

City of Clermont, Florida



Comprehensive Annual Financial Report

Fiscal Year Ending September 30, 2006

Pictured on the cover is a view of Lake Minneola from the new recreation property purchased in July 2006. This property is approximately 220 acres with approximately 2,000 feet of lake front on Lake Minneola. This land will be used for a passive park.

City of Clermont, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended September 30, 2006

Prepared by: Administrative Services Department

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CITY OF CLERMONT

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February 28, 2007

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Clermont, Florida, for the fiscal year ended September 30, 2006. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2006.

Management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Clermont has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Clermont's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Clermont's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Clermont's financial statements have been audited by McDirmit Davis & Company, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Clermont for the fiscal year ended September 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Clermont's financial statements for the fiscal year ended September 30, 2006, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City of Clermont

The City was founded in 1884 and incorporated in 1916. The City currently has a land area of 14.13 square miles and population of approximately 22,097. The City is located in south Lake County, approximately twenty-two miles west of the City of Orlando and about twenty-five miles northwest of Walt Disney World. Clermont, known as “The Gem of the Hills”, is truly the crossroads of Florida, at the intersection of State Road 50 that runs east and west across the state and U.S. Highway 27, which runs north and south through the center of the state. Clermont is on a chain of 15 lakes connected by the winding Palatka River in the Ocklawaha Basin of tributaries of the St. Johns River, the only river system in the United States of America that flows north. The lakes offer residents the opportunity for excellent fishing, boating, swimming and other water sports including competitive skiing and wakeboarding offered by world-class instructional schools.

The City of Clermont is known for its scenic beauty, relaxed lifestyle, recreational facilities and temperate climate. Residents have a wide variety of housing and property ownership opportunities, including lakefront and lake access property, golf course communities, homes in existing neighborhoods, residential retirement communities and new subdivisions. The City of Clermont Parks and Recreation Department operates 22 parks, 5.7 miles of scenic paved trails, 4 piers measuring a total of 840 feet, 1-612 foot boardwalk, 4 special purpose buildings and a boat ramp. Clermont is home to the USA Triathlon National Training Center. This training center, which is part of South Lake Hospital, is a place where local residents and national and international athletes of all levels can pursue their individual health, wellness and fitness goals. Clermont is proud to be known internationally for hosting many triathlon events.

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, animal/mosquito control, recreational facilities and programs, cemetery and general administrative functions. The City also operates and maintains water, wastewater treatment, stormwater and sanitation utilities.

The Clermont Police Department is proud to be recognized by The Commission on Accreditation for Law Enforcement Agencies as a state accredited agency. The Clermont Fire Department has evolved from a volunteer fire department in 1999 to its current status of 73 personnel positions, which include 40 full-time personnel. Advanced Life Support emergency medical service was implemented in 2001 and there are three fire stations providing fire and advanced life support twenty-four hours a day, seven days per week. The City's Utilities Department provides potable water service, wastewater collection and treatment services and reclaimed water production and distribution services to our utility customers. Both the Utility and Engineering Departments were selected by the Central Florida Section of the Society of Women Engineers as the Public Organization of the Year. This award was based on five areas: engineering projects benefiting the public, employees active in professional organizations, community involvement, promoting education and programs to respond to citizens concerns.

The City operates according to a Council/Manager form of government, with an appointed City Manager, four elected City Council members and a separately 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 heads of the various departments.

The annual budget serves as the foundation the City of Clermont's financial planning and control. All departments of the City of Clermont are required to submit requests for appropriations to the City Manager. The City Manager then uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City of Clermont's fiscal year. The appropriated budget is prepared by fund (e.g. general fund), and department (e.g. fire department). The City Manager may make transfers of appropriations within departments; however, any revisions that alter the total appropriations of a department must be approved by City Council. Original and final amended budget-to-actual comparisons are provided in this report for each individual governmental fund. The General Fund is presented on pages 20-21, the Infrastructure Special Revenue Fund is presented on page 22 and the Community Redevelopment Special Revenue fund is presented on page 23 as part of the basic financial statements for the governmental funds. For other governmental funds, these comparisons are presented in the governmental fund subsection of this report, which starts on page 60.

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. Tourism, as well as the economy of the City of Orlando, influences the City's economic environment. Lake County's unemployment rate is 3.1%. This compares favorably to the state's unemployment rate of 3.2% and the national rate of 4.5%. Educational institutions in Clermont such as Lake-Sumter Community College and the University of Central Florida assist in supplying a skilled labor force. South Lake Hospital, the City's largest employer, is a significant economic presence that provides employment to nearly 1,000 healthcare professionals and staff. The hospital has also attracted many new medical offices to the area.

The City's total assessed valuation for real and personal property increased 28.6% from the previous year. The expanding tax base has provided increased revenue enabling the City to fund necessary projects and personnel needed to maintain the adopted levels of service while maintaining a property tax rate of 3.729 mills. This rate has remained the same for the past six years and is one of the lowest in Central Florida.

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

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

- The City has been awarded Community Development Block Grant for neighborhood revitalization in the amount of \$700,000. The grant will be used for the installation of storm drainage along Bloxam Avenue. The total budget for this project is \$1,600,000. The remainder of the project costs will be funded by reserves in the Stormwater Utility Fund.
- The City is currently planning for the construction of a new community center located on Lake Minneola near Waterfront Park. Currently estimated to cost \$9,000,000, the planned facility will accommodate weddings, meetings, and various community functions. This project is being funded through reserves that have been accumulated from the infrastructure sales tax and recreation impact fees.
- Currently in the engineering phase, the East Water Reclamation Facility Expansion project includes construction of processes to upgrade the treatment capacity from two million gallons per day to four million gallons per day. Other improvements in the project include the addition of reclaimed water storage and distribution piping to deliver reclaimed water to existing customers. The total budget for the improvements is \$19,900,000. The project is anticipated to be funded from sewer utility reserves and sewer impact fees.
- The Greater Hills Water Treatment Plant expansion project includes construction of a one million gallon ground storage tank and a bank of high service pumps to deliver potable water to the distribution system. Also included in the project is a new potable well and associated piping. The total budget for the improvements is \$6,100,000. The project is anticipated to be funded from water utility reserves and water impact fees.
- The City has negotiated the purchase of approximately 220 acres of recreation land over the next five (5) years for a total cost of \$16,500,000. The land is undeveloped with approximately 2,000 feet of lake front on Lake Minneola. The land will be used for a passive park. Funding for the acquisition of this property will come from county and state grants with matching funds from the city Infrastructure Fund and Recreation Impact Fee Fund. Total grant funds of approximately twelve million are anticipated over the next five (5) years to assist in the acquisition.

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.

Through careful short and long range planning, conservative budgeting and sound management practices, the projects noted in the major initiatives section are anticipated to be accomplished without incurring any additional debt. Slowed building permits for new home construction are being monitored closely, since impact fee revenue is directly impacted by the housing market. This slowed growth can also impact the growth of ad valorem, utility tax and franchise fee revenues in future years. The City is also monitoring current state legislation regarding ad valorem taxes. Changes in the current structure of the tax law could adversely impact this revenue within the next two years. Because of these circumstances, we are actively monitoring expansion projects and adding of additional personnel that will require multi-year funding commitments. Clermont City Council and management are committed to budgeting and managing all resources in the most cost-effective manner.

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

The City administers a cash management and investment program that seeks to maximize, in order of priority, the preservation of funds, liquidity and interest earnings over its cash and investments. Cash resources of the individual funds are combined to form a pool of cash and investments. The average cash and investment pool balance during the year (not including pension funds) was \$58,215,345 and the average investment earnings rate was 4.5%. Investment income includes the change in the fair value of investments. During the year monies were invested in accordance with the City's investment policy. Pension fund assets were invested in accordance with the City's Investment Policy for Retirement Funds. The average total pension fund assets during the year were \$9,042,667 and the average investment income was 6.9%.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clermont for its comprehensive annual financial report for the fiscal year ended September 30, 2005. This was the eighteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Wayne Saunders
City Manager



Joseph Van Zile
Administrative Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Clermont Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2005

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



President

Executive Director

CITY OF CLERMONT, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2006

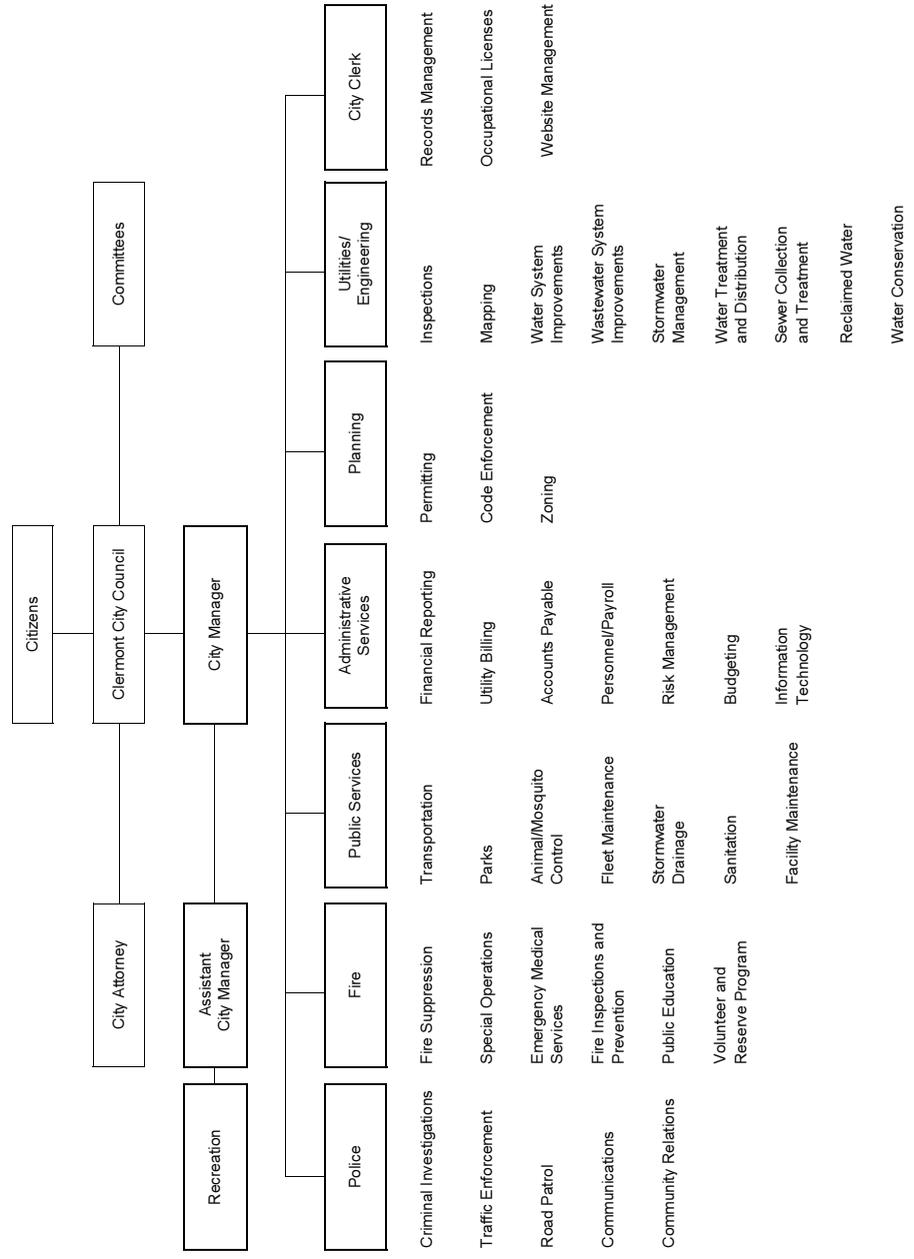
ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

City of Clermont, Florida Organizational Chart



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Clermont, Florida*, as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Clermont, Florida*, as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and the infrastructure special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2006 on our consideration of the *City of Clermont, Florida's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis starting on page 3 is not a required part of the basic financial statements but is supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clermont's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McDiarmid Davis & Company, LLC

November 15, 2006

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, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii through vi of this report.

Financial Highlights

- The City of Clermont's assets exceeded its liabilities at September 30, 2006 by \$93,448,270 (net assets). Of this amount, \$22,140,058 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$15,335,938 (or 19.3%) over the previous fiscal year.
- At September 30, the City of Clermont's governmental funds reported combined ending fund balances of \$14,845,823, an increase of \$1,852,362 over the previous fiscal year. Most of this total amount is available for spending at the government's discretion (unreserved fund balance).
- The General Fund, the City's primary operating fund, reported an unreserved fund balance of \$4,857,413, which represents 23% of total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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

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

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

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

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

The City of Clermont maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Infrastructure Fund and the Community Redevelopment Fund, all of which are considered to be major funds. Data from the other six 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 to demonstrate compliance with this budget at page 20. Budgetary comparison schedules have been provided for the Infrastructure Fund and the Community Redevelopment Fund on pages 22-23. Other nonmajor funds comparisons can be found on pages 60-64.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Proprietary funds. The City of Clermont maintains two types of proprietary funds: *enterprise* and *internal service*, which can be found on pages 24-28 of this report.

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

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

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

The basic fiduciary fund financial statements can be found on pages 29 - 30 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 31 - 55 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor 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 56 - 67 of this report.

Government-Wide Financial Analysis

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

CITY OF CLERMONT'S Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005-06</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2004-05</u>
Assets:						
Current and other assets	\$ 15,947,959	\$ 13,843,039	\$ 49,352,419	\$ 42,131,120	\$ 65,300,378	\$ 55,974,159
Capital assets	<u>26,946,411</u>	<u>18,902,962</u>	<u>34,437,667</u>	<u>29,339,640</u>	<u>61,384,078</u>	<u>48,242,602</u>
Total assets	<u>42,894,370</u>	<u>32,746,001</u>	<u>83,790,086</u>	<u>71,470,760</u>	<u>126,684,456</u>	<u>104,216,761</u>
Liabilities:						
Long-term liabilities outstanding	11,545,996	7,140,195	17,145,908	17,257,343	28,691,904	24,397,538
Other liabilities	<u>943,436</u>	<u>563,131</u>	<u>3,600,846</u>	<u>1,143,760</u>	<u>4,544,282</u>	<u>1,706,891</u>
Total liabilities	<u>12,489,432</u>	<u>7,703,326</u>	<u>20,746,754</u>	<u>18,401,103</u>	<u>33,236,186</u>	<u>26,104,429</u>
Net assets:						
Invested in capital assets, Net of related debt	15,776,569	12,118,268	15,864,458	12,082,297	31,641,027	24,200,565
Restricted	5,935,326	4,799,779	33,731,859	27,573,439	39,667,185	32,373,218
Unrestricted	<u>8,693,043</u>	<u>8,124,628</u>	<u>13,447,015</u>	<u>13,413,921</u>	<u>22,140,058</u>	<u>21,538,549</u>
Total net assets	<u>\$ 30,404,938</u>	<u>\$ 25,042,675</u>	<u>\$ 63,043,332</u>	<u>\$ 53,069,657</u>	<u>\$ 93,448,270</u>	<u>\$ 78,112,332</u>

The City's total net assets at September 30, 2006 was \$93,448,270. Of the City's total net assets \$31,641,027 (34%) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Clermont's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net assets, \$39,667,185 (42%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's total net assets, \$22,140,058 (24%) is unrestricted. These assets may be used at the City's discretion in meeting its ongoing obligations to citizens and creditors.

The City's net assets increased by \$15,335,938 during the current fiscal year. Almost half of this increase was due to a recreation land purchase, and the construction in progress of the Sunburst and Greater Hills Water Treatment Plants and a reclaimed water plant, which significantly increased capital assets. Restricted reserves represent the accumulation of impact fee funds for upcoming and ongoing capital projects. Unrestricted reserves represent increases in investment cash in governmental funds. The increase is due to actual revenues exceeding anticipated revenues, which is the result of growth in the City's tax base.

The following is a summary of the City's governmental and business-type activities for fiscal year 2005-06, including revenues and expenses, with a comparison to the prior year. For more detail see the Statement of Activities on page 16.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

CITY OF CLERMONT'S Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005-06</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2004-05</u>
Revenues:						
Program revenues -						
Charges for services	\$ 3,760,643	\$ 2,453,764	\$ 11,548,548	\$ 10,329,231	\$ 15,309,191	\$ 12,782,995
Operating grants and contributions	523,310	511,853	10,852	138,500	534,162	650,353
Capital grants and contributions	105,379	1,643,898	6,408,010	6,287,105	6,513,389	7,931,003
General revenues -						
Property Taxes	5,664,705	4,416,962	-	-	5,664,705	4,416,962
Franchise and utility taxes	4,661,929	3,973,884	-	-	4,661,929	3,973,884
Intergovernmental	3,787,148	2,857,999	-	-	3,787,148	2,857,999
Investment income and miscellaneous	835,156	326,486	1,968,333	824,996	2,803,489	1,151,482
Gain on sale of capital assets	-	854,233	-	-	-	854,233
Total revenues	<u>19,338,270</u>	<u>17,039,079</u>	<u>19,935,743</u>	<u>17,579,832</u>	<u>39,274,013</u>	<u>34,618,911</u>
Expenses:						
General government	3,232,213	2,617,095	-	-	3,232,213	2,617,095
Public safety	7,109,231	5,772,697	-	-	7,109,231	5,772,697
Physical environment	382,089	278,063	-	-	382,089	278,063
Transportation	1,321,429	1,172,233	-	-	1,321,429	1,172,233
Economic environment	180,968	12,778	-	-	180,968	12,778
Human services	77,055	148,994	-	-	77,055	148,994
Culture and recreation	1,851,227	1,816,477	-	-	1,851,227	1,816,477
Interest on long-term debt	285,405	254,725	-	-	285,405	254,725
Water	-	-	3,426,967	3,015,322	3,426,967	3,015,322
Sewer	-	-	4,023,962	3,572,120	4,023,962	3,572,120
Sanitation	-	-	1,730,987	1,816,868	1,730,987	1,816,868
Stormwater	-	-	316,542	286,597	316,542	286,597
Total expenses	<u>14,439,617</u>	<u>12,073,062</u>	<u>9,498,458</u>	<u>8,690,907</u>	<u>23,938,075</u>	<u>20,763,969</u>
Increase (Decrease) in Net Assets Before Transfers	4,898,653	4,966,017	10,437,285	8,888,925	15,335,938	13,854,942
Transfers	<u>463,610</u>	<u>377,416</u>	<u>(463,610)</u>	<u>(377,416)</u>	-	-
Increase in Net Assets	5,362,263	5,343,433	9,973,675	8,511,509	15,335,938	13,854,942
Net Assets – Beginning	<u>25,042,675</u>	<u>19,699,242</u>	<u>53,069,657</u>	<u>44,558,148</u>	<u>78,112,332</u>	<u>64,257,390</u>
Net Assets – Ending	<u>\$ 30,404,938</u>	<u>\$ 25,042,675</u>	<u>\$ 63,043,332</u>	<u>\$ 53,069,657</u>	<u>\$ 93,448,270</u>	<u>\$ 78,112,332</u>

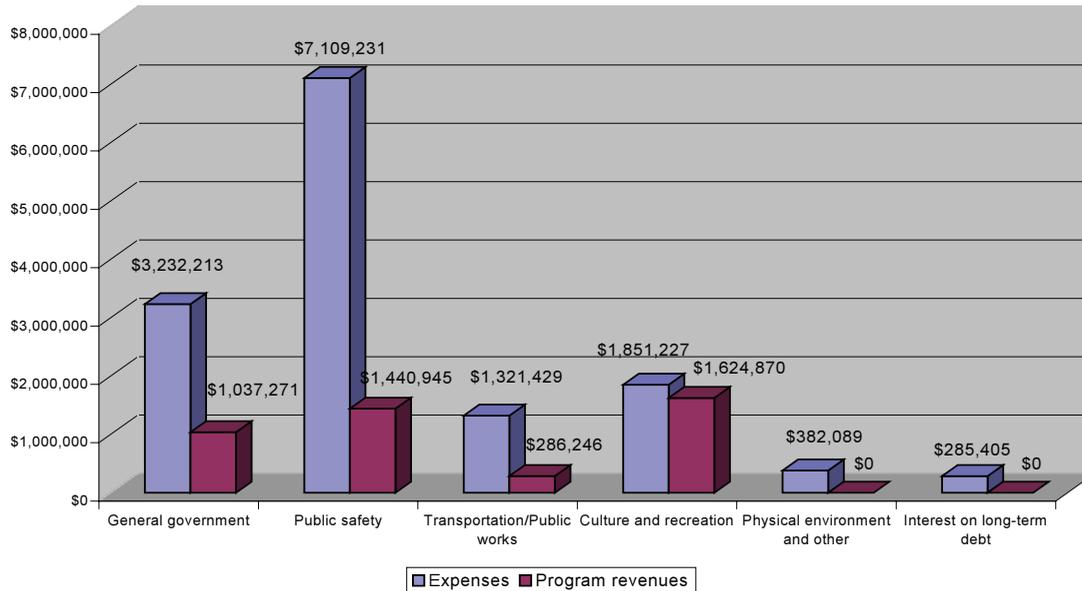
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Governmental activities - Governmental activities increased the City of Clermont's net assets by \$5,362,263. Key elements of this increase are as follows:

- Property tax revenue increased by \$1,247,743 (28.3%) during the year. Franchise fee revenue increased \$357,094 (26.3%) and utility tax revenue increased \$330,951 (12.7%). These increases are the result of growth and not a change in the City's tax rate structure.
- Charges for services increased primarily due to an increase in collections of recreation, police and fire impact fees. This is due to a new fee structure adopted January 1, 2006.
- Increases in expenses closely paralleled inflation and growth in the demand for services. The most significant increase can be observed in the public safety category. The majority of this increase is additional personnel in both the police and fire departments.

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

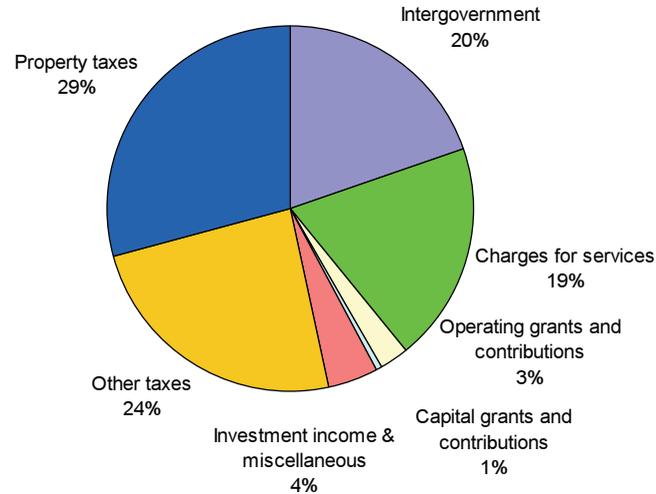
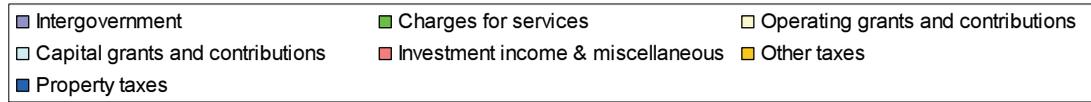
Expenses and Program Revenues - Governmental Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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

Revenues by Source - Governmental Activities



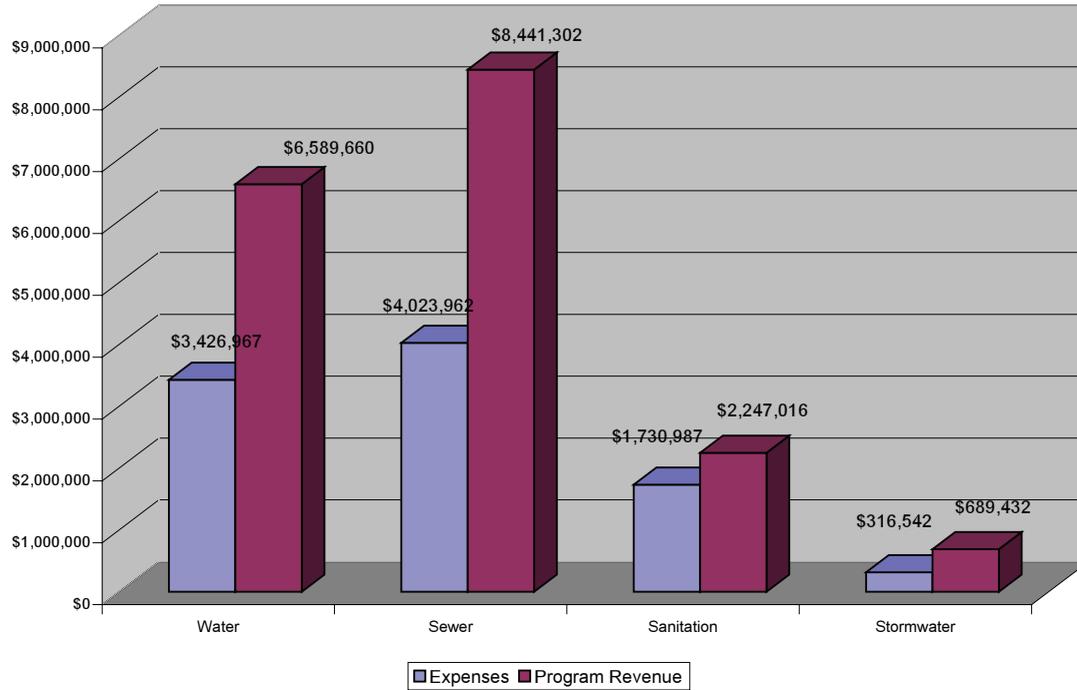
Business-type activities - Business-type activities increased the City of Clermont's net assets by \$9,973,675. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$1,219,317 (11.8%), primarily due to increase in demand.
- Capital contributions totaled \$6,408,010. These contributions are water and sewer impact fees paid by developers. Although this total was only a slight increase of \$120,905 from the previous fiscal year, this amount contributes to the majority of the increase in net assets. The fees were adopted by the City to require new development to pay its proportionate share of the capital costs necessary to accommodate new development impacts on the City's water and sewer system. The City is using this revenue for large capital projects that are currently under construction such as the Sunburst Lane and Greater Hills Water Treatment Plants and a Water Reclamation Plant.
- Sanitation expenses decreased due to the renegotiation of the contract to provide collection for the eastern portion of the city at a lower price and lower landfill charges.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

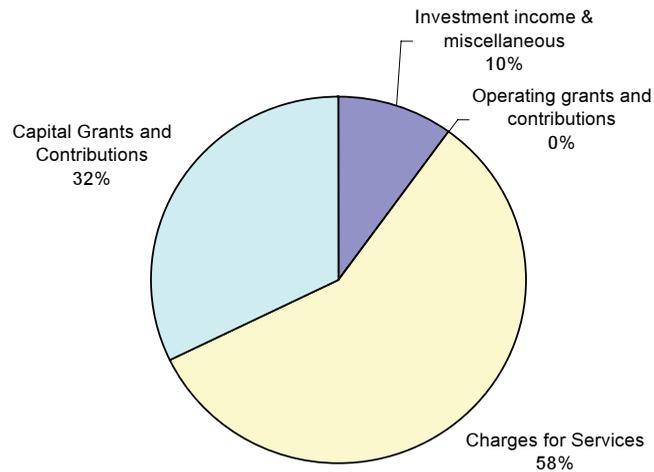
The following graph is a comparison of program revenues and program expenses for all business-type activities. This chart is intended to give the reader an idea of the degree to which business-type activities are self-supporting.

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-type Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

Financial Analysis of the City's Funds

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

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

As of September 30, 2006, the City of Clermont's governmental funds reported combined ending fund balances of \$14,845,823, an increase of \$1,852,362 in comparison with the prior year. Of the governmental funds combined ending fund balances, \$13,423,888 (90%) represents *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for spending because it has already been committed for debt service, inventories and prepaid expenses, or it is being held in a non-expendable trust fund.

The general fund is the chief operating fund of the City of Clermont. As of September 30, 2006, the fund balance in the General Fund was \$5,090,705, a decrease of \$865,423 in comparison with the prior year. Of the total fund balance in the General Fund, \$4,857,413 (95%) was unreserved fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 23% of total general fund expenditures, while total fund balance represents 24% of that same amount. This decrease to fund balance is primarily because of a recreation land purchase.

The City also has an Infrastructure Special Revenue Fund that is considered a major fund under criteria set forth by GASB Statement #34. This fund is used to account for the City's share of the Local Government Infrastructure Surtax. The surtax, which represents a countywide one-cent increase in the state sales tax, was authorized for an additional fifteen years by the voters of Lake County in November, 2001. The surtax may only be used for infrastructure projects or public safety equipment with a useful life in excess of five years or on debt issued to finance the above. During fiscal year 2005-06, the fund balance of the infrastructure fund increased by \$1,582,238. This increase is due to intergovernmental revenue being higher than anticipated. There were only minimal expenditures from this fund since the City is accumulating money for the future construction of a community center.

The Community Redevelopment Special Revenue fund is considered a major fund in order for our external auditors to express an opinion on this fund as required by Florida Statutes chapter 163.387(8). This fund was created in 1997 as a dependent taxing district. The incremental annual increase in tax over the base years is used to fund projects. As of September 30, 2006, the fund balance was \$288,375, an increase of \$49,129 over the prior year. Currently, phase II of the streetscape improvements in this district is being engineered.

The remainder of the increase to the governmental fund balance was from the non-major government funds. Recreation, police and fire impact fee fund balances combined increased a total of \$1,156,744. The capital projects fund balance decreased by \$127,068. These funds are to be used for the construction of a new community center.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

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

As of September 30, 2006, the City of Clermont's proprietary funds reported total net assets of \$63,043,332, an increase of \$9,973,675 in comparison with the prior year. Of the proprietary funds total net assets, \$13,329,866 (21%) represents unrestricted net assets. Restricted assets of \$33,731,859 (54%) are reserved for capital improvements.

The Water Fund accounts for the provision of potable water service to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of September 30, 2006, the City of Clermont's water fund reported total net assets of \$20,679,117, an increase of \$3,341,173 (19%) in comparison with the prior year. This increase is primarily due to servicing an expanded customer base. The residential customer base has increased from 14,284 customers in September 2005 to 15,733 as of September 2006. Approximately 53% of the increase in net assets was operating income. The remainder was from impact fee collections that are accumulating for large capital projects that will expand our current water system.

The Sewer Fund accounts for the provision of sewer services to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of September 30, 2006, the City of Clermont's sewer fund reported total net assets of \$37,280,370, an increase of \$5,670,295 in comparison with the prior year. This increase is primarily due to impact fee collections. Much of the money collected for impact fees is accumulating for large capital projects that will expand our current sewer system. The remainder of the increase is due to servicing an expanded customer base. The residential customer base has increased from 10,176 customers in September 2005 to 11,125 in September 2006.

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, 2006, the City of Clermont's sanitation fund reported total net assets of \$1,852,130, an increase of \$578,731 in comparison with the prior year. This was primarily due to operating income.

General Fund Budgetary Highlights

During the year there was a \$9,103,059 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$298,126 increase to Administrative Services for lightning damaged computer equipment replacement and additional personnel and equipment in the Information Technology Division. An offsetting insurance reimbursement was received for the damaged equipment and revenue was also amended accordingly.
- \$465,511 increase to the Fire Department to purchase an Aerial Ladder fire truck.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

- \$8,303,482 increase to the Public Services Department for the purchase of recreation land. A note payable was issued for \$5,250,000. Offsetting grant revenue of \$2,500,000 from Lake County was also amended in the 2005-06 fiscal year, but was not received. The City has an interlocal agreement to receive the grant in April 2007 when Lake County has issued revenue bonds.

Actual revenues (excluding the \$2,500,000 grant mentioned above) were \$1,066,271 more than budgeted revenue and actual expenditures were \$1,128,700 less than budgeted expenditures.

Capital Assets

The following is a summary of the City of Clermont's capital assets, net of depreciation for governmental and business-type activities for the current year with a comparison to the prior year. Additional information on the City of Clermont's capital assets can be found in Note 6 on pages 44 - 45 of this report.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005-06</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2004-05</u>
Land	\$12,941,498	\$ 4,380,524	\$ 1,464,129	\$ 1,464,129	\$14,405,627	\$ 5,844,653
Buildings	5,219,249	5,780,569	547	1,739	5,219,796	5,782,308
Improvements/ Infrastructure	4,971,506	5,857,817	26,120,246	26,663,943	31,091,752	32,521,760
Machinery and Equipment	3,401,866	2,876,402	982,642	640,618	4,384,508	3,517,020
Construction in progress	<u>412,292</u>	<u>7,650</u>	<u>5,870,103</u>	<u>569,211</u>	<u>6,282,395</u>	<u>576,861</u>
Total	<u>\$ 26,946,411</u>	<u>\$ 18,902,962</u>	<u>\$ 34,437,667</u>	<u>\$ 29,339,640</u>	<u>\$ 61,384,078</u>	<u>\$ 48,242,602</u>

The City of Clermont's investment in capital assets for its governmental and business-type activities as of September 30, 2006, amounts to \$61,384,078 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements/infrastructure, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was \$13,141,476 (27%). Major capital asset events during the current fiscal year included the following:

- Recreation land for a passive park was acquired for \$8,303,482.
- Property adjacent to Fire Station #1 was purchased for \$158,009.
- Sewer lift station control panel rehabilitation was completed for \$309,468.
- Aerial ladder fire truck \$466,023.
- New/replacement vehicles totaling \$322,655.
- Two (2) new local garbage trucks for \$373,722.

MANAGEMENT’S DISCUSSION AND ANALYSIS – CONTINUED

- Construction in progress includes construction of Fire Station No. 1 Administration Building, the expansion of Fire Station No. 2, community center construction, downtown streetscape phase II, Bloxam Avenue drainage improvements, Sunburst Lane and Greater Hills water treatment plant expansions, and a sewer reclaimed water plant.

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 46 - 48 of this report.

CITY OF CLERMONT’S Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005-06</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2004-05</u>
Revenue bonds payable	\$ 5,775,000	\$ 6,180,000	\$ 17,685,000	\$ 17,835,000	\$ 23,460,000	\$ 24,015,000
Notes payable	<u>5,391,589</u>	<u>604,694</u>	<u>-</u>	<u>-</u>	<u>5,391,589</u>	<u>604,694</u>
Total	<u>\$ 11,166,589</u>	<u>\$ 6,784,694</u>	<u>\$ 17,685,000</u>	<u>\$ 17,835,000</u>	<u>\$ 28,851,589</u>	<u>\$ 24,619,694</u>

At the end of the current fiscal year, the City of Clermont had total debt outstanding of \$28,851,589. This debt includes revenue bonds payable and notes payable. The City of Clermont issued a new note payable during fiscal year 2005-2006 for the purchase of recreation land.

Economic Factors and Next Year’s Budgets and Rates

- The annual unemployment rate for Lake County in 2006 was 3.1%, which is a decrease from a rate of 3.6% in 2005. This compares favorably to the state’s average of 3.2% and the national average rate of 4.5%.
- The taxable value of commercial and residential property increased 30.9% from fiscal year 2005-06 to fiscal year 2006-07.
- Population increased 9.8% from 20,017 in 2005 to 21,986 in 2006.

As of September 30, 2006, the General Fund unreserved fund balance was \$4,857,413. The City appropriated \$23,115 of this amount for spending in the 2006-07 fiscal year budget. No tax increases were proposed for the general fund for the 2006-07 fiscal year budget.

No utility rate adjustments were proposed for the 2006-07 fiscal year with the exception of the sewer rate structure. The sewer rates increased 2.74% on October 1, 2006 pursuant to a required adjustment in accordance with the Florida Public Service Commission Annual Deflator Index previously adopted by the Clermont City Council.

Requests for Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF CLERMONT, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2006

	Primary Government		
	Governmental Activities	Business-type Activites	Total
Assets:			
Cash and cash equivalents	\$ 2,221,093	\$ 1,101,224	\$ 3,322,317
Investments	13,216,278	12,167,762	25,384,040
Receivables, net	71,026	1,015,766	1,086,792
Inventories	23,821	27,169	50,990
Due from other governments	323,419	-	323,419
Internal balances	(117,149)	117,149	-
Prepaid costs	209,471	96,496	305,967
Restricted assets:			
Cash and cash equivalents	-	2,647,434	2,647,434
Investments	-	31,729,346	31,729,346
Interest receivable	-	126,712	126,712
Bond issuance costs	-	323,361	323,361
Capital assets not being depreciated	13,353,790	7,334,232	20,688,022
Capital assets being depreciated, net of accumulated depreciation	13,592,621	27,103,435	40,696,056
Total assets	42,894,370	83,790,086	126,684,456
Liabilities:			
Accounts payable and other current liabilities	943,436	3,600,846	4,544,282
Noncurrent liabilities:			
Due within one year	448,448	230,000	678,448
Due in more than one year	11,097,548	16,915,908	28,013,456
Total liabilities	12,489,432	20,746,754	33,236,186
Net Assets:			
Invested in capital assets, net of related debt	15,776,569	15,864,458	31,641,027
Restricted for:			
Capital improvements	4,746,683	33,731,859	38,478,542
Community redevelopment	288,375	-	288,375
Debt service	352,779	-	352,779
Perpetual care-nonexpendable	547,489	-	547,489
Unrestricted	8,693,043	13,447,015	22,140,058
Total Net Assets	\$ 30,404,938	\$ 63,043,332	\$ 93,448,270

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

CITY OF CLERMONT, FLORIDA

STATEMENT OF ACTIVITIES

For The Year Ended September 30, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Governmental activities:							
General government	\$ 3,232,213	\$ 1,037,271	\$ -	\$ -	\$ (2,194,942)	\$ -	\$ (2,194,942)
Public safety	7,109,231	1,157,996	177,570	105,379	(5,668,286)	-	(5,668,286)
Physical environment	382,089	-	-	-	(382,089)	-	(382,089)
Transportation/public works	1,321,429	-	286,246	-	(1,035,183)	-	(1,035,183)
Economic environment	180,968	-	-	-	(180,968)	-	(180,968)
Human services	77,055	-	-	-	(77,055)	-	(77,055)
Culture and recreation	1,851,227	1,565,376	59,494	-	(226,357)	-	(226,357)
Interest on long-term debt	285,405	-	-	-	(285,405)	-	(285,405)
Total governmental activities	14,439,617	3,760,643	523,310	105,379	(10,050,285)	-	(10,050,285)
Business-type activities:							
Water	3,426,967	4,839,340	-	1,750,320	-	3,162,693	3,162,693
Sewer	4,023,962	3,783,612	-	4,657,690	-	4,417,340	4,417,340
Sanitation	1,730,987	2,236,164	10,852	-	-	516,029	516,029
Stormwater	316,542	689,432	-	-	-	372,890	372,890
Total business-type activities	9,498,458	11,548,548	10,852	6,408,010	-	8,468,952	8,468,952
Total primary government	\$ 23,938,075	\$ 15,309,191	\$ 534,162	\$ 6,513,389	(10,050,285)	8,468,952	(1,581,333)
General revenues:							
Property taxes					5,664,705	-	5,664,705
Franchise fees and utility taxes					4,661,929	-	4,661,929
Intergovernmental - unrestricted					3,787,148	-	3,787,148
Investment income and miscellaneous					835,156	1,968,333	2,803,489
Transfers					463,610	(463,610)	-
Total general revenues and transfers					15,412,548	1,504,723	16,917,271
Change in net assets					5,362,263	9,973,675	15,335,938
Net assets, beginning					25,042,675	53,069,657	78,112,332
Net assets, ending					\$ 30,404,938	\$ 63,043,332	\$ 93,448,270

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

FUND FINANCIAL STATEMENTS

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CITY OF CLERMONT, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2006

	General	Infrastructure Special Revenue	Community Redevelopment Special Revenue	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 429,480	\$ 232,185	\$ 128,581	\$ 1,413,709	\$ 2,203,955
Investments	4,776,228	3,448,748	159,794	4,298,881	12,683,651
Receivables, net	71,026	-	-	-	71,026
Inventories, at cost	23,821	-	-	-	23,821
Due from other governments	184,560	138,859	-	-	323,419
Prepaid costs	209,471	-	-	-	209,471
Total assets	<u>\$ 5,694,586</u>	<u>\$ 3,819,792</u>	<u>\$ 288,375</u>	<u>\$ 5,712,590</u>	<u>\$ 15,515,343</u>
Liabilities and Fund Balances:					
Accounts payable	\$ 303,681	\$ -	\$ -	\$ 65,639	\$ 369,320
Accrued liabilities	300,200	-	-	-	300,200
Total liabilities	<u>603,881</u>	<u>-</u>	<u>-</u>	<u>65,639</u>	<u>669,520</u>
Fund balances:					
Reserved:					
Inventories and prepaid costs	233,292	-	-	-	233,292
Community redevelopment	-	-	288,375	-	288,375
Debt service	-	-	-	352,779	352,779
Perpetual care	-	-	-	547,489	547,489
Unreserved, reported in:					
General fund	4,857,413	-	-	-	4,857,413
Special revenue funds	-	3,819,792	-	3,947,001	7,766,793
Capital projects fund	-	-	-	799,682	799,682
Total fund balances	<u>5,090,705</u>	<u>3,819,792</u>	<u>288,375</u>	<u>5,646,951</u>	<u>14,845,823</u>
Total liabilities and fund balances	<u>\$ 5,694,586</u>	<u>\$ 3,819,792</u>	<u>\$ 288,375</u>	<u>\$ 5,712,590</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	26,946,411
Internal service funds are used by management to charge the costs of medical insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	279,438
Accrued interest payable is not due in the current period and therefore is not reported in the funds	(120,738)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(11,545,996)</u>
Net assets of governmental activities	<u>\$ 30,404,938</u>

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

CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2006

	General	Infrastructure Special Revenue	Community Redevelopment Special Revenue	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 10,150,274	\$ -	\$ 176,360	\$ -	\$ 10,326,634
Licenses and permits	455,681	-	-	-	455,681
Intergovernmental revenues	2,276,146	1,934,455	-	-	4,210,601
Charges for services	406,835	-	-	-	406,835
Fines and forfeitures	226,472	-	-	-	226,472
Impact fees/special assessments	-	-	-	2,444,585	2,444,585
Investment income	391,053	106,047	15,601	225,062	737,763
Miscellaneous	451,347	-	-	53,619	504,966
Total revenues	<u>14,357,808</u>	<u>2,040,502</u>	<u>191,961</u>	<u>2,723,266</u>	<u>19,313,537</u>
Expenditures:					
Current:					
General government	2,885,755	-	-	-	2,885,755
Public safety	7,454,309	-	-	319,871	7,774,180
Physical environment	371,044	-	-	-	371,044
Transportation	1,012,955	1,891	-	-	1,014,846
Economic environment	38,136	-	142,832	-	180,968
Human services	75,095	-	-	-	75,095
Culture and recreation	9,591,116	-	-	-	9,591,116
Debt service:					
Principal retirement	10,543	-	-	857,562	868,105
Interest and fiscal charges	403	-	-	243,920	244,323
Capital outlay:					
Culture and recreation	-	-	-	169,353	169,353
Total expenditures	<u>21,439,356</u>	<u>1,891</u>	<u>142,832</u>	<u>1,590,706</u>	<u>23,174,785</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,081,548)</u>	<u>2,038,611</u>	<u>49,129</u>	<u>1,132,560</u>	<u>(3,861,248)</u>
Other Financing Sources (Uses)					
Note payable issued	5,250,000	-	-	-	5,250,000
Transfers in	1,042,187	-	-	633,851	1,676,038
Transfers out	(76,062)	(456,373)	-	(679,993)	(1,212,428)
Net other financing sources (uses)	<u>6,216,125</u>	<u>(456,373)</u>	<u>-</u>	<u>(46,142)</u>	<u>5,713,610</u>
Net Change in Fund Balances	<u>(865,423)</u>	<u>1,582,238</u>	<u>49,129</u>	<u>1,086,418</u>	<u>1,852,362</u>
Fund Balances - Beginning	<u>5,956,128</u>	<u>2,237,554</u>	<u>239,246</u>	<u>4,560,533</u>	<u>12,993,461</u>
Fund Balances - Ending	<u>\$ 5,090,705</u>	<u>\$ 3,819,792</u>	<u>\$ 288,375</u>	<u>\$ 5,646,951</u>	<u>\$ 14,845,823</u>

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

CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2006

Amounts reported for the governmental activities in the statement of activities (page 16) are different because:

Net change in fund balances - total governmental funds (page 18)	\$ 1,852,362
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. This is the amount by which capital outlays exceeded depreciation in the current period.	8,071,990
The net effect of sales of capital assets is to decrease net assets.	(28,542)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(4,381,894)
Internal service funds are used by management to charge the cost of medical insurance to individual funds. Net revenue of certain activities of internal service funds is reported with governmental activities.	(86,665)
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.	<u>(64,988)</u>
Change in net assets of governmental activities (page 16)	<u><u>\$ 5,362,263</u></u>

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

CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 9,598,090	\$ 9,598,090	\$ 10,150,274	\$ 552,184
Licenses and permits	424,500	424,500	455,681	31,181
Intergovernmental revenues	2,337,721	4,837,721	2,276,146	(2,561,575)
Charges for services	402,020	402,020	406,835	4,815
Fines and forfeitures	73,100	73,100	226,472	153,372
Investment income	120,400	120,400	391,053	270,653
Miscellaneous	219,505	335,706	451,347	115,641
Total revenues	13,175,336	15,791,537	14,357,808	(1,433,729)
Expenditures:				
Current:				
General government:				
City council	26,485	26,485	22,261	4,224
City clerk	192,515	192,515	191,641	874
City manager	379,900	379,900	369,335	10,565
Administrative services	772,766	1,070,892	1,070,543	349
Legal services	105,570	110,935	110,027	908
Planning & zoning	627,460	627,460	570,792	56,668
Engineering	438,270	438,270	376,854	61,416
Other general government	168,900	192,821	174,302	18,519
	2,711,866	3,039,278	2,885,755	153,523
Public safety:				
Law enforcement	4,191,465	4,191,465	3,952,443	239,022
Fire control	3,164,965	3,630,476	3,501,866	128,610
	7,356,430	7,821,941	7,454,309	367,632
Physical environment:				
Public works	3,160,280	11,463,762	10,875,866	587,896
Economic environment:				
Economic development	31,925	37,761	37,318	443
Cooper Memorial Library	-	818	818	-
	31,925	38,579	38,136	443
Recreation programs	197,175	197,175	174,344	22,831
Debt service:				
Principal retirement	7,154	7,154	10,543	(3,389)
Interest and fiscal charges	167	167	403	(236)
Total expenditures	13,464,997	22,568,056	21,439,356	1,128,700

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

CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	<u>(289,661)</u>	<u>(6,776,519)</u>	<u>(7,081,548)</u>	<u>(305,029)</u>
Other Financing Sources (Uses)				
Note payable issued	-	5,250,000	5,250,000	-
Transfers in	429,600	983,082	1,042,187	59,105
Transfers out	<u>(139,939)</u>	<u>(139,939)</u>	<u>(76,062)</u>	<u>63,877</u>
Net other financing sources (uses)	<u>289,661</u>	<u>6,093,143</u>	<u>6,216,125</u>	<u>122,982</u>
Net Change in Fund Balance	-	(683,376)	(865,423)	(182,047)
Fund Balances - Beginning	<u>5,956,128</u>	<u>5,956,128</u>	<u>5,956,128</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 5,956,128</u>	<u>\$ 5,272,752</u>	<u>\$ 5,090,705</u>	<u>\$ (182,047)</u>

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

CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 1,728,000	\$ 1,728,000	\$ 1,934,455	\$ 206,455
Investment income	30,000	30,000	106,047	76,047
Total revenues	<u>1,758,000</u>	<u>1,758,000</u>	<u>2,040,502</u>	<u>282,502</u>
Expenditures:				
Transportation:				
Roads & streets	30,000	30,000	1,891	28,109
Culture and recreation:				
Parks & recreation	50,000	50,000	-	50,000
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>1,891</u>	<u>78,109</u>
Excess (Deficiency) of				
Revenues Over Expenditures	<u>1,678,000</u>	<u>1,678,000</u>	<u>2,038,611</u>	<u>360,611</u>
Other Financing Sources (Uses)				
Transfers out	<u>(3,659,919)</u>	<u>(3,659,919)</u>	<u>(456,373)</u>	<u>3,203,546</u>
Net other financing sources (uses)	<u>(3,659,919)</u>	<u>(3,659,919)</u>	<u>(456,373)</u>	<u>3,203,546</u>
Net Change in Fund Balance	(1,981,919)	(1,981,919)	1,582,238	3,564,157
Fund Balances - Beginning	<u>2,237,554</u>	<u>2,237,554</u>	<u>2,237,554</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 255,635</u>	<u>\$ 255,635</u>	<u>\$ 3,819,792</u>	<u>\$ 3,564,157</u>

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

CITY OF CLERMONT, FLORIDA

COMMUNITY REDEVELOPMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

For The Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 114,198	\$ 114,198	\$ 176,360	\$ 62,162
Investment income	6,300	6,300	15,601	9,301
Total revenues	<u>120,498</u>	<u>120,498</u>	<u>191,961</u>	<u>71,463</u>
Expenditures:				
Economic development	<u>200,175</u>	<u>200,175</u>	<u>142,832</u>	<u>57,343</u>
Total expenditures	<u>200,175</u>	<u>200,175</u>	<u>142,832</u>	<u>57,343</u>
Excess (Deficiency) of				
Revenues Over Expenditures	<u>(79,677)</u>	<u>(79,677)</u>	<u>49,129</u>	<u>128,806</u>
Other Financing Sources (Uses)				
Transfers in	<u>63,285</u>	<u>63,285</u>	<u>-</u>	<u>(63,285)</u>
Net other financing sources (uses)	<u>63,285</u>	<u>63,285</u>	<u>-</u>	<u>(63,285)</u>
Net Change in Fund Balance	<u>(16,392)</u>	<u>(16,392)</u>	<u>49,129</u>	<u>65,521</u>
Fund Balances - Beginning	<u>239,246</u>	<u>239,246</u>	<u>239,246</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 222,854</u>	<u>\$ 222,854</u>	<u>\$ 288,375</u>	<u>\$ 65,521</u>

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

CITY OF CLERMONT, FLORIDA

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

September 30, 2006

	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Sewer	Sanitation	Stormwater	
Assets					
Current assets:					
Cash and cash equivalents	\$ 254,580	\$ 297,251	\$ 380,339	\$ 169,054	\$ 1,101,224
Investments	6,834,639	3,078,295	930,357	1,324,471	12,167,762
Restricted cash and cash equivalents	1,233,775	1,413,659	-	-	2,647,434
Receivables, net	433,567	333,755	189,393	59,051	1,015,766
Inventories	27,169	-	-	-	27,169
Due from other funds	1,436,119	-	-	-	1,436,119
Prepaid costs	26,305	46,771	18,232	5,188	96,496
Total current assets	10,246,154	5,169,731	1,518,321	1,557,764	18,491,970
Noncurrent assets:					
Restricted investments	7,309,326	24,420,020	-	-	31,729,346
Interest receivable	70,717	55,995	-	-	126,712
Bond issuance costs	116,410	206,951	-	-	323,361
Capital assets:					
Land, buildings and equipment	12,796,318	25,277,982	1,340,088	1,640,178	41,054,566
Construction in progress	3,479,015	742,592	1,427,301	221,195	5,870,103
Less accumulated depreciation	(4,812,418)	(6,575,261)	(812,980)	(286,343)	(12,487,002)
Total capital assets (net of accumulated depreciation)	11,462,915	19,445,313	1,954,409	1,575,030	34,437,667
Total noncurrent assets	18,959,368	44,128,279	1,954,409	1,575,030	66,617,086
Total assets	29,205,522	49,298,010	3,472,730	3,132,794	85,109,056

	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Sewer	Sanitation	Stormwater	
Liabilities					
Current liabilities:					
Accounts payable	697,331	209,285	1,588,495	2,525	2,497,636
Accrued liabilities	133,824	82,758	32,105	15,703	264,390
Retainage payable	275,032	-	-	-	275,032
Due to other funds	-	1,436,119	-	-	1,436,119
Customer deposits payable	256,796	-	-	-	256,796
Revenue bonds payable-current	82,800	147,200	-	-	230,000
Accrued interest payable	110,517	196,475	-	-	306,992
Total current liabilities	1,556,300	2,071,837	1,620,600	18,228	5,266,965
Noncurrent liabilities:					
Revenue bonds payable	6,970,105	9,945,803	-	-	16,915,908
Total noncurrent liabilities	6,970,105	9,945,803	-	-	16,915,908
Total liabilities	8,526,405	12,017,640	1,620,600	18,228	22,182,873
Net Assets					
Invested in capital assets, net of related debt	4,410,010	9,352,310	527,108	1,575,030	15,864,458
Restricted	8,248,777	25,483,082	-	-	33,731,859
Unrestricted	8,020,330	2,444,978	1,325,022	1,539,536	13,329,866
Total net assets	\$ 20,679,117	\$ 37,280,370	\$ 1,852,130	\$ 3,114,566	\$ 62,926,183
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					117,149
Net assets of business-type activities					\$ 63,043,332

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

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CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2006

	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Sewer	Sanitation	Stormwater	
Operating Revenues					
User charges	\$ 4,589,846	\$ 3,783,295	\$ 2,228,680	\$ 686,788	\$ 11,288,609
Miscellaneous	249,494	317	7,484	2,644	259,939
Total operating revenues	\$ 4,839,340	\$ 3,783,612	\$ 2,236,164	\$ 689,432	\$ 11,548,548
Operating Expenses					
Personal services	1,186,832	1,124,167	372,350	174,324	2,857,673
Utilities	354,251	503,965	168	-	858,384
Dump fees	-	61,972	201,288	5,159	268,419
Administrative services	128,615	160,820	38,720	26,365	354,520
Repairs and maintenance	635,884	508,723	108,215	8,824	1,261,646
Depreciation and amortization	370,764	603,879	72,711	64,034	1,111,388
Professional services	93,398	58,896	823,070	14,421	989,785
Insurance	53,307	166,077	23,355	3,705	246,444
Other expenses	229,561	190,221	83,634	19,710	523,126
Total operating expenses	3,052,612	3,378,720	1,723,511	316,542	8,471,385
Operating income (loss)	1,786,728	404,892	512,653	372,890	3,077,163
Nonoperating Revenue (Expenses)					
Grant revenue	-	-	10,852	-	10,852
Investment income	618,698	1,234,431	55,226	59,978	1,968,333
Interest expense	(350,963)	(626,718)	-	-	(977,681)
Total nonoperating revenue (expense)	267,735	607,713	66,078	59,978	1,001,504
Income (loss) before contributions and transfers	2,054,463	1,012,605	578,731	432,868	4,078,667
Capital contributions-fees and assessments	1,750,320	4,657,690	-	-	6,408,010
Transfers out	(463,610)	-	-	-	(463,610)
Change in net assets	3,341,173	5,670,295	578,731	432,868	10,023,067
Total Net Assets - Beginning	17,337,944	31,610,075	1,273,399	2,681,698	532,644
Total Net Assets - Ending	\$ 20,679,117	\$ 37,280,370	\$ 1,852,130	\$ 3,114,566	\$ 396,587

Adjustment to reflect the consolidation internal service fund activities related to enterprise funds.
Change in net assets of business-type activities

(49,392)
\$ 9,973,675

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

CITY OF CLERMONT, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For The Year Ended September 30, 2006

	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Sewer	Sanitation	Stormwater	
				Total	
Cash Flows from Operating Activities:					
Receipts from customers	\$ 4,786,392	\$ 3,753,530	\$ 2,231,551	\$ 799,146	\$ 11,570,619
Receipts from internal services provided	-	-	-	-	1,749,703
Payments to suppliers	(960,855)	(1,536,187)	215,372	(83,951)	(2,365,621)
Payments to employees	(1,182,563)	(1,132,928)	(371,802)	(170,877)	(2,858,170)
Net cash provided (used) by operating activities	2,642,974	1,084,415	2,075,121	544,318	6,346,828
					(174,397)
Cash Flows from Non-Capital Financing Activities:					
Increase in due from other funds	(471,055)	-	-	-	(471,055)
Increase due to other funds	-	471,055	-	-	471,055
Decrease in due from other governments	-	-	-	-	-
Grant revenues	-	-	10,852	-	10,852
Transfers out	(463,610)	-	-	-	(463,610)
Net cash provided (used) by non-capital financing activities	(934,665)	471,055	10,852	-	(452,758)
Cash Flows from Capital and Related Financing Activities:					
Acquisition of capital assets	(3,191,578)	(942,048)	(1,801,022)	(18,612)	(5,953,260)
Interest paid on long-term debt	(388,077)	(654,207)	-	-	(1,042,284)
Fees and assessments received	1,750,320	4,657,690	-	-	6,408,010
Net cash provided (used) by capital and related financing activities	(1,829,335)	3,061,435	(1,801,022)	(18,612)	(587,534)
Cash Flows from Investing Activities:					
Sale (Purchase) of investments	305,638	(5,103,605)	(190,638)	(647,230)	(5,635,835)
Investment income	550,759	1,234,431	55,226	59,978	1,900,394
Net cash provided by investing activities	856,397	(3,869,174)	(135,412)	(587,252)	(3,735,441)
					6,155

Net Increase (Decrease) in Cash and Cash Equivalents	735,371	747,731	149,539	(61,546)	1,571,095	(168,242)
Cash and Cash Equivalents - Beginning	752,984	963,179	230,800	230,600	2,177,563	185,380
Cash and Cash Equivalents - End	<u>\$ 1,488,355</u>	<u>\$ 1,710,910</u>	<u>\$ 380,339</u>	<u>\$ 169,054</u>	<u>\$ 3,748,658</u>	<u>\$ 17,138</u>
Classified As:						
Cash and cash equivalents	\$ 254,580	\$ 297,251	\$ 380,339	\$ 169,054	\$ 1,101,224	\$ 17,138
Restricted cash and cash equivalents	1,233,775	1,413,659	-	-	2,647,434	-
Total	<u>\$ 1,488,355</u>	<u>\$ 1,710,910</u>	<u>\$ 380,339</u>	<u>\$ 169,054</u>	<u>\$ 3,748,658</u>	<u>\$ 17,138</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities						
Operating income	\$ 1,786,728	\$ 404,892	\$ 512,653	\$ 372,890	\$ 3,077,163	\$ (166,139)
Adjustments Not Affecting Cash:						
Depreciation and amortization	370,764	603,879	72,711	64,034	1,111,388	-
Change in Assets and Liabilities:						
Decrease (Increase) in accts receivable	(93,428)	(30,082)	(4,613)	109,714	(18,409)	-
Decrease (Increase) in prepaid costs	(3,885)	(6,961)	(5,088)	(1,570)	(17,504)	-
Decrease (Increase) in inventory	(8,992)	-	-	-	(8,992)	-
Increase (decrease) in accounts payable	547,038	121,448	1,498,910	(4,197)	2,163,199	(8,258)
Increase (decrease) in accrued liabilities	4,269	(8,761)	548	3,447	(497)	-
Increase in customer deposits	40,480	-	-	-	40,480	-
Total adjustments	<u>856,246</u>	<u>679,523</u>	<u>1,562,468</u>	<u>171,428</u>	<u>3,269,665</u>	<u>(8,258)</u>
Net Cash Provided by Operating Activities	<u>\$ 2,642,974</u>	<u>\$ 1,084,415</u>	<u>\$ 2,075,121</u>	<u>\$ 544,318</u>	<u>\$ 6,346,828</u>	<u>\$ (174,397)</u>

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

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CITY OF CLERMONT, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

September 30, 2006

	Total Employee Pension Funds
Assets:	
Cash	\$ 167,478
Investments (at fair value):	
Equity Funds	5,721,534
Bond Funds	3,681,152
Total Assets:	9,570,164
Liabilities:	
Accounts payable	-
Net Assets:	
Held in trust for pension benefits	\$ 9,570,164

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

CITY OF CLERMONT, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For The Year Ended September 30, 2006

	Total Employee Pension Funds
Additions:	
Contributions:	
Employer	\$ 640,621
Plan members	67,175
State	321,141
Total contributions	1,028,937
Investment income:	
Net increase in fair value of investments	625,148
Less investment expense	-
Net investment income	625,148
Total additions	1,654,085
 Deductions:	
Benefits/distributions	546,600
Administrative expenses	52,491
Total deductions	599,091
 Change in Net Assets	 1,054,994
 Net Assets - Beginning	 8,515,170
 Net Assets - End	 \$ 9,570,164

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

NOTES TO FINANCIAL STATEMENTS

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CITY OF CLERMONT, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2006

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.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 1 - Summary of Significant Accounting Policies (Continued):***B. Government-Wide and Fund Financial Statements***

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 1 - Summary of Significant Accounting Policies (Continued):***C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)***

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

The government reports the following funds:

Major Governmental Funds

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

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

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

Non-Major Governmental Fund Types

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

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

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

Major Proprietary Funds

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 1 - Summary of Significant Accounting Policies (Continued):***C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)*****Major Proprietary Funds (Continued)**

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

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

Non-Major Proprietary Funds

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

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

Fiduciary Funds

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

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

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 1 - Summary of Significant Accounting Policies (Continued):***C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)***

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

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

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

D. Assets, Liabilities, and Net Assets or Equity**1. Deposits and Investments**

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

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

2. Receivables and Payables

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 1 - Summary of Significant Accounting Policies (Continued):***D. Assets, Liabilities, and Net Assets or Equity - (Continued)*****2. Receivables and Payables - (Continued)**

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

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

All receivables are shown net of an allowance for 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.

4. Restricted Assets

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

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

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City, in accordance with Chapter 274.02, Florida Statutes, as assets with an initial, individual cost of \$750 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Infrastructure acquired prior to October 1, 2003 has not been recorded for governmental activities. GASB Statement No. 34 requires the reporting and depreciation of new infrastructure expenditures effective with the beginning of the implementation year (October 1, 2003).

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	3-15

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 1 - Summary of Significant Accounting Policies (Continued):***D. Assets, Liabilities, and Net Assets or Equity - (Continued)*****6. Compensated Absences**

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

7. Long-Term Obligations

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

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

8. Fund Equity

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements:**A. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$8,071,990 difference are as follows:

Capital outlay	\$10,323,178
Depreciation expense	<u>(2,251,188)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 8,071,990</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this \$(4,385,448) difference are as follows:

Debt issued or incurred:	
Loan proceeds	\$(5,250,000)
Principal repayment	<u>868,105</u>
Net adjustment to <i>decrease net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$(4,381,895)</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	\$(23,906)
Accrued interest payable	<u>(41,082)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$(64,988)</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

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

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

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 4 - Cash and Investments:

Deposits

At year-end, the carrying amount of the City's deposits was \$31,495 and the bank balance was \$284,565. Fiduciary fund cash of \$167,478 held by the pension fund is not in the City's bank. All bank deposits were fully covered by federal depository insurance or by collateral held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to "authorized depositories".

Investments

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

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

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

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

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

Most of the City's investments are invested in the SBA, an investment pool administered by the State of Florida.

Investments held in the State Board Administration Fund (SBA) consist of short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. The SBA is not a registrant with the Securities and Exchange Commission (SEC); however, the SBA has adopted operating procedures consistent with the requirements for a 2a-7 like pool and the fair value of the position in the pool is equal to the fair value of the pool shares. Such investments are stated at amortized cost in the accompanying financial statements. Investment income is recognized as earned and is allocated to the participating funds based on their equity participation.

Investments made by the City of Clermont at September 30, 2006 are summarized below.

Defined benefit pension plan investments, other than \$5,721,534 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 (Years)</u>
State Board of Administration	\$35,669,765	Unrated	< 90 days
Federal Agency Bond	13,975,663	AAA	0.580
FHLMC Disc. Note	7,467,960	A-1+	0.562
Repurchase Agreements	5,938,255	Unrated	<90 days
Pension Plan Investments:			
FMIVT Broad Market High Quality Bond Portfolio	<u>3,681,152</u>	AA / V4	5.93
	<u>\$66,732,795</u>		

Credit Risk:

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

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, 2006, 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, 2006, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk:

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

Interest Rate Risk:

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

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:

	General Fund	Water Fund	Sewer Fund	Sanitation Fund	Nonmajor Funds	Total
Receivables:						
Accounts	\$ 1,210	\$412,457	\$348,246	\$197,181	\$62,866	\$1,021,960
Taxes	48,057	-	-	-	-	48,057
Other	22,110	39,838	-	2,309	-	64,257
Less allowance for uncollectible accounts	<u>(351)</u>	<u>(18,728)</u>	<u>(14,491)</u>	<u>(10,097)</u>	<u>(3,815)</u>	<u>(47,482)</u>
	<u>\$71,026</u>	<u>\$433,567</u>	<u>\$333,755</u>	<u>\$189,393</u>	<u>\$59,051</u>	<u>\$1,086,792</u>

Note 6 - Capital Assets:

Capital asset activity for the year ended September 30, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,380,524	\$ 8,560,974	\$ -	\$ 12,941,498
Construction in progress	<u>7,650</u>	<u>404,642</u>	<u>-</u>	<u>412,292</u>
Total capital assets, not being depreciated	<u>4,388,174</u>	<u>8,965,616</u>	<u>-</u>	<u>13,353,790</u>
Capital assets, being depreciated:				
Buildings	8,898,262	1,748	-	8,900,010
Improvements/infrastructure	11,282,260	15,790	-	11,298,050
Machinery and equipment	<u>5,465,473</u>	<u>1,340,025</u>	<u>(81,610)</u>	<u>6,723,888</u>
Total capital assets, being depreciated	<u>25,645,995</u>	<u>1,357,563</u>	<u>(81,610)</u>	<u>26,921,948</u>
Less accumulated depreciation for:				
Buildings	(3,117,693)	(563,068)	-	(3,680,761)
Improvements/infrastructure	(5,424,443)	(902,101)	-	(6,326,544)
Machinery and equipment	<u>(2,589,071)</u>	<u>(786,019)</u>	<u>53,068</u>	<u>(3,322,022)</u>
Total accumulated depreciation	<u>(11,131,207)</u>	<u>(2,251,188)</u>	<u>53,068</u>	<u>(13,329,327)</u>
Total capital assets, being depreciated, net	<u>14,514,788</u>	<u>(893,625)</u>	<u>(28,542)</u>	<u>13,592,621</u>
Governmental activities capital assets, net	<u>\$ 18,902,962</u>	<u>\$ 8,071,991</u>	<u>\$(28,542)</u>	<u>\$ 26,946,411</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 6 - Capital Assets (Continued):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,464,129	\$ -	\$ -	\$ 1,464,129
Construction in progress	<u>569,211</u>	<u>5,300,892</u>	<u>-</u>	<u>5,870,103</u>
Total capital assets, not being depreciated	<u>2,033,340</u>	<u>5,300,892</u>	<u>-</u>	<u>7,334,232</u>
Capital assets, being depreciated:				
Buildings	41,324	-	-	41,324
Improvements	36,257,236	381,451	-	36,638,687
Machinery and equipment	<u>2,383,355</u>	<u>527,072</u>	<u>-</u>	<u>2,910,427</u>
Total capital assets, being depreciated	<u>38,681,915</u>	<u>908,523</u>	<u>-</u>	<u>39,590,438</u>
Less accumulated depreciation for:				
Buildings	(39,585)	(1,192)	-	(40,777)
Improvements	(9,593,293)	(925,148)	-	(10,518,441)
Machinery and equipment	<u>(1,742,737)</u>	<u>(185,048)</u>	<u>-</u>	<u>(1,927,785)</u>
Total accumulated depreciation	<u>(11,375,615)</u>	<u>(1,111,388)</u>	<u>-</u>	<u>(12,487,003)</u>
Total capital assets, being depreciated, net	<u>27,306,300</u>	<u>(202,865)</u>	<u>-</u>	<u>27,103,435</u>
Business-type activities capital assets, net	<u>\$29,339,640</u>	<u>\$ 5,098,027</u>	<u>\$ -</u>	<u>\$ 34,437,667</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government		\$ 480,288
Public safety		627,091
Physical environment/transportation		399,201
Culture and recreation		<u>744,608</u>
Total depreciation expense - governmental activities		<u>\$2,251,188</u>
Business-type activities:		
Water		\$ 370,764
Sewer		603,879
Sanitation		72,711
Stormwater		<u>64,034</u>
Total depreciation expense - business-type activities		<u>\$1,111,388</u>

CITY OF CLERMONT, FLORIDA
NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 7 - Long-Term Debt:

Bonds Payable

The City issues bonds to provide funds for the acquisition and construction of major capital assets. Bonds have been issued for both governmental and business-type activities. The original amount of revenue bonds issued in prior years is described below. Revenue bonds outstanding at year end are as follows:

<u>Governmental Activities</u>	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2006</u>
Public Improvement Revenue Bonds, Series 2002	1.75 - 4.6% (6/1 & 12/1)	12/01/2003 to 12/01/2017	<u>\$ 6,965,000</u>	<u>\$ 5,775,000</u>
 <u>Business-Type Activities</u>				
Water and Sewer Revenue and Refunding Bonds, Series 2000	4.4 - 5.25% (6/1 & 12/1)	12/01/2004 to 12/01/2030	<u>\$17,935,000</u>	<u>\$17,685,000</u>

<u>Year ending September 30,</u>	<u>Governmental Activities</u>		<u>Business -Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 415,000	\$ 228,338	\$ 230,000	\$ 915,802
2008	425,000	216,406	390,000	901,657
2009	440,000	202,806	410,000	883,207
2010	455,000	187,406	430,000	863,781
2011	470,000	170,913	450,000	853,837
2012-2016	2,655,000	555,730	2,585,000	3,795,800
2017-2021	915,000	55,980	3,320,000	3,018,750
2022-2026	-	-	4,295,000	2,215,038
2027-2031	-	-	<u>5,575,000</u>	<u>930,413</u>
Total	<u>\$5,775,000</u>	<u>\$1,617,579</u>	<u>\$17,685,000</u>	<u>\$14,378,285</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

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

The City has notes payable for governmental activities only. During 2006, the City entered into one new note payable agreement. Notes payable outstanding at year end are as follows:

<u>Governmental Activities</u>	<u>Original Amount</u>	<u>Balance September 30, 2006</u>
Inland Groves North Note, due to individual in quarterly interest only payments of \$52,500 (4%). Final principal payment due on July 14, 2008.	\$5,250,000	\$5,250,000
Capital Improvement Notes, Series 1999 due to SunTrust Bank in ten annual installments of \$40,264 (including interest) beginning December 2000. The notes bear an interest rate of 5.742%. The loan was obtained to purchase a fire truck.	300,000	140,346
Note payable to GMAC in twelve quarterly installments of \$2,440 each, starting July 2003, including interest at 4.65%, secured by vehicle.	<u>27,500</u>	<u>1,243</u>
Total:	<u>\$5,577,500</u>	<u>\$5,391,589</u>

Annual requirements to amortize outstanding notes payable for governmental activities as of September 30, 2006 are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 33,448	\$217,134
2008	5,284,055	215,232
2009	36,009	3,220
2010	<u>38,077</u>	<u>1,093</u>
Total:	<u>\$5,391,589</u>	<u>\$436,679</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 7 - Long-Term Debt (Continued):**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2006 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bond payable -					
Revenue bonds	\$ 6,180,000	\$ -	\$ (405,000)	\$ 5,775,000	\$415,000
Notes payable-					
Inland Groves Note	-	5,250,000	-	5,250,000	-
Parks Mortgage Note	400,000	-	(400,000)	-	-
Revenue Note, Series 1999	170,802	-	(30,456)	140,346	32,205
Note	33,892	-	(32,649)	1,243	1,243
Total notes payable	604,694	5,250,000	(463,105)	5,391,589	33,448
Compensated absences	355,500	321,862	(297,955)	379,407	-
Governmental activity long-term liabilities	\$ 7,140,194	\$5,571,862	\$ (1,166,060)	\$11,545,996	\$448,448
Business-type activities:					
Bonds payable -					
Revenue bonds	17,835,000	-	(150,000)	17,685,000	230,000
Less deferred amount:					
Issuance discount	(577,657)	-	38,565	(539,092)	-
Business-type activity long-term liabilities	\$17,257,343	\$ -	\$ (111,435)	\$17,145,908	\$230,000

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 8 - Advance Refunding:

In prior years, the City defeased its 1972 and 1988 bond issues by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On September 30, 2006, \$1,870,000 of bonds outstanding are considered defeased.

Note 9 - Interfund Receivables, Payables and Transfers:

The composition of due to/from other funds at September 30, 2006 is as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Fund	<u>\$1,436,119</u>	Sewer Fund	<u>\$1,436,119</u>

Interfund transfers for the year ended September 30, 2006 consisted of the following:

<u>Recipient Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	\$ 25,096	Transfer from Cemetery Fund to defray the cost of cemetery operation and maintenance.
General Fund	463,610	Transfer from Water Fund to cover non-operating expenditures.
General Fund	553,481	Transfer from Recreation Impact Fee Fund to reimburse the General Fund for expenditures incurred for the purchase of park land.
Debt Service Fund	633,851	Transfer from the General Fund, Infrastructure Fund and Fire Impact Fee Funds to cover the debt service payments for the 2002 Public Improvement Revenue Bonds.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 10 - Retirement Plans:

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

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

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

Summary of Significant Accounting Policies

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

Method Used to Value Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

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

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 10 - Retirement Plans (Continued):

In 1997 the City adopted GASB Statement No. 25 on pension accounting and reporting. This Statement requires the disclosure of any investments in any one organization that represents 5% or more of plan net assets. All investments in the police officers' retirement trust fund and the firefighters' pension fund are invested in the Principal Financial Group's various investment portfolios. There are no investments that exceed 5% of plan net assets. None of the plans held securities issued by the employer.

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

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

Membership in each of the defined benefit pension plans at September 30, 2006 was as follows:

<u>Membership and Provisions</u>	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Members:			
Retirees and beneficiaries			
currently receiving benefits	13	5	1
Vested terminated employees	-	11	42
Active participating employees	<u>-</u>	<u>34</u>	<u>33</u>
Total	<u>13</u>	<u>50</u>	<u>76</u>

Funding Policy - The City's actuarially determined contribution rate per the October 1, 2005 actuarial valuations is 0% for general employees, 20.9% for police officers and 16.1% for firefighters. Police officers make a minimum mandatory contribution of 3% and firefighters make a minimum mandatory contribution of 1%, in order to take advantage of the insurance premium tax rebate provided for in the statutes. Administrative costs are deducted from the net assets of the plan.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 10 - Retirement Plans (Continued):

Annual Pension Cost and Net Pension Obligation - The City has contributed the Annual Required Contribution (ARC) each year, since plan inception and has not had, or had need to report, a Net Pension Obligation (NPO). In accordance with GASB Statement No. 27, the City calculated the potential for a net pension liability (asset) and reaffirmed that none existed at September 30, 2006.

State law requires that actuarial valuations of the Police and Fire Plan be performed at least every three years. An actuarial valuation was performed as of October 1, 2005. The actuarial and census information contained herein, unless otherwise indicated, reflects the status of the Plan as of the actuarial valuation date.

Required supplementary information is as follows:

Year Ended September 30	Schedule of Contributions from the Employer and Other Contributing Entities					
	General Employees		Police Officers		Firefighters	
	Annual Required Contribution	Percentage of ARC Contributed	Annual Required Contribution	Percentage of ARC Contributed	Annual Required Contribution	Percentage of ARC Contributed
2006	\$18,323	100%	\$291,677	100%	\$176,631	100%
2005	7,346	100%	277,060	100%	160,454	100%
2004	5,500	100%	249,332	100%	103,481	100%
2003	8,091	100%	179,838	100%	83,365	100%
2002	5,301	100%	87,526	100%	10,283	100%
2001	10,022	100%	100,216	100%	10,252	100%
2000	9,936	100%	80,737	100%	9,097	100%
1999	5,341	100%	70,318	100%	5,397	100%

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 10 - Retirement Plans (Continued):

Notes to the Required Supplementary Information - The information presented in the required supplementary schedule was determined as part of the actuarial valuation at October 1, 2005. Additional information applies as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Actuarial Cost Method	Aggregate Cost	Aggregate Cost	Aggregate Cost
Amortization Method	N/A	N/A	N/A
Remaining Amortization Period	N/A	N/A	N/A
Asset Valuation Method	Market Value	Market Value	Market Value
Actuarial Assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
Projected salary increases (including inflation of 3.5%)	6.0%	5.5%	5.5%
Cost of living adjustment	N/A	N/A	N/A

As noted above, all of the plans use the aggregate actuarial cost method, which does not identify or separately amortize unfunded actuarial liabilities. Therefore, presentation of a schedule of funding progress is not required.

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 2006 was \$3,624,985; the City's total payroll for City employees was \$4,739,243.

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.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2006

Note 10 - Retirement Plans (Continued):

The actual contribution made by the City for fiscal year 2006 was \$362,498.

Note 11 - Post-retirement Benefits:

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

Note 12 - Risk Management:

During fiscal year 1990, the City established an internal service fund to account for its uninsured risk of loss for employee medical and dental coverage. Under this program, the fund provides coverage for the first \$40,000 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 \$1,000,000.

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

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

	<u>2006</u>	<u>2005</u>
Claims liabilities, beginning of year	\$ 161,436	\$ 77,293
Incurred claims	1,574,318	1,034,594
Payments on claims	<u>(1,582,577)</u>	<u>(950,451)</u>
Claims liabilities, end of year	<u>\$ 153,177</u>	<u>\$ 161,436</u>

Note 13 - Commitments and Contingencies:

Litigation - The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2006. 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.

Land Purchase - The city has entered into a contract to purchase two properties totaling \$8,250,000. Pending inspection, closing on these properties will occur on July 14, 2008. The city hopes to obtain a state grant to help offset some of the cost.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

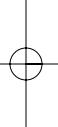
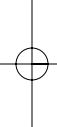
September 30, 2006

Note 13 - Commitments and Contingencies (Continued):

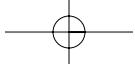
Risk Management - The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City has obtained excess insurance coverage with varying retentions and limits 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.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

Debt Service Fund

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

Capital Projects Fund

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

Permanent Fund

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

CITY OF CLERMONT, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2006

	<u>Special Revenue</u>			<u>Special Revenue Total</u>
	<u>Recreation Impact Fees</u>	<u>Police Impact Fees</u>	<u>Fire Impact Fees</u>	
Assets:				
Cash and cash equivalents	\$ 232,674	\$ 258,910	\$ 398,346	\$ 889,930
Investments	<u>1,429,536</u>	<u>1,462,085</u>	<u>217,250</u>	<u>3,108,871</u>
 Total assets	 <u>\$ 1,662,210</u>	 <u>\$ 1,720,995</u>	 <u>\$ 615,596</u>	 <u>\$ 3,998,801</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	<u>\$ 5,516</u>	<u>\$ 4,872</u>	<u>\$ 41,412</u>	<u>\$ 51,800</u>
Total liabilities	<u>5,516</u>	<u>4,872</u>	<u>41,412</u>	<u>51,800</u>
Fund Balances:				
Reserved for debt service	-	-	-	-
Reserved for cemetery perpetual care	-	-	-	-
Unreserved	<u>1,656,694</u>	<u>1,716,123</u>	<u>574,184</u>	<u>3,947,001</u>
 Total fund balances	 <u>1,656,694</u>	 <u>1,716,123</u>	 <u>574,184</u>	 <u>3,947,001</u>
 Total liabilities and fund balances	 <u>\$ 1,662,210</u>	 <u>\$ 1,720,995</u>	 <u>\$ 615,596</u>	 <u>\$ 3,998,801</u>

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Fund Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 352,779	\$ 45,399	\$ 125,601	\$ 1,413,709
<u>-</u>	<u>768,122</u>	<u>421,888</u>	<u>4,298,881</u>
<u>\$ 352,779</u>	<u>\$ 813,521</u>	<u>\$ 547,489</u>	<u>\$ 5,712,590</u>
<u>\$ -</u>	<u>\$ 13,839</u>	<u>\$ -</u>	<u>\$ 65,639</u>
<u>-</u>	<u>13,839</u>	<u>-</u>	<u>65,639</u>
352,779	-	-	352,779
-	-	547,489	547,489
<u>-</u>	<u>799,682</u>	<u>-</u>	<u>4,746,683</u>
<u>352,779</u>	<u>799,682</u>	<u>547,489</u>	<u>5,646,951</u>
<u>\$ 352,779</u>	<u>\$ 813,521</u>	<u>\$ 547,489</u>	<u>\$ 5,712,590</u>

CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2006

	Special Revenue			Special Revenue Total
	Recreation Impact Fees	Police Impact Fees	Fire Impact Fees	
Revenues:				
Impact fees/special assessments	\$ 1,518,131	\$ 523,204	\$ 403,250	\$ 2,444,585
Investment income	56,679	67,838	24,789	149,306
Miscellaneous	-	-	-	-
Total revenues	<u>1,574,810</u>	<u>591,042</u>	<u>428,039</u>	<u>2,593,891</u>
Expenditures:				
Current:				
Public safety	-	128,725	191,146	319,871
Debt service:				
Principal retirement	400,000	-	52,562	452,562
Interest and fiscal charges	-	-	9,817	9,817
Capital outlay:				
Culture and recreation	-	-	-	-
Total expenditures	<u>400,000</u>	<u>128,725</u>	<u>253,525</u>	<u>782,250</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,174,810</u>	<u>462,317</u>	<u>174,514</u>	<u>1,811,641</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(553,481)	-	(101,416)	(654,897)
Total other financing sources (uses)	<u>(553,481)</u>	<u>-</u>	<u>(101,416)</u>	<u>(654,897)</u>
Net Change in Fund Balances	621,329	462,317	73,098	1,156,744
Fund Balances - Beginning	1,035,365	1,253,806	501,086	2,790,257
Fund Balances - Ending	<u>\$ 1,656,694</u>	<u>\$ 1,716,123</u>	<u>\$ 574,184</u>	<u>\$ 3,947,001</u>

Debt Service	Capital Projects	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 2,444,585
8,375	42,285	25,096	225,062
-	-	53,619	53,619
<u>8,375</u>	<u>42,285</u>	<u>78,715</u>	<u>2,723,266</u>
-	-	-	319,871
405,000	-	-	857,562
234,103	-	-	243,920
-	169,353	-	169,353
<u>639,103</u>	<u>169,353</u>	<u>-</u>	<u>1,590,706</u>
<u>(630,728)</u>	<u>(127,068)</u>	<u>78,715</u>	<u>1,132,560</u>
633,851	-	-	633,851
-	-	(25,096)	(679,993)
<u>633,851</u>	<u>-</u>	<u>(25,096)</u>	<u>(46,142)</u>
3,123	(127,068)	53,619	1,086,418
349,656	926,750	493,870	4,560,533
<u>\$ 352,779</u>	<u>\$ 799,682</u>	<u>\$ 547,489</u>	<u>\$ 5,646,951</u>

CITY OF CLERMONT, FLORIDA

RECREATION IMPACT FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 400,000	\$ 400,000	\$ 1,518,131	\$ 1,118,131
Investment income	19,900	19,900	56,679	36,779
Total revenues	<u>419,900</u>	<u>419,900</u>	<u>1,574,810</u>	<u>1,154,910</u>
Expenditures:				
Current:				
Culture and recreation	62,850	62,850	-	62,850
Debt service:				
Principal retirement	400,000	400,000	400,000	-
Total expenditures	<u>462,850</u>	<u>462,850</u>	<u>400,000</u>	<u>62,850</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(42,950)</u>	<u>(42,950)</u>	<u>1,174,810</u>	<u>1,217,760</u>
Other Financing Sources (Uses):				
Transfers out	<u>(500,000)</u>	<u>(553,482)</u>	<u>(553,481)</u>	<u>1</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>(553,482)</u>	<u>(553,481)</u>	<u>1</u>
Net Change in Fund Balance	(542,950)	(596,432)	621,329	1,217,761
Fund Balances - Beginning	<u>1,035,365</u>	<u>1,035,365</u>	<u>1,035,365</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 492,415</u>	<u>\$ 438,933</u>	<u>\$ 1,656,694</u>	<u>\$ 1,217,761</u>

CITY OF CLERMONT, FLORIDA

POLICE IMPACT FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 300,000	\$ 300,000	\$ 523,204	\$ 223,204
Investment income	23,000	23,000	67,838	44,838
Total revenues	<u>323,000</u>	<u>323,000</u>	<u>591,042</u>	<u>268,042</u>
Expenditures:				
Current:				
Public safety:				
Law enforcement	<u>383,660</u>	<u>383,660</u>	<u>128,725</u>	<u>254,935</u>
Total expenditures	<u>383,660</u>	<u>383,660</u>	<u>128,725</u>	<u>254,935</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(60,660)</u>	<u>(60,660)</u>	<u>462,317</u>	<u>522,977</u>
Net Change in Fund Balance	<u>(60,660)</u>	<u>(60,660)</u>	<u>462,317</u>	<u>522,977</u>
Fund Balances - Beginning	<u>1,253,806</u>	<u>1,253,806</u>	<u>1,253,806</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,193,146</u>	<u>\$ 1,193,146</u>	<u>\$ 1,716,123</u>	<u>\$ 522,977</u>

CITY OF CLERMONT, FLORIDA

FIRE IMPACT FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 300,000	\$ 300,000	\$ 403,250	\$ 103,250
Investment income	9,000	9,000	24,789	15,789
Total revenues	<u>309,000</u>	<u>309,000</u>	<u>428,039</u>	<u>119,039</u>
Expenditures:				
Current:				
Public safety:				
Fire control	570,480	570,480	191,146	379,334
Debt service:				
Principal retirement	102,563	102,563	52,562	50,001
Interest and fiscal charges	11,370	11,370	9,817	1,553
Total expenditures	<u>684,413</u>	<u>684,413</u>	<u>253,525</u>	<u>430,888</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(375,413)</u>	<u>(375,413)</u>	<u>174,514</u>	<u>549,927</u>
Other Financing Sources (Uses):				
Transfers out	(102,205)	(102,205)	(101,416)	789
Total other financing sources (uses)	<u>(102,205)</u>	<u>(102,205)</u>	<u>(101,416)</u>	<u>789</u>
Net Change in Fund Balances	<u>(477,618)</u>	<u>(477,618)</u>	<u>73,098</u>	<u>550,716</u>
Fund Balances - Beginning	<u>501,086</u>	<u>501,086</u>	<u>501,086</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 23,468</u>	<u>\$ 23,468</u>	<u>\$ 574,184</u>	<u>\$ 550,716</u>

CITY OF CLERMONT, FLORIDA

2002 PUBLIC IMPROVEMENT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 3,000	\$ 3,000	\$ 8,375	\$ 5,375
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>8,375</u>	<u>5,375</u>
Expenditures:				
Debt service:				
Principal retirement	405,000	405,000	405,000	-
Interest and fiscal charges	<u>234,104</u>	<u>234,104</u>	<u>234,103</u>	<u>1</u>
Total expenditures	<u>639,104</u>	<u>639,104</u>	<u>639,103</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(636,104)</u>	<u>(636,104)</u>	<u>(630,728)</u>	<u>5,376</u>
Other Financing Sources (Uses):				
Transfers in	<u>638,778</u>	<u>638,778</u>	<u>633,851</u>	<u>(4,927)</u>
Total other financing sources (uses)	<u>638,778</u>	<u>638,778</u>	<u>633,851</u>	<u>(4,927)</u>
Net Change in Fund Balances	2,674	2,674	3,123	449
Fund Balances - Beginning	<u>349,656</u>	<u>349,656</u>	<u>349,656</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 352,330</u>	<u>\$ 352,330</u>	<u>\$ 352,779</u>	<u>\$ 449</u>

CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Income	\$ 11,700	\$ 11,700	\$ 42,285	\$ 30,585
Total revenues	<u>11,700</u>	<u>11,700</u>	<u>42,285</u>	<u>30,585</u>
Expenditures:				
Capital outlay:				
Culture and recreation	<u>6,250,000</u>	<u>6,250,000</u>	<u>169,353</u>	<u>6,080,647</u>
Total expenditures	<u>6,250,000</u>	<u>6,250,000</u>	<u>169,353</u>	<u>6,080,647</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,238,300)</u>	<u>(6,238,300)</u>	<u>(127,068)</u>	<u>6,111,232</u>
Other Financing Sources (Uses):				
Note payable issued	1,632,300	1,632,300	-	(1,632,300)
Transfers in	<u>3,700,000</u>	<u>3,700,000</u>	-	<u>(3,700,000)</u>
Total other financing sources (uses)	<u>5,332,300</u>	<u>5,332,300</u>	<u>-</u>	<u>(5,332,300)</u>
Net Change in Fund Balances	(906,000)	(906,000)	(127,068)	778,932
Fund Balances - Beginning	<u>926,750</u>	<u>926,750</u>	<u>926,750</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 20,750</u>	<u>\$ 20,750</u>	<u>\$ 799,682</u>	<u>\$ 778,932</u>

FIDUCIARY FUNDS

Pension Trust Funds

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

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CITY OF CLERMONT, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

September 30, 2006

	<u>General Employees</u>		Police	Firefighters	Total
	<u>Defined</u>	<u>Defined</u>	Officers	Pension Trust	Employee
	<u>Benefit</u>	<u>Contribution</u>	<u>Pension Trust</u>	<u>Pension Trust</u>	<u>Pension Funds</u>
Assets:					
Cash	\$ 13,692	\$ 47,207	\$ 76,148	\$ 30,431	\$ 167,478
Investments	<u>768,687</u>	<u>2,650,319</u>	<u>4,275,189</u>	<u>1,708,491</u>	<u>9,402,686</u>
Total Assets:	<u>782,379</u>	<u>2,697,526</u>	<u>4,351,337</u>	<u>1,738,922</u>	<u>9,570,164</u>
Liabilities:					
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets Held in Trust					
for Pension Benefits	<u>\$ 782,379</u>	<u>\$ 2,697,526</u>	<u>\$ 4,351,337</u>	<u>\$ 1,738,922</u>	<u>\$ 9,570,164</u>

CITY OF CLERMONT, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For The Year Ended September 30, 2006

	<u>General Employees</u>		Police Officers Pension Trust	Firefighters Pension Trust	Total Employee Pension Funds
	Defined Benefit	Defined Contribution			
Additions:					
Contributions:					
Employer	\$ 7,100	\$ 362,498	\$ 167,845	103,178	\$ 640,621
Plan members	-	-	53,204	13,971	67,175
State	-	-	199,035	122,106	321,141
Total contributions	<u>7,100</u>	<u>362,498</u>	<u>420,084</u>	<u>239,255</u>	<u>1,028,937</u>
Investments income:					
Net increase in fair value	57,933	165,322	289,131	112,762	625,148
Less investment expense	-	-	-	-	-
Net investment income	<u>57,933</u>	<u>165,322</u>	<u>289,131</u>	<u>112,762</u>	<u>625,148</u>
Total additions	65,033	527,820	709,215	352,017	1,654,085
Deductions:					
Benefits/distributions	92,824	340,245	106,830	6,701	546,600
Administrative expenses	6,802	17,481	17,182	11,026	52,491
Total deductions	<u>99,626</u>	<u>357,726</u>	<u>124,012</u>	<u>17,727</u>	<u>599,091</u>
Change in Net Assets	(34,593)	170,094	585,203	334,290	1,054,994
Net Assets Held in Trust for					
Pension Benefits :					
Beginning of Year	<u>816,972</u>	<u>2,527,432</u>	<u>3,766,134</u>	<u>1,404,632</u>	<u>8,515,170</u>
End of Year	<u>782,379</u>	<u>\$ 2,697,526</u>	<u>\$ 4,351,337</u>	<u>\$ 1,738,922</u>	<u>\$ 9,570,164</u>

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

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CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2006

	Land	Buildings	Improvements/ Infrastructure	Machinery/ Equipment	Total
General Government	\$ 170,115	\$ 5,553,681	\$ 14,575	\$ 1,296,794	\$ 7,035,165
Public Safety	447,564	1,646,560	-	4,219,205	6,313,329
Physical Environment/ Transportation	119,494	728,159	5,685,306	587,622	7,120,581
Culture & Recreation	12,014,824	956,830	5,451,796	598,833	19,022,283
Older Assets not Maintained by Function	189,500	14,780	146,373	21,434	372,087
Total	\$ 12,941,497	\$ 8,900,010	\$ 11,298,050	\$ 6,723,888	\$ 39,863,445

	Balance 09-30-05	Additions	Deletions and Transfers	Balance 09-30-06
General Government	\$ 6,837,848	\$ 197,317	\$ -	\$ 7,035,165
Public Safety	5,173,681	1,221,258	81,610	6,313,329
Physical Environment/ Transportation	7,037,782	82,799	-	7,120,581
Culture & Recreation	10,605,121	8,417,162	-	19,022,283
Older Assets not Maintained by Function	372,087	-	-	372,087
Total	\$ 30,026,519	\$ 9,918,536	\$ 81,610	\$ 39,863,445

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Statistical Section

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

Contents	Page
Financial Trends	68
<p>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p>	
Revenue Capacity	77
<p>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</p>	
Debt Capacity	81
<p>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</p> <p>There are no limitations placed upon the amount of debt the City of Clermont may issue by either the City Charter or the City's Code of Ordinances or by Florida Statutes.</p> <p>The City of Clermont has no general obligation bonds outstanding.</p>	
Demographic and Economic Information	85
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	
Operating Information	89
<p>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.</p>	

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

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

	Fiscal Year			
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Governmental activities				
Invested in capital assets, net of related debt	*	*	*	*
Restricted	*	*	*	*
Unrestricted	*	*	*	*
Total governmental activities net assets	*	*	*	*
Business-type activities				
Invested in capital assets, net of related debt	*	*	*	*
Restricted	*	*	*	*
Unrestricted	*	*	*	*
Total business-type activities net assets	*	*	*	*
Primary government				
Invested in capital assets, net of related debt	*	*	*	*
Restricted	*	*	*	*
Unrestricted	*	*	*	*
Total primary government net assets	*	*	*	*

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

Fiscal Year					
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
*	*	*	\$ 10,959	\$ 12,118	\$ 15,777
*	*	*	3,121	4,800	5,935
*	*	*	5,619	8,125	8,693
<u>*</u>	<u>*</u>	<u>*</u>	<u>\$ 19,699</u>	<u>\$ 25,043</u>	<u>\$ 30,405</u>
*	*	*	\$ 12,054	\$ 12,082	\$ 15,864
*	*	*	22,601	27,573	33,732
*	*	*	9,903	13,414	13,447
<u>*</u>	<u>*</u>	<u>*</u>	<u>\$ 44,558</u>	<u>\$ 53,069</u>	<u>\$ 63,043</u>
*	*	*	\$ 23,013	\$ 24,200	\$ 31,641
*	*	*	25,722	32,373	39,667
*	*	*	15,522	21,539	22,140
<u>*</u>	<u>*</u>	<u>*</u>	<u>\$ 64,257</u>	<u>\$ 78,112</u>	<u>\$ 93,448</u>

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

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Expenses										
Governmental activities:										
General government	*	*	*	*	*	*	*	\$2,337	\$2,617	\$3,232
Public safety	*	*	*	*	*	*	*	4,688	5,773	7,109
Physical environment	*	*	*	*	*	*	*	421	278	382
Transportation/public works	*	*	*	*	*	*	*	1,056	1,172	1,322
Economic environment	*	*	*	*	*	*	*	32	13	181
Human services	*	*	*	*	*	*	*	132	149	77
Culture and recreation	*	*	*	*	*	*	*	1,742	1,816	1,851
Interest on long-term debt	*	*	*	*	*	*	*	350	255	285
Total governmental activities expenses	*	*	*	*	*	*	*	10,758	12,073	14,439
Business-type activities:										
Water	*	*	*	*	*	*	*	2,707	3,015	3,427
Sewer	*	*	*	*	*	*	*	3,423	3,572	4,024
Sanitation	*	*	*	*	*	*	*	1,617	1,817	1,731
Stormwater	*	*	*	*	*	*	*	266	287	316
Total business-type activities expenses	*	*	*	*	*	*	*	8,013	8,691	9,498
Total primary government expenses	*	*	*	*	*	*	*	\$18,771	\$20,764	\$23,937
Program Revenues										
Governmental activities:										
Charges for services:										
General government	*	*	*	*	*	*	*	\$963	\$1,042	\$1,037
Public safety	*	*	*	*	*	*	*	807	912	1,158
Transportation/public works	*	*	*	*	*	*	*	250	36	-
Culture and recreation	*	*	*	*	*	*	*	1,009	463	1,566
Operating grants and contributions	*	*	*	*	*	*	*	591	512	523
Capital grants and contributions	*	*	*	*	*	*	*	-	1,644	105
Total governmental activities program revenues	*	*	*	*	*	*	*	3,620	4,609	4,389

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Business-type activities:										
Charges for services:										
Water	*	*	*	*	*	*	*	\$4,342	\$4,320	\$4,839
Sewer	*	*	*	*	*	*	*	2,832	3,295	3,784
Sanitation	*	*	*	*	*	*	*	1,811	2,088	2,236
Stormwater	*	*	*	*	*	*	*	571	627	689
Operating grants and contributions	*	*	*	*	*	*	*	105	138	11
Capital grants and contributions	*	*	*	*	*	*	*	7,095	6,287	6,408
Total business-type activities								16,756	16,755	17,967
program revenues								\$20,376	\$21,364	\$22,356
Total primary government program revenues										
Net (expense)/revenue										
Governmental activities	*	*	*	*	*	*	*	(\$7,138)	(\$7,464)	(\$10,050)
Business-type activities	*	*	*	*	*	*	*	8,743	8,064	8,469
Total primary government net expense	*	*	*	*	*	*	*	\$1,605	\$600	(\$1,581)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	*	*	*	*	*	*	*	\$3,371	\$4,417	\$5,665
Franchise fees and utility taxes	*	*	*	*	*	*	*	3,420	3,974	4,662
Unrestricted intergovernmental revenues	*	*	*	*	*	*	*	2,369	2,858	3,787
Unrestricted investment earnings and miscellaneous revenues	*	*	*	*	*	*	*	186	1,181	835
Transfers	*	*	*	*	*	*	*	385	377	464
Total governmental activities	*	*	*	*	*	*	*	9,731	12,807	15,413
Business-type activities:										
Investment earnings	*	*	*	*	*	*	*	390	825	1,968
Transfers	*	*	*	*	*	*	*	(385)	(377)	(464)
Total business-type activities	*	*	*	*	*	*	*	5	448	1,504
Total primary government	*	*	*	*	*	*	*	\$9,736	\$13,255	\$16,917
Change in Net Assets										
Governmental activities	*	*	*	*	*	*	*	\$2,593	\$5,343	\$5,363
Business-type activities	*	*	*	*	*	*	*	8,748	8,512	9,973
Total primary government	*	*	*	*	*	*	*	\$11,341	\$13,855	\$15,336

* Information not available prior to implementation of GASB Statement 34.

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

Fiscal Year	Property Tax	Franchise Fees	Utility Tax	Total
1997	\$617	\$467	\$787	\$1,871
1998	710	528	885	2,123
1999	838	560	1,027	2,425
2000	1,205	654	1,248	3,107
2001	1,594	806	1,552	3,952
2002	2,038	806	1,855	4,699
2003	2,592	922	1,981	5,495
2004	3,305	1,128	2,292	6,725
2005	4,321	1,357	2,617	8,295
2006	5,488	1,714	2,948	10,150

Taxes Included in Unrestricted Intergovernmental Revenues

Fiscal Year	Sales Tax	State Revenue Sharing	Local Option Gas Tax	Total
1997	\$280	\$150	\$173	\$603
1998	301	155	172	\$628
1999	336	151	199	\$686
2000	381	169	206	\$756
2001	416	187	213	\$816
2002	464	192	226	\$882
2003	541	207	243	\$991
2004	781	242	268	\$1,291
2005	930	328	275	\$1,533
2006	1,157	368	286	\$1,811

City of Clermont, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General fund				
Reserved	\$ 44	\$ 50	\$ 43	\$ 54
Unreserved	<u>793</u>	<u>713</u>	<u>736</u>	<u>1,407</u>
Total general fund	<u>\$ 837</u>	<u>\$ 763</u>	<u>\$ 779</u>	<u>\$ 1,461</u>
All other governmental funds				
Reserved	\$ 346	\$ 368	\$ 393	\$ 409
Unreserved, reported in:				
Special revenue funds	132	199	458	1,291
Capital projects fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,088</u>
Total all other governmental funds	<u>\$ 478</u>	<u>\$ 567</u>	<u>\$ 851</u>	<u>\$ 2,788</u>

Fiscal Year					
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 97	\$ 162	\$ 167	\$ 168	\$ 198	\$ 233
<u>2,120</u>	<u>2,559</u>	<u>3,110</u>	<u>4,207</u>	<u>5,758</u>	<u>4,857</u>
<u>\$ 2,217</u>	<u>\$ 2,721</u>	<u>\$ 3,277</u>	<u>\$ 4,375</u>	<u>\$ 5,956</u>	<u>\$ 5,090</u>
\$ 430	\$ 512	\$ 760	\$ 894	\$ 1,083	\$ 1,189
793	1,003	2,318	3,410	5,028	7,767
<u>669</u>	<u>4,423</u>	<u>106</u>	<u>-</u>	<u>926</u>	<u>780</u>
<u>\$ 1,892</u>	<u>\$ 5,938</u>	<u>\$ 3,184</u>	<u>\$ 4,304</u>	<u>\$ 7,037</u>	<u>\$ 9,736</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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 2,497	\$ 2,770	\$ 3,184	\$ 3,939	\$ 4,931	\$ 5,752	\$ 6,794	\$ 6,791	\$ 8,391	\$ 10,327
Licenses and permits	97	134	150	189	211	253	277	467	484	456
Intergovernmental revenue	989	1,013	872	960	930	1,408	1,152	2,758	5,216	4,211
Charges for services	46	42	44	60	37	367	378	381	389	407
Fines and forfeitures	128	160	109	174	146	112	114	125	164	226
Impact fees/special assessments	127	201	240	996	945	1,314	1,424	1,592	1,152	2,444
Investment income	82	85	88	151	243	141	145	107	267	738
Miscellaneous	97	93	71	261	212	177	219	541	310	505
Total revenues	4,063	4,498	4,758	6,730	7,655	9,524	10,503	12,762	16,373	19,314
Expenditures										
General government	595	771	737	808	874	1,117	1,338	1,432	2,053	2,694
Public Safety	1,146	1,335	1,551	1,868	2,247	3,118	3,606	4,274	5,285	6,452
Physical environment	121	140	114	134	197	42	35	278	318	343
Transportation	364	423	376	404	454	622	806	1,055	917	967
Economic environment	9	11	7	24	27	44	39	32	33	38
Human services	21	24	26	25	20	58	89	122	139	75
Culture and recreation	667	586	735	876	1,011	1,162	1,316	1,009	1,025	1,259
Capital outlay	1,526	1,080	1,231	2,417	2,882	3,205	5,351	2,752	2,484	10,235
Debt service										
Principal	160	175	185	200	257	396	236	507	855	868
Interest	90	79	68	54	99	92	257	268	258	244
Other charges	-	-	-	-	1	211	-	-	-	-
Total expenditures	4,699	4,624	5,030	6,810	8,069	10,067	13,073	11,729	13,367	23,175
Excess of revenues over (under) expenditures	(636)	(126)	(272)	(80)	(414)	(543)	(2,570)	1,033	3,006	(3,861)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Other financing sources (uses)										
Transfers in	753	526	536	1,328	551	1,468	1,182	1,217	1,081	
Transfers out	(659)	(408)	(385)	(1,037)	(302)	(1,378)	(863)	(832)	(704)	
Debt issuance	-	-	397	2,390	-	6,965	27	800	-	
Sale of capital assets	-	-	-	-	-	-	-	-	931	
Payments to refunded bond escrow agent	-	-	-	-	-	(2,000)	-	-	-	
Total other financing sources (uses)	94	118	548	2,681	249	5,055	346	1,185	1,308	0
Net change in fund balances	\$ (542)	\$ (8)	\$ 276	\$ 2,601	\$ (165)	\$ 4,512	\$ (2,224)	\$ 2,218	\$ 4,314	\$ (3,861)
Debt service as a percentage of noncapital expenditures	7.9%	7.2%	6.7%	5.8%	6.9%	10.2%	6.4%	8.6%	10.2%	9.4%

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

Fiscal Year Ended Sep 30	Real Property			Total Real Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Property						
1997	*	*	\$234,844	\$43,731	\$65,433	\$213,142	2.979	\$278,575	76.51%
1998	*	*	269,423	53,654	75,609	247,468	2.979	323,077	76.60%
1999	*	*	317,940	55,962	82,258	291,644	2.979	373,902	78.00%
2000	*	*	384,836	60,922	88,777	356,981	3.479	445,758	80.08%
2001	*	*	491,701	64,111	105,297	450,515	3.729	555,812	81.06%
2002	*	*	626,840	72,610	128,222	571,228	3.729	699,450	81.67%
2003	*	*	793,583	92,764	166,209	720,138	3.729	886,347	81.25%
2004	*	*	1,041,341	112,546	238,373	915,514	3.729	1,153,887	79.34%
2005	*	*	1,363,931	133,687	299,162	1,198,456	3.729	1,497,618	80.02%
2006	*	*	1,771,503	153,086	382,885	1,541,704	3.729	1,924,589	80.11%

Source: Lake County Property Appraisers Office

* Information is not available.

City of Clermont, Florida
Property Tax Rates
Direct and Overlapping¹ Governments
Last Ten Fiscal Years²
(per \$1,000 of assessed value)

Fiscal Year	City of Clermont Operating Millage	Overlapping Rates										Total Direct & Overlapping Rates
		Lake County Operating Millage	Lake County School District	Hospital District		Lake County Water Authority	St. Johns River Water Management District	South Lake Hospital District		Lake County Ambulance MSTU	Lake County Water Authority	
				South Lake Hospital District	Ambulance MSTU							
1997	2.979	4.909	9.228	2.0000	0.1580	0.3840	0.482	2.0000	0.1580	0.3840	0.482	20.1400
1998	2.979	4.733	9.100	2.0000	0.1580	0.3840	0.482	2.0000	0.1580	0.3840	0.482	19.8360
1999	2.979	4.733	9.190	2.0000	0.2680	0.3840	0.482	2.0000	0.2680	0.3840	0.482	20.0360
2000	3.479	4.733	8.742	1.0000	0.3160	0.5000	0.482	1.0000	0.3160	0.5000	0.472	19.2520
2001	3.729	5.117	8.495	1.0000	0.5500	0.5000	0.462	1.0000	0.5289	0.5000	0.462	19.8630
2002	3.729	5.117	8.202	1.0000	0.5289	0.5000	0.462	1.0000	0.5289	0.5000	0.462	19.5389
2003	3.729	5.917	8.395	1.0000	0.5289	0.4819	0.462	1.0000	0.5289	0.4819	0.462	20.5138
2004	3.729	5.917	8.440	1.0000	0.5289	0.4080	0.462	1.0000	0.5289	0.4080	0.462	20.4849
2005	3.729	5.817	7.990	1.0000	0.5289	0.3831	0.462	1.0000	0.5289	0.3831	0.462	19.9100
2006	3.729	5.797	7.981	1.0000	0.5289	0.3370	0.462	1.0000	0.5289	0.3370	0.462	19.8349

Source: Lake County Property Appraisers Office

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

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

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

<u>Taxpayer</u>	<u>2006</u>			<u>1997</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
John P. Adams & Ann D. Adams Family LP	\$27,391	1	1.78%			
Lennar Homes, Inc.	27,122	2	1.76%	\$3,852	4	1.81%
South Lake Hospital, Inc.	20,148	3	1.31%	4,821	3	2.26%
Lost Lake Reserve LC	12,231	4	0.79%			
Sundance Clermont LLC	11,890	5	0.77%			
Clermont Center LTD	10,923	6	0.71%			
Regency Hills by Levitt & Sons LLC	10,384	7	0.67%			
KB Home Orlando LLC	10,235	8	0.66%			
Target Corporation	9,984	9	0.65%			
Village at East Lake LP	9,860	10	0.64%			
Clermont Venture LTD				6,262	1	2.94%
John Hurtak, Trustee				5,145	2	2.41%
Lake Highlands Assoc, Inc.				3,225	5	1.51%
Lakeworth MHP, LTD				3,122	6	1.46%
Patrick G. Kelley, Trustee				2,215	7	1.04%
Indian Shores Development				2,050	8	0.96%
Maynard Knapp, Trustee				1,290	9	0.61%
Star Development				1,160	10	0.54%
TOTAL	\$150,168		9.74%	\$33,142		15.55%

Source: Lake County Property Appraiser

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

Fiscal Year Ended September	Total Tax Levy for Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage		Amount	Percentage
		Amount	of Levy		Amount	of Levy
1997	\$635	\$608	95.7%	\$9	\$617	97.2%
1998	737	700	95.0%	10	710	96.3%
1999	869	836	96.2%	2	838	96.4%
2000	1,242	1,201	96.7%	4	1,205	97.0%
2001	1,680	1,607	95.7%	14	1,621	96.5%
2002	2,130	2,054	96.4%	10	2,064	96.9%
2003	2,685	2,586	96.3%	9	2,595	96.6%
2004	3,414	3,293	96.5%	10	3,303	96.8%
2005	4,469	4,310	96.4%	5	4,315	96.6%
2006	5,749	5,544	96.4%	-	5,544	96.4%

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

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

(amounts expressed in thousands, except per capita amount)

Fiscal Year Ended Sept	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita ¹
	Revenue Bonds	Notes Payable	Line of Credit	Water & Sewer Refunding Revenue Bonds				
1997	\$1,125	\$36	\$ -	\$11,305		\$12,466	*	\$1,644
1998	950	31	-	11,135		\$12,116	*	1,477
1999	765	424	-	10,960		\$12,149	*	1,371
2000	565	744	2,000	10,780		\$14,089	6.87%	1,490
2001	355	630	2,000	17,935		\$20,920	*	1,979
2002	6,965	459	-	17,935		\$25,359	*	1,849
2003	6,965	381	-	17,935		\$25,281	*	1,643
2004	6,575	1,064	-	17,935		\$25,574	*	1,449
2005	6,180	605	-	17,835		\$24,620	*	1,230
2006	5,775	5,392	-	17,685		\$28,852	5.66%	1,312

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

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

* Information is not available.

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

Public Improvement Revenue Bonds, Series 2002

Fiscal Year	Public Service Taxes	Communications Service Tax	Half-Cent Sales Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
					Principal	Interest	
1997	\$787,214	\$ -	\$280,443	\$1,067,657	\$ -	\$ -	-
1998	885,004	-	300,506	1,185,510	-	-	-
1999	1,027,025	-	335,509	1,362,534	-	-	-
2000	1,247,966	-	380,646	1,628,612	-	-	-
2001	1,551,762	-	416,036	1,967,798	-	-	-
2002	1,054,652	800,177	464,290	2,319,119	- ¹	254,188	9.12
2003	1,172,270	808,813	540,717	2,521,800	390,000	250,775	3.94
2004	1,381,779	910,725	780,863	3,073,367	395,000	243,166	4.82
2005	1,552,000	1,063,454	929,740	3,545,194	405,000	233,653	5.55
2006	1,781,626	1,163,971	1,156,694	4,102,291	415,000	222,372	6.44

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

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

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

Sales Tax Revenue Bonds, Series 1989

Fiscal Year	State Infrastructure Tax	Total Revenue Available for Debt Service	Debt Service		Coverage
			Principal	Interest	
1997	\$451,855	\$451,855	\$160,000	\$88,683	1.82
1998	475,531	\$475,531	175,000	77,883	1.88
1999	547,480	\$547,480	185,000	65,983	2.18
2000	598,313	\$598,313	200,000	53,310	2.36
2001	708,636	\$708,636	210,000	39,510	2.84
2002	752,740	\$752,740	225,000	24,915	3.01
2003	996,162	\$996,162	130,000	9,165	7.16
2004	1,233,598	\$1,233,598	- ¹	- ¹	- ¹
2005	1,538,498	\$1,538,498	- ¹	- ¹	- ¹
2006	1,934,455	\$1,934,455	- ¹	- ¹	- ¹

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

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

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

Fiscal Year	Water and Sewer Revenue and Refunding Bonds							
	Water and Sewer Operating Revenues ¹		Water and Sewer Operating Expenses ²		Net Revenue Available for Debt Service		Debt Service	
	Operating Revenues ¹	Operating Expenses ²	Net Revenue Available for Debt Service	Principal	Interest	Coverage		
1997	\$2,022,483	\$1,240,707	\$781,776	\$530,662	\$608,395	0.69		
1998	2,457,227	1,514,280	942,947	170,000	560,006	1.29		
1999	2,803,192	1,737,216	1,065,976	175,000	553,085	1.46		
2000	3,619,767	2,122,938	1,496,829	180,000	530,069	2.11		
2001	4,326,638	2,236,146	2,090,492	- ³	543,741	3.84		
2002	5,124,778	2,952,556	2,172,222	- ³	932,128	2.33		
2003	5,901,907	3,461,216	2,440,691	- ³	932,128	2.62		
2004	7,261,239	4,339,959	2,921,280	- ³	932,128	3.13		
2005	7,841,830	4,773,639	3,068,191	100,000	929,928	2.98		
2006	9,421,834	5,456,689	3,965,145	150,000	924,353	3.69		

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

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

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

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

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

Fiscal Year	Population¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income²	Median Age²	Education Level in Years of Formal Schooling²	School Enrollment³	Unemployment Rate⁴
1997	7,582	*	*	*	*	2,180	4.1%
1998	8,202	*	*	*	*	2,412	3.3%
1999	8,861	*	*	*	*	3,683	2.7%
2000	9,455	204,937	21,675	37.6	13.2	3,841	3.6%
2001	10,571	*	*	*	*	4,500	4.4%
2002	13,718	*	*	*	*	4,616	5.6%
2003	15,391	*	*	*	*	4,630	5.0%
2004	17,654	*	*	*	*	5,219	4.3%
2005	20,017	*	*	*	*	5,165	3.6%
2006	21,986	509,987	23,196	35.9	13.5	5,375	3.1%

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

² Metro Orlando Economic Development Commission

³ Lake County School Board

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

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

* Information is not available.

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

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment¹</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
South Lake Hospital, Inc.	983	1	13.84%	299	1	*
Lake County School System	557	2	7.84%	115	5	*
Walmart	446	3	6.28%			
Publix Supermarkets	349	4	4.91%	244	2	*
Target Corporation	265	5	3.73%			
City of Clermont	257	6	3.62%	83	7	*
Home Depot	197	7	2.77%			
Westminster Care of Clermont	160	8	2.25%			
CBS Builders Supply Inc.	142	9	2.00%	86	6	*
Winn Dixie	130	10	1.83%	225	3	*
Lake Highlands Assoc, Inc.				125	4	*
Quincy's Steak House				69	8	*
Exceletech, Inc.				65	9	*
South Lake Ford				45	10	*
TOTAL	3,486		49.06%	1,356		*

¹ The City of Clermont has an estimated daytime population of 7,105 with approximately 1,007 business establishments as of 9/30/2006.

* Information is not available.

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

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow¹</u>	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow</u>
Lake County Schools	25,054	1	1.18%	*	*	*
South Lake Hospital, Inc.	23,512	2	1.11%	*	*	*
Westminister Care of Clermont	15,687	3	0.74%	*	*	*
Osprey Ridge Apartments	10,484	4	0.49%	*	*	*
Grandview Apartments	9,571	5	0.45%	*	*	*
Sundance Apartments	9,384	6	0.44%	*	*	*
Village at East Lake	8,447	7	0.40%	*	*	*
Emerald Lakes Mobile Home Park	7,375	8	0.35%	*	*	*
Oakridge Apartments	6,328	9	0.30%	*	*	*
Blue Water Express Car Wash	5,744	10	0.27%	*	*	*
TOTAL	<u>121,586</u>		<u>5.73%</u>	<u>*</u>		<u>*</u>

¹ The City of Clermont had a total metered water flow of approximately 2,121,588,000 gallons for the 12-month period ending September 30, 2006

* Information is not available.

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

<u>Employer</u>	2006			1997		
	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow¹</u>	<u>Usage (thousands of gallons)</u>	<u>Rank</u>	<u>Percentage of Total City Metered Flow</u>
South Lake Hospital, Inc.	22,519	1	3.07%	*	*	*
Lake County Schools	17,919	2	2.44%	*	*	*
Westminister Care of Clermont	13,843	3	1.89%	*	*	*
Osprey Ridge Apartments	10,484	4	1.43%	*	*	*
Grandview Apartments	9,571	5	1.31%	*	*	*
Sundance Apartments	9,384	6	1.28%	*	*	*
Village at East Lake	8,447	7	1.15%	*	*	*
Emerald Lakes Mobile Home Park	7,375	8	1.01%	*	*	*
Oakridge Apartments	6,328	9	0.86%	*	*	*
Blue Water Express Car Wash	5,744	10	0.78%	*	*	*
TOTAL	111,614		15.22%	*		*

¹ The City of Clermont had a total metered water flow for wastewater billing purposes of approximately 733,232,000 gallons for the 12-month period ending September 30, 2006

* Information is not available.

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

	<u>Full-time Equivalent Employees as of September 30,</u>									
Function	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Government	10.50	13.50	15.50	19.50	17.50	17.00	23.00	22.50	25.50	27.50
Public Safety:										
Police										
Sworn personnel	19.00	22.00	24.00	25.00	27.00	29.00	31.00	34.00	38.00	45.00
Non sworn personnel	8.00	9.00	10.00	10.00	10.00	10.00	11.00	12.00	16.00	16.00
Fire										
Firefighters	-	-	5.00	5.00	11.00	12.00	13.00	19.00	22.00	38.00
Other personnel	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Physical Environment	3.00	4.00	4.00	4.00	5.00	-	0.50	7.50	7.50	10.00
Transportation	5.81	5.81	7.09	7.87	8.21	11.35	13.16	13.25	13.25	13.70
Human Services	0.50	0.50	0.50	0.50	0.50	1.00	1.75	2.25	2.25	2.00
Culture & Recreation	11.50	11.50	14.50	17.50	19.50	20.75	23.50	19.45	19.45	22.20
Water	7.84	10.34	11.84	12.59	14.12	18.72	20.32	22.90	23.40	25.40
Sewer	7.84	9.34	9.84	13.09	14.82	19.02	19.22	25.80	25.30	26.30
Stormwater	1.35	1.35	2.07	2.29	2.49	2.20	4.49	4.65	4.65	7.20
Sanitation	7.66	8.66	8.66	8.66	8.86	8.96	9.06	8.70	8.70	8.70
Total	<u>83.00</u>	<u>96.00</u>	<u>113.00</u>	<u>127.00</u>	<u>140.00</u>	<u>151.00</u>	<u>171.00</u>	<u>193.00</u>	<u>207.00</u>	<u>244.00</u>

Source: City of Clermont Administrative Services Department.

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

Function	Fiscal Year			
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Government				
Municipal boundary (square miles)	11.26	11.26	11.26	11.26
Occupational licenses issued	*	*	*	*
A/P Checks issued	*	2,875	3,024	3,757
Commercial construction (units)	14	13	5	11
Commercial construction (value in thousands)	3,341	24,687	17,725	22,396
Residential construction (units)	289	333	492	711
Residential construction (value in thousands)	17,798	21,414	34,375	58,830
Public Safety:				
Police				
Auto accidents	324	330	305	392
Physical arrests	532	411	318	397
911 calls received	*	*	*	*
Evidence processed (pieces)	5	8	123	229
Parking violations	*	*	*	*
Traffic violations	2,931	3,510	2,220	4,562
Fire				
Volunteer firefighters	25	25	33	34
Fire inspections completed	304	319	319	266
Emergency calls answered	277	412	579	831
Non-emergency calls answered	43	51	64	54
Human Services				
Animals captured	126	*	*	231
Water				
Residential customers	3,987	4,549	5,009	5,992
Commercial customers	439	447	490	531
Annual water usage (thousands of gallons)	833,834	1,087,078	1,146,663	1,394,359
Sewer				
Residential customers	2,770	3,099	3,328	3,928
Commercial customers	386	388	443	458

Sources: Various government departments.

* Data not available.

Fiscal Year

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
11.29	11.18	11.88	11.97	12.45	14.13
1,202	1,290	1,468	1,551	1,795	1,985
4,481	4,808	4,940	4,967	5,437	5,677
17	39	22	24	23	38
17,264	52,343	18,758	14,272	7,115	17,534
884	829	959	1,155	673	635
82,040	77,470	124,837	158,458	103,672	186,189
374	390	489	541	671	625
462	465	449	414	500	707
*	*	*	5,580	6,262	7,008
311	1,123	1,075	1,054	1,127	1,610
8	36	48	87	71	161
3,489	3,623	2,713	2,394	2,855	5,259
34	34	34	34	27	27
279	494	441	483	457	625
1,556	2,271	2,506	3,093	3,321	3,132
65	77	86	143	143	189
488	521	364	562	445	495
7,303	8,461	10,529	12,751	14,284	15,733
579	644	723	817	921	993
1,365,196	1,299,701	1,338,818	1,655,203	1,788,337	2,121,588
5,001	6,243	7,650	9,217	10,176	11,125
511	581	673	767	883	955

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

Function	Fiscal Year			
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Government				
Public Safety:				
Police				
Police stations	1	1	1	1
Patrol units	19	22	24	25
Fire				
Fire stations	1	1	1	1
Staffed fire stations	0	0	1	1
Fire hydrants	227	227	642	657
Fire apparatus	5	5	5	6
Staffed fire apparatus	0	0	0	1
ALS non-transport units	0	0	0	0
Transportation				
Streets paved (miles)	46.00	46.00	48.00	52.00
Streetlights	699	699	775	825
Culture & Recreation				
Number of parks	21	21	22	22
Parks acreage	88.0	88.0	101.5	101.5
Scenic linear trail (miles)	**	**	**	**
Tennis courts	4	4	4	4
Fishing piers	**	**	**	**
Boat ramp	1	1	1	1
Libraries	1	1	1	1
Water				
Miles of water mains	*	*	*	*
Sewer				
Miles of sanitary sewers	*	*	*	*
Miles of storm sewers	*	*	*	*

Sources: Various government departments.

* Data not available.

** Asset was not in service.

Fiscal Year

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
1	1	1	1	1	1
27	29	31	34	38	45
3	3	3	3	3	3
2	2	2	2	2	2
840	940	1,064	1,200	1,431	1,630
7	6	7	7	8	9
2	2	2	2	3	4
1	1	2	3	3	3
77.00	88.74	92.90	97.00	101.39	109.94
875	1,056	1,056	1,106	1,131	1,231
22	22	22	22	22	22
101.5	101.5	101.5	101.5	101.5	101.5
3.5	3.5	3.5	3.5	5.7	5.7
6	6	6	8	8	8
4	4	4	4	4	4
1	1	1	1	1	1
1	1	1	1	1	1
*	88.74	88.74	92.94	97.23	104.52
34.00	39.05	39.05	41.15	44.26	49.51
8.50	9.11	9.11	9.53	10.27	11.13

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**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**

The Honorable Mayor and
City Council
City of Clermont, Florida

We have audited the basic financial statements of the *City of Clermont, Florida*, as of and for the year ended September 30, 2006, and have issued our report thereon dated November 15, 2006. 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.

Compliance and Other Matters - As part of obtaining reasonable assurance about whether the *City of Clermont, Florida's* basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City of Clermont, Florida in a separate letter dated November 15, 2006.

Internal Control Over Financial Reporting - In planning and performing our audit, we considered the *City of Clermont, Florida's* internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Clermont, Florida in a separate letter dated November 15, 2006.

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

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

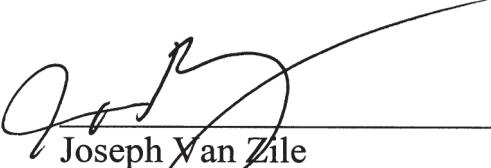
This report is intended solely for the information and use of management, the City Council and the Auditor General of the State of Florida and is not intended to be, and should not be used by anyone other than these specified parties.

McDiernit Davis & Company, LLC

November 15, 2006

Affidavit of Impact Fee Compliance

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



Joseph Van Zile
Director of Administrative Services

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