-	-	1,394,151
Economic environment	-	2,690,514	-	-	-	2,690,514
Total expenditures	<u>27,458,892</u>	<u>4,094,160</u>	<u>1,890,691</u>	<u>154,766</u>	<u>4,318,906</u>	<u>37,917,415</u>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures</b>	<u>(1,036,386)</u>	<u>(2,876,725)</u>	<u>1,512,956</u>	<u>95,670</u>	<u>(172,957)</u>	<u>(2,477,442)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers in	1,851,714	1,960,445	-	-	3,885,167	7,697,326
Transfers out	(1,823,211)	-	(1,693,054)	(1,400)	(2,814,647)	(6,332,312)
Sale of general capital assets	999,987	-	-	-	-	999,987
Total other financing sources (uses)	<u>1,028,490</u>	<u>1,960,445</u>	<u>(1,693,054)</u>	<u>(1,400)</u>	<u>1,070,520</u>	<u>2,365,001</u>
<b>Net Change in Fund Balances</b>	<u>(7,896)</u>	<u>(916,280)</u>	<u>(180,098)</u>	<u>94,270</u>	<u>897,563</u>	<u>(112,441)</u>
<b>Fund Balances - beginning</b>	<u>7,983,935</u>	<u>22,636,229</u>	<u>1,143,236</u>	<u>302,385</u>	<u>6,107,101</u>	<u>38,172,886</u>
<b>Fund Balances - ending</b>	<u>\$ 7,976,039</u>	<u>\$ 21,719,949</u>	<u>\$ 963,138</u>	<u>\$ 396,655</u>	<u>\$ 7,004,664</u>	<u>\$ 38,060,445</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, 2018

Net Change in Fund Balances - total governmental funds: \$ (112,441)

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. 3,027,906

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and disposals) is to decrease net position (710,856)

Net transfers of capital assets from proprietary funds 48,502

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. (41,678)

Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities, and therefore increased net position (210,504)

Governmental funds report note proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of note principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds. 978,791

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. (709,916)

Internal service funds are used by management to charge the costs of certain activities, such as health insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 932,300

Change in Net Position of Governmental Activities \$ 3,202,104

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 14,416,360	\$ 14,416,360	\$ 14,105,153	\$ (311,207)
Franchise fees	2,769,136	2,769,136	2,817,288	48,152
Licenses and permits	350,000	350,000	361,550	11,550
Intergovernmental revenues	6,284,363	6,338,080	6,253,385	(84,695)
Charges for services	1,642,572	1,642,572	1,623,120	(19,452)
Fines and forfeitures	117,500	188,990	204,310	15,320
Investment earnings	80,702	80,702	87,202	6,500
Miscellaneous	849,694	861,587	970,498	108,911
Total revenues	<u>26,510,327</u>	<u>26,647,427</u>	<u>26,422,506</u>	<u>(224,921)</u>
<b>Expenditures:</b>				
Current:				
General government:				
City council	24,848	26,348	26,347	1
City clerk	314,386	320,130	303,213	16,917
City manager	470,351	470,351	457,856	12,495
Finance	856,041	867,958	819,412	48,546
Legal services	116,707	116,707	99,353	17,354
Planning & zoning	703,099	727,373	529,744	197,629
Information technology	697,609	712,609	693,422	19,187
Human resources	463,176	463,176	431,850	31,326
Purchasing	258,196	258,196	255,576	2,620
Other general government	198,701	278,637	278,635	2
	<u>4,103,114</u>	<u>4,241,485</u>	<u>3,895,408</u>	<u>346,077</u>
Public safety:				
Law enforcement	8,512,484	8,642,757	8,243,734	399,023
Fire control	8,116,690	8,660,808	8,615,357	45,451
	<u>16,629,174</u>	<u>17,303,565</u>	<u>16,859,091</u>	<u>444,474</u>
Physical environment	919,686	931,821	871,995	59,826
Transportation	1,326,164	1,329,222	1,283,028	46,194
Economic environment	190,175	190,175	188,799	1,376
Culture and recreation				
Culture and recreation	2,406,207	2,435,469	2,306,461	129,008
Events	603,649	624,396	556,943	67,453
Arts and rec center	1,198,322	1,189,922	976,394	213,528
CPAC	508,538	509,963	511,519	(1,556)
	<u>4,716,716</u>	<u>4,759,750</u>	<u>4,351,317</u>	<u>408,433</u>
Interest and fiscal charges	-	-	9,254	(9,254)
Total expenditures	<u>27,885,029</u>	<u>28,756,018</u>	<u>27,458,892</u>	<u>1,297,126</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, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive - (Negative)
	Original	Final		
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,374,702)</u>	<u>(2,108,591)</u>	<u>(1,036,386)</u>	<u>1,072,205</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,997,423	1,997,423	1,851,714	(145,709)
Transfers Out	(2,922,721)	(2,922,721)	(1,823,211)	1,099,510
Sale of General Capital Assets	<u>2,300,000</u>	<u>2,300,000</u>	<u>999,987</u>	<u>(1,300,013)</u>
Total other financing sources (uses)	<u>1,374,702</u>	<u>1,374,702</u>	<u>1,028,490</u>	<u>(346,212)</u>
<b>Net Change in Fund Balance</b>	-	(733,889)	(7,896)	725,993
<b>Fund Balance - beginning</b>	7,983,935	7,983,935	7,983,935	-
<b>Fund Balance - ending</b>	<u>\$ 7,983,935</u>	<u>\$ 7,250,046</u>	<u>\$ 7,976,039</u>	<u>\$ 725,993</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenues	\$ 3,218,000	\$ 3,218,000	\$ 3,397,707	\$ 179,707
Investment earnings	4,650	4,650	5,940	1,290
Total revenues	<u>3,222,650</u>	<u>3,222,650</u>	<u>3,403,647</u>	<u>180,997</u>
<b>Expenditures:</b>				
Current:				
General government	<u>114,800</u>	<u>295,200</u>	<u>42,288</u>	<u>252,912</u>
Public safety:				
Police	293,190	319,262	288,021	31,241
Fire control	129,736	554,736	544,840	9,896
	<u>422,926</u>	<u>873,998</u>	<u>832,861</u>	<u>41,137</u>
Physical Environment	<u>9,500</u>	<u>34,500</u>	<u>8,743</u>	<u>25,757</u>
Transportation:				
Roads & streets	<u>670,000</u>	<u>828,223</u>	<u>643,649</u>	<u>184,574</u>
Culture and recreation:				
Recreation programs	327,920	443,440	325,978	117,462
Arts and rec center	72,500	92,500	37,172	55,328
	<u>400,420</u>	<u>535,940</u>	<u>363,150</u>	<u>172,790</u>
Total expenditures	<u>1,617,646</u>	<u>2,567,861</u>	<u>1,890,691</u>	<u>677,170</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,605,004</u>	<u>654,789</u>	<u>1,512,956</u>	<u>858,167</u>
<b>Other Financing Uses:</b>				
Transfers out	<u>(1,694,042)</u>	<u>(1,694,042)</u>	<u>(1,693,054)</u>	<u>988</u>
Total other financing uses	<u>(1,694,042)</u>	<u>(1,694,042)</u>	<u>(1,693,054)</u>	<u>988</u>
<b>Net Change in Fund Balances</b>	<u>(89,038)</u>	<u>(1,039,253)</u>	<u>(180,098)</u>	<u>859,155</u>
<b>Fund Balances - beginning</b>	<u>1,143,236</u>	<u>1,143,236</u>	<u>1,143,236</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u>\$ 1,054,198</u>	<u>\$ 103,983</u>	<u>\$ 963,138</u>	<u>\$ 859,155</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive - (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 245,966	\$ 245,966	\$ 248,245	\$ 2,279
Investment earnings	1,989	1,989	2,191	202
Total revenues	<u>247,955</u>	<u>247,955</u>	<u>250,436</u>	<u>2,481</u>
<b>Expenditures:</b>				
Economic environment:				
Economic development	<u>180,813</u>	<u>180,813</u>	<u>154,766</u>	<u>26,047</u>
Total expenditures	<u>180,813</u>	<u>180,813</u>	<u>154,766</u>	<u>26,047</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>67,142</u>	<u>67,142</u>	<u>95,670</u>	<u>28,528</u>
<b>Other Financing Uses:</b>				
Transfers out	<u>(1,400)</u>	<u>(1,400)</u>	<u>(1,400)</u>	<u>-</u>
Total other financing uses	<u>(1,400)</u>	<u>(1,400)</u>	<u>(1,400)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	65,742	65,742	94,270	28,528
<b>Fund Balances - beginning</b>	302,385	302,385	302,385	-
<b>Fund Balances - ending</b>	<u>\$ 368,127</u>	<u>\$ 368,127</u>	<u>\$ 396,655</u>	<u>\$ 28,528</u>

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

CITY OF CLERMONT, FLORIDA

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

September 30, 2018

	<b>Business-type Activities-Enterprise Funds</b>					<b>Governmental</b>
	<b>Water</b>	<b>Sewer</b>	<b>Sanitation</b>	<b>Stormwater</b>	<b>Total</b>	<b>Activities- Internal Service Fund</b>
<b>Assets:</b>						
Current assets:						
Cash and cash equivalents	\$ 3,742,815	\$ 3,836,303	\$ 1,434,404	\$ 45,585	\$ 9,059,107	\$ 1,554,034
Investments	9,816,933	6,708,009	2,057,453	-	18,582,395	345,368
Restricted cash and cash equivalents	847,781	743,880	67,973	222,765	1,882,399	-
Accounts receivable, net	360,181	421,348	241,709	117,040	1,140,278	1,985
Due from other governments	-	-	-	623,490	623,490	-
Inventories	19,942	-	-	-	19,942	-
Prepaid expenses	55,163	47,541	9,514	8,066	120,284	-
Total current assets	<u>14,842,815</u>	<u>11,757,081</u>	<u>3,811,053</u>	<u>1,016,946</u>	<u>31,427,895</u>	<u>1,901,387</u>
Noncurrent assets:						
Restricted investments	2,407,983	10,823,016	1,443,177	1,616,691	16,290,867	-
Advances to other funds	49,851	2,465,139	642,814	14,732	3,172,536	-
Interest receivable	23,251	34,003	4,161	-	61,415	648
Capital assets:						
Land, buildings and equipment	42,428,193	66,879,129	4,729,558	16,074,795	130,111,675	-
Construction in progress	973,220	2,096,381	26,810	84,059	3,180,470	-
Less accumulated depreciation	<u>(13,877,791)</u>	<u>(29,098,500)</u>	<u>(3,084,932)</u>	<u>(3,632,574)</u>	<u>(49,693,797)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>29,523,622</u>	<u>39,877,010</u>	<u>1,671,436</u>	<u>12,526,280</u>	<u>83,598,348</u>	<u>-</u>
Total noncurrent assets	<u>32,004,707</u>	<u>53,199,168</u>	<u>3,761,588</u>	<u>14,157,703</u>	<u>103,123,166</u>	<u>648</u>
Total assets	<u>46,847,522</u>	<u>64,956,249</u>	<u>7,572,641</u>	<u>15,174,649</u>	<u>134,551,061</u>	<u>1,902,035</u>
<b>Deferred Outflows of Resources:</b>						
Deferred charge on refunding	370,186	668,112	-	-	1,038,298	-
Deferred outflows related to OPEB	<u>73,185</u>	<u>53,819</u>	<u>50,944</u>	<u>28,505</u>	<u>206,453</u>	<u>-</u>
Total deferred outflows of resources	<u>443,371</u>	<u>721,931</u>	<u>50,944</u>	<u>28,505</u>	<u>1,244,751</u>	<u>-</u>

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

**Liabilities:**

## Current liabilities:

Accounts payable	275,773	309,896	103,692	404,142	1,093,503	223,114
Salaries payable	65,806	59,987	45,003	20,095	190,891	-
Accrued interest payable	36,962	65,711	13,071	42,422	158,166	-
Due to other funds	-	-	-	2,425,000	2,425,000	500,000
Compensated absences	17,959	16,723	5,985	2,041	42,708	-
Customer deposits payable	429,348	-	-	-	429,348	-
Revenue bonds payable-current	288,000	512,000	82,313	267,286	1,149,599	-
Total current liabilities	<u>1,113,848</u>	<u>964,317</u>	<u>250,064</u>	<u>3,160,986</u>	<u>5,489,215</u>	<u>723,114</u>

## Noncurrent liabilities:

Compensated absences	161,631	150,508	53,863	18,368	384,370	-
Other post employment benefits	800,974	618,660	501,379	220,159	2,141,172	-
Notes payable	-	-	1,407,987	4,571,855	5,979,842	-
Revenue bonds payable	4,128,445	7,339,458	-	-	11,467,903	-
Total noncurrent liabilities	<u>5,091,050</u>	<u>8,108,626</u>	<u>1,963,229</u>	<u>4,810,382</u>	<u>19,973,287</u>	<u>-</u>
Total liabilities	<u>6,204,898</u>	<u>9,072,943</u>	<u>2,213,293</u>	<u>7,971,368</u>	<u>25,462,502</u>	<u>723,114</u>

**Deferred Inflows of Resources:**

Deferred inflows related to OPEB	<u>46,608</u>	<u>37,401</u>	<u>35,628</u>	<u>15,384</u>	<u>135,021</u>	<u>-</u>
Total deferred inflows of resources	<u>46,608</u>	<u>37,401</u>	<u>35,628</u>	<u>15,384</u>	<u>135,021</u>	<u>-</u>

**Net Position:**

Net investment in capital assets	25,477,363	32,693,664	1,624,313	9,526,595	69,321,935	-
Restricted for capital improvements	3,365,180	13,539,075	-	-	16,904,255	-
Unrestricted	12,196,844	10,335,097	3,750,351	(2,310,193)	23,972,099	1,178,921
Total net position	<u>\$ 41,039,387</u>	<u>\$ 56,567,836</u>	<u>\$ 5,374,664</u>	<u>\$ 7,216,402</u>	<u>110,198,289</u>	<u>\$ 1,178,921</u>

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

(13,442)

Total Net Position per Government-Wide Financial Statements

\$ 110,184,847

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 POSITION  
PROPRIETARY FUNDS**

Year Ended September 30, 2018

	<b>Business-type Activities-Enterprise Funds</b>					<b>Governmental Activities- Internal Service Fund</b>
	<b>Water</b>	<b>Sewer</b>	<b>Sanitation</b>	<b>Stormwater</b>	<b>Total</b>	
<b>Operating Revenues:</b>						
Charges for services	\$ 6,143,112	\$ 6,612,131	\$ 3,176,721	\$ 1,375,516	\$ 17,307,480	\$ 4,645,502
Miscellaneous	318,153	12,759	1,223	2,022	334,157	46,784
Total operating revenues	<u>6,461,265</u>	<u>6,624,890</u>	<u>3,177,944</u>	<u>1,377,538</u>	<u>17,641,637</u>	<u>4,692,286</u>
<b>Operating Expenses:</b>						
Personnel services	1,766,338	1,620,555	1,241,822	468,053	5,096,768	-
Utilities	488,975	850,299	2,127	1,322	1,342,723	-
Dump fees	-	172,500	596,071	17,093	785,664	-
Administrative services	384,178	374,783	231,414	88,910	1,079,285	-
Repairs and maintenance	794,971	249,410	172,130	41,559	1,258,070	-
Depreciation and amortization	1,413,119	2,749,266	396,368	516,850	5,075,603	-
Professional services	121,417	129,599	25,858	17,523	294,397	51,460
Insurance claims and expenses	115,787	159,931	14,574	22,034	312,326	4,223,809
Other supplies and expenses	480,182	395,539	376,833	70,916	1,323,470	-
Total operating expenses	<u>5,564,967</u>	<u>6,701,882</u>	<u>3,057,197</u>	<u>1,244,260</u>	<u>16,568,306</u>	<u>4,275,269</u>
Operating income (loss)	<u>896,298</u>	<u>(76,992)</u>	<u>120,747</u>	<u>133,278</u>	<u>1,073,331</u>	<u>417,017</u>
<b>Nonoperating Revenues (Expenses):</b>						
Investment income	121,820	171,177	71,574	14,004	378,575	12,164
Interest expense	(103,029)	(183,997)	(39,742)	(128,961)	(455,729)	-
Gain (loss) on disposal of capital assets	(31,255)	25,001	70	-	(6,184)	-
Total nonoperating revenue (expenses)	<u>(12,464)</u>	<u>12,181</u>	<u>31,902</u>	<u>(114,957)</u>	<u>(83,338)</u>	<u>12,164</u>
Income (loss) before contributions and transfers	883,834	(64,811)	152,649	18,321	989,993	429,181
Capital contributions	1,184,940	2,588,643	-	761,335	4,534,918	-
Transfers in	-	-	-	9,911	9,911	599,700
Transfers out	(877,511)	(1,022,514)	(45,200)	(29,400)	(1,974,625)	-
Change in net position	<u>1,191,263</u>	<u>1,501,318</u>	<u>107,449</u>	<u>760,167</u>	<u>3,560,197</u>	<u>1,028,881</u>
<b>Total Net Position - Beginning, as previously reported</b>	39,988,458	55,170,997	5,366,204	6,509,761		150,040
<b>Cumulative effect of change in accounting principle</b>	<u>(140,334)</u>	<u>(104,479)</u>	<u>(98,989)</u>	<u>(53,526)</u>		<u>-</u>
<b>Net position - beginning, as restated</b>	39,848,124	55,066,518	5,267,215	6,456,235		150,040
<b>Total Net Position - Ending</b>	<u>\$ 41,039,387</u>	<u>\$ 56,567,836</u>	<u>\$ 5,374,664</u>	<u>\$ 7,216,402</u>		<u>\$ 1,178,921</u>
Change in Net Position, per above					3,560,197	
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.					96,581	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements					<u>\$ 3,656,778</u>	

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

CITY OF CLERMONT, FLORIDA

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

Year Ended September 30, 2018

	<b>Business-Type Activities-Enterprise Funds</b>					<b>Governmental</b>
	<b>Water</b>	<b>Sewer</b>	<b>Sanitation</b>	<b>Stormwater</b>	<b>Total</b>	<b>Activities- Internal Service Fund</b>
<b>Cash Flows from Operating Activities:</b>						
Receipts from customers	\$ 6,524,443	\$ 6,770,573	\$ 3,209,153	\$ 1,347,685	\$ 17,851,854	\$ -
Receipts from internal services provided	-	-	-	-	-	4,690,383
Payments to suppliers	(2,696,387)	(2,236,536)	(1,377,184)	(612,759)	(6,922,866)	(4,273,715)
Payments to employees	(1,693,546)	(1,561,593)	(1,196,773)	(442,711)	(4,894,623)	-
Net cash provided (used) by operating activities	2,134,510	2,972,444	635,196	292,215	6,034,365	416,668
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Due from other funds	618,403	(2,425,000)	110,000	-	(1,696,597)	-
Due to other funds	-	-	-	1,806,597	1,806,597	-
Transfers in	-	-	-	-	-	599,700
Transfers out	(867,600)	(1,022,514)	(45,200)	(29,400)	(1,964,714)	-
Net cash provided (used) by non-capital financing activities	(249,197)	(3,447,514)	64,800	1,777,197	(1,854,714)	599,700
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Acquisition of capital assets	(2,303,125)	(3,846,241)	(579,337)	(5,295,248)	(12,023,951)	-
Sale of capital assets	17,247	25,001	70	-	42,318	-
Interest paid on long-term debt	(350,337)	(622,823)	(37,253)	(120,902)	(1,131,315)	-
Proceeds from bond payable	3,894,120	6,922,880	-	-	10,817,000	-
Principal paid on debt	(3,931,200)	(6,988,800)	-	-	(10,920,000)	-
Capital Grants	204,735	-	-	1,538,133	1,742,868	-
Fees and assessments received	1,184,940	2,588,643	-	-	3,773,583	-
Net cash provided (used) by capital and related financing activities	(1,283,620)	(1,921,340)	(616,520)	(3,878,017)	(7,699,497)	-

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

<b>Cash Flows from Investing Activities:</b>						
Sale (Purchase) of investments	998,681	1,864,878	526,348	2,022,261	5,412,168	516,712
Investment income	167,601	238,056	65,887	16,462	488,006	12,164
Net cash provided by investing activities	<u>1,166,282</u>	<u>2,102,934</u>	<u>592,235</u>	<u>2,038,723</u>	<u>5,900,174</u>	<u>528,876</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,767,975	(293,476)	675,711	230,118	2,380,328	1,545,244
<b>Cash and Cash Equivalents - beginning</b>	<u>2,822,621</u>	<u>4,873,659</u>	<u>826,666</u>	<u>38,232</u>	<u>8,561,178</u>	<u>7,624</u>
<b>Cash and Cash Equivalents - end</b>	<u>\$ 4,590,596</u>	<u>\$ 4,580,183</u>	<u>\$ 1,502,377</u>	<u>\$ 268,350</u>	<u>\$ 10,941,506</u>	<u>\$ 1,552,868</u>
<b>Classified As:</b>						
Cash and cash equivalents	\$ 3,742,815	\$ 3,836,303	\$ 1,434,404	\$ 45,585	\$ 9,059,107	\$ 1,554,034
Restricted cash and cash equivalents	847,781	743,880	67,973	222,765	1,882,399	-
Total	<u>\$ 4,590,596</u>	<u>\$ 4,580,183</u>	<u>\$ 1,502,377</u>	<u>\$ 268,350</u>	<u>\$ 10,941,506</u>	<u>\$ 1,554,034</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities</b>						
Operating income (loss)	<u>\$ 896,298</u>	<u>\$ (76,992)</u>	<u>\$ 120,747</u>	<u>\$ 133,278</u>	<u>\$ 1,073,331</u>	<u>\$ 417,017</u>
<b>Adjustments Not Affecting Cash:</b>						
Depreciation and amortization	1,413,119	2,749,266	396,368	516,850	5,075,603	-
<b>Change in Assets and Liabilities:</b>						
Decrease (Increase) in accts receivable	65,848	145,683	31,209	(29,853)	212,887	(1,903)
Increase in customer deposits	(2,670)	-	-	-	(2,670)	-
Decrease in prepaid costs	(1,710)	(3,351)	252	651	(4,158)	-
Decrease (Increase) in inventory	345,589	34,099	-	3,435	383,123	-
Increase (Decrease) in accounts payable	(654,756)	64,777	41,571	(357,488)	(905,896)	1,554
Increase in OPEB	61,157	49,075	46,748	20,186	177,166	-
Increase in accrued liabilities	11,635	9,887	(1,699)	5,156	24,979	-
Total adjustments	<u>1,238,212</u>	<u>3,049,436</u>	<u>514,449</u>	<u>158,937</u>	<u>4,961,034</u>	<u>(349)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 2,134,510</u>	<u>\$ 2,972,444</u>	<u>\$ 635,196</u>	<u>\$ 292,215</u>	<u>\$ 6,034,365</u>	<u>\$ 416,668</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>						
Increase (Decrease) in Fair Value of Investments	\$ (41,125)	\$ (59,951)	\$ 6,845	\$ (1,507)	\$ (95,738)	\$ -
transfer of capital assets capital assets	\$ (58,413)	\$ -	\$ -	\$ 9,911	\$ (48,502)	\$ -

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

CITY OF CLERMONT, FLORIDA

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

September 30, 2018

	<b>Total Employee Pension Funds</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 148,480
Investments:	
U.S. Government & other debt securities	11,767,006
Equities	34,705,990
Total investments	<u>46,472,996</u>
Accounts receivable	7,518
Total assets	<u>46,628,994</u>
<b>Liabilities:</b>	
Refunds payable and other	<u>-</u>
Total liabilities	<u>-</u>
<b>Net Position Restricted for Pensions</b>	<b><u><u>\$ 46,628,994</u></u></b>

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

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2018

	<b><u>Total Employee Pension Funds</u></b>
<b>Additions:</b>	
Contributions:	
Employer	\$ 2,428,897
Plan members	320,492
State	511,933
Total contributions	<u>3,261,322</u>
Investment earnings:	
Net decrease in fair value of investments	<u>3,417,261</u>
Total net investment earnings	<u>3,417,261</u>
Total additions	<u>6,678,583</u>
<b>Deductions:</b>	
Benefits/distributions	1,206,332
Administrative	122,630
Total deductions	<u>1,328,962</u>
<b>Change in Net Position</b>	5,349,621
<b>Net Position - beginning</b>	<u>41,279,373</u>
<b>Net Position - ending</b>	<u><u>\$ 46,628,994</u></u>

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



## ***NOTES TO FINANCIAL STATEMENTS***





**NOTES TO FINANCIAL STATEMENTS**

September 30, 2018

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

***A. Reporting Entity***

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

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

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

**The *City of Clermont* Community Redevelopment Fund:**

The *City of Clermont* created the Downtown Redevelopment Agency in May of 1997. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The City Council, being the duly elected governmental body for the designated area, passed Resolution 97-950, which established the *City of Clermont* as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area. Through Ordinance 359-M the City established the Community Redevelopment Trust Fund to account for all transactions generated by this special revenue fund. The *City of Clermont* Community Redevelopment Fund is presented as a blended component unit. The CRA is governed by a board of seven-the five members of the Clermont City Council and two individuals appointed by the City Council. On December 8, 2015, Ordinance No. 2015-77 passed and modification of the Community Redevelopment Plan was approved.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

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

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

The government reports the following funds:

**Major Governmental Funds**

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

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

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

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

**Nonmajor Governmental Fund Types**

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

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

*Cemetery Perpetual Care* accounts for activities of the City relative to cemetery maintenance at specified locations. Fund resources are restricted. Only earnings on invested resources may be used to support these activities. During the year the City adopted an Ordinance changing the Cemetery fund to a special revenue fund.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

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

**Major Proprietary Funds**

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

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

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

*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.

**Nonmajor Proprietary Funds**

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

**Fiduciary Funds**

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

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

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

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

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

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

**1. Deposits and Investments**

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

Investments of the City are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The City's investments consist of investments authorized per their investment policy adopted in accordance with Section 218.415, Florida Statutes.

**2. Receivables and Payables**

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

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

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

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

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

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

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

**3. Inventories and Prepaid Items**

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

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

**4. Restricted Assets**

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

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

**5. Capital Assets**

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

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

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

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

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

**6. Compensated Absences**

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

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

**7. Long-Term Obligations**

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

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

**8. Deferred Outflows/Inflows of Resources**

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

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



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

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

**9. Net Position Flow Assumptions**

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

**10. Fund Balance Flow Assumptions**

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

**11. Fund Balance Policies**

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

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

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

**11. Fund Balance Policies - (Continued)**

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

***New GASB Statements Implemented***

In fiscal year 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. Due to the implementation of GASB Statement No. 75, beginning net position of governmental activities has been decreased by \$1,318,250, Water, Sewer, Sanitation and Stormwater funds have been decreased by \$140,334, \$104,479, \$98,989 and \$53,526 respectively.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

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

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

Capital Outlay	\$ 6,610,157
Depreciation Expense	<u>(3,582,251)</u>
<i>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 3,027,906</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 position.” The details of this difference are as follows:

Principal Repayment	<u>\$ 978,791</u>
<i>Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 978,791</u>

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

Compensated Absences	\$ (103,091)
Other Post Employment Benefits	(573,219)
Accrued Interest Payable	<u>(33,606)</u>
<i>Net Adjustment to Decrease Net Changes in Fund Balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (709,916)</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

**A. Budgetary Information -**

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

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

The City includes a portion of the prior year's fund balances represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior periods' excess of revenues over expenditures. The City does not budget for capital outlay expenditures and other financing sources related to the acquisition of assets through notes payable.

***C. Expenditures in Excess of Appropriations -***

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

**Note 4 - Cash and Investments:**

***Deposits***

All bank deposits were fully covered by federal depository insurance or by collateral held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to "authorized depositories".

***Investments***

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

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

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

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

***Investments (Continued)***

- (f) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940.
- (g) Repurchase Agreements.
- (h) Other investments authorized by ordinance.

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

Investments made by the *City of Clermont* at September 30, 2018 are summarized below. Defined benefit pension plan investments, other than \$34,705,990 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	\$ 8,841,064	AA+	1.01 years
Federal Agency Mortgage-Backed Securities	511,327	AA+	9.31 years
Federal Agency Colateralized Mortgage Obligation	403,382	AA+	3.58 years
US Treasury Notes	9,117,205	AA+	1.64 years
Supra-National Agency Bond/Note	3,747,691	AAA	1.80 years
Corporate Note	7,737,183	BBB+/AA	1.89 years
Asset Backed Security	4,105,791	AAA/NR	3.17 years
Commercial Paper	1,346,925	A-1	33.80 days
FEITF	32,260,353	N/A	N/A
Pension Fixed Income Securities	11,767,006	AAf/S4	6.40 years
	<u>\$ 79,837,927</u>		

**Credit Risk:**

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

***Investments (Continued)***

Custodial Credit Risk:

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2018, all of the city's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2018, 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.

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The City uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets liabilities, or groups of assets and liabilities.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

***Investments (Continued)***

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the City's own data in measuring unobservable inputs.

The City has the following recurring fair value measurements as of September 30, 2018

Investments Valued by Fair Value Level		Quoted Prices in	Significant Other
		Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)
Federal Agency Bond	\$ 8,841,064	\$ -	\$ 8,841,064
Federal Agency Colateralized Mortgage Obligation	403,382	-	403,382
Federal Agency Mortgage-Backed Securities	511,327	-	511,327
US Treasury Notes	9,117,205	9,117,205	-
Supra-National Agency Bond/Note	3,747,691	-	3,747,691
Corporate Note	7,737,183	-	7,737,183
Asset Backed Security	4,105,791	-	4,105,791
Commercial Paper	1,346,925	-	1,346,925
Pension Fixed Income Securities	11,767,006	-	11,767,006
Pension Equity Securities	34,705,990	-	34,705,990
	<u>\$ 82,283,564</u>	<u>\$ 9,117,205</u>	<u>\$ 73,166,359</u>



CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

**Note 5 - Receivables:**

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

	<u>Accounts</u>	<u>Taxes</u>	<u>Other</u>	<u>Less Allowance for Uncollectible Accounts</u>	<u>Total</u>
General Fund	\$ 4,230,708	\$ 251,453	\$ 678,704	\$ (4,179,968)	\$ 980,897
Capital Projects Fund	-	-	17,367	-	17,367
Infrastructure Special Revenue Fund	-	-	1,246	-	1,246
Community Redevelopment Fund	-	-	663	-	663
Water Fund	354,379	-	75,560	(46,507)	383,432
Sewer Fund	571,531	-	34,003	(150,183)	455,351
Sanitation Fund	286,473	-	4,731	(45,334)	245,870
Stormwater Fund	132,577	-	380	(15,917)	117,040
Nonmajor Governmental Funds	-	-	51,851	-	51,851
Internal Service Fund	-	-	2,633	-	2,633
	<u>\$ 5,575,668</u>	<u>\$ 251,453</u>	<u>\$ 867,138</u>	<u>\$ (4,437,909)</u>	<u>\$ 2,256,350</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

**Note 6 - Capital Assets:**

Capital asset activity for the year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 24,773,111	\$ 1,279,401	\$ (701,528)	\$ 25,350,984
Construction in progress	1,545,514	2,889,501	(3,703,507)	731,508
Total capital assets, not being depreciated	<u>26,318,625</u>	<u>4,168,902</u>	<u>(4,405,035)</u>	<u>26,082,492</u>
Capital Assets, being depreciated:				
Buildings	31,753,931	62,130	(1,113,127)	30,702,934
Improvements/infrastructure	22,959,688	4,246,305	(10,183)	27,195,810
Machinery and equipment	14,611,560	2,030,998	(763,490)	15,879,068
Intangibles	1,017,424	21,669	-	1,039,093
Total capital assets being depreciated	<u>70,342,603</u>	<u>6,361,102</u>	<u>(1,886,800)</u>	<u>74,816,905</u>
Less Accumulated Depreciation for:				
Buildings	(10,044,287)	(1,204,503)	1,113,127	(10,135,663)
Improvements/infrastructure	(11,061,851)	(844,137)	10,183	(11,895,805)
Machinery and equipment	(8,673,574)	(1,628,264)	754,162	(9,547,676)
Intangibles	(861,352)	(73,185)	-	(934,537)
Total accumulated depreciation	<u>(30,641,064)</u>	<u>(3,750,089)</u>	<u>1,877,472</u>	<u>(32,513,681)</u>
Total capital assets being depreciated, net	<u>39,701,539</u>	<u>2,611,013</u>	<u>(9,328)</u>	<u>42,303,224</u>
Governmental activities capital assets, net	<u>\$ 66,020,164</u>	<u>\$ 6,779,915</u>	<u>\$ (4,414,363)</u>	<u>\$ 68,385,716</u>

Increases in accumulated depreciation for governmental activities includes accumulated depreciation on assets transferred from business-type activities, therefore total increases in accumulated depreciation is not the same as depreciation expense. This difference is \$167,838.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 1,084,037	\$ 427,770	\$ -	\$ 1,511,807
Construction in progress	6,198,282	8,535,353	(11,553,165)	3,180,470
Total capital assets, not being depreciated	<u>7,282,319</u>	<u>8,963,123</u>	<u>(11,553,165)</u>	<u>4,692,277</u>
Capital Assets, being depreciated:				
Buildings	307,937	13,294	-	321,231
Improvements/infrastructure	105,375,100	13,165,046	-	118,540,146
Machinery and equipment	8,470,184	1,317,893	(482,807)	9,305,270
Intangibles	315,461	117,760	-	433,221
Total capital assets being depreciated	<u>114,468,682</u>	<u>14,613,993</u>	<u>(482,807)</u>	<u>128,599,868</u>
Less Accumulated Depreciation for:				
Buildings	(47,294)	(14,292)	-	(61,586)
Improvements/infrastructure	(39,994,984)	(4,310,388)	-	(44,305,372)
Machinery and equipment	(4,860,044)	(723,314)	434,305	(5,149,053)
Intangibles	(150,177)	(27,609)	-	(177,786)
Total accumulated depreciation	<u>(45,052,499)</u>	<u>(5,075,603)</u>	<u>434,305</u>	<u>(49,693,797)</u>
Total capital assets being depreciated, net	<u>69,416,183</u>	<u>9,538,390</u>	<u>(48,502)</u>	<u>78,906,071</u>
Business-type activities capital assets, net	<u>\$ 76,698,502</u>	<u>\$ 18,501,513</u>	<u>\$ (11,601,667)</u>	<u>\$ 83,598,348</u>

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
General government	\$ 608,908
Public safety	1,737,513
Physical environment/transportation	281,970
Economic environment	43,306
Culture and recreation	910,554
Total Depreciation Expense - governmental activities	<u>\$ 3,582,251</u>
<b>Business-type Activities</b>	
Water	\$ 1,413,119
Sewer	2,749,266
Sanitation	396,368
Stormwater	516,850
Total Depreciation Expense - business-type activities	<u>\$ 5,075,603</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

**Note 7 - Long-Term Debt:**

***Bonds Payable***

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

The 2009 Water and Sewer Revenue and Refunding Bonds are secured by net revenue of the water and sewer system. The total principal and interest remaining to be paid on this series is \$1,496,014. For the fiscal year, principal and interest paid on this series was \$10,980,926 and total pledged revenue was \$5,274,688.

The City issued Water and Sewer Revenue and Refunding Bonds, Series 2017 in the amount of \$10,817,000 with interest of 2.38% to partially refund the Water and Sewer Revenue and Refunding Bond Series 2009. This bond is secured by the net revenue of the water and sewer system. The total principal and interest remaining to be paid on this series is \$12,778,656. For the fiscal year, principal and interest paid on this series was \$150,176 and total pledged revenue was \$5,274,688.

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

<b>Business-Type Activities</b>	<b>Interest Rates and Dates</b>	<b>Maturity</b>	<b>Original Amount</b>	<b>Balance September 30, 2018</b>
Water and Sewer Revenue Refunding Bonds, Series 2009	3.0 - 4.6%  (6/1 & 12/1)	12/1/2010 to 12/1/2030	<u>\$ 16,640,000</u>	\$ 1,445,000
Water and Sewer Revenue Refunding Bonds, Series 2017	2.38%  (6/1 & 12/1)	12/1/2018 to 12/1/2030	<u>\$ 10,817,000</u>	\$ 10,817,000
				<u>\$ 12,262,000</u>

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

Year Ending September 30,	<b>Business - Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2019	\$ 800,000	\$ 294,524
2020	828,000	267,059
2021	855,000	242,915
2022	879,000	222,280
2023	900,000	201,110
2024-2028	4,823,000	670,292
2029-2031	3,177,000	114,490
Total	<u>\$ 12,262,000</u>	<u>\$ 2,012,670</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

***Notes Payable***

The Public Improvement Refunding Revenue Note, Series 2012, are secured by public services taxes, communications service tax and half cent sales tax revenue. This Note was paid in full in the current year. For the fiscal year, principal and interest paid on this series was \$287,700 and total pledged revenue was \$6,730,871.

The City issued Public Improvement Refunding Revenue Note, Series 2016 in the amount of \$5,331,196 with interest of 2.03% to refund the Public Improvement Revenue Note, Series 2013. This note is secured by public services taxes and communications service tax. Total principal and interest remaining to be paid on this series is \$5,242,078. For the fiscal year, principal and interest paid on this series was \$477,053 and total pledged revenue was \$4,558,846.

The City issued Infrastructure Sales Surtax Revenue Note, Series 2016 in the amount of \$5,300,000 with interest of 2.12% to finance the costs of the acquisition and construction of a new municipal police station. This note is secured by the infrastructure sales surtax. Total principal and interest remaining to be paid on this series is \$5,439,208. For the fiscal year, principal and interest paid on this series was \$418,941 and total pledged revenue was \$3,397,707.

The City issued Master Plan Capital Projects Revenue Note, Series 2017 in the amount of \$30,000,000 with interest of 2.63% to fund master plan projects, Victory Pointe, Boat Ramp Relocation, Downtown Waterfront District Revitalization, Legacy Loop Trail Spur, Public Wi-Fi Network, Public Works Complex, and City Limits Entryway Signs. This note is secured by a covenant to budget and appropriate. Total principal and interest remaining to be paid on this series is \$36,298,784. For the fiscal year, principal and interest paid on this series was \$749,551.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

***Notes Payable (Continued)***

Revenue notes outstanding at year end are as follows:

<b>Governmental Activities</b>	<b>Interest Rates and Dates</b>	<b>Maturity</b>	<b>Original Amount</b>	<b>Balance September 30, 2018</b>
Public Improvement Refunding Revenue Note, Series 2016	2.03% (6/1 & 12/1)	12/1/2016 to 12/1/2028	<u>\$ 5,331,196</u>	4,698,355
Infrastructure Sales Surtax Revenue Note, Series 2016	2.12% (6/1 & 12/1)	12/1/2016 to 12/1/2030	<u>\$ 5,300,000</u>	4,754,475
Master Plan Capital Projects Revenue Note, Series 2017	2.63% (6/1 & 12/1)	12/1/2018 to 12/1/2032	<u>\$ 23,670,559</u>	23,670,559
				<u>\$ 33,123,389</u>
<b><u>Business-Type Activities</u></b>				
Master Plan Capital Projects Revenue Note, Series 2017	2.63% (6/1 & 12/1)	12/1/2018 to 12/1/2032	<u>\$ 6,329,441</u>	<u>\$ 6,329,441</u>

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

Year Ending September 30,	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 2,014,398	\$ 194,194	\$ 349,596	\$ 161,867
2020	2,063,756	744,560	358,879	152,550
2021	2,114,207	693,695	368,373	142,987
2022	2,164,966	641,584	377,868	133,174
2023	2,218,409	588,188	387,995	123,103
2024-2028	11,928,107	2,092,733	2,097,999	454,917
2029-2033	10,619,546	643,362	2,388,731	160,326
Total	<u>\$ 33,123,389</u>	<u>\$ 5,598,316</u>	<u>\$ 6,329,441</u>	<u>\$ 1,328,924</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2018 was as follows:

	Beginning Balance, as restated	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Public improvement revenue notes	\$ 5,362,337	\$ -	\$ (663,982)	\$ 4,698,355	\$ 385,511
Infrastructure revenue notes	5,069,284	-	(314,809)	4,754,475	321,483
Capital Projects revenue notes	23,670,559	-	-	23,670,559	1,307,404
Other post employment benefits	6,514,565	28,453	-	6,543,018	-
Net pension liability	11,236	-	(9,406)	1,830	-
Compensated absences	1,232,692	226,360	(123,269)	1,335,783	133,578
Governmental activity long-term liabilities	<u>\$ 41,860,673</u>	<u>\$ 254,813</u>	<u>\$ (1,111,466)</u>	<u>\$ 41,004,020</u>	<u>\$ 2,147,976</u>
<b>Business-type Activities</b>					
Bonds payable-					
Revenue bonds	\$ 12,365,000	\$ 10,817,000	\$ (10,920,000)	\$ 12,262,000	\$ 800,000
Premium	37,563	-	(31,660)	5,903	-
Total bonds payable	<u>12,402,563</u>	<u>10,817,000</u>	<u>(10,951,660)</u>	<u>12,267,903</u>	<u>800,000</u>
Capital Projects revenue notes	6,329,441	-	-	6,329,441	349,599
Other post employment benefits	2,132,378	8,794	-	2,141,172	-
Compensated absences	415,506	53,123	(41,551)	427,078	42,708
Business-type activity long-term liabilities	<u>\$ 21,279,888</u>	<u>\$ 10,878,917</u>	<u>\$ (10,993,211)</u>	<u>\$ 21,165,594</u>	<u>\$ 1,192,307</u>

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

Interfund transfers for the year ended September 30, 2018 consisted of the following:

Transfers Out:	Transfers In					Total
	General Fund	Capital Projects Fund	Stormwater Fund	Internal Service Fund	Nonmajor Govt	
General Fund	\$ -	\$ 960,445	\$ -	\$ 413,500	\$ 449,266	\$ 1,823,211
Infrastructure Fund	-	-	-	-	1,693,054	1,693,054
Community Redevelopment	-	-	-	1,400	-	1,400
Water Fund	846,800	-	9,911	20,800	-	877,511
Sewer Fund	989,914	-	-	32,600	-	1,022,514
Sanitation Fund	-	-	-	45,200	-	45,200
Stormwater Fund	-	-	-	29,400	-	29,400
Nonmajor Governmental	15,000	1,000,000	-	56,800	1,742,847	2,814,647
	<u>\$ 1,851,714</u>	<u>\$ 1,960,445</u>	<u>\$ 9,911</u>	<u>\$ 599,700</u>	<u>\$ 3,885,167</u>	<u>\$ 8,306,937</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

**Note 8 - Interfund Receivables, Payables and Transfers (Continued):**

The majority of the transfers were to fund other capital projects and debt service payments. Transfers from the Water Fund and Sewer Fund to the General Fund were based on a percentage of water and sewer sales. The transfers from various funds to the Internal Service Fund were lump sum transfers of city contributions to the Group Medical Self Insurance Fund.

The composition of interfund advances as of September 30, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 355,522
Community Redevelopment	Internal Service Fund	1,676
Other Governmental	Internal Service Fund	12,393
Water Fund	Internal Service Fund	49,851
Sewer Fund	Internal Service Fund	40,139
Sanitation Fund	Internal Service Fund	25,687
Stormwater Fund	Internal Service Fund	14,732
Sewer Fund	Stormwater Fund	2,425,000
Sanitation Fund	General Fund	617,127
		<u>\$ 3,542,127</u>

The balance due to the Sanitation fund from the General Fund is a result of an interfund loan for the purchase of a fire truck to be repaid over ten years. The balance due to the Sewer fund from the Stormwater fund is for the upfront construction costs on the Victory Pointe project that will be funded from various grants upon the completion of the project.

**Note 9 - Retirement Plans:**

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

With recent adoption by the Florida Legislation of Chapter 2015-39, Laws of Florida, a separate Defined Contribution component of the Police and Fire Retirement Plans was established on October 1, 2015 and will provide special benefits in the form of a supplemental retirement, termination, death and disability benefits to be funded solely and entirely by premium tax monies. The Share Plan benefits are additional to the benefits currently provided by the defined benefit component currently provided. Funds will be allocated to eligible members on each valuation date based on an individual's total years of credited service to the sum of all individuals to whom allocations are being made.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

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

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

**A. General Employees -**

**Contributions** - The City's actuarially determined contribution rate per the October 1, 2016 actuarial valuations is \$8,767 for general employees. Administrative costs are deducted from the net position of the plan.

*Summary of Significant Accounting Policies*

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

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

**Plan Membership** - At September 30, 2018 plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	7
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Active Plan Members	-
	<hr/>
	<u>7</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

**A. General Employees (Continued) -**

*Net Pension Liability of the City* - The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability (asset) of the sponsor on September 30, 2018 were as follows:

Total Pension Liability	\$ 325,092
Plan Fiduciary Net Position	(323,262)
Sponsor's Net Pension Liability (Asset)	<u>\$ 1,830</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	99.44%

*Actuarial Assumptions* - The total pension liability was determined by an actuarial valuation as of October 1, 2016, updated September 30, 2018 using the following actuarial assumptions:

Inflation	2.92%
Salary Increases	0.00%
Investment Rate of Return	7.00%

Mortality rates were based on the sex-distinct rates set forth in the RP-2000 Combined Mortality Table with full generational improvements in mortality using Scale BB.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

**A. General Employees (Continued) -**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Core Bonds	16%	0.58%
Multi-sector	24%	1.08%
U.S. Large Cap Equity	39%	6.08%
U.S. Small Cap Equity	11%	6.83%
Non-U.S. Equity	10%	6.83%
Total	100%	

*Discount rate* - The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

**A. General Employees (Continued) -**

*Changes in Net Pension Liability*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2017	\$ 359,861	\$ 348,625	\$ 11,236
Changes Due to:			
Service Cost	-	-	-
Expected interest growth	22,569	23,214	(645)
Unexpected investment income	-	1,675	(1,675)
Demographic experience	-	-	-
Employer contributions	-	8,767	(8,767)
Benefit payments and refunds	(57,338)	(57,338)	-
Administrative expenses	-	(1,681)	1,681
Assumption changes	-	-	-
Balance at September 30, 2018	<u>\$ 325,092</u>	<u>\$ 323,262</u>	<u>\$ 1,830</u>

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

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
General Pension Plan Net Pension Liability	\$ 55,881	\$ 1,830	\$ 19,146

*Deferred outflows and inflows of resources*

For the year ended September 30, 2018 the City will recognize a pension expense of \$108,698. On September 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and actual Earnings on Pension Plan Investments	7,190	16,266
	<u>\$ 7,190</u>	<u>\$ 16,266</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

**A. General Employees (Continued) -**

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

Year ended September 30:

2019	\$	2,019
2020		(5,170)
2021		(4,215)
2022		(1,710)
2023		-
Thereafter		-

**B. Police Officers' Retirement -**

The police officers' defined benefit pension plan is a local law, single employer, defined benefit pension plans as defined under Florida Statutes, Chapters 175 and 185, which covers all sworn police officers. Employees are eligible to participate in the plan immediately upon employment with the City, and they are vested in the plan after ten years of service.

The plan is administered by a board of Trustees.

*Contributions* - The City's actuarially determined contribution rate per the October 1, 2016 actuarial valuation. Employees must contribute 3% of pensionable earnings. Administrative costs are deducted from the net position of the plan. Contributions from the State received under Florida State Statutes 175 and 185 amounted to \$318,560 in 2018 and were recorded as revenue and expenditures in the general fund.

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

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

***B. Police Officers' Retirement (Continued) -***

*Plan Membership* - At September 30, 2018 plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	18
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	14
Active Plan Members	65
	<u>97</u>

*Net Pension Liability of the City* - The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability (asset) of the sponsor on September 30, 2018 were as follows:

Total Pension Liability	\$ 17,658,942
Plan Fiduciary Net Position	<u>(18,326,157) *</u>
Sponsor's Net Pension Liability (Asset)	<u>\$ (667,215)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	103.78%

\* does not include Share Plan balances or excess chapter 175/185 contributions

*Actuarial Assumptions* - The total pension liability was determined by an actuarial valuation as of October 1, 2016, updated September 30, 2018 using the following actuarial assumptions:

Inflation	2.92%
Salary Increases	5.50%
Investment Rate of Return	7.00%

Mortality rates were based on the sex-distinct rates set forth in the RP-2000 Blue Collar Mortality Table, with full generational improvements in mortality using Scale BB.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

***B. Police Officers' Retirement (Continued) -***

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Core Bonds	16%	0.58%
Multi-sector	24%	1.08%
U.S. Large Cap Equity	39%	6.08%
U.S. Small Cap Equity	11%	6.83%
Non-U.S. Equity	10%	6.83%
Total	100%	

*Discount rate* - The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at September 30, 2017	\$ 16,036,239	\$ 16,448,667	\$ (412,428)
Changes Due to:			
Service Cost	941,659	-	941,659
Expected interest growth	1,170,292	1,173,160	(2,868)
Unexpected investment income	-	72,128	(72,128)
Demographic experience	(108,041)	-	(108,041)
Employer contributions	-	944,540	(944,540)
Employee contributions	-	120,269	(120,269)
Benefit payments and refunds	(381,207)	(381,207)	-
Administrative expenses	-	(51,400)	51,400
Assumption changes	-	-	-
Balance at September 30, 2018	\$ 17,658,942	\$ 18,326,157	\$ (667,215)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

**B. Police Officers' Retirement (Continued) -**

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Police Pension Net Pension Liability	\$ 1,892,919	\$ (667,215)	\$ (2,753,150)

*Deferred outflows and inflows of resources*

For the year ended September 30, 2018 the City will recognize a pension expense of \$1,355,597. On September 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 464,826
Changes of assumptions	2,439,916	-
Net difference between projected and actual earnings on pension plan investments	234,536	676,436
	<u>\$ 2,674,452</u>	<u>\$ 1,141,262</u>

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

Year ended September 30:

2019	\$ 368,319
2020	133,783
2021	174,095
2022	353,467
2023	363,969
Thereafter	139,557

*Deferred Retirement Option Program (DROP) - DROP is available to participants who have attained their normal retirement age and individuals may participate in the DROP for up to 60 months; DROP accounts are credited with interest at the rate of 6.50% per annum. The Police DROP balance as of September 30, 2018 is \$41,894.*



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

***C. Firefighters' Retirement -***

The firefighters' defined benefit pension plan is a local law, single employer, defined benefit pension plans as defined under Florida Statutes, Chapters 175 and 185, which covers all full time and volunteer firefighters employed by the City. Employees are eligible to participate in the plan immediately upon employment with the City, and they are vested in the plan after ten years of service.

The plan is administered by a board of Trustees.

*Contributions* - The City's actuarially determined contribution rate per the October 1, 2016 actuarial valuation. Employees must contribute 4% of pensionable earnings. Administrative costs are deducted from the net position of the plan. Contributions from the State received under Florida State Statutes 175 and 185 amounted to \$193,373 in 2018 and were recorded as revenue and expenditures in the general fund.

*Benefits Provided* - The plan provides retirement, disability, and pre-retirement death benefits. Normal retirement is defined as the attainment of age 55 and 10 years of service, or 20 years of service, regardless of age. The normal retirement benefit is the number of years of credited service prior to October 1, 2002 multiplied by 2.25%, and the number of years of credited service after October 1, 2002 multiplied by 3%, and multiplied by the average final monthly compensation. Volunteer firefighters earn a minimum benefit of \$5 for each year of service. Early retirement is defined as attainment of age 50 and 10 years of service; however, the early retirement benefit is reduced by 3% for each year before the normal retirement date. Employees are 50% vested after five years of service, increasing at the rate of 10% per year, up to 100% vesting after 10 years of service. Disability benefits are the larger of the basic pension formula or 42% of average earnings for service connected disabilities. For non-service connected disabilities, benefits are the larger of the basic pension formula or 25% of average earnings, and require 10 years of service. Disability pension is offset as necessary to preclude the total of the participant's worker's compensation, disability pension, and other City-financed disability or salary continuation benefit (excluding social security benefits) from exceeding average earnings. Pre-retirement death benefits for vested members are the vested portion of the basic pension formula, reduced for payment prior to normal retirement age (payable for 10 years certain to the beneficiary of a vested participant). For non-vested participants, the benefit is the return of accumulated employee contributions.

*Plan Membership* - At September 30, 2018 plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	60
Active Plan Members	57
	<u>118</u>

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

**C. Firefighters' Retirement (Continued) -**

*Net Pension Liability of the City* - The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability (asset) of the sponsor on September 30, 2018 were as follows:

Total Pension Liability	\$ 15,158,798
Plan Fiduciary Net Position	<u>(16,128,326) *</u>
Sponsor's Net Pension Liability (Asset)	<u>\$ (969,528)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	106.40%

\* does not include Share Plan balances or excess chapter 175/185 contributions

*Actuarial Assumptions* - The total pension liability was determined by an actuarial valuation as of October 1, 2016, updated September 30, 2018 using the following actuarial assumptions:

Inflation	2.92%
Salary Increases	5.50%
Investment Rate of Return	7.00%

Mortality rates were based on the sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

**C. Firefighters' Retirement (Continued) -**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Core bonds	16%	0.58%
Multi-sector	24%	1.08%
U.S. Large Cap Equity	39%	6.08%
U.S. Small Cap Equity	11%	6.83%
Non-U.S. Equity	10%	6.83%
Total	100%	

*Discount rate* - The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2017	\$ 13,283,379	\$ 13,647,332	\$ (363,953)
Changes Due to:			
Service Cost	1,025,516	-	1,025,516
Expected interest growth	996,576	1,004,101	(7,525)
Unexpected investment income	-	58,977	(58,977)
Demographic experience	(121,553)	-	(121,553)
Employer contributions	-	1,278,757	(1,278,757)
Employee contributions	-	200,118	(200,118)
Benefit payments and refunds	(25,120)	(25,120)	-
Administrative expenses	-	(35,839)	35,839
Assumption changes	-	-	-
Balance at September 30, 2018	\$ 15,158,798	\$ 16,128,326	\$ (969,528)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

**C. Firefighters' Retirement (Continued) -**

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

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Fire Pension Net Pension Liability	\$ 1,474,164	\$ (969,528)	\$ (2,934,826)

*Deferred outflows and inflows of resources*

For the year ended September 30, 2018 the City will recognize a pension expense of \$1,210,528. On September 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 455,793	\$ 279,492
Changes of assumptions	2,165,760	-
Net difference between projected and actual earnings on pension plan investments	<u>170,437</u>	<u>589,971</u>
	<u>\$ 2,791,990</u>	<u>\$ 869,463</u>

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

Year ended September 30:

2019	\$ 356,817
2020	186,379
2021	220,380
2022	378,642
2023	390,438
Thereafter	389,871

*Deferred Retirement Option Program (DROP) - DROP is available to participants who have attained their normal retirement age and individuals may participate in the DROP for up to 60 months; DROP accounts are credited with interest at the rate of 6.50% per annum. The Fire DROP balance as of September 30, 2018 is \$0.*

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

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

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

Covered payroll for this Plan for fiscal year 2018 was \$7,615,795; the City's total payroll for City employees was \$17,388,580.

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 2018 was \$640,469.

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

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

As of October 1, 2017, the valuation date, there were 285 active employees and 8 inactive employees currently receiving benefits. The OPEB liability of \$8,684,190 was measured as of September 30, 2018 and was determined by the actuarial valuation. The covered payroll was \$14,293,247, and the ratio of Net OPEB liability as a percentage of covered payroll was 65.09%.

**Summary of Actuarial Methods & Assumptions:**

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

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

The Other Postemployment Benefits Liability and Related Ratios Schedule, immediately following the notes to the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time. The schedule includes one year.

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

The Total liability was determined using the following actuarial assumptions and other inputs, applied to all periods include in the measurement unless otherwise specified:

Initial Health Care Cost Trend Rate	9.50%
Ultimate Health Care Cost Trend Rate	5.00%
Fiscal Year the Ultimate Rate is Reached	Fiscal year 2027

**Additional Information**

Valuation Date	October 1, 2016
Actuarial Cost Method	Entry Age Normal
Discount Rate*	3.64%
Inflation Rate	9.50%
Salary Rate Increase	2%
Funded Ratio (Fiduciary Net Position as a percentage of Total OPEB Liability)	NA
Covered Payroll	\$ 14,293,247
Net OPEB Liability as a Percentage of Covered Payroll	65.09%

\* The discount rate was based on the index provided by Bond Buyer 20-Bond General Obligation Index based on the 20 year AA municipal bond rate as of October 1, 2016.

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

Below are the details regarding the Total OPEB liability for the measurement period from October 1, 2017, to September 30, 2018.

	<b>Total OPEB Liability</b>
Balance as of 9/30/2017 <sup>(1)</sup>	\$ 8,646,943
Changes for the year:	
Service Cost	496,316
Interest	312,754
Difference Between Expected & Actual Experience	-
Changes of Assumptions and Other Inputs	(662,223)
Benefit Payments <sup>(2)</sup>	(109,600)
Other Changes	-
Net Changes	<u>\$ 37,247</u>
Balance as of 9/30/2018	<u>\$ 8,684,190</u>

(1) Fiscal Year 2016 results calculated one year later using a 3.64% Discount Rate index as of 9/30/2017.

(2) Includes the Implicit Rate Subsidy.

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher than the current discount rate:

	Decrease 2.64%	Discount Rate 3.64%	Increase 4.64%
Total OPEB Liability	\$ 9,621,785	\$ 8,684,190	\$ 7,158,464

The following presents the total liability of the city using the 2018 healthcare cost trend rate of 4.93 percent, as well as what the City's OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rates:

	Decrease 1%	Health Care Trend	Increase 1%
Total OPEB Liability	\$ 7,166,916	\$ 8,684,190	\$ 10,586,445

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

For the fiscal year ended September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 894,166	\$ -
Changes of assumptions	<u>-</u>	<u>571,879</u>
Total	<u>\$ 894,166</u>	<u>\$ 571,879</u>

Amounts reported as deferred outflows or resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

<u>Fiscal Year Ending September 30,</u>	
2019	\$ 50,915
2020	50,915
2021	50,915
2022	50,915
2023	50,915
Thereafter	67,712

Postemployment benefits (OPEB's) - The City provides optional postemployment healthcare, dental and life insurance coverage to eligible individuals.

Eligible individuals - Employees of the City who are eligible for retirement or disability retirement under the City's retirement plans may elect to participate in the City-sponsored insurance plans (healthcare, dental and life) at their cost.

Retired monthly premiums for postemployment insurance coverage - retirees must pay monthly premiums as determined by the insurance carriers. Failure to pay insurance premiums will result in termination of insurance coverage without the ability to reinstate such coverage.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

**Note 11 - Risk Management:**

During fiscal year 1990, the City established an internal service fund to account for its uninsured risk of loss for employee medical and dental coverage. Under this program, the fund provides coverage for the first \$165,000 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 \$4,613,819.

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

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

The claims liability of \$223,114 represents claims processed through October 2018 which were applicable to the current fiscal year and any additional claims are deemed immaterial. Changes to the current claims liability are as follows:

	<b><u>2018</u></b>	<b><u>2017</u></b>
Claims Liabilities, beginning of year	\$ 221,560	\$ 145,519
Incurred Claims	4,223,809	4,696,777
Payments on Claims	<u>(4,222,255)</u>	<u>(4,620,736)</u>
Claims Liabilities, end of year	<u>\$ 223,114</u>	<u>\$ 221,560</u>

**Note 12 - Commitments and Contingencies:**

**Litigation** - The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2018. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

**Note 13 - Fund Balances:**

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

**Nonspendable**

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

**Spendable Fund Balance**

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

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

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

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

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

CITY OF CLERMONT, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2018

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

At September 30, 2018, the City's governmental fund balances were as follows:

	General Fund	Capital Projects	Infrastructure Special Revenue Fund	Community Redevelopment Special Revenue Fund	Other Governmental Funds	Total
Fund Balances						
Nonspendable						
Inventory/prepays	\$ 285,906	\$ -	\$ -	\$ 827	\$ 2,694	\$ 289,427
Advances	355,522	-	-	-	-	355,522
Spendable						
Restricted for:						
Police	227,635	-	-	-	598,874	826,509
Fire	-	-	-	-	737,694	737,694
Building Services	-	-	-	-	1,453,032	1,453,032
Culture and recreation	-	-	-	-	1,221,054	1,221,054
Community redevelopment	-	-	-	395,828	-	395,828
Infrastructure	-	-	963,138	-	-	963,138
Debt service	-	-	-	-	1,743,293	1,743,293
Cemetery	-	-	-	-	1,248,023	1,248,023
Assigned for:						
Capital projects	-	21,719,949	-	-	-	21,719,949
Police donations	3,398	-	-	-	-	3,398
Unassigned	7,103,578	-	-	-	-	7,103,578
	<u>\$ 7,976,039</u>	<u>\$ 21,719,949</u>	<u>\$ 963,138</u>	<u>\$ 396,655</u>	<u>\$ 7,004,664</u>	<u>\$ 38,060,445</u>



***REQUIRED SUPPLEMENTAL INFORMATION***



CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2018

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**

Last 10 Fiscal Years\*

	<u>9/30/2018</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 496,316
Interest	312,754
Differences between expected and actual experience	-
Changes of assumptions	(662,223)
Benefit Payments (2)	(109,600)
Other changes	-
<b>Net change in total OPEB liability</b>	<u>37,247</u>
<b>Total OPEB liability, beginning (1)</b>	<u>8,646,943</u>
<b>Total OPEB liability, ending</b>	<u><u>\$ 8,684,190</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%
Covered payroll	\$ 14,293,247
Net OPEB liability as a percentage of covered payroll	60.76%

Notes to Schedule:

(1) Fiscal Year 2016 results calculated one year later using a 3.35% Discount Rate index as of 9/30/2017.

(2) Includes the Implicit Rate Subsidy.

\*only one year of data is available

CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2018

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

Last 10 Fiscal Years\*

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
<b>Total Pension Liability</b>					
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	22,569	22,569	22,224	29,060	28,229
Changes in Excess State Money	-	-	-	-	-
Differences Between Expected and Actual Experience	-	17,118	12,118	40,676	-
Changes of Assumptions	-	28,462	31,161	(10,549)	-
Benefit Payments, including refunds of employee contributions	(57,338)	(57,338)	(61,435)	(63,484)	(56,412)
Net Change in Total Pension Liability	(34,769)	10,811	4,068	(4,297)	(28,183)
Total Pension Liability-beginning	359,861	349,050	344,982	349,279	377,462
Total Pension Liability-ending (a)	<u>\$ 325,092</u>	<u>\$ 359,861</u>	<u>\$ 349,050</u>	<u>\$ 344,982</u>	<u>\$ 349,279</u>
<b>Plan Fiduciary Net Position</b>					
Contributions-employer	8,767	8,767	-	-	-
Contributions-state	-	-	-	-	-
Contributions-employee	-	-	-	-	-
Net Investment Income	24,889	44,469	29,829	2,613	40,560
Benefit Payments, including refunds of employee contributions	(57,338)	(57,338)	(61,435)	(63,484)	(66,212)
Administrative Expense	(1,681)	(5,457)	(1,757)	(6,508)	(3,136)
Other	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(25,363)	(9,559)	(33,363)	(67,379)	(28,788)
Plan Fiduciary Net Position - beginning	348,625	358,184	391,547	458,926	487,714
Plan Fiduciary Net Position - ending (b)	<u>\$ 323,262</u>	<u>\$ 348,625</u>	<u>\$ 358,184</u>	<u>\$ 391,547</u>	<u>\$ 458,926</u>
Net Pension Liability - ending (a)- (b)	<u>\$ 1,830</u>	<u>\$ 11,236</u>	<u>\$ (9,134)</u>	<u>\$ (46,565)</u>	<u>\$ (109,647)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.44%	96.88%	102.62%	113.50%	131.39%
Covered-employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A

\* only five years of data available



CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2018

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

Last 10 Fiscal Years\*

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
<b>Total Pension Liability</b>					
Service Cost	\$ 941,659	\$ 941,659	\$ 836,661	\$ 560,680	\$ 524,531
Interest	1,170,292	1,049,633	749,652	860,884	723,246
Changes in Excess State Money	-	-	-	-	-
Differences Between Expected and Actual Experience	(108,041)	(204,387)	(211,987)	(162,697)	-
Changes of Assumptions	-	576,133	3,155,202	-	-
Benefit Payments, including refunds of employee contributions	(381,207)	(640,378)	(342,697)	(298,559)	(532,943)
Net Change in Total Pension Liability	1,622,703	1,722,660	4,186,831	960,308	714,834
Total Pension Liability-beginning	16,036,239	14,313,579	10,126,748	9,166,440	8,451,606
Total Pension Liability-ending (a)	<u>\$ 17,658,942</u>	<u>\$ 16,036,239</u>	<u>\$ 14,313,579</u>	<u>\$ 10,126,748</u>	<u>\$ 9,166,440</u>
<b>Plan Fiduciary Net Position</b>					
Contributions-employer	944,540	756,302	632,411	281,722	411,953
Contributions-state	-	-	-	240,486	217,653
Contributions-employee	120,269	116,332	108,806	99,188	95,733
Net Investment Income	1,245,288	1,908,188	1,115,432	(14,779)	1,043,670
Benefit Payments, including refunds of employee contributions	(381,207)	(640,378)	(342,697)	(298,559)	(334,599)
Administrative Expense	(51,400)	(49,645)	(30,651)	(54,494)	(31,851)
Other	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,877,490	2,090,799	1,483,301	253,564	1,402,559
Plan Fiduciary Net Position - beginning	16,448,667	14,357,868	12,874,567	12,621,003	11,218,444
Plan Fiduciary Net Position - ending (b)	<u>\$ 18,326,157</u>	<u>\$ 16,448,667</u>	<u>\$ 14,357,868</u>	<u>\$ 12,874,567</u>	<u>\$ 12,621,003</u>
Net Pension Liability - ending (a) - (b)	<u>\$ (667,215)</u>	<u>\$ (412,428)</u>	<u>\$ (44,289)</u>	<u>\$ (2,747,819)</u>	<u>\$ (3,454,563)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.78%	102.57%	100.31%	127.13%	137.69%
Covered-employee Payroll	\$ 3,366,613	\$ 3,366,613	\$ 3,366,613	\$ 3,108,552	\$ 2,424,191
Net Pension Liability as a Percentage of Covered Employee Payroll	-19.82%	-12.25%	-1.32%	-88.40%	-142.50%

\* only five years of data available

CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2018

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

Last 10 Fiscal Years\*

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
<b>Total Pension Liability</b>					
Service Cost	\$ 1,025,516	\$ 1,025,516	\$ 784,710	\$ 524,325	\$ 596,543
Interest	996,576	782,004	515,458	553,753	530,089
Changes in Excess State Money	-	-	-	-	-
Differences Between Expected and Actual Experience	(121,553)	633,143	(208,729)	(67,286)	-
Changes of Assumptions	-	634,356	2,505,255	-	-
Benefit Payments, including refunds of employee contributions	(25,120)	(4,513)	(1,324)	(945)	(81,466)
Net Change in Total Pension Liability	1,875,419	3,070,506	3,595,370	1,009,847	1,045,166
Total Pension Liability-beginning	13,283,379	10,212,873	6,617,503	5,607,656	4,562,490
Total Pension Liability-ending (a)	<u>\$ 15,158,798</u>	<u>\$ 13,283,379</u>	<u>\$ 10,212,873</u>	<u>\$ 6,617,503</u>	<u>\$ 5,607,656</u>
<b>Plan Fiduciary Net Position</b>					
Contributions-employer	1,278,757	797,699	491,818	646,065	438,902
Contributions-state	-	-	-	181,292	175,931
Contributions-employee	200,118	238,785	279,064	141,632	86,520
Net Investment Income	1,063,078	1,599,687	858,136	(32,699)	704,467
Benefit Payments, including refunds of employee contributions	(25,120)	(4,513)	(1,324)	(945)	(756)
Administrative Expense	(35,839)	(49,761)	(28,346)	(40,885)	(24,109)
Other	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,480,994	2,581,897	1,599,348	894,460	1,380,955
Plan Fiduciary Net Position - beginning	13,647,332	11,065,435	9,466,087	8,571,627	7,190,672
Plan Fiduciary Net Position - ending (b)	<u>\$ 16,128,326</u>	<u>\$ 13,647,332</u>	<u>\$ 11,065,435</u>	<u>\$ 9,466,087</u>	<u>\$ 8,571,627</u>
Net Pension Liability - ending (a) - (b)	<u>\$ (969,528)</u>	<u>\$ (363,953)</u>	<u>\$ (852,562)</u>	<u>\$ (2,848,584)</u>	<u>\$ (2,963,971)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.40%	102.74%	108.35%	143.05%	152.86%
Covered-employee Payroll	\$ 3,602,745	\$ 3,602,745	\$ 2,798,049	\$ 2,798,049	\$ 2,798,049
Net Pension Liability as a Percentage of Covered Employee Payroll	-26.91%	-10.10%	-30.47%	-101.81%	-105.93%

\* only five years of data available

CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2018

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

Last 10 Fiscal Years\*

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 8,767	\$ 8,767	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution	8,767	8,767	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	-	-	-	-	-
Contributions as a Percentage of Covered employee Payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation Date 10/1/2016  
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Aggregate
Amortization Method	Level Percentage of Pay, open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Inflation	2.92%
Salary Increases	N/A
Interest Rate	7% per year, compounded annually, net of investment expenses

<b>Schedule of Investment Returns</b>	<b>9/30/2018</b>	<b>9/30/2017</b>	<b>9/30/2016</b>	<b>9/30/2015</b>	<b>9/30/2014</b>
Annual money-weighted rate of return, net of investment expenses	7.00%	4.08%	4.08%	5.48%	8.55%

\* only five years of data available

CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2018

**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS  
POLICE**

Last 10 Fiscal Years\*

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially Determined Contribution	\$ 905,229	\$ 875,593	\$ 640,139	\$ 583,559	\$ 629,606
Contributions in Relation to the Actuarially Determined Contribution	944,540	756,302	632,411	522,208	670,126
Contribution Deficiency (Excess)	<u>\$ (39,311)</u>	<u>\$ 119,291</u>	<u>\$ 7,728</u>	<u>\$ 61,351</u>	<u>\$ (40,520)</u>
Covered Employee Payroll	3,366,613	3,366,613	3,366,613	3,108,552	3,108,552
Contributions as a Percentage of Covered Employee Payroll	28.06%	22.46%	18.78%	16.80%	21.56%

Notes to Schedule

Valuation Date 10/1/2016  
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Aggregate
Amortization Method	Level Percentage of Pay, open
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Salary Increases	5.50% per annum
Interest Rate	7% per annum (2.92% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments
Retirement	20% of eligible participants are assumed to retire at each of ages 52 through 54 and 100% of eligible participants are assumed to retire at normal
Other Decrements	Assumed employment termination is based on age and ranges from 5.00% at age 20 to 0.00% at age 50 Assumed disability is based on age and ranges from 0.03% at age 20 to 0.18% at age 50; 75% of disabilities are assumed to be service-connected
Mortality	Sex-distinct rates set forth in the RP-2000 Blue Collar Mortality Table, with full generational improvements in mortality using Scale BB
Non-investment Expenses	Liabilities have been loaded by 1.50% to account for non-investment expenses
Future Contributions	Contributions from the employer and employees are assumed to be made as legally required.

<b>Schedule of Investment Returns</b>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual money-weighted rate of return, net of investment expenses	7.00%	4.08%	4.08%	5.48%	8.55%

\* only five years of data available

CITY OF CLERMONT, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2018

**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS  
FIRE**

Last 10 Fiscal Years\*

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially Determined Contribution	\$1,284,255	\$1,113,095	\$ 647,476	\$ 603,000	\$ 614,833
Contributions in Relation to the Actuarially Determined Contribution	1,278,757	797,699	491,818	827,357	668,800
Contribution Deficiency (Excess)	<u>\$ 5,498</u>	<u>\$ 315,396</u>	<u>\$ 155,658</u>	<u>\$ (224,357)</u>	<u>\$ (53,967)</u>
Covered Employee Payroll	3,602,745	3,602,745	2,798,049	2,798,049	2,798,049
Contributions as a Percentage of Covered Employee Payroll	35.49%	22.14%	17.58%	29.57%	23.90%

Notes to Schedule

Valuation Date 10/1/2016

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Aggregate
Amortization Method	Level Percentage of Pay, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Salary Increases	5.50% per annum
Interest Rate	7% per annum (2.92% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments
Retirement	20% of eligible participants are assumed to retire at each of ages 52 through 54 and 100% of eligible participants are assumed to retire at normal
Other Decrements	Assumed employment termination is based on age and ranges from 4.30% at age 20 to 0.00% at age 50 Assumed disability is based on age and ranges from 0.03% at age 20 to 0.18% at age 50; 75% of disabilities are assumed to be service-connected
Mortality	Sex-distinct rates set forth in the RP-2000 Blue Collar Mortality Table, with full generational improvements in mortality using Scale BB
Non-investment Expenses	Liabilities have been loaded by 1.75% to account for non-investment expenses
Future Contributions	Contributions from the employer and employees are assumed to be made as legally required.

<b>Schedule of Investment Returns</b>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual money-weighted rate of return, net of investment expenses	7.00%	4.08%	4.08%	5.48%	8.55%

\* only five years of data available



***COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES***





## **Major Governmental Funds**

### **CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Capital Projects Fund** – to account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenues	\$ 400,000	\$ 1,273,000	\$ 908,000	\$ (365,000)
Investment earnings	10,785	10,785	309,435	298,650
Total revenues	410,785	1,283,785	1,217,435	(66,350)
<b>Expenditures:</b>				
Current:				
General government	-	-	9,495	(9,495)
Capital Outlay:				
Physical environment	8,180,135	8,180,135	1,394,151	6,785,984
Economic environment	16,127,312	16,198,174	2,690,514	13,507,660
Total expenditures	24,307,447	24,378,309	4,094,160	20,284,149
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(23,896,662)</b>	<b>(23,094,524)</b>	<b>(2,876,725)</b>	<b>20,217,799</b>
<b>Other Financing Sources:</b>				
Transfers in	3,285,000	3,285,000	1,960,445	(1,324,555)
Total other financing sources	3,285,000	3,285,000	1,960,445	(1,324,555)
<b>Net Change in Fund Balance</b>	<b>(20,611,662)</b>	<b>(19,809,524)</b>	<b>(916,280)</b>	<b>18,893,244</b>
<b>Fund Balances - beginning</b>	<b>22,636,229</b>	<b>22,636,229</b>	<b>22,636,229</b>	<b>-</b>
<b>Fund Balances - ending</b>	<b>\$ 2,024,567</b>	<b>\$ 2,826,705</b>	<b>\$ 21,719,949</b>	<b>\$ 18,893,244</b>

## Nonmajor Governmental Funds

### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

**Recreation Impact Fees Fund** – to account for recreation impact fees collected from new developments constructed in the City.

**Police Impact Fees Fund** – to account for police impact fees collected from new developments constructed in the City.

**Fire Impact Fees Fund** – to account for fire impact fees collected from new developments constructed in the City.

**Building Services Fund** – to account for the operations of the City's building permits and inspection services.

**Fire Inspection Fund** – to account for the operations of the City's fire prevention and inspection services.

**Cemetery Fund** – to account for the operations of the City's Cemetery.

### DEBT SERVICE FUNDS

Debt service funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

**Debt Service Fund** – to account for the accumulation of resources and payment of bond principal and interest from governmental resources.

### PERMANENT FUND

The permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the government's programs.

**Cemetery Perpetual Care Fund** – 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, 2018

	<b>Special Revenue</b>				
	<b>Recreation Impact Fees</b>	<b>Police Impact Fees</b>	<b>Fire Impact Fees</b>	<b>Building Services</b>	<b>Fire Inspection</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 457,340	\$ 233,938	\$ 183,793	\$ 620,818	\$ 13,526
Investments	765,752	437,722	508,731	879,000	-
Other receivables	1,549	885	1,029	1,474	43,696
Due from other governments	-	-	-	-	-
Advance to other funds	-	-	-	8,661	3,732
Prepaid costs	-	-	-	1,680	800
<b>Total assets</b>	<b>\$ 1,224,641</b>	<b>\$ 672,545</b>	<b>\$ 693,553</b>	<b>\$ 1,511,633</b>	<b>\$ 61,754</b>
<b>Liabilities and Fund Balances:</b>					
Liabilities:					
Accounts payable	\$ 3,587	\$ 73,671	\$ 514	\$ 32,690	\$ 2,773
Accrued liabilities	-	-	-	24,231	13,526
<b>Total liabilities</b>	<b>3,587</b>	<b>73,671</b>	<b>514</b>	<b>56,921</b>	<b>16,299</b>
Fund balances:					
Nonspendable	-	-	-	1,680	800
Restricted	1,221,054	598,874	693,039	1,453,032	44,655
<b>Total fund balances</b>	<b>1,221,054</b>	<b>598,874</b>	<b>693,039</b>	<b>1,454,712</b>	<b>45,455</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,224,641</b>	<b>\$ 672,545</b>	<b>\$ 693,553</b>	<b>\$ 1,511,633</b>	<b>\$ 61,754</b>

<u>Cemetery</u>	<u>Total</u>	<u>Debt Service</u>	<u>Permanent Fund - Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 422,941	\$ 1,932,356	\$ 975,393	\$ -	\$ 2,907,749
824,825	3,416,030	766,440	-	4,182,470
1,668	50,301	1,550	-	51,851
-	-	-	-	-
-	12,393	-	-	12,393
214	2,694	-	-	2,694
<u>\$ 1,249,648</u>	<u>\$ 5,413,774</u>	<u>\$ 1,743,383</u>	<u>\$ -</u>	<u>\$ 7,157,157</u>
\$ 1,007	\$ 114,242	\$ 90	\$ -	\$ 114,332
404	38,161	-	-	38,161
<u>1,411</u>	<u>152,403</u>	<u>90</u>	<u>-</u>	<u>152,493</u>
214	2,694	-	-	2,694
<u>1,248,023</u>	<u>5,258,677</u>	<u>1,743,293</u>	<u>-</u>	<u>7,001,970</u>
<u>1,248,237</u>	<u>5,261,371</u>	<u>1,743,293</u>	<u>-</u>	<u>7,004,664</u>
<u>\$ 1,249,648</u>	<u>\$ 5,413,774</u>	<u>\$ 1,743,383</u>	<u>\$ -</u>	<u>\$ 7,157,157</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2018

	<b>Special Revenue</b>				
	<b>Recreation Impact Fees</b>	<b>Police Impact Fees</b>	<b>Fire Impact Fees</b>	<b>Building Services</b>	<b>Fire Inspection</b>
<b>Revenues:</b>					
Licenses and permits	\$ -	\$ -	\$ -	\$ 1,887,177	\$ -
Charges for services	-	-	-	98,958	258,933
Impact fees/special assessments	1,047,736	300,132	389,730	-	-
Investment earnings	11,811	3,796	4,444	5,778	-
Miscellaneous	-	-	-	276	102
Total revenues	<u>1,059,547</u>	<u>303,928</u>	<u>394,174</u>	<u>1,992,189</u>	<u>259,035</u>
<b>Expenditures:</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	201,721	319,889	1,118,583	418,301
Culture and recreation	377,520	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>377,520</u>	<u>201,721</u>	<u>319,889</u>	<u>1,118,583</u>	<u>418,301</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>682,027</u>	<u>102,207</u>	<u>74,285</u>	<u>873,606</u>	<u>(159,266)</u>
<b>Other Financing Uses:</b>					
Transfers in	-	-	-	-	225,045
Transfers out	(1,510,133)	(14,763)	(7,672)	(32,700)	(24,100)
Total other financing uses	<u>(1,510,133)</u>	<u>(14,763)</u>	<u>(7,672)</u>	<u>(32,700)</u>	<u>200,945</u>
<b>Net Change in Fund Balances</b>	(828,106)	87,444	66,613	840,906	41,679
<b>Fund Balances - beginning</b>	2,049,160	511,430	626,426	613,806	3,776
<b>Fund Balances - ending</b>	<u>\$ 1,221,054</u>	<u>\$ 598,874</u>	<u>\$ 693,039</u>	<u>\$ 1,454,712</u>	<u>\$ 45,455</u>

<u>Cemetery</u>	<u>Total</u>	<u>Debt Service</u>	<u>Permanent Fund - Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 1,887,177	\$ -	\$ -	\$ 1,887,177
122,050	479,941	-	-	479,941
-	1,737,598	-	-	1,737,598
8,202	34,031	6,824	-	40,855
-	378	-	-	378
<u>130,252</u>	<u>4,139,125</u>	<u>6,824</u>	<u>-</u>	<u>4,145,949</u>
-	-	509	-	509
-	2,058,494	-	-	2,058,494
107,294	484,814	-	-	484,814
-	-	978,791	-	978,791
-	-	796,298	-	796,298
<u>107,294</u>	<u>2,543,308</u>	<u>1,775,598</u>	<u>-</u>	<u>4,318,906</u>
22,958	1,595,817	(1,768,774)	-	(172,957)
1,225,279	1,450,324	2,434,843	-	3,885,167
-	(1,589,368)	-	(1,225,279)	(2,814,647)
<u>1,225,279</u>	<u>(139,044)</u>	<u>2,434,843</u>	<u>(1,225,279)</u>	<u>1,070,520</u>
1,248,237	1,456,773	666,069	(1,225,279)	897,563
-	3,804,598	1,077,224	1,225,279	6,107,101
<u>\$ 1,248,237</u>	<u>\$ 5,261,371</u>	<u>\$ 1,743,293</u>	<u>\$ -</u>	<u>\$ 7,004,664</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 900,000	\$ 900,000	\$ 1,047,736	\$ 147,736
Investment earnings	9,395	9,395	11,811	2,416
Total revenues	<u>909,395</u>	<u>909,395</u>	<u>1,059,547</u>	<u>150,152</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	<u>618,400</u>	<u>639,400</u>	<u>377,520</u>	<u>261,880</u>
Total expenditures	<u>618,400</u>	<u>639,400</u>	<u>377,520</u>	<u>261,880</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>290,995</u>	<u>269,995</u>	<u>682,027</u>	<u>412,032</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(1,510,133)</u>	<u>(1,510,133)</u>	<u>(1,510,133)</u>	<u>-</u>
Total other financing uses	<u>(1,510,133)</u>	<u>(1,510,133)</u>	<u>(1,510,133)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(1,219,138)</u>	<u>(1,240,138)</u>	<u>(828,106)</u>	<u>412,032</u>
<b>Fund Balances - beginning</b>	<u>2,049,160</u>	<u>2,049,160</u>	<u>2,049,160</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u>\$ 830,022</u>	<u>\$ 809,022</u>	<u>\$ 1,221,054</u>	<u>\$ 412,032</u>



CITY OF CLERMONT, FLORIDA

**POLICE IMPACT FEE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

Year Ended September 30, 2018

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 280,000	\$ 280,000	\$ 300,132	\$ 20,132
Investment earnings	1,145	1,145	3,796	2,651
Total revenues	<u>281,145</u>	<u>281,145</u>	<u>303,928</u>	<u>22,783</u>
<b>Expenditures:</b>				
Current:				
Public Safety:				
Law enforcement	247,415	313,486	201,721	111,765
Total expenditures	<u>247,415</u>	<u>313,486</u>	<u>201,721</u>	<u>111,765</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>33,730</u>	<u>(32,341)</u>	<u>102,207</u>	<u>134,548</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(14,764)	(14,764)	(14,763)	1
Total other financing sources (uses)	<u>(14,764)</u>	<u>(14,764)</u>	<u>(14,763)</u>	<u>1</u>
<b>Net Change in Fund Balances</b>	18,966	(47,105)	87,444	134,549
<b>Fund Balances - beginning</b>	511,430	511,430	511,430	-
<b>Fund Balances - ending</b>	<u>\$ 530,396</u>	<u>\$ 464,325</u>	<u>\$ 598,874</u>	<u>\$ 134,549</u>

CITY OF CLERMONT, FLORIDA

**FIRE IMPACT FEE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

Year Ended September 30, 2018

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 350,000	\$ 350,000	\$ 389,730	\$ 39,730
Investment earnings	1,958	1,958	4,444	2,486
Total revenues	<u>351,958</u>	<u>351,958</u>	<u>394,174</u>	<u>42,216</u>
<b>Expenditures:</b>				
Current:				
Public safety:				
Fire control	251,009	401,009	319,889	81,120
Total expenditures	<u>251,009</u>	<u>401,009</u>	<u>319,889</u>	<u>81,120</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>100,949</u>	<u>(49,051)</u>	<u>74,285</u>	<u>123,336</u>
<b>Other Financing Uses:</b>				
Transfers out	<u>(7,672)</u>	<u>(7,672)</u>	<u>(7,672)</u>	<u>-</u>
Total other financing sources	<u>(7,672)</u>	<u>(7,672)</u>	<u>(7,672)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	93,277	(56,723)	66,613	123,336
<b>Fund Balances - beginning</b>	626,426	626,426	626,426	-
<b>Fund Balances - ending</b>	<u>\$ 719,703</u>	<u>\$ 569,703</u>	<u>\$ 693,039</u>	<u>\$ 123,336</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2018

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Licenses and permits	\$ 1,068,020	\$ 1,068,020	\$ 1,887,177	\$ 819,157
Charges for services	43,000	43,000	98,958	55,958
Investment earnings	2,418	2,418	5,778	3,360
Miscellaneous	-	-	276	276
Total revenues	<u>1,113,438</u>	<u>1,113,438</u>	<u>1,992,189</u>	<u>878,751</u>
<b>Expenditures:</b>				
Current:				
Public safety	1,314,620	1,327,177	1,118,583	208,594
Total expenditures	<u>1,314,620</u>	<u>1,327,177</u>	<u>1,118,583</u>	<u>208,594</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(201,182)</u>	<u>(213,739)</u>	<u>873,606</u>	<u>1,087,345</u>
<b>Other Financing Uses:</b>				
Transfers out	<u>(32,700)</u>	<u>(32,700)</u>	<u>(32,700)</u>	<u>-</u>
Total other financing sources	<u>(32,700)</u>	<u>(32,700)</u>	<u>(32,700)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(233,882)</u>	<u>(246,439)</u>	<u>840,906</u>	<u>1,087,345</u>
<b>Fund Balances - beginning</b>	<u>613,806</u>	<u>613,806</u>	<u>613,806</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u>\$ 379,924</u>	<u>\$ 367,367</u>	<u>\$ 1,454,712</u>	<u>\$ 1,087,345</u>

CITY OF CLERMONT, FLORIDA

**FIRE INSPECTION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

Year Ended September 30, 2018

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Charges for services	\$ 501,538	\$ 501,538	\$ 258,933	\$ (242,605)
Miscellaneous	-	-	102	102
Total revenues	<u>501,538</u>	<u>501,538</u>	<u>259,035</u>	<u>(242,503)</u>
<b>Expenditures:</b>				
Current:				
Public safety	<u>477,438</u>	<u>477,438</u>	<u>418,301</u>	<u>59,137</u>
Total expenditures	<u>477,438</u>	<u>477,438</u>	<u>418,301</u>	<u>59,137</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>24,100</u>	<u>24,100</u>	<u>(159,266)</u>	<u>(183,366)</u>
<b>Other Financing Sources:</b>				
Transfers in	-	-	225,045	225,045
Transfers out	<u>(24,100)</u>	<u>(24,100)</u>	<u>(24,100)</u>	<u>-</u>
Total other financing sources	<u>(24,100)</u>	<u>(24,100)</u>	<u>200,945</u>	<u>225,045</u>
<b>Net Change in Fund Balances</b>	-	-	41,679	41,679
<b>Fund Balances - beginning</b>	<u>3,776</u>	<u>3,776</u>	<u>3,776</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u>\$ 3,776</u>	<u>\$ 3,776</u>	<u>\$ 45,455</u>	<u>\$ 41,679</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 60,000	\$ 60,000	\$ 122,050	\$ 62,050
Investment earnings	7,517	7,517	8,202	685
Total revenues	<u>67,517</u>	<u>67,517</u>	<u>130,252</u>	<u>62,735</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	112,413	122,393	107,294	15,099
Total expenditures	<u>112,413</u>	<u>122,393</u>	<u>107,294</u>	<u>15,099</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(44,896)</u>	<u>(54,876)</u>	<u>22,958</u>	<u>77,834</u>
<b>Other Financing Sources:</b>				
Transfers in	-	-	1,225,279	1,225,279
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,225,279</u>	<u>1,225,279</u>
<b>Net Change in Fund Balances</b>	<u>(44,896)</u>	<u>(54,876)</u>	<u>1,248,237</u>	<u>1,303,113</u>
<b>Fund Balances - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u>\$ (44,896)</u>	<u>\$ (54,876)</u>	<u>\$ 1,248,237</u>	<u>\$ 1,303,113</u>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2018

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Investment earnings	\$ 3,020	\$ 3,020	\$ 6,824	\$ 3,804
Total revenues	3,020	3,020	6,824	3,804
<b>Expenditures:</b>				
Current:				
General government	-	-	509	(509)
Debt Service:				
Principal	978,791	978,791	978,791	-
Interest and fiscal charges	816,948	816,948	796,298	20,650
Total expenditures	1,795,739	1,795,739	1,775,098	20,141
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,792,719)</b>	<b>(1,792,719)</b>	<b>(1,768,774)</b>	<b>23,945</b>
<b>Other Financing Sources:</b>				
Transfers in	2,435,832	2,435,832	2,434,843	(989)
Total other financing sources	2,435,832	2,435,832	2,434,843	(989)
<b>Net Change in Fund Balances</b>	<b>643,113</b>	<b>643,113</b>	<b>666,069</b>	<b>22,956</b>
<b>Fund Balances - beginning</b>	<b>1,077,224</b>	<b>1,077,224</b>	<b>1,077,224</b>	<b>-</b>
<b>Fund Balances - ending</b>	<b>\$ 1,720,337</b>	<b>\$ 1,720,337</b>	<b>\$ 1,743,293</b>	<b>\$ 22,956</b>

## Fiduciary Funds

Agency funds are used to account for short-term custodial collections on resources on behalf of another individual, entity, or government.

### PENSION TRUST FUNDS

**General Employees' Pension Trust Fund** – 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** – to account for the accumulation of resources to be used for the retirement annuities of all police officers. The state contributes money based upon the insurance premiums and the City contributes an amount determined by an actuarial study.

**Firefighters' Pension Trust Fund** – to account for the accumulation of resources to be used for the retirement annuities of all firefighters. The state contributes money based upon the fire insurance premiums and the City contributes an amount determined by an actuarial study.





CITY OF CLERMONT, FLORIDA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

September 30, 2018

	<u>General Employees</u>		<u>Police Officers Pension Trust</u>	<u>Firefighters Pension Trust</u>	<u>Total Employee Pension Funds</u>
	<u>Defined Benefit</u>	<u>Defined Contribution</u>			
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,293	\$ -	\$ 78,657	\$ 68,530	\$ 148,480
Investments:					
U.S. Government & other debt securities	102,474	-	6,233,556	5,430,976	11,767,006
Equities	219,495	9,501,585	13,352,000	11,632,910	34,705,990
Total Investments	321,969	9,501,585	19,585,556	17,063,886	46,472,996
Accounts receivable	-	-	-	7,518	7,518
Total assets	323,262	9,501,585	19,664,213	17,139,934	46,628,994
<b>Liabilities:</b>					
Refunds payable and other	-	-	-	-	-
Total liabilities	-	-	-	-	-
<b>Net Position Restricted for Pensions</b>	<b>\$ 323,262</b>	<b>\$ 9,501,585</b>	<b>\$ 19,664,213</b>	<b>\$ 17,139,934</b>	<b>\$ 46,628,994</b>

CITY OF CLERMONT, FLORIDA

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

Year Ended September 30, 2018

	<u>General Employees</u>		<u>Police Officers Pension Trust</u>	<u>Firefighters Pension Trust</u>	<u>Total Employee Funds</u>
	<u>Defined Benefit</u>	<u>Defined Contribution</u>			
<b>Additions:</b>					
Contributions:					
Employer	\$ 8,767	\$ 640,469	\$ 685,936	\$ 1,093,725	\$ 2,428,897
Plan members	-	-	120,274	200,218	320,492
State	-	-	318,560	193,373	511,933
Total contributions	<u>8,767</u>	<u>640,469</u>	<u>1,124,770</u>	<u>1,487,316</u>	<u>3,261,322</u>
Investment earnings:					
Net increase (decrease) in fair value of investments	<u>24,889</u>	<u>917,974</u>	<u>1,339,967</u>	<u>1,134,431</u>	<u>3,417,261</u>
Total net investment earnings	<u>24,889</u>	<u>917,974</u>	<u>1,339,967</u>	<u>1,134,431</u>	<u>3,417,261</u>
Total additions	33,656	1,558,443	2,464,737	2,621,747	6,678,583
<b>Deductions:</b>					
Benefits/distributions	57,338	645,156	459,962	43,876	1,206,332
Administrative expenses	1,681	30,030	53,451	37,468	122,630
Total deductions	<u>59,019</u>	<u>675,186</u>	<u>513,413</u>	<u>81,344</u>	<u>1,328,962</u>
<b>Change in Net Position</b>	(25,363)	883,257	1,951,324	2,540,403	5,349,621
<b>Net Position Restricted for Pensions</b>					
<b>Beginning of Year</b>	<u>348,625</u>	<u>8,618,328</u>	<u>17,712,889</u>	<u>14,599,531</u>	<u>41,279,373</u>
<b>End of Year</b>	<u>\$ 323,262</u>	<u>\$ 9,501,585</u>	<u>\$ 19,664,213</u>	<u>\$ 17,139,934</u>	<u>\$ 46,628,994</u>

## ***STATISTICAL SECTION***



## City of Clermont, Florida 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 financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	128
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	138
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	143
<i>These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	
<p>Note: There are no limitations placed upon the amount of debt the City of Clermont may issue either by the City Charter or the City's Code of Ordinances or by Florida Statutes.</p> <p>Note: The City of Clermont has no general obligation bonds outstanding.</p>	
Demographic and Economic Information	150
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	154
<i>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</i>	

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

**City of Clermont, Florida**  
**Net Position by Component**  
**Last Ten Fiscal Years**

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

	<b>Fiscal Year</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Governmental activities				
Net investment in capital assets	\$ 33,938	\$ 33,817	\$ 34,894	\$ 36,612
Restricted	6,526	6,693	7,381	8,876
Unrestricted	13,608	13,988	12,465	9,701
Total governmental activities net position	<u>\$ 54,072</u>	<u>\$ 54,498</u>	<u>\$ 54,740</u>	<u>\$ 55,189</u>
Business-type activities				
Net investment in capital assets	54,834	55,540	56,430	57,241
Restricted	10,437	17,293	9,241	9,477
Unrestricted	17,801	11,407	19,376	20,436
Total business-type activities net position	<u>\$ 83,072</u>	<u>\$ 84,240</u>	<u>\$ 85,047</u>	<u>\$ 87,154</u>
Primary government				
Net investment in capital assets	88,772	89,357	91,324	93,853
Restricted	16,963	23,986	16,622	18,353
Unrestricted	31,409	25,395	31,841	30,137
Total primary government net position	<u>\$ 137,144</u>	<u>\$ 138,738</u>	<u>\$ 139,787</u>	<u>\$ 142,343</u>

<b>Fiscal Year</b>					
<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 39,950	\$ 44,116	\$ 47,718	\$ 52,064	\$ 31,918	\$ 35,262
9,490	9,918	9,400	6,402	7,815	8,547
7,723	5,719	11,649	11,182	30,117	27,925
<u>\$ 57,163</u>	<u>\$ 59,753</u>	<u>\$ 68,767</u>	<u>\$ 69,648</u>	<u>\$ 69,850</u>	<u>\$ 71,734</u>
57,863	56,680	56,586	60,150	63,131	69,322
9,536	10,217	12,135	13,959	17,127	16,904
24,191	27,054	26,943	26,050	26,667	23,959
<u>\$ 91,590</u>	<u>\$ 93,951</u>	<u>\$ 95,664</u>	<u>\$ 100,159</u>	<u>\$ 106,925</u>	<u>\$ 110,185</u>
97,813	100,796	104,304	112,214	95,049	104,584
19,026	20,135	21,535	20,361	24,942	25,451
31,914	32,773	38,592	37,232	56,784	51,884
<u>\$ 148,753</u>	<u>\$ 153,704</u>	<u>\$ 164,431</u>	<u>\$ 169,807</u>	<u>\$ 176,775</u>	<u>\$ 181,919</u>

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

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

<b>Expenses</b>	<b>Fiscal Year</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Governmental Activities:</b>				
General government	\$ 4,747	\$ 4,287	\$ 3,643	\$ 4,211
Public safety	10,775	12,459	12,531	12,168
Physical environment	364	319	279	248
Transportation/public works	1,164	1,768	1,661	1,719
Economic environment	101	50	102	116
Human services	-	-	-	-
Culture and recreation	2,082	2,055	1,822	1,045
Interest on long-term debt	326	175	156	137
<b>Total governmental activities expenses</b>	<b>19,559</b>	<b>21,113</b>	<b>20,194</b>	<b>19,644</b>
<b>Business-type Activities:</b>				
Water	3,990	4,316	4,461	4,052
Sewer	4,489	5,927	6,022	5,752
Sanitation	2,086	2,169	2,364	2,567
Stormwater	534	848	955	939
<b>Total business-type activities expenses</b>	<b>11,099</b>	<b>13,260</b>	<b>13,802</b>	<b>13,310</b>
<b>Total primary government expenses</b>	<b>\$ 30,658</b>	<b>\$ 34,373</b>	<b>\$ 33,996</b>	<b>\$ 32,954</b>
 <b>Program Revenues</b>				
<b>Governmental Activities:</b>				
Charges for services:				
General government	\$ 1,854	\$ 1,857	\$ 1,695	\$ 1,649
Public safety	1,203	665	355	450
Transportation/public works	-	-	-	-
Culture and recreation	99	872	539	604
Operating grants and contributions	921	1,162	1,237	1,191
Capital grants and contributions	3,307	134	129	27
<b>Total governmental activities program revenues</b>	<b>7,384</b>	<b>4,690</b>	<b>3,955</b>	<b>3,921</b>
<b>Business-type Activities:</b>				
Charges for services:				
Water	4,909	4,817	5,377	5,099
Sewer	4,655	4,852	5,065	5,154
Sanitation	2,560	2,613	2,688	2,721
Stormwater	801	829	855	855
Operating grants and contributions	-	-	-	-
Capital grants and contributions	2,137	1,544	999	1,752
<b>Total business-type activities program revenues</b>	<b>15,062</b>	<b>14,655</b>	<b>14,984</b>	<b>15,581</b>
<b>Total primary government program revenues</b>	<b>\$ 22,446</b>	<b>\$ 19,345</b>	<b>\$ 18,939</b>	<b>\$ 19,502</b>



<b>Fiscal Year</b>					
<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 3,258	\$ 3,407	\$ 3,848	\$ 4,157	\$ 4,240	\$ 2,870
12,685	14,117	14,326	17,381	20,297	20,306
303	350	453	788	805	2,104
1,725	2,202	2,094	2,185	2,009	2,255
200	363	567	209	1,197	385
-	-	-	-	-	-
1,928	3,096	4,018	5,460	4,491	5,752
87	236	193	355	434	839
<u>20,186</u>	<u>23,771</u>	<u>25,499</u>	<u>30,535</u>	<u>33,473</u>	<u>34,511</u>
4,154	4,589	4,823	4,719	5,199	5,634
6,106	6,437	6,571	6,866	6,909	6,849
2,465	2,472	3,133	2,925	2,869	3,073
897	1,016	1,080	1,142	1,190	1,360
<u>13,622</u>	<u>14,514</u>	<u>15,607</u>	<u>15,652</u>	<u>16,167</u>	<u>16,916</u>
<u>\$ 33,808</u>	<u>\$ 38,285</u>	<u>\$ 41,106</u>	<u>\$ 46,187</u>	<u>\$ 49,640</u>	<u>\$ 51,427</u>
\$ 2,117	\$ 2,429	\$ 2,356	\$ 2,914	\$ 3,180	\$ 3,874
1,040	1,366	1,684	1,574	1,506	1,344
-	-	-	-	-	-
1,262	956	1,317	1,552	2,003	1,697
896	939	1,598	1,822	1,456	2,233
112	1,718	498	163	309	428
<u>5,427</u>	<u>7,408</u>	<u>7,453</u>	<u>8,025</u>	<u>8,454</u>	<u>9,576</u>
5,215	5,362	5,726	6,162	6,516	6,461
5,357	5,585	5,809	6,183	6,507	6,625
2,775	2,869	2,917	2,984	3,089	3,178
862	881	905	955	1,004	1,378
-	-	276	24	-	-
3,430	2,417	3,219	4,026	6,906	4,535
<u>17,639</u>	<u>17,114</u>	<u>18,852</u>	<u>20,334</u>	<u>24,022</u>	<u>22,177</u>
<u>\$ 23,066</u>	<u>\$ 24,522</u>	<u>\$ 26,305</u>	<u>\$ 28,359</u>	<u>\$ 32,476</u>	<u>\$ 31,753</u>

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

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (12,175)	\$ (16,422)	\$ (16,240)	\$ (15,721)
Business-type activities	3,964	1,395	1,182	2,271
Total primary government net expense	<u>\$ (8,211)</u>	<u>\$ (15,027)</u>	<u>\$ (15,058)</u>	<u>\$ (13,450)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Property taxes	\$ 7,601	\$ 6,844	\$ 5,966	\$ 5,535
Business taxes	*	*	*	113
Franchise taxes	2,151	2,373	2,285	2,189
Utility taxes	2,152	2,558	2,568	2,430
Intergovernmental-unrestricted	4,458	4,503	4,664	5,063
Unrestricted investment earnings	848	379	148	245
Gain (loss) on sale of capital assets				
Miscellaneous	202	146	330	143
Transfers in/out	469	443	520	453
Special item				
Total governmental activities	<u>17,881</u>	<u>17,246</u>	<u>16,481</u>	<u>16,171</u>
Business-type Activities:				
Unrestricted investment earnings	1,005	360	145	289
Gain (loss) on sale of capital assets	-	-	-	-
Miscellaneous	-	-	-	-
Transfers in/out	(469)	(443)	(520)	(453)
Total business-type activities	<u>536</u>	<u>(83)</u>	<u>(375)</u>	<u>(164)</u>
Total primary government	<u>\$ 18,417</u>	<u>\$ 17,163</u>	<u>\$ 16,106</u>	<u>\$ 16,007</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 5,706	\$ 824	\$ 241	\$ 450
Business-type activities	4,500	1,312	807	2,107
Total primary government	<u>\$ 10,206</u>	<u>\$ 2,136</u>	<u>\$ 1,048</u>	<u>\$ 2,557</u>

\*Business taxes previously reported as General Government Charges for Services

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (14,759)	\$ (16,363)	\$ (18,045)	\$ (22,510)	\$ (25,019)	\$ (24,935)
4,018	2,600	3,245	4,683	7,855	5,260
<u>\$ (10,741)</u>	<u>\$ (13,763)</u>	<u>\$ (14,800)</u>	<u>\$ (17,827)</u>	<u>\$ (17,164)</u>	<u>\$ (19,675)</u>
\$ 5,350	\$ 6,533	\$ 7,193	\$ 8,998	\$ 9,748	\$ 10,747
111	126	130	140	133	160
2,123	2,379	2,502	2,712	2,619	2,817
2,490	2,887	2,953	3,406	3,328	3,446
5,802	6,110	6,645	6,923	7,257	7,864
114	104	135	134	197	458
			122	86	289
265	374	420	387	486	342
479	439	557	568	1,367	2,013
<u>16,734</u>	<u>18,952</u>	<u>20,535</u>	<u>23,390</u>	<u>25,221</u>	<u>28,136</u>
149	198	272	260	255	379
18	2	(1,248)	120	24	31
-	-	-	-	-	-
(479)	(439)	(557)	(568)	(1,367)	(2,013)
<u>(312)</u>	<u>(239)</u>	<u>(1,533)</u>	<u>(188)</u>	<u>(1,088)</u>	<u>(1,603)</u>
<u>\$ 16,422</u>	<u>\$ 18,713</u>	<u>\$ 19,002</u>	<u>\$ 23,202</u>	<u>\$ 24,133</u>	<u>\$ 26,533</u>
\$ 1,975	\$ 2,589	\$ 2,490	\$ 880	\$ 202	\$ 3,202
3,706	2,361	1,712	4,495	6,767	3,657
<u>\$ 5,681</u>	<u>\$ 4,950</u>	<u>\$ 4,202</u>	<u>\$ 5,375</u>	<u>\$ 6,969</u>	<u>\$ 6,859</u>

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

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

	<b>Fiscal Year</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General Fund				
Reserved	\$ 214	\$ 246	\$ -	\$ -
Unreserved	10,860	11,358	-	-
Nondisposable	-	-	335	195
Restricted	-	-	175	224
Assigned	-	-	912	1,039
Unassigned	-	-	10,048	9,744
Total general fund	<u>\$ 11,074</u>	<u>\$ 11,604</u>	<u>\$ 11,470</u>	<u>\$ 11,202</u>
All other governmental funds				
Reserved	\$ 2,267	\$ 2,758	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	4,147	4,839	-	-
Capital projects fund	3,271	2,978	-	-
Nondisposable	-	-	848	890
Restricted	-	-	6,359	7,763
Assigned	-	-	2,854	668
Unassigned	-	-	(1)	-
Total all other governmental funds	<u>\$ 9,685</u>	<u>\$ 10,575</u>	<u>\$ 10,060</u>	<u>\$ 9,321</u>

Note: Information for fiscal years 2009 and 2010 have not been restated for Governmental Accounting Standards Board (GASB) Statement No. 54 classifications.

<b>Fiscal Year</b>					
<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
189	53	1,300	548	578	641
257	312	247	259	266	228
765	1,202	304	-	3	3
8,878	7,669	7,014	7,886	7,137	7,104
<u>\$ 10,089</u>	<u>\$ 9,236</u>	<u>\$ 8,865</u>	<u>\$ 8,693</u>	<u>\$ 7,984</u>	<u>\$ 7,976</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
939	1,064	1,466	1,922	1,683	4
8,295	8,604	7,659	4,310	5,885	8,361
-	-	-	1,226	22,621	21,720
-	-	-	-	-	-
<u>\$ 9,234</u>	<u>\$ 9,668</u>	<u>\$ 9,125</u>	<u>\$ 7,458</u>	<u>\$ 30,189</u>	<u>\$ 30,085</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				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Taxes	\$ 11,903	\$ 11,775	\$ 10,819	\$ 8,079	\$ 7,951
Franchise fees	*	*	*	2,188	2,123
Licenses and permits	674	678	528	455	884
Intergovernmental	8,666	5,733	6,059	6,310	6,729
Charges for services	1,103	1,036	1,013	1,011	1,085
Fines and forfeitures	178	189	186	215	172
Impact fees/special assessments	903	1,131	582	679	1,909
Investment Earnings	848	379	148	244	108
Miscellaneous	444	522	612	474	622
Total revenues	<u>24,719</u>	<u>21,443</u>	<u>19,947</u>	<u>19,655</u>	<u>21,583</u>
<b>Expenditures</b>					
Current:					
General government	3,654	4,081	3,272	3,080	3,148
Public safety	10,275	11,212	11,625	11,352	12,579
Physical environment	490	309	275	247	307
Transportation	1,129	1,620	1,472	1,340	1,263
Economic environment	102	50	102	641	722
Human services	-	-	-	-	-
Culture and recreation	1,893	1,878	1,792	1,769	2,014
Capital outlay	1,738	643	1,923	2,073	2,638
Debt service:					
Principal	6,259	493	470	490	3,080
Interest	375	181	162	143	122
Total expenditures	<u>25,915</u>	<u>20,467</u>	<u>21,093</u>	<u>21,135</u>	<u>25,873</u>
Excess (deficiency) of revenues over expenditures	<u>(1,196)</u>	<u>976</u>	<u>(1,146)</u>	<u>(1,480)</u>	<u>(4,290)</u>
<b>Other financing sources (uses)</b>					
Transfers in	6,684	2,088	3,274	1,118	3,091
Transfers out	(6,232)	(1,645)	(2,776)	(644)	(2,612)
Refunding and new bonds issued	-	-	-	-	2,612
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>452</u>	<u>443</u>	<u>498</u>	<u>474</u>	<u>3,091</u>
<b>Net change in fund balances</b>	<u>\$ (744)</u>	<u>\$ 1,419</u>	<u>\$ (648)</u>	<u>\$ (1,006)</u>	<u>\$ (1,199)</u>
Debt service as a percentage of noncapital expenditures	28.9%	3.6%	3.4%	3.5%	14.9%

\* Note: Franchise Fees previously reported as Taxes.

\*\*Note: Increase in % due to refunding of 2002 bonds. Without the refunding the % would be 3.4% in 2013

\*\*\*Note: Increase in % due to refunding of 2013 bonds. Without the refunding the % would be 4.9% in 2016

<b>Fiscal Year</b>				
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 9,546	\$ 10,275	\$ 12,544	\$ 13,208	\$ 14,353
2,379	2,502	2,712	2,619	2,817
941	788	1,298	1,594	2,249
8,796	8,772	8,790	9,054	10,559
1,212	1,312	1,652	1,746	2,103
589	757	703	358	204
1,401	1,858	1,702	2,341	1,738
99	131	131	192	446
915	1,047	1,007	1,122	971
<u>25,878</u>	<u>27,442</u>	<u>30,539</u>	<u>32,234</u>	<u>35,440</u>
3,776	3,600	4,070	3,911	3,948
13,571	14,844	17,520	18,488	19,750
423	744	777	869	881
1,635	1,635	1,878	1,687	1,927
365	564	482	324	343
-	-	-	-	-
2,948	3,725	5,038	5,996	5,199
9,381	2,695	8,514	2,112	4,085
571	884	6,280	1,077	979
177	198	342	272	805
<u>32,847</u>	<u>28,889</u>	<u>44,901</u>	<u>34,736</u>	<u>37,917</u>
<u>(6,969)</u>	<u>(1,447)</u>	<u>(14,362)</u>	<u>(2,502)</u>	<u>(2,477)</u>
9,337	3,857	11,897	26,725	7,697
(8,788)	(3,323)	(11,329)	(25,957)	(6,332)
6,000	-	10,631	23,670	-
-	-	1,321	86	1,000
<u>6,549</u>	<u>534</u>	<u>12,520</u>	<u>24,524</u>	<u>2,365</u>
<u>\$ (420)</u>	<u>\$ (913)</u>	<u>\$ (1,842)</u>	<u>\$ 22,022</u>	<u>\$ (112)</u>
3.5%	4.5%	20.2%	4.6%	5.7%

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

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Utility Tax</b>	<b>Business Tax</b>	<b>Franchise Fees</b>	<b>Total</b>
2009	7,601	2,152	*	2,151	11,904
2010	6,844	2,558	*	2,373	11,775
2011	5,966	2,568	*	2,285	10,819
2012	5,535	2,430	113	2,189	10,267
2013	5,350	2,490	111	2,123	10,074
2014	6,533	2,887	126	2,379	11,925
2015	7,013	2,953	130	2,502	12,598
2016	8,795	3,406	140	2,712	15,053
2017	9,538	3,328	133	2,619	15,618
2018	10,549	3,446	160	2,817	16,972

**Taxes Included in Unrestricted Intergovernmental Revenues**

<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>State Revenue Sharing</b>	<b>Local Option Gas Tax</b>	<b>Total</b>
2009	1,033	302	289	1,624
2010	1,053	299	322	1,674
2011	1,100	328	306	1,734
2012	1,296	383	296	1,975
2013	1,419	535	280	2,234
2014	1,567	635	290	2,492
2015	1,820	749	378	2,947
2016	1,848	819	482	3,149
2017	1,945	911	520	3,376
2018	2,172	1,013	548	3,733

\* *Business Tax Receipts previously reported under Licenses*



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

(amounts expressed in thousands)

<b>Fiscal Year Ended Sep 30</b>	<b>Real* Property</b>	<b>Personal Property</b>	<b>Less: Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
2009	3,022,925	195,808	792,997	2,425,736	3.142	3,218,733	75.36%
2010	2,592,111	211,950	599,821	2,204,240	3.142	2,804,061	78.61%
2011	2,297,568	211,950	599,871	1,909,647	3.142	2,509,518	76.10%
2012	2,171,815	209,726	598,187	1,783,354	3.142	2,381,541	74.88%
2013	2,124,017	206,870	605,114	1,725,773	3.142	2,330,887	74.04%
2014	2,185,702	205,140	611,063	1,779,779	3.142	2,390,842	74.44%
2015	2,336,882	207,024	630,762	1,913,144	3.729	2,543,906	75.20%
2016	2,574,360	215,752	652,769	2,137,343	4.206	2,790,112	76.60%
2017	2,791,963	215,772	689,683	2,318,052	4.206	3,007,735	77.07%
2018	3,057,114	233,448	724,930	2,565,632	4.206	3,290,562	77.97%

Source: Lake County Property Appraisers Office

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

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

(per \$1,000 of assessed value)

Fiscal Year	Direct Rate	Overlapping Rates							
	City of Clermont Operating Millage	Lake County			Lake County School District	South Lake Hospital District	Lake County Water Authority	St. Johns River Water Management District	Total Direct & Overlapping Rates
		Operating Millage	Voted Debt Service	Ambulance MSTU					
2009	3.1420	4.6511	0.1101	0.4651	7.5170	0.8666	0.2130	0.4158	17.3807
2010	3.1420	4.6511	0.1101	0.4651	7.5320	0.8666	0.2130	0.4158	17.3957
2011	3.1420	4.7309	0.1101	0.3853	7.5230	0.8666	0.2405	0.4158	17.4142
2012	3.1420	4.7309	0.1101	0.3853	7.3940	0.8000	0.2405	0.3313	17.1341
2013	3.1420	4.7309	0.1900	0.3853	7.3200	0.8000	0.2554	0.3313	17.1549
2014	3.7290	4.7309	0.1900	0.3853	7.1700	0.7900	0.2554	0.3283	17.5789
2015	3.7290	5.3856	0.1600	0.4629	7.2460	0.7633	0.2554	0.3164	18.3186
2016	4.2061	5.3051	0.1600	0.4629	7.1970	0.7633	0.2554	0.3023	18.6521
2017	4.2061	5.1180	0.1524	0.4629	6.8750	0.7332	0.2554	0.2885	18.0915
2018	4.2061	5.1180	0.1524	0.4629	6.6030	0.6898	0.2554	0.2724	17.7600

Source: Lake County Property Appraisers Office

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

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

Operating millage is the only component of the City's direct rate

**City of Clermont, Florida  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

(amounts expressed in thousands)

<b>Taxpayer</b>	<b>2018</b>			<b>2009</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Vista at Lost Lake TIC I LLC	59,343	1	2.31%			
Centennial Citrus Tower LLC	43,142	2	1.68%	17,192	3	0.71%
South Lake Hospital, Inc.	35,687	3	1.39%	32,621	1	1.34%
John P. Adams & Ann D. Adams Family LP	34,083	4	1.33%			
Advenir/Castle Hill LLC	33,159	5	1.29%			
US 27-Clermont LLC	30,924	6	1.21%			
Westdale Sundance LTD	23,593	7	0.92%			
IP9 MF Clermont LLC	19,898	8	0.78%			
Weingarten I-4 Clermont Landing	18,407	9	0.72%			
Mattamy Orlando LLC	16,956	10	0.66%			
Fountains at Clermont LLC				21,377	2	0.88%
Sundance Clermont LLC				16,329	4	0.67%
Citrus Tower Development				15,535	5	0.64%
Lennar Homes Inc.				15,639	6	0.64%
Village at East Lake				12,839	7	0.53%
Wal-Mart Stores				12,469	8	0.51%
Lowe's				11,986	9	0.49%
Target				11,082	10	0.46%
<b>TOTAL</b>	<b>\$315,192</b>		<b>12.29%</b>	<b>\$167,069</b>		<b>6.89%</b>

Source: Lake County Property Appraiser

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

(amounts expressed in thousands)

<b>Fiscal Year Ended September</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2009	7,622	7,243	95.0%	22	7,265	95.3%
2010	6,814	6,536	95.9%	5	6,541	96.0%
2011	6,001	5,698	95.0%	15	5,713	95.2%
2012	5,603	5,325	95.0%	5	5,330	95.1%
2013	5,422	5,153	95.0%	8	5,161	95.2%
2014	6,635	6,325	95.3%	9	6,334	95.5%
2015	7,133	6,793	95.2%	6	6,799	95.3%
2016	8,990	8,570	95.3%	4	8,574	95.4%
2017	9,750	9,299	95.4%	9	9,308	95.5%
2018	10,791	10,278	95.2%	6	10,284	95.3%

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

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

(amounts expressed in thousands, except per capita amount)

Fiscal Year Ended Sept	Governmental Activities		Business-Type Activities		Total Outstanding Debt	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	Revenue	Notes	Revenue	Notes			
	Bonds	Payable	Bonds	Payable			
2009	4,495	38	16,232	-	20,765	2.89%	858
2010	4,040	-	16,016	-	20,056	2.76%	698
2011	3,570	-	15,512	-	19,082	2.55%	650
2012	3,080	-	14,963	-	18,043	2.30%	605
2013	-	2,612	14,979	-	17,591	2.19%	582
2014	-	8,041	14,361	-	22,402	2.74%	706
2015	-	7,157	13,728	-	20,885	2.45%	646
2016	-	11,509	13,075	-	24,584	2.40%	709
2017	-	34,102	12,403	6,329	52,834	4.87%	1,476
2018	-	33,123	12,268	6,329	51,720	4.46%	1,407

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

<sup>1</sup> See the Schedule of Demographic and Economic Statistics on page 150 for personal income and population data.

**City of Clermont, Florida**  
**Direct and Overlapping Governmental Activities Debt**  
**September 30, 2018**

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

<u>Government Unit:</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> <sup>(1)</sup>	<u>Amount Applicable to City of Clermont</u>
Lake County	\$ 115,520	13.47%	\$ 15,561
Lake County School District	199,583	12.03%	<u>24,010</u>
<b>Subtotal, overlapping debt</b>			<b>39,570</b>
City of Clermont, direct debt	33,123	100.00%	33,123
<b>Total direct and overlapping debt</b>			<b><u>\$ 72,693</u></b>

Sources: Lake County 2018 CAFR, Lake County School Board 2018 CAFR, and Lake County Property Appraiser's Office

<sup>(1)</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Lake County's taxable assessed value that is within the City of Clermont's boundaries and dividing it by Lake County's total taxable assessed value.

Notes: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Clermont. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The City of Clermont has no legal debt margin.

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

Public Improvement Revenue Refunding Note, Series 2012

Fiscal Year	Public Service Taxes	Communications Service Tax	Half-Cent Sales Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
					Principal	Interest	
2009	2,151,318	1,257,344	1,033,141	4,441,803	440,000	195,106	6.99
2010	2,558,281	1,266,696	1,053,073	4,878,050	455,000	179,159	7.69
2011	2,568,141	1,233,789	1,100,125	4,902,055	470,000	161,806	7.76
2012	2,430,440	1,257,217	1,295,687	4,983,344	490,000	143,350	7.87
2013	2,490,461	1,349,929	1,418,710	5,259,100	3,080,000	66,550	1.67
2014	2,887,161	1,216,076	1,567,249	5,670,486	570,599	25,361	9.51
2015	2,952,785	1,161,566	1,819,909	5,934,260	577,959	19,101	9.94
2016	3,405,642	1,138,032	1,848,294	6,391,968	585,609	12,760	10.68
2017	3,328,087	1,122,258	1,945,237	6,395,582	591,692	6,345	10.69
2018	3,446,407	1,112,440	2,172,025	6,730,872	286,141	1,559	23.40

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

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

\*\* This Note was paid off in fiscal year 2018

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

Public Improvement Revenue Refunding Note, Series 2016

<b>Fiscal Year</b>	<b>Public Service Taxes</b>	<b>Communications Service Tax</b>	<b>Total Revenue Available for Debt Service</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
2009	-	-	-	-	-	N/A
2010	-	-	-	-	-	N/A
2011	-	-	-	-	-	N/A
2012	-	-	-	-	-	N/A
2013	-	-	-	-	-	N/A
2014	2,887,161	1,216,076	4,103,237	-	82,350	49.83
2015	2,952,785	1,161,566	4,114,351	305,772	178,337	8.50
2016	3,405,642	1,138,032	4,543,674	5,694,228	195,148	0.77
2017	3,328,087	1,122,258	4,450,345	255,000	105,635	12.34
2018	3,446,407	1,112,440	4,558,847	377,841	99,212	9.56

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

\* Public Improvement Revenue Note, Series 2013 was refunded in 2016, this includes the payoff of the original bonds.



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

Infrastructure Sales Surtax Revenue Note, Series 2016

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<b>Fiscal Year</b>	<b>Infrastructure Sales Surtax</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	
2009	-	-	-	N/A
2010	-	-	-	N/A
2011	-	-	-	N/A
2012	-	-	-	N/A
2013	-	-	-	N/A
2014	-	-	-	N/A
2015	-	-	-	N/A
2016	2,964,966	-	27,466	107.95
2017	3,115,549	230,716	109,914	9.15
2018	3,397,707	314,809	104,132	8.11

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

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

Master Plan Capital Projects Revenue Note, Series 2017

<b>Fiscal Year</b>	<b>Infrastructure Sales Surtax</b>	<b>Recreation Impact Fees</b>	<b>Stormwater Sales Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
2009	-	-	-	-	-	N/A
2010	-	-	-	-	-	N/A
2011	-	-	-	-	-	N/A
2012	-	-	-	-	-	N/A
2013	-	-	-	-	-	N/A
2014	-	-	-	-	-	N/A
2015	-	-	-	-	-	N/A
2016				-		N/A
2017	3,115,549	1,495,242	1,002,859	-	-	N/A
2018	3,397,707	1,047,736	1,375,516	-	749,550	N/A

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

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

Water and Sewer Revenue and Refunding Bonds

Fiscal Year	Water and Sewer Operating Revenues <sup>1</sup>	Water and Sewer Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2009	10,561,949	6,511,487	4,050,462	410,000	883,206	3.13
2010	10,001,836	6,999,096	3,002,740	430,000	744,892 <sup>3</sup>	2.56
2011	10,561,295	7,080,592	3,480,703	535,000	660,640	2.91
2012	10,496,535	6,377,695	4,118,840	580,000	643,307	3.37
2013	10,687,908	6,677,774	4,010,134	595,000	604,811	3.34
2014	11,108,744	7,090,566	4,018,178	615,000	586,461	3.34
2015	11,767,901	7,419,231	4,348,670	630,000	567,636	3.63
2016	12,578,644	7,272,716	5,305,928	650,000	548,236	4.43
2017	13,226,994	7,661,085	5,565,909	670,000	504,122	4.74
2018	13,379,152	8,104,464	5,274,688	10,920,000 <sup>4</sup>	211,101	0.47

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

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

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

<sup>3</sup> Includes interest paid on the 2000 and 2009 Refunding Bonds

<sup>4</sup> Water and Sewer Revenue Refunding Bonds, Series 2009 was partially refunded in 2018, this includes the payoff of the original bonds.

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

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income (amounts expressed in thousands)</b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Median Age<sup>2</sup></b>	<b>Education Level in Years of Formal Schooling<sup>2</sup></b>	<b>School Enrollment<sup>3</sup></b>	<b>Unemployment Rate<sup>4</sup></b>
2008	23,476	696,040	29,649	39.6	13.2	5,436	7.1%
2009	24,199	717,597	29,654	39.7	13.2	4,900	12.3%
2010	28,742	727,000	25,294	36.8	13.6	5,024	9.8%
2011	29,358	748,482	25,495	40.9	13.6	5,116	9.3%
2012	29,827	784,361	26,297	46.8	13.6	5,158	7.0%
2013	30,201	802,803	26,582	41.5	13.8	5,153	5.8%
2014	31,745	816,926	25,734	41.9	13.7	5,198	5.6%
2015	32,348	854,020	26,401	42.1	13.7	5,172	4.8%
2016	34,667	1,023,959	29,537	42.1	13.4	5,314	4.4%
2017	35,807	1,085,991	30,329	41.6	13.3	5,183	3.1%
2018	36,754	1,159,074	31,536	42.3	13.4	5,080	2.7%

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

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

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

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

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

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

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment<sup>1</sup></u>
Total City Employment	17,522			17,695		
Publix Supermarkets	1,701	1	9.71%	773	2	4.37%
South Lake Hospital, Inc.	1,449	2	8.27%			
Lake County School System	1,047	3	5.98%	301	5	1.70%
City of Clermont	417	4	2.38%			
Walmart	384	5	2.19%	1,914	1	10.82%
Lowe's	345	6	1.97%	300	6	1.70%
Target Corporation	324	7	1.85%	312	4	1.76%
Senningers	200	8	1.14%			
Chick Fil A	182	9	1.04%			
Clermont Health & Rehab	180	10	1.03%			
Department of Corrections				420	3	2.37%
Ford of Clermont				300	7	1.70%
Winn Dixie				290	8	1.64%
Darden Restaurants Inc.				288	9	1.63%
McDonald's				268	10	1.51%
<b>TOTAL</b>	<b>6,229</b>		<b>35.55%</b>	<b>5,166</b>		<b>29.19%</b>

Source: InfoGroup Employer Database 2017 ed.1

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

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow<sup>1</sup></u>	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow</u>
Kings Ridge	140,666	1	5.23%			
South Lake Hospital	37,614	2	1.40%	24,022	2	1.04%
Heritage Hills of Clermont	32,450	3	1.21%			
Taylor Morrison of Florida	27,271	4	1.01%			
City of Clermont	24,081	5	0.90%	19,783	3	0.86%
Vistas at Lost Lake	22,174	6	0.83%	9,075	8	0.39%
Esplanade at Highland Ranch	17,050	7	0.63%			
Westminster Comm Care Service	15,903	8	0.59%	12,094	5	0.52%
BR Citrus Tower LLC	14,889	9	0.55%			
Living Well Lodges Clermont	14,502	10	0.54%			
Lake County Schools				32,240	1	1.39%
Gardens at Citrus towers				13,274	4	0.57%
Sundance Clermont LLC				10,636	6	0.46%
Osprey Ridge Apartments				9,676	7	0.42%
Village at East Lake Apartments				8,081	9	0.35%
Emerald Lakes of Clermont				6,950	10	0.30%
<b>TOTAL</b>	<u><u>346,600</u></u>		<u><u>12.90%</u></u>	<u><u>145,831</u></u>		<u><u>6.30%</u></u>

<sup>1</sup> The City of Clermont had a total metered water flow of approximately 2,687,665,000 gallons for the 12-month period ending September 30, 2018

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

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow<sup>1</sup></u>	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow</u>
South Lake Hospital	35,643	1	3.38%	21,596	2	1.55%
Vista at Lost Lake	22,174	2	2.10%	9,075	4	0.65%
Westminster Comm Care Service	15,291	3	1.45%	11,303	3	0.81%
Living Well Lodges Clermont LLC	14,502	4	1.38%			
BR Citrus Tower LLC	13,723	5	1.30%			
Westdale Sundance LTD	12,006	6	1.14%			
Osprey Ridge Apartments	10,682	7	1.01%			
Senninger Irrigation	10,616	8	1.01%			
IP9 Clermont LLC	10,558	9	1.00%			
Eastridge High School	7,246	10	0.69%			
Lake County Schools				23,885	1	1.71%
Villages at East Lake				8,081	5	0.58%
Emerald Lakes				6,950	6	0.50%
Blue Water Express Car Wash				6,446	7	0.46%
Empirian Property Management				5,072	8	0.36%
Clermont Dialysis				3,428	9	0.25%
Walmart				3,281	10	0.23%
<b>TOTAL</b>	<b>152,441</b>		<b>14.46%</b>	<b>99,117</b>		<b>7.10%</b>

<sup>1</sup> The City of Clermont had a total metered water flow for wastewater billing purposes of approximately 1,054,394,000 gallons for the 12-month period ending September 30, 2018

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

<b>Function</b>	<b>Full-time Equivalent Employees as of September 30</b>			
	<u><b>2009</b></u>	<u><b>2010</b></u>	<u><b>2011</b></u>	<u><b>2012</b></u>
General Government	31.00	28.00	27.00	25.85
Public Safety:				
Police				
Sworn personnel	53.00	57.00	57.00	57.00
Non sworn personnel	17.00	16.00	5.00	5.00
Fire				
Firefighters	47.85	48.00	48.00	47.80
Other personnel	2.00	2.00	2.00	2.00
Building Services	1.65	1.40	1.40	0.60
Physical Environment	10.00	4.50	4.00	4.00
Transportation	15.60	15.35	13.50	14.80
Human Services	0.00	0.00	0.00	0.00
Culture & Recreation	25.60	26.10	22.00	21.20
Water	29.40	29.15	29.15	29.45
Sewer	26.30	26.05	25.85	24.50
Stormwater	8.80	9.15	9.40	7.95
Sanitation	16.80	16.30	16.70	16.85
<b>Total</b>	<u><u>285.00</u></u>	<u><u>279.00</u></u>	<u><u>261.00</u></u>	<u><u>257.00</u></u>

Source: City of Clermont Finance Department.



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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
26.66	31.56	36.00	36.00	38.70	41.45
57.00	61.00	61.00	66.00	70.00	79.00
6.00	6.00	6.00	6.00	6.00	7.00
47.80	56.80	56.80	59.80	66.50	74.20
2.00	5.20	4.20	4.20	6.50	8.80
0.60	6.00	6.00	7.00	11.30	11.55
4.95	4.70	7.45	8.70	10.70	10.70
14.65	12.95	12.85	12.60	14.60	16.60
0.00	0.00	0.00	0.00	0.00	0.00
21.10	27.25	33.35	35.35	39.35	40.60
29.66	30.61	29.35	29.65	29.15	30.45
23.78	23.88	24.15	26.45	26.95	31.25
6.72	6.87	6.65	7.75	10.25	10.10
<u>17.08</u>	<u>17.18</u>	<u>18.20</u>	<u>18.50</u>	<u>21.00</u>	<u>21.30</u>
<u><u>258.00</u></u>	<u><u>290.00</u></u>	<u><u>302.00</u></u>	<u><u>318.00</u></u>	<u><u>351.00</u></u>	<u><u>383.00</u></u>

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

<b>Function</b>	<b>Fiscal Year</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>General Government</b>				
Municipal boundary (square miles)	14.43	14.76	14.90	14.95
Business Tax Receipts issued	1,771	1,833	1,843	2,237
A/P Checks issued	6,042	5,722	4,875	2,336
Commercial construction (units)	19	10	3	8
Commercial construction (value in thousands)	13,223	8,357	18,020	15,203
Residential construction (units)	204	305	151	173
Residential construction (value in thousands)	56,092	53,202	23,558	25,882
<b>Public Safety:</b>				
<b>Police</b>				
Auto accidents	972	955	1,121	1,259
Physical arrests	949	854	699	644
911 calls received	6,828	5,230	5,587	5,911
Evidence processed (pieces)	1,652	1,349	1,297	1,413
Parking violations	107	137	378	201
Traffic violations	4,553	4,981	6,312	5,389
<b>Fire</b>				
Volunteer firefighters	10	6	6	6
Fire inspections completed	979	2,121	896	662
Emergency calls answered	3,155	3,112	3,822	3,320
Non-emergency calls answered	434	352	805	934
<b>Water</b>				
Residential accounts	17,375	17,884	18,240	18,619
Commercial accounts	1,201	1,206	1,210	1,207
Annual water usage (thousands of gallons)	2,312,962	2,054,236	2,275,936	2,391,485
<b>Sewer</b>				
Residential accounts	12,154	12,508	12,722	12,936
Commercial accounts	1,158	1,158	1,167	1,166

Sources: Various government departments.

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

**Fiscal Year**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
14.95	15.18	16.65	16.78	16.78	17.12
2,483	1,955	1,701	1,584	1,838	1,802
2,288	3,529	2,747	3,276	3,651	3,872
20	15	16	20	14	20
34,268	17,288	8,625	42,241	13,302	42,042
327	572	323	740	433	387
53,055	62,117	55,178	103,423	87,873	104,394
1,402	1,357	1,573	1,909	1,909	1,802
886	631	652	589	593	569
6,352	6,643	7,618	6,397	6,809	7,943
2,930	2,384	989	674	1,165	1,040
252	379	144	181	385	147
7,225	4,623	6,879	7,421	6,713	4,676
-	-	-	-	-	-
1,240	3,766	3,813	4,468	2,586	2,203
3,414	4,127	4,202	6,001	6,828	5,689
447	987	523	806	925	989
19,399	19,670	13,242 *	13,561	14,339	14,805
1,232	1,234	1,211	1,220	1,235	1,498
2,392,022	2,406,183	2,521,397	2,572,852	2,743,657	2,687,665
13,407	13,718	13,578	13,860	14,619	15,198
1,194	1,055	1,074	1,091	1,106	1,107

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

Function	Fiscal Year			
	2009	2010	2011	2012
General Government				
Public Safety:				
Police				
Police stations	1	1	1	1
Patrol units	45	45	46	46
Fire				
Fire department facilities	3	4	4	4
Staffed fire stations	3	3	3	3
Fire hydrants	2,140	2,012	2,016	2,048
Fire apparatus	9	8	7	8
Staffed fire apparatus	5	5	5	5
ALS non-transport units	4	4	4	4
Transportation				
Streets paved (miles)	131.72	133.20	133.20	133.20
Streetlights	1,331	1,352	1,352	3,103
Culture & Recreation				
Number of parks	22	22	23	23
Parks acreage	349.5	349.5	349.5	349.5
Scenic linear trail (miles)	5.7	5.7	5.7	5.7
Tennis courts	9	9	9	9
Piers	4	4	4	4
Boat ramp	1	1	1	1
Water				
Miles of water mains	122.83	124.11	197.40	242.36
Sewer				
Miles of sanitary sewers	65.18	66.19	132.02	156.81
Miles of storm sewers	24.61	26.32	89.80	105.38

Sources: Various government departments.

\* Does not include private systems

Fiscal Year						
2013	2014	2015	2016	2017	2018	
1	1	1	1	1	1	1
55	57	79	95	98	104	
4	4	3	4	5	5	
3	3	3	4	4	4	
2,120	2,146	2,200	2,646	2,646	2,646	
8	8	12	6	7	9	
5	5	3	6	6	7	
4	4	3	1	6	6	
173.91	191.52	202.38	210.00	210.60	210.60	
3,103	3,127	3,158	3,160	1,309	1,309	
23	23	23	23	24	24	
349.5	349.5	378.0	443.9	443.9	443.9	
5.7	5.7	5.7	7.5	7.5	8.0	
9	9	9	9	9	9	
5	5	10	11	11	9	
1	1	1	1	1	1	
243.14	222.75	230.28	229.44	297.00	297.81	
160.42	161.25	167.60	168.57	220.00	224.00	
109.05	133.70	48.22 *	47.63 *	47.56 *	48.36	



## ***OTHER REPORTS***





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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Clermont, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 31, 2019.

***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

*McDiernit Davis & Company, LLC*

Orlando, FL  
May 31, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

**Report on Compliance for Each Major State Project**

We have audited the *City of Clermont, Florida's* (the City) compliance with the types of compliance requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2018. The City's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Chapter 10.550, *Rules of the Auditor General*. Those standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major State Project**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major state project for the year ended September 30, 2018.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

*McDiernit Davis & Company, LLC*

Orlando, Florida  
May 31, 2019

CITY OF Clermont, FLORIDA

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

Year Ended September 30, 2018

Award type			
Grantor	CSFA	Agency or Pass-through	
Grantor program title	Number	Entity Grant Number	Expenditures
<b>State Award</b>			
<b>State of Florida, Department of Environmental Protection</b>			
West Lake Wetlands (Victory Point)	37.078	16-005-UA17	\$ 12,150
West Lake Stormwater*	37.039	LP35142	<u>500,000</u>
<b>Total Department of Environmental Protection</b>			<u>512,150</u>
<b>State of Florida, Department of State and Secretary of State</b>			
West Lake Wetlands Perform/ Event Area*	45.014	18.c.cf.300.307	<u>500,000</u>
Total state awards			<u><u>\$ 1,012,150</u></u>

\* Denotes a major program

See accompanying Notes to Schedule of Expenditures of State Financial Assistance

CITY OF CLERMONT, FLORIDA

**NOTES TO SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE**

Year Ended September 30, 2018

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City of Clermont, Florida (the City) under projects of the state government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**Note 2 - Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, amounts reported on the Schedule are based on expenditures incurred as of September 30, 2018, even if grant or loan was received subsequent to that date. Pass-through entity identifying numbers are presented where available.



## **MANAGEMENT LETTER**

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

### **Report on the Financial Statements**

We have audited the financial statements of the City of Clermont, Florida, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 31, 2019.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *ACIPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 31, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.



## **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us apply appropriate procedures and communicate the results of our determination as to whether or not the *City of Clermont, Florida* has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *City of Clermont, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the *City of Clermont, Florida's* financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Additional Matters**

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

## **Purpose of This Letter**

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

*McDiernit Davis & Company, LLC*

Orlando, Florida  
May 31, 2019



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

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

We have examined City of Clermont, Florida’s (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2018. Management is responsible for the City’s compliance with those requirements. Our responsibility is to express an opinion on the City’s compliance based on our examination.

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

In our opinion, City of Clermont, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

*McDirmit Davis & Company, LLC*

Orlando, Florida  
May 31, 2019

