



*City of
Clermont, Florida*

*Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2005*

City of Clermont, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended September 30, 2005

Prepared by: Administrative Services Department

This page intentionally left blank.



CITY OF CLERMONT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Year Ended September 30, 2005

	Page
I. Introductory Section:	
Table of Contents	i-ii
Letter of Transmittal	iii-vi
GFOA Certificate of Achievement	vii
List of Principal Officials	viii
Organizational Chart	ix
II. Financial Section:	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-14
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Infrastructure Special Revenue Fund	21
Statement of Net Assets - Proprietary Funds	22-23
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25-26
Statement of Fiduciary Net Assets - Fiduciary Funds	27
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	28
Notes to Financial Statements	29-52

CITY OF CLERMONT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS - Continued

Year Ended September 30, 2005

	<u>Page</u>
II. Financial Section - Continued:	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	53-54
Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Nonmajor Governmental Funds	55-56
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Special Revenue Funds	57-60
Debt Service Fund	61
Capital Project Fund	62
Fiduciary Funds:	
Combining Statement of Fiduciary Net Assets	63
Combining Statement of Changes in Fiduciary Net Assets	64
Capital Assets Used in the Operation of Governmental Funds: Schedule by Function and Activity	65
III. Statistical Section:	
General Governmental Expenditures by Function	66-67
General Governmental Revenues by Source	68-69
General Governmental Expenditures by Function	70-71
General Governmental Revenue by Source	72-73
Property Tax Levies, Tax Collections and Assessed Valuations	74-75
Property Tax Rates – Direct and All Overlapping Governments	76-77
Computation of Direct and Overlapping General Obligation Debt	78
Demographic Statistics	79
Property Value, Construction, and Bank Deposits	80-81
Water and Sewer Customer Data	82
Principal Taxpayers	83
Miscellaneous Statistical Data	84-85
Utility Revenue Bond Coverage - All Utility Revenue Bonds	86-87
Largest Employers	88
Schedule of Insurance Coverages	89-90
IV. Other Reports:	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	91-92



Office of the City Manager

February 15, 2006

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

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, 2005.

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, 2005, 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, 2005, 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 a 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 Government

The City was founded in 1884 and incorporated in 1916. The City currently has a land area of 12.45 square miles and a population of approximately 20,017. 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, 3.5 miles of scenic paved trail, 4 fishing piers 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 71 personnel positions, which include 20 full-time personnel. Advanced Life Support emergency medical service was implemented in 2001 and there are currently 3 Advanced Life Support units running out of two fire stations. 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 is responsible, among other things, for 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 for the City of Clermont's financial planning and control. All departments of the City of Clermont are required to submit requests for appropriation 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 page 20 and the Infrastructure Special Revenue Fund is presented on page 21 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 57.

Factors Affecting Financial Condition

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 primarily centered in retail trade as well as lodging, food and beverage establishments, which are tourism oriented. The City's total assessed valuation for real and personal property increased 30.9% 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 five years and is one of the lowest in Central Florida. The economic outlook for the City is positive. The coming year should be similar to the past year unless we experience a major national economic change that would affect the construction industry or current business expansion trends.

Cash management policies and practices. 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 \$47,446,784 and the average investment earnings rate was 1.9%. Investment income includes the change in the fair value of investments. During the year monies were invested in Federal Instrumentalities and the State Board Administration Local Government Investment Pool in accordance with the City's Investment Policy. Pension fund assets were invested mainly in mutual funds in accordance with the City's Investment Policy for Retirement Funds. The average total pension fund assets during the year were \$7,895,440 and the average investment income was 7.6% due to an increase in the fair value of investments.

Risk Management. During the ordinary course of its operations, the City is exposed to various risks of losses. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the City. In the opinion of the City's legal counsel, legal claims and litigation are not anticipated to have a material impact on the financial position of the City.

The City of Clermont maintains a healthcare self-insurance program which was established during fiscal year 1990 for the payment of employee health and dental claims. The program provides for the payment of City and employee contributions into a self-insurance fund, which is managed by the City, a third party administrator, and a local insurance agent. The City's specific stop loss coverage provides that claims in excess of \$40,000, up to a maximum of \$1,000,000 per covered individual per year, are paid by the reinsurer. Additional information on the City's risk management can be found in the notes to the financial statements on page 50.

Pension and other postretirement benefits. The City of Clermont sponsors three single-employer defined benefit pension plans and a defined contribution plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the Annual Required Contribution that the City of Clermont must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. In addition, police officers are required to contribute 3% of their salary, firefighters are required to contribute 1% of their salary to the plan and the State contributes funds collected from insurance premium excise taxes. General employees do not contribute to the plan.

The City of Clermont also provides postretirement health and dental care benefits for retirees and their dependents. At the end of the current fiscal year, there were 4 retired employees receiving these benefits. The cost of the premiums is paid totally by the retirees.

Awards and Acknowledgements

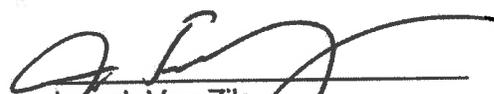
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clermont for its comprehensive annual financial report for the fiscal year ended September 30, 2004. This was the seventeenth consecutive 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 unflinching support for 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, 2004

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

CITY OF CLERMONT, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2005

ELECTED OFFICIALS

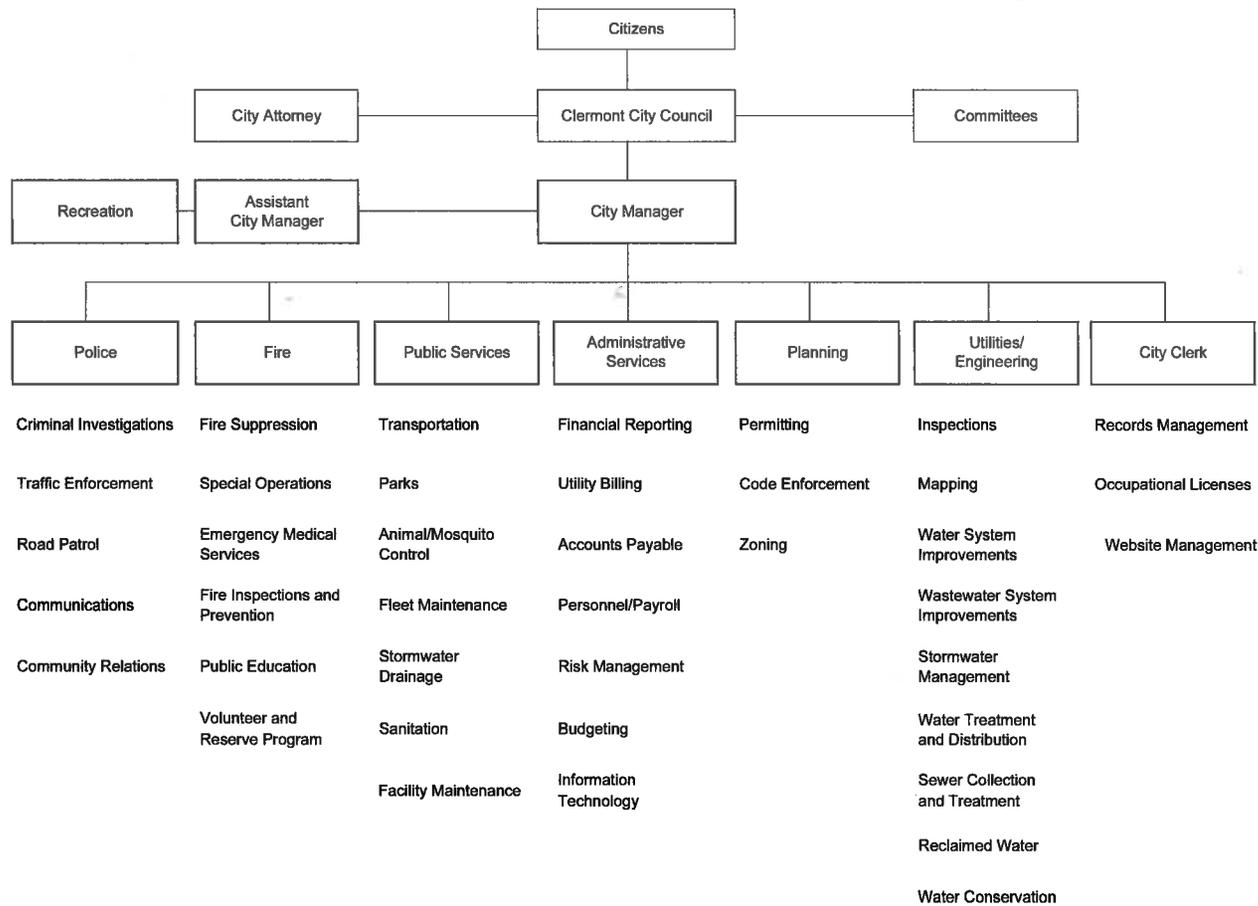
Mayor	Harold Turville, Jr.
Mayor Pro-Tem	Keith Mullins
Council Member	Ray Goodgame
Council Member	Gail Ash
Council Member	Elaine Renick

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



This page intentionally left blank.



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, 2005, 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, 2005, 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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2005 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 principals 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.

McDiarmitt Davis & Company, LLC

December 21, 2005

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, 2005. 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, 2005 by \$78,112,332 (net assets). Of this amount, \$21,538,549 (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 \$13,854,942 (or 21.5%) over the previous fiscal year.
- At September 30, the City of Clermont's governmental funds reported combined ending fund balances of \$12,993,461, an increase of \$4,314,281 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 \$5,757,841, which represents 48% 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, both of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Clermont adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget at page 20. Budgetary comparison schedules have been provided for the Infrastructure Fund and the nonmajor funds at pages 21 and 57-62.

The basic governmental fund financial statements can be found on pages 17 - 21 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 22-26 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 non major 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 27 - 28 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 29 - 52 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 53 - 65 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>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>
Assets:						
Current and other assets	\$ 13,843,039	\$ 9,564,313	\$ 42,131,120	\$ 33,832,262	\$ 55,974,159	\$ 43,396,575
Capital assets	<u>18,902,962</u>	<u>18,598,377</u>	<u>29,339,640</u>	<u>29,373,249</u>	<u>48,242,602</u>	<u>47,971,626</u>
Total assets	<u>32,746,001</u>	<u>28,162,690</u>	<u>71,470,760</u>	<u>63,205,511</u>	<u>104,216,761</u>	<u>91,368,201</u>
Liabilities:						
Long-term liabilities outstanding	7,140,195	7,854,119	17,257,343	17,318,778	24,397,538	25,172,897
Other liabilities	<u>563,131</u>	<u>609,329</u>	<u>1,143,760</u>	<u>1,328,585</u>	<u>1,706,891</u>	<u>1,937,914</u>
Total liabilities	<u>7,703,326</u>	<u>8,463,448</u>	<u>18,401,103</u>	<u>18,647,363</u>	<u>26,104,429</u>	<u>27,110,811</u>
Net assets:						
Invested in capital assets, Net of related debt	12,118,268	10,959,108	12,082,297	12,054,471	24,200,565	23,013,579
Restricted	4,799,779	3,120,830	27,573,439	22,601,007	32,373,218	25,721,837
Unrestricted	<u>8,124,628</u>	<u>5,619,304</u>	<u>13,413,921</u>	<u>9,902,670</u>	<u>21,538,549</u>	<u>15,521,974</u>
Total net assets	<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>

The City's total net assets at September 30, 2005 was \$78,112,332. Of the City's total net assets \$24,200,565 (31%) 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, \$32,373,218 (41%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's total net assets, \$21,538,549 (28%) 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 \$13,854,942 during the current fiscal year. Both restricted and unrestricted net assets grew almost equally to comprise this total increase. Restricted reserves represent the accumulation of impact fee funds for upcoming capital projects. Unrestricted reserves represent increases in investment cash in both governmental funds and utility funds. The increase is due to actual revenues exceeding anticipated revenues, which is the result of growth in both the City's tax base and utility customer base.

The following is a summary of the City's governmental and business-type activities for fiscal year 2004-05, 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>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>
Revenues:						
Program revenues -						
Charges for services	\$ 2,453,764	\$ 3,029,359	\$ 10,329,231	\$ 9,555,497	\$ 12,782,995	\$ 12,584,856
Operating grants and contributions	511,853	591,189	138,500	104,798	650,353	695,987
Capital grants and contributions	1,643,898	-	6,287,105	7,095,189	7,966,157	7,095,189
General revenues -						
Property Taxes	4,416,962	3,371,172	-	-	4,416,962	3,371,172
Franchise and utility taxes	3,973,884	3,420,112	-	-	3,973,884	3,420,112
Intergovernmental	2,857,999	2,369,020	-	-	2,822,845	2,369,020
Investment income and miscellaneous	326,486	185,620	824,996	389,456	1,151,482	575,076
Gain on sale of capital assets	<u>854,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>854,233</u>	<u>-</u>
Total revenues	<u>17,039,079</u>	<u>12,966,472</u>	<u>17,579,832</u>	<u>17,144,940</u>	<u>34,618,911</u>	<u>30,111,412</u>
Expenses:						
General government	2,617,095	2,336,912	-	-	2,617,095	2,336,912
Public safety	5,772,697	4,687,907	-	-	5,772,697	4,687,907
Physical environment	278,063	421,297	-	-	278,063	421,297
Transportation	1,172,233	1,055,914	-	-	1,172,233	1,055,914
Economic environment	12,778	31,791	-	-	12,778	31,791
Human services	148,994	131,633	-	-	148,994	131,633
Culture and recreation	1,816,477	1,742,527	-	-	1,816,477	1,742,527
Interest on long-term debt	254,725	350,146	-	-	254,725	350,146
Water	-	-	3,015,322	2,707,082	3,015,322	2,707,082
Sewer	-	-	3,572,120	3,423,209	3,572,120	3,423,209
Sanitation	-	-	1,816,868	1,616,487	1,816,868	1,616,487
Stormwater	<u>-</u>	<u>-</u>	<u>286,597</u>	<u>265,645</u>	<u>286,597</u>	<u>265,645</u>
Total expenses	<u>12,073,062</u>	<u>10,758,127</u>	<u>8,690,907</u>	<u>8,012,423</u>	<u>20,763,969</u>	<u>18,770,550</u>
Increase (Decrease) in Net Assets Before Transfers	4,966,017	2,208,345	8,888,925	9,132,517	13,854,942	11,340,862
Transfers	<u>377,416</u>	<u>384,944</u>	<u>(377,416)</u>	<u>(384,944)</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	5,343,433	2,593,289	8,511,509	8,747,573	13,854,942	11,340,862
Net Assets – Beginning	<u>19,699,242</u>	<u>17,105,953</u>	<u>44,558,148</u>	<u>35,810,575</u>	<u>64,257,390</u>	<u>52,916,528</u>
Net Assets – Ending	<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>

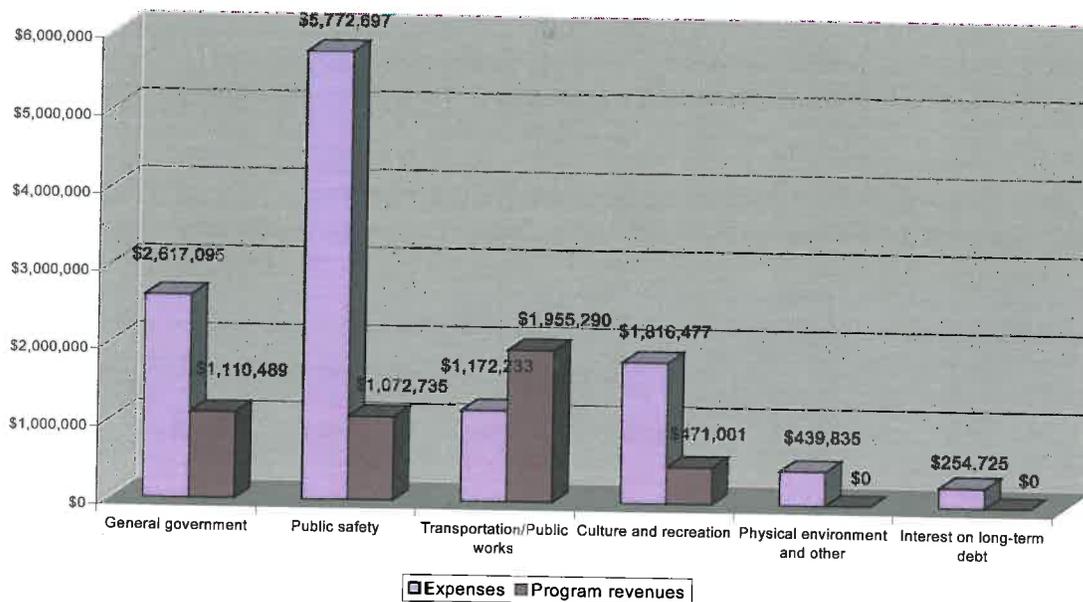
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Governmental activities - Governmental activities increased the City of Clermont's net assets by \$5,343,433. Key elements of this increase are as follows:

- Property tax revenue increased by \$1,045,790 (31.0%) during the year. Franchise fee revenue increased \$229,501 (20.4%) and utility tax revenue increased \$324,271 (14.1%). These increases are the result of growth and not a change in the City's tax rate structure.
- Capital grants for governmental activities increased by \$1,643,898. This was money received from Lake County for the reimbursement of the construction of Oakley Seaver Blvd.
- Charges for services decreased primarily due to slower collections of recreation, police and fire impact fees. Growth is still occurring, but the pace of residential construction has slowed from fiscal year 2003-04.
- 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.

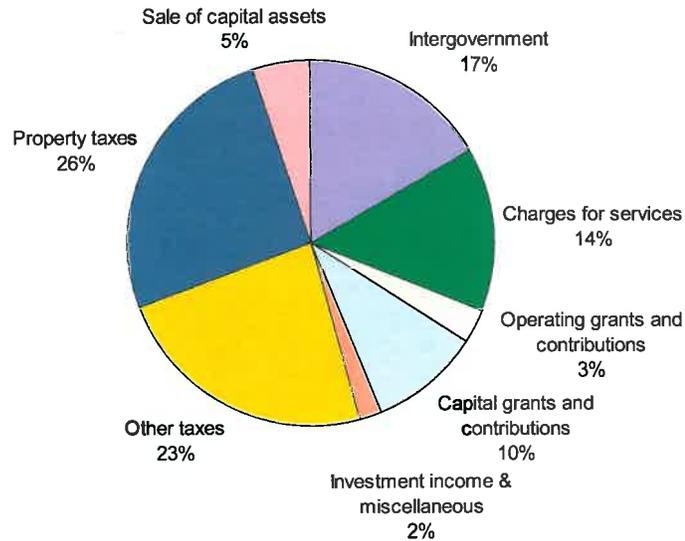
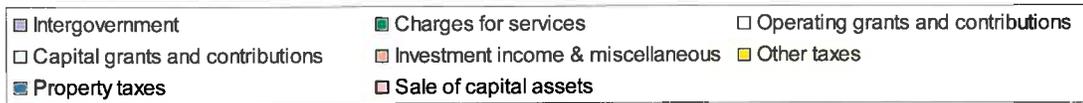
Expenses and Program Revenues - Governmental Activities



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



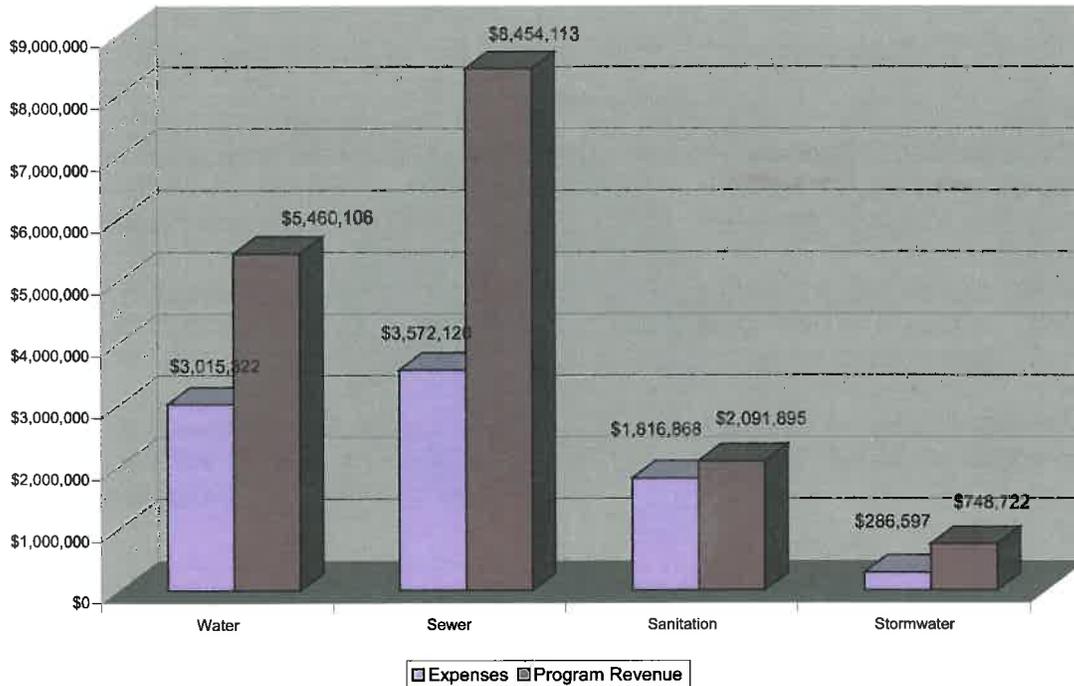
Business-type activities - Business-type activities increased the City of Clermont's net assets by \$8,511,509. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$773,734 (8.1%), primarily due to increase in demand.
- Capital contributions totaled \$6,287,105. These contributions are water and sewer impact fees paid by developers. Although this total was a decrease of \$808,084 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 accumulating this revenue for large capital projects such as the Sunburst Lane and Greater Hills Water Treatment Plants and a Water Reclamation Plant.
- Grant revenue (\$114,000) was realized for the Center Lake Stormwater project.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

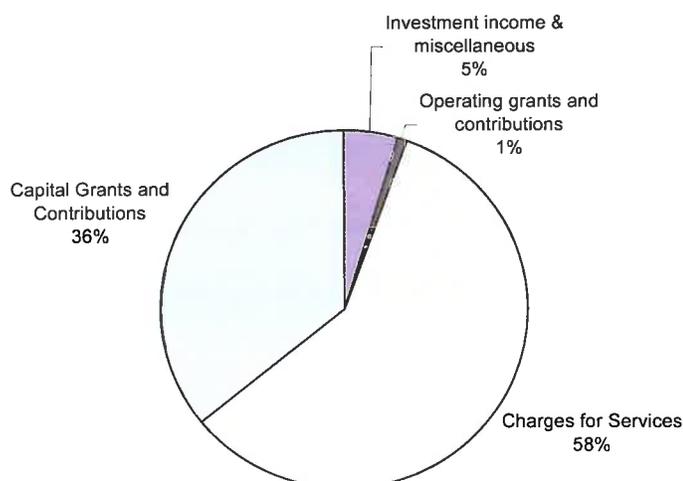
The following graph is a comparison of program revenues and program expenses for all business-type activities. This chart is intended to give the reader an idea of the degree to which business-type activities are self-supporting.

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, 2005, the City of Clermont's governmental funds reported combined ending fund balances of \$12,993,461, an increase of \$4,314,281 in comparison with the prior year. Of the governmental funds combined ending fund balances, \$11,712,402 (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, 2005, the fund balance in the General Fund was \$5,956,128, an increase of \$1,581,057 in comparison with the prior year. Of the total fund balance in the General Fund, \$5,757,841 (97%) 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 48% of total general fund expenditures, while total fund balance represents 49% of that same amount. This increase to fund balance is primarily because actual revenues were higher than budgeted and expenditures were less than budgeted.

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 2004-05, the fund balance of the infrastructure fund increased by \$1,054,275. This increase is due to intergovernmental revenue being higher than anticipated. Expenditures were also less than budgeted because some projects were carried forward into fiscal year 2005-06. The City is accumulating money in this fund for the future purchase of recreation land and the construction of a community center.

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 \$562,967. The capital projects fund balance increased by \$926,750. This increase was revenue from the sale of the City's old city hall building. 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, 2005, the City of Clermont's proprietary funds reported total net assets of \$53,069,657, an increase of \$8,511,509 in comparison with the prior year. Of the proprietary funds total net assets, \$13,247,380 (25%) represents unrestricted net assets. Restricted assets of \$27,573,439 (52%) 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, 2005, the City of Clermont's water fund reported total net assets of \$17,337,944, an increase of \$2,332,110 (15.5%) in comparison with the prior year. This increase is primarily due to servicing an expanded customer base. The residential customer base has increased from 12,751 customers in September 2004 to 15,205 as of September 2005. Nearly 70% 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, 2005, the City of Clermont's sewer fund reported total net assets of \$31,610,075, an increase of \$5,317,145 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 9,217 customers in September 2004 to 11,059 in September 2005.

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, 2005, the City of Clermont's sanitation fund reported total net assets of \$1,273,399, an increase of \$291,820 in comparison with the prior year. This was primarily due to capital equipment purchases that were carried forward to fiscal year 2005-06.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget can be briefly summarized as follows:

- As mentioned above in the governmental activity discussion, property tax revenue, franchise fee revenue and utility tax revenue increased significantly. These increases are the result of growth and not a change in the City's tax rate structure.
- Intergovernmental revenues, primarily half cent sales tax and state revenue sharing were higher than originally anticipated. Also included in this revenue was reimbursement from FEMA and the state for expenses incurred related to the hurricanes in August and September 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

- General government expenditures were less than anticipated because of staff vacancies, the old Cooper Library restoration that was carried forward to fiscal year 2005-06 and transportation master plan that was not completed.
- Culture and recreation expenditures were less than budgeted primarily due to staff vacancies.

During the year, actual revenues were \$1,352,117 more than budgeted revenue and actual expenditures were \$707,332 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 42 - 43 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>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>
Land	\$ 4,380,524	\$ 4,274,427	\$ 1,464,129	\$ 1,464,129	\$ 5,844,653	\$ 5,738,556
Buildings	5,780,569	6,372,786	1,739	3,681	5,782,308	6,376,467
Improvements/ Infrastructure	5,857,817	4,974,043	26,663,943	25,113,699	32,521,760	30,087,742
Machinery and Equipment	2,876,402	2,977,121	640,618	728,111	3,517,020	3,705,232
Construction in progress	<u>7,650</u>	<u>-</u>	<u>569,211</u>	<u>2,063,629</u>	<u>576,861</u>	<u>2,063,629</u>
Total	<u>\$ 18,902,962</u>	<u>\$ 18,598,377</u>	<u>\$ 29,339,640</u>	<u>\$ 29,373,249</u>	<u>\$ 48,242,602</u>	<u>\$ 47,971,626</u>

The City of Clermont's investment in capital assets for its governmental and business-type activities as of September 30, 2005, amounts to \$48,242,602 (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 \$270,976 (0.6%). Major capital asset events during the current fiscal year included the following:

- Land was acquired adjacent to Fire Station No. 1 for future expansion and parking needs.
- Infrastructure improvements increased in governmental activities with the completion of a new road, Oakley Seaver Blvd. The total cost of this project was \$1,813,402.
- Infrastructure improvements increased in business-type activities with the completion of Center Lake stormwater improvements (\$248,122) and Sunburst Lane water well (\$2,096,014).
- Construction in progress includes the expansion of Fire Station No. 2, rehab of sewer Lift Station E-9, Bloxam Ave. and Downtown Clermont stormwater improvements and the Sunburst Lane water treatment plant expansion.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Debt Administration

The following is a summary of the City's long-term debt for governmental and business-type activity for the current year with a comparison to the prior year. Additional information on long-term debt can be found in Note 7 on pages 44 - 46 of this report.

CITY OF CLERMONT'S Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>
Revenue bonds payable	\$ 6,180,000	\$ 6,575,000	\$ 17,835,000	\$ 17,935,000	\$ 24,015,000	\$ 24,510,000
Notes payable	<u>604,694</u>	<u>1,064,269</u>	<u>-</u>	<u>-</u>	<u>604,694</u>	<u>1,064,269</u>
Total	<u>\$ 6,784,694</u>	<u>\$ 7,639,269</u>	<u>\$ 17,835,000</u>	<u>\$ 17,935,000</u>	<u>\$ 24,619,694</u>	<u>\$ 25,574,269</u>

At the end of the current fiscal year, the City of Clermont had total debt outstanding of \$24,619,694. This debt includes revenue bonds payable and notes payable. The City of Clermont did not issue any new debt during fiscal year 2004-05.

Economic Factors and Next Year's Budgets and Rates

- The annual unemployment rate for Lake County in 2005 was 3.8%, which is a decrease from a rate of 4.0% in 2004. This compares favorably to the state's average of 3.9% and the national average rate of 5.1%.
- The taxable value of commercial and residential property increased 28.6% from fiscal year 2004-05 to fiscal year 2005-06.
- Population increased 13.4% from 17,654 in 2004 to 20,017 in 2005. Based on the state's 2004 population estimates, Clermont has become the largest city in Lake County.

As of September 30, 2005, the General Fund unreserved fund balance was \$5,757,841. The City did not appropriate any of this amount for spending in the 2005-06 fiscal year budget. No tax increases were proposed for the general fund for the 2005-06 fiscal year budget.

No utility rate adjustments were proposed for the 2005-06 fiscal year with the exception of the sewer rate structure. The sewer rates increased 2.17% on October 1, 2005 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

This page intentionally left blank.



CITY OF CLERMONT, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2005

	Primary Government		
	Governmental Activities	Business-type Activites	Total
Assets:			
Cash and cash equivalents	\$ 2,179,964	\$ 1,084,347	\$ 3,264,311
Investments	10,728,752	11,011,015	21,739,767
Receivables, net	63,418	997,357	1,060,775
Inventories and prepaid costs	24,930	18,177	43,107
Due from other governments	839,159	-	839,159
Internal balances	(166,541)	166,541	-
Prepaid costs	173,357	78,992	252,349
Restricted assets:			
Cash and cash equivalents	-	1,093,216	1,093,216
Investments	-	27,250,258	27,250,258
Interest receivable	-	94,476	94,476
Bond issuance costs	-	336,741	336,741
Capital assets not being depreciated	4,388,174	2,033,340	6,421,514
Capital assets being depreciated, net of accumulated depreciation	14,514,788	27,306,300	41,821,088
Total assets	32,746,001	71,470,760	104,216,761
Liabilities:			
Accounts payable and other current liabilities	563,131	618,202	1,181,333
Liabilities payable from restricted assets	-	525,558	525,558
Noncurrent liabilities:			
Due within one year	857,562	150,000	1,007,562
Due in more than one year	6,282,633	17,107,343	23,389,976
Total liabilities	7,703,326	18,401,103	26,104,429
Net Assets:			
Invested in capital assets, net of related debt	12,118,268	12,082,297	24,200,565
Restricted for:			
Capital improvements	3,717,007	27,573,439	31,290,446
Community redevelopment	239,246	-	239,246
Debt service	349,656	-	349,656
Perpetual care-nonexpendable	493,870	-	493,870
Unrestricted	8,124,628	13,413,921	21,538,549
Total Net Assets	\$ 25,042,675	\$ 53,069,657	\$ 78,112,332

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, 2005

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 2,617,095	\$ 1,042,400	\$ 68,089	\$ -	\$ (1,506,606)	\$ -	\$ (1,506,606)
Public safety	5,772,697	911,777	160,958	-	(4,699,962)	-	(4,699,962)
Physical environment	278,063	-	-	-	(278,063)	-	(278,063)
Transportation/public works	1,172,233	36,042	275,350	1,643,898	783,057	-	783,057
Economic environment	12,778	-	-	-	(12,778)	-	(12,778)
Human services	148,994	-	-	-	(148,994)	-	(148,994)
Culture and recreation	1,816,477	463,545	7,456	-	(1,345,476)	-	(1,345,476)
Interest on long-term debt	254,725	-	-	-	(254,725)	-	(254,725)
Total governmental activities	12,073,062	2,453,764	511,853	1,643,898	(7,463,547)	-	(7,463,547)
Business-type activities:							
Water	3,015,322	4,319,806	6,626	1,133,674	-	2,444,784	2,444,784
Sewer	3,572,120	3,295,142	5,540	5,153,431	-	4,881,993	4,881,993
Sanitation	1,816,868	2,087,630	4,265	-	-	275,027	275,027
Stormwater	286,597	626,653	122,069	-	-	462,125	462,125
Total business-type activities	8,690,907	10,329,231	138,500	6,287,105	-	8,063,929	8,063,929
Total primary government	\$ 20,763,969	\$ 12,782,995	\$ 650,353	\$ 7,931,003	(7,463,547)	8,063,929	600,382
General revenues:							
Property taxes					4,416,962	-	4,416,962
Franchise fees and utility taxes					3,973,884	-	3,973,884
Intergovernmental - unrestricted					2,857,999	-	2,857,999
Investment income and miscellaneous					326,486	824,996	1,151,482
Gain on sale of capital assets					854,233	-	854,233
Transfers					377,416	(377,416)	-
Total general revenues and transfers					12,806,980	447,580	13,254,560
Change in net assets					5,343,433	8,511,509	13,854,942
Net assets, beginning					19,699,242	44,558,148	64,257,390
Net assets, ending					\$ 25,042,675	\$ 53,069,657	\$ 78,112,332

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

FUND FINANCIAL STATEMENTS

This page intentionally left blank.



CITY OF CLERMONT, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2005

	General	Infrastructure Special Revenue	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 315,190	\$ 302,511	\$ 1,376,883	\$ 1,994,584
Investments	4,983,266	1,809,843	3,426,943	10,220,052
Receivables, net	63,418	-	-	63,418
Inventories, at cost	24,930	-	-	24,930
Due from other governments	713,197	125,962	-	839,159
Prepaid costs	173,357	-	-	173,357
Total assets	<u>\$ 6,273,358</u>	<u>\$ 2,238,316</u>	<u>\$ 4,803,826</u>	<u>\$ 13,315,500</u>
Liabilities and Fund Balances:				
Accounts payable	\$ 119,175	\$ 762	\$ 4,047	\$ 123,984
Accrued liabilities	198,055	-	-	198,055
Retainage payable	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>317,230</u>	<u>762</u>	<u>4,047</u>	<u>322,039</u>
Fund balances:				
Reserved:				
Inventories and prepaid costs	198,287	-	-	198,287
Community redevelopment	-	-	239,246	239,246
Debt service	-	-	349,656	349,656
Perpetual care	-	-	493,870	493,870
Unreserved, reported in:				
General fund	5,757,841	-	-	5,757,841
Special revenue funds	-	2,237,554	2,790,257	5,027,811
Capital projects fund	-	-	926,750	926,750
Total fund balances	<u>5,956,128</u>	<u>2,237,554</u>	<u>4,799,779</u>	<u>12,993,461</u>
Total liabilities and fund balances	<u>\$ 6,273,358</u>	<u>\$ 2,238,316</u>	<u>\$ 4,803,826</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	18,902,962
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.	366,103
Accrued interest payable is not due in the current period and therefore is not reported in the funds	(79,656)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(7,140,195)</u>
Net assets of governmental activities	<u>\$ 25,042,675</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, 2005

	General	Infrastructure Special Revenue	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 8,295,323	\$ -	\$ 95,523	\$ 8,390,846
Licenses and permits	484,161	-	-	484,161
Intergovernmental revenues	3,677,341	1,538,498	-	5,215,839
Charges for services	389,041	-	-	389,041
Fines and forfeitures	164,065	-	-	164,065
Impact fees/special assessments	-	-	1,152,335	1,152,335
Investment income	133,216	44,476	89,269	266,961
Miscellaneous	278,259	-	31,600	309,859
Total revenues	<u>13,421,406</u>	<u>1,582,974</u>	<u>1,368,727</u>	<u>16,373,107</u>
Expenditures:				
Current:				
General government	2,186,223	-	-	2,186,223
Public safety	5,731,567	-	88,857	5,820,424
Physical environment	318,811	-	-	318,811
Transportation	2,513,506	5,915	-	2,519,421
Economic environment	32,793	-	-	32,793
Human services	156,380	-	-	156,380
Culture and recreation	1,157,294	63,514	-	1,220,808
Debt service:				
Principal retirement	9,506	-	845,068	854,574
Interest and fiscal charges	1,830	-	255,694	257,524
Capital outlay:				
General government	-	-	150	150
Total expenditures	<u>12,107,910</u>	<u>69,429</u>	<u>1,189,769</u>	<u>13,367,108</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,313,496</u>	<u>1,513,545</u>	<u>178,958</u>	<u>3,005,999</u>
Other Financing Sources (Uses)				
Sale of capital assets	6,695	-	924,171	930,866
Transfers in	390,348	-	690,812	1,081,160
Transfers out	(129,482)	(459,270)	(114,992)	(703,744)
Net other financing sources (uses)	<u>267,561</u>	<u>(459,270)</u>	<u>1,499,991</u>	<u>1,308,282</u>
Net Change in Fund Balances	<u>1,581,057</u>	<u>1,054,275</u>	<u>1,678,949</u>	<u>4,314,281</u>
Fund Balances - Beginning	<u>4,375,071</u>	<u>1,183,279</u>	<u>3,120,830</u>	<u>8,679,180</u>
Fund Balances - Ending	<u>\$ 5,956,128</u>	<u>\$ 2,237,554</u>	<u>\$ 4,799,779</u>	<u>\$ 12,993,461</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, 2005

Amounts reported for the governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances - total governmental funds (page 17)	\$ 4,314,281
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.	381,218
The net effect of sales of capital assets is to decrease net assets.	(76,633)
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.	854,574
FEMA revenue reported in the funds in the current year must be eliminated from the statement of activities since revenue was recognized in the prior year.	(202,089)
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.	209,933
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>(137,851)</u>
Change in net assets of governmental activities (page 15)	<u>\$ 5,343,433</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, 2005

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 7,709,547	\$ 7,709,547	\$ 8,295,323	\$ 585,776
Licenses and permits	414,700	414,700	484,161	69,461
Intergovernmental revenues	3,104,917	3,104,917	3,677,341	572,424
Charges for services	389,665	389,665	389,041	(624)
Fines and forfeitures	133,000	133,000	164,065	31,065
Investment income	118,100	118,100	133,216	15,116
Miscellaneous	199,360	199,360	278,259	78,899
Total revenues	12,069,289	12,069,289	13,421,406	1,352,117
Expenditures:				
Current:				
General government	2,366,754	2,470,338	2,186,223	284,115
Public safety	5,501,675	5,800,955	5,731,567	69,388
Physical environment	372,070	376,072	318,811	57,261
Transportation	2,601,220	2,604,234	2,513,506	90,728
Economic environment	34,250	34,250	32,793	1,457
Human services	172,325	173,602	156,380	17,222
Culture and recreation	1,332,750	1,339,575	1,157,294	182,281
Debt service:				
Principal retirement	14,139	14,139	9,506	4,633
Interest and fiscal charges	872	2,077	1,830	247
Total expenditures	12,396,055	12,815,242	12,107,910	707,332
Excess (Deficiency) of Revenues Over Expenditures	(326,766)	(745,953)	1,313,496	2,059,449
Other Financing Sources (Uses)				
Sale of capital assets	-	-	6,695	6,695
Transfers in	420,050	420,050	390,348	(29,702)
Transfers out	(129,884)	(129,884)	(129,482)	402
Net other financing sources (uses)	290,166	290,166	267,561	(22,605)
Net Change in Fund Balance	(36,600)	(455,787)	1,581,057	2,036,844
Fund Balances - Beginning	4,375,071	4,375,071	4,375,071	-
Fund Balances - Ending	\$ 4,338,471	\$ 3,919,284	\$ 5,956,128	\$ 2,036,844

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, 2005

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 1,235,000	\$ 1,235,000	\$ 1,538,498	\$ 303,498
Investment income	9,900	9,900	44,476	34,576
Total revenues	<u>1,244,900</u>	<u>1,244,900</u>	<u>1,582,974</u>	<u>338,074</u>
Expenditures:				
General government	-	-	-	-
Physical environment	-	-	-	-
Transportation	20,000	20,000	5,915	14,085
Culture and recreation	70,000	70,000	63,514	6,486
Total expenditures	<u>90,000</u>	<u>90,000</u>	<u>69,429</u>	<u>20,571</u>
Excess (Deficiency) of				
Revenues Over Expenditures	<u>1,154,900</u>	<u>1,154,900</u>	<u>1,513,545</u>	<u>358,645</u>
Other Financing Sources (Uses)				
Transfers out	(458,615)	(459,271)	(459,270)	1
Net other financing sources (uses)	<u>(458,615)</u>	<u>(459,271)</u>	<u>(459,270)</u>	<u>1</u>
Net Change in Fund Balance	696,285	695,629	1,054,275	358,646
Fund Balances - Beginning	1,183,279	1,183,279	1,183,279	-
Fund Balances - Ending	<u>\$ 1,879,564</u>	<u>\$ 1,878,908</u>	<u>\$ 2,237,554</u>	<u>\$ 358,646</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, 2005

	Business-Type Activities-Enterprise Funds				Total	Governmental Activities- Internal Service Fund
	Water	Sewer	Sanitation	Stormwater		
Assets						
Current assets:						
Cash and cash equivalents	\$ 385,906	\$ 237,041	\$ 230,800	\$ 230,600	\$ 1,084,347	\$ 185,380
Investments	7,292,083	2,301,972	739,719	677,241	11,011,015	508,700
Restricted cash and cash equivalents	367,078	726,138	-	-	1,093,216	-
Receivables, net	340,139	303,673	184,780	168,765	997,357	-
Inventories	18,177	-	-	-	18,177	-
Due from other funds	965,064	-	-	-	965,064	-
Prepaid costs	22,420	39,810	13,144	3,618	78,992	-
Total current assets	9,390,867	3,608,634	1,168,443	1,080,224	15,248,168	694,080
Noncurrent assets:						
Restricted investments	7,157,520	20,092,738	-	-	27,250,258	-
Interest receivable	2,778	91,698	-	-	94,476	-
Bond issuance costs	121,226	215,515	-	-	336,741	-
Capital assets:						
Land, buildings and equipment	12,697,445	24,842,054	966,367	1,640,178	40,146,044	-
Construction in progress	111,278	242,349	-	215,584	569,211	-
Less accumulated depreciation	(4,441,655)	(5,971,382)	(740,269)	(222,309)	(11,375,615)	-
Total capital assets (net of accumulated depreciation)	8,367,068	19,113,021	226,098	1,633,453	29,339,640	-
Total noncurrent assets	15,648,592	39,512,972	226,098	1,633,453	57,021,115	-
Total assets	25,039,459	43,121,606	1,394,541	2,713,677	72,269,283	694,080

	Business-Type Activities-Enterprise Funds					Governmental Activities- Internal Service Fund
	Water	Sewer	Sanitation	Stormwater	Total	
Liabilities						
Current liabilities:						
Accounts payable	150,293	87,837	89,585	6,722	334,437	161,436
Accrued liabilities	129,555	91,519	31,557	12,256	264,887	-
Retainage payable	-	5,877	-	13,001	18,878	-
Due to other funds	-	965,064	-	-	965,064	-
Customer deposits payable	216,316	-	-	-	216,316	-
Revenue bonds payable-current	51,000	99,000	-	-	150,000	-
Accrued interest payable	111,327	197,915	-	-	309,242	-
Total current liabilities	658,491	1,447,212	121,142	31,979	2,258,824	161,436
Noncurrent liabilities:						
Revenue bonds payable	7,043,024	10,064,319	-	-	17,107,343	-
Total noncurrent liabilities	7,043,024	10,064,319	-	-	17,107,343	-
Total liabilities	7,701,515	11,511,531	121,142	31,979	19,366,167	161,436
Net Assets						
Invested in capital assets, net of related debt	1,273,044	8,949,702	226,098	1,633,453	12,082,297	-
Restricted	7,058,031	20,515,408	-	-	27,573,439	-
Unrestricted	9,006,869	2,144,965	1,047,301	1,048,245	13,247,380	-
Total net assets	\$ 17,337,944	\$ 31,610,075	\$ 1,273,399	\$ 2,681,698	52,903,116	\$ 532,644
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					166,541	
Net assets of business-type activities					<u>\$ 53,069,657</u>	

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

This page intentionally left blank.



CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2005

	Business-Type Activities-Enterprise Funds				Total	Governmental Activities- Internal Service Fund
	Water	Sewer	Sanitation	Stormwater		
Operating Revenues						
User charges	\$ 4,089,660	\$ 3,295,142	\$ 2,053,175	\$ 626,653	\$ 10,064,630	\$ -
Miscellaneous	230,146	-	34,455	-	264,601	1,579,392
Total operating revenues	\$ 4,319,806	\$ 3,295,142	\$ 2,087,630	\$ 626,653	\$ 10,329,231	\$ 1,579,392
Operating Expenses						
Personal services	1,065,446	1,041,627	360,603	156,326	2,624,002	-
Utilities	282,418	407,650	-	-	690,068	-
Dump fees	-	52,682	229,714	14,341	296,737	-
Administrative services	125,475	156,895	37,775	25,720	345,865	-
Repairs and maintenance	579,941	403,258	136,778	14,840	1,134,817	-
Depreciation and amortization	319,518	603,510	69,213	41,046	1,033,287	-
Professional services	82,727	85,141	903,897	7,970	1,079,735	-
Insurance	68,489	102,388	24,678	16,063	211,618	-
Other expenses	175,502	144,000	59,040	10,291	388,833	1,298,563
Total operating expenses	2,699,516	2,997,151	1,821,698	286,597	7,804,962	1,298,563
Operating income (loss)	1,620,290	297,991	265,932	340,056	2,524,269	280,829
Nonoperating Revenue (Expenses)						
Grant revenue	6,626	5,540	4,265	122,069	138,500	-
Investment income	298,384	481,405	21,623	23,584	824,996	13,829
Interest expense	(349,448)	(621,222)	-	-	(970,670)	-
Total nonoperating revenue (expense)	(44,438)	(134,277)	25,888	145,653	(7,174)	13,829
Income (loss) before contributions and transfers	1,575,852	163,714	291,820	485,709	2,517,095	294,658
Capital contributions-fees and assessments	1,133,674	5,153,431	-	-	6,287,105	-
Transfers out	(377,416)	-	-	-	(377,416)	-
Change in net assets	2,332,110	5,317,145	291,820	485,709	8,426,784	294,658
Total Net Assets - Beginning	15,005,834	26,292,930	981,579	2,195,989		237,986
Total Net Assets - Ending	\$ 17,337,944	\$ 31,610,075	\$ 1,273,399	\$ 2,681,698		\$ 532,644
Adjustment to reflect the consolidation internal service fund activities related to enterprise funds.					84,725	
Change in net assets of business-type activities					\$ 8,511,509	

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, 2005

	Business-Type Activities-Enterprise Funds				Total	Governmental Activities- Internal Service Fund
	Water	Sewer	Sanitation	Stormwater		
Cash Flows from Operating Activities:						
Receipts from customers	\$ 4,334,981	\$ 3,250,763	\$ 2,065,897	\$ 658,153	\$ 10,309,794	\$ -
Receipts from internal services provided	-	-	-	-	-	1,579,392
Payments to suppliers	(1,278,288)	(1,341,543)	(1,474,363)	(133,706)	(4,227,900)	(1,214,420)
Payments to employees	(1,056,066)	(1,036,163)	(360,809)	(158,505)	(2,611,543)	-
Net cash provided (used) by operating activities	2,000,627	873,057	230,725	365,942	3,470,351	364,972
Cash Flows from Non-Capital Financing Activities:						
Decrease in due from other funds	38,707	-	-	-	38,707	-
Decrease due to other funds	-	(38,707)	-	-	(38,707)	-
Decrease in due from other governments	25,171	51,540	28,087	7,691	112,489	-
Grant revenues	6,626	5,540	4,265	122,069	138,500	-
Transfers out	(377,416)	-	-	-	(377,416)	-
Net cash provided (used) by non-capital financing activities	(306,912)	18,373	32,352	129,760	(126,427)	-
Cash Flows from Capital and Related Financing Activities:						
Acquisition of capital assets	(716,754)	(94,421)	(609)	(292,359)	(1,104,143)	-
Interest paid on long-term debt	(368,255)	(651,914)	-	-	(1,020,169)	-
Fees and assessments received	1,133,674	5,153,431	-	-	6,287,105	-
Net cash provided (used) by capital and related financing activities	48,665	4,407,096	(609)	(292,359)	4,162,793	-
Cash Flows from Investing Activities:						
Purchase of investments	(1,917,002)	(5,495,419)	(214,797)	(67,447)	(7,694,665)	(307,820)
Investment income	298,384	431,992	21,623	23,584	775,583	13,829
Net cash provided by investing activities	(1,618,618)	(5,063,427)	(193,174)	(43,863)	(6,919,082)	(293,991)

Net Increase (Decrease) in Cash and Cash Equivalents	123,762	235,099	69,294	159,480	587,635	70,981
Cash and Cash Equivalents - Beginning	629,222	728,080	161,506	71,120	1,589,928	114,399
Cash and Cash Equivalents - End	<u>\$ 752,984</u>	<u>\$ 963,179</u>	<u>\$ 230,800</u>	<u>\$ 230,600</u>	<u>\$ 2,177,563</u>	<u>\$ 185,380</u>
Classified As:						
Cash and cash equivalents	\$ 385,906	237,041	\$ 230,800	\$ 230,600	\$ 1,084,347	\$ 185,380
Restricted cash and cash equivalents	367,078	726,138	-	-	1,093,216	-
Total	<u>\$ 752,984</u>	<u>\$ 963,179</u>	<u>\$ 230,800</u>	<u>\$ 230,600</u>	<u>\$ 2,177,563</u>	<u>\$ 185,380</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities						
Operating income	\$ 1,620,290	\$ 297,991	\$ 265,932	\$ 340,056	\$ 2,524,269	\$ 280,829
Adjustments Not Affecting Cash:						
Depreciation and amortization	319,518	603,510	69,213	41,046	1,033,287	-
Change in Assets and Liabilities:						
Decrease (Increase) in accts receivable	(19,394)	(44,379)	(21,733)	31,500	(54,006)	-
Decrease (Increase) in prepaid costs	(3,225)	(2,912)	1,030	(441)	(5,548)	-
Decrease in inventory	51,264	-	-	-	51,264	-
Increase (decrease) in accounts payable	(11,775)	13,383	(83,511)	(44,040)	(125,943)	84,143
Increase (decrease) in accrued liabilities	9,380	5,464	(206)	(2,179)	12,459	-
Increase in customer deposits	34,569	-	-	-	34,569	-
Total adjustments	<u>380,337</u>	<u>575,066</u>	<u>(35,207)</u>	<u>25,886</u>	<u>946,082</u>	<u>84,143</u>
Net Cash Provided by Operating Activities	<u>\$ 2,000,627</u>	<u>\$ 873,057</u>	<u>\$ 230,725</u>	<u>\$ 365,942</u>	<u>\$ 3,470,351</u>	<u>\$ 364,972</u>

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

This page intentionally left blank.



CITY OF CLERMONT, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

September 30, 2005

	<u>Total Employee Pension Funds</u>
Assets:	
Cash	\$ 279,298
Investments (at fair value):	
Equity Funds	4,981,374
Bond Funds	3,254,498
Total Assets:	<u>8,515,170</u>
Liabilities:	
Accounts payable	<u>-</u>
Net Assets:	
Held in trust for pension benefits	<u>\$ 8,515,170</u>

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

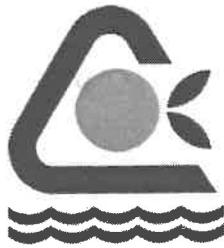
For The Year Ended September 30, 2005

	<u>Total Employee Pension Funds</u>
Additions:	
Contributions:	
Employer	\$ 509,722
Plan members	58,494
State	<u>255,963</u>
Total contributions	<u>824,179</u>
Investment income:	
Net increase in fair value of investments	706,388
Less investment expense	<u>-</u>
Net investment income	<u>706,388</u>
Total additions	<u>1,530,567</u>
Deductions:	
Benefits/distributions	250,227
Administrative expenses	<u>40,879</u>
Total deductions	<u>291,106</u>
Change in Net Assets	1,239,461
Net Assets - Beginning	<u>7,275,709</u>
Net Assets - End	<u>\$ 8,515,170</u>

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

NOTES TO FINANCIAL STATEMENTS

This page intentionally left blank.



CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

Note 1 - Summary of Significant Accounting Policies:

A. Reporting Entity

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

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

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

The City of Clermont Community Redevelopment Fund

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2005

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.

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2005

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.

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, 2005

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

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

Major Proprietary Funds (Continued)

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

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

Non-Major Proprietary Funds

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

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

Fiduciary Funds

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

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

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2005

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 implemented Government Accounting Standards Board (GASB) Statement No. 40, Deposit and Investment Risk Disclosures, for fiscal year 2005. The effect of this statement is the inclusion of new disclosures for deposit and investment risks.

2. Receivables and Payables

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2005

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.

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2005

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

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2005

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, 2005

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 \$381,218 difference are as follows:

Capital outlay	\$ 2,492,253
Depreciation expense	<u>(2,111,035)</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>\$ 381,218</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 \$854,574 difference are as follows:

Debt issued or incurred:	
Loan proceeds	\$ -
Principal repayment	<u>854,574</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>\$854,574</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	\$(140,650)
Accrued interest payable	<u>2,799</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>\$(137,851)</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2005

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 and between departments; however, any revisions that alter the total appropriations of any fund 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, 2005

Note 4 - Cash and Investments:

Deposits

At year-end, the carrying amount of the City's deposits was \$(411,850) and the bank balance was \$205,141. Fiduciary fund cash of \$279,298 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, 2005

Note 4 - Cash and Investments (Continued):

Investments - (Continued)

Most of the City's investments besides pension funds 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, 2005 are summarized below. Defined benefit pension plan investments, other than \$4,981,374 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	\$25,195,344	Unrated	< 90 days
Federal Agency Bond	18,768,125	AAA	0.994
FHLMC Disc. Note	2,541,987	A-1+	0.274
US Treasury Bond	2,484,570	TSY	0.328
Repurchase Agreements	4,769,376	Unrated	<90 days
Pension Plan Investments:			
FMIVT Broad Market High Quality Bond Portfolio	<u>3,254,498</u>	AA / V4	5.7
	<u>\$ 3,254,498</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, 2005

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, 2005, 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, 2005, 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, 2005

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	\$20,168	\$338,021	\$317,015	\$193,846	\$172,283	\$1,041,333
Taxes and Licenses	35,651	-	-	-	-	35,651
Other	7,897	19,838	-	-	-	27,735
Less allowance for uncollectible accounts	<u>(298)</u>	<u>(17,720)</u>	<u>(13,342)</u>	<u>(9,066)</u>	<u>(3,518)</u>	<u>(43,944)</u>
	<u>\$63,418</u>	<u>\$340,139</u>	<u>\$303,673</u>	<u>\$184,780</u>	<u>\$168,765</u>	<u>\$1,060,775</u>

Note 6 - Capital Assets:

Capital asset activity for the year ended September 30, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,274,427	\$ 106,097	\$ -	\$ 4,380,524
Construction in progress	<u>-</u>	<u>7,650</u>	<u>-</u>	<u>7,650</u>
Total capital assets, not being depreciated	<u>4,274,427</u>	<u>113,747</u>	<u>-</u>	<u>4,388,174</u>
Capital assets, being depreciated:				
Buildings	8,993,938	-	(95,676)	8,898,262
Improvements/infrastructure	9,548,744	1,733,516	-	11,282,260
Machinery and equipment	<u>5,056,159</u>	<u>644,990</u>	<u>(235,676)</u>	<u>5,465,473</u>
Total capital assets, being depreciated	<u>23,598,841</u>	<u>2,378,506</u>	<u>(331,352)</u>	<u>25,645,995</u>
Less accumulated depreciation for:				
Buildings	(2,621,152)	(574,111)	77,570	(3,117,693)
Improvements/infrastructure	(4,574,701)	(849,742)	-	(5,424,443)
Machinery and equipment	<u>(2,079,038)</u>	<u>(687,182)</u>	<u>177,149</u>	<u>(2,589,071)</u>
Total accumulated depreciation	<u>(9,274,891)</u>	<u>(2,111,035)</u>	<u>254,719</u>	<u>(11,131,207)</u>
Total capital assets, being depreciated, net	<u>14,323,950</u>	<u>267,471</u>	<u>(76,633)</u>	<u>14,514,788</u>
Governmental activities capital assets, net	<u>\$18,598,377</u>	<u>\$ 381,218</u>	<u>\$ (76,633)</u>	<u>\$ 18,902,962</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2005

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>2,063,629</u>	<u>-</u>	<u>(1,494,418)</u>	<u>569,211</u>
Total capital assets, not being depreciated	<u>3,527,758</u>	<u>-</u>	<u>(1,494,418)</u>	<u>2,033,340</u>
Capital assets, being depreciated:				
Buildings	41,324	-	-	41,324
Improvements	33,856,594	2,400,642	-	36,257,236
Machinery and equipment	<u>2,476,701</u>	<u>93,475</u>	<u>(186,821)</u>	<u>2,383,355</u>
Total capital assets, being depreciated	<u>36,374,619</u>	<u>2,494,117</u>	<u>(186,821)</u>	<u>38,681,915</u>
Less accumulated depreciation for:				
Buildings	(37,643)	(1,942)	-	(39,585)
Improvements	(8,742,895)	(850,398)	-	(9,593,293)
Machinery and equipment	<u>(1,748,590)</u>	<u>(180,968)</u>	<u>186,821</u>	<u>(1,742,737)</u>
Total accumulated depreciation	<u>(10,529,128)</u>	<u>(1,033,308)</u>	<u>186,821</u>	<u>(11,375,615)</u>
Total capital assets, being depreciated, net	<u>25,845,491</u>	<u>1,460,809</u>	<u>-</u>	<u>27,306,300</u>
Business-type activities capital assets, net	<u>\$29,373,249</u>	<u>\$ 1,460,809</u>	<u>\$(1,494,418)</u>	<u>\$29,339,640</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government		\$ 502,354
Public safety		536,488
Physical environment/transportation		336,992
Culture and recreation		<u>735,271</u>
Total depreciation expense - governmental activities		<u>\$2,111,035</u>
Business-type activities:		
Water		\$ 319,518
Sewer		603,510
Sanitation		69,213
Stormwater		<u>41,046</u>
Total depreciation expense - business-type activities		<u>\$1,033,287</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2005

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, 2005</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>\$ 6,180,000</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>\$17,835,000</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>
2006	\$ 405,000	\$ 238,969	\$ 150,000	\$ 924,352
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
2011-2015	2,550,000	659,853	2,465,000	3,984,031
2016-2020	1,490,000	122,770	3,155,000	3,275,063
2021-2025	-	-	4,080,000	2,324,228
2026-2030	-	-	5,290,000	1,072,581
2031	-	-	<u>1,235,000</u>	<u>33,191</u>
Total	<u>\$6,180,000</u>	<u>\$1,856,548</u>	<u>\$17,835,000</u>	<u>\$15,177,893</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2005

Note 7 - Long-Term Debt (Continued):

Notes Payable

The City has notes payable for governmental activities only. During 2005, the City entered into no new note payable agreements. Notes payable outstanding at year end are as follows:

	<u>Original Amount</u>	<u>Balance September 30, 2005</u>
Capital Improvement Notes, Series 1998A due to SunTrust Bank in five annual calendar year installments of \$80,829 (including interest) and two annual installments of \$22,979 starting December 1999. The notes bear an interest rate of 3.95%. The loan was obtained to upgrade the City's computer system and purchase a fire truck.	\$397,000	\$ 22,106
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	170,802
Note payable to GMAC in twelve quarterly installments of \$2,440 each, starting July 2003, including interest at 4.65%, secured by vehicle.	27,500	11,786
Note payable dated November 21, 2003, due in two annual installments of \$400,000 each, starting November 21, 2004, secured by land.	800,000	<u>400,000</u>
Total:		<u>\$604,694</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2005

Note 7 - Long-Term Debt (Continued):

Annual requirements to amortize outstanding notes payable for governmental activities as of September 30, 2005 are as follows:

Year Ending September 30	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$464,349	\$ 4,221
2007	32,205	7,134
2008	34,054	5,232
2009	36,009	3,220
2010	<u>38,077</u>	<u>1,093</u>
Total:	<u>\$604,694</u>	<u>\$20,900</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2005 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bond payable -					
Revenue bonds	<u>\$ 6,575,000</u>	<u>\$ _____</u>	<u>\$(395,000)</u>	<u>\$ 6,180,000</u>	<u>\$405,000</u>
Notes payable-					
Library Note	4,979	-	(4,979)	-	-
Parks Mortgage Note	800,000	-	(400,000)	400,000	400,000
Revenue Note, Series 1999	199,605	-	(28,802)	170,802	30,456
Notes Payable	<u>59,685</u>	<u>_____</u>	<u>(25,793)</u>	<u>33,892</u>	<u>22,106</u>
Total notes payable	<u>1,064,269</u>	<u>_____</u>	<u>(459,574)</u>	<u>604,694</u>	<u>452,562</u>
Compensated absences	<u>214,850</u>	<u>140,650</u>	<u>_____</u>	<u>355,500</u>	<u>_____</u>
Governmental activity long-term liabilities	<u>\$ 7,854,119</u>	<u>\$140,650</u>	<u>\$(854,574)</u>	<u>\$ 7,140,194</u>	<u>\$857,562</u>
Business-type activities:					
Bonds payable -					
Revenue bonds	17,935,000	-	(100,000)	17,835,000	150,000
Less deferred amount: Issuance discount	<u>(616,222)</u>	<u>_____</u>	<u>38,565</u>	<u>(577,657)</u>	<u>_____</u>
Business-type activity long-term liabilities	<u>\$17,318,778</u>	<u>\$ _____</u>	<u>\$(61,435)</u>	<u>\$17,257,343</u>	<u>\$150,000</u>

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2005

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, 2005, \$1,420,000 of bonds outstanding are considered defeased.

Note 9 - Interfund Receivables, Payables and Transfers:

The composition of due to/from other funds at September 30, 2005 is as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Fund	<u>\$965,064</u>	Sewer Fund	<u>\$965,064</u>

Interfund transfers for the year ended September 30, 2005 consisted of the following:

	<u>General Fund</u>	<u>Transfer In Non-major Governmental Funds</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ -	\$129,482	\$ 129,482
Infrastructure Fund	-	459,270	459,270
Non-major Governmental Funds	12,932	102,060	114,992
Water Fund	377,416	-	377,416
Sewer Fund	-	-	-
Sanitation Fund	-	-	-
Nonmajor Business- Type Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$390,348</u>	<u>\$690,812</u>	<u>\$1,081,160</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) move receipts restricted to debt service from the funds as debt service payments become due.

CITY OF CLERMONT, FLORIDA

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2005

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 Citistreet.

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, 2005

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, 2005 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	12	4	1
Vested terminated employees	-	4	7
Active participating employees	<u>-</u>	<u>34</u>	<u>33</u>
Total	<u>12</u>	<u>42</u>	<u>41</u>

Funding Policy - The City's actuarially determined contribution rate per the October 1, 2004 actuarial valuations is 0% for general employees, 20.4% for police officers and 17.8% 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, 2005

Note 9 - Defined Benefit 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, 2005.

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, 2004. 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	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
2005	\$7,346	100%	\$302,069	100%	\$166,264	100%
2004	5,500	100%	271,682	100%	101,291	100%
2003	8,091	100%	170,345	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, 2005

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, 2004. 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 2005 was \$3,499,102; the City's total payroll for City employees was \$4,410,694.

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, 2005

Note 10 - Retirement Plans (Continued):

The actual contribution made by the City for fiscal year 2005 was \$349,489.

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>2005</u>	<u>2004</u>	<u>2003</u>
Claims liabilities, beginning of year	\$ 77,293	\$ 62,770	\$ 142,709
Incurred claims	1,034,594	894,015	931,951
Payments on claims	<u>(950,451)</u>	<u>(879,492)</u>	<u>(1,011,890)</u>
Claims liabilities, end of year	<u>\$ 161,436</u>	<u>\$ 77,293</u>	<u>\$ 62,770</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, 2005. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

This page intentionally left blank.



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.
- Community Redevelopment Fund** This fund is used to account for funds administered by Downtown Clermont Redevelopment Agency. The agency is authorized to use the funds to finance community redevelopment projects within the downtown area.

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 fixed 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, 2005

	Special Revenue			
	Recreation Impact Fees	Police Impact Fees	Fire Impact Fees	Community Redevelopment
Assets:				
Cash and cash equivalents	\$ 349,771	\$ 297,609	\$ 201,789	\$ 86,766
Investments	685,786	956,197	303,152	152,480
Total assets	\$ 1,035,557	\$ 1,253,806	\$ 504,941	\$ 239,246
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 192	\$ -	\$ 3,855	\$ -
Total liabilities	192	-	3,855	-
Fund Balances:				
Reserved	-	-	-	239,246
Unreserved	1,035,365	1,253,806	501,086	-
Total fund balances	1,035,365	1,253,806	501,086	239,246
Total liabilities and fund balances	\$ 1,035,557	\$ 1,253,806	\$ 504,941	\$ 239,246

Special Revenue Total	Debt Service	Capital Projects	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ 935,935	\$ 349,656	\$ -	\$ 91,292	\$ 1,376,883
2,097,615	-	926,750	402,578	3,426,943
<u>\$ 3,033,550</u>	<u>\$ 349,656</u>	<u>\$ 926,750</u>	<u>\$ 493,870</u>	<u>\$ 4,803,826</u>
\$ 4,047	\$ -	\$ -	\$ -	\$ 4,047
4,047	-	-	-	4,047
239,246	349,656	-	493,870	1,082,772
2,790,257	-	926,750	-	3,717,007
3,029,503	349,656	926,750	493,870	4,799,779
<u>\$ 3,033,550</u>	<u>\$ 349,656</u>	<u>\$ 926,750</u>	<u>\$ 493,870</u>	<u>\$ 4,803,826</u>

CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2005

	Special Revenue			
	Recreation Impact Fees	Police Impact Fees	Fire Impact Fees	Community Redevelopment
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 95,523
Impact fees/special assessments	425,469	395,316	331,550	-
Investment income	23,204	28,834	11,657	5,454
Miscellaneous	-	-	-	-
Total revenues	448,673	424,150	343,207	100,977
Expenditures:				
Current:				
Public safety	-	33,807	55,050	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	400,000	-	50,068	-
Interest and fiscal charges	-	-	12,078	-
Capital outlay:				
General government	-	-	-	-
Total expenditures	400,000	33,807	117,196	-
Excess (Deficiency) of Revenues Over Expenditures	48,673	390,343	226,011	100,977
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	52,936
Transfers out	-	-	(102,060)	-
Total other financing sources (uses)	-	-	(102,060)	52,936
Net Change in Fund Balances	48,673	390,343	123,951	153,913
Fund Balances - Beginning	986,692	863,463	377,135	85,333
Fund Balances - Ending	\$ 1,035,365	\$ 1,253,806	\$ 501,086	\$ 239,246

Special Revenue Total	Debt Service	Capital Projects	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ 95,523	\$ -	\$ -	\$ -	\$ 95,523
1,152,335	-	-	-	1,152,335
69,149	4,609	2,579	12,932	89,269
-	-	-	31,600	31,600
<u>1,317,007</u>	<u>4,609</u>	<u>2,579</u>	<u>44,532</u>	<u>1,368,727</u>
88,857	-	-	-	88,857
-	-	-	-	-
450,068	395,000	-	-	845,068
12,078	243,616	-	-	255,694
-	-	-	150	150
<u>551,003</u>	<u>638,616</u>	<u>-</u>	<u>150</u>	<u>1,189,769</u>
766,004	(634,007)	2,579	44,382	178,958
-	-	924,171	-	924,171
52,936	637,876	-	-	690,812
(102,060)	-	-	(12,932)	(114,992)
<u>(49,124)</u>	<u>637,876</u>	<u>924,171</u>	<u>(12,932)</u>	<u>1,499,991</u>
716,880	3,869	926,750	31,450	1,678,949
2,312,623	345,787	-	462,420	3,120,830
<u>\$ 3,029,503</u>	<u>\$ 349,656</u>	<u>\$ 926,750</u>	<u>\$ 493,870</u>	<u>\$ 4,799,779</u>

CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Impact fees/special assessments	500,000	500,000	425,469	(74,531)
Investment income	3,900	3,900	23,204	19,304
Total revenues	<u>503,900</u>	<u>503,900</u>	<u>448,673</u>	<u>(55,227)</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	680,000	680,000	400,000	280,000
Interest and fiscal charges	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Total expenditures	<u>680,000</u>	<u>680,000</u>	<u>400,000</u>	<u>280,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(176,100)</u>	<u>(176,100)</u>	<u>48,673</u>	<u>224,773</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(176,100)</u>	<u>(176,100)</u>	<u>48,673</u>	<u>224,773</u>
Fund Balances - Beginning	<u>986,692</u>	<u>986,692</u>	<u>986,692</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 810,592</u>	<u>\$ 810,592</u>	<u>\$ 1,035,365</u>	<u>\$ 224,773</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Impact fees/special assessments	230,000	230,000	395,316	165,316
Investment income	9,500	9,500	28,834	19,334
Total revenues	<u>239,500</u>	<u>239,500</u>	<u>424,150</u>	<u>184,650</u>
Expenditures:				
Current:				
Public safety	53,515	53,515	33,807	19,708
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Total expenditures	<u>53,515</u>	<u>53,515</u>	<u>33,807</u>	<u>19,708</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>185,985</u>	<u>185,985</u>	<u>390,343</u>	<u>204,358</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	185,985	185,985	390,343	204,358
Fund Balances - Beginning	<u>863,463</u>	<u>863,463</u>	<u>863,463</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,049,448</u>	<u>\$ 1,049,448</u>	<u>\$ 1,253,806</u>	<u>\$ 204,358</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Impact fees/special assessments	215,000	215,000	331,550	116,550
Investment income	3,000	3,000	11,657	8,657
Total revenues	<u>218,000</u>	<u>218,000</u>	<u>343,207</u>	<u>125,207</u>
Expenditures:				
Current:				
Public safety	55,360	59,160	55,050	4,110
Culture and recreation			-	-
Debt service:				
Principal retirement	49,260	49,260	50,068	(808)
Interest and fiscal charges	11,928	11,928	12,078	(150)
Capital outlay:				
General government	-	-	-	-
Total expenditures	<u>116,548</u>	<u>120,348</u>	<u>117,196</u>	<u>3,152</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>101,452</u>	<u>97,652</u>	<u>226,011</u>	<u>128,359</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(101,914)	(101,914)	(102,060)	(146)
Total other financing sources (uses)	<u>(101,914)</u>	<u>(101,914)</u>	<u>(102,060)</u>	<u>(146)</u>
Net Change in Fund Balances	(462)	(4,262)	123,951	128,213
Fund Balances - Beginning	<u>377,135</u>	<u>377,135</u>	<u>377,135</u>	-
Fund Balances - Ending	<u>\$ 376,673</u>	<u>\$ 372,873</u>	<u>\$ 501,086</u>	<u>\$ 128,213</u>

CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 98,238	\$ 98,238	\$ 95,523	\$ (2,715)
Impact fees/special assessments	-	-	-	-
Investment income	300	300	5,454	5,154
Total revenues	<u>98,538</u>	<u>98,538</u>	<u>100,977</u>	<u>2,439</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay:				
General government	190,000	190,000	-	190,000
Total expenditures	<u>190,000</u>	<u>190,000</u>	<u>-</u>	<u>190,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(91,462)</u>	<u>(91,462)</u>	<u>100,977</u>	<u>192,439</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	-
Transfers in	53,448	53,448	52,936	(512)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>53,448</u>	<u>53,448</u>	<u>52,936</u>	<u>(512)</u>
Net Change in Fund Balances	<u>(38,014)</u>	<u>(38,014)</u>	<u>153,913</u>	<u>191,927</u>
Fund Balances - Beginning	<u>85,333</u>	<u>85,333</u>	<u>85,333</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 47,319</u>	<u>\$ 47,319</u>	<u>\$ 239,246</u>	<u>\$ 191,927</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Impact fees/special assessments	-	-	-	-
Investment income	1,200	1,200	4,609	3,409
Total revenues	1,200	1,200	4,609	3,409
Expenditures:				
Current:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	395,000	395,000	395,000	-
Interest and fiscal charges	243,616	243,616	243,616	-
Capital outlay:				
General government	-	-	-	-
Total expenditures	638,616	638,616	638,616	-
Excess (Deficiency) of Revenues Over Expenditures	(637,416)	(637,416)	(634,007)	3,409
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	-
Transfers in	636,965	636,965	637,876	911
Transfers out	-	-	-	-
Total other financing sources (uses)	636,965	636,965	637,876	911
Net Change in Fund Balances	(451)	(451)	3,869	4,320
Fund Balances - Beginning	345,787	345,787	345,787	-
Fund Balances - Ending	\$ 345,336	\$ 345,336	\$ 349,656	\$ 4,320

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Impact fees/special assessments	-	-	-	-
Investment Income	-	-	2,579	2,579
Total revenues	-	-	2,579	2,579
Expenditures:				
Current:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirements	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	2,579	2,579
Other Financing Sources (Uses):				
Sale of capital assets	-	-	924,171	924,171
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	924,171	924,171
Net Change in Fund Balances	-	-	926,750	926,750
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ 926,750	\$ 926,750

This page intentionally left blank.



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.

This page intentionally left blank.



CITY OF CLERMONT, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

September 30, 2005

	<u>General Employees</u>		<u>Police</u>	<u>Firefighters</u>
	<u>Defined</u>	<u>Defined</u>	<u>Officers</u>	<u>Firefighters</u>
	<u>Benefit</u>	<u>Contribution</u>	<u>Pension Trust</u>	<u>Pension Trust</u>
Assets:				
Cash	\$ 26,797	\$ 82,900	\$ 123,529	\$ 46,072
Investments	790,175	2,444,532	3,642,605	1,358,560
Total Assets:	<u>816,972</u>	<u>2,527,432</u>	<u>3,766,134</u>	<u>1,404,632</u>
Liabilities:				
Accounts payable	-	-	-	-
Net Assets Held in Trust for Pension Benefits	<u>\$ 790,175</u>	<u>\$ 2,444,532</u>	<u>\$ 3,642,605</u>	<u>\$ 1,358,560</u>

CITY OF CLERMONT, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For The Year Ended September 30, 2005

	General Employees		Police	Firefighters	Total
	Defined Benefit	Defined Contribution	Officers Pension Trust	Pension Trust	Employee Pension Funds
Additions:					
Contributions:					
Employer	\$ 7,100	\$ 349,910	\$ 152,712	-	\$ 509,722
Plan members	-	-	47,278	11,216	58,494
State	-	-	183,852	72,111	255,963
Total contributions	<u>7,100</u>	<u>349,910</u>	<u>383,842</u>	<u>83,327</u>	<u>824,179</u>
Investments income:					
Net increase in fair value	77,903	197,811	311,431	119,243	706,388
Less investment expense	-	-	-	-	-
Net investment income	<u>77,903</u>	<u>197,811</u>	<u>311,431</u>	<u>119,243</u>	<u>706,388</u>
Total additions	85,003	547,721	695,273	202,570	1,530,567
Deductions:					
Benefits/distributions	96,585	72,540	80,658	444	250,227
Administrative expenses	5,388	13,200	13,225	9,066	40,879
Total deductions	<u>101,973</u>	<u>85,740</u>	<u>93,883</u>	<u>9,510</u>	<u>291,106</u>
Change in Net Assets	(16,970)	461,981	601,390	193,060	1,239,461
Net Assets Held in Trust for Pension Benefits :					
Beginning of Year	<u>833,942</u>	<u>2,065,451</u>	<u>3,164,744</u>	<u>1,211,572</u>	<u>7,275,709</u>
End 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>

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

This page intentionally left blank.



CITY OF CLERMONT, FLORIDA

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

For The Year Ended September 30, 2005

	Land	Buildings	Improvements/ Infrastructure	Machinery/ Equipment	Total
General Government	\$ 170,115	\$ 5,553,681	\$ 8,534	\$ 1,105,518	\$ 6,837,848
Public Safety	289,555	1,644,812	-	3,239,314	5,173,681
Physical Environment/ Transportation	119,494	728,159	5,683,414	506,715	7,037,782
Culture & Recreation	3,611,860	956,830	5,443,939	592,492	10,605,121
Older Assets not Maintained by Function	189,500	14,780	146,373	21,434	372,087
Total	\$ 4,380,524	\$ 8,898,262	\$ 11,282,260	\$ 5,465,473	\$ 30,026,519

	Balance 09-30-04	Additions	Deletions and Transfers	Balance 09-30-05
General Government	\$ 6,893,957	\$ 79,468	\$ 135,577	\$ 6,837,848
Public Safety	4,739,666	535,115	101,100	5,173,681
Physical Environment/ Transportation	5,353,582	1,708,385	24,185	7,037,782
Culture & Recreation	10,443,486	161,635		10,605,121
Older Assets not Maintained by Function	442,577		70,490	372,087
Total	\$ 27,873,268	\$ 2,484,603	\$ 331,352	\$ 30,026,519

This page intentionally left blank.



STATISTICAL INFORMATION

Comments Relative to Statistical Section

The following statistical tables that are recommended for inclusion by the Government Finance Officers Association are not included for the reasons stated below:

- A. Ration of Net General bonded Debt to Assessed Value and Net Bonded Debt per Capita - Last Ten Fiscal Years - The City has not had any general bonded debt over the past ten fiscal years.
- B. Ratio of Annual Debt Service for General bonded Debt to Total General Expenditures - Last Ten Fiscal Years - The City has not had any general bonded debt over the past ten fiscal years.
- C. Florida Statutes and the Charter of the City of Clermont, Florida, set no legal debt margin.

CITY OF CLERMONT, FLORIDA

GOVERNMENT-WIDE EXPENSES

BY FUNCTION

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Physical Environment</u>	<u>Transportation Public Works</u>	<u>Economic Environment</u>	<u>Human Services</u>
1996	*	*	*	*	*	*
1997	*	*	*	*	*	*
1998	*	*	*	*	*	*
1999	*	*	*	*	*	*
2000	*	*	*	*	*	*
2001	*	*	*	*	*	*
2002	*	*	*	*	*	*
2003	*	*	*	*	*	*
2004	\$2,336,912	\$4,687,907	\$421,297	\$1,055,914	\$31,791	\$131,633
2005	2,617,095	5,772,697	278,063	1,172,233	12,778	148,994

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

<u>Culture & Recreation</u>	<u>Interest on Long-term Debt</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
\$1,742,527	\$350,146	\$2,707,082	\$3,423,209	\$1,616,487	\$265,645	\$18,770,550
1,816,477	254,725	3,015,322	3,572,120	1,816,868	286,597	\$20,763,969

CITY OF CLERMONT, FLORIDA

GOVERNMENT-WIDE REVENUES

LAST TEN FISCAL YEARS

Fiscal Year Ended	Program Revenues			General Revenues
	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Taxes</u>
1996	*	*	*	*
1997	*	*	*	*
1998	*	*	*	*
1999	*	*	*	*
2000	*	*	*	*
2001	*	*	*	*
2002	*	*	*	*
2003	*	*	*	*
2004	\$12,584,856	\$695,987	\$7,095,189	\$6,791,284
2005	12,782,995	650,353	7,966,157	8,390,846

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

General Revenues

<u>Intergovernmental</u>	<u>Investment Income & Miscellaneous</u>	<u>Gain on Sale of Capital Assets</u>	<u>Total</u>
*	*	*	*
*	*	*	*
*	*	*	*
*	*	*	*
*	*	*	*
*	*	*	*
*	*	*	*
*	*	*	*
*	*	*	*
\$2,369,020	\$575,076	\$0	\$30,111,412
2,822,845	1,151,485	854,233	34,618,914

CITY OF CLERMONT, FLORIDA

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Physical Environment</u>
1996	\$561,876	\$1,257,255	\$112,794
1997	636,895	1,299,427	126,409
1998	808,901	1,633,630	152,476
1999	1,059,558	1,733,444	137,219
2000	942,498	3,049,106	134,486
2001	1,098,769	3,349,348	211,801
2002	2,143,890	3,397,986	41,611
2003	5,802,367	3,968,244	35,237
2004	2,062,832	4,681,145	292,898
2005	2,186,373	5,820,424	318,811

- (1) Includes General, Special Revenue, and Capital Projects Funds.
Excludes Debt Service.
- (2) Community Development Block Grant expenditures were included in
the 1996, 1997, 1998 and 1999 Fiscal Years.

<u>Transportation</u>	(2) <u>Economic Environment</u>	<u>Human Services</u>	<u>Culture and Recreation</u>	<u>Total</u>
\$448,615	\$89,101	\$20,191	\$1,145,205	\$3,635,037
912,130	247,422	20,974	1,205,642	4,448,899
589,385	416,930	24,150	743,864	4,369,336
437,386	36,111	25,794	1,347,959	4,777,471
494,953	25,586	24,914	1,733,423	6,404,966
639,780	102,323	19,573	2,242,733	7,664,327
640,053	1,118,029	69,479	1,936,273	9,347,321
809,642	346,544	88,638	1,516,317	12,566,989
1,064,503	31,791	139,378	2,681,840	10,954,388
2,519,421	32,793	156,380	1,220,808	12,255,010

CITY OF CLERMONT, FLORIDA

GENERAL GOVERNMENTAL REVENUE BY SOURCE (1)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- Governmental</u>	<u>Charges for Services</u>
1996	\$2,377,962	\$84,260	\$665,899	\$32,537
1997	2,497,102	97,347	988,581	46,354
1998	2,769,826	133,595	1,012,582	42,459
1999	3,171,446	149,702	872,081	44,336
2000	3,911,066	188,517	959,751	60,148
2001	4,873,847	211,101	930,028	36,613
2002	5,677,448	252,702	1,407,363	367,279
2003	6,733,867	277,264	1,152,050	378,425
2004	6,791,284	466,422	2,758,120	380,669
2005	8,390,846	484,161	5,215,839	389,041

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds.

<u>Fines and Forfeitures</u>	<u>Investment Income</u>	<u>Impact Fees</u>	<u>Miscellaneous</u>	<u>Total</u>
151,879	102,405	98,751	244,904	3,758,597
128,047	81,605	127,284	224,626	4,190,946
160,522	85,140	200,960	293,853	4,698,937
108,720	86,799	240,412	311,494	4,984,990
174,044	148,136	996,145	1,258,318	7,696,125
145,564	241,756	944,819	1,157,372	8,541,100
111,517	140,425	1,314,171	177,322	9,448,227
114,013	144,130	1,424,349	218,885	10,442,983
124,755	107,363	1,592,057	541,208	12,761,878
164,065	266,961	1,152,335	309,859	16,373,107

CITY OF CLERMONT, FLORIDA

PROPERTY TAX LEVIES, TAX COLLECTIONS AND ASSESSED VALUATIONS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Tax Year</u>	(2) <u>Estimated Actual Value</u>	(1) <u>Assessed Valuation</u>	(4) <u>Tax Rate</u>
1996	1995	\$228,727,934	\$205,855,141	2.979
1997	1996	236,824,197	213,141,778	2.979
1998	1997	274,964,642	247,468,178	2.979
1999	1998	324,049,311	291,644,380	2.979
2000	1999	396,645,279	356,980,751	3.479
2001	2000	500,572,450	450,515,205	3.729
2002	2001	634,697,383	571,227,645	3.729
2003	2002	800,152,736	720,137,462	3.729
2004	2003	1,017,237,491	915,513,742	3.729
2005	2004	1,331,617,610	1,198,455,849	3.729

(1) Final gross taxable assessed valuation per Lake County Property Appraiser's form DR-422.

(2) The Florida Department of Revenue has certified the Lake County tax rolls as being at least 90% of the estimated actual value of property within the County. Therefore, the estimated actual values shown are calculations based on the 90% certification.

(3) Outstanding delinquent taxes are not available from the Lake County Property Appraiser's office.

(4) Tax rate per \$1,000 of taxable valuation.

<u>Tax Levy</u>	<u>Current Tax Collections</u>	<u>Ratio Current Tax Collections to Total Levy</u>	<u>(3) Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>
\$613,242	\$592,529	96.6%	\$2,406	\$594,935	97.0%
634,949	608,205	95.8%	9,224	617,429	97.2%
737,207	700,112	95.0%	9,841	709,953	96.3%
868,809	836,304	96.3%	1,604	837,908	96.4%
1,241,936	1,200,779	96.7%	4,492	1,205,271	97.0%
1,679,971	1,606,686	95.6%	9,190	1,615,876	96.2%
2,130,108	2,022,265	94.9%	16,263	2,038,529	95.7%
2,685,393	2,583,380	96.2%	7,995	2,591,375	96.5%
3,413,951	3,290,066	96.4%	14,666	3,304,731	96.8%
4,469,042	4,303,551	96.3%	17,889	4,321,439	96.7%

CITY OF CLERMONT, FLORIDA

PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS (1)

LAST TEN FISCAL YEARS (2)

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>City</u>	<u>Lake County</u>	<u>Lake County MSTU Stormwater</u>
1996	1995	2.979	4.927	0.000
1997	1996	2.979	4.909	0.000
1998	1997	2.979	4.733	0.000
1999	1998	2.979	4.733	0.000
2000	1999	3.479	4.733	0.100
2001	2000	3.729	5.117	0.200
2002	2001	3.729	5.117	0.300
2003	2002	3.729	5.917	0.400
2004	2003	3.729	5.917	0.500
2005	2004	3.729	5.817	0.500

(1) Information was obtained from the City of Clermont tax rolls, as prepared by the Lake County Property Appraiser's office.

(2) Tax rate per \$1,000 of taxable valuation.

Lake County School District	Lake County Water Authority	South Lake Hospital District	St. Johns River Water Management District	<u>Total</u>
9.678	0.3840	2.0000	0.482	20.4500
9.228	0.3840	2.0000	0.482	19.9820
9.100	0.3840	2.0000	0.482	19.6780
9.190	0.3840	2.0000	0.482	19.7680
8.742	0.5000	1.0000	0.482	19.0360
8.495	0.5000	1.5500	0.472	20.0630
8.202	0.5000	1.5289	0.462	19.8389
8.395	0.4819	1.5289	0.462	20.9138
8.440	0.4080	1.5289	0.462	20.9849
7.990	0.3831	1.5289	0.462	20.4100

CITY OF CLERMONT, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING

GENERAL OBLIGATION DEBT

September 30, 2005

The City of Clermont did not have any overlapping debt at the above fiscal year end.

CITY OF CLERMONT, FLORIDA

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) School Enrollment</u>	<u>(3) Unemployment Rate</u>
1996	7,291	2,381	5.2%
1997	7,582	2,180	3.1%
1998	8,202	2,412	2.2%
1999	8,861	3,683	2.7%
2000	9,455	3,841	2.6%
2001	10,571	4,500	3.4%
2002	13,718	4,616	4.7%
2003	15,391	4,630	4.6%
2004	17,654	5,219	4.0%
2005	20,017	5,165	3.8%

DATA SOURCES:

- (1) College of Business Administration, University of Florida - Bureau of Economic and Business Research.
- (2) Figures represent grades K-9 in public schools.
Source - Lake County School Board
- (3) Information available on countywide basis only. Data was obtained from the Florida Agency for Workforce Innovation, Labor Market Statistics, Local Area Unemployment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

CITY OF CLERMONT, FLORIDA

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

Fiscal Year	(1) Commercial Construction		(1) Residential Construction	
	<u># of Units</u>	<u>Value</u>	<u># of Units</u>	<u>Value</u>
1996	17	\$6,735,881	157	\$10,386,535
1997	14	3,340,805	289	17,797,703
1998	13	24,686,500	333	21,414,385
1999	5	17,725,000	492	34,375,122
2000	11	22,396,000	711	58,829,964
2001	17	17,264,099	884	82,040,352
2002	39	52,342,866	829	77,470,156
2003	22	18,757,595	959	124,837,420
2004	24	14,271,550	1,155	158,457,544
2005	23	7,115,156	673	103,671,837

DATA SOURCES:

- (1) City of Clermont zoning clearances.
- (2) Information available on countywide basis only.
Data was obtained from the Federal Deposit Insurance Corporation (FDIC)
- (3) Taxable assessed valuation per Lake County Property Appraiser's form DR-422.
- (4) Non-taxable assessed valuation per Lake County Property Appraiser's office.

(2) Bank <u>Deposits</u>	Assessed Taxable Property Value	
	(3) <u>Taxable</u>	(4) <u>Nontaxable</u>
\$1,776,670,000	\$205,855,141	\$58,399,561
2,035,941,000	213,141,778	65,771,140
2,421,416,000	247,468,178	75,608,647
2,563,111,000	291,644,380	82,258,004
2,793,537,000	356,980,751	88,776,967
3,011,000,000	450,515,205	105,296,517
3,158,000,000	571,227,645	128,221,920
3,411,000,000	720,137,462	166,209,240
3,613,000,000	915,513,742	238,373,202
4,091,000,000	1,198,455,849	299,161,939

CITY OF CLERMONT, FLORIDA

WATER AND SEWER CUSTOMER DATA

LAST TEN FISCAL YEARS

Fiscal Year	Number of Customers				Annual Water Usage (Gal)
	Water		Sewer		
	<u>Residential</u>	<u>Commercial</u>	<u>Residential</u>	<u>Commercial</u>	
1996	3483	391	2334	358	630,763,000
1997	3987	439	2770	386	833,834,000
1998	4549	447	3099	388	1,087,078,000
1999	5009	490	3328	443	1,146,663,000
2000	5992	531	3928	458	1,394,359,000
2001	7303	579	5001	511	1,365,196,000
2002	8461	644	6243	581	1,299,701,000
2003	10529	723	7650	673	1,338,818,000
2004	12751	817	9217	767	1,655,203,000
2005	15205	921	11059	883	1,788,337,000

Source: Water and Sewer Customer Data Reports as of September 30

CITY OF CLERMONT, FLORIDA

PRINCIPAL TAXPAYERS

<u>Taxpayer</u>	<u>Assessed Valuation as of January 1, 2005</u>	<u>Percentage of Total Assessed Valuation</u>
John P. Adams & Ann D. Adams Family LP PO Box 1667 Winter Haven, FL 33882	\$22,667,653	1.89%
South Lake Hospital, Inc. C/O Orlando Regional Healthcare PO Box 562008 Orlando, FL 32856	20,240,658	1.69%
Lennar Homes, Inc. 151 S Wymore Rd Ste 4000 Altamonte Springs, FL 32714	14,636,004	1.22%
Sundance Clermont LLC 11200 Rockville Pike Rockville, MD 20852	11,898,472	0.99%
Target Corporation PO Box 9456 Minneapolis, MN 55440	11,764,377	0.98%
Clermont Center LTD 18205 Biscayne Blvd #2202 Aventura, FL 33160	10,372,650	0.87%
Village at East Lake Ltd Partnership 300 East Lombard St Ste 1200 Baltimore, MD 21202	9,538,019	0.80%
Lost Lake Reserve LC 33 E Wall St Frostproof, FL 33843	9,370,630	0.78%
KB Home Orlando LLC 8403 South Park Cir Ste 670 Orlando, FL 32819	9,291,419	0.78%
Lucas Clermont Limited Partnership 401 N Cattleman Rd Ste 108 Sarasota, FL 34232	9,053,797	0.76%
TOTAL	<u><u>\$128,833,679</u></u>	<u><u>10.75%</u></u>

Source: 2005 City of Clermont Tax Roll, prepared by the Lake County Property
Appraiser's office.

CITY OF CLERMONT, FLORIDA
MISCELLANEOUS STATISTICAL DATA
 SEPTEMBER 30, 2005

Date of Incorporation	1916
Present Charter Adopted	1962
Form of Government	Council-Manager
Number of Council Members	Five (5)
Term of Office	
Mayor/Council Members	Two Years (2)
City Manager	Appointed
Area of City	
Municipal Boundaries	12.45 square miles
Miles of Streets	101.39
Number of Streetlights	1,131
Cemetery	1
Fire Protection	
Number of Stations	3
Number of Volunteer Firefighters	27
Number of Part-time Firefighters	6
Number of Full-time Firefighters	22
Number of Fire Hydrants	1,431
Police Protection	
Number of Stations	2
Number of Sworn Personnel	38
Education	
Number of Schools:	
Elementary	3
Middle	2
Number of Teachers	350
Number of Students	5,165
Municipal Water Department	
Number of Customers	15,205
Average Daily Consumption	4,899,553 gallons
Miles of Water Mains	97.23
Wastewater and Sanitary Sewers	
Miles of Sanitary Sewer Lines	44.26
Miles of Storm Sewer Lines	10.27

CITY OF CLERMONT, FLORIDA
MISCELLANEOUS STATISTICAL DATA -CONTINUED

SEPTEMBER 30, 2005

Recreation and Culture

Number of Parks	22 with 101.5 acres
Scenic Linear Trail	5.7 miles
Fishing Piers	4
Number of Libraries	1

City Employees

Full-Time	207
Part-Time	14

CITY OF CLERMONT, FLORIDA

UTILITY REVENUE BOND COVERAGE - ALL UTILITY REVENUE BONDS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total System Revenues</u>	<u>(1) Operating Expenses</u>
1996	\$1,997,673	\$1,038,809
1997	2,277,479	1,240,707
1998	2,641,987	1,514,280
1999	2,968,098	1,737,216
2000	3,832,369	2,122,938
2001	5,082,750	2,236,146
2002	5,473,607	2,952,556
2003	6,178,579	3,461,216
2004	7,546,012	4,339,959
2005	8,394,737	4,773,639

(1) Excludes interest expense and depreciation.

(2) Maximum debt service in any subsequent year is \$1,304,315

<u>Net Revenues</u>	(2) <u>Debt Service Requirements</u>	<u>Coverage</u>
\$958,864	\$509,355	1.88%
1,036,772	708,660	1.46%
1,127,707	711,250	1.59%
1,230,882	726,858	1.69%
1,709,431	724,400	2.36%
2,846,604	932,127	3.05%
2,521,051	932,128	2.70%
2,717,363	1,007,128	2.70%
3,206,053	1,066,328	3.01%
3,621,098	1,132,665	3.20%

This page intentionally left blank.



CITY OF CLERMONT, FLORIDA

LARGEST EMPLOYERS

<u>Employer</u>	<u>Industry</u>	<u>Number of Employees</u>
South Lake Hospital	Health Care	929
Lake County School System	Education	557
Target	Retail	321
Publix - Citrus Tower Village	Grocery	250
CBS Builders Supply Inc.	Construction Supplies	230
City of Clermont	Municipality	221
Home Depot	Retail	187
Westminister Care of Clermont	Retirement and Nursing	169
Publix - Kings Ridge	Grocery	144
Winn Dixie	Grocery	130

CITY OF CLERMONT, FLORIDA

SCHEDULE OF INSURANCE COVERAGES

SEPTEMBER 30, 2005

<u>Type of Coverage & Insurer</u>	<u>Policy Number</u>	<u>Expiration Date</u>
<u>Liability</u> Florida Municipal Liability Self Insurer's Program	FMIT 101	9/30/2005
<u>Workers Compensation</u> Florida Municipal Self Insurers Fund	FMIT 101	9/30/2005
<u>Fire and Extended Coverage</u> Florida Municipal Property Self-Insurers Program	FMIT 101	9/30/2005

Details

Limits

General Liability	\$100,000/Person
Bodily Injury Liability	\$200,000/Occurrence
Auto Liability	
Law Enforcement Liability	
Specific Excess Liability	\$1,500,000/Occurrence
Public Officials Errors and Omissions Liability	\$1,500,000/Occurrence
Finance Director-Bond	\$100,000
Public Employees Blanket Bond	\$5,000
Accidental Death-Police/Fire	\$50,000
Workers Compensation	Statutory \$100,000/500,000
Blanket Building and Property	per Schedule \$38,405,700

This page intentionally left blank.



**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, 2005, and have issued our report thereon dated December 21, 2005. 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 December 21, 2005.

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 December 21, 2005.

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

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.

McDermitt Davis & Company, LLC

December 21, 2005