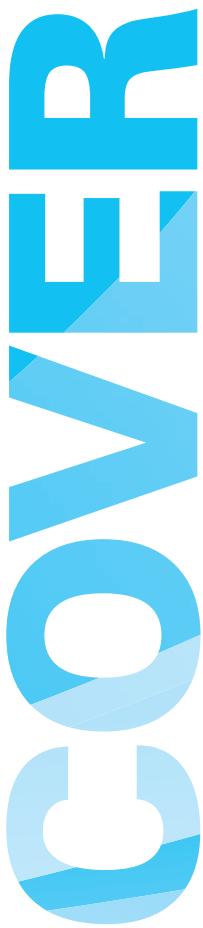


CITY OF CLEARWATER, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

2018/2019





The city of Clearwater, in a joint partnership with St. Petersburg College, opened the new Clearwater East Community Library at St. Petersburg College in April

2018. The new \$15 million project was cooperatively funded with St. Petersburg College and is located on the college's Clearwater Campus at 2465 Drew St.

The 40,000-square-foot library includes 10,000 square feet of dedicated public space, 15,000 square feet of dedicated college space and 15,000 square feet of shared space.

Highlights of the new state-of-the-art library include a dedicated children's section with an educational discovery area, as well as a youth program room,

a collection of more than 90,000 electronic and print materials, and two conference rooms. The library also features a drive-up service window for item pick-up and return. The college and the city share 40 public internet computers, access to both collections and a large community meeting room.

**City of Clearwater, Florida
Comprehensive Annual Financial Report
for Fiscal Year Ended September 30, 2019**



George N. Cretekos
Mayor

David Albritton
Councilmember

Dr. Bob Cundiff
Councilmember

Hoyt Hamilton
Councilmember

Jay Polglaze
Councilmember

William B. Horne II
City Manager

Brian Jay Ravins
Finance Director

Prepared by: City of Clearwater Finance Department

City of Clearwater, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2019

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Comprehensive Annual Financial Report
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CITY OF CLEARWATER

POST OFFICE BOX 4748, CLEARWATER, FLORIDA 33758-4748
600 CLEVELAND STREET, SUITE 600, CLEARWATER, FL 33755
TELEPHONE (727) 562-4040 FAX (727) 562-4052

CITY MANAGER

March 30, 2020

The Honorable Mayor, Councilmembers,
and Citizens of the City of Clearwater:

The City of Clearwater Charter (Section 2.01(c)3), Florida Statutes, and various covenants relating to debt and pension obligations of the City require an annual audit of the financial statements of all funds of the City by a firm of licensed certified public accountants. These statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS). Pursuant to these requirements we hereby issue the comprehensive annual financial report of the City of Clearwater for the fiscal year ended September 30, 2019.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City 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's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City'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.

Cherry Bekaert LLP, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2019, 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 that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are in the Single Audit section of this report.

George N. Cretekos, Mayor

Jay Polglaze, Councilmember
Dr. Bob Cundiff, Councilmember



David Allbritton, Councilmember
Hoyt Hamilton, Councilmember

"Equal Employment and Affirmative Action Employer"

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis report (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Clearwater, Florida

Clearwater is located on the Pinellas Peninsula on Florida's west coast. It is directly located on the Gulf of Mexico, 20 miles west of Tampa and 20 miles north of St. Petersburg. Clearwater is the county seat of Pinellas County and one of the largest cities in the Tampa Bay area. The Clearwater area offers a semitropical climate and 28 miles of beautiful beaches. Consequently, tourism is an important component of the economy. In addition to tourism, Clearwater enjoys a diversity of manufacturing businesses, service industries, high-tech companies, and a large retirement population.

The City operates under the council/manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a mayor and four members elected at large on a non-partisan basis. The City Council is responsible for adopting ordinances, adopting the budget, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments.

The City provides police and fire protection; construction and maintenance of streets, bridges, sidewalks, storm drainage, public parks, and recreation facilities; planning, zoning, subdivision, and building code regulation and enforcement; redevelopment of commercial and residential neighborhoods; supervised recreation programs; public libraries; water supply and distribution; waste water collection, treatment, and disposal; natural gas distribution; solid waste collection and recycling; stormwater management; marina, airpark, downtown boat slips, and public fishing pier operations; and operation of the city-wide parking system.

The annual budget serves as the foundation for the City's financial planning and control. Per the City Code of Ordinances, the City Manager is required to provide to the City Council an operating budget for the ensuing fiscal year, a capital improvement budget, and a five-year capital improvement program, along with an accompanying budget message no later than 60 days prior to the end of the fiscal year. The Council is required to hold public hearings on the budget and to adopt a final operating budget and capital improvement budget no later than September 30, the last day of the City's fiscal year. The appropriated budget is prepared by fund and by department within fund.

After five consecutive years of decline in City taxable property values, approximating 33 percent in total, we have now experienced seven consecutive years of increases: 3.3%, 6.0%, 6.6%, 7.5%, 8.3%, 9.6% and 6.8% increases for January 1, 2013, 2014, 2015, 2016, 2017, 2018 and 2019 tax rolls, respectively. Additionally, the Tampa Bay metropolitan area experienced an improvement in the unemployment rate as it decreased from the September 30, 2018 adjusted rate of 3.2% to 2.9% as of September 30, 2019. The metro area rate of 2.9% compares favorably to a national rate of 3.5% and a state unemployment rate of 3.2% as of September 30, 2019. Local tourism continues to increase at significant rates and contributes to optimism that the area's economy will continue to be strong and healthy.

The City's Beach by Design Redevelopment Plan, anchored by Beach Walk, resulted in significant economic redevelopment on Clearwater Beach, and contributed to Clearwater Beach's recent TripAdvisor 2019 ranking as #1 beach in the United States and #6 in the world. The downtown area is well-poised for similar redevelopment due to investment in downtown streetscaping, the Clearwater Harbor Marina, the Nancy and David Bilheimer Capitol Theatre, the addition of an apartment complex of 257 high-end units adjacent to downtown's Prospect Lake Park, and recent completion of the conversion of a 15-story downtown office tower into 134 luxury apartments and townhomes. Contributing to downtown's potential for redevelopment is the recent update of the Downtown Plan, North Marina Area Master Plan, and various Community Redevelopment Agency incentive plans for downtown retail. Finally, the City is embarking on a significant development of the downtown waterfront bluff area, discussed under Major Initiatives below, that is expected to contribute to significant economic redevelopment of the downtown area.

Long-term Financial Planning

Financial planning continues to be of critical importance to the City in meeting the challenges of both the immediate and foreseeable future. City staff and the City Council annually participate in a Strategic Planning council meeting to review priorities and financial condition in preparation for the annual budget process. This includes a review of current long-term forecasts for the General Fund and major utility funds. The City has a General Fund Financial Sustainability Analysis performed by a rate study consultant every few years, updated annually by staff, that provides a ten-year forecast of the General Fund. Similar rate studies for the major utility funds are performed at least every five years, and provide similar ten-year forecasts presented to City Council by the rate study consultant.

Major projects undertaken by the City will continue to have long term financial implications for existing as well as future resources and revenues. The planning and decisions undertaken by the City are always evaluated in the context of the financial burden that will be placed on both current and prospective residents, as well as the potential economic and environmental impacts.

Relevant Financial Policies

It is a policy of the City Council to maintain a minimum fund balance in the General Fund equal to eight and one-half percent (8.5%) of the subsequent year's budgeted expenditures to meet unanticipated financial needs. Per Council policy, excess funds may be appropriated by the City Council for specific capital improvement projects or other one-time needs.

It is a policy of the City Council that all enterprise fund operations shall be self-supporting. Council policy requires a review of rate schedules every five years, at a minimum, to help ensure that enterprise funds are self-supporting. Additionally, Council policy requires that unrestricted fund balances of the utility enterprise funds be maintained at a level equivalent to the greater of six months of operation and maintenance expenses, or other minimum reserve levels indicated in the current rate study for the utility enterprise fund. The minimum reserve level for non-utility enterprise funds is three months of operation and maintenance expenses.

Major Initiatives

The City continues to proactively fund capital projects to support the City's five utility operations, which consist of Water and Sewer, Stormwater, Solid Waste, Recycling, and Gas Utility operations. A total of \$55.8 million is budgeted for utility capital projects for fiscal 2020 with a total of \$425.3 million budgeted over the next six years.

In the Spring of 2014, the City sponsored an Urban Land Institute (ULI) Advisory Services Panel to provide strategic advice about the revitalization of the downtown area. A major initiative resulting from the ULI recommendations is "Imagine Clearwater," a multi-phase redevelopment plan for the downtown waterfront bluff. Phase 1 of the plan seeks to implement key investments north of Cleveland Street and along the waterfront to spark change along Osceola Avenue and into downtown. The plan will create a dynamic new open space from the waterfront to the downtown, activated by new uses and captivating elements that serve a broad pool of users with the flexibility to accommodate a great variety of activities, including passive and active recreation, to promote year-round enjoyment. Phase 2 builds upon the success of Phase 1, bringing redevelopment south of Cleveland Street with the activation of additional key City investments. The current Phase 1 design phase is in process, with construction planned to begin during calendar year 2020.

Also relative to the ULI recommendations, the City conducted studies related to the City of Clearwater Boating Master Plan and the North Marina Area Master Plan in the Fall of 2015. Groundbreaking for the North Marina Project occurred in March 2019. New parking, improved design and landscape of existing parking areas, expanded public use and amenity areas, additional open space, and enhanced decorative lighting have all been completed. Still underway for final permitting and construction are a new kayak launch and restroom facilities serving the existing ramp area. Lastly, preparation for permitting the construction of the planned daily use transient boat slips is nearing completion. These few remaining items are slated for completion in 2020.

The ULI initiatives remain a high priority for the City during fiscal year 2020. Additional related projects include streetscaping in the Downtown Gateway, construction of a festival core in the same area, Complete Streets planning initiatives, and the acquisition of North Ward Elementary School for an adaptive reuse project for this beloved 100-year old building in the North Marina Area. These projects and others are of a size and substance to redefine the face of downtown and surrounding areas.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2018. This was the 40th consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for the fiscal year 2019 Budget document, the 33rd consecutive year that this award has been received. In order to qualify, the City's Budget document was judged to be proficient in several categories including as a policy document, a financial plan, an operations guide, and a communications device.

We wish to thank the many members of the Citywide Annual Financial Reporting (CAFR) Team, which is composed of individuals in the Finance Department and other financial staff throughout the City, for their professionalism and dedication in producing this report. A special thank you goes to Monica Mitchell, Assistant Finance Director, for her leadership in completion of this report. Sincere appreciation is also extended to the City's external auditors, Cherry Bekaert LLP, for their advice and assistance in the preparation of this report. Finally, we would like to thank the City Council for their interest, continued support, and leadership in planning and conducting the financial operations of the City in a progressive and responsible manner.

Sincerely,

William B. Horne, II
City Manager

Brian Jay Ravins
Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Clearwater
Florida**

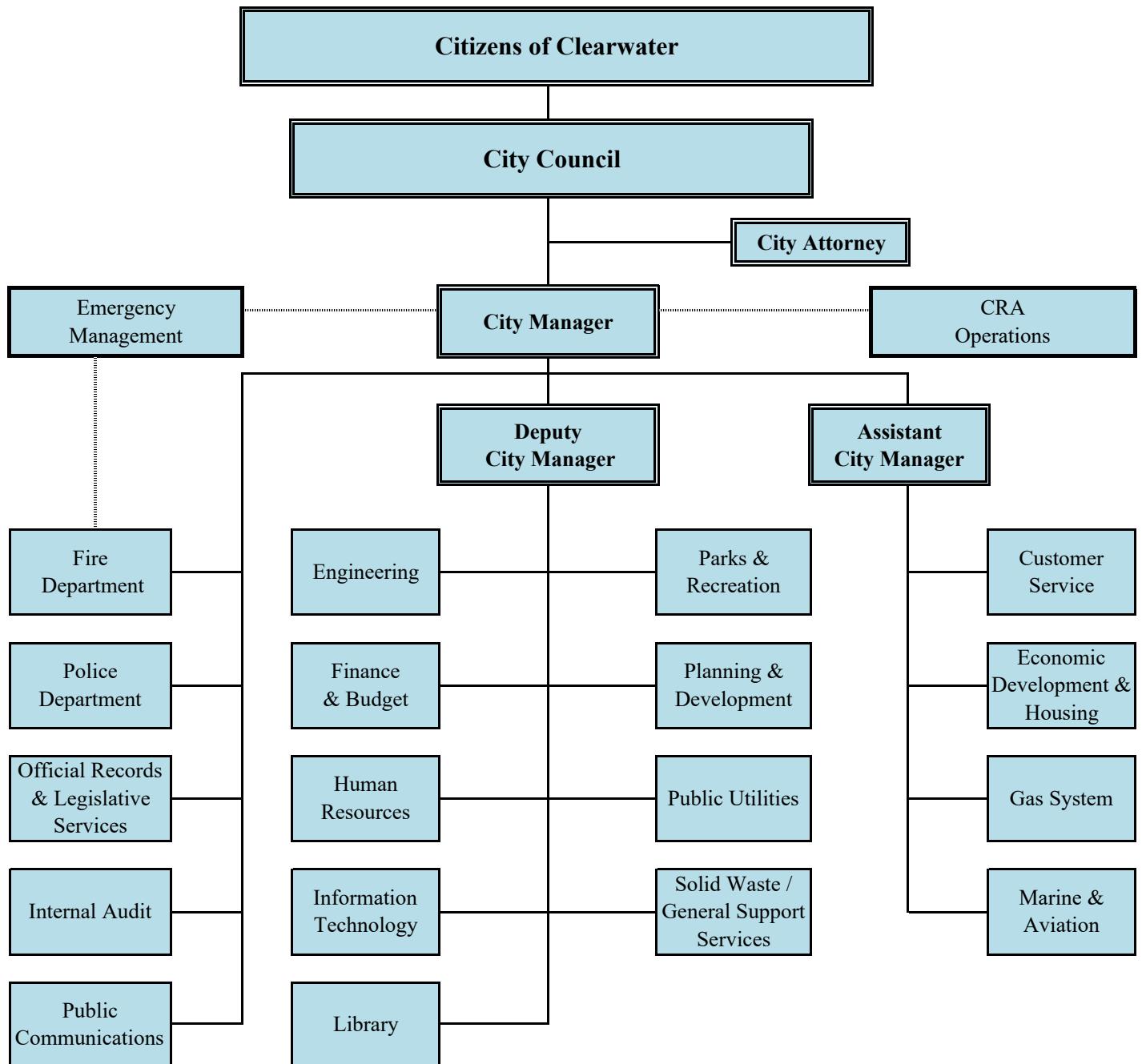
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrell

Executive Director/CEO

City of Clearwater Organizational Chart



Report of Independent Auditor

To the Honorable Mayor and City Council Members
City of Clearwater, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clearwater, Florida (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds presented as supplementary information in the accompanying combining and individual fund statements as of and for the year ended September 30, 2019, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the general fund and the special development fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds of the City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information - Pension Trust Funds and Other Postemployment Benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, budgetary comparison for the community redevelopment agency special revenue fund on page 121, and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance projects, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and Chapter 10.550, *Rules of the Auditor General of the State of Florida*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards and state financial assistance projects and the budgetary comparison for the community redevelopment agency special revenue fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance projects and the budgetary comparison for the community redevelopment agency special revenue fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is fluid and cursive, with "Cherry" and "Bekaert" connected at the top, and "LLP" written below "Bekaert".

Tampa, Florida
March 26, 2020

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Management's Discussion and Analysis

This *Management's Discussion and Analysis* report provides the reader with a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. *Management's Discussion and Analysis* (*MD&A*) should be read in conjunction with the City's *Transmittal Letter*, which begins on page v of this report.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2019 by \$1.0 billion (*net position*). Of this amount, \$330.8 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$86.3 million, or 9.0%, from the prior year's net position. Net position for governmental activities increased by \$39.1 million, or 8.5%, while the business-type net position increased by \$47.2 million, or 9.5%.
- Governmental net position increased \$39.1 million in fiscal 2019, versus an increase of \$3.3 million in fiscal 2018. A decrease of \$6.2 million in governmental program expenses, primarily in the general government, physical environment and culture and recreation programs, along with an increase in governmental program revenues of \$2.7 million, resulted in a decrease in net program expenses of \$8.9 million. Total general revenues for governmental activities increased by \$24.4 million, or 24.7%, primarily due to a \$13.4 million increase in property taxes and an increase of \$8.8 million in investment earnings due to an increase in market valuation of the City's investment portfolio. Transfers from business-type activities increased \$2.6 million.
- Business-type net position increased \$47.2 million in fiscal 2019, versus an increase of \$15.9 million in fiscal 2018. Net revenue from business-type activities, before investment earnings and transfers, increased \$22.7 million, or 85.6%, as the result of an increase in charges for services of \$6.4 million and an increase in grants and contributions of \$769 thousand, in addition to a decrease in program expenses of \$15.5 million. The most significant increases in charges for services were in the Water & Sewer Utility (\$3.2 million), where charges for services increased as a result of a 4% rate increase effective October 1, 2018, and in the Solid Waste Utility (\$1.3 million) due to a 3.75% rate increase effective October 1, 2018, plus moderate growth. General revenues increased \$11.2 million as the result of an increase in investment earnings due to an increase in market valuation of the City's investment portfolio. Transfers to governmental activities increased \$2.6 million.
- At September 30, 2019, the City's governmental funds reported combined ending fund balances of \$140.3 million, an increase of \$22.4 million, or 19.0%, in comparison with the prior year. Of this amount, \$38.2 million (or 27.2%) is *available for spending* at the government's discretion (*unassigned fund balance*).
- At September 30, 2019, unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of *fund balance*) for the general fund was \$38.6 million, or 29.8% of total fiscal 2019 general fund expenditures.
- Total outstanding long-term liabilities decreased \$13.3 million from the prior year, primarily due to a reduction in bonded debt in the amount of \$10.8 million, a decrease in lease purchase contracts of \$8.0 million, and a decrease in claims payable of \$823 thousand; offset by an increase in the liability for compensated absences of \$727 thousand, and an increase in the liability for other postemployment benefits of \$5.6 million.

Overview of the Financial Statements

This discussion and analysis (*MD&A*) is intended to serve as an introduction to the City of Clearwater'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 the *statement of net position* and the *statement of activities*. These statements report information about the City as a whole using accounting methods similar to those used by private-sector businesses. Emphasis is placed on the net position of *governmental activities* and *business-type activities*, and the *change in net position*. Governmental activities are principally supported by taxes and intergovernmental revenues. Governmental activities include most of the City's basic services, including police, fire, public works, parks and recreation, and general administration. Business-type activities are intended to recover all or a significant portion of their costs through user fees and charges. The City's water and sewer system, stormwater system, gas system, solid waste and recycling, marine, aviation, Clearwater Harbor Marina, and parking system operations are reported as business-type activities.

- The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the City is improving or deteriorating. Net position is reported in three major categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.
- The *statement of activities* presents information showing how the City's net position changed as a result of the year's activities. All changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The Statement of Activities displays the expense of the City's various programs net of related revenues, as well as a separate presentation of revenues available for general purposes.

The government-wide financial statements include not only the City of Clearwater itself but also the Clearwater Redevelopment Agency (CRA). The CRA, though legally separate, is reported as part of the *primary government* as a *blended component unit* because the City Council serves as the CRA's governing board and City management has operational responsibility for the CRA.

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 fund financial statements provide detailed information about the City's major funds – not the City as a whole. *Fund accounting* helps to ensure and demonstrate *compliance* with finance-related legal requirements. Based on restrictions on the use of monies, the City has established many funds that account for the multitude of services provided to residents. These fund financial statements focus on the City's most significant funds: *governmental*, *proprietary*, and *fiduciary*.

Governmental funds. *Governmental funds* are used to report most of the City's basic services. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The funds focus on the *inflows and outflows of current resources* and the *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government'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 maintains ten individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Special Development, and Capital Improvement funds, which are considered to be major funds. Data from the other seven governmental funds are combined into a single aggregated columnar presentation. Individual fund data for each of these nonmajor governmental funds is provided in *Combining and Individual Fund Statements and Schedules* section of this report.

Annual appropriated budgets are adopted for the General Fund, the Special Development Special Revenue Fund, and the Community Redevelopment Agency Special Revenue Fund. Budgetary comparison statements and/or schedules have been provided for these funds to demonstrate budgetary compliance.

The basic governmental fund financial statements can be found on pages 22-27 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the fiscal activities related to water and sewer, gas, solid waste & recycling and stormwater utilities, along with marine, aviation, parking system, and Clearwater Harbor Marina downtown boat slip operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the City's building maintenance, custodial services, self-insurance program, risk management program, employee group insurance, vehicle acquisition and maintenance, and various support activities including data processing, telecommunications, and postal services. All of the City's internal service funds predominantly benefit governmental activities and consequently have been aggregated and included within *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 the Water and Sewer Utility, Gas Utility, Solid Waste & Recycling Utility, and Stormwater Utility enterprise funds, which are considered to be *major* funds of the City. The remaining four *non-major* enterprise funds are combined into a single aggregated presentation in the proprietary fund financial statements. Similarly, governmental activity *internal service* funds are aggregated into a single presentation. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the form of *combining statements* in the supplementary information section of this report.

The basic proprietary fund financial statements can be found **on** pages 28-39 of this report.

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 the fiduciary funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The City of Clearwater maintains two different types of fiduciary funds. *Pension trust funds* are used to report resources held in trust for retirees and beneficiaries covered by the City's pension plans. An *agency fund* is used to report resources held by the City in a custodial capacity for individuals, private organizations and other governments, such as the Clearwater Downtown Development Board.

The fiduciary fund statements can be found on pages 40-41 of this report.

Notes to the Financial Statements

The *notes to the financial statements* provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements, including the City's progress in funding its obligations to provide pension benefits and other post-employment benefits to its employees.

The notes to the financial statements can be found on pages 42-105 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligations to provide pension benefits and other post-employment benefits to its employees.

Required supplementary information can be found on pages 106-112 of this report.

The *combining statements* referred to earlier in connection with non-major governmental funds, non-major enterprise funds, and internal service funds, are presented immediately following the required supplementary information.

Combining and individual fund statements can be found on pages 116-138 of this report.

Government-Wide Financial Analysis

The total net position of the City increased in both fiscal 2019 and fiscal 2018. As noted earlier, *net position* may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1.0 billion at the close of the fiscal year ended September 30, 2019. This represents an increase of \$86.3 million from the September 30, 2018 total net position of \$958.7 million. The City reports positive balances in all three categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities, for both the current year and the prior year, as indicated in the following table:

City of Clearwater, Florida - Net Position						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 291,431,458	\$ 290,370,845	\$ 300,350,373	\$ 291,290,293	\$ 591,781,831	\$ 581,661,138
Capital assets	290,671,128	288,091,527	447,607,180	422,314,479	738,278,308	710,406,006
Total assets	582,102,586	578,462,372	747,957,553	713,604,772	1,330,060,139	1,292,067,144
Deferred Outflows of Resources						
Resources	21,523,123	6,208,613	18,286,260	14,400,606	39,809,383	20,609,219
Liabilities						
Current and other liabilities	13,310,030	14,672,641	25,439,124	22,084,705	38,749,154	36,757,346
Long-term debt outstanding:						
Due within one year	16,129,395	16,934,771	8,059,629	11,080,872	24,189,024	28,015,643
Due in more than one year	48,789,599	52,828,862	178,567,623	183,999,852	227,357,222	236,828,714
Total liabilities	78,229,024	84,436,274	212,066,376	217,165,429	290,295,400	301,601,703
Deferred Inflows of Resources						
Resources	26,585,705	40,558,673	7,979,462	11,848,451	34,565,167	52,407,124
Net position						
Net investment in capital assets	267,702,798	256,608,202	281,131,706	250,409,877	548,834,504	507,018,079
Restricted	129,078,592	145,996,231	36,270,729	54,034,436	165,349,321	200,030,667
Unrestricted	102,029,590	57,071,605	228,795,540	194,547,185	330,825,130	251,618,790
Total net position	\$ 498,810,980	\$ 459,676,038	\$ 546,197,975	\$ 498,991,498	\$ 1,045,008,955	\$ 958,667,536

A large portion of the City's net position (52.5%) represents its net investment in capital assets (e.g., land, infrastructure, land improvements, buildings, and equipment, less any related outstanding debt used to acquire those assets). The City uses these capital assets to provide services to citizens, and consequently these assets are not available for future spending. Although the City's investment in 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 resources, since the capital assets themselves will not be used to liquidate these liabilities.

There was an increase of \$11.1 million (4.3%) in *net investment in capital assets for governmental activities* versus the previous year. The increase was due to a decrease in related revenue bond debt of \$774 thousand and a decrease of \$7.7 million in capital lease purchase contracts, plus a net increase of \$2.6 million in governmental capital assets for the current fiscal year. The increase in governmental capital assets of \$2.6 million resulted from capital asset additions of \$25.2 million offset by depreciation expense of \$21.4 million, and net capital asset retirements of \$1.2 million.

Net investment in capital assets for business-type activities increased by \$30.7 million, or 12.3%, due to a net increase in business-type capital assets of \$25.3 million consisting of \$46.0 million of net capital asset additions, offset by \$20.7 million in current year depreciation expense, plus a decrease of \$5.4 million in related debt, net of unspent bond proceeds.

An additional portion of the City's net position (15.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$330.8 million or 31.7%) may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in Net Position

The following table reflects the changes in net position for the years ended September 30, 2019, and September 30, 2018:

City of Clearwater, Florida - Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 47,141,917	\$ 44,768,013	\$ 192,040,050	\$ 185,595,134	\$ 239,181,967	\$ 230,363,147
Operating grants and contributions	8,629,890	7,456,355	664,173	82,821	9,294,063	7,539,176
Capital grants and contributions	6,256,668	7,146,133	3,972,854	3,785,420	10,229,522	10,931,553
General revenues:						
Property taxes	64,050,066	50,609,855	-	-	64,050,066	50,609,855
Sales taxes	19,838,771	19,014,835	-	-	19,838,771	19,014,835
Utility taxes	16,448,848	15,544,160	-	-	16,448,848	15,544,160
Communications services taxes	4,370,997	4,721,390	-	-	4,370,997	4,721,390
Other taxes	9,449,621	8,727,550	-	-	9,449,621	8,727,550
Other	8,798,962	(35,930)	10,811,582	(350,107)	19,610,544	(386,037)
Total revenues	184,985,740	157,952,361	207,488,659	189,113,268	392,474,399	347,065,629
Expenses						
General Government	15,981,716	18,322,909	-	-	15,981,716	18,322,909
Public Safety	71,644,725	67,737,092	-	-	71,644,725	67,737,092
Physical Environment	551,540	4,054,997	-	-	551,540	4,054,997
Transportation	15,956,724	17,019,774	-	-	15,956,724	17,019,774
Economic Environment	7,670,612	6,205,041	-	-	7,670,612	6,205,041
Human Services	573,879	462,569	-	-	573,879	462,569
Culture and Recreation	45,595,432	50,484,936	-	-	45,595,432	50,484,936
Interest on Long-term Debt	808,381	744,723	-	-	808,381	744,723
Water and Sewer Utility	-	-	68,458,255	82,197,278	68,458,255	82,197,278
Gas Utility	-	-	35,552,937	35,568,928	35,552,937	35,568,928
Solid Waste Utility	-	-	19,327,785	17,053,411	19,327,785	17,053,411
Stormwater Utility	-	-	11,729,743	14,550,070	11,729,743	14,550,070
Recycling Utility	-	-	1,593,947	3,041,556	1,593,947	3,041,556
Other	-	-	10,687,304	10,470,978	10,687,304	10,470,978
Total expenses	158,783,009	165,032,041	147,349,971	162,882,221	306,132,980	327,914,262
Increase in net position before transfers	26,202,731	(7,079,680)	60,138,688	26,231,047	86,341,419	19,151,367
Transfers	12,932,211	10,340,812	(12,932,211)	(10,340,812)	-	-
Increase in net position	39,134,942	3,261,132	47,206,477	15,890,235	86,341,419	19,151,367
Net position - beginning	459,676,038	456,414,906	498,991,498	483,101,263	958,667,536	939,516,169
Total net position - ending	\$ 498,810,980	\$ 459,676,038	\$ 546,197,975	\$ 498,991,498	\$ 1,045,008,955	\$ 958,667,536

Governmental Activities

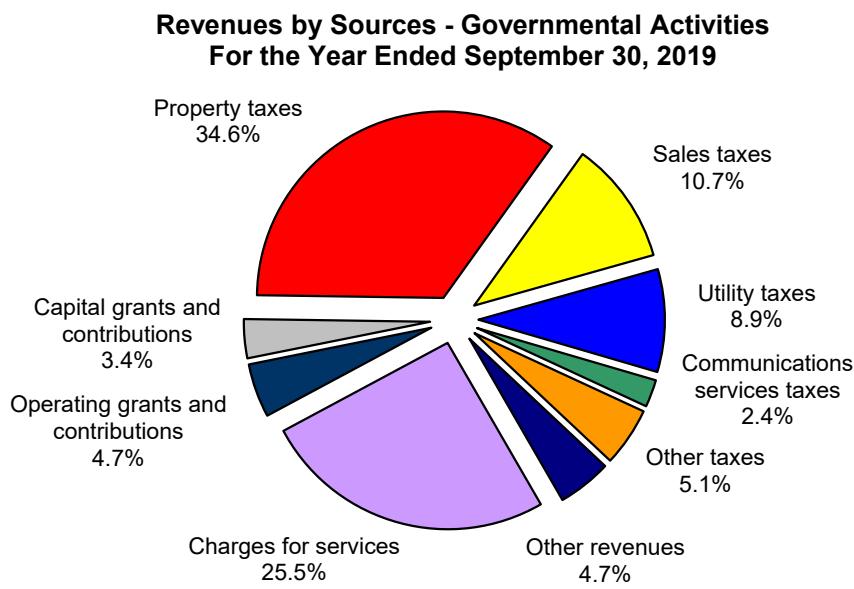
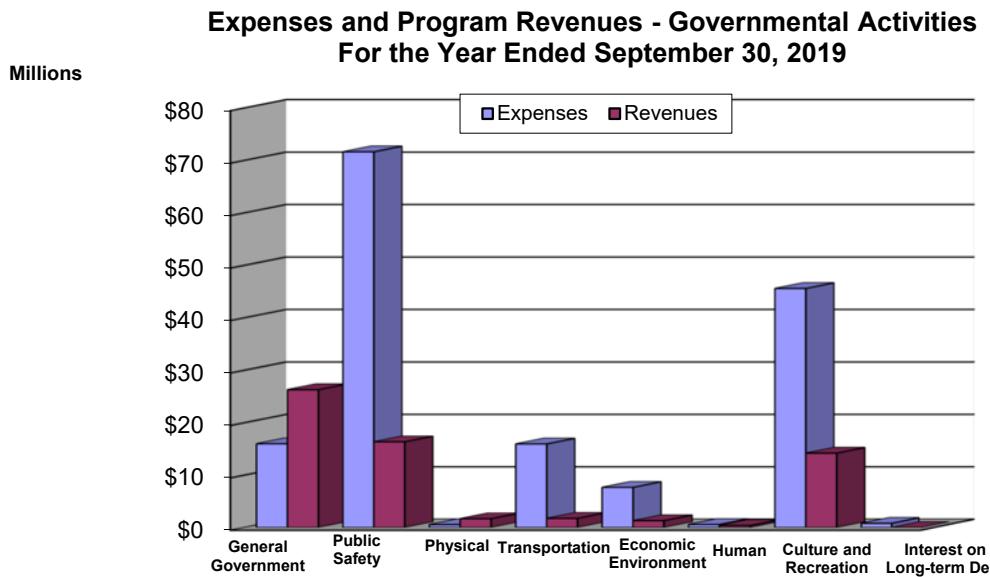
Net position of governmental activities increased by \$39.1 million from \$459.7 million to \$498.8 million as of September 30, 2019. This represents a 8.5% increase in net position for governmental activities.

Total expenses for governmental activities decreased by \$6.2 million, or 3.8%, versus the prior year. The most significant decreases were in the general government program (\$2.3 million), the physical environment program (\$3.5 million), the transportation program (\$1.1 million) and the culture and recreation program (\$4.9 million); offset by increases in the public safety program (\$3.9 million) and the economic environment program (\$1.5 million).

Total program revenues for governmental activities increased by \$2.7 million, or 4.5%, versus the prior year. This increase was due to a \$2.4 million increase in charges for services, an increase in operating grants and contributions of \$1.2 million, and a decrease of \$889 thousand in capital grants and contributions.

Total general revenues for governmental activities increased by \$24.4 million, or 24.7%, primarily due to a \$13.4 million increase in property taxes and an increase of \$8.8 million in investment earnings due to an increase in market values of the City's investment portfolio. Transfers from business-type activities increased \$2.6 million.

The cost of all governmental activities this year was \$158.8 million. This reflects a decrease of \$6.2 million, or 3.8%, from the fiscal 2018 total of \$165.0 million. However, as shown on the *Statement of Activities*, the amount that the City's taxpayers ultimately financed for fiscal 2019 activities totaled \$96.8 million, because some of the cost was paid for by those who directly benefited from the programs (\$47.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$14.9 million). This total of \$96.8 million is \$8.9 million, or 8.4%, less than the fiscal 2018 amount financed from general revenues.



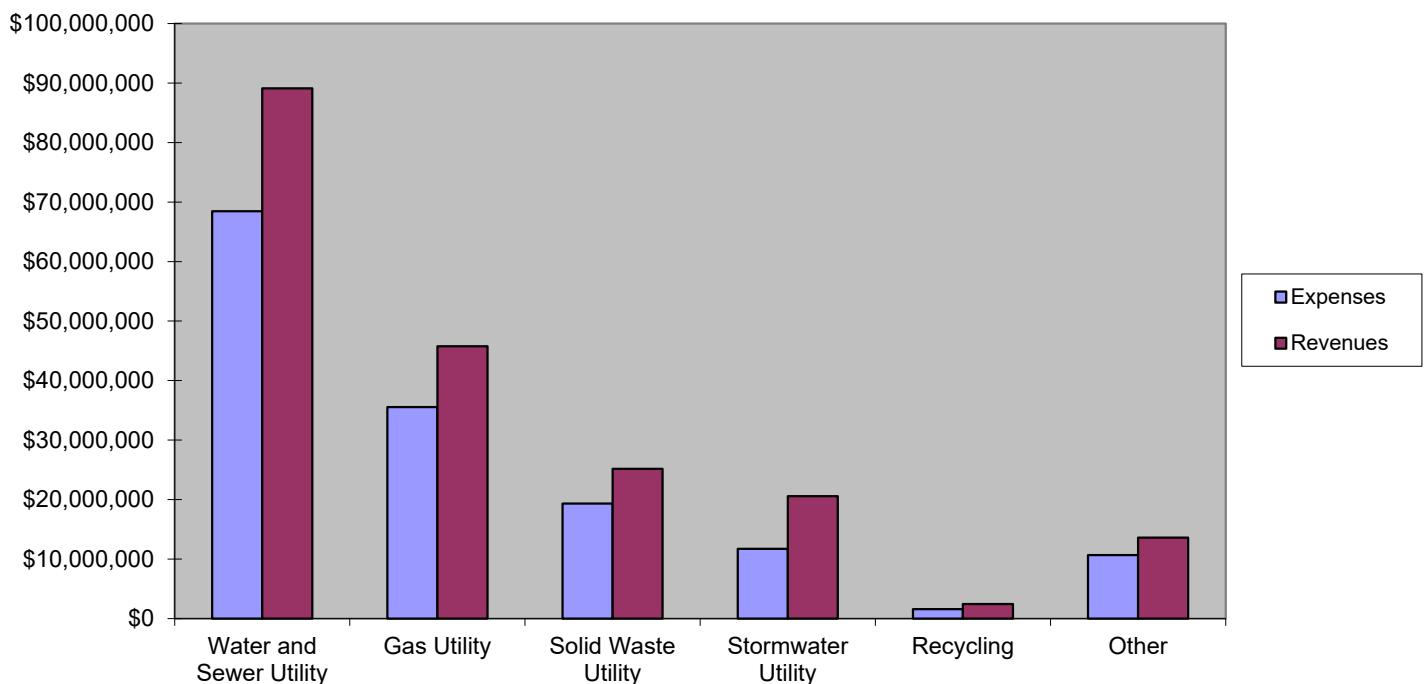
Business-type Activities

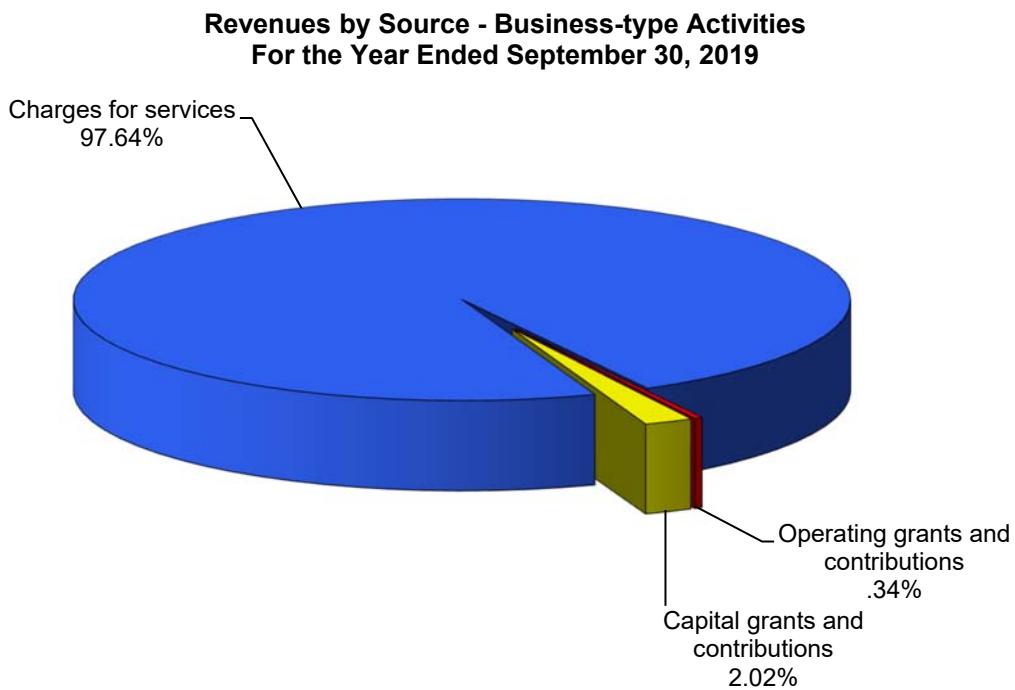
Net position for business-type activities increased by \$47.2 million from \$499.0 million at September 30, 2018, to \$546.2 million as of September 30, 2019. This represents an increase of 9.5% in net position for business-type activities. Net revenue from business-type activities, before investment earnings and transfers, increased from \$26.6 million for the prior year to \$49.3 million for fiscal 2019. This \$22.7 million, or 85.6%, increase was primarily the result of an increase in charges for services of \$6.4 million and an increase in grants and contributions of \$769 thousand, in addition to a decrease in program expenses of \$15.5 million.

Total program revenues for business-type activities increased by \$7.2 million, or 3.8%, to \$196.7 million versus the prior year total of \$189.5 million, due primarily to an increase of \$6.4 million (3.5%) in charges for services. In the Water & Sewer Utility, charges for services increased as a result of a 4% rate increase effective October 1, 2018, and in the Solid Waste Utility due to a 3.75% rate increase effective October 1, 2018 plus moderate growth.

Total expenses for business-type activities decreased by \$15.5 million, or 9.5%, from \$162.8 million in fiscal 2018 to \$147.3 million for fiscal 2019. The majority of this decrease is in the Water & Sewer Utility (\$13.7 million) and the Stormwater Utility (\$2.8 million), and the Recycling Utility (\$1.4 million); offset by an increase in the Solid Waste Utility of \$2.3 million. Transfers to governmental activities increased \$2.6 million, or 25.1%.

**Expenses and Program Revenue - Business-type Activities
For the Year Ended September 30, 2019**





Financial Analysis of the City's Funds

As noted earlier, the City uses *fund accounting* to ensure and demonstrate compliance with finance-related legal 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's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City reports the General Fund, Special Development Fund, and Capital Improvement Fund as *major governmental funds*.

The City's governmental funds for the year ended September 30, 2019, reflect a combined *fund balance* of \$140.3 million versus \$117.9 million for the prior year, an increase of \$22.4 million. A total of \$38.2 million, or 27.21%, represents *unassigned fund balance* available for spending at the government's discretion. The remainder of the fund balance is classified as *assigned* (\$6.3 million or 4.48%) to indicate that it is intended to be used for specific purposes supported by management's intent; *committed* (\$19.7 million or 14.02%) to indicate that it can be used only for the specific purposes determined by a formal vote of the City Council; *restricted* (\$76.1 million or 54.25%) to indicate that it can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation; or *nonspendable* (\$59 thousand or 0.04%) to indicate that it cannot be spent or is legally or contractually required to remain intact.

The General Fund is the chief operating fund of the City. At September 30, 2019, unassigned fund balance of the General Fund totaled \$38.2 million, with the remaining \$501 thousand in fund balance classified as nonspendable or assigned. As a measure of the general fund's liquidity it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 29.4% of total general fund expenditures (GAAP basis before transfers) for the current fiscal year.

The fund balance of the Special Development Fund increased from \$4.7 million to \$11.0 million, an increase of \$6.3 million or 131.7%, during the current fiscal year versus a decrease of \$8.1 million for fiscal 2018. Total revenues increased

by \$4.3 million, primarily due to an increase in investment earnings of \$2.6 million due to improved market conditions as well as an increase in the average balance of cash and investments; an increase in property, infrastructure sales, and local option gas taxes of \$1.2 million; and an increase in impact fees of \$450 thousand. Transfers in increased by \$900,000, due to the return of unused Penny for Pinellas revenues from the Crest Lake Park Improvements project in the Capital Improvement Fund, while transfers out decreased by \$9.1 million primarily due to a decrease in transfers to the Capital Improvement Fund to fund projects.

The fund balance for the Capital Improvement Fund increased from \$59.9 million to \$64.5 million during the current fiscal year. This increase of \$4.6 million is primarily the result of current year capital project funding received from other funds in excess of current year capital project expenditures. This is typical volatility for the Capital Improvement Fund due to timing differences between project funding and project spending.

The fund balances for Other (non-major) Governmental Funds posted an increase of \$554 thousand (from \$25.5 million to \$26.0 million) during the current fiscal year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City reports the Water and Sewer Utility Fund, the Gas Utility Fund, the Solid Waste & Recycling Utility Fund, and the Stormwater Utility Fund as major funds.

The Water and Sewer Utility Fund realized a \$19.6 million increase in net position versus a \$178 thousand decrease for the prior year. Operating revenues increased by \$3.2 million, or 3.9%, while operating expenses decreased \$13.6 million, or 17.7%. This resulted in a net increase in operating income of \$16.8 from \$7.2 million in fiscal 2018 to \$24.0 million in 2019. Additionally, capital grants and contributions decreased by \$839 thousand, or 30.9%, and investment earnings increased by \$4.9 million (1922.3%). The increase in operating revenues was primarily the result of a 4.0% rate increase effective October 1, 2018. The decrease in operating expenses was primarily due to a decrease in depreciation expense of \$17.2 million from fiscal 2018 due to a change in accounting estimate that increased depreciation expense in fiscal 2018, offset by increased costs for personal services due to the annual pension and OPEB expense, operating materials and supplies, and professional fees. Operating expenses also decreased as a result of a decrease in water purchased from Pinellas County due to a decreasing reliance on that water supply.

The Gas Utility Fund realized an increase of \$8.6 million in net position versus a \$6.4 million increase for the prior year. Operating revenues increased by \$642 thousand, or 1.4%, from the prior year, and operating expenses decreased by \$50 thousand (0.14%). This resulted in a net increase in operating income of \$692 thousand from \$9.7 million in 2018 to \$10.4 million in 2019. Operating revenues increased due to additional installations. The increase in operating expenses was primarily due to increased costs for personal services of \$1.1 million due to the annual pension and OPEB expense, increased fuel purchases for resale in the amount of \$1.5 million, offset by decreased advertising costs of \$607 thousand due to a decrease in promotional fees paid to builders as an incentive to build with gas, and a decrease in depreciation expense of \$2.1 million from fiscal 2018 due to a change in accounting estimate that increased depreciation expense in fiscal 2018. Transfers to other funds increased by \$279 thousand, or 9.7%, primarily due to the increased dividend to the General Fund computed on the fiscal 2018 change in net position.

The Solid Waste & Recycling Utility Fund realized a \$6.7 million increase in net position versus a \$3.4 increase in the prior year. Operating revenues increased by \$1.9 million, or 7.7%, while operating expenses also increased by \$736 thousand (3.6%), resulting in an increase of \$1.2 million in operating income. The increase in operating revenues was primarily due to a rate increase of 3.75% effective October 1, 2018 plus moderate growth, in addition to revenues of \$662 thousand due from FEMA for Hurricane Irma debris removal and \$161 thousand in rebates for CNG vehicles. The increase in operating expenses was primarily due to increased costs for personal services of \$568 thousand due to the annual pension and OPEB expense, as well as an increase in dumping charges of \$416 thousand due to increased tonnage disposed at the Pinellas County landfill, offset by a decrease in depreciation expense of \$218 thousand from fiscal 2018 due to a change in accounting estimate that increased depreciation expense in fiscal 2018.

The Stormwater Utility Fund realized an increase in net position of \$8.2 million versus a prior year increase of \$3.8 million. Operating revenues increased by \$939 thousand, or 5.1%, and operating expenses decreased \$2.8 million, or 20.2%, resulting in an increase of \$3.7 million in operating income. Operating revenues increased due to a rate increase of 0.5% effective October 1, 2018, as well as funding in the amount of \$871 thousand that was returned from the Army Corps of Engineers for the Stevenson's Creek Estuary project. Operating expenses decreased primarily due a decrease in depreciation expense of \$2.6 million from fiscal 2018 due to a change in accounting estimate that increased depreciation expense in fiscal 2018 in addition to a decrease in repairs and maintenance charges of \$813 thousand due to the

completion of various stormwater repair projects, offset by an increase in personal services of \$439 thousand due to the annual pension and OPEB expense as well as an increase in professional services of \$224 thousand due to studies for Cooper's Point, Bird Island, Old Clearwater Bay and the Overbrook Avenue property. There was also an increase in capital grants and contributions of \$278 thousand (30.8%) as a result of funding received from the Southwest Florida Water Management District for work completed on the Hillcrest Bypass Culvert project.

Unrestricted net position and changes in net position of the proprietary funds for fiscal years 2019 and 2018:

Fund	Unrestricted Net Position		Change in Net Position	
	2019	2018	2019	2018
Water and Sewer Utility	\$ 98,248,327	\$ 67,936,966	\$ 19,635,287	\$ (178,160)
Gas Utility	29,385,768	36,320,368	8,554,658	6,410,549
Solid Waste & Recycling Utility	31,353,565	32,600,009	6,652,662	3,409,843
Stormwater Utility	43,334,867	36,783,576	8,217,196	3,787,834
Other funds	22,760,064	18,354,734	2,985,257	1,243,552
Totals	<u>\$ 225,082,591</u>	<u>\$ 191,995,653</u>	<u>\$ 46,045,060</u>	<u>\$ 14,673,618</u>

General Fund Budgetary Highlights

The final amended budget for General Fund expenditures reflected a net increase of \$2,092,466, or 1.6%, from the original budget. Key elements of this increase were as follows:

- First Quarter Budget Amendments included an increase of \$370 for employee recognition in various departments for the safety award; an increase of \$50,000 to fund the reimbursement grant to the U.S. Coast Guard Auxiliary BE SAFE Inc.; an increase of \$663,905 to fund the cost of the IAFF contract, offset by a transfer of \$539,900 from non-departmental; and an increase of \$143,669 for Fire Department overtime.
- Mid-Year Budget Amendments included an increase of \$336 for employee recognition in the Engineering Department for the safety award; a decrease of \$200,000 in salary and operating expenditures in Parks and Recreation; an increase of \$30 in employee recognition in Parks and Recreation; an increase of \$986,490 to fund the cost of the FOP Officers and FOP Supervisors agreements, offset by a transfer of \$760,100 from non-departmental; and an increase of \$1,825,000 to fund the purchase of the North Ward Elementary School property.
- Third Quarter Budget Amendments included an increase of \$56,820 in City Manager salaries related to two new positions; an increase of \$62,000 in CRA Administration salaries due to staffing reorganization; a decrease of \$105,564 in contributions to the fire supplemental pension plan; a decrease of \$53,815 in Parks and Recreation operating expenses; an increase of \$30,000 for construction inspection services in Planning and Development; a decrease of \$30,000 in neighborhood programs in Planning and Development; an increase of \$2,246 for employee recognition in the Police Department for the safety award; an increase of \$260,979 in contributions to the police supplemental pension plan; and a decrease of \$300,000 in salaries and garage charges in the Police Department.

Final budgeted revenues reflect a net increase of \$4,964,403, or 3.6%, from the original budget primarily due to the following:

- First Quarter Budget Amendments included an increase of \$143,669 in intergovernmental revenues to reflect an increase to Pinellas County Fire/EMS reimbursement revenue; and an increase of \$1,543,149 in miscellaneous revenues to reflect surplus land sale revenues representing the sale of the old East Library and Damascus Road properties.
- Mid-Year Budget Amendments included an increase of \$30 in miscellaneous revenues to reflect donations to Parks and Recreation for employee appreciation.

- Third Quarter Budget Amendments included an increase of \$132,140 in property tax revenues to reflect actual collections for the year; an increase of \$700,000 in utility tax revenues to bring the budget in line with anticipated collections for the year; a decrease of \$150,000 in communication service tax revenues to bring the budget in line with actual activity; an increase of \$400,000 in franchise fee revenues to reflect an increase in Duke Energy fees and bring the budget in line with anticipated receipts for the year; an increase of \$500,000 in building/sign permit revenues; an increase of \$25,000 in forfeited permit fees; an increase of \$155,415 in intergovernmental revenues to reflect a net increase in public safety supplemental pension revenue; a decrease of \$90,000 to Parks and Recreation instructor commissions; an increase of \$350,000 to concession souvenir revenues at Pier 60; an increase of \$130,000 to court fines; an increase of \$275,000 to red light camera fines; an increase of \$300,000 to interest earnings; an increase of \$450,000 to beach rental revenues; and an increase of \$100,000 to other general revenues.

Final budgeted “transfers in” from other funds reflect an increase of \$739,952 or 6.7%, from the original budget primarily due to:

- A transfer of \$2,952 from the Central Insurance Fund for safety award funding; and
- A transfer of \$30,000 from the Special Programs Fund to return unused funds from the Economic Development Incentives program; and
- A transfer of \$62,000 from the Community Redevelopment Agency to fund increased salaries for the year; and
- A transfer of \$645,000 from the Gas Utility Fund for an increase to the annual gas dividend.

Final budgeted “transfers out” reflect an increase of \$1,613,185 or 10.4%, from the original budget primarily due to:

- A transfer of \$383,085 to the Capital Improvement Fund for the City Hall Move project;
- A transfer of \$200,000 to the Special Programs Fund for the Special Events program;
- A transfer of \$53,815 to the Capital Improvement Fund for the Moccasin Lake Park project;
- A transfer of \$130,000 to the Capital Improvement Fund for the Belmont Park Revitalization project;
- A transfer of \$300,000 to the Capital Improvement Fund for the Police Information Systems project;
- A transfer of \$296,285 to the Community Redevelopment Agency to recognize the increase in the City’s portion of Tax Increment Financing for fiscal year 2019;
- A transfer of \$100,000 to the Capital Improvement Fund for the Sustainability Initiatives project; and
- A transfer of \$150,000 to the Capital Improvement Fund for the Environmental Assessment & Cleanup project.

Total actual revenues for the General Fund for fiscal 2019 were \$4,064,002, or 2.9%, greater than final budgeted revenues. The most significant excesses were \$1.1 million in investment earnings primarily due to net appreciation in fair value as a result of market conditions, \$561 thousand in utility taxes, \$495 thousand in franchise fees, \$544 thousand in fines and forfeitures and \$678 thousand in miscellaneous revenues.

Fiscal 2019 actual expenditures for the General Fund were \$4,985,649 (3.7%) less than final budgeted expenditures, primarily due to budget savings across most City departments for fiscal 2019.

Capital Asset and Debt Administration

Capital Assets

Capital assets include land, buildings and building improvements, improvements other than buildings, machinery and equipment, and infrastructure. The infrastructure asset category includes long-lived capital assets, typically stationary in nature, such as roads, sidewalks, and bridges. At September 30, 2019, the City had investments in capital assets totaling \$738,278,308 (net of accumulated depreciation).

City of Clearwater, Florida - Capital Assets*
(amounts in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 89,536	\$ 87,589	\$ 31,969	\$ 31,969	\$ 121,505	\$ 119,558
Buildings	91,093	90,316	51,757	36,089	142,850	126,405
Improvements other than buildings	19,697	12,581	321,420	312,838	341,117	325,419
Machinery and equipment	31,434	29,496	8,521	7,935	39,955	37,431
Infrastructure	48,561	53,064	-	-	48,561	53,064
Construction in progress	10,350	15,046	33,940	33,483	44,290	48,529
Total	<u>\$ 290,671</u>	<u>\$ 288,092</u>	<u>\$ 447,607</u>	<u>\$ 422,314</u>	<u>\$ 738,278</u>	<u>\$ 710,406</u>

* Net of accumulated depreciation

Net capital assets for the City's *governmental activities* increased from \$288.1 million to \$290.7 million, reflecting an increase of \$2.6 million for the current fiscal year. Capital asset additions of \$25.2 million were offset by depreciation expense of \$21.4 million, and net capital asset retirements totaling approximately \$1.2 million. Major fiscal 2019 completed governmental capital projects include \$3.2 million for Druid Road Improvements, \$6.6 million for construction of the Morningside Recreation Center, \$1.8 million for the Joe DiMaggio Sports Complex, and \$930 thousand for Jack Russell Stadium Improvements.

Net capital assets for the City's *business-type activities* increased from \$422.3 million to \$447.6 million, reflecting an increase of \$25.3 million for the current fiscal year. Capital asset additions of \$46.0 million were offset by depreciation expense of \$20.7 million. Major fiscal 2019 completed business-type capital projects included \$2.2 million for the stormwater street sweeping facility, \$4.4 million for stormwater improvements in the East Gateway area, \$17.2 million for buildings at the new Clearwater Gas complex, \$588 thousand for reclaimed water system improvements, \$2.3 million for water distribution system improvements, and \$3.0 million for sewer collection system improvements.

Additional information on the City's capital assets can be found in Note III (C) on the notes to the financial statements.

Long-term debt and other long-term liabilities

The City's total long-term liabilities decreased from \$264.8 million to \$251.5 million, a decrease of \$13.3 million or 5.3%. Long-term liabilities for governmental activities decreased by \$4.8 million, or 6.9%, while long-term liabilities for business-type activities decreased by \$8.5 million or 4.3%. Key factors contributing to these changes included:

- The decrease in long-term liabilities for governmental activities is primarily due to a decrease in lease purchase contracts of \$7.7 million; a decrease in claims payable of \$823 thousand; and a reduction in bonded debt of \$774 thousand; offset by an increase of \$571 thousand in compensated absences and an increase of \$3.9 million in other postemployment benefits.
- The decrease in long-term liabilities for business-type activities is primarily due to a decrease in lease purchase contracts of \$312 thousand and a reduction of \$10.0 million in bonded debt; offset by an increase in compensated absences of \$156 thousand; and an increase in other postemployment benefits of \$1.7 million.

The City's bonded debt as of September 30, 2019, consists entirely of revenue bonds (secured solely by specified revenue sources) with no general obligation debt or special assessment debt outstanding. Governmental activities revenue bonds totaled \$5.5 million while revenue bonds and direct placement bank loans for business-type activities totaled \$173.3 million.

The City's Charter limits indebtedness to 20% of the assessed valuation of non-exempt real estate. The current debt limitation is approximately \$2.7 billion, which is significantly in excess of the City's applicable indebtedness of approximately \$183 million at September 30, 2019.

Additional information on the City's long-term debt can be found in Note III (F) of the notes to the financial statements.

Economic Factors and Year 2020 Budgets and Rates

Factors considered in preparing the City of Clearwater's budget for fiscal year 2020 included:

- An increase of 6.8% in property values, from \$11.2 billion to \$11.9 billion, including new construction. The bulk of this increase, \$662.7 million, is related to increases in current values, while the value of new construction and annexations totals \$95.3 million. This is the seventh year of increased valuations that the City has recognized since the recessionary years 2008-2012. City taxable values have fully restored, and are recognizing growth over the previous peak values of 2007.
- The approved millage rate of 5.9550 mills for fiscal year 2020 is the same as the prior year. The millage was increased 0.8 mills in fiscal year 2019.
- A net increase of 2.0 full-time equivalent positions for all City operations to a total of 1,836.6 FTE's. One FTE was added in the General Fund, for a construction inspector in Engineering, and one FTE was added for a marine facility operator, which will be shared by the Seminole Street Boat Ramp (Parking Fund) and the Clearwater Harbor Marina.
- An increase of \$910 thousand in the actuarially required contribution to the Employees' Pension Plan, from \$8.8 million, or 10.69% of covered payroll, for fiscal 2019 to \$9.7 million, or 11.48% of covered payroll, for fiscal 2020. The approved budget plans for a contribution rate of 11.48% of covered payroll, with no additional contribution toward the credit balance, which was \$26.68 million as of January 2019.
- An increase in employee medical insurance costs of \$612,830 to a total of \$18.9 million across all City operations. Included in the budget is \$1.7 million of health clinic operating costs. Savings in claims costs should continue to offset the cost of the health clinic.
- Budgeted Water and Sewer utility revenues for 2020 reflect a 4.00% rate increase effective October 1, 2019, per a rate study adopted in September 2017. Fiscal 2020 budgeted Stormwater utility revenues reflect a rate decrease of 8.5% effective October 1, 2019, per a rate study adopted in August 2019. This new rate structure includes future increases of 0.5% effective each October 1 through fiscal year 2022. Budgeted revenue for the Solid Waste & Recycling Utility reflect an increase of 3.75% effective October 1, 2019 per a rate study adopted in August 2019. This new rate structure includes future increases of 3.75% each October 1 through fiscal year 2024. There are no planned rate increases for the Gas Utility.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for all those with an interest in our government and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: City of Clearwater, Finance Department, 100 South Myrtle Avenue, Clearwater, Florida 33756-5520.

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Basic Financial Statements

City of Clearwater, Florida
Statement of Net Position
September 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 214,243,839	\$ 230,946,731	\$ 445,190,570
Receivables (net)	8,366,672	15,825,391	24,192,063
Internal balances	60,057	(60,057)	-
Due from other governments	6,431,513	2,542,104	8,973,617
Prepaid items	2,086,532	207,918	2,294,450
Inventories	435,909	2,491,370	2,927,279
Restricted assets:			
Cash and investments	-	30,687,992	30,687,992
Net pension asset	59,806,936	17,708,924	77,515,860
Capital assets:			
Land	89,536,194	31,968,620	121,504,814
Buildings	91,092,402	51,756,553	142,848,955
Improvements other than buildings	19,697,044	321,420,350	341,117,394
Machinery and equipment	31,434,399	8,521,265	39,955,664
Infrastructure	48,560,858	-	48,560,858
Construction in progress	10,350,231	33,940,392	44,290,623
Total assets	<u>582,102,586</u>	<u>747,957,553</u>	<u>1,330,060,139</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - bond refunding	-	11,450,792	11,450,792
Deferred outflows - pension	19,194,289	5,804,132	24,998,421
Deferred outflows - other postemployment benefits	2,328,834	1,031,336	3,360,170
Total deferred outflows of resources	<u>21,523,123</u>	<u>18,286,260</u>	<u>39,809,383</u>
LIABILITIES			
Accounts payable and other current liabilities	8,151,263	12,035,325	20,186,588
Accrued liabilities	2,910,649	953,521	3,864,170
Accrued interest payable	124,596	202,367	326,963
Due to other governments	309,097	-	309,097
Deposits	5,300	89,919	95,219
Unearned revenue and liens	1,809,125	17,487	1,826,612
Payable from restricted assets:			
Construction contracts payable	-	1,860,624	1,860,624
Accrued interest payable	-	2,021,061	2,021,061
Customer deposits	-	8,258,820	8,258,820
Non-current liabilities due within one year:			
Compensated absences	4,612,528	1,218,280	5,830,808
Capital lease purchases payable	7,075,966	311,349	7,387,315
Revenue bonds payable	805,000	6,530,000	7,335,000
Claims payable	3,635,901	-	3,635,901
Long-term debt and liabilities:			
Compensated absences	4,370,617	1,154,388	5,525,005
Other postemployment benefits	22,809,518	10,101,324	32,910,842
Capital lease purchases payable	10,394,075	526,185	10,920,260
Revenue bonds payable	4,693,289	166,785,726	171,479,015
Claims payable	6,522,100	-	6,522,100
Total liabilities	<u>78,229,024</u>	<u>212,066,376</u>	<u>290,295,400</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - property taxes	118,509	-	118,509
Deferred inflows - code enforcement liens	303,575	-	303,575
Deferred inflows - pension	25,680,354	7,765,444	33,445,798
Deferred inflows - other postemployment benefits	483,267	214,018	697,285
Total deferred inflows of resources	<u>26,585,705</u>	<u>7,979,462</u>	<u>34,565,167</u>
NET POSITION			
Net investment in capital assets	267,702,798	281,131,706	548,834,504
Restricted for:			
Capital projects	55,258,155	-	55,258,155
Debt service	740,572	8,942,479	9,683,051
Renewal and replacement	-	6,654,440	6,654,440
Grant programs	13,272,929	-	13,272,929
Impact fees	-	2,950,568	2,950,568
Stormwater system fees	-	14,318	14,318
Pensions	59,806,936	17,708,924	77,515,860
Unrestricted	102,029,590	228,795,540	330,825,130
Total net position	<u>\$ 498,810,980</u>	<u>\$ 546,197,975</u>	<u>\$ 1,045,008,955</u>

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Statement of Activities
For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 15,981,716	\$ 26,012,544	\$ 285,299	\$ -	\$ 10,316,127	\$ -	\$ 10,316,127
Public safety	71,644,725	11,769,309	4,190,603	403,325	(55,281,488)	-	(55,281,488)
Physical environment	551,540	120,371	-	1,570,040	1,138,871	-	1,138,871
Transportation	15,956,724	182,059	586,689	990,136	(14,197,840)	-	(14,197,840)
Economic environment	7,670,612	165,162	1,150,464	-	(6,354,986)	-	(6,354,986)
Human services	573,879	-	400,093	-	(173,786)	-	(173,786)
Culture and recreation	45,595,432	8,892,472	2,016,742	3,293,167	(31,393,051)	-	(31,393,051)
Interest on long-term debt	808,381	-	-	-	(808,381)	-	(808,381)
Total governmental activities	<u>158,783,009</u>	<u>47,141,917</u>	<u>8,629,890</u>	<u>6,256,668</u>	<u>(96,754,534)</u>	<u>-</u>	<u>(96,754,534)</u>
Business-type activities:							
Water & Sewer Utility	68,458,255	87,242,498	-	1,872,635	-	20,656,878	20,656,878
Gas Utility	35,552,937	45,761,780	-	-	-	10,208,843	10,208,843
Solid Waste Utility	19,327,785	24,503,564	661,812	-	-	5,837,591	5,837,591
Stormwater Utility	11,729,743	18,502,947	-	2,071,805	-	8,845,009	8,845,009
Recycling Utility	1,593,947	2,443,789	-	-	-	849,842	849,842
Marine	4,212,485	5,284,313	2,361	-	-	1,074,189	1,074,189
Aviation	502,106	322,570	-	28,414	-	(151,122)	(151,122)
Parking System	5,053,750	7,128,193	-	-	-	2,074,443	2,074,443
Clearwater Harbor Marina	918,963	850,396	-	-	-	(68,567)	(68,567)
Total business-type activities	<u>147,349,971</u>	<u>192,040,050</u>	<u>664,173</u>	<u>3,972,854</u>	<u>-</u>	<u>49,327,106</u>	<u>49,327,106</u>
Total primary government	<u>\$ 306,132,980</u>	<u>\$ 239,181,967</u>	<u>\$ 9,294,063</u>	<u>\$ 10,229,522</u>	<u>(96,754,534)</u>	<u>49,327,106</u>	<u>(47,427,428)</u>
General revenues:							
Taxes:							
Property taxes				64,050,066	-	64,050,066	
Sales taxes				19,838,771	-	19,838,771	
Utility taxes				16,448,848	-	16,448,848	
Communications services taxes				4,370,997	-	4,370,997	
Other taxes				9,449,621	-	9,449,621	
Investment earnings				8,617,306	10,811,582	19,428,888	
Miscellaneous				181,656	-	181,656	
Transfers				12,932,211	(12,932,211)	-	-
Total general revenues, transfers, and change in estimate				<u>135,889,476</u>	<u>(2,120,629)</u>	<u>133,768,847</u>	
Change in net position				<u>39,134,942</u>	<u>47,206,477</u>	<u>86,341,419</u>	
Net position - beginning				<u>459,676,038</u>	<u>498,991,498</u>	<u>958,667,536</u>	
Net position - ending				<u>\$ 498,810,980</u>	<u>\$ 546,197,975</u>	<u>\$ 1,045,008,955</u>	

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Balance Sheet
Governmental Funds
September 30, 2019

	General Fund	Special Development Fund	Capital Improvement Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS					
Cash and investments	\$ 39,923,475	\$ 8,808,278	\$ 62,991,887	\$ 20,444,722	\$ 132,168,362
Receivables (net where applicable, of allowances for estimated uncollectible amounts):					
Accrued interest	152,119	113,156	-	45,942	311,217
Accounts and contracts	594,859	-	-	-	594,859
Mortgages, notes and other loans	-	-	-	4,539,185	4,539,185
Property taxes	111,462	7,047	-	-	118,509
Utility taxes	1,222,011	-	-	-	1,222,011
Franchise fees	1,011,517	-	-	-	1,011,517
Other	217,165	-	31,449	6,184	254,798
Due from other funds	-	-	849,835	-	849,835
Due from other governmental entities - grants	15,050.00	-	200,000	1,186,226	1,401,276
Due from other governmental entities - other	2,312,880	2,280,821	203,325	185,006	4,982,032
Inventories, at cost	46,897	-	-	-	46,897
Prepaid items	2,480	-	-	9,952	12,432
Advances to other funds	-	-	3,432,106	325,440	3,757,546
Total assets	<u>\$ 45,609,915</u>	<u>\$ 11,209,302</u>	<u>\$ 67,708,602</u>	<u>\$ 26,742,657</u>	<u>\$ 151,270,476</u>
LIABILITIES					
Accounts and contracts payable	\$ 1,841,130	\$ -	\$ 3,180,789	\$ 254,638	\$ 5,276,557
Accrued payroll	2,564,018	-	-	60,037	2,624,055
Due to other funds	24,113	-	-	-	24,113
Due to other governmental entities	75,159	185,712	-	48,226	309,097
Deposits	5,300	-	-	-	5,300
Unearned revenue	1,914,909	-	-	5,208	1,920,117
Advances from other funds	101,471	-	-	325,440	426,911
Total liabilities	<u>6,526,100</u>	<u>185,712</u>	<u>3,180,789</u>	<u>693,549</u>	<u>10,586,150</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - property taxes	111,462	7,047	-	-	118,509
Deferred inflows - code enforcement liens	303,575	-	-	-	303,575
Total deferred inflows of resources	<u>415,037</u>	<u>7,047</u>	<u>-</u>	<u>-</u>	<u>422,084</u>
FUND BALANCES					
Nonspendable inventories and prepaid items	49,377	-	-	9,952	59,329
Restricted	-	6,822,246	47,449,940	21,821,716	76,093,902
Committed	-	304,014	17,013,580	2,343,425	19,661,019
Assigned	451,609	3,890,283	64,293	1,874,015	6,280,200
Unassigned	38,167,792	-	-	-	38,167,792
Total fund balances	<u>38,668,778</u>	<u>11,016,543</u>	<u>64,527,813</u>	<u>26,049,108</u>	<u>140,262,242</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 45,609,915</u>	<u>\$ 11,209,302</u>	<u>\$ 67,708,602</u>	<u>\$ 26,742,657</u>	<u>\$ 151,270,476</u>

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2019

Total fund balances of governmental funds	\$ 140,262,242
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets totals \$586,124,126 and the accumulated depreciation totals \$295,452,998.	290,671,128
Other assets are prepaid or are not available as financial resources and, therefore, are not recognized in the funds:	
Accrued liens	\$ 288,232
Accrued permit fees	14,177
	302,409
The net pension asset related to governmental activities does not represent financial resources and is not reported in the funds.	59,806,936
Deferred outflows relating to deferred amounts on refundings, pensions, and OPEB are not financial resources and, therefore, are not reported in the funds	21,523,123
Deferred inflows relating to pensions and other postemployment benefits are not current liabilities or financial uses and, therefore, are not reported in the funds	(26,163,621)
Accrued pollution remediation obligation expenses are not financial uses and, therefore, are not reported in the funds.	(227,206)
Accrued general long-term debt interest expenses are not financial uses and, therefore, are not reported in the funds.	(23,517)
The assets and liabilities of the internal service funds (funds used to charge the costs of certain activities to individual funds) are included in the governmental activities in the statement of net position.	
Net position of internal service funds	88,652,312
Less: Capital assets included in total governmental capital assets above	(30,996,448)
Less: Net pension asset included in total governmental net pension asset above	(6,062,130)
Less: Deferred outflows included in total governmental above	(2,271,884)
Add: Deferred inflows included in total governmental above	2,717,414
Add: Capital lease purchases payable included in total governmental below	15,370,468
Add: Compensated absences included in total governmental below	932,198
Add: Other post-employment benefits included in total governmental below	2,791,498
Less: Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(3,712,949)
	67,420,479
Long-term liabilities, including bonds payable, are not due and payable in the current period and, accordingly, are not reported in the funds.	
Long-term liabilities at year-end consist of:	
Bonds payable	(5,425,000)
Add: Issuance premium (to be amortized as a reduction of interest expense)	(73,289)
Capital lease purchases payable	(17,470,041)
Other post-employment benefits	(22,809,518)
Compensated absences	(8,983,145)
	(54,760,993)
Total net position of governmental activities	<u>\$ 498,810,980</u>

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2019

	General Fund	Special Development Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 60,998,079	\$ 3,051,987	\$ -	\$ -	\$ 64,050,066
Sales	-	12,277,473	-	-	12,277,473
Utility	16,448,848	-	-	-	16,448,848
Communications services	4,370,997	-	-	-	4,370,997
Other taxes	2,077,054	1,526,214	-	-	3,603,268
Total taxes	<u>83,894,978</u>	<u>16,855,674</u>	<u>-</u>	<u>-</u>	<u>100,750,652</u>
Franchise fees	10,642,741	-	-	-	10,642,741
Licenses, permits, and fees	3,169,824	825,645	-	-	3,995,469
Intergovernmental:					
Federal	15,050	-	-	1,051,534	1,066,584
State	14,618,237	-	761,270	2,032,344	17,411,851
Local	8,876,528	1,341,676	3,153,325	2,919,583	16,291,112
Total intergovernmental	<u>23,509,815</u>	<u>1,341,676</u>	<u>3,914,595</u>	<u>6,003,461</u>	<u>34,769,547</u>
Charges for services	16,095,453	-	-	1,623,499	17,718,952
Fines and forfeitures	1,881,613	-	-	723,616	2,605,229
Investment earnings (loss):					
Interest	995,210	1,278,322	-	504,099	2,777,631
Net appreciation (depreciation) in fair value	891,718	1,171,785	-	451,313	2,514,816
Total investment earnings (loss)	<u>1,886,928</u>	<u>2,450,107</u>	<u>-</u>	<u>955,412</u>	<u>5,292,447</u>
Miscellaneous	4,697,073	-	158,180	979,070	5,834,323
Total revenues	<u>145,778,425</u>	<u>21,473,102</u>	<u>4,072,775</u>	<u>10,285,058</u>	<u>181,609,360</u>
EXPENDITURES					
Current:					
General government	15,022,956	-	346,182	2,152,243	17,521,381
Public safety	71,245,894	-	434,235	2,483,262	74,163,391
Physical environment	3,337,264	-	115,206	35,509	3,487,979
Transportation	6,044,751	-	3,873,753	37,081	9,955,585
Economic environment	2,149,433	-	-	2,681,933	4,831,366
Human services	194,067	-	-	400,304	594,371
Culture and recreation	31,788,962	-	7,046,669	1,244,494	40,080,125
Debt service:					
Principal	-	-	-	1,486,329	1,486,329
Interest & fiscal charges	-	-	-	348,028	348,028
Capital outlay	-	-	11,519,383	548,253	12,067,636
Total expenditures	<u>129,783,327</u>	<u>-</u>	<u>23,335,428</u>	<u>11,417,436</u>	<u>164,536,191</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,995,098</u>	<u>21,473,102</u>	<u>(19,262,653)</u>	<u>(1,132,378)</u>	<u>17,073,169</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	11,904,963	900,000	26,881,618	6,010,723	45,697,304
Transfers out	(16,919,419)	(16,111,030)	(3,041,511)	(4,324,712)	(40,396,672)
Total other financing sources (uses)	<u>(5,014,456)</u>	<u>(15,211,030)</u>	<u>23,840,107</u>	<u>1,686,011</u>	<u>5,300,632</u>
Net change in fund balances	10,980,642	6,262,072	4,577,454	553,633	22,373,801
Fund balances - beginning	<u>27,688,136</u>	<u>4,754,471</u>	<u>59,950,359</u>	<u>25,495,475</u>	<u>117,888,441</u>
Fund balances - ending	<u>\$ 38,668,778</u>	<u>\$ 11,016,543</u>	<u>\$ 64,527,813</u>	<u>\$ 26,049,108</u>	<u>\$ 140,262,242</u>

The notes to the financial statements are an integral part of this statement.

City of Clearwater, 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, 2019

Net change in fund balances - total governmental funds	\$ 22,373,801
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those costs over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.	
Expenditures for capital assets	\$ 26,165,100
Less current year depreciation	<u>(11,942,420)</u>
	14,222,680
In the Statement of Activities the gain on disposition of capital assets is reported. The gain is not a use of current resources and thus is not reported in the funds.	
	(13,342,044)
Deferred outflows and deferred inflows are not current resources or uses of current financial resources and consequently are not reported in the funds:	
Current year change in deferred outflows	13,691,277
Current year change in deferred inflows	12,536,671
Repayment of long term debt principal is an expenditure in the governmental funds; however, the repayment reduces long-term liabilities in the Statement of Net Position. Current year amounts are:	
Revenue bond principal payments	760,000
Capital lease principal payments	<u>726,329</u>
	1,486,329
Net pension asset is not a current financial resource and consequently is not reported in the funds; however, it is an asset in the Statement of Net Position.	
Current year change in the net pension asset	(19,492,638)
Liability for other post-employment benefits (OPEB) does not require the use of current financial resources and consequently is not reported in the funds; however, it is a liability in the Statement of Net Position.	
Current year change in the liability for other post-employment benefits	(3,460,367)
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 the governmental funds:	
Current year change in compensated absences	(559,154)
Amortization of bond discounts and premiums	14,376
Current year change in pollution remediation obligation	10,112
Current year change in accrued interest expense	<u>3,405</u>
	(531,261)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Current year change in accrued liens receivable	25,545
Current year change in deferred permit fees	4,007
The net revenues of internal service funds (funds used to charge the costs of certain activities to individual funds) for governmental activities are reported in the Statement of Activities but not in the governmental funds.	
	11,620,942
Total change in net position of governmental activities	<u>\$ 39,134,942</u>

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 60,858,200	\$ 60,990,340	\$ 60,998,079	\$ 7,739
Utility taxes	15,188,200	15,888,200	16,448,848	560,648
Communications services	4,514,400	4,364,400	4,370,997	6,597
Other taxes	2,135,000	2,135,000	2,077,054	(57,946)
Total taxes	<u>82,695,800</u>	<u>83,377,940</u>	<u>83,894,978</u>	<u>517,038</u>
Franchise fees	9,748,000	10,148,000	10,642,741	494,741
Licenses, permits, and fees	2,313,500	2,838,500	3,169,824	331,324
Intergovernmental:				
Federal	-	-	15,050	15,050
State	14,016,780	14,172,195	14,618,237	446,042
Local	9,125,180	9,268,849	8,876,528	(392,321)
Total intergovernmental	<u>23,141,960</u>	<u>23,441,044</u>	<u>23,509,815</u>	<u>68,771</u>
Charges for services	15,290,960	15,550,960	16,095,453	544,493
Fines and forfeitures	1,184,000	1,589,000	1,881,613	292,613
Investment earnings (loss):				
Interest	450,000	750,000	995,210	245,210
Net appreciation (depreciation) in fair value	-	-	891,718	891,718
Total investment earnings (loss)	<u>450,000</u>	<u>750,000</u>	<u>1,886,928</u>	<u>1,136,928</u>
Miscellaneous	1,925,800	4,018,979	4,697,073	678,094
Total revenues	<u>136,750,020</u>	<u>141,714,423</u>	<u>145,778,425</u>	<u>4,064,002</u>
EXPENDITURES				
General government				
City Council	346,610	346,610	317,937	28,673
City Manager's Office	1,085,850	1,142,700	1,185,047	(42,347)
City Attorney's Office	1,746,160	1,746,160	1,596,373	149,787
Official Records & Legislative Services	1,123,770	1,123,818	1,027,397	96,421
Public Communications	1,170,840	1,170,840	1,064,387	106,453
Finance	2,584,870	2,585,047	2,382,710	202,337
Human Resources	1,311,740	1,311,816	1,260,553	51,263
Non-Departmental	3,532,100	4,107,100	4,082,262	24,838
Engineering	63,930	63,934	58,155	5,779
Planning	2,133,790	2,103,790	1,865,028	238,762
City Auditor's Office	230,950	230,962	183,107	47,855
Total general government	<u>15,330,610</u>	<u>15,932,777</u>	<u>15,022,956</u>	<u>909,821</u>
Public safety				
Police	41,742,030	42,691,745	41,678,164	1,013,581
Fire	26,693,120	27,395,130	25,633,191	1,761,939
Development & Neighborhood Services	4,008,490	4,038,490	3,934,539	103,951
Total public safety	<u>72,443,640</u>	<u>74,125,365</u>	<u>71,245,894</u>	<u>2,879,471</u>
Physical environment				
Engineering	2,844,894	2,845,081	2,558,826	286,255
Parks and Recreation	1,023,280	1,023,520	778,438	245,082
Total physical environment	<u>3,868,174</u>	<u>3,868,601</u>	<u>3,337,264</u>	<u>531,337</u>
Transportation				
Engineering	4,921,136	4,921,281	4,827,646	93,635
Parks and Recreation	1,311,400	1,311,400	1,217,105	94,295
Total transportation	<u>6,232,536</u>	<u>6,232,681</u>	<u>6,044,751</u>	<u>187,930</u>
Economic environment				
CRA Administration	410,030	472,057	480,012	(7,955)
Economic Development	1,903,080	1,903,080	1,669,421	233,659
Total economic environment	<u>2,313,110</u>	<u>2,375,137</u>	<u>2,149,433</u>	<u>225,704</u>
Human Services				
Human Resources / Equity Services	209,570	209,570	194,067	15,503
Total human services	<u>209,570</u>	<u>209,570</u>	<u>194,067</u>	<u>15,503</u>
Culture and recreation				
Parks and Recreation	23,945,310	23,691,285	23,351,516	339,769
Library	7,213,290	7,213,290	7,207,188	6,102
Marine	1,120,270	1,120,270	1,230,258	(109,988)
Total culture and recreation	<u>32,278,870</u>	<u>32,024,845</u>	<u>31,788,962</u>	<u>235,883</u>
Total expenditures	<u>132,676,510</u>	<u>134,768,976</u>	<u>129,783,327</u>	<u>4,985,649</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,073,510</u>	<u>6,945,447</u>	<u>15,995,098</u>	<u>9,049,651</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,100,610	11,840,562	11,904,963	64,401
Transfers out	(15,462,490)	(17,075,675)	(16,919,419)	156,256
Total other financing sources (uses)	<u>(4,361,880)</u>	<u>(5,235,113)</u>	<u>(5,014,456)</u>	<u>220,657</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(288,370)</u>	<u>1,710,334</u>	<u>10,980,642</u>	<u>9,270,308</u>
Fund balances - beginning	<u>27,688,136</u>	<u>27,688,136</u>	<u>27,688,136</u>	<u>-</u>
Fund balances - ending	<u>\$ 27,399,766</u>	<u>\$ 29,398,470</u>	<u>\$ 38,668,778</u>	<u>\$ 9,270,308</u>

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (GAAP Basis)
Special Development Fund
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 3,044,520	\$ 3,050,178	\$ 3,051,987	\$ 1,809
Sales	11,820,680	11,820,680	12,277,473	456,793
Other taxes	1,540,550	1,540,550	1,526,214	(14,336)
Total taxes	<u>16,405,750</u>	<u>16,411,408</u>	<u>16,855,674</u>	<u>444,266</u>
Licenses, permits, and fees	270,000	841,297	825,645	(15,652)
Intergovernmental:				
Local	-	-	1,341,676	1,341,676
Investment earnings (loss):				
Interest	537,000	1,317,000	1,278,322	(38,678)
Net appreciation (depreciation) in fair value	-	-	1,171,785	1,171,785
Total investment earnings (loss)	<u>537,000</u>	<u>1,317,000</u>	<u>2,450,107</u>	<u>1,133,107</u>
Total revenues	<u>17,212,750</u>	<u>18,569,705</u>	<u>21,473,102</u>	<u>2,903,397</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	<u>17,212,750</u>	<u>18,569,705</u>	<u>21,473,102</u>	<u>2,903,397</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	900,000	900,000	-
Transfers out	<u>(16,075,130)</u>	<u>(16,111,030)</u>	<u>(16,111,030)</u>	<u>-</u>
Total other financing sources (uses)	<u>(16,075,130)</u>	<u>(15,211,030)</u>	<u>(15,211,030)</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	1,137,620	3,358,675	6,262,072	2,903,397
Fund balances - beginning	<u>4,754,471</u>	<u>4,754,471</u>	<u>4,754,471</u>	<u>-</u>
Fund balances - ending	<u>\$ 5,892,091</u>	<u>\$ 8,113,146</u>	<u>\$ 11,016,543</u>	<u>\$ 2,903,397</u>

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
ASSETS			
Current assets:			
Cash and investments	\$ 96,531,633	\$ 32,166,616	\$ 34,348,619
Accrued interest receivable	234,540	90,380	89,496
Accounts and contracts receivable:			
Billed	3,557,338	1,476,648	1,023,295
Unbilled charges estimated	<u>3,947,600</u>	<u>2,053,100</u>	<u>1,167,208</u>
	7,504,938	3,529,748	2,190,503
Less: Allowance for uncollectable accounts	(43,947)	(156,700)	(8,754)
Total receivables, net	<u>7,460,991</u>	<u>3,373,048</u>	<u>2,181,749</u>
Other receivables	35,089	33,507	453
Due from other funds	-	-	-
Due from other governmental entities	480,972	198,008	578,848
Inventories, at cost	927,808	1,523,012	-
Prepaid expenses and other assets	<u>205,874</u>	<u>2,044</u>	-
Total current assets - unrestricted	<u>105,876,907</u>	<u>37,386,615</u>	<u>37,199,165</u>
Current assets - restricted:			
Restricted cash and investments	10,713,363	3,399,700	1,194,731
Total current assets - restricted	<u>10,713,363</u>	<u>3,399,700</u>	<u>1,194,731</u>
Total current assets	<u>116,590,270</u>	<u>40,786,315</u>	<u>38,393,896</u>
Noncurrent assets:			
Restricted:			
Restricted cash and investments	11,798,008	300,000	-
Advances to other funds	-	-	-
Net pension asset	6,692,139	3,523,022	4,188,117
Capital assets:			
Land and other nondepreciable assets	14,043,632	2,444,017	18,478,091
Capital assets, net of accumulated depreciation	<u>218,193,105</u>	<u>87,184,952</u>	<u>1,533,035</u>
Total noncurrent assets	<u>250,726,884</u>	<u>93,451,991</u>	<u>24,199,243</u>
Total assets	<u>367,317,154</u>	<u>134,238,306</u>	<u>62,593,139</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - bond refunding	10,328,063	294,482	-
Deferred outflows - pension	2,193,361	1,154,677	1,372,664
Deferred outflows - other postemployment benefits	<u>359,001</u>	<u>201,476</u>	<u>244,519</u>
Total deferred outflows of resources	<u>12,880,425</u>	<u>1,650,635</u>	<u>1,617,183</u>

The notes to the financial statements are an integral part of this statement.

Activities Funds		Governmental Activities - Internal Service Funds		
		Stormwater Utility	Other Funds	Total
\$	43,355,680	\$ 92,499	\$ 24,544,183	\$ 230,946,731
	756,088	-	6,813,369	-
	1,373,600	-	8,541,508	-
	2,129,688	-	15,354,877	-
	(7,430)	-	(216,831)	-
	2,122,258	-	15,138,046	-
	567	62,238	131,854	144,192
	-	-	-	321,954
	1,245,357	38,919	2,542,104	48,205
	-	40,550	2,491,370	389,012
	-	-	207,918	2,074,100
	46,816,361	24,734,466	252,013,514	85,223,324
	1,906,878	-	17,214,672	-
	1,906,878	-	17,214,672	-
	48,723,239	24,734,466	269,228,186	85,223,324
	1,375,312	-	13,473,320	-
	-	-	-	2,863,483
	1,924,352	1,381,294	17,708,924	6,062,130
	27,997,030	2,946,242	65,909,012	897,406
	47,946,198	26,840,878	381,698,168	30,099,042
	79,242,892	31,168,414	478,789,424	39,922,061
	127,966,131	55,902,880	748,017,610	125,145,385
	828,247	-	11,450,792	-
	630,710	452,720	5,804,132	1,986,874
	95,227	131,113	1,031,336	285,010
	1,554,184	583,833	18,286,260	2,271,884

(Continued)

City of Clearwater, Florida
Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
LIABILITIES			
Current liabilities:			
Accounts and contracts payable	2,439,508	4,777,610	2,517,071
Accrued payroll	353,675	223,975	193,499
Accrued interest payable	89,994	80,806	30,683
Deposits	-	-	-
Unearned revenue and liens	-	-	-
Current portion of long-term liabilities:			
Compensated absences	396,671	366,924	225,595
Revenue bonds	698,333	618,750	-
Capital lease purchases payable	123,055	123,452	-
Due to other funds	36,785	-	397,985
Claims payable	-	-	-
Total current liabilities (payable from current assets)	<u>4,138,021</u>	<u>6,191,517</u>	<u>3,364,833</u>
Current liabilities (payable from restricted assets):			
Construction contracts payable	1,860,624	-	-
Accrued interest payable	1,620,971	19,462	-
Current portion of long-term liabilities, revenue bonds	3,491,667	56,250	-
Customer deposits	3,740,101	3,323,988	1,194,731
Total current liabilities (payable from restricted assets)	<u>10,713,363</u>	<u>3,399,700</u>	<u>1,194,731</u>
Total current liabilities	<u>14,851,384</u>	<u>9,591,217</u>	<u>4,559,564</u>
Noncurrent liabilities:			
Compensated absences	375,868	347,681	213,763
Other postemployment benefits	3,516,194	1,973,334	2,394,922
Revenue bonds (net of unamortized premiums/discounts)	131,503,395	8,570,000	-
Capital lease purchases payable	159,207	255,109	-
Advances from other funds	154,801	-	3,183,435
Claims payable	-	-	-
Total noncurrent liabilities	<u>135,709,465</u>	<u>11,146,124</u>	<u>5,792,120</u>
Total liabilities	<u>150,560,849</u>	<u>20,737,341</u>	<u>10,351,684</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	2,934,534	1,544,861	1,836,509
Deferred inflows - other postemployment benefits	74,498	41,809	50,741
Total deferred inflows of resources	<u>3,009,032</u>	<u>1,586,670</u>	<u>1,887,250</u>
NET POSITION			
Net investment in capital assets	106,397,557	80,299,890	16,429,706
Restricted for:			
Revenue bond debt service and sinking fund requirements	5,984,667	56,250	-
Revenue bond renewal and replacement requirements	6,354,440	300,000	-
Water and sewer impact fees	2,950,568	-	-
Stormwater system fees	-	-	-
Pensions	6,692,139	3,523,022	4,188,117
Unrestricted	<u>98,248,327</u>	<u>29,385,768</u>	<u>31,353,565</u>
Total net position	<u>\$ 226,627,698</u>	<u>\$ 113,564,930</u>	<u>\$ 51,971,388</u>

The notes to the financial statements are an integral part of this statement.

Activities Funds		Governmental Activities - Internal Service Funds	
Stormwater Utility	Other Funds	Total	
2,028,192	272,944	12,035,325	2,647,499
85,740	96,632	953,521	286,594
826	58	202,367	101,079
-	89,919	89,919	-
-	17,487	17,487	191,417
144,830	84,260	1,218,280	478,651
138,750	-	1,455,833	-
60,727	4,115	311,349	6,469,072
-	-	434,770	712,906
-	-	-	3,635,901
<u>2,459,065</u>	<u>565,415</u>	<u>16,718,851</u>	<u>14,523,119</u>
-	-	1,860,624	-
380,628	-	2,021,061	-
1,526,250	-	5,074,167	-
-	-	8,258,820	-
<u>1,906,878</u>	<u>565,415</u>	<u>17,214,672</u>	<u>14,523,119</u>
137,234	79,842	1,154,388	453,547
932,693	1,284,181	10,101,324	2,791,498
26,712,331	-	166,785,726	-
104,468	7,401	526,185	8,901,396
-	-	3,338,236	2,855,883
-	-	-	6,522,100
<u>27,886,726</u>	<u>1,371,424</u>	<u>181,905,859</u>	<u>21,524,424</u>
32,252,669	1,936,839	215,839,382	36,047,543
843,837	605,703	7,765,444	2,658,271
<u>19,761</u>	<u>27,209</u>	<u>214,018</u>	<u>59,143</u>
<u>863,598</u>	<u>632,912</u>	<u>7,979,462</u>	<u>2,717,414</u>
48,228,949	29,775,604	281,131,706	12,057,191
2,901,562	-	8,942,479	-
-	-	6,654,440	-
-	-	2,950,568	-
14,318	-	14,318	-
1,924,352	1,381,294	17,708,924	6,062,130
<u>43,334,867</u>	<u>22,760,064</u>	<u>225,082,591</u>	<u>70,532,991</u>
<u>\$ 96,404,048</u>	<u>\$ 53,916,962</u>	<u>\$ 542,485,026</u>	<u>\$ 88,652,312</u>

Adjustment to reflect consolidation of internal service fund activities related to enterprise funds 3,712,949

Net position of business-type activities \$ 546,197,975

City of Clearwater, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
Operating revenues:			
Sales to customers	\$ 86,522,445	\$ 42,395,569	\$ 26,280,732
Service charges to customers	274,744	2,910,477	-
User charges to customers	-	-	-
Billings to departments	-	-	-
Rentals	74,567	-	325,970
Other	370,742	455,734	1,002,463
Total operating revenues	87,242,498	45,761,780	27,609,165
Operating expenses:			
Personal services	11,916,033	6,116,334	7,153,270
Purchases for resale	6,384,533	14,548,937	718
Operating materials and supplies	6,145,478	1,178,188	424,891
Transportation	1,535,589	870,494	5,719,670
Utility service	3,261,827	182,846	93,548
Dumping charges	18,088	-	4,682,264
Depreciation	13,134,417	3,017,424	272,081
Interfund administrative charges	6,411,560	2,806,960	1,699,440
Other current charges:			
Professional fees	3,124,544	643,742	113,231
Advertising	43,935	1,968,398	12,896
Communications	232,826	180,715	194,176
Printing and binding	5,123	12,671	16,973
Insurance	1,019,530	344,820	241,850
Repairs and maintenance	8,385,426	228,856	80,151
Rental	407,462	24,405	7,354
Miscellaneous	304,857	482,666	177,467
Data processing charges	830,860	535,280	278,230
Taxes	31,425	2,227,618	10,060
Total other current charges	14,385,988	6,649,171	1,132,388
Total operating expenses	63,193,513	35,370,354	21,178,270
Operating income (loss)	24,048,985	10,391,426	6,430,895

The notes to the financial statements are an integral part of this statement.

Activities Funds			Governmental Activities - Internal Service Funds
Stormwater Utility	Other Funds	Total	
\$ 18,265,152	\$ 9,224,903	\$ 182,688,801	\$ -
-	-	3,185,221	-
-	237,735	237,735	-
-	-	-	60,133,494
-	2,952,362	3,352,899	50,837
<u>1,129,243</u>	<u>1,194,625</u>	<u>4,152,807</u>	<u>911,464</u>
<u>19,394,395</u>	<u>13,609,625</u>	<u>193,617,463</u>	<u>61,095,795</u>
 3,116,134	 3,235,437	 31,537,208	 9,918,049
-	2,002,728	22,936,916	4,268,383
199,417	209,015	8,156,989	1,354,347
1,124,145	170,841	9,420,739	285,755
52,520	564,881	4,155,622	547,143
148,646	-	4,848,998	-
3,230,137	1,084,753	20,738,812	9,476,447
1,328,610	1,485,965	13,732,535	244,400
 585,778	 581,766	 5,049,061	 10,453,572
-	1,420	2,026,649	-
47,157	78,914	733,788	1,249,230
1,246	17,092	53,105	45,273
110,910	209,110	1,926,220	18,036,785
525,306	220,341	9,440,080	2,054,123
2,590	42,979	484,790	639,894
158,548	712,011	1,835,549	346,212
271,430	162,490	2,078,290	531,710
-	23,801	2,292,904	21,899
<u>1,702,965</u>	<u>2,049,924</u>	<u>25,920,436</u>	<u>33,378,698</u>
<u>10,902,574</u>	<u>10,803,544</u>	<u>141,448,255</u>	<u>59,473,222</u>
 <u>8,491,821</u>	 <u>2,806,081</u>	 <u>52,169,208</u>	 <u>1,622,573</u>

(Continued)

City of Clearwater, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
Nonoperating revenues (expenses):			
Investment earnings:			
Interest	2,395,929	786,567	843,012
Net appreciation (depreciation) in fair value	2,264,056	947,166	870,017
Total investment earnings:	<u>4,659,985</u>	<u>1,733,733</u>	<u>1,713,029</u>
Interest expense	(5,595,304)	(405,861)	(116,246)
Gain (loss) on disposal of capital assets	-	-	6,624
Total nonoperating revenue (expenses)	<u>(935,319)</u>	<u>1,327,872</u>	<u>1,603,407</u>
Income before contributions and transfers	23,113,666	11,719,298	8,034,302
Capital grants and contributions	1,872,635	-	-
Transfers in	1,176	-	-
Transfers out	(5,352,190)	(3,164,640)	(1,381,640)
Change in net position	<u>19,635,287</u>	<u>8,554,658</u>	<u>6,652,662</u>
Net position - beginning	206,992,411	105,010,272	45,318,726
Total net position - ending	<u>\$ 226,627,698</u>	<u>\$ 113,564,930</u>	<u>\$ 51,971,388</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net position of business-type activities (page 21)

The notes to the financial statements are an integral part of this statement.

Activities Funds		Governmental Activities - Internal Service Funds	
Stormwater Utility	Other Funds	Total	
952,625	829,420	5,807,553	1,774,979
834,074	88,716	5,004,029	1,575,947
<u>1,786,699</u>	<u>918,136</u>	<u>10,811,582</u>	<u>3,350,926</u>
(976,499)	-	(7,093,910)	(478,134)
-	-	6,624	655,415
<u>810,200</u>	<u>918,136</u>	<u>3,724,296</u>	<u>3,528,207</u>
9,302,021	3,724,217	55,893,504	5,150,780
1,180,357	30,775	3,083,767	-
312	250,167	251,655	7,700,120
(2,265,494)	(1,019,902)	(13,183,866)	(68,541)
<u>8,217,196</u>	<u>2,985,257</u>	<u>46,045,060</u>	<u>12,782,359</u>
88,186,852	50,931,705		75,869,953
\$ <u>96,404,048</u>	\$ <u>53,916,962</u>		\$ <u>88,652,312</u>
		1,161,417	
		\$ <u>47,206,477</u>	

City of Clearwater, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 87,286,705	\$ 45,724,623	\$ 27,145,816
Cash received from other funds	-	-	-
Cash payments to suppliers	(27,085,735)	(20,535,130)	(4,189,074)
Cash payments to employees	(12,543,758)	(7,161,273)	(7,327,698)
Cash payments to other funds	(10,868,903)	(4,999,714)	(8,271,816)
Net cash provided by operating activities	36,788,309	13,028,506	7,357,228
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	1,176	-	-
Transfers to other funds	(5,352,190)	(3,164,640)	(1,381,640)
Receipt of cash on loans to/from other funds	191,586	-	395,983
Payment of cash on loans to/from other funds	-	-	(314,563)
Net cash provided (used) by noncapital financing activities	(5,159,428)	(3,164,640)	(1,300,220)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on debt	(6,862,639)	(720,109)	-
Interest paid	(5,667,022)	(364,374)	(99,235)
Acquisition of capital assets	(8,180,007)	(17,974,375)	(13,270,176)
Capital contributed by:			
Other governmental entities	1,012,521	-	-
Property owners	6,620	-	-
Developers	291,118	-	-
Net cash used by capital and related financing activities	(19,399,409)	(19,058,858)	(13,369,411)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4,766,290	1,813,142	1,766,456
Net cash provided by investing activities	4,766,290	1,813,142	1,766,456
Net increase (decrease) in cash and cash equivalents	16,995,762	(7,381,850)	(5,545,947)
Cash and cash equivalents at beginning of year	102,047,242	43,248,166	41,089,297
Cash and cash equivalents at end of year	\$ 119,043,004	\$ 35,866,316	\$ 35,543,350
Cash and cash equivalents classified as:			
Cash and investments	\$ 96,531,633	\$ 32,166,616	\$ 34,348,619
Restricted cash and investments	22,511,371	3,699,700	1,194,731
Total cash and cash equivalents	\$ 119,043,004	\$ 35,866,316	\$ 35,543,350

The notes to the financial statements are an integral part of this statement.

Activities Funds			Governmental Activities - Internal Service Funds
Stormwater Utility	Other Funds	Total	
\$ 19,636,201	\$ 13,545,105	\$ 193,338,450	\$ -
-	-	-	61,095,108
(1,585,130)	(4,265,850)	(57,660,919)	(36,316,967)
(3,168,886)	(3,314,449)	(33,516,064)	(10,191,891)
(2,930,933)	(2,254,582)	(29,325,948)	(4,281,202)
<u>11,951,252</u>	<u>3,710,224</u>	<u>72,835,519</u>	<u>10,305,048</u>
312	250,167	251,655	7,700,120
(2,265,494)	(1,019,902)	(13,183,866)	(68,541)
-	-	587,569	3,883,352
-	-	(314,563)	-
<u>(2,265,182)</u>	<u>(769,735)</u>	<u>(12,659,205)</u>	<u>11,514,931</u>
(1,615,353)	(4,033)	(9,202,134)	(7,014,291)
(995,376)	(280)	(7,126,287)	(377,055)
(3,162,909)	(30,237)	(42,617,704)	(10,519,997)
201,164	31,761	1,245,446	-
-	-	6,620	-
-	-	<u>291,118</u>	-
<u>(5,572,474)</u>	<u>(2,789)</u>	<u>(57,402,941)</u>	<u>(17,911,343)</u>
1,835,982	958,023	11,139,893	3,436,153
<u>1,835,982</u>	<u>958,023</u>	<u>11,139,893</u>	<u>3,436,153</u>
5,949,578	3,895,723	13,913,266	7,344,789
40,688,292	20,648,460	247,721,457	74,730,688
<u>\$ 46,637,870</u>	<u>\$ 24,544,183</u>	<u>\$ 261,634,723</u>	<u>\$ 82,075,477</u>
\$ 43,355,680	\$ 24,544,183	\$ 230,946,731	\$ 82,075,477
<u>3,282,190</u>	<u>-</u>	<u>30,687,992</u>	<u>-</u>
<u>\$ 46,637,870</u>	<u>\$ 24,544,183</u>	<u>\$ 261,634,723</u>	<u>\$ 82,075,477</u>

(Continued)

City of Clearwater, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 24,048,985	\$ 10,391,426	\$ 6,430,895
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	13,134,417	3,017,424	272,081
Capitalized labor and materials	(93,857)	(1,043,309)	-
Change in assets, deferred outflows, liabilities and deferred inflows:			
(Increase) decrease in accounts receivable	(108,878)	(310,291)	(11,387)
(Increase) decrease in due from other governments	-	48,378	(496,027)
(Increase) decrease in inventory	(64,513)	238,290	-
(Increase) decrease in prepaid expenses	207,531	(2,044)	-
(Increase) decrease in net pension asset	2,037,206	1,232,361	1,524,193
(Increase) decrease in deferred outflows	(1,881,803)	(990,860)	(1,178,382)
Increase (decrease) in accounts and contracts payable	61,768	622,003	1,292,029
Increase (decrease) in accrued payroll	53,637	58,105	44,689
Increase (decrease) in deposits	153,085	224,756	44,065
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in other postemployment benefits	600,509	337,061	409,148
Increase (decrease) in deferred inflows	(1,359,778)	(794,794)	(974,076)
Total adjustments	12,739,324	2,637,080	926,333
Net cash provided by operating activities	<u>\$ 36,788,309</u>	<u>\$ 13,028,506</u>	<u>\$ 7,357,228</u>
Non-cash investing, capital and financing activities:			
Contributions from developers	\$ 1,430,689	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

Activities Funds		Governmental Activities - Internal Service Funds	
Stormwater Utility	Other Funds	Total	
\$ 8,491,821	\$ 2,806,081	\$ 52,169,208	\$ 1,622,573
3,230,137	1,084,753	20,738,812	9,476,447
-	-	(1,137,166)	-
241,806	(62,238)	(250,988)	21,119
-	(24,013)	(471,662)	(17,404)
-	(3,533)	170,244	33,748
-	120	205,607	(569,427)
771,967	369,590	5,935,317	2,382,016
(518,815)	(449,336)	(5,019,196)	(1,623,233)
40,240	(9,652)	2,006,388	75,639
16,643	38,849	211,923	(1,458)
-	(2,282)	419,624	-
-	-	-	(63,805)
159,266	220,413	1,726,397	461,950
(481,813)	(258,528)	(3,868,989)	(1,493,117)
<u>3,459,431</u>	<u>904,143</u>	<u>20,666,311</u>	<u>8,682,475</u>
<u>\$ 11,951,252</u>	<u>\$ 3,710,224</u>	<u>\$ 72,835,519</u>	<u>\$ 10,305,048</u>

\$ - \$ - \$ 1,430,689 \$ -

City of Clearwater, Florida
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2019

	Pension Trust Funds	Agency Fund
ASSETS		
Cash and investments	\$ 3,584,588	\$ 484,650
Managed investment accounts, at fair value:		
Cash and cash equivalents	26,331,694	-
Government bonds	52,171,230	-
Index linked government bonds	3,289,568	-
Agency bonds	7,205,182	-
Municipal bonds	2,912,685	-
Domestic corporate bonds	102,660,526	-
International equity securities	132,135,368	-
Domestic stocks	399,729,862	-
Mortgage backed bonds	133,151,295	-
Asset backed securities	7,801,834	-
Other/Rights/Warrants	1,606	-
Domestic equity mutual funds	66,245,965	-
International equity mutual funds	45,458,162	-
Infrastructure	41,157,478	-
Real estate	99,259,455	-
Total managed investment accounts	1,119,511,910	-
Securities lending collateral	133,322,532	-
Receivables:		
Interest and dividends	2,906,353	610
Unsettled investment sales	6,019,874	-
Securities lending earnings	35,428	-
Due from others	8,671	-
Total receivables	8,970,326	610
Total assets	1,265,389,356	485,260
LIABILITIES		
Accounts payable	879,054	-
Unsettled investment purchases	23,692,559	-
Obligations under securities lending	133,322,532	-
Other miscellaneous payables:		
Downtown Development Board	-	307,985
Other	-	177,275
Total miscellaneous payables	-	485,260
Total liabilities	157,894,145	\$ 485,260
FIDUCIARY NET POSITION		
Restricted for pensions	1,107,495,211	
Total fiduciary net position	\$ 1,107,495,211	

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2019

	Pension Trust Funds
ADDITIONS	
Contributions:	
Contributions from employer	\$ 10,901,645
Contributions from employer - state tax	2,285,415
Contributions from employees	7,326,649
Total contributions	<u>20,513,709</u>
Investment income:	
Net appreciation in fair value of investments	38,604,354
Interest	11,466,307
Dividends	<u>11,546,899</u>
	<u>61,617,560</u>
Less investment expenses:	
Investment management / custodian fees	<u>(6,578,615)</u>
Net income from investing activities	<u>55,038,945</u>
Securities lending income:	
Gross earnings	3,766,156
Rebate received (paid)	(3,052,140)
Bank fees	<u>(249,718)</u>
Net income from securities lending	<u>464,298</u>
Total additions	<u>76,016,952</u>
DEDUCTIONS	
Benefits and withdrawal payments:	
Benefits	52,499,386
Withdrawal payments	<u>1,017,365</u>
Total benefits and withdrawal payments	<u>53,516,751</u>
Income before administrative expenses	22,500,201
Administrative expenses	<u>(394,914)</u>
Net increase	<u>22,105,287</u>
Fiduciary net position restricted for pensions	
Fiduciary net position - beginning	<u>1,085,389,924</u>
Fiduciary net position - ending	<u>\$ 1,107,495,211</u>

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Note I – Summary of Significant Accounting Policies

The City of Clearwater was first incorporated in 1915 and reestablished in 1923 as a municipal corporation by Chapter 9710, Special Laws of Florida, 1923, as amended. The City is a Florida municipal corporation governed by a five-member City Council including a mayor-council member. The City has an estimated population of 116,585 and is located in the four-county Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (MSA), which has an estimated population of 3,138,395.

The financial statements of the City of Clearwater, Florida, reporting entity (City) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The City's more significant accounting policies are described below.

I.A. Financial Reporting Entity

In evaluating the City as a reporting entity, management has included in the accompanying financial statements the City of Clearwater (the primary government) and its component units, entities for which the government is financially accountable. The City has adhered to the standards set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61 and GASB Statement No. 90, in reporting the primary government (including blended component units), the reporting entity, and related organizations.

Blended Component Unit – Clearwater Community Redevelopment Agency: Component units that meet the criteria for blended presentation in accordance with GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61, are reported in a manner similar to that of the primary government itself. Accordingly, throughout this report, data presented for the primary government includes data of the following blended component unit. The Clearwater Community Redevelopment Agency (CRA), created by authority of Florida Statute Chapter 163, Part III, and City of Clearwater Resolutions 81-67 and 81-68, although it is legally separate, is reported as if it were part of the City (blended component unit) because the City Council serves as the governing board of the CRA, and City management has operational responsibility for the CRA. Separate financial statements for the CRA are not available. However, financial statements for the CRA are included in the City's comprehensive annual financial report as a governmental non-major special revenue fund and a governmental non-major capital projects fund.

Related Organization – Clearwater Housing Authority (CHA): CHA is a public housing authority created by City Resolution 69-5 (1969), under Section 421.04 of the Florida Statutes. CHA receives primary funding from the Federal Department of Housing and Urban Development (HUD). The City Council appoints the governing board; however, the City Council is not able to impose its will on the CHA, nor does the City have any responsibility for the budget, debt, financing deficits, or fiscal management of CHA. Consequently, it is not a component unit of the City of Clearwater. Separate audited financial statements of CHA as of March 31, 2019 are available from CHA.

Related Organization – Downtown Development Board: The City of Clearwater serves as administrative agent for the Clearwater Downtown Development Board (DDB). The Downtown Development Board is an independent special district of the City of Clearwater with an independent board elected by its members, with its own levy (0.9700 mills for fiscal 2019) on downtown properties, and is not financially dependent upon the City. Consequently, it is not a component unit of the City of Clearwater. The DDB's cash balance held by the City as administrative agent is reflected in the City's fiduciary agency fund. Separate audited financial statements of the DDB as of September 30, 2019 are available from the DDB.

Jointly governed organization – Florida Gas Utility: The City of Clearwater is a member of the Florida Gas Utility (FGU), a non-profit municipal public entity created for the primary purpose of reducing the costs of purchased gas for its members. FGU is a public body corporate and politic pursuant to Section 163.01 Florida Statutes (the Florida Interlocal Cooperation Act), as amended, and the Interlocal Agreement, dated September 1, 1989, which was subsequently amended by the Amended Interlocal Agreement on June 1, 1992, amended and restated by the Amended and Restated Interlocal

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Agreement, dated July 1, 1996, then amended and restated by the Second Amended and Restated Interlocal Agreement, dated July 27, 1999, and then amended and restated by the Third Amended and Restated Interlocal Agreement dated March 25, 2011 (the Interlocal Agreement), executed and delivered among FGU and its members, which include municipalities, municipal utilities, and an interlocal agreement consisting of such entities. Due to the diverse needs of municipal utility systems, FGU established itself as a project-oriented agency. Under this structure, each member has the option to participate in a project. FGU has the authority to, among other things, plan, finance, acquire, construct, manage, operate, deliver, service, utilize, own, broker, exchange, and distribute natural gas, or other energy and energy services, pursuant to the Interlocal Agreement. As of September 30, 2019, FGU has 23 members. Separate audited financial statements of FGU as of September 30, 2019, are available from FGU.

I.B. Basis of Presentation

The City's Basic Financial Statements contain three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

I.B.1. Government-wide financial statements. The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component unit using the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. 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 net position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City. Net position is defined as the residual of all other elements presented in a statement of financial position. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Changes in net position may serve as an indicator of whether the financial position of the City is improving or deteriorating.

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. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Taxes and other items not properly included among program revenues are reported instead as general revenues. All revenues and expenses are reported as soon as the underlying transaction has occurred, regardless of when cash is received or paid.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other interfund services provided and used. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

I.B.2. Fund financial statements. 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. An emphasis is on the major funds in either the governmental or business-type categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds (by category) are summarized into a single column.

The City reports the following 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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

The Special Development Fund is a special revenue fund used to account for impact fees, property taxes for road improvements, local option gas taxes, infrastructure taxes, and other revenues which are restricted legally or by City Council policy to be used for specific capital improvement projects.

The Capital Improvement Fund is used to provide combined accounting presentation for all City capital improvement projects except those financed from proprietary funds or bond proceeds where bond ordinance provisions require the segregation of bond proceeds in separate funds.

The City reports the following major enterprise funds:

The Water and Sewer Utility enterprise fund is used to account for the financing, construction, operation, and maintenance of the water and sewer services of the City from charges made to users of the service.

The Gas Utility enterprise fund is used to account for the financing, construction, operation, and maintenance of the gas services of the City from charges made to the users of the service.

The Solid Waste & Recycling Utility enterprise fund is used to account for the financing, construction, operation, and maintenance of the solid waste and recycling services of the City from charges made to the users of the service.

The Stormwater Utility enterprise fund is used to account for the financing, construction, operation, and maintenance of the stormwater management system of the City from charges assessed against each developed property.

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 the proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Additionally, the City reports the following fund types:

Internal service funds account for fleet management, information technology, telephone, employee relations, facilities management, radio communications, insurance, and risk management services provided to other City departments on a cost reimbursement basis. The Garage, Administrative Services, General Services, and Central Insurance funds primarily benefit governmental funds and are consequently included as governmental activities.

Pension trust funds account for the financial operation and condition of the Employees' Pension Plan, the Firefighters' Relief and Pension Plan, the Police Supplemental Pension Plan, and the Firefighters' Supplemental Pension Plan.

The Treasurer's Escrow Agency Fund accounts for the receipt, custody, and expenditure of monies held temporarily in an agency capacity for other parties.

The pension trust funds and the agency fund are fiduciary funds used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the City's own programs.

I.C. Measurement Focus and Basis of Accounting

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. The agency fund included within the fiduciary fund financial statements also uses the accrual basis of accounting but does not have a measurement focus. 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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

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 City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal year. Other revenues are considered to be available if they are collected within 90 days of fiscal year-end. 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.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB Statement No. 33, have been met, and funds are available from the grantor agency or government.

Taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period for the governmental funds. All other revenue items are considered to be measurable and available only when cash is received by the City.

I.D. Statements of cash flows

For purposes of the statements of cash flows, investments with original maturities of three months or less are considered to meet the definition of cash equivalents. The majority of the investments in which the City's proprietary funds have equity are held by the City's consolidated pool of cash and investments. Since fund equities in this cash management pool have the general characteristics of demand deposits in that additional funds may be deposited at any time, and funds may be withdrawn at any time without prior notice or penalty, each fund's equity account is considered a cash equivalent regardless of the maturities of investments held by the pool. Funds with deficit (overdraft) positions within the consolidated pool report the deficits as interfund payables to the City's Capital Improvement Fund.

I.E. Assets, Liabilities, and Net position or Fund Balance

I.E.1. Deposits, pooled cash, and investments

Cash and investments are presented on the balance sheet in the basic financial statements at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*; and GASB Statement No. 72, *Fair Value Measurement and Application*.

Investments with original maturities of three months or less are considered to meet the definition of cash equivalents. The majority of the investments are held by the City's consolidated pool of cash and investments. The City utilizes the consolidated cash pool to account for cash and investments of all City funds other than those that are required by ordinance to be physically segregated. The consolidated cash pool concept allows each participating fund to benefit from the economies of scale and improved yield that are inherent to a larger investment pool. Formal accounting records detail the individual equities of the participating funds. The cash pool utilizes a single checking account for all City receipts and disbursements.

Since fund equities in this cash management pool have the general characteristics of demand deposits in that additional funds may be deposited at any time and funds may be withdrawn at any time without prior notice or penalty, each fund's equity in pooled cash account is considered a cash equivalent, regardless of the maturities of investments held by the pool.

All individual fund cash equity in a deficit (overdraft) position with respect to the consolidated cash pool is reclassified at year-end to short-term interfund payables to the Capital Improvement Fund. The Capital Improvement Fund is the fund selected by management to reflect the offsetting interfund receivables in such cases.

The City Charter and the current Investment Policy, adopted by the City Council on September 9, 2010, authorize consolidated cash pool investments in the following: direct federal government obligations; federal agencies and instrumentalities; SEC registered money market funds with the highest credit quality rating; interest bearing time deposits or savings accounts in qualified public depositories; debt issued by the State of Florida or any political subdivision thereof including pools; securities of open-end or closed-end management-type investment companies as defined in the policy;

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

collateralized repurchase agreements and reverse repurchase agreements; local government investment pools per Section 163.01, Florida Statutes; and commercial paper of prime quality as defined in the policy. All investments are reported at fair value.

The City utilizes a very conservative investment philosophy when it invests its pooled cash funds in that the return of the principal is more important than the return on the principal. The City does not actively trade its portfolio and generally holds investments until maturity. Using a laddered approach to maturities and timing maturities to cash needs, the City does not anticipate selling investments to meet cash flow requirements.

Under the City's Investment Policy, a performance measurement standard has been established. The performance measure chosen is a weighted average of the overnight interest rate; and three month, six month, one year, three year, five year, and ten year Treasury rates, respectively. For the fiscal year ended September 30, 2019, the performance measure weighted average was 2.26%. The actual pooled cash earnings performance before bank charges was 2.20%.

Investments being held outside of the consolidated cash pool include escrowed debt service investments and employee retirement investments. Permissible escrowed debt service investments are specifically defined in each individual debt instrument, but generally follow the same limitations applicable to consolidated cash pool investments. The City maintains four different employee retirement programs, and each one has its own list of permitted investments. Generally, each plan allows the same type of investments as the consolidated cash pool, but additionally allows some portion of its assets to be invested in corporate bonds, notes of corporations, and stocks that are listed on one or more of the recognized national or international stock exchanges.

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

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable less than 60 days are included in the trade accounts receivable allowance for uncollectible accounts at the five-year average loss experience rate of 2.24%. Trade accounts receivable in excess of 60 days are reserved at 40%. The property tax receivable allowance for uncollectible accounts is 10% of the current year portion of the receivable, and 30%, 50%, 70%, 90%, and 95% for the receivable portions attributable to the prior five years respectively (fiscal 2014 thru 2018), and 100% of the receivable attributable to fiscal years 2013 and prior.

Property tax revenue is recognized in the fiscal year for which the taxes are levied, provided the availability test is met, in conformance with National Council on Governmental Accounting Interpretation No. 3. Property taxes for the following fiscal year are levied by City Council action in September of each year. This levy is apportioned to property owners based on the previous January 1 assessed values. Tax bills are mailed out on or about November 1, and the collection period runs from November 1 through March 31. On April 1, unpaid property taxes are considered delinquent and become a lien. Tax certificates are sold in June for real property with delinquent taxes.

Since taxes are not collected prior to November 1, the City does not record revenue for advance collections. Uncollected taxes receivable at year-end are recorded, with an appropriate allowance for estimated uncollectible amounts. The net amount deemed to be collectible but not current (not expected to be collected within sixty days after the close of the fiscal year) is shown as deferred inflows in the appropriate fund.

All delinquent property taxes, except those levied specifically for the restricted purposes of financing activities accounted for in the Special Development Fund, are recorded in the General Fund. Property tax revenues are recognized in the General Fund and the required transfers to the appropriate debt service or pension fund are recorded as operating transfers from the General Fund.

City of Clearwater, Florida
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For the Year Ended September 30, 2019

The City is permitted by State law to levy ten mills without referendum. Additional millage not subject to the ten mill limitation is authorized if approved by referendum, for a period not to exceed two years. The tax rate of 5.9550 mills for the year ended September 30, 2019 is an increase of 0.8 mills from the previous rate of 5.1550 mills, which the City levied for nine consecutive years.

Water, gas, stormwater, solid waste and recycling charges to customers are based on actual consumption. Consumption is determined on a monthly cycle basis. The City recognizes the unbilled consumption as revenue as of September 30th.

I.E.3. Inventories and prepaid items

Inventories of proprietary funds are stated at cost and valued on the first-in first-out (FIFO) basis. In governmental funds, the majority of inventory items are accounted for under the purchases method, which provides that expenditures are recognized when the inventory item is purchased. The only governmental fund inventory that is accounted for under the consumption method is the General Fund inventory of items for resale at the City's public fishing pier. Under the consumption method, the expenditure/expense is recognized when the inventory item is sold (or consumed).

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I.E.4. Restricted assets

Certain resources of the City's enterprise funds are classified as restricted assets. Restricted assets include: Water and Sewer improvement charges restricted by the authorizing ordinances to the construction of additions and improvements to the water and sewer systems; Water & Sewer Utility, Gas Utility and Solid Waste & Recycling Utility restricted customer deposits; assets of the Water & Sewer Utility, Gas Utility, and Stormwater Utility funds restricted under the provisions of authorizing ordinances for revenue bonds to the payment of future revenue bond debt service, system construction, and renewals and replacements; and the net pension assets of the Water & Sewer Utility, Gas Utility, Solid Waste & Recycling Utility and Stormwater Utility funds that are in an irrevocable trust are restricted for pensions.

I.E.5. Capital assets

Capital assets, which include property, plant, equipment, and certain infrastructure assets, (e.g. roads, bridges, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, as defined by the City, are assets with an initial individual cost of more than \$5,000 (amount not rounded) and useful life greater than one year. Individual assets that cost less than \$5,000, but that operate as part of a network system, may be capitalized in the aggregate, using the group method. Additionally, higher thresholds for capitalization apply to the following categories: land improvements, \$50,000; buildings, building improvements, and utility systems, \$100,000; intangible assets, \$100,000; and infrastructure, \$500,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

City of Clearwater, Florida
Notes to the Basic Financial Statements
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Property, plant, equipment, and intangible assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 – 40
Public domain infrastructure	20 – 40
Utility systems	18 – 40
Machinery & equipment	3 – 15
Vehicles	5 – 10
Intangible assets	5 – 20

I.E.6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick leave "caps" vary depending upon an employee's bargaining unit, hire date, etc, but generally employees may accumulate vacation time not exceeding 320 hours and sick leave not exceeding 1,560 hours. Upon retirement from City service a qualified employee is paid for all vacation time not exceeding the applicable vacation "cap" and one-half of accumulated unused sick leave not exceeding the sick leave cap (i.e. maximum pay-out of 780 hours for an employee with a 1,560 hour cap). The City accrues for all earned but unused vacation pay up to the applicable cap and the portion of unused sick leave estimated to be payable upon retirement. The current portion of compensated absences is the amount estimated to be used in the following year. For governmental activities, compensated absences are liquidated within the same governmental funds where the employee vacation and/or sick leave was earned.

I.E.7. Long-term obligations

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

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

I.E.8. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption on net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until that time. The City reports deferred outflows related to bond refundings, pensions and other post-employment benefits (OPEB).

Similarly, in addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position

City of Clearwater, Florida
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For the Year Ended September 30, 2019

that applies for a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows related to pensions, other post-employment benefits (OPEB), property taxes receivable and code enforcement liens.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, deferred outflows related to deferred amounts on bond refundings are reported in the Water and Sewer Utility, Gas Utility and Stormwater Utility funds, as well as in the government-wide statements. These amounts represent the difference between the reacquisition price and the net carrying amount of the old debt, which is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, deferred outflows related to property taxes receivable and code enforcement liens are reported when the receivable is recorded in the governmental fund financial statements but the revenue is not available.

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, changes in total pension liability arising from the differences between expected and actual experience, changes of assumption of future economic and demographic factors and the net difference between projected and actual earnings on pension plan investments are recognized as deferred outflows of resources or deferred inflows of resources and are reported in all enterprise and internal service funds, as well as in the government-wide statements. Changes between expected and actual experience and changes of assumptions are recognized in pension expense over a closed period equal to the average of the expected remaining service lives of all active and inactive employees, while the difference between projected and actual earnings is recognized in pension expense over a closed five-year period.

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees), determined as of the beginning of the measurement period. At October 1, 2018, the beginning of the current measurement period, the average of the expected remaining services lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 6.20 years.

I.E.9. Net position flow assumption

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

I.E.10. Fund balance flow assumption

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

I.E.11. Fund balance policies

The fund balance of governmental funds is reported in various classifications that comprise a hierarchy based primarily on the extent to which the government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. Each classification of fund balance is based on the relative strength of the constraints that control how specific amounts can be spent. The order of spending follows the same hierarchy. Restricted resources are applied first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Nonspendable fund balance represents amounts that cannot be spent, such as inventories, prepaid amounts, and amounts that are legally or contractually required to remain intact.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by the adoption of an ordinance prior to the end of the fiscal year by the City Council, the highest level of decision-making authority. Once adopted by ordinance, a commitment can only be revised or removed by the adoption of another ordinance.

Assigned fund balance includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed because they are supported by management's intent rather than a formal action of the City Council. The Finance Director is authorized by Section 2.511 of the Code of Ordinances to assign fund balance. Since assignments only exist temporarily, no further action is required to revise or remove them.

Unassigned fund balance includes amounts not classified in the above categories. Positive unassigned fund balance may only be reported in the general fund. In all other funds, unassigned fund balance is limited to negative residual fund balances.

Minimum fund balance. Per City Council Policy, a minimum General Fund unassigned balance of 8.0% of the subsequent year's budgeted expenditures must be maintained as a contingency fund for unanticipated financial needs. In addition, 0.5% of the subsequent year's budgeted expenditures must be maintained to fund unanticipated retirements of employees residing in General Fund departments. Budgeted appropriations will maintain these minimum reserves of 8.5% of subsequent year's budgeted expenditures, with excess reserves available for specific capital improvement projects or other "one-time" needs.

Stabilization arrangement. As of September 30, 2019, the City Council has not established a separate revenue stabilization reserve.

I.E.12. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from the estimates.

I.F. Adoption of new GASB pronouncements

During the fiscal year ended September 30, 2019, the City implemented the following GASB pronouncements:

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct borrowings and Direct Placements*. Issued April 2018, this statement requires that additional essential information related to debt be disclosed in notes to financial

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The required disclosures have been added to Note III.F.5.

GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*. Issued August 2018, this statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Implementation of this statement did not have any impact on the City's financial statements or note disclosures.

GASB Statement No. 91, *Conduit Debt Obligations*. Issued May 2019, this statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The required disclosures have been added to Note IV.G.

Note II – Stewardship, Compliance, and Accountability

II.A. Budgets and budgetary accounting

Annual budgets are legally adopted for the General Fund, Special Development special revenue fund, and the Community Redevelopment Agency special revenue fund. The budget for the Special Development Fund is adopted on a basis consistent with GAAP, and appropriations lapse at year-end. The Community Redevelopment Agency (CRA) Fund annual budget is adopted by the trustees of that agency in accordance with state law. The level of budgetary control is the total fund. The CRA Fund Budget is adopted on a basis consistent with GAAP, and all appropriations lapse at year-end.

There are unfavorable expenditure budget variances in the General Fund in the City Manager's Office, primarily due to the mid-year addition of two full-time positions (Sustainability Coordinator and Cultural Affairs Coordinator) and the upgrade of the Assistant to the City Manager position; in CRA Administration primarily due to temporary part-time positions created to staff events at Second Century Studios and a temporary full-time position to cover leave of absence; in Marine due to unbudgeted purchases for resale at Pier 60, which were offset by unbudgeted concession and souvenir revenues. There were no unfavorable expenditure budget variances in the Special Development special revenue fund or the Community Redevelopment Agency special revenue fund.

The level of budgetary control established by the legislative body, the level on which expenditures may not legally exceed appropriations, is the individual fund. In accordance with provisions of Ordinance 5025-90 and with Section 2.519(4) of the Clearwater Code, the City Manager may transfer part or all of any unencumbered appropriation balance among programs within an operating fund, provided such action does not result in the discontinuance of a program. Such transfers must be included in the next budget review presented to the City Council. Upon detailed written request by the City Manager, the City Council may by ordinance transfer part or all of any unencumbered appropriation balance from one fund to another.

As established by administrative policy, department directors may transfer money from one operating code to another within a program without a formal written amendment. Formal requests for budget amendments from department directors are required for transfers, capital expenditures, and reserves. Thus, certain object classifications within departmental and/or program budget appropriations are subject to administratively imposed controls, in addition to the legal controls imposed by City Council action described above.

City of Clearwater, Florida
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Budget amounts presented in the accompanying financial statements reflect all amendments adopted by the City Council and the governing board of the component unit. All amendments were adopted in conformance with legal requirements. Individual amendments, as well as the net effects of all amendments during the fiscal year, were not material in relation to the original appropriations for the governmental funds in the aggregate.

Budgets for the Capital Projects Funds, the Special Programs Fund, the SHIP Local Housing Assistance Trust Fund, and the Pinellas County Local Housing Assistance Trust Fund are adopted on a multi-year completed program basis, where budgetary appropriations do not lapse at year-end, but may extend across two or more fiscal years. A comparison of annual results with these budgets would not be meaningful and is therefore not included in this report.

All City Council adopted budgets are integrated into the formal accounting system to allow for monthly comparison of projected and actual results in all funds for which budgets are adopted.

Note III – Detailed Notes on All Funds

III.A. Deposits and investments

Investments with original maturities of three months or less are considered to meet the definition of cash equivalents. The majority of the investments in which the City's proprietary funds have equity are held by the City's consolidated pool of cash and investments. Since fund equities in this cash management pool have the general characteristics of demand deposits, in that additional funds may be deposited at any time, and funds may be withdrawn at any time without prior notice or penalty, each fund's equity account is considered a cash-equivalent regardless of the maturities of investments held by the pool. Funds with deficit (overdraft) positions within the consolidated pool report the deficits as interfund payables to the City's Capital Improvement Fund.

Fair Value

The City of Clearwater and the City's pension plans categorize fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the securities and assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs. Certain investments held by the City and the pension plans are valued at net asset value (NAV) per share when an investment does not have a readily determined fair value, provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with GAAP requirements.

Equity and Fixed Income Securities – Equity securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets issued by pricing vendors for these securities. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the City's custodian bank, Wells Fargo, for the City's pooled cash investments. Prices for pension investments are obtained by the custodial agents for each of the pension plans. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using prices determined by matrix pricing techniques maintained by various pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Debt and equity securities classified in Level 3 of the fair value hierarchy, when applicable, are securities whose stated market price is unobservable by the marketplace; often these securities are priced by the issuer or industry groups.

Real Estate Funds – Investments in real estate funds are valued at estimated fair value, as determined in good faith by the General Partner (GP). These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the GP. These assets are valued at NAV.

City of Clearwater, Florida
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Deposits

All cash of the City is entirely insured either by federal depository insurance or via banks' participation as qualified public depositories pursuant to Florida Statutes, Chapter 280, "Security for Public Deposits". The City is required to verify that monies are invested in "qualified public depositories" as defined in Florida Statutes section 280.02.

Pooled Cash and Investments

To increase returns and minimize fees, the City follows the practice of pooling available cash and investments of all funds, with the exception of retirement plan investments and assets held under Bond Trust Indenture Agreements. Please refer to Note I.E.1. for a discussion of allowable investments under the pooled cash and investments investment policy. All investments at year-end were in compliance with the pooled cash and investments investment policy.

Pooled cash and investments as of September 30, 2019 are classified in the accompanying financial statements as follows:

<u>Statement of net position</u>	<u>9/30/2019</u>
Primary Government:	
Cash and investments	\$ 445,190,570
Restricted cash and investments	30,687,992
Fiduciary Funds:	
Cash and investments-agency fund	484,650
Total pooled cash and investments	<u><u>\$ 476,363,212</u></u>

City of Clearwater, Florida
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For the Year Ended September 30, 2019

<u>Pooled Cash and Investments</u>	Carrying Amount	% of Portfolio	Investment Maturities in Years			<u>Moody's Rating</u>
			<u>Less than 1</u>	<u>1-3 Years</u>	<u>More than 3</u>	
Cash and cash equivalents:						
Cash on hand	\$ 49,257	0.01%				N/A
Time / interest bearing account	<u>8,731,087</u>	1.83%				N/A
Total cash and cash equivalents	<u>8,780,344</u>					
Investments:						
Local Government Investment Pools:						
Florida Safe Investment Pool	24,467,461	5.14%	24,467,461	-	-	AAAm
Florida Cooperative Liquid Assets Securities System	<u>155,927,819</u>	32.73%	155,927,819	-	-	AAAm
Florida Local Government Investment Trust - Short Term Bonds	<u>5,051,495</u>	1.06%	-	5,051,495	-	AAAf
	<u>185,446,775</u>		<u>180,395,280</u>	<u>5,051,495</u>	<u>-</u>	
Treasuries						
Treasuries	<u>5,202,930</u>	1.09%	-	-	<u>5,202,930</u>	N/A
U.S. Agencies:						
Federal Home Loan Bank (FHLB)	32,499,611	6.82%	5,996,894	24,963,898	1,538,819	Aaa
Federal National Mortgage Assn (FNMA)	<u>39,752,528</u>	8.35%	29,773,029	9,979,499	-	Aaa
Federal Farm Credit Bank (FFCB)	19,994,061	4.20%	4,996,395	14,997,666	-	Aaa
Federal Home Loan Mortgage Corp (FHLMC)	95,059,500	19.95%	14,951,563	49,969,421	30,138,516	Aaa
Federal Home Loan Mortgage Corp Zeroes	1,890,707	0.40%	-	1,890,707	-	Aaa
Federal National Mortgage Assn (FNMA) Zeroes	<u>9,530,738</u>	2.00%	-	9,530,738	-	Aaa
Farmer Mac (FAMCA)	3,655,998	0.77%	-	3,655,998	-	Aaa
Tennessee Valley Authority (TVA) Zeroes	<u>2,726,655</u>	0.57%	2,303,402	423,253	-	Aaa
Total U.S. Agencies	<u>205,109,798</u>		<u>58,021,283</u>	<u>115,411,180</u>	<u>31,677,335</u>	
Municipal bonds						
Municipal bonds	1,915,000	0.40%	1,915,000	-	-	Aa1/Aa2/Aa3
Total municipal bonds	<u>1,000,000</u>	0.21%	<u>1,000,000</u>	<u>-</u>	<u>-</u>	A1/A2/A3
	<u>2,915,000</u>		<u>2,915,000</u>	<u>-</u>	<u>-</u>	
Mortgage backed securities						
Mortgage backed securities	<u>67,735,309</u>	14.22%	3,074,538	15,802,401	48,858,370	Aaa
Asset backed securities	<u>1,173,056</u>	0.25%	2,780	261,283	908,993	Aaa
Total investments	<u>467,582,868</u>		<u>244,408,881</u>	<u>136,526,359</u>	<u>86,647,628</u>	
Total pooled cash and investments	<u>\$ 476,363,212</u>	100.00%				

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Interest Rate Risk – Pooled Cash and Investments:

As a means of limiting exposure to fair value losses arising from rising interest rates, the City's pooled cash investment policy prohibits investments in securities maturing more than fifteen years from the date of purchase, unless matched to a specific cash flow requirement. Additionally, the policy allows no more than 10% of the portfolio to have maturities in excess of ten years unless specifically matched against a debt or obligation. Finally, the investment policy states that it is the City's intent to keep the weighted average maturity to three years or less, except for temporary situations due to market conditions and/or cash needs when the average maturity may exceed three years but shall not exceed five years. Weighted average maturities for the City's pooled cash investments are indicated in the table above.

Credit Risk – Pooled Cash and Investments:

The City's pooled cash investment policy, in accordance with Florida Statutes, allows investments to direct obligations of the United States, federal agencies, debt issued by the State of Florida or any political subdivision, and commercial paper of prime quality of the highest letter and numerical rating as provided by at least one nationally recognized rating service. Ratings for the City's pooled cash investments are disclosed in the preceding table.

Concentration of Credit Risk – Pooled Cash and Investments:

The City's pooled cash investment policy limits the investment in any one issuer to 40% of the portfolio. Concentrations of the various issuers are disclosed in the preceding table.

Fair Value Measurement:

The City has adopted the provisions of GASB Statements No. 72 and No. 79 and fully disclosed in the notes to the financial statements the fair value hierarchy and the methods of valuing the related investments as required under generally accepted accounting principles. The City of Clearwater categorizes fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the securities and assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs. Certain investments held by the City are valued at net asset value (NAV) per share when an investment does not have a readily determined fair value, provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with GAAP requirements.

Fixed Income Securities – Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the City's custodian bank, Bank of America, for the City's pooled cash investments. Debt securities classified in Level 2 of the fair value hierarchy are valued using prices determined by matrix pricing techniques maintained by various pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

The City has the following recurring fair value measurements as of September 30, 2019:

(in thousands)	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at Net Asset Value
U.S. Government securities	\$ 5,203	\$ -	\$ 5,203	\$ -	\$ -
Federal Agency securities	205,110	-	205,110	-	-
Municipal obligations	2,915	-	2,915	-	-
Mortgage backed securities	67,735	-	67,735	-	-
Asset backed securities	1,173	-	1,173	-	-
Florida Safe Investment Pool	24,467	-	-	-	24,467
Florida Cooperative Liquid Assets Securities System	155,928	-	-	-	155,928
Florida Local Govt. Investment Trust-Short Term Bonds	5,052	-	-	-	5,052
	<u>\$ 467,583</u>	<u>\$ -</u>	<u>\$ 282,136</u>	<u>\$ -</u>	<u>\$ 185,447</u>

The Florida SAFE Investment Pool (FLSAFE), the Florida Cooperative Liquid Assets Securities System (FLCLASS), and the Florida Local Government Investment Trust – Short Term Bonds (FLGIT-Short Term Bonds), are independent local government investment pools created under the laws of Florida to provide eligible units of local government with investment vehicles to pool their surplus funds. FLSAFE and FLCLASS investment pools are Stable Net Asset Value investment pools rated AAAm by Standard & Poors, while FLGIT – Short Term Bonds pool is a Variable Net Asset Value investment pool rated AAAf by Standard & Poors. The investment advisor and administrator for the FLSAFE investment pool is PMA Financial Network, Inc.; the investment advisor and administrator for the FLCLASS investment pool is Public Trust Advisors, LLC; while Payden & Rygel serves as the investment advisor for the FLGIT Short Term Bonds investment pool and CiviTek as administrator.

The three local government investment pools, Florida Safe Investment Pool (FLSAFE), Florida Cooperative Liquid Assets Securities System (FLCLASS), and the Florida Local Government Investment Trust (FLGIT) Short Term Bonds Fund, have no unfunded commitments and all provide same day or next day redemption. The investment strategies of all three prioritize safety of principal and liquidity over return, consistent with the City's investment strategy, investing in high-quality short-term investments.

Pension Plan Assets

The City reports four pension funds in the accompanying financial statements. Each of the plans has a separate governing board of trustees, a separate investment policy, and differing investment restrictions/risks. Consequently, each is disclosed separately below. All investments at year-end were in compliance with the respective plan investment policies. Please refer to Note I.E.1. for a discussion of allowable investments under the pension plans.

Investments are reported at fair value or net asset value, as disclosed, and are managed by third party money managers. The City's independent custodian and the individual money managers price each instrument (using various third-party pricing sources) and reconcile material differences. Investments in certain alternative investments are valued using the net asset value (NAV) per shares outstanding.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Employees' Pension Plan

At year-end, the Employees' Pension Plan cash and investment balances were as follows:

<u>Employees' Pension Plan Cash and Investments</u>	Carrying Amount	% of Portfolio	Weighted avg maturity (years)	Moody's Rating
Cash and cash equivalents:				
Cash and cash equivalents - pooled cash	\$ 2,118,678	0.20%	N/A	N/A
Cash in managed investment accounts	<u>24,360,444</u>	<u>2.26%</u>	N/A	N/A
Total cash and cash equivalents	<u>26,479,122</u>			
Investments:				
Government bonds	940,220	0.09%		AGY
Government bonds	44,554,023	4.13%		Aaa
Government bonds	566,892	0.05%		Aa
Government bonds	2,408,124	0.22%		A
Government bonds	2,303,038	0.21%		Baa
Government bonds	427,552	0.04%		NR
Index linked government bonds	3,289,568	0.30%	25.3	Aaa
Agency bonds	2,257,180	0.21%		AGY
Agency bonds	2,829,405	0.26%		Baa
Municipal bonds	1,436,509	0.13%		Aa
Municipal bonds	745,056	0.07%	18.8	A
Municipal bonds	731,120	0.07%		Baa
Domestic corporate bonds	1,075,057	0.10%		Aaa
Domestic corporate bonds	5,046,600	0.47%		Aa
Domestic corporate bonds	27,267,389	2.53%		A
Domestic corporate bonds	58,245,234	5.39%		Baa
Domestic corporate bonds	5,507,131	0.51%		Ba
Domestic corporate bonds	3,619,583	0.34%		NR
Asset backed securities	46,594	0.00%		AGY
Asset backed securities	7,755,240	0.72%	37.5	Aaa
Other/rights/warrants	1,606	0.00%		NR
Domestic stocks	396,845,666	36.74%		N/A
International equity securities	132,135,368	12.24%		N/A
Mortgage backed bonds	131,366,611	12.17%		AGY
Mortgage backed bonds	54,658	0.01%		Aaa
Mortgage backed bonds	102,343	0.01%	28.0	NR
International equity mutual funds	36,748,733	3.40%		N/A
Domestic equity mutual funds	47,452,566	4.39%		N/A
Infrastructure	41,157,478	3.81%		N/A
Real Estate/Timber	96,371,633	8.93%		N/A
Total investments	<u>1,053,288,177</u>			
Total cash and investments	<u>\$ 1,079,767,299</u>	100.00%		

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Interest Rate Risk – Employees’ Pension Plan:

As a means of limiting exposure to fair value losses arising from rising interest rates, the Employees’ Pension Plan investment policy limits the investment in fixed income investments to no more than 50% of the portfolio. There are no limits related to weighted average maturities due to the long-term nature of pension plan investing.

Credit Risk – Employees’ Pension Plan:

The Employees’ Pension Plan investment policy limits credit risk by restricting equity investments to corporations that are listed on one of the national or international stock exchanges. Additionally, fixed income corporate bonds must carry an “investment grade” rating as established by one of the nationally recognized rating agencies. At September 30, 2019, the Plan had \$5,507,131 invested in domestic corporate bonds that had fallen below investment grade (Ba1 and lower) as the result of investment downgrades, as indicated on the previous table. The respective money managers notified the Plan administrators of the downgrades and the planned courses of action related to these securities on a timely basis, consistent with the policy’s individual manager guidelines.

Concentration of Credit Risk – Employees’ Pension Plan:

The Employees’ Pension Plan investment policy limits concentration of credit risk by limiting the investment in common stock or capital stock of any one corporation to 3% of the plan equity assets, unless due to a higher percentage included in a nationally recognized market index at least as broad as the Standard and Poor’s Composite Index of 500 companies, or upon a specific finding by the investment committee that such higher percentage is in the best interest of the fund. Additionally, the individual manager guidelines associated with the policy provide further diversification of both equity and fixed income investments to minimize concentration of credit risk.

Foreign Currency Risk – Employees’ Pension Plan:

Risk of loss arises from changes in currency exchange rates. The Employees’ Pension Plan investment policy does not have a formal policy to limit foreign currency risk, other than a guideline of no more than 25% of the plan assets invested in international equities. The Pension Plan’s exposure to foreign currency risk at September 30, 2019 is as follows:

<u>Investment</u>	<u>Currency</u>	<u>Fair Value</u>
Common Stock	Euro currency	\$ 19,718,032
Common Stock	Japanese yen	17,136,335
Common Stock	British pound sterling	10,251,238
Common Stock	Swiss franc	5,287,063
Common Stock	Hong Kong dollar	3,330,234
Common Stock	Australian dollar	2,258,244
Common Stock	Danish krone	880,583
Common Stock	Singapore dollar	873,165
Common Stock	Norwegian krone	577,540
Common Stock	Swedish krona	538,244
Common Stock	South Korean won	418,267
Total		<u><u>\$ 61,268,945</u></u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Fair Value Measurement:

The Employees' Pension Plan has adopted the provisions of GASB Statement No. 72 and fully disclosed in the notes to the financial statements the fair value hierarchy and the methods of valuing the related investments as required under the generally accepted accounting principles. The City's independent custodian and the individual money managers price each instrument (using various third-party pricing sources) and reconcile material differences. Investments in certain alternative investments are valued using the net asset value (NAV) per shares outstanding.

The Employees' Pension Plan categorizes fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the securities and assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs. Certain investments held by the pension plan are valued at net asset value (NAV) per share when an investment does not have a readily determined fair value, provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with GAAP requirements.

Equity and Fixed Income Securities – Equity securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets issued by pricing vendors for these securities. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the City's custodian bank, Bank of America, for the City's pooled cash investments. Prices for pension investments are obtained by the custodial agents for each of the pension plans. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using prices determined by matrix pricing techniques maintained by various pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Debt and equity securities classified in Level 3 of the fair value hierarchy, when applicable, are securities whose stated market price is unobservable by the marketplace; often these securities are priced by the issuer or industry groups.

Real Estate Funds – Investments in real estate funds are valued at estimated fair value, as determined in good faith by the General Partner (GP). These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the GP. These assets are valued at NAV.

The Plan has the following recurring fair value measurements as of September 30, 2019:

(in thousands)	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Measured at Net Asset Value
Government bonds	\$ 51,200	\$ -		\$ 51,200		\$ -		\$ -
Index linked government bonds	3,289	-		3,289		-		-
U.S. agencies	5,086	-		5,086		-		-
Municipal bonds	2,913	-		2,913		-		-
Domestic corporate bonds	100,761	-		100,761		-		-
Asset backed bonds	7,802	-		7,802		-		-
Other/Rights/Warrants	2	-		-		2		-
Domestic stocks	396,846	396,846		-		-		-
International equity securities	132,135	132,135		-		-		-
Mortgage backed bonds	131,524	-		131,524		-		-
Emerging markets mutual funds	36,749	-		-		-		36,749
Domestic equity mutual funds	47,452	-		47,452		-		-
Infrastructure	41,157	-		-		-		41,157
Real Estate/Timber	96,372	-		-		-		96,372
	\$ 1,053,288	\$ 528,981		\$ 350,027		2	\$ 174,278	

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Net Asset Value Investments (in thousands):

Money Manager	Value	Unfunded Commitments	Investment Strategy	Redemption Restrictions
Dimensional	\$ 36,749	\$ -	Emerging markets equity collective investment trust seeking long term capital appreciation by investing at least 80% of net assets in equity securities of companies located in emerging market countries.	None
Multi-Employer Property Trust	51,366	-	An open-end commingled real estate equity fund organized as a bank collective trust. Strategy to create top-quality, core, income-producing assets through development, rehab, or acquisition and repositioning of undervalued assets.	Quarterly redemptions with 45 days notice.
Molpus Woodlands Group Funds III & IV	11,551	1,255	Limited Partnership providing income through acquisition, holding, and distribution of timberland	No redemption due to Limited Partnership term of up to 14 years, ending 10/22/2027.
Hancock Timberland XI LP	8,141	559	Limited Partnership providing income through acquisition, holding, and distribution of timberland	No redemption due to Limited Partnership. Two-year wind-up period begins 12/31/2025 and ends 12/31/2027.
IFM Infrastructure	41,157	-	Limited Partnership investing in a diversified portfolio of global infrastructure assets, favoring proprietary investment opportunities over competitive bidding processes.	Quarterly redemptions with 90 days notice; manager's best efforts within 36 months of end of quarter.
USAA U.S. Government Buildings	11,625	-	Core plus real estate strategy for acquisition and build-to-suit development of high quality assets leased to agencies of the U.S. Federal and State Governments.	Quarterly redemptions with 60 days notice.
Intercontinental U.S. Real Estate Investment Trust	13,689	-	Primarily investing in high-quality core and core plus properties for stable predictable cash flow and opportunity for capital appreciation. To a lesser degree, additional enhanced-core and value properties to further enhance diversification and return.	Quarterly redemptions with 60 days notice.
	<u>\$ 174,278</u>	<u>\$ 1,814</u>		

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Firefighters' Relief and Pension Plan

At year-end, the Firefighters' Relief and Pension Plan cash and investment balances were as follows:

	<u>Carrying Amount</u>	<u>% of Portfolio</u>	<u>Weighted avg maturity (years)</u>	<u>Moody's Rating</u>
Cash and cash equivalents:				
Cash and cash equivalents	\$ 1,454,685	40.71%	N/A	N/A
Total cash and cash equivalents	<u>1,454,685</u>			
Investments:				
U.S. agency - Federal Agricultural Mortgage Corp (FAMCA)	1,144,740	32.04%	4.62	Aaa
U.S. agency - Federal Home Loan Bank (FHLB)	973,857	27.25%	16.92	Aaa
Total investments	<u>2,118,597</u>			
Total managed cash and investments	<u>\$ 3,573,282</u>	100.00%		

Interest Rate Risk – Firefighters' Relief and Pension Plan:

As a means of limiting exposure to fair value losses arising from rising interest rates, the Firefighters' Relief and Pension Plan investment policy stipulates that the Plan does not trade securities and will typically hold securities to maturity. There are no limits related to weighted average maturities due to the long-term nature of pension plan investing.

Credit Risk – Firefighters' Relief and Pension Plan:

The Firefighters' Relief and Pension Plan investment policy limits credit risk by restricting the fixed income investments to investment grade securities, per a nationally recognized ranking agency.

Concentration of Credit Risk – Firefighters' Relief and Pension Plan:

The Firefighters' Relief and Pension Plan investment policy limits concentration of credit risk by limiting the recommended target allocation of the plan to domestic fixed income to 70% of the portfolio, with the remainder of the portfolio allocated to the City's well-diversified pooled cash portfolio (see above disclosure). There are no additional limitations on concentrations with individual issuers or agencies due to the relatively small portfolio of this closed pension plan.

Foreign Currency Risk – Firefighters' Relief and Pension Plan:

The Firefighters' Relief and Pension Plan investment policy does not permit investment in foreign fixed income or equity securities.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Fair Value Measurement:

The Firefighters' Relief and Pension Plan has adopted the provisions of GASB Statement No. 72 and fully disclosed in the notes to the financial statements the fair value hierarchy and the methods of valuing the related investments as required under the generally accepted accounting principles. The Plan has the following recurring fair value measurements as of September 30, 2019:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Federal agency securities	-	\$ 2,118,597	-

Police Supplemental Pension Plan

At year-end, the Police Supplemental Pension Plan cash and investment balances were as follows:

	Carrying Amount	% of Portfolio	Weighted avg maturity (years)	Moody's Rating
<u>Cash and cash equivalents:</u>				
Cash in bank	\$ 11,225	0.05%	N/A	N/A
Cash in managed investment accounts	1,289,663	6.31%	N/A	N/A
Total cash and cash equivalents	<u>1,300,888</u>			
<u>Investments:</u>				
Domestic equity mutual funds	11,519,721	56.40%	N/A	N/R
International equity mutual funds	7,609,003	37.24%	N/A	N/R
Total investments	<u>19,128,724</u>			
Total managed cash and investments	<u>\$ 20,429,612</u>	100.00%		

Interest Rate Risk – Police Supplemental Pension Plan:

As a means of limiting exposure to fair value losses arising from rising interest rates, the Police Supplemental Pension Plan investment policy limits the duration of the fixed income portfolio to 125% of the duration of the Barclays Intermediate Government/Credit Bond Index subject to quarterly review. Additionally, no issues, Treasury, or Corporate Bonds may be purchased with more than 15 years to maturity.

Credit Risk – Police Supplemental Pension Plan:

The Police Supplemental Pension Plan investment policy limits credit risk by restricting equity investments to corporations that are listed on any one or more of the recognized national stock exchanges. Additionally, fixed income security investments are limited to U.S. Government and agency obligations; "BBB" rated or higher corporate bonds, debentures and preferred stocks; and bonds and other evidence of indebtedness issued or guaranteed by a corporation organized

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

under the laws of the United States, any state, or organized territory of the United States or District of Columbia provided the corporation meets the standards set forth in section 185.06(1)(b), Florida Statutes, as amended from time to time. Finally, the investment policy requires that investment managers dispose of any issue that has been downgraded below "BBB" as soon as is economically feasible.

Concentration of Credit Risk – Police Supplemental Pension Plan:

The Police Supplemental Pension Plan investment policy limits concentration of credit risk by limiting the stock position of the equity portfolio to no more than 3 percentage points in excess of the S&P 500. Additionally, any sector position of the equity portfolio may not exceed the S&P 500 sector weighting by more than 10 percentage points without written approval from the Board. Investments in fixed income securities of a single issuer, with the exception of the U.S. Government and its agencies, may not exceed 5 percent of the fixed income portfolio's value at cost.

Foreign Currency Risk – Police Supplemental Pension Plan:

Risk of loss arises from changes in currency exchange rates. The Police Supplemental Pension Plan investment policy does not have a formal policy to limit foreign currency risk, other than a guideline of that no more than 25% of the total portfolio at cost may be invested in foreign securities. The Plan has no current exposure to foreign currency risk.

Fair Value Measurement:

The Police Supplemental Pension Plan has adopted the provisions of GASB Statement No. 72 and fully disclosed in the notes to the financial statements the fair value hierarchy and the methods of valuing the related investments as required under generally accepted accounting principles. The Plan has the following recurring fair value measurements as of September 30, 2019:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>			
Domestic equity mutual funds	\$ 11,519,721	\$ -	\$ 11,519,721	\$ -
International equity mutual funds	7,609,003	-	7,609,003	-
	\$ 19,128,724	\$ -	\$ 19,128,724	\$ -

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Firefighters' Supplemental Pension Plan

At year-end, the Firefighters' Supplemental Pension Plan cash and investment balances were as follows:

	<u>Carrying Amount</u>	<u>% of Portfolio</u>	<u>Weighted avg maturity (years)</u>	<u>Moody's Rating</u>
Cash and cash equivalents:				
Cash in managed investment accounts	\$ 681,587	3.53%	N/A	N/A
Total cash and cash equivalents	<u>681,587</u>			
Investments:				
U.S. Treasury obligations	971,381	5.03%	2.8	Aaa
Domestic corporate bonds	477,152	2.47%		A1/A2/A3
Domestic corporate bonds	91,890	0.48%		Aaa/Aa1/Aa3
Domestic corporate bonds	1,296,837	6.71%	4.8	Baa1/Baa2/Baa3
Domestic corporate bonds	33,653	0.17%		N/R
Domestic stocks	2,884,196	14.92%	N/A	N/R
Mortgage backed bonds	1,627,683	8.42%	35.5	N/R
Domestic equity mutual funds	7,273,678	37.64%	N/A	N/R
International equity mutual funds	1,100,426	5.69%	N/A	N/R
Real estate	<u>2,887,822</u>	14.94%	N/A	N/R
Total investments	<u>18,644,718</u>			
Total managed cash and investments	<u>\$ 19,326,305</u>	100.00%		

Interest Rate Risk – Firefighters' Supplemental Pension Plan:

As a means of limiting exposure to fair value losses arising from rising interest rates, the Firefighters' Supplemental Pension Plan investment policy limits the duration of the fixed income portfolio to less than 135% of the duration of the Bloomberg Barclay's Capital Aggregate Bond Index.

Credit Risk – Firefighters' Supplemental Pension Plan:

The Firefighters' Supplemental Pension Plan investment policy limits credit risk by restricting equity investments to securities that are fully and easily negotiable. Investments in corporations whose stock has been publicly traded for less than one year are limited to 15% at cost value of the equity portfolio. Investment in equity securities whose market capitalization is less than \$10 billion dollars shall be limited to 25% of the total equity portfolio. The average credit quality of the bond portfolio shall be "A" or higher, and those securities rated below "BBB" shall not exceed 15% of the entire fixed income portfolio.

Concentration of Credit Risk – Firefighters' Supplemental Pension Plan:

The Firefighters' Supplemental Pension Plan investment policy limits concentration of credit risk by limiting the investment in common stock or capital stock of any one issuing company within an investment manager's portfolio to 5% of the portfolio. Similarly, no more than 5% at cost value of a fixed income investment manager's portfolio may be invested in the securities of any single corporate issuer per the plan investment policy. Finally, investments in collateralized mortgage obligations are limited to 25% of the fair value of the investment manager's total portfolio.

Foreign Currency Risk – Firefighters' Supplemental Pension Plan:

Risk of loss arises from changes in currency exchange rates. The Firefighters' Supplemental Pension Plan requires that no more than 25% of the market value of the plan's total assets may be invested in foreign equity securities, commingled or mutual funds. Direct investment in foreign companies is limited to those traded on a national exchange and/or American Depository Receipts (ADR's).

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Fair Value Measurement:

The Firefighters' Supplemental Pension Plan has adopted the provisions of GASB Statement No. 72 and fully disclosed in the notes to the financial statements the fair value hierarchy and the methods of valuing the related investments as required under generally accepted accounting principles. The Plan has the following recurring fair value measurements as of September 30, 2019:

	\$	Fair Value	Quoted Prices in	Significant	
			Active Markets	Other	Significant Unobservable
			for Identical Assets (Level 1)		
U.S. Treasury obligations	\$	971,381	\$ 971,381	\$ -	\$ -
Domestic corporate bonds		1,899,532	-	1,899,532	-
Domestic stocks		2,884,196	2,884,196	-	-
Mortgage backed bonds		1,627,683	-	1,627,683	-
Domestic equity mutual funds		7,273,678	7,273,678	-	-
International equity mutual funds		1,100,426	-	-	1,100,426
Real estate		2,887,822	-	-	2,887,822
	\$	18,644,718	\$ 11,129,255	\$ 3,527,215	\$ 3,988,248

III.B. Receivables

Receivables as of year-end for the City's governmental, proprietary and internal service funds, including the applicable allowances for uncollectible accounts for the proprietary funds, are segregated on the fund financial statements. Mortgages, Notes, and Other Loans in the amount of \$4,539,185 are reported on the Governmental Funds Balance Sheet, net of an allowance for uncollectible accounts in the amount of \$12,062,138. The gross receivable of \$16,601,323 includes \$872,139 of long-term loans receivable that are not expected to be collected within the next fiscal year. Mortgage notes receivable and the related payment history are reviewed individually on an annual basis to determine collectability for allowance and bad debt determinations.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Receivables as of year-end for the primary government's individual major funds, as well as non-major funds and internal service funds in the aggregate, are as follows:

Receivables, net of applicable allowances for uncollectible accounts (amounts in thousands):

	Franchise			Accounts and Contracts			Notes	Other	Total
	Taxes	Fees	Interest						
General fund	\$ 1,559	\$ 1,012	\$ 152	\$ 595	\$ -	\$ -	\$ 217	\$ 3,535	
Special Development	43	-	113	-	-	-	-	-	156
Capital Improvement	-	-	-	-	-	-	31	31	
Non-major governmental funds	-	-	46	-	16,601	6	16,653		
Internal service funds	-	-	171	-	-	144	144	315	
Total governmental	1,602	1,012	482	595	16,601	398		20,690	
Less: Allowance for uncollectable accounts	(261)	-	-	-	(12,062)	-		(12,323)	
Net governmental receivables	\$ 1,341	\$ 1,012	\$ 482	\$ 595	\$ 4,539	\$ 398		\$ 8,367	
Water and Sewer Utility	\$ -	\$ -	\$ 235	\$ 7,505	\$ -	\$ 35	\$ 35	\$ 7,775	
Gas Utility	-	-	90	3,530	-	34	34	3,654	
Solid Waste and Recycling Utility	-	-	89	2,190	-	-	-	2,279	
Stormwater Utility	-	-	92	2,130	-	1	1	2,223	
Non-major enterprise funds	-	-	49	-	-	62	62	111	
Total business-type	-	-	555	15,355	-	132	132	16,042	
Less: Allowance for uncollectable accounts	-	-	-	(217)	-	-	-	(217)	
Net business-type receivables	\$ -	\$ -	\$ 555	\$ 15,138	\$ -	\$ 132	\$ 132	\$ 15,825	

III.C. Capital assets

Capital asset activity for the year ended September 30, 2019:

Governmental Activities:	Beginning Balance	Increases	Decreases/Transfers	Ending Balance
Non-depreciable capital assets:				
Land	\$ 87,588,999	\$ 2,059,795	\$ (112,600)	\$ 89,536,194
Construction in progress	15,046,492	7,522,241	(12,218,502)	10,350,231
Total non-depreciable capital assets	102,635,491	9,582,036	(12,331,102)	99,886,425
Depreciable capital assets:				
Buildings	165,354,951	6,893,536	(2,457,906)	169,790,581
Improvements other than buildings	39,545,673	4,067,132	-	43,612,805
Machinery and equipment	103,246,599	12,715,913	(5,172,300)	110,790,212
Infrastructure	157,908,742	4,135,361	-	162,044,103
Total depreciable capital assets	466,055,965	27,811,942	(7,630,206)	486,237,701
Less accumulated depreciation for:				
Buildings	(75,039,476)	(5,106,108)	1,447,405	(78,698,179)
Improvements other than buildings	(26,964,822)	(2,299,496)	5,348,557	(23,915,761)
Machinery and equipment	(73,750,443)	(10,723,763)	5,118,393	(79,355,813)
Infrastructure	(104,845,188)	(3,289,500)	(5,348,557)	(113,483,245)
Total accumulated depreciation	(280,599,929)	(21,418,867)	6,565,798	(295,452,998)
Net depreciable capital assets	185,456,036	6,393,075	(1,064,408)	190,784,703
Net governmental activities capital assets	\$ 288,091,527	\$ 15,975,111	\$ (13,395,510)	\$ 290,671,128

City of Clearwater, Florida
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For the Year Ended September 30, 2019

Business-type activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non-depreciable capital assets:				
Land	\$ 31,968,620	\$ -	\$ -	\$ 31,968,620
Construction in progress	33,483,441	31,876,211	(31,419,260)	33,940,392
Total non-depreciable capital assets	<u>65,452,061</u>	<u>31,876,211</u>	<u>(31,419,260)</u>	<u>65,909,012</u>
Depreciable capital assets:				
Buildings	47,729,929	17,223,474	-	64,953,403
Improvements other than buildings	671,302,339	26,425,367	-	697,727,706
Machinery and equipment	18,165,194	1,925,721	(669,861)	19,421,054
Total depreciable capital assets	<u>737,197,462</u>	<u>45,574,562</u>	<u>(669,861)</u>	<u>782,102,163</u>
Less accumulated depreciation for:				
Buildings	(11,640,940)	(1,555,910)	-	(13,196,850)
Improvements other than buildings	(358,464,245)	(17,843,111)	-	(376,307,356)
Machinery and equipment	(10,229,859)	(1,339,791)	669,861	(10,899,789)
Total accumulated depreciation	<u>(380,335,044)</u>	<u>(20,738,812)</u>	<u>669,861</u>	<u>(400,403,995)</u>
Net depreciable capital assets	<u>356,862,418</u>	<u>24,835,750</u>	<u>-</u>	<u>381,698,168</u>
Net business-type activities capital assets	<u><u>\$ 422,314,479</u></u>	<u><u>\$ 56,711,961</u></u>	<u><u>\$ (31,419,260)</u></u>	<u><u>\$ 447,607,180</u></u>

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental activities:	
General government	\$ 688,397
Public safety	1,230,096
Transportation, including depreciation on infrastructure assets	4,773,696
Economic environment	38,560
Culture and recreation	5,211,671
Capital assets held by governmental internal service funds are charged to the various functions based on their usage of assets	<u>9,476,447</u>
	<u><u>\$ 21,418,867</u></u>

Business-type activities:	
Water and sewer utility	\$ 13,134,417
Gas utility	3,017,424
Solid waste and recycling utility	272,081
Stormwater utility	3,230,137
Marine operations	46,243
Aviation operations	209,698
Parking system operations	492,898
Clearwater Harbor Marina operations	335,914
	<u><u>\$ 20,738,812</u></u>

City of Clearwater, Florida
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Construction commitments

At September 30, 2019, material outstanding construction commitments were as follows:

<u>Project</u>	<u>Fund</u>	<u>Construction Commitments Outstanding</u>
Sanitary Sewer Repairs and Replacements	Water & Sewer Utility Enterprise Fund	\$ 11,956,667
Solid Waste Transfer Station	Solid Waste & Recycling Enterprise Fund	2,596,770
Druid Road/Allen's Creek Stormwater Improvements	Stormwater Utility Enterprise Fund	2,313,610
Lift Station 45 Force Main Replacement	Water & Sewer Utility Enterprise Fund	1,980,261
Countryside Sports Complex	Capital Improvement Fund	1,700,978
Hillcrest Bypass Culvert	Stormwater Utility Enterprise Fund	1,620,067
Street Resurfacing	Capital Improvement Fund	1,195,533
Sidewalks	Capital Improvement Fund	1,001,286
Mandalay Pedestrian Bridge	Capital Improvement Fund	724,066
Total Construction Commitments		<hr/> <hr/> \$ 25,089,238

III.D. Interfund receivables, payables, and transfers

III.D.1. Interfund balances

As discussed in Note III.A., individual fund deficits in the consolidated cash pool, if any, have been reclassified as of September 30, 2019, as interfund loans from the Capital Improvement Fund, which was selected by management for this purpose. This reclassification results in a corresponding reduction in the cash equity in the Capital Improvement Fund, offset by an increase in interfund receivables.

As of September 30, 2019, there were no funds reporting a cash pool deficit.

The amounts of the reclassified cash pool deficits, if any, as well as the current portion of other individual fund interfund payable and receivable balances are classified as Due from/to Other Funds. The long-term portions of other interfund balances are classified as Advances to/from Other Funds.

City of Clearwater, Florida
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Fund	Due from	Due to	Advances to	Advances from
	Other Funds	Other Funds	Other Funds	Other Funds
General Fund	\$ -	\$ 24,113	\$ -	\$ 101,471
Special Revenue Funds:				
Special Programs Fund	-	-	325,440	-
Community Redevelopment Agency Fund	-	-	-	325,440
Capital Projects Fund:				
Capital Improvement Fund	849,925	-	3,432,106	-
Enterprise Funds:				
Water & Sewer Fund	-	36,875	-	154,801
Solid Waste & Recycling Fund	-	397,985	-	3,183,435
Internal Service Funds:				
Administrative Services Fund	-	67,106	-	138,225
Garage Fund	-	645,800	-	2,717,657
Central Insurance Fund	321,954	-	2,863,483	-
	<u>\$ 1,171,879</u>	<u>\$ 1,171,879</u>	<u>\$ 6,621,029</u>	<u>\$ 6,621,029</u>

Descriptions of interfund loans as of September 30, 2019:

An internal loan from the Special Programs special revenue fund to the Community Redevelopment Agency special revenue fund in the amount of \$325,440, approved on September 1, 2011, for the environmental cleanup of the Car Pro site in the East Gateway area of the downtown. This loan is interest-free and is to be repaid upon the sale of the developed parcel. Because the first principal payment is not due within one year, this loan is classified as an advance.

An internal loan from the Central Insurance Fund to the Solid Waste/Recycling Utility Fund in the amount of \$3.5 million, approved November 16, 2017, to partially fund the construction of a Solid Waste Transfer Station. This loan provides for 10 equal payments of \$396,812, including interest at 2.35%, beginning September 30, 2019 and ending September 30, 2028. The current portion of this loan (\$321,954) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$2,863,483) is classified as an advance.

An internal loan from the Capital Improvement Fund to the Garage Fund in the amount of \$3,363,457 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$714,414, including interest at 2.04%, beginning May 31, 2020 and ending May 31, 2024. The current portion of this loan (\$645,800) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$2,717,657) is classified as an advance.

An internal loan from the Capital Improvement Fund to the Water & Sewer Utility Fund in the amount of \$191,586 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$40,694, including interest at 2.04%, beginning May 31, 2020 and ending May 31, 2024. The current portion of this loan (\$36,785) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$154,801) is classified as an advance.

An internal loan from the Capital Improvement Fund to the Solid Waste & Recycling Utility Fund in the amount of \$395,983 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$84,109, including interest at 2.04%, beginning May 31, 2020 and ending May 31, 2024. The current portion of this loan (\$76,031) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$319,952) is classified as an advance.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

An internal loan from the Capital Improvement Fund to the General Fund in the amount of \$125,584 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$26,675, including interest at 2.04%, beginning May 31, 2020 and ending May 31, 2024. The current portion of this loan (\$24,113) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$101,471) is classified as an advance.

An internal loan from the Capital Improvement Fund to the Administrative Services Fund in the amount of \$205,331 to fund the purchase of computers and other equipment. This loan provides for 3 equal payments of \$71,172, including interest at 1.98%, beginning May 31, 2020 and ending May 31, 2022. The current portion of this loan (\$67,106) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$138,225) is classified as an advance.

III.D.2. Interfund transfers

Transfers are primarily used to 1) transfer revenues that have been collected in the required fund per state law to the funds and activities that state law allows for expenditures; 2) transfer of “payment in lieu of taxes” contributions from the utility funds to the General Fund; 3) transfer funding from governmental funds to debt service and capital improvements funds; and 4) transfer matching funds from the General Fund to various grant programs.

Other non-routine interfund transfers occurring during the current fiscal year included: A transfer of \$5,239 from Central Insurance Fund to various funds to recognize safety award funding; a transfer of \$383,085 from General Fund to Capital Improvement Fund for the City Hall Move project; a transfer of \$900,000 from Capital Improvement Fund to Special Development Fund to return infrastructure sales tax revenue because the Crest Lake Park Improvements project will be funded with BP Deepwater Horizon settlement funds instead; a transfer of \$35,900 from Special Development Fund to Capital Improvement Fund for the McMullen Tennis Complex project; a transfer of \$30,000 from Special Programs Fund to General Fund representing unused funds in the Economic Development Incentives program; a transfer of \$62,000 from CRA Fund to General Fund for increased salaries; a transfer of \$296,285 from General Fund to CRA Fund for the City’s portion of the TIF; a transfer of \$100,000 from General Fund to Capital Improvement Fund for the Sustainability Initiatives project; a transfer of \$100,000 from General Fund to Capital Improvement Fund for the Belmont Park Revitalization project; a transfer of \$150,000 from General Fund to Capital Improvement Fund for the Environmental Assessment & Cleanup project; a transfer of \$1,319,544 from Gas Fund to General Fund for an increase in the gas dividend payment; and a transfer of \$100,000 from Special Programs Fund to Capital Improvement Fund for the Police Information Systems project.

City of Clearwater, Florida
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Interfund transfers for the year ended September 30, 2019 consisted of the following:

Transfers to General Fund from:	
Water & Sewer Utility Enterprise Fund	\$ 4,483,280
Gas Utility Enterprise Fund	3,152,511
Solid Waste & Recycling Utility Enterprise Fund	1,381,640
Stormwater Utility Enterprise Fund	1,021,390
Nonmajor governmental funds	991,516
Nonmajor enterprise funds	871,674
Internal service funds	2,952
Total	<u>11,904,963</u>
Transfers to Special Development Fund from:	
Capital Improvement Fund	<u>900,000</u>
Transfers to Capital Improvement Fund from:	
General Fund	11,372,350
Special Development Fund	15,271,030
Nonmajor governmental funds	130,000
Nonmajor enterprise funds	108,238
Total	<u>26,881,618</u>
Transfers to Stormwater Utility Enterprise Fund from:	
Internal service funds	<u>312</u>
Transfers to Water & Sewer Utility Enterprise Fund from:	
Internal service funds	<u>1,176</u>
Transfers to Nonmajor governmental funds from:	
General Fund	2,907,464
Nonmajor governmental funds	3,103,259
Total	<u>6,010,723</u>
Transfer to Nonmajor enterprise funds from:	
Special Development Fund	240,000
Nonmajor governmental funds	10,000
Internal service funds	167
Total	<u>250,167</u>
Transfers to Internal service funds from:	
General Fund	2,639,605
Special Development Fund	600,000
Capital Improvement Fund	2,141,511
Water & Sewer Utility Enterprise Fund	868,910
Gas Utility Enterprise Fund	12,129
Stormwater Utility Enterprise Fund	1,244,104
Nonmajor governmental funds	89,937
Nonmajor enterprise funds	39,990
Internal service funds	63,934
Total	<u>7,700,120</u>
Total interfund transfers	<u>\$ 53,649,079</u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
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III.E. Leases

The City purchases various equipment for governmental and business-type activities under lease purchase financing agreements. The equipment is purchased with cash and subsequently provided as collateral via a "lease purchase" financing arrangement, typically for a five-year term. Obligations under these lease purchase agreements are recorded at the present value of their future minimum lease payments as of date of inception. Purchase of the assets is recorded as a cash outflow and the subsequent receipt of the financing proceeds is recorded as "proceeds from issuance of debt" for Statement of Cash Flows reporting.

Capitalized equipment subject to lease purchase financing as of September 30, 2019:

	Governmental Activities	Business-type Activities
Equipment	\$ 37,314,895	\$ 1,598,195
Less: Accumulated Depreciation	(17,808,102)	(705,843)
Total	<u>\$ 19,506,793</u>	<u>\$ 892,352</u>

The future minimum lease payments under capital lease purchase agreements are as follows as of September 30, 2019:

Year Ending Sept. 30	Governmental Activities	Business-type Activities
2020	\$ 7,373,184	\$ 325,738
2021	5,223,947	290,351
2022	3,402,884	197,549
2023	1,786,349	46,345
2024	252,658	3,987
	<u>18,039,022</u>	<u>863,970</u>
Deduction of the amount of imputed interest necessary to reduce net minimum lease payments to present value	(568,981)	(26,436)
	<u>\$ 17,470,041</u>	<u>\$ 837,534</u>

The City also leases personal computers under a three-year operating lease that is cancelable on an annual basis. Lease payments for fiscal year ended September 30, 2019, totaled \$476,626.

City of Clearwater, Florida
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For the Year Ended September 30, 2019

III.F. Long-term debt

III.F.1. Revenue Bonds

\$14,810,000 in Spring Training Facility Revenue Bonds, Series 2002; issued to provide a portion of the costs of the acquisition, construction, rehabilitation and equipping of a spring training facility to be used by the Philadelphia Phillies major league baseball team; serial bonds due in annual installments of \$805,000 on March 1, 2020, to \$295,000 on March 1, 2022, with maximum principal of \$845,000 due March 1, 2021; interest at 4.50% to 5.375%; 5.375% term bonds in the amount of \$1,730,000 due March 1, 2027; and 5.375% term bonds in the amount of \$1,750,000 due March 1, 2031.

\$5,425,000

Total revenue bonds for governmental activities

5,425,000

\$420,000 Water and Sewer Revenue Bonds, Series 2009A; issued to pay the costs of the design, acquisition, construction, or reconstruction of capital improvements to the City's water and sewer system; serial bonds of \$420,000 due December 1, 2019; interest at 5.00%.

420,000

\$9,175,000 Water and Sewer Revenue Refunding Bonds, Series 2011; issued to refund and redeem on December 1, 2011 the City's callable Water and Sewer Revenue Bonds, Series 2002, maturing after December 1, 2011; serial bonds due in annual installments of \$1,820,000 on December 1, 2019, to \$2,020,000 on December 1, 2021, interest at 5.00%.

5,760,000

\$27,520,000 Water and Sewer Revenue Refunding Bond, Series 2014; a direct placement bank loan issued to refund and redeem the outstanding principal of the City's Water and Sewer Revenue Bonds, Series 2006, maturing on and after December 1, 2019; term bonds due in annual installments of \$1,575,000 on December 1, 2019, to \$2,305,000 on December 1, 2032; interest at 3.18%.

26,885,000

\$69,270,000 Water and Sewer Revenue Refunding Bonds, Series 2017; issued to refund and redeem the outstanding principal of the City's Water and Sewer Revenue Bonds, Series 2009A, maturing on and after December 1, 2020; term bonds due in annual installments of \$670,000 on December 1, 2020, to \$9,265,000 on December 1, 2039; interest at 3.50% to 5.00%.

69,270,000

\$29,080,000 Water and Sewer Revenue Refunding Bond, Series 2017B; a direct placement bank loan issued to refund and redeem the outstanding principal of the City's Water and Sewer Revenue Refunding Bonds, Series 2011, maturing on and after December 1, 2022; term bonds due in annual installments of \$375,000 on December 1, 2019, to \$2,895,000 on December 1, 2032; interest at 2.40%.

29,080,000

\$7,365,000 Gas System Revenue Refunding Bond, Series 2013; a direct placement bank loan issued to current refund the City's callable Gas System Revenue Refunding Bonds, Series 2004, maturing after September 1, 2013; term bonds due in annual installments of \$400,000 on September 1, 2020, to \$1,520,000 on September 1, 2026; interest at 2.41%.

5,115,000

City of Clearwater, Florida
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\$5,405,000 Gas System Revenue Refunding Bond, Series 2014; a direct placement bank loan issued to current refund the City's callable Gas System Revenue Refunding Bonds, Series 2005, maturing after September 1, 2014; term bonds due in annual installments of \$275,000 on September 1, 2020, to \$2,040,000 on September 1, 2027; interest at 2.67%.	4,130,000
\$19,365,000 Stormwater System Revenue Refunding Bonds, Series 2012, issued to pay and redeem all of the Stormwater Revenue Bonds, Series 2002, currently outstanding; serial bonds due in annual installments of \$795,000 on November 1, 2019, to \$1,350,000 on November 1, 2032, interest at 2.00% to 5.00%.	14,705,000
\$11,025,000 Stormwater System Revenue Refunding Bond, Series 2013; a direct placement bank loan issued to advance refund the City's callable Stormwater System Revenue Bonds, Series 2004, maturing after November 1, 2014; term bonds due in annual installments of \$535,000 on November 1, 2019, to \$780,000 on November 1, 2032; interest at 2.98%.	8,965,000
\$5,450,000 Stormwater System Revenue Refunding Bond, Series 2014; a direct placement bank loan issued to advance refund the City's callable Stormwater System Revenue Bonds, Series 2005, maturing after November 1, 2014; term bonds due in annual installments of \$335,000 on November 1, 2019, to \$435,000 on November 1, 2029; interest at 2.72%.	<u>4,205,000</u>
Total revenue bonds and direct placement bank loans for business-type activities	<u>168,535,000</u>
Total revenue bonds and direct placement bank loans	<u>\$173,960,000</u>

III.F.2. Restrictive covenants and collateral requirements

The Spring Training Facility Revenue Bonds are special, limited obligations of the City, payable solely from and secured by a lien upon and pledge of the (i) payments received by the City from the State of Florida pursuant to Section 212.20, Florida Statutes (State payments); and (ii) payments received by the City from Pinellas County, Florida pursuant to the Interlocal Agreement dated December 1, 2000 (County payments). The pledge of the State Payments and County Payments does not constitute a lien upon any property of the City. Furthermore, neither the City, Pinellas County, the State of Florida, nor any political subdivision thereof has pledged its faith or credit or taxing power to the payment of the bonds. However, the City has pledged, per a municipal bond insurance debt service agreement, to supplement State and County payments on deposit in the Revenue Fund with non-ad valorem City revenues, if necessary, to pay debt service.

The Water and Sewer Revenue Bonds, Series 2009A; and the Water and Sewer Revenue Refunding Bonds, Series 2011, Series 2014, Series 2017 and Series 2017B; are limited obligations of the City payable solely from and secured by a lien upon and pledge of the net revenues of the City's water and sewer system (System). The pledge of the System's net revenues does not constitute a lien upon any property of the City. The covenants of the ordinances authorizing the bonds include, among other things, an obligation of the City to fix and maintain such rates, and collect such fees, rentals and other charges for the services and facilities of the System and revise the same from time to time whenever necessary, which will provide gross revenues in each fiscal year sufficient to pay the cost of operation and maintenance of the system; one hundred fifteen percent (115%) of the bond service requirement becoming due in such fiscal year on the outstanding bonds; plus one hundred percent (100%) of all reserve and other payments required to be made pursuant to the ordinances authorizing the bonds. The City further covenants that such rates, fees, rentals and other charges will not be reduced so as to render them insufficient to provide gross revenues for such purpose. A Reserve Fund has been funded for the 2009A and 2011 bonds.

The Gas System Revenue Refunding Bonds, Series 2013 and Series 2014 are limited obligations of the City payable solely from and secured by a lien upon and pledge of the net revenues of the City's gas system (System). The pledge of the

City of Clearwater, Florida
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System's net revenues does not constitute a lien upon any property of the City. The covenants of the ordinances authorizing the bonds include, among other things, an obligation of the City to fix, establish, revise from time to time whenever necessary, maintain and collect always, such fees, rates, rentals and other charges for the use of the product, services and facilities of the System which will always provide revenues in each year sufficient to pay, and out of such funds pay, 100% of the cost of operations and maintenance of the System in such year and all reserve and other payments provided for in the ordinances authorizing the bonds, along with one hundred twenty five percent (125%) of the bond service requirement due in such year on all outstanding bonds.

The Stormwater Revenue Refunding Bonds, Series 2012, Series 2013 and Series 2014, are limited obligations of the City payable solely from and secured by a lien upon and pledge of the net revenues of the City's stormwater management system (System). The pledge of the System's net revenues does not constitute a lien upon any property of the City. The covenants of the ordinances authorizing the bonds include, among other things, an obligation of the City to fix, revise from time to time whenever necessary, and maintain and collect always such fees, rates, rentals and other charges for use of the products, services, and facilities which will always provide net revenues in each year sufficient to pay one hundred fifteen percent (115%) of the bond service requirement becoming due in such fiscal year on the outstanding bonds. The City further covenants that such rates, fees, rentals and other charges will not be reduced so as to render them insufficient to provide revenues for such purpose. Additionally, the covenants of each of the above issues includes a "Reserve Requirement" equal to the lesser of the Maximum Bond Service Requirement for any given year; 125% of the Average Annual Bond Service Requirement; or the largest amount as shall not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. A Reserve Fund has been funded for the Series 2012 Bonds.

Annual debt service requirements to maturity for revenue bonds and direct placement bank loans are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities			
	Revenue Bonds		Revenue Bonds		Direct Placement Bank Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 805,000	\$ 260,574	\$ 3,035,000	\$ 3,778,075	\$ 3,495,000	\$ 2,125,869
2021	845,000	219,928	3,405,000	3,633,075	3,360,000	2,026,425
2022	295,000	193,983	3,570,000	3,467,025	3,450,000	1,926,985
2023	310,000	178,719	1,620,000	3,343,669	5,675,000	1,799,344
2024	325,000	161,653	1,705,000	3,262,688	5,810,000	1,642,648
2025-2029	1,925,000	516,671	9,775,000	15,124,894	33,135,000	5,489,945
2030-2034	920,000	49,988	16,705,000	12,725,487	23,455,000	1,305,690
2035-2039	-	-	41,075,000	6,197,375	-	-
2040-2045	-	-	9,265,000	185,300	-	-
Totals	<u>\$ 5,425,000</u>	<u>\$ 1,581,516</u>	<u>\$ 90,155,000</u>	<u>\$ 51,717,588</u>	<u>\$ 78,380,000</u>	<u>\$ 16,316,906</u>

III.F.3. Pledged revenues

State of Florida and Pinellas County Payments Pledged: The City has pledged future revenues derived from payments received from the State of Florida pursuant to Section 212.20, Florida Statutes, and payments from Pinellas County, Florida pursuant to an Interlocal Agreement, together with any investment income earned on the revenues, to repay \$14.8 million in Spring Training Facility Revenue bonds issued in September 2002. Proceeds from the bonds provided financing for a portion of the costs of the acquisition, construction, rehabilitation, and equipping of a spring training facility to be used by the Philadelphia Phillies major league baseball team. The bonds are payable solely from the State of Florida and Pinellas County, Florida payments and are payable through March 2031. Annual principal and interest payments on the bonds are expected to require less than 100 percent of net revenues. The total principal and interest remaining to be paid on the bonds

City of Clearwater, Florida
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is \$7,066,516. Principal and interest paid for the current year and total revenue received were \$1,062,634 and \$1,120,648, respectively.

Water and Sewer Utility Net Revenues Pledged: The City has pledged future net revenues of the City of Clearwater, Florida, Water & Sewer Utility, defined as all income or earnings, including any income from the investment of funds, derived by the City from the operation of the utility after deduction of current expenses for the operation, maintenance and repair of the system, but not including reserves for renewals and replacements, for extraordinary repairs or any allowance for depreciation to repay:

\$67.7 million in Water & Sewer Revenue bonds issued in May 2009. Proceeds from the bonds provided financing for the costs of design, acquisition, construction or reconstruction of capital improvements to the City's water and sewer system. The bonds are payable solely from the Water and Sewer Utility net revenues and, after a partial refunding in February 2017, are payable through December 2019.

\$47.0 million in Water and Sewer Revenue Refunding bonds issued in September 2011. Proceeds from the bonds provided financing to refund and redeem the outstanding principal maturing after December 1, 2011 of the City's Water and Sewer Revenue Bonds, Series 2002. The bonds are payable solely from the Water and Sewer Utility net revenues and, after a partial refunding in September 2017, are payable through December 2021.

\$27.5 million in Water and Sewer Revenue Refunding bonds issued in December 2014. Proceeds from the bonds provided financing to refund and redeem the outstanding principal maturing on and after December 1, 2019 of the City's Water and Sewer Revenue Bonds, Series 2006. The bonds are payable solely from the Water and Sewer Utility net revenues and are payable through December 2032.

\$69.3 million in Water and Sewer Revenue Refunding bonds issued in February 2017. Proceeds from the bonds provided financing to refund and redeem the outstanding principal maturing on or after December 1, 2020 of the City's Water and Sewer Revenue Bonds, Series 2009A. The bonds are payable solely from the Water and Sewer Utility net revenues and are payable through December 2039.

\$29.1 million in Water and Sewer Revenue Refunding bonds issued in September 2017. Proceeds from the bonds provided financing to refund and redeem the outstanding principal maturing on or after December 1, 2022 of the City's Water and Sewer Revenue Refunding Bonds, Series 2011. The bonds are payable solely from the Water and Sewer Utility net revenues and are payable through December 2032.

Annual principal and interest payments on the bonds are expected to require less than 85 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$191,446,296. Principal and interest paid for the current year (\$12,342,657) required 29.50% of total net revenue (\$41,843,387).

Stormwater Utility Net Revenues Pledged: The City has pledged future net revenues of the City of Clearwater, Florida, Stormwater Utility defined as all income or earnings, including any income from the investment of funds, derived by the City from the operation of the utility after deduction of current expenses for the operation, maintenance and repair of the system, but not including reserves for renewals and replacements, for extraordinary repairs or any allowance for depreciation to repay:

\$19.4 million in Stormwater Revenue Refunding bonds issued in February 2012. Proceeds from the bonds provided sufficient funds to be available on March 5, 2012 to pay and redeem the City's outstanding Stormwater Revenue Bonds, Series 2002. The bonds are payable solely from the Stormwater Utility net revenues and are payable through November 2032.

\$11.0 million in Stormwater Revenue Refunding bonds issued in June 2013. Proceeds from the bonds provided sufficient funds to pay and redeem the City's Stormwater Revenue Bonds, Series 2004, maturing after November 1, 2014. The bonds are payable solely from the Stormwater Utility net revenues and are payable through November 2032.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

\$5.4 million in Stormwater Revenue Refunding bonds issued in August 2014. Proceeds from the bonds provided sufficient funds to pay and redeem the City's Stormwater Revenue Refunding Bonds, Series, 2005, maturing after November 1, 2014. The bonds are payable solely from the Stormwater Utility net revenues and are payable through November 2029.

Annual principal and interest payments on the bonds are expected to require less than 60 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$34,586,862. Principal and interest paid for the current year (\$2,547,151) required 18.86% of total net revenue (\$13,508,657).

Gas System Utility Net Revenues Pledged: The City has pledged future net revenues of the City of Clearwater, Florida, Gas System Utility defined as all income or earnings, including any income from the investment of funds, derived by the City from the operation of the utility after deduction of current expenses for the operation, maintenance and repair of the system, but not including reserves for renewals and replacements, for extraordinary repairs or any allowance for depreciation to repay:

\$7.4 million in Gas System Revenue Refunding Bonds issued in June 2013. Proceeds from the bonds provided financing to refund the outstanding principal of the Gas System Revenue Refunding bonds, Series 2004. The bonds are payable solely from the Gas System Utility net revenues and are payable through September 2026.

\$5.4 million in Gas System Revenue Refunding Bonds issued in June 2014. Proceeds from the bonds provided financing to refund the outstanding principal of the Gas System Revenue Refunding bonds, Series 2005. The bonds are payable solely from the Gas System Utility net revenues and are payable through September 2027.

Annual principal and interest payments on the bonds are expected to require less than 60 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$10,536,335. Principal and interest paid for the current year (\$910,137) required 6.01% of total net revenue (\$15,142,583).

III.F.4. Advance refunding of bonds

On February 28, 2017, the City issued at a premium \$69,270,000 of Water & Sewer Revenue Refunding Bonds, Series 2017, for the purpose of advance refunding and redeeming on December 1, 2019, \$67,295,000 principal of Water & Sewer Revenue Bonds, Series 2009A, maturing on or after December 1, 2020. The net proceeds in the amount of \$75,014,549 (after payment of \$553,863 plus additional cash of \$1,394,248 from released debt service reserve escrow), were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. The refunding transaction resulted in an aggregate debt service reduction in the amount of \$11,505,504 and an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$6,335,204.

The outstanding principal of the refunded bonds was \$67,295,000 at September 30, 2019.

On September 21, 2017, the City issued at a discount \$29,080,000 of Water & Sewer Revenue Refunding Bonds, Series 2017B, a direct placement bank loan, for the purpose of advance refunding and redeeming on December 1, 2021, \$30,465,000 principal of Water & Sewer Revenue Refunding Bonds, Series 2011, maturing on or after December 1, 2022. The net proceeds in the amount of \$34,708,045 (after payment of \$91,402 plus additional cash of \$5,792,147 from released debt service reserve escrow), were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. The refunding transaction resulted in an aggregate debt service reduction in the amount of \$9,757,105 and an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,336,358.

The outstanding principal of the refunded bonds was \$30,465,000 at September 30, 2019.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

A portion of the proceeds of the above-referenced bond issues was deposited into an irrevocable trust with an escrow agent and used to purchase securities of the United States Government and related agencies at various maturities and interest rates sufficient to meet all debt service requirements of the refunded debt. These assets are administered by trustees and are restricted to use for retirement of the refunded debt. The liability for the refunded bonds and the related securities and escrow accounts are not included in the accompanying financial statements as the City defeased its obligation for payment of the refunded debt upon completion of the refunding transactions.

III.F. 5. Changes in long-term liabilities

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Reductions</u>	<u>Ending Balance</u>		<u>Due Within One Year</u>
Governmental activities:								
Revenue bonds payable	\$ 6,185,000		\$ -		\$ (760,000)	\$ 5,425,000		\$ 805,000
Add (subtract) deferred amounts:								
For issuance premiums (discounts)	87,665		-		(14,376)	73,289		-
Net revenue bonds payable	6,272,665		-		(774,376)	5,498,289		805,000
Direct borrowings (a)	25,210,660		-		(7,740,619)	17,470,041		7,075,966
Compensated absences (b)	8,411,744		5,299,638		(4,728,237)	8,983,145		4,612,528
Other postemployment benefits (c)	18,887,201		4,701,637		(779,320)	22,809,518		-
Claims payable (d)	10,981,365		15,054,608		(15,877,972)	10,158,001		3,635,901
Governmental activity								
Long-term liabilities	<u>\$ 69,763,635</u>		<u>\$ 25,055,883</u>		<u>\$ (29,900,524)</u>	<u>\$ 64,918,994</u>		<u>\$ 16,129,395</u>
Business-type activities:								
Revenue bonds payable	\$ 98,060,000		\$ -		\$ (7,905,000)	\$ 90,155,000		\$ 3,035,000
Less deferred amounts:								
For issuance premiums (discounts)	5,299,606		-		(460,406)	4,839,200		-
Net revenue bonds payable	103,359,606		-		(8,365,406)	94,994,200		3,035,000
Direct placement bank loans (e)	80,045,000		-		(1,665,000)	78,380,000		3,495,000
Less deferred amounts:								
For issuance premiums (discounts)	(65,587)		-		7,113	(58,474)		-
Net direct placement bank loans	79,979,413		-		(1,657,887)	78,321,526		3,495,000
Direct borrowings (a)	1,149,917		-		(312,383)	837,534		311,349
Compensated absences (b)	2,216,861		1,404,649		(1,248,842)	2,372,668		1,218,280
Other postemployment benefits (c)	8,374,927		2,069,412		(343,015)	10,101,324		-
Business-type activity								
Long-term liabilities	<u>\$ 195,080,724</u>		<u>\$ 3,474,061</u>		<u>\$ (11,927,533)</u>	<u>\$ 186,627,252</u>		<u>\$ 8,059,629</u>

(a) Direct borrowings:

On September 19, 2013, City Council approved a Master Lease Purchase Agreement with The Bankcorp Bank d/b/a Mears Motor Leasing (lessor) to finance the acquisition of vehicles and equipment from October 1, 2013 through September 30, 2018. Since the agreement expired at the end of fiscal 2018, there is no remaining line of credit as of September 30, 2019. The vehicles and equipment were purchased by the city with cash and subsequently provided as collateral to the lessor. The city has the option to prepay without any prepayment penalty. In the event that insufficient funds are appropriated in any fiscal year to pay the lease charges, the agreement will terminate on the last day of the fiscal year for which payments were made, and the city will surrender the vehicles and equipment to the lessor. In the event of default, the lessor's sole remedy is to sue for compensatory damages, which are agreed to be any accrued and unpaid rental payments, provided that the vehicles and equipment are surrendered to the lessor in proper working order.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

There were no governmental activities lease purchase contract additions during the year, attributed to either governmental funds or internal service funds. The lease purchase contracts reduction of \$7,740,619 includes \$7,014,290 for internal service funds and \$726,329 for governmental funds.

- (b) Compensated absences are paid by the fund where salaries are incurred, which is primarily the General Fund for governmental activities.
- (c) Since the OPEB plan's inception in fiscal 2008, other postemployment benefits costs are allocated to and paid by funds based on their percentage of full-time equivalent employees, which is primarily the General Fund for governmental activities.
- (d) The Central Insurance Fund, an internal service fund, accrues for estimated claims and pays claims for all departments.
- (e) Direct placement bank loans outstanding include:
\$5,115,000 for Gas System Revenue Refunding Bond, Series 2013, and \$8,965,000 for Stormwater System Revenue Refunding Bonds, Series 2013, issued by STI Institutional & Governmental, Inc. Net revenues derived by the City from the operation of the respective utility system are pledged as security for the loans. In the event of default as defined in the City's bond ordinance, the default rate of interest shall be the lesser of the maximum rate permitted by law or 18%. There are no termination or acceleration provisions that have finance-related consequences.

\$4,130,000 for Gas System Revenue Refunding Bond, Series 2014, and \$4,205,000 for Stormwater System Revenue Refunding Bonds, Series 2014, issued by TD Bank, N.A. Net revenues derived by the City from the operations of the respective utility systems are pledged as security for the loans. In the event of default as defined by the City's bond ordinance, the default rate of interest shall be Prime Rate plus 4%. There are no termination or acceleration provisions that have finance-related consequences.

\$26,885,000 for Water and Sewer Revenue Refunding Bond, Series 2014, issued by TD Bank, N.A. Net revenues derived by the City from the operation of the City's water and sewer utility are pledged as security for the loan. In the event of default as defined by the City's bond ordinance, the default rate of interest shall be Prime Rate plus 6%. There are no termination or acceleration provisions that have finance-related consequences.

\$29,080,000 for Water and Sewer Revenue Refunding Bond, Series 2017B, issued by Raymond James Capital Funding, Inc. Net revenues derived by the City from the operation of the City's water and sewer utility are pledged as security for the loan. In the event of default as defined by the City's bond ordinance, the default rate of interest shall be the greater of (a) Prime Rate plus 3%, (b) the Federal Funds Rate plus 5%, or (c) 7% per annum. There are no termination or acceleration provisions that have finance-related consequences.

III.G. Restricted assets

Restricted assets are classified as current or noncurrent on the Statement of Net Position based on the underlying liabilities payable from the restricted assets.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

III.G.1. Water and Sewer Utility Fund

Assets in the Water and Sewer Utility Fund restricted for construction include:

Sewer Improvement charges, the use of which is restricted by the authorizing ordinance to the construction of additions to the sewer system; assets remaining at September 30, 2019, are:

Cash and Investments	\$2,950,568
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Assets of the Water and Sewer Utility Fund restricted under the provisions of the ordinances authorizing the issuance of Water and Sewer Revenue Bonds consisted of the following at September 30, 2019:

Water and Sewer Revenue Bonds Debt Service:

Cash and Investments	7,605,638
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Water and Sewer Revenue Bonds Renewals and Replacements:

Cash and Investments	8,215,064
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Assets of the Water and Sewer Utility Fund representing Customers' Deposits and therefore restricted, consisting entirely of Cash and Investments at September 30, 2019

3,740,101

Total restricted assets – Water and Sewer Utility Fund

\$22,511,371

III.G.2. Gas Utility Fund

Assets in the Gas Utility Fund restricted under the provisions of the ordinance authorizing the issuance of revenue bonds consisted of the following at September 30, 2019:

Gas System Revenue Bonds

Debt Service:

Cash and Investments	\$ 75,712
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Renewals and Replacements:

Cash and Investments	300,000
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Assets of the Gas Utility Fund representing Customers' Deposits at September 30, 2019:

Cash and Investments	<u>3,323,988</u>
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Total restricted assets – Gas Utility Fund

\$ 3,699,700

III.G.3. Solid Waste & Recycling Utility Fund

Restricted assets in the Solid Waste & Recycling Utility Fund represent customer deposits in the amount of \$1,194,731 at September 30, 2019, consisting entirely of Cash and Investments.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

III.G.4. Stormwater Utility Fund

Assets restricted under the provisions of the ordinances for the issuance of revenue bonds consisted of the following at September 30, 2019:

<u>Stormwater Revenue Refunding Bonds – Series 2012</u>	
Debt Service: Cash and Investments	\$2,325,718
<u>Stormwater Revenue Refunding Bonds – Series 2013</u>	
Debt Service: Cash and Investments	601,732
<u>Stormwater Revenue Refunding Bonds – Series 2014</u>	
Debt Service: Cash and Investments	<u>354,740</u>
Total restricted assets – Stormwater Utility Fund	<u>\$ 3,282,190</u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

II.H. Fund Balance Classification

	General Fund	Special Development Fund	Capital Improvement Fund	Non-Major Governmental Funds
Non Spendable:				
Inventories	\$ 46,897	\$ -	\$ -	\$ -
Prepaid items	2,480	-	-	9,952
Restricted for:				
General government	-	-	1,834,873	92,842
Public safety	-	-	11,940,370	2,129,710
Physical environment	-	21,611	2,505,229	698,513
Transportation	-	1,712,162	21,498,942	-
Economic environment	-	-	-	17,589,006
Human services	-	-	-	428,284
Culture and recreation	-	2,032,784	9,670,526	883,361
Infrastructure capital projects	-	3,055,689	-	-
Committed to:				
General government	-	-	477,300	412,119
Public safety	-	-	1,455,427	1,493,472
Physical environment	-	-	3,585,367	-
Transportation	-	304,014	1,523,820	9,199
Economic environment	-	-	-	336,822
Human services	-	-	-	1,726
Culture and recreation	-	-	9,971,666	90,087
Assigned to:				
General government	154,251	-	-	122,000
Public safety	112,186	-	-	874,022
Physical environment	30,093	-	-	168,503
Transportation	22,725	-	-	2,219
Economic environment	36,968	-	-	547,363
Human services	-	-	-	103,731
Culture and recreation	95,386	66,463	64,293	56,177
Infrastructure capital projects	-	3,823,820	-	-
Unassigned	38,167,792	-	-	-
Total Fund Balances	\$ 38,668,778	\$ 11,016,543	\$ 64,527,813	\$ 26,049,108

General Fund assigned fund balance (\$451,609) relates to encumbrances.

In the Special Development Fund, restricted amounts relate to collections from drainage fees (\$21,611), sidewalk fees (\$219,062), transportation impact fees (\$1,303,467), local option gas tax (\$189,633), recreation impact fees (\$2,032,784), and local infrastructure sales tax (\$3,055,689). Committed amounts relate to the portion of property tax revenues that is set aside in the budget process to provide funding for road maintenance projects (\$304,014). Assigned amounts relate to interest earned on recreation impact fees (\$66,463) and interest earned on local infrastructure sales tax balances (\$3,823,820).

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Amounts in the Capital Improvement Fund all relate to funding for various capital projects.

Significant restrictions in the non-major governmental funds include public safety restrictions for law enforcement programs (\$2,101,098) and EMS programs (\$28,612); physical environment restrictions for tree replacements (\$698,513); economic environment restrictions for economic development programs (\$1,087,205), low income housing (\$8,693,586) and community redevelopment (\$7,808,215); and culture and recreation restrictions for debt service (\$740,572), library programs (\$129,751), and youth programs (\$13,038). Significant commitments include commitments to public safety for police vehicles (\$145,307), emergency operations (\$1,023,257) and law enforcement programs (\$324,908). Assigned amounts relate to interest earned on program balances for general government (\$122,000), public safety (\$874,022), physical environment (\$168,503), transportation (\$2,219), economic environment (\$343,518), human services (\$103,731), and culture and recreation (\$56,177). Additional amounts assigned for economic environment purposes are for low income housing (\$127,363) and community redevelopment (\$76,482).

Note IV - Other Information

IV.A. Risk management

The City is self-insured within certain parameters for losses arising from claims for general liability, auto liability, police professional liability, public official's liability, property damage, and workers' compensation. Insurance coverage has been maintained by the City to pay for or indemnify the City for losses in excess of certain specific retentions and up to specified maximum limits in the case of claims for liability, property damage, and workers' compensation. The liability excess coverage is \$7,000,000 per occurrence (\$14,000,000 aggregate) with self-insured retention of \$500,000. There is workers' compensation coverage to the statutory limit, with self-insured retention of \$600,000. The property damage excess coverage is \$100 million per occurrence, except \$60 million for the perils of Named Storm (per occurrence), Flood (annual aggregate) and Earth Movement (annual aggregate) after either a \$100,000 self-insured retention for perils other than a named storm or 5% self-insured retention for named storm and High Hazard Flood with a \$100,000 minimum and a maximum of \$5,000,000 any one occurrence. Settled claims have not exceeded excess coverage in any of the past three years.

On October 17, 2012, City Council authorized a partial self-insured funding arrangement with Cigna for health insurance effective for the plan year beginning January 1, 2013. Per this arrangement, the City is self-insured for medical and pharmacy claims up to \$250,000 per person per year. The City has purchased stop loss insurance from Cigna which covers 50% of individual claims for any amount of the claim between the amounts of \$250,000 and \$350,000 and covers 100% of individual claims for any amount of the claim exceeding the amount of \$350,000 per person per year. In accordance with the fully insured arrangement between the City and Cigna prior to January 1, 2013, the City has no liability for health insurance claims incurred prior to this date. The City estimates a liability for health insurance claims incurred but not yet paid as of September 30, 2019 in the amount of \$1,147,001.

The transactions relating to the self-insurance program are accounted for in the Central Insurance Fund, an internal service fund. The billings by the Central Insurance Fund to the various operating funds (the interfund premiums) are based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability reported at September 30, 2019, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Changes in the claims liability amounts in fiscal years 2019 and 2018 were:

	Self Insurance
Balance at September 30, 2017	\$ 11,090,069
Current year claims and changes in estimates	16,832,488
Claims paid	(16,941,192)
Balance at September 30, 2018	10,981,365
Current year claims and changes in estimates	15,054,608
Claims paid	(15,877,972)
Balance at September 30, 2019	<u>\$ 10,158,001</u>

IV.B. Employee retirement systems and pension plans

IV.B.1. Defined benefit pension plans

The City contributes to two separate single-employer, self-administered defined benefit pension plans covering approximately three-fourths of all City employees. The Employees' Pension Plan covers all permanent, full-time City employees who successfully pass the required physical examination, except for firefighters employed prior to July 1, 1963, and certain unclassified (primarily managerial) employees. The Firefighters' Relief and Pension Plan covered eligible firefighters hired prior to July 1, 1963 and is closed to new entrants. As indicated, both plans are self-administered, and the administrative costs of the plans are financed from the respective plan assets.

Each pension fund is accounted for as a pension trust fund; therefore, each is accounted for in substantially the same manner as proprietary funds with an economic resources measurement focus and the accrual basis of accounting. Fund assets, primarily investments, are valued at fair value for balance sheet purposes. Investment values are determined using the estimated fair value determined by averaging estimated fair values obtained from three or more nationally recognized brokers. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Detailed information about each plan's fiduciary net position is available on pages 106-111 and pages 136-137 of this Comprehensive Annual Financial Report. Neither of these plans issues a stand-alone financial report.

The **Employees' Pension Plan** is authorized by and operates under the provisions of Sections 2.391 through 2.428 of the Municipal Code of the City of Clearwater. Sections 2.391 through 2.401 apply to those participants who attained a vested benefit and terminated employment prior to January 1, 2013. Sections 2.410 through 2.428 apply to those participants who are actively employed by the City of Clearwater as of or after January 1, 2013. Plan provisions have been duly approved as required by the voters in referendums. Since the last valuation, there have been no revisions in benefits. The assumed investment rate assumption has been reduced by 0.25% from 7.00% to 6.75%, with further reductions approved for the next three valuations. Assumed rates of salary increase, retirement, withdrawal and disability have also been revised based on the Experience Investigation for the Five Years Ended December 31, 2017, which was approved by the Pension Trustees on January 14, 2019.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Management of the Employees' Pension Plan is vested in the Clearwater City Council, serving as the Pension Trustees.

Plan membership/Employees covered by benefit terms. As of the most recent actuarial valuation date, January 1, 2019, the membership of the Employees' Pension Plan was as follows:

	<u>Employees' Pension Plan</u>
Retirees and beneficiaries currently receiving benefits	1,288
Terminated employees entitled to benefits but not yet receiving them	86
Active employees	1,555
Total number of participants	<u><u>2,929</u></u>

Benefits provided. The normal retirement benefit is a monthly benefit equal to 2.75% of average monthly compensation (2.00% for participants in non-hazardous duty hired on or after January 1, 2013) for the highest five of the final ten years of service multiplied by the number of years of service to date of retirement. Eligibility for normal retirement occurs upon completion of 10 years of service and the attainment of age 65, or completion of 20 years of service and the attainment of age 55, or completion of 30 years of service regardless of age, for employees hired before January 1, 2013 who are engaged in non-hazardous duty. For employees hired on or after January 1, 2013 who are engaged in non-hazardous duty, eligibility for normal retirement occurs upon completion of 25 years of service and attainment of age 60 or completion of 10 years of service and attainment of age 65. For those engaged in hazardous duty, eligibility occurs upon completion of 20 years of service or upon completion of 10 years of service and attainment of age 55. For all hazardous duty participants and non-hazardous duty participants eligible to retire as of January 1, 2013, the normal monthly benefit is payable for the life of the participant and will continue, after the participant's death, to be paid at the same amount for 5 years to the surviving spouse; after 5 years, the survivor annuity is reduced to 50% of the original amount and ceases upon death or remarriage of the spouse. For non-hazardous duty participants not eligible to retire as of January 1, 2013, the normal benefit is a monthly annuity paid for the life of the participant. There are several other benefit payment options that are computed to be the actuarial equivalent of the normal benefit. The plan provides for an annual cost of living increase of up to 1.5% for benefits accrued prior to January 1, 2013. For non-hazardous duty members, there is a five-year delay until the cost of living increase is applied to benefits accrued after January 1, 2013, and for hazardous duty members, there is no cost of living increase for benefits accrued after January 1, 2013. The plan also provides for disability and death benefits, vesting after completion of 10 years of service and the refund of employee contributions in case of a non-vested termination. Covered employees in non-hazardous duty and employees in hazardous duty who are eligible to retire as of January 1, 2013 contribute 8% of their compensation. Covered employees in hazardous duty who are not eligible to retire as of January 1, 2013 contribute 10% of their compensation. It is the City's obligation to provide a sufficient additional contribution to maintain the actuarial soundness of the fund but, in any event, not less than 7% of participating employee's compensation per the ordinance governing the plan.

Contributions. Employer contributions are made in equal installments during the first two quarters of the fiscal year based upon the actuarially determined percentage of payroll and the actual payroll payable at the time contributions are made. The minimum required City contribution is 7% of covered payroll. Member contributions are made continuously throughout the year.

Investment policy. The Employees' Pension Plan investment policy was adopted by the Pension Trustees on June 13, 2016. The policy requires an annual review by the Pension Investment Committee with a recommendation to the Pension Trustees to confirm or revise. The following was the Trustees' adopted asset allocation policy as of September 30, 2019:

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Asset Class	Target Allocation
U.S. Large Cap Equities	26.00%
U.S. Mid Cap Equities	8.00%
U.S. Small Cap Equities	5.00%
International Equities	14.00%
Emerging Markets Equities	4.00%
U.S. Short Term T-Bills	1.00%
U.S. Long Term Treasury Bonds	4.00%
U.S. Core Fixed Income	13.00%
U.S. Investment Grade Corporate Bonds	8.00%
U.S. Municipal Bonds	1.00%
Global Bonds	1.00%
U.S. Private Real Estate and Infrastructure	15.00%
	100.00%

The Employees' Pension Plan has invested in real estate, timber, and infrastructure limited partnership funds. The strategies of these funds are long term and illiquid in nature. As a result, investors are subject to redemption restrictions which generally limit distributions and restrict the ability of limited partners to exit a partnership investment prior to its dissolution. These investments partnerships are valued using their respective net asset value (NAV) and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are valued by the general partners on a quarterly or semi-annual basis, in conjunction with management and investment advisors, and consultation with valuation specialists. The management assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment. All timber acquisitions are valued per an independent expert third party appraisal within one year of acquisition and similar independent third-party appraisals of fair value are conducted at least every three years thereafter. The infrastructure fund's assets are valued by international recognized accounting firms and/or internationally recognized appraisal firms (independent appraisers) on a quarterly basis, with the independent appraisers rotated at three-year intervals.

Concentrations. As of September 30, 2019, the Employees' Pension Plan held no investments (other than U.S. Government or U.S. Government guaranteed obligations) in any one organization comprising 5% or more of the net position available for benefits.

Rate of return. For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on investments of the Employees' Pension Plan, net of pension plan investment expense, was 5.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability (asset). The components of the net pension liability (asset) of the City for the Employees' Pension Plan at September 30, 2019, were as follows:

Total pension liability	\$ 987,830,735
Plan fiduciary net position	1,064,103,121
City's net pension liability (asset)	\$ (76,272,386)

Plan fiduciary net position as a percentage of the total pension liability	107.72%
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City of Clearwater, Florida
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The changes in the net pension liability (asset) of the City for the Employees' Pension Plan for the year ending September 30, 2019 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at 9/30/2018	<u>\$ 939,291,240</u>	<u>\$ 1,043,759,224</u>	<u>\$ (104,467,984)</u>
Changes for the year:			
Service cost	15,240,018	-	15,240,018
Interest	65,042,520	-	65,042,520
Differences between expected and actual experience	(6,533,554)	-	(6,533,554)
Assumption changes	25,495,302	-	25,495,302
Contributions - employer	-	10,901,645	(10,901,645)
Contributions - employee	-	7,326,649	(7,326,649)
Contributions - state tax	-	12,000	(12,000)
Net investment income	-	53,143,676	(53,143,676)
Benefit payments, including refunds of employee contributions	(50,704,791)	(50,704,791)	-
Administrative expense	-	(335,282)	335,282
Net changes	<u>48,539,495</u>	<u>20,343,897</u>	<u>28,195,598</u>
Balances at 9/30/2019	<u>\$ 987,830,735</u>	<u>\$ 1,064,103,121</u>	<u>\$ (76,272,386)</u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2019 (Valuation Date), using the following actuarial assumptions, applied to September 30, 2019 (Measurement Date):

Inflation	2.25%
Salary increases	Hazardous Duty - 4.50% to 7.60%, including 2.25% inflation, based on merit and seniority
	Non-Hazardous Duty - 2.75% to 6.50%, including 2.25% inflation, based on merit and seniority
Investment rate of return	6.75% net of investment expense

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an Experience Investigation for the Five Years Ended December 31, 2017. There were no changes to the plan provisions during the year; however, there were changes to the following actuarial assumptions: The investment return rate was reduced from 7.00% to 6.75%, with further reductions planned for the next three valuations; the inflation rate was reduced from 2.50% to 2.25%; the rate of salary increase was changed from a range of 3.50% to 7.90% (including 2.50% inflation) for both hazardous duty and non-hazardous duty employees, to a range of 4.50% to 7.60% (including 2.25% inflation) for hazardous duty employees and a range of 2.75% to 6.50% (including 2.25% inflation) for non-hazardous duty employees; the rates of retirement were changed from a range of 10% to 100% for hazardous duty employees to a range of 5% to 100%, and from a range of 45%

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to 100% for non-hazardous duty employees to a range of 30% to 100%; the rates of separation from active membership were changed from a range of 0% to 12.8% for both males and females in hazardous duty to a range of 1.5% to 8.5% for males and a range of 4% to 20% for females; and changed from a range of 7.5% to 25% to a range of 4.5% to 25% for non-hazardous duty males and changed from a range of 4% to 35% to a range of 6% to 22% for non-hazardous duty females; and the rates of disability were changed from a range of .25% to 1.75% to a range of .25% to 1.50% for hazardous duty males, and from a range of .375% to 2.625% to a range of .50% to 1.50% for hazardous duty females, and from a range of .05% to .67% to a range of .03% to .44% for non-hazardous duty males and females.

Long-term expected rate of return. The long-term expected rate of return on investments of the Employees' Pension Plan was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of September 30, 2019, these best estimates are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
U.S. Large Cap Equities	4.75%
U.S. Mid Cap Equities	5.00%
U.S. Small Cap Equities	5.00%
International Equities	4.75%
Emerging Markets Equities	5.50%
U.S. Short Term T-bills	-0.25%
U.S. Long Term Treasury Bonds	0.50%
U.S. Core Fixed Income	0.75%
U.S. Investment Grade Corporate Bonds	1.50%
U.S. Municipal Bonds	1.75%
Global Bonds	-0.50%
U.S. Private Real Estate and Infrastructure	3.75%

Discount rate. A single discount rate of 6.75% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 6.75%. The projection of cash flows used to determine single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the Employee Pension Plan's net pension liability (asset), calculated using a single discount rate of 6.75%, as well as what the plan's net pension liability (asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher.

1% Decrease	Discount Rate Assumption	1% Increase
5.75%	6.75%	7.75%
\$ 49,799,536	\$ (76,272,386)	\$ (180,401,754)

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Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended September 30, 2019, the City recognized pension expense of \$4,402,950 for the Employees' Pension Plan. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,912,791	\$ 7,920,748	\$ (3,007,957)
Changes in assumptions	20,085,630	707,237	19,378,393
Net differences between projected and actual earnings on pension plan investments	-	24,817,813	(24,817,813)
Total	<u>\$ 24,998,421</u>	<u>\$ 33,445,798</u>	<u>\$ (8,447,377)</u>

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

Year ended September 30:		
2020	\$ (11,874,809)	
2021	(5,415,803)	
2022	3,129,348	
2023	5,713,887	
2024	-	
Thereafter	-	
	<u>\$ (8,447,377)</u>	

The **Firefighters' Relief and Pension Plan** is authorized and operated under the provisions of Subpart B, Article I (Laws of Florida, Chapter 30658, 1955 and amendments), Sections 1 through 27 of the Municipal Charter and Related Law of the City of Clearwater and Chapter 26, Article III, Sections 26.50 through 26.52 of the Municipal Code of the City of Clearwater. Since the last actuarial valuation as of October 1, 2018, there have been no changes in actuarial assumptions.

Management of the Firefighters' Relief and Pension Plan rests with the Board of Trustees, which consists of the Mayor, the Fire Chief and three members of the Fire Department, which can be either active or retired members of the Firefighters' Relief and Pension Plan, as stipulated in Chapter 2008-287, Laws of Florida. In the event that no member of the plan is available to stand for election, then a current firefighter of the department below the rank of chief who is willing to serve shall be placed on the ballot. If no one is available to stand for election, or if no one is available to participate in the voting, then members of the Board of Trustees will be appointed by the City Council from membership of the City Council.

Plan membership/Employees covered by benefit terms. As of the most recent actuarial valuation date, October 1, 2019, the membership of the Firefighters' Relief and Pension Plan was as follows:

City of Clearwater, Florida
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	Firefighters' Relief and Pension Plan
Retirees and beneficiaries currently receiving benefits	14
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	-
Total number of participants	<u>14</u>

Benefits provided. The normal retirement benefit is a monthly benefit in the amount of 50% of the prevailing wage at the date of retirement of the lowest rank held by the participant during the three years immediately preceding retirement plus 2% of such prevailing wage for each year of service in excess of 20 years up to a maximum of 60%. Participants retiring at the age of 65 years are entitled to a benefit of 60% of the prevailing wage of the lowest rank held by the participant during the three years immediately preceding retirement. The ending rate of pay specified above may not exceed the highest rate of pay for the rank of Captain. Eligibility for normal retirement occurs upon completion of 20 years of service or attainment of age 65. The monthly benefits are payable for the life of the participant and continue, after the participant's death, to be paid to certain eligible surviving beneficiaries at an amount that is one-half of the amount received by the participant. Benefits are also provided for children of the deceased participant who are less than 18 years of age subject to certain limitations as to amount. The plan also provides for disability and death benefits and for vesting upon completion of at least 12 years of service. The plan provides for post-retirement cost of living increases equal to the increase in the prevailing wage for the rank at which the participant retired with a limitation for those retiring on or after January 1, 1972, of 100% of the initial pension benefit for total cost of living increases. Participating employees are required to contribute 6% of their salaries up to the equivalent of the salary of a fireman holding the rank of Captain. Effective with the fiscal year ended September 30, 2007, the Firefighters' Relief and Pension Plan, with no remaining active members (only retirees), is fully funded per the requirements of the governing Ordinance. The City may elect to contribute should future valuations show an actuarial need for such.

Contributions. Effective with the fiscal year ended September 30, 2007, the Firefighters' Relief and Pension Plan, with no remaining active members (only retirees), was fully funded per the requirements of the governing Ordinance. The City may elect to contribute should future annual valuations show an actuarial need for such.

Investment policy. The Firefighters' Relief and Pension Plan investment policy was adopted on September 28, 2000. It must be reviewed annually by the Board of Trustees. The following was the adopted asset allocation policy as of September 30, 2019:

Asset Class	Target Allocation
Domestic Fixed Income	0 - 70%
Pooled Cash	30% - 100%

Concentrations. As of September 30, 2019, the Firefighters' Relief and Pension Plan held no investments (other than U.S. Government or U.S. Government guaranteed obligations) in any one organization comprising 5% or more of the net position available for benefits.

Rate of return. For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on investments of the Firefighters' Relief and Pension Plan, net of pension plan investment expense, was 6.52%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability (asset). The components of the net pension liability (asset) of the City for the Firefighters' Relief and Pension Plan at September 30, 2019, were as follows:

City of Clearwater, Florida
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Total pension liability	\$ 2,354,798
Plan fiduciary net position	3,598,272
City's net pension liability (asset)	<u><u>\$ (1,243,474)</u></u>

Plan fiduciary net position as a percentage of
the total pension liability

152.81%

The changes in the net pension liability (asset) of the City for the Firefighters' Relief and Pension Plan for the year ending September 30, 2019 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at 9/30/2018	<u><u>\$ 2,709,051</u></u>	<u><u>\$ 3,566,898</u></u>	<u><u>\$ (857,847)</u></u>
Changes for the year:			
Service cost	-	-	-
Interest	72,699	-	72,699
Differences between expected and actual experience	(141,190)	-	(141,190)
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	319,636	(319,636)
Benefit payments, including refunds of employee contributions	(285,762)	(285,762)	-
Administrative expense	-	(2,500)	2,500
Other changes	-	-	-
Net changes	<u><u>(354,253)</u></u>	<u><u>31,374</u></u>	<u><u>(385,627)</u></u>
Balances at 9/30/2019	<u><u>\$ 2,354,798</u></u>	<u><u>\$ 3,598,272</u></u>	<u><u>\$ (1,243,474)</u></u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2019 (Valuation Date), using the following actuarial assumptions, applied to September 30, 2019 (Measurement Date):

Inflation	2.00%
Salary increases	N/A
Investment rate of return	3.00% net of investment expense

Mortality rates for non-disabled males are based on the RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB. Mortality rates for non-disabled females are based on RP2000 Generational, 100% Annuitant White Collar, Scale BB. Mortality rates for disabled males are based on 60% RP2000 Disabled Male setback four years / 40%

City of Clearwater, Florida
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Annuitant White Collar with no setback, no projection scale. There is no projection of mortality improvement due to the small number of participants and their advanced age.

Long-term expected rate of return. Because the Firefighters' Relief and Pension Plan is limited to investments in fixed income securities and pooled cash, the long-term expected rate of return will approximate the discount rate of 3.00%.

Discount rate. A discount rate of 3.00% was used to measure the total pension liability. The discount rate was based on the actuary's expectation of future yields and consideration of the City's projection of future weighted yield based on current asset holdings.

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the Firefighters' Relief and Pension Plan's net pension liability (asset), calculated using a discount rate of 3.00%, as well as what the plan's net pension liability (asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher.

1% Decrease 2.00%	Discount Rate Assumption 3.00%	1% Increase 4.00%
\$ (1,082,080)	\$ (1,243,474)	\$ (1,386,736)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended September 30, 2019, the City recognized pension expense of \$0 for the Firefighters' Relief and Pension Plan as it is a fully funded plan with no active participants. As such, there are no deferred inflows or deferred outflows of resources related to pensions.

IV.B.2. Police Supplemental Pension Fund

A supplemental defined contribution pension plan exists for all eligible policemen, which is funded by earmarked revenues received from the State and is administered by the Board of the Police Supplemental Pension Plan. The revenues received from the State are allocated among eligible police officers based on the number of days employed as Clearwater Police Officers. These revenues received from the State of Florida "on-behalf" of the City's employees, which comprise the plan contributions, totaled \$1,253,979 for the year ended September 30, 2019, and are obtained from an eighty-five one hundredths of one percent (0.85%) excise tax on the gross receipts from premiums collected on casualty insurance policies covering property within the City's corporate limits. These monies were recognized as General Fund revenues and General Fund police department expenditures in the current year. The current year contributions represent 6.09% of covered employees' gross payroll. The fair value of cash and investments at September 30, 2019, totaled \$20,418,387.

The Police Supplemental Pension Fund is authorized by and operates under the provisions of Sections 2.471 through 2.480 of the Municipal Code of the City of Clearwater and Chapter 185 of Florida Statutes. Under the plan provisions, the total monies received during each fiscal year, after payment or provision for all costs and expenses of management and operation of the plan, are allocated to participants based on the total number of shares to which each participant is entitled. Each participant is entitled to one share in the fund for each day of service as a police officer of the City.

All police officers, as defined in Section 26.70(g) of the Code of Ordinances of the City of Clearwater, who are elected, appointed, or employed full-time by the City are eligible to participate in the plan. There are no employee contributions to the supplemental plan. Benefits are fully vested for a lump sum distribution after twenty years from the date of hire, with provision for partial vesting after ten or more years under the plan. Accumulated benefits are payable in full in case of death while employed by the City or in case of total and permanent job-related disability. Non-vested participants' account values upon termination of employment during any fiscal year are added to the monies received during that fiscal year for allocation to the remaining participants in the plan based on total days worked.

City of Clearwater, Florida
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Plan assets, primarily investments, are valued at fair value for balance sheet purposes. Investment values are determined using the estimated fair value determined by averaging estimated fair values obtained from three or more nationally recognized brokers.

For the fiscal year ended September 30, 2019, the gross payroll of the covered officers was \$20,588,832; the City's total gross payroll for the same period was \$99,175,742.

Since the entitlement to benefits is based entirely upon the allocation of monies received by the plan to the participants' share accounts, there is no actuarial liability on the part of either the State or the City.

IV.B. 3. Firefighters' Supplemental Pension Fund

A supplemental defined contribution pension plan exists for all eligible firefighters, which is funded by earmarked revenues received from the State and is administered by the Board of the Clearwater Firefighters' Supplemental Pension Plan. The revenues received from the State are allocated among eligible firefighters based on the number of days worked during the previous year. These revenues received from the State of Florida "on-behalf" of the City's employees, which comprise the plan contributions, amounted to \$1,019,436 in the year ended September 30, 2019, and are obtained from a one and eighty-five one hundredths percent (1.85%) excise tax on the gross receipts from premiums collected on property insurance policies covering property within the City's corporate limits. These monies were recognized as General Fund revenues and General Fund fire department expenditures in the current year. The current year contributions represent 6.42% of covered employees' gross payroll. The fair value of cash and investments at September 30, 2019, totaled \$19,326,305.

As the plan is described as a money purchase pension plan, whereby contributions are allocated based on the number of days worked during the fiscal year ended September 30, and interest earnings allocated based on the beginning balances in each participant's account, there is no actuarial liability on the part of the State or the City.

The Firefighters' Supplemental Pension Fund is authorized by and operates under the provisions of Sections 2.441 through 2.455 of the Municipal Code of the City of Clearwater and Chapter 175 of Florida Statutes. Eligibility requires two years of credited calendar year service as a firefighter with concurrent participation in the Employees' Pension Plan. There is no employee contribution to the supplemental plan, and benefits are vested for a lump sum distribution at ten years unless there is early retirement, disability or death. Non-vested participants' account values upon termination of employment are reallocated among the remaining participants based on days worked during the previous year.

Plan assets, primarily investments, are valued at fair value for balance sheet purposes. Investment values are determined using the estimated fair value determined by averaging estimated fair values obtained from three or more nationally recognized brokers.

For the fiscal year ended September 30, 2019, the gross payroll of covered firefighters was \$15,868,495; the City's total gross payroll for the same period was \$99,175,742.

City of Clearwater, Florida
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IV.B.4. Pension Plan Financial Statements

Separate financial statements are provided in the Notes per the guidance of GASB Statement No. 34 as follows:

Statement of Fiduciary Net Position:	Defined Benefit Pension Trust Funds		Defined Contribution Pension Trust Funds	
	Employees' Pension Fund	Firefighters' Relief and Pension Fund	Police	Firefighters' Supplemental Pension Fund
			Supplemental Pension Fund	Supplemental Pension Fund
ASSETS				
Cash and cash equivalents	\$ 2,118,678	\$ 1,454,685	\$ 11,225	\$ -
Managed investment accounts, at fair value:				
Cash and cash equivalents	24,360,444	-	1,289,663	681,587
Government bonds	51,199,849	-	-	971,381
Index linked government bonds	3,289,568	-	-	-
Agency bonds	5,086,585	2,118,597	-	-
Municipal bonds	2,912,685	-	-	-
Domestic corporate bonds	100,760,994	-	-	1,899,532
International equity securities	132,135,368	-	-	-
Domestic stocks	396,845,666	-	-	2,884,196
Mortgage backed bonds	131,523,612	-	-	1,627,683
Asset backed securities	7,801,834	-	-	-
Other/rights/warrants	1,606	-	-	-
Domestic equity mutual funds	47,452,566	-	11,519,721	7,273,678
International equity mutual funds	36,748,733	-	7,609,003	1,100,426
Infrastructure	41,157,478	-	-	-
Real estate	96,371,633	-	-	2,887,822
Total managed investment accounts	1,077,648,621	2,118,597	20,418,387	19,326,305
Securities lending collateral	133,322,532	-	-	-
Receivables:				
Interest and dividends	2,849,401	24,990	1,970	29,992
Unsettled investment sales	6,019,874	-	-	-
Securities lending earnings	35,428	-	-	-
Due from others	-	-	8,671	-
Total receivables	8,904,703	24,990	10,641	29,992
Total assets	1,221,994,534	3,598,272	20,440,253	19,356,297
LIABILITIES				
Accounts payable	876,322	-	2,732	-
Unsettled investment purchases	23,692,559	-	-	-
Obligations under securities lending	133,322,532	-	-	-
Total liabilities	157,891,413	-	2,732	-
FIDUCIARY NET POSITION				
Net position restricted for pensions	\$ 1,064,103,121	\$ 3,598,272	\$ 20,437,521	\$ 19,356,297

City of Clearwater, Florida
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Statement of Changes in Fiduciary Net Position:

	Defined Benefit Pension Trust Funds		Defined Contribution Pension Trust Funds			
	Employees' Pension Fund	Firefighters' Relief and Pension Fund	Police Supplemental Pension Fund	Firefighters' Supplemental Pension Fund		
		-		-		
ADDITIONS						
Contributions:						
Contributions from employer	\$ 10,901,645	\$ -	\$ -	\$ -		
Contributions from employer - state tax	12,000	-	1,253,979	1,019,436		
Contributions from employees	7,326,649	-	-	-		
Total contributions	18,240,294	-	1,253,979	1,019,436		
Investment income:						
Net appreciation (depreciation) in fair value of investments	37,182,834	209,493	1,507,738	(295,711)		
Interest	11,058,783	110,143	-	297,381		
Dividends	10,875,743	-	290,256	380,900		
	59,117,360	319,636	1,797,994	382,570		
Less investment expenses:						
Investment management / custodian fees	(6,437,982)	-	(32,317)	(108,316)		
Net income from investment activities	52,679,378	319,636	1,765,677	274,254		
Securities lending income:						
Gross earnings	3,766,156	-	-	-		
Rebate paid	(3,052,140)	-	-	-		
Bank fees	(249,718)	-	-	-		
Net income from securities lending	464,298	-	-	-		
Total additions	71,383,970	319,636	3,019,656	1,293,690		
DEDUCTIONS						
Benefits and withdrawal payments:						
Benefits	49,687,426	285,762	1,026,944	1,499,254		
Withdrawal payments	1,017,365	-	-	-		
Total benefits and withdrawal payments	50,704,791	285,762	1,026,944	1,499,254		
Income (loss) before administrative expenses	20,679,179	33,874	1,992,712	(205,564)		
Administrative expenses	(335,282)	(2,500)	(17,083)	(40,049)		
Net increase (decrease)	20,343,897	31,374	1,975,629	(245,613)		
Fiduciary net position restricted for pensions						
Fiduciary net position - beginning	1,043,759,224	3,566,898	18,461,892	19,601,910		
Fiduciary net position - ending	\$ 1,064,103,121	\$ 3,598,272	\$ 20,437,521	\$ 19,356,297		

City of Clearwater, Florida
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IV.B.5. 401(a) defined contribution plan

For all management employees not covered under either of the defined benefit pension plans, the City provides pension benefits through a 401(a) defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are participants from the date of employment and are fully vested upon enrollment. The plan is totally contributory on the part of the City in an amount equal to 15% of compensation on behalf of the City Manager and the City Attorney and 8% of compensation on behalf of all other management contract employees and Assistant City Attorneys. The City makes bi-weekly contributions to the Trust throughout the plan year to meet its funding obligations under the plan. Plan provisions and contribution requirements are established and may be amended by the City Council.

The International City Management Association Retirement Corporation (ICMA-RC), the trustee for the defined annuity, offers participants a variety of investment options.

The City's total gross payroll for the fiscal year ended September 30, 2019 was \$99,175,742. The Plan members' payroll for the same period totaled \$5,097,042. The City's contribution, per the above contribution rates, totaled \$432,499.

IV.B.6. Deferred compensation plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Effective January 1, 1997, Federal legislation converted the Section 457 deferred compensation assets from City assets to employee assets. As a result of these changes, plan assets are no longer subject to the claims of the City's general creditors.

Consequently, these assets are no longer reported in the accompanying financial statements, in compliance with GASB Statement No. 32.

IV.C. Post-employment Benefits Other Than Pension (OPEB)

Plan Description. The City of Clearwater administers a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance benefits to its employees and their eligible dependents. Because the City provides a medical plan to active employees of the City and their eligible dependents, the City is also required by Section 112.0801, Florida Statutes, to provide retirees with the opportunity to participate in this Plan. While the City does not directly contribute towards the costs of retiree premiums via an explicit subsidy, the ability of retirees to obtain health insurance coverage at a group rate which includes active employees, constitutes a significant economic benefit to retirees, or an "implicit" subsidy. This implicit subsidy is considered an "other post-employment benefit" (OPEB) obligation of the City. Since the City is currently funding this OPEB obligation on a pay-as-you-go basis, there are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, not including the impact of employer contributions, adjusted for deferred recognition of the liability.

Benefits provided. Benefit provisions for the Plan are established by the City Council and may be amended by the City Council. The retirees pay the full group premium amount for health insurance with no explicit subsidy from the City. Additionally, the City provides and pays for \$1,000 of term life insurance for retirees who retired before October 1, 2008. The term life insurance benefit provision was also established, and may be amended, by action of the City Council. Contribution rates for the Plan are established on an annual basis by the City Council. Eligible retirees and their covered dependents receiving benefits contribute 100% of their premium costs for health insurance and 0% of the cost for the \$1,000 term life insurance.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Employees covered by benefit terms. As of September 30, 2019 (measurement date), the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	631
Inactive plan members entitled to but not yet receiving benefits	75
Active plan members	1,517
Total plan members	2,223

Total OPEB Liability. The City's total OPEB liability of \$32,910,842 was measured as of September 30, 2019 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Inflation	2.50%
Discount rate	2.75%
Salary increases	3.5% to 7.9%, depending on service, including inflation
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.24% plus 0.52% increase for excise tax.

The discount rate is based on Fidelity's "20-Year Municipal GO AA Index" as of the most recent date available on or before the measurement date.

Mortality rates are based on the RP-2000 Combined Healthy Participant Mortality Table for active members and the RP-2000 Mortality Table for Annuitants for non-disabled active members, with mortality improvement projected to all future years from the year 2000 using Projection Scale BB. Rates for Special Risk Class members are a blend of 10% White Collar and 90% Blue Collar (male) and 100% White Collar (female). Rates applicable to members other than Special Risk are a blend of 50% White Collar and 50% Blue Collar (male) and 100% White Collar (female). Mortality rates for impaired (from disability) lives are based on the RP-2000 Disabled Retiree tables and Healthy White Collar tables for males and females. Rates for Special Risk Class members are a blend of 60% Disabled Retiree tables with setback four years (male) and set forward two years (female) and 40% Annuitant White Collar with no setback. Rates applicable to members other than Special Risk have been adjusted to be 100% Disabled Retiree with setback four years (male) and set forward two years (female). These are the same rates currently in use for Regular Class and Special Risk Class members of the Florida Retirement System, and are based on the results of a statewide experience study covering the period 2008 through 2013.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

The changes in the total OPEB liability for the measurement year ending September 30, 2019 were as follows:

	Total OPEB Liability
Balance at 9/30/2018	<u>\$ 27,262,128</u>
Changes for the year:	
Service cost	1,677,787
Interest	1,086,906
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions and other inputs	4,006,356
Benefit payments	<u>(1,122,335)</u>
Net changes	<u>5,648,714</u>
Balance at 9/30/2019	<u>\$ 32,910,842</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.83% at the beginning of the measurement period to 2.75% at the end of the measurement period.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the City's total OPEB liability calculated using a discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher.

1% Decrease 1.75%	Discount Rate Assumption 2.75%	1% Increase 3.75%
\$ 36,972,607	\$ 32,910,842	\$ 29,378,893

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the City's total OPEB liability calculated using the current healthcare cost trend rate assumption based on the Getzen Model of 6.75% and gradually decreasing to an ultimate trend rate of 4.24% plus 0.52% increase for excise tax, as well as what the City's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ 28,551,815	\$ 32,910,842	\$ 38,186,515

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended September 30, 2019, the City recognized OPEB expense of \$3,244,859. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Changes in assumptions and other inputs	\$ 3,360,170	\$ 697,285	\$ 2,662,885
Total	<u>\$ 3,360,170</u>	<u>\$ 697,285</u>	<u>\$ 2,662,885</u>

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

Year ended September 30:	
2020	\$ 480,166
2021	480,166
2022	480,166
2023	480,166
2024	612,981
Thereafter	<u>129,240</u>
	<u><u>\$ 2,662,885</u></u>

IV.D. Securities lending transactions

The City of Clearwater Employees' Pension Plan participates in securities lending transactions, as authorized by the Pension Trustees on April 14, 2003, via a Securities Lending Authorization Agreement with Northern Trust Company, which is also the pension plan's custodian. Securities are loaned versus collateral that may include cash, U.S government securities, and irrevocable letters of credit. U.S. government securities are loaned versus collateral at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral at 105% of the market value plus any accrued interest. The Plan's investment policy places no restrictions on the amount of securities that can be loaned.

Non-cash collateral cannot be pledged or sold unless the borrower defaults. All securities loans can be terminated on demand by either the lender or the borrower. The average term for the pension plan's loans at September 30, 2019 was 52 days.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Cash open collateral is invested in a short term investment pool, the Northern Trust Collective SL Core Short Term Investment Fund (CORECOLL). The fund had an average weighted maturity, lower of maturity date or interest reset date, of 32 days, and an average weighted maturity, maturity date, of 85 days, as of September 30, 2019.

There were no significant violations of legal or contractual provisions, nor any borrower or lending agent default losses known to the securities lending agent. The Plan did not impose any restrictions on the amount of loans made by Northern Trust during fiscal year 2019.

There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower and Northern Trust has failed to live up to its contractual responsibilities relating to the lending of those securities. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

The following is a summary of securities on loan and their collateral at fair value:

Security Type	Securities Collateralized by Cash		Securities Collateralized by Non- Cash	
	Loaned Securities	Cash Collateral	Loaned Securities	Cash Collateral
U.S. Equity	\$ 88,390,543	\$ 90,330,790	\$ -	\$ -
U.S. Corporate Fixed	17,459,264	17,891,693	-	-
U.S. Government Fixed	24,327,336	24,824,859	-	-
Global Equities	259,244	275,190	-	-
Total	<u>\$ 130,436,387</u>	<u>\$ 133,322,532</u>	<u>\$ -</u>	<u>\$ -</u>

On the statement of fiduciary net position, a securities lending asset of \$133,322,532 was reported that represents the fair value of the investments made with cash collateral at September 30, 2019. In addition, a securities lending obligation of \$133,322,532 was reported that represents the collateral that the City is required to maintain to cover the fair value of the loaned securities.

IV.E. Contingencies and commitments

Loan Guarantee – Chi Chi Rodriguez Youth Foundation, Inc.

On March 30, 1992, the City Council approved a contingent loan guarantee of \$1,000,000 on a \$2,500,000 note for the Chi Chi Rodriguez Youth Foundation, Inc. The proceeds of the note were used to refinance existing foundation debt incurred to construct a golf course on a parcel of City-owned land. Subsequently, the note was refinanced with Variable Rate Demand Revenue Bonds (Chi Chi Rodriguez Youth Foundation Project), Series 1998, on August 1, 1998. In the event of default, the City is obligated to contribute \$1,000,000 out of legally available non-ad valorem revenues. In addition, the City has the option to retire the entire unpaid balance and assume ownership and operation of the golf course facility. City management does not consider it probable that this guarantee will be called, and, accordingly, no amounts have yet been accrued or otherwise recorded in the accompanying financial statements to reflect this possibility.

City of Clearwater, Florida
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For the Year Ended September 30, 2019

Pollution Remediation Claims Liabilities

Pursuant to GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the City is required to analyze known polluted sites to determine future component cost outlays, including estimation where required, for pollution remediation. At September 30, 2018, accruals totaled \$467,180, consisting of \$223,934 for the Harbor Drive Fill Area site, \$13,384 for the Joe DiMaggio Sports Complex site, and \$229,862 for assessment and remediation at the Gas Plant site (see the Soil and groundwater contamination site note below).

During fiscal year 2019 there was an increase to estimates and contractual commitments in the amount of \$8,418, and payments totaled \$13,260. At September 30, 2019, accruals totaled \$462,338, consisting of \$220,898 for the Harbor Drive Fill Area site, \$6,309 for the Joe DiMaggio Sports Complex site, and \$235,131 for assessment and remediation at the Gas Plant site.

In addition to the above sites for which accruals exist, the City has 13 other sites that have known contamination from petroleum products, metals, arsenic, chlorine or coal tar. Seven of these sites are on the State of Florida Petroleum Cleanup Program. Site Rehabilitation Completion Orders have been received for the Atrium Hotel site at 1707 North Fort Harrison Avenue, the WPC East Plant at 1341 Gulf to Bay Boulevard, and Lift Station #24 at 1351 Sunset Point Road, so these sites were removed from the list in FY2019. When any of these seven sites will be scheduled for cleanup cannot be determined at this time. They are under monitoring plans or are awaiting responses from the FDEP on data submitted by the City. Any additional cleanup costs for these sites cannot be estimated at this time.

On November 19, 2013, the FDEP approved the certification of closure construction completion of the former fill area at Philip Jones Field. However, this site remains on the list as it includes the Harbor Drive Fill Area. Based on groundwater sampling completed in February 2017, and site assessment previously completed for the site, the City believes that no further site assessment is warranted and is working with the FDEP to bring about site closure and develop of long-term monitoring requirements.

Soil and groundwater contamination site

The City is the owner of property located at 400 North Myrtle Avenue, Clearwater, Pinellas County, Florida ("Property"). The Property occupies approximately six acres and is currently used by the City Gas Division ("CGS") as its administrative offices and operating facility. The City operated a manufactured gas plant at the Property from approximately 1929 to 1960. Following the discovery in June 1990 of soil and groundwater impacts at the Property allegedly resulting from the prior operation of the manufactured gas plant, the Florida Department of Environmental Protection ("FDEP") directed the City to implement measures to delineate the area and vertical extent of the impacts at the Property and, if necessary, implement appropriate remedial actions.

Contamination assessment activities were initiated at the Property in 1995. On April 17, 1996, the City executed an Intergovernmental Agreement with FDEP, governing the scope of assessment and remediation work performed at the Property. The material terms and conditions of the Intergovernmental Agreement require the City to perform contamination assessment activities to delineate the area and vertical extent of soil and groundwater impacts and, if necessary, to remediate such impacts to the extent required by Florida law.

Field activities to delineate the extent of impacts were performed from 1995 to 2003. The results of the final field work are presented in a Supplemental Assessment Report dated May 2003, in which the City's consultant concluded that field activities to delineate the extent of soil and groundwater impacts were complete and that a risk assessment should be undertaken to evaluate an appropriate remedy for the reported impacts.

By letter dated April 19, 2004, FDEP directed the City to install two additional monitoring wells within the source area on site to delineate the vertical extent of groundwater impacts. The City and FDEP previously discussed the potential harm to the underlying aquifer that may result from the installation of monitoring wells through a source area and the underlying clay confining unit during a meeting with FDEP held on November 29, 2003. Based on the advice of its environmental consultant and other specialists consulted concerning this issue, the City has consistently maintained that the installation of the

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

additional monitoring wells requested by FDEP will likely provide a pathway for the migration of impacts into the aquifer underlying the clay confining unit that is otherwise not presently impacted by the former operations of the MGP based on existing perimeter monitoring well data. The City responded to the FDEP by letter dated April 29, 2004, requesting that FDEP advise the City whether the directive to install the additional vertical extent wells was deemed by FDEP to be final agency action that would otherwise be subject to review in an administrative proceeding. The City's April 29, 2004 response included a request for an extension of time to file an administrative proceeding in the event that FDEP deemed the April 19, 2004 FDEP communication to be final agency action.

During fiscal 2005, the Myrtle Avenue Utility and Roadway Widening project began, requiring extensive dewatering during construction. Consulting, equipment, laboratory, permitting, and labor costs for dewatering in areas where there was suspected or known contamination from the former MGP plant were charged to the City of Clearwater Gas Division. All activities related to the Myrtle Avenue dewatering project were documented in the "Supplemental Site Assessment Report – North Myrtle Ave Roadway Corridor" dated March 2007.

On January 17, 2008, FDEP issued a letter to the City stating FDEP was willing to replace the need for additional vertical delineation wells with periodic sampling of existing deep wells, as long as they remain unaffected by the contaminants of concern on the site. In May 2009, FDEP issued a status report on all Manufactured Gas Plant sites in Florida. The report referenced the January 17, 2008 letter and reaffirmed FDEP's agreement to forego additional on-site vertical delineation if the City continued to monitor the perimeter wells on the facility. On June 22, 2009, the perimeter monitoring wells were tested, and the results were reported to FDEP. On February 3, 2010, FDEP issued a letter that formally accepted Clearwater Gas System's Contamination Assessment Report (CAR) and required no further site assessment activities. Furthermore, the DEP required CGS to re-sample all monitoring wells on the site within 60 days of the February 3, 2010 letter.

In May 2010, CGS issued a Request for Proposal (RFP) to prepare a Feasibility Study, for DEP approval, that would offer a long-term corrective action plan for the gas plant site. Arcadis, Inc. was selected to conduct the Feasibility Study; however, two months into the project the City's environmental legal counsel recommended an alternate method of site remediation. They proposed that the City work with the University of Waterloo (Canada) to treat the contaminated soils with sodium persulfate, a chemical oxidant, which would stop the off-site groundwater impacts that were experienced on the Pinellas County Health Department site. Chemical oxidation is accepted as a very effective method of dealing with Manufactured Gas Plant residuals. This project was approved by the City Council in January 2011, and was scheduled to last approximately 6 years at an estimated cost of \$600,000.

In May 2017 it was determined that the University of Waterloo project was not working as originally projected. The sodium persulfate was not oxidizing the source material enough to grant site closure. Therefore, it was determined to abandon the project and look at other remedies for the site. The City's environmental legal counsel proposed to convert the site to a Brownfield site in order to obtain full site closure. This would be done in conjunction with the site redevelopment of all CGS buildings at 400 North Myrtle Avenue.

On December 7, 2018, City Council approved a Brownfield Site Rehabilitation Agreement (BSRA) with the FDEP. Under this agreement, no further active remediation will be required, and the site will be closed with a restrictive covenant to include an impervious cap to address remaining soil contamination at the site and prohibit the withdrawal of groundwater for any purpose within the site property. The groundwater use restriction will also be required to be imposed on the adjacent Pinellas County Health Department property.

A Site Environmental Management Plan ("SEMP") was subsequently created to provide guidance to contractors performing work at the site for encountering, handling and managing contaminated soils. In addition, a Remedial Action Plan ("RAP") was administered in March 2018, which includes the SEMP, and Engineering Control Maintenance Plan and a Declaration of Restrictive Covenant ("DRC") that will be required by the FDEP to obtain final site closure. Once the CGS redevelopment project is complete in late 2020, the City will request final site closure.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

Benefits of closing the site under the Brownfield Program include liability projections to the City as set forth in F.S. Section 376.82(2)(a) and the opportunity for the City to obtain voluntary cleanup tax credits ("VCTC") for the cost of constructing the impervious cap and completion of site closure activities. For eligible costs recovered by the City through VCTC's, the City will be able to then sell the VCTC's on the market. Such sales typically net 80-90% recovery for municipalities taking similar actions. As of September 30, 2019, the City has received \$371,763 in tax credits for this project.

The City has pursued insurance claims under certain insurance policies covering the Property for the period from June 1961 through July 1986. On September 17, 2001, the City agreed to reduce its claim against Southern American Insurance Company ("SAIC"), the sole remaining excess carrier with the City, at an undiscounted value of \$300,000. In December 2007, the liquidator managing the SAIC liquidation made an initial payment to the City in the amount of \$96,000. In September 2008, a second distribution payment of \$174,000 was issued to the City. Finally, in December 2009, the City received a payment of \$30,000 for a total collection amount of \$300,000. In total, the City has recovered \$787,500 on all outstanding insurance claims.

From 1993 through September 30, 2019, the City has spent \$1,661,931 on MGP assessment activities, which includes both environmental consultant and legal fees.

Contractual Commitment – Water and Sewer Utility

Under the terms of a 30-year contract between the City and Pinellas County, which is effective through September 30, 2035, the maximum amount of water available to the City is 15 million gallons per day on an annual average basis with no minimum quantity purchase requirement. Effective October 1, 2018, the rate, which is set by the Pinellas County Board of County Commissioners (BOCC), was \$4.1329 per 1,000 gallons. The rate effective October 1, 2019 is \$4.1742 per 1,000 gallons. The cost of water purchased from the County during fiscal years 2018 and 2019 was \$6,942,125 and \$6,384,534 respectively.

Grant Revenues

During the current fiscal year and prior fiscal years, the City received revenues and contributions related to grants from the State of Florida, the federal government, and other grantors. These grants are for specific purposes and are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement for expenditures disallowed under the terms of the grants. Based upon prior experience, City management believes such disallowances, if any, will not be significant.

Encumbrances

Encumbrance accounting is used in governmental funds to ensure effective budgetary control and accountability and to facilitate effective cash planning and control. At September 30, 2019, encumbrances expected to be honored upon performance by the vendor in the coming year were:

General fund	\$ 451,609
Capital Improvement fund	12,678,657
Nonmajor governmental funds	553,837
	<u>\$ 13,684,103</u>

Tax Abatements

In accordance with Chapter 29, Article VII of the Clearwater Code of Ordinances, Article VII, Section 3 of the Constitution of the State of Florida, and Section 196-1995, Florida Statutes, the City Council may grant Economic Development Ad Valorem Tax Exemptions of up to 75 percent of the assessed value of the qualifying property for up to ten years to new businesses and expansions of existing businesses which create employment opportunities that will benefit the entire community.

For the fiscal year ending September 30, 2019, the City abated real and tangible personal property taxes totaling \$152,645 under this program, consisting of the following agreements:

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

A Business Maintenance and Continued Performance Agreement with Skye Lane Properties, LLC dated January 14, 2014, for the relocation of 54 jobs from St. Petersburg, the creation of 11 new jobs, and the investment of \$6.1 million in the expansion of the property, including the renovation of the facility, construction of a tri-level parking deck, and the purchase of new furniture, fixtures and equipment. This agreement, which commenced in fiscal 2016, grants an exemption of ad valorem taxes of 75 percent for the first five years and 50 percent for the next five years. In the event of default, Skye Lane Properties, LLC will be subject to the taxes exempted plus annual interest at the maximum rate allowed by law. Tax abatements since inception total \$49,613.

A Business Maintenance and Continued Performance Agreement with Instrument Transformers, Inc. dated March 10, 2014 and amended February 11, 2016, for the creation of 143 new jobs and the investment of \$49 million in the expansion of the Clearwater facility, including the purchase or lease of new equipment. This agreement, which commenced in fiscal 2017, grants an exemption of ad valorem taxes of 75 percent for ten years. In the event of default, Instrument Transformers, Inc. will be subject to the taxes exempted plus annual interest at the maximum rate allowed by law. Tax abatements since inception total \$308,658.

IV.F. Pending litigation

In the normal course of operations, the City is a defendant in various legal actions, the ultimate resolution of which is not expected to have a material effect on the financial statements, other than for amounts that have been reserved and recorded as liabilities in the Central Insurance Fund.

IV.G. Conduit debt

The City has one issue of conduit debt outstanding as follows:

<u>Description / Purpose</u>	<u>Original Issue Amount</u>	<u>Amount Outstanding at 9/30/18</u>	<u>Amount Outstanding at 9/30/19</u>
Drew Gardens Refunding Bonds / residential rental facility	\$ 3,425,000	\$ 1,525,000	\$ 1,375,000

The City issued Mortgage Revenue Refunding Bonds, Series 1992A (FHA Insured Mortgage Loan – Drew Gardens Project), dated August 1, 1992, in the amount of \$3,425,000, to provide a portion of the money required to refund a prior issue of the bonds of the Issuer that were issued to provide money to make a mortgage loan insured by the Federal Housing Administration pursuant to Section 221(d)(4) of the National Housing Act of 1934, as amended, to pay the cost of acquiring, constructing, improving and equipping a 180-unit multifamily residential rental housing facility owned by Drew Gardens Associates, Ltd., a Florida limited partnership, and to pay certain costs of the refunding. The bonds are payable solely from and secured by a lien upon and a pledge of the pledged revenues, consisting mainly of the bond proceeds. No additional commitments were extended by the City. At September 30, 2019, the bonds have an aggregate outstanding principal amount payable of \$1,375,000.

The bonds do not constitute a debt, liability, or obligation of the City of Clearwater, the State of Florida, or any political subdivision thereof and, accordingly, have not been reported in the accompanying financial statements.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2019

IV.H. Deepwater Horizon Oil Spill

Following the Deepwater Horizon Oil Spill of April 2010, the City incurred reduced revenues that were determined to be directly or indirectly attributed to the oil spill. On July 13, 2015, the City adopted Resolution 15-18 and accepted a full and final settlement of all claims against BP Exploration and Production, Inc. and others in the amount of \$6,480,352, net of \$1,658,687 attorney's fees. \$6,400,000 of the proceeds have been identified as a funding source for the Crest Lake Park Improvements project, which is accounted for in the Capital Improvement Fund. As of September 30, 2019, \$290,066 of the proceeds were expended on this project. The remaining \$80,352 was returned to General Fund reserves in fiscal 2019.

IV.I. Subsequent Events

On November 1, 2019 the city exercised a total early redemption option on the 2014 Stormwater Revenue Refunding Bond, a direct placement bank loan issued by TD Bank. The payout amount consisted of the principal balance of \$4,205,000 and accrued interest in the amount of \$57,188.

On November 21, 2019, City Council adopted Resolution 19-34 authorizing the issuance of not-to-exceed \$30 million of City of Clearwater, Florida Non-Ad Valorem Revenue Bonds, Series 2020 (Imagine Clearwater Improvements) to finance and/or reimburse a portion of the costs of acquisition, design, construction, reconstruction, renovation, expansion, improving and equipping the Imagine Clearwater project. The bonds will be issued as covenant to budget and appropriate legally available non-ad valorem revenue bonds (CBA bonds), which are not a traditional revenue pledge but rather a covenant, or "promise", to budget and appropriate non-ad valorem revenues each budget year, sufficient to pay debt service and other costs of the bonds. On February 6, 2020, City Council adopted Ordinance 9357-20, ratifying the adoption of Resolution 19-34, and authorizing the issuance of bonds to finance a portion of the costs of the Imagine Clearwater project in accordance with the Clearwater Code of Ordinances.

On January 27, 2020, the City issued at a premium \$20,430,000 of Water and Sewer Revenue Refunding Bonds, Series 2020, for the purpose of refunding \$25,310,000 principal of the Water and Sewer Revenue Refunding Bond, Series 2014, a direct placement bank loan, maturing on December 1, 2032 but subject to optional redemption prior to its maturity date. The refunding transaction, which was predicated on level annual debt service savings with no extension of maturity, resulted in an aggregate debt service reduction in the amount of \$3,135,445 and an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,474,167.

The City evaluated its September 30, 2019 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of COVID-19, economic uncertainties have arisen, which are likely to negatively impact investment balances in the statement of net position and pension trust funds in the statement of fiduciary net position. Other financial impact could occur though such potential impact is unknown at this time.

City of Clearwater, Florida
Defined Benefit Pension Plans
Required Supplementary Information - Unaudited

Employees' Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 15,240,018	\$ 15,065,668	\$ 14,770,113	\$ 15,173,452	\$ 14,585,979	\$ 14,670,375
Interest on the Total Pension Liability	65,042,520	62,567,359	61,050,474	58,870,815	56,983,247	55,622,257
Difference between Expected and Actual Experience	(6,533,554)	6,780,611	(8,071,653)	6,832,090	(3,532,969)	(11,230,163)
Assumption Changes	25,495,302	-	381,755	(4,748,597)	-	-
Benefit Payments	(49,687,426)	(46,860,103)	(44,490,793)	(42,069,828)	(39,276,003)	(37,118,458)
Refunds	(1,017,365)	(892,181)	(1,366,008)	(1,060,187)	(1,000,827)	(1,675,419)
Net Change in Total Pension Liability	<u>48,539,495</u>	<u>36,661,354</u>	<u>22,273,888</u>	<u>32,997,745</u>	<u>27,759,427</u>	<u>20,268,592</u>
Total Pension Liability - Beginning	<u>939,291,240</u>	<u>902,629,886</u>	<u>880,355,998</u>	<u>847,358,253</u>	<u>819,598,826</u>	<u>799,330,234</u>
Total Pension Liability - Ending (a)	<u>\$ 987,830,735</u>	<u>\$ 939,291,240</u>	<u>\$ 902,629,886</u>	<u>\$ 880,355,998</u>	<u>\$ 847,358,253</u>	<u>\$ 819,598,826</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 10,901,645	\$ 10,650,462	\$ 11,898,912	\$ 13,178,874	\$ 14,923,098	\$ 18,860,463
Contributions - Non-Employer Contributing Entity	12,000	12,000	12,000	12,000	12,000	12,000
Contributions - Employee	7,326,649	7,127,965	7,004,943	6,706,567	6,483,666	7,073,440
Net Investment Income	53,143,676	93,775,837	102,284,783	88,501,532	(4,165,092)	82,832,149
Benefit Payments	(49,687,426)	(46,860,103)	(44,490,793)	(42,069,828)	(39,276,003)	(37,118,458)
Refunds	(1,017,365)	(892,181)	(1,366,008)	(1,060,187)	(1,000,827)	(1,675,419)
Administrative Expense	(335,282)	(343,115)	(295,301)	(297,984)	(297,942)	(175,212)
Net Change in Plan Fiduciary Net Position	<u>20,343,897</u>	<u>63,470,865</u>	<u>75,048,536</u>	<u>64,970,974</u>	<u>(23,321,100)</u>	<u>69,808,963</u>
Plan Fiduciary Net Position - Beginning	<u>\$ 1,043,759,224</u>	<u>980,288,359</u>	<u>905,239,823</u>	<u>840,268,849</u>	<u>863,589,949</u>	<u>793,780,986</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,064,103,121</u>	<u>\$ 1,043,759,224</u>	<u>\$ 980,288,359</u>	<u>\$ 905,239,823</u>	<u>\$ 840,268,849</u>	<u>\$ 863,589,949</u>
Net Pension Liability/(Asset) - Beginning	\$ (104,467,984)	\$ (77,658,473)	\$ (24,883,825)	\$ 7,089,404	\$ (43,991,123)	\$ 5,549,248
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ (76,272,386)	\$ (104,467,984)	\$ (77,658,473)	\$ (24,883,825)	\$ 7,089,404	\$ (43,991,123)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability/(Asset)	107.72%	111.12%	108.60%	102.83%	99.16%	105.37%
Covered Payroll	\$ 82,998,580	\$ 80,852,451	\$ 79,558,524	\$ 76,942,048	\$ 74,021,494	\$ 75,629,669
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-91.90%	-129.21%	-97.61%	-32.34%	9.58%	-58.17%

Notes to Schedule:

Data unavailable prior to 2014.

City of Clearwater, Florida
Defined Benefit Pension Plans
Required Supplementary Information - Unaudited

Firefighters' Relief and Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Interest on the Total Pension Liability	\$ 72,699	\$ 84,902	\$ 90,635	\$ 99,691	\$ 100,650	\$ 92,956
Difference between Expected and Actual Experience	(141,190)	(205,912)	76,981	(296,507)	114,258	(426,528)
Assumption Changes	-	-	-	208,676	201,922	-
Benefit Payments	(285,762)	(332,638)	(365,154)	(423,458)	(442,775)	(525,760)
Other	-	-	-	-	-	143,654
Net Change in Total Pension Liability	(354,253)	(453,648)	(197,538)	(411,598)	(25,945)	(715,678)
Total Pension Liability - Beginning	2,709,051	3,162,699	3,360,237	3,771,835	3,797,780	4,513,458
Total Pension Liability - Ending (a)	\$ 2,354,798	\$ 2,709,051	\$ 3,162,699	\$ 3,360,237	\$ 3,771,835	\$ 3,797,780
Plan Fiduciary Net Position						
Net Investment Income	319,636	59,255	(149,322)	171,674	199,776	169,627
Benefit Payments	(285,762)	(332,638)	(365,154)	(423,458)	(442,775)	(525,760)
Administrative Expense	(2,500)	(2,500)	(3,500)	(2,758)	(2,005)	(5,808)
Net Change in Plan Fiduciary Net Position	31,374	(275,883)	(517,976)	(254,542)	(245,004)	(361,941)
Plan Fiduciary Net Position - Beginning	3,566,898	3,842,781	4,360,757	4,615,299	4,860,303	5,222,244
Plan Fiduciary Net Position - Ending (b)	\$ 3,598,272	\$ 3,566,898	\$ 3,842,781	\$ 4,360,757	\$ 4,615,299	\$ 4,860,303
Net Pension Liability/(Asset) - Beginning	\$ (857,847)	\$ (680,082)	\$ (1,000,520)	\$ (843,464)	\$ (1,062,523)	\$ (495,433)
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ (1,243,474)	\$ (857,847)	\$ (680,082)	\$ (1,000,520)	\$ (843,464)	\$ (1,062,523)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability/(Asset)	152.81%	131.67%	121.50%	129.78%	122.36%	127.98%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Data unavailable prior to 2014.

**City of Clearwater, Florida
Defined Benefit Pension Plans**
Required Supplementary Information - Unaudited

**Employees' Pension Plan
Schedule of Contributions**

FY Ending September 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 19,608,078	\$ 18,872,463 ¹	\$ 735,615	\$ 75,629,669	24.95%
2015	\$ 10,803,098	\$ 14,935,098	\$ (4,132,000)	\$ 74,021,494 ²	20.18%
2016	\$ 8,767,703	\$ 13,190,874	\$ (4,423,171)	\$ 76,942,048	17.14%
2017	\$ 8,944,103	\$ 11,910,912	\$ (2,966,809)	\$ 79,558,524	14.97%
2018	\$ 8,659,427	\$ 10,662,462	\$ (2,003,035)	\$ 80,852,451	13.19%
2019	\$ 8,813,297	\$ 10,913,645	\$ (2,100,348)	\$ 82,998,580	13.15%

¹ A portion of the plan's credit balance was applied to meet the remainder of the actuarially determined contribution for the fiscal year ending September 30, 2014.

² The definition of Covered Payroll for GASB Statement Nos. 67 and 68 was changed under GASB Statement No. 82 to be the pensionable earnings for members of the Plan. As a result, the Covered Payroll amount previously reported for fiscal year 2015 has been revised to reflect this change.

Notes to Schedule of Contributions

Valuation Date:

Notes:

January 1, 2018

Actuarially determined contributions are calculated as of January 1, which is nine months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	25 years (longest remaining period); 16 years (single equivalent period)
Asset Valuation Method	5-year smoothed market; 20% corridor
Inflation	2.50%
Salary Increases	3.50% to 7.90% depending on service; including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the employment classification and type of eligibility condition.
Mortality	Hazardous Duty Employees: RP-2000 Mortality Table for Annuitants, with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in the July 1, 2017 valuation, as mandated by Chapter 112.63, Florida Statutes.

Nonhazardous Duty Employees: RP-2000 Mortality Table for Annuitants, with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in the July 1, 2017 valuation, as mandated by Chapter 112.63, Florida Statutes.

Other Information:

Notes

There were no changes in assumptions, methods, or benefit provisions effective with the January 1, 2018 valuation.

The above assumptions, except the mortality assumption, were last updated for the January 1, 2013 valuation pursuant to an experience study of the 5-year period from January 1, 2007 through January 1, 2012. The mortality assumption was updated effective January 1, 2016 in compliance with Chapter 112.63, Florida Statutes.

Data unavailable prior to 2014.

**City of Clearwater, Florida
Defined Benefit Pension Plans
Required Supplementary Information - Unaudited**

**Firefighters' Relief and Pension Plan
Schedule of Contributions**

There have been no employer contributions for the last ten fiscal years.

Notes to Schedule of Contributions

Effective with the fiscal year ended September 30, 2007, the Firefighters' Relief and Pension Plan, with no remaining active members (only retirees), was fully funded per the requirements of the governing Ordinance. The City may elect to contribute should future valuations show an actuarial need for such.

**City of Clearwater, Florida
Defined Benefit Pension Plans
Required Supplementary Information - Unaudited**

**Employees' Pension Plan
Schedule of Investment Returns**

	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	5.11%	9.69%	11.28%	10.63%	-0.03%	10.90%

Note: Data unavailable prior to 2014.

**City of Clearwater, Florida
Defined Benefit Pension Plans
Required Supplementary Information - Unaudited**

**Firefighters' Relief and Pension Plan
Schedule of Investment Returns**

	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	6.52%	1.82%	4.68%	4.554%	4.315%	3.902%

Note: Data unavailable prior to 2014.

**City of Clearwater, Florida
Other Post-Employment Benefits
Required Supplementary Information - Unaudited**

	2019	2018
Total OPEB Liability		
Service cost	\$ 1,677,787	\$ 1,731,394
Interest	1,086,906	974,551
Changes of benefit terms	-	-
Difference between expected and actual experience	-	-
Changes of assumptions and other inputs	4,006,356	(1,029,325)
Benefit payments	(1,122,335)	(1,054,805)
Net Change in Total OPEB Liability	<u>5,648,714</u>	<u>621,815</u>
 Total OPEB Liability - Beginning	 27,262,128	 26,640,313
Total OPEB Liability - Ending	<u>\$ 32,910,842</u>	<u>\$ 27,262,128</u>
 Estimated covered-employee payroll	 \$ 95,520,530	 \$ 92,964,945
 Total OPEB liability as a percentage of covered-employee payroll	 34.45%	 29.33%

Notes to Schedule:

Valuation Date:	January 1, 2018
Measurement Date:	September 30, 2019
Roll Forward Procedures:	The Total OPEB Liability was rolled forward 21 months from the Valuation Date to the Measurement Date using standard actuarial techniques.

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	2.75%
Salary Increases	Salary increase rates used in the January 1, 2018 actuarial valuation of the City's pension plan.
Retirement Age	Retirement rates used in the January 1, 2018 actuarial valuation of the City's pension plan.
Mortality	Mortality tables used for Regular and Special Risk Class members in the July 1, 2016 actuarial valuation of the Florida Retirement System, based on the results of a statewide experience study covering the period 2008 through 2013 and include generational projections.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.24% plus 0.52% increase for excise tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in the per capita health costs.

Other Information:

Changes in assumptions and other inputs include the change in the discount rate from 3.83% as of the beginning of the measurement period to 2.75% as of September 30, 2019. This change is reflected in the Schedule of Changes in Total OPEB Liability.

There were no benefit changes during the year.

Data unavailable prior to 2018.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Special Programs Fund – to account for grants and contributions, the use of which is restricted for certain programs.

Community Redevelopment Agency Fund – to account for receipt, custody, and expenditure of property tax increment funds associated with related redevelopment projects.

Local Housing Assistance SHIP Trust Fund – to account for monies allocated to the City under the State Local Housing Assistance SHIP grant program.

Pinellas County Local Housing Assistance Trust Fund – to account for monies allocated to the City under the Pinellas County Local Housing Assistance grant program.

Debt Service Funds

Debt service funds provide separate accounting records for all debt interest, principal, and reserve requirements for general government long-term. Debt of proprietary funds is serviced through restricted accounts maintained within the individual enterprise or internal service fund associated with the debt.

Notes and Mortgages Debt Service Fund - to account for the advance monthly accumulation of resources by transfer of General Revenues from the General and Special Revenue Funds and the payment of currently maturing installments of principal and interest on the various note and mortgage obligations of the governmental funds during each fiscal year.

Spring Training Facility Revenue Bonds Debt Service Fund – to account for the advance monthly accumulation of resources received from the State of Florida and Pinellas County, and the payment of currently maturing installments of principal and interest each year.

Capital Projects Funds

Capital projects funds are used to account for resources to be used for the acquisition or construction of **major** capital improvement projects, other than those financed by proprietary funds. A major capital improvement project is a property acquisition, a major construction undertaking, or a major improvement to an existing facility or property, with a cost greater than \$25,000 and a minimum useful life of at least five years.

Community Redevelopment Agency Capital Projects Fund – to provide separate accounting records for the acquisition or construction of capital improvement projects for the Clearwater Community Redevelopment Agency.

City of Clearwater, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019

Special Revenue Funds						
	Special Programs	Community Redevelopment Agency	SHIP Local Housing Assistance Trust	Pinellas County Local Housing Assistance Trust	Total	
ASSETS						
Cash and investments	\$ 10,378,992	\$ 399,106	\$ 795,105	\$ 238,287	\$ 11,811,490	
Receivables:						
Accrued interest	24,521	17,495	1,866	546	44,428	
Mortgage notes	2,318,845	-	2,056,705	163,635	4,539,185	
Other	6,184	-	-	-	6,184	
Due from other governments - grants	1,186,226	-	-	-	1,186,226	
Due from other governments - other	185,006	-	-	-	185,006	
Prepaid items	2,452	-	-	-	2,452	
Advances to other funds	325,440	-	-	-	325,440	
Total assets	<u><u>\$ 14,427,666</u></u>	<u><u>\$ 416,601</u></u>	<u><u>\$ 2,853,676</u></u>	<u><u>\$ 402,468</u></u>	<u><u>\$ 18,100,411</u></u>	
LIABILITIES						
Accounts and contracts payable	\$ 175,362	\$ 43,021	\$ 29,114	-	\$ 247,497	
Accrued payroll	57,561	140	-	-	57,701	
Due to other governmental entities	226	48,000	-	-	48,226	
Unearned revenue	5,208	-	-	-	5,208	
Advances from other funds	-	325,440	-	-	325,440	
Total liabilities	<u><u>\$ 238,357</u></u>	<u><u>\$ 416,601</u></u>	<u><u>\$ 29,114</u></u>	<u><u>-</u></u>	<u><u>\$ 684,072</u></u>	
FUND BALANCES						
Nonspendable	2,452	-	-	-	2,452	
Restricted	10,045,899	-	2,824,562	402,468	13,272,929	
Committed	2,343,425	-	-	-	2,343,425	
Assigned	1,797,533	-	-	-	1,797,533	
Total fund balances	<u><u>\$ 14,189,309</u></u>	<u><u>-</u></u>	<u><u>\$ 2,824,562</u></u>	<u><u>\$ 402,468</u></u>	<u><u>\$ 17,416,339</u></u>	
Total liabilities and fund balances	<u><u>\$ 14,427,666</u></u>	<u><u>\$ 416,601</u></u>	<u><u>\$ 2,853,676</u></u>	<u><u>\$ 402,468</u></u>	<u><u>\$ 18,100,411</u></u>	

The notes to the financial statements are an integral part of this statement.

Notes and Mortgages	Debt Service Funds			Capital		
	Spring Training		Total	Project Fund		Total
	Facility Revenue	Bonds		Community Redevelopment	Nonmajor Governmental Funds	
\$ -	\$ 739,058	\$ 739,058	\$ 7,894,174	\$ 20,444,722		
-	1,514	1,514	-	-	45,942	
-	-	-	-	-	4,539,185	
-	-	-	-	-	6,184	
-	-	-	-	-	1,186,226	
-	-	-	-	-	185,006	
-	-	-	7,500	-	9,952	
-	-	-	-	-	325,440	
\$ -	\$ 740,572	\$ 740,572	\$ 7,901,674	\$ 26,742,657		
\$ -	\$ -	\$ -	\$ 7,141	\$ 254,638		
-	-	-	2,336	60,037		
-	-	-	-	48,226		
-	-	-	-	5,208		
-	-	-	-	325,440		
\$ -	\$ -	\$ -	\$ 9,477	\$ 693,549		
-	-	-	7,500	9,952		
-	740,572	740,572	7,808,215	21,821,716		
-	-	-	-	2,343,425		
-	-	-	76,482	1,874,015		
\$ -	\$ 740,572	\$ 740,572	\$ 7,892,197	\$ 26,049,108		
\$ -	\$ 740,572	\$ 740,572	\$ 7,901,674	\$ 26,742,657		

City of Clearwater, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2019

	Special Revenue Funds				
	Special Programs	Community Redevelopment Agency	SHIP	Pinellas County	Total
			Local Housing Assistance Trust	Local Housing Assistance Trust	
REVENUES					
Intergovernmental:					
Federal	\$ 1,051,534	\$ -	\$ -	\$ -	\$ 1,051,534
State	1,375,555	-	156,785	-	1,532,340
Local	400,093	1,877,440	-	-	2,277,533
Charges for services	1,623,499	-	-	-	1,623,499
Fines and forfeitures	723,616	-	-	-	723,616
Investment earnings (loss):					
Interest	249,347	205,867	26,189	8,245	489,648
Net appreciation (depreciation) in fair value	263,733	147,437	15,666	5,934	432,770
Total investment earnings (loss)	513,080	353,304	41,855	14,179	922,418
Miscellaneous	845,133	71,144	58,695	4,098	979,070
Total revenues	<u>6,532,510</u>	<u>2,301,888</u>	<u>257,335</u>	<u>18,277</u>	<u>9,110,010</u>
EXPENDITURES					
Current:					
General government	2,152,243	-	-	-	2,152,243
Public safety	2,483,262	-	-	-	2,483,262
Physical environment	35,509	-	-	-	35,509
Transportation	37,081	-	-	-	37,081
Economic environment	732,311	546,236	198,077	-	1,476,624
Human services	400,304	-	-	-	400,304
Culture and recreation	1,244,494	-	-	-	1,244,494
Debt service:					
Principal	-	-	-	-	-
Interest & fiscal charges	-	-	-	-	-
Capital outlay	18,688	-	-	-	18,688
Total expenditures	<u>7,103,892</u>	<u>546,236</u>	<u>198,077</u>	<u>-</u>	<u>7,848,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(571,382)</u>	<u>1,755,652</u>	<u>59,258</u>	<u>18,277</u>	<u>1,261,805</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	357,110	1,779,126	-	-	2,136,236
Transfers out	(516,688)	(3,570,708)	(61,036)	-	(4,148,432)
Total other financing sources (uses)	<u>(159,578)</u>	<u>(1,791,582)</u>	<u>(61,036)</u>	<u>-</u>	<u>(2,012,196)</u>
Net change in fund balances	(730,960)	(35,930)	(1,778)	18,277	(750,391)
Fund balances - beginning	14,920,269	35,930	2,826,340	384,191	18,166,730
Fund balances - ending	<u>\$ 14,189,309</u>	<u>\$ -</u>	<u>\$ 2,824,562</u>	<u>\$ 402,468</u>	<u>\$ 17,416,339</u>

The notes to the financial statements are an integral part of this statement.

Notes and Mortgages	Debt Service Funds			Capital	
	Spring Training		Total	Project Fund	Total
	Facility Revenue	Bonds		Community Redevelopment	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,051,534
-	500,004	500,004		-	2,032,344
-	587,650	587,650		54,400	2,919,583
-	-	-		-	1,623,499
-	-	-		-	723,616
	14,451	14,451		-	504,099
-	18,543	18,543		-	451,313
-	32,994	32,994		-	955,412
-	-	-		-	979,070
-	1,120,648	1,120,648		54,400	10,285,058
-	-	-		-	2,152,243
-	-	-		-	2,483,262
-	-	-		-	35,509
-	-	-		-	37,081
-	-	-		1,205,309	2,681,933
-	-	-		-	400,304
-	-	-		-	1,244,494
726,329	760,000	1,486,329		-	1,486,329
44,899	303,129	348,028		-	348,028
-	-	-		529,565	548,253
<u>771,228</u>	<u>1,063,129</u>	<u>1,834,357</u>		<u>1,734,874</u>	<u>11,417,436</u>
<u>(771,228)</u>	<u>57,519</u>	<u>(713,709)</u>		<u>(1,680,474)</u>	<u>(1,132,378)</u>
771,228	-	771,228		3,103,259	6,010,723
-	-	-		(176,280)	(4,324,712)
<u>771,228</u>	<u>-</u>	<u>771,228</u>		<u>2,926,979</u>	<u>1,686,011</u>
-	57,519	57,519		1,246,505	553,633
-	683,053	683,053		6,645,692	25,495,475
\$ -	\$ 740,572	\$ 740,572	\$	\$ 7,892,197	\$ 26,049,108

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City of Clearwater, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (GAAP Basis)
Community Redevelopment Agency
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental - Local	\$ 1,877,022	\$ 1,877,440	\$ 1,877,440	\$ -
Investment earnings (loss):				
Interest	50,000	199,850	205,867	6,017
Net appreciation (depreciation) in fair value	-	-	147,437	147,437
Total investment earnings (loss)	50,000	199,850	353,304	153,454
Miscellaneous	71,026	71,026	71,144	118
Total revenues	1,998,048	2,148,316	2,301,888	153,572
EXPENDITURES				
Current - Economic environment	604,371	581,789	546,236	35,553
Total expenditures	604,371	581,789	546,236	35,553
Excess of revenues over expenditures	1,393,677	1,566,527	1,755,652	189,125
OTHER FINANCING SOURCES (USES)				
Transfers in	1,539,879	1,779,126	1,779,126	\$ -
Transfers out	(2,933,556)	(3,345,653)	(3,570,708)	(225,055)
Total other financing sources (uses)	(1,393,677)	(1,566,527)	(1,791,582)	(225,055)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(35,930)	(35,930)
Fund balances - beginning	-	-	35,930	35,930
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

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Nonmajor Enterprise Funds

Enterprise funds are used to account for the financing, acquisition, operation, and maintenance of governmental facilities that are supported primarily by user charges.

Marine Operations Fund - to account for the financing, operation, and maintenance of the City's marine operations (excluding the downtown boat slips) and associated real property from rents collected from users.

Aviation Operations Fund - to account for the financing, operation, and maintenance of the City's airpark operations from rents collected from users.

Parking System Fund - to account for the financing, construction, operation and maintenance of the City's parking system, including on- and off-street parking on Clearwater Beach and Downtown Clearwater, from parking charges.

Clearwater Harbor Marina Fund - to account for the financing, operation, and maintenance of the City's downtown boat slips from boat slip rentals.

City of Clearwater, Florida
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2019

	Marine Operations	Aviation Operations	Parking System	Clearwater Harbor Marina	Total
ASSETS					
Current assets:					
Cash and investments	\$ 3,482,353	\$ 949,442	\$ 17,957,948	\$ 2,154,440	\$ 24,544,183
Accrued interest receivable	6,238	1,761	36,209	4,368	48,576
Other receivables	-	-	62,238	-	62,238
Due from other governmental entities	-	14,906	24,013	-	38,919
Inventories, at cost	40,550	-	-	-	40,550
Total current assets	<u>3,529,141</u>	<u>966,109</u>	<u>18,080,408</u>	<u>2,158,808</u>	<u>24,734,466</u>
Noncurrent assets:					
Net pension asset	417,210	28,984	856,539	78,561	1,381,294
Capital assets:					
Land and other nondepreciable assets	670,086	1,401,500	874,656	-	2,946,242
Capital assets, net of accumulated depreciation	393,073	3,359,884	12,949,553	10,138,368	26,840,878
Total noncurrent assets	<u>1,480,369</u>	<u>4,790,368</u>	<u>14,680,748</u>	<u>10,216,929</u>	<u>31,168,414</u>
Total assets	<u>5,009,510</u>	<u>5,756,477</u>	<u>32,761,156</u>	<u>12,375,737</u>	<u>55,902,880</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pension	136,741	9,499	280,732	25,748	452,720
Deferred outflows - other postemployment benefits	<u>34,610</u>	<u>2,923</u>	<u>82,055</u>	<u>11,525</u>	<u>131,113</u>
Total deferred outflows of resources	<u>171,351</u>	<u>12,422</u>	<u>362,787</u>	<u>37,273</u>	<u>583,833</u>
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	113,543	20,588	126,135	12,678	272,944
Accrued payroll	32,295	1,832	55,459	7,046	96,632
Accrued interest payable	-	58	-	58	-
Deposits	41,029	-	5,798	43,092	89,919
Unearned revenue and liens	-	-	17,487	-	17,487
Current portion of long-term liabilities:					
Compensated absences	37,408	2,823	37,407	6,622	84,260
Capital lease purchases payable	-	-	4,115	-	4,115
Total current liabilities	<u>224,275</u>	<u>25,243</u>	<u>246,459</u>	<u>69,438</u>	<u>565,415</u>
Noncurrent liabilities:					
Compensated absences	35,447	2,675	35,446	6,274	79,842
Other postemployment benefits	338,982	28,632	803,683	112,884	1,284,181
Capital lease purchases payable	-	-	7,401	-	7,401
Total noncurrent liabilities	<u>374,429</u>	<u>31,307</u>	<u>846,530</u>	<u>119,158</u>	<u>1,371,424</u>
Total liabilities	<u>598,704</u>	<u>56,550</u>	<u>1,092,989</u>	<u>188,596</u>	<u>1,936,839</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pension	182,949	12,709	375,596	34,449	605,703
Deferred inflows - other postemployment benefits	<u>7,182</u>	<u>607</u>	<u>17,028</u>	<u>2,392</u>	<u>27,209</u>
Total deferred inflows of resources	<u>190,131</u>	<u>13,316</u>	<u>392,624</u>	<u>36,841</u>	<u>632,912</u>
NET POSITION					
Net investment in capital assets	1,063,159	4,761,384	13,812,693	10,138,368	29,775,604
Restricted for:					
Pensions	417,210	28,984	856,539	78,561	1,381,294
Unrestricted	<u>2,911,657</u>	<u>908,665</u>	<u>16,969,098</u>	<u>1,970,644</u>	<u>22,760,064</u>
Total net position	<u>\$ 4,392,026</u>	<u>\$ 5,699,033</u>	<u>\$ 31,638,330</u>	<u>\$ 12,187,573</u>	<u>\$ 53,916,962</u>

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended September 30, 2019

	Marine Operations	Aviation Operations	Parking System	Clearwater Harbor Marina	Totals
Operating revenues:					
Sales to customers	\$ 2,977,300	\$ 18,277	\$ 6,228,640	\$ 686	\$ 9,224,903
User charges to customers	213,672	-	-	24,063	237,735
Rentals	1,847,908	304,249	-	800,205	2,952,362
Other	245,433	44	923,706	25,442	1,194,625
Total operating revenues	<u>5,284,313</u>	<u>322,570</u>	<u>7,152,346</u>	<u>850,396</u>	<u>13,609,625</u>
Operating expenses:					
Personal services	1,083,580	68,818	1,834,895	248,144	3,235,437
Purchases for resale	2,002,134	-	-	594	2,002,728
Operating materials and supplies	74,358	15,589	78,118	40,950	209,015
Transportation	14,318	5,947	143,203	7,373	170,841
Utility service	400,592	42,707	53,188	68,394	564,881
Depreciation	46,243	209,698	492,898	335,914	1,084,753
Interfund administrative charges	197,285	87,720	1,078,980	121,980	1,485,965
Other current charges:					
Professional fees	96,888	52,737	390,308	41,833	581,766
Advertising	51	-	-	1,369	1,420
Communications	29,402	-	48,910	602	78,914
Printing and binding	602	-	16,426	64	17,092
Insurance	73,380	9,700	86,550	39,480	209,110
Repairs and maintenance	34,117	5,101	176,833	4,290	220,341
Rentals	2,648	-	40,331	-	42,979
Miscellaneous	120,150	1,554	578,855	11,452	712,011
Data processing charges	46,630	4,000	102,020	9,840	162,490
Taxes	23,801	-	-	-	23,801
Total other current charges	<u>427,669</u>	<u>73,092</u>	<u>1,440,233</u>	<u>108,930</u>	<u>2,049,924</u>
Total operating expenses	<u>4,246,179</u>	<u>503,571</u>	<u>5,121,515</u>	<u>932,279</u>	<u>10,803,544</u>
Operating income (loss)	<u>1,038,134</u>	<u>(181,001)</u>	<u>2,030,831</u>	<u>(81,883)</u>	<u>2,806,081</u>
Nonoperating revenues (expenses):					
Investment earnings (loss):					
Interest	71,145	21,245	690,909	46,121	829,420
Net appreciation (depreciation) in fair value	<u>37,681</u>	<u>13,451</u>	<u>(338)</u>	<u>37,922</u>	<u>88,716</u>
Total investment earnings (loss)	<u>108,826</u>	<u>34,696</u>	<u>690,571</u>	<u>84,043</u>	<u>918,136</u>
Income (loss) before contributions and transfers	<u>1,146,960</u>	<u>(146,305)</u>	<u>2,721,402</u>	<u>2,160</u>	<u>3,724,217</u>
Capital grants and contributions	2,361	28,414	-	-	30,775
Transfers in	10,000	240,000	167	-	250,167
Transfers out	(244,450)	(17,100)	(714,392)	(43,960)	(1,019,902)
Change in net position	<u>914,871</u>	<u>105,009</u>	<u>2,007,177</u>	<u>(41,800)</u>	<u>2,985,257</u>
Net position - beginning	<u>3,477,155</u>	<u>5,594,024</u>	<u>29,631,153</u>	<u>12,229,373</u>	<u>50,931,705</u>
Net position - ending	<u>\$ 4,392,026</u>	<u>\$ 5,699,033</u>	<u>\$ 31,638,330</u>	<u>\$ 12,187,573</u>	<u>\$ 53,916,962</u>

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2019

	Marine Operations	Aviation Operations	Parking System	Clearwater Harbor Marina	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
ACTIVITIES					
Cash received from customers	\$ 5,278,287	\$ 322,570	\$ 7,090,128	\$ 854,120	\$ 13,545,105
Cash payments to suppliers	(2,746,721)	(101,484)	(1,264,128)	(153,517)	(4,265,850)
Cash payments to employees	(1,063,856)	(64,876)	(1,934,150)	(251,567)	(3,314,449)
Cash payments to other funds	(401,255)	(113,148)	(1,553,324)	(186,855)	(2,254,582)
Net cash provided by operating activities	<u>1,066,455</u>	<u>43,062</u>	<u>2,338,526</u>	<u>262,181</u>	<u>3,710,224</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	10,000	240,000	167	-	250,167
Transfers to other funds	<u>(244,450)</u>	<u>(17,100)</u>	<u>(714,392)</u>	<u>(43,960)</u>	<u>(1,019,902)</u>
Net cash provided (used) by noncapital financing activities	<u>(234,450)</u>	<u>222,900</u>	<u>(714,225)</u>	<u>(43,960)</u>	<u>(769,735)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on debt	-	-	(4,033)	-	(4,033)
Interest paid	-	-	(280)	-	(280)
Acquisition of capital assets	-	-	(30,237)	-	(30,237)
Capital contributed by other governmental entities	<u>2,361</u>	<u>29,400</u>	<u>-</u>	<u>-</u>	<u>31,761</u>
Net cash provided (used) by capital and related financing activities	<u>2,361</u>	<u>29,400</u>	<u>(34,550)</u>	<u>-</u>	<u>(2,789)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	<u>107,943</u>	<u>35,015</u>	<u>729,736</u>	<u>85,329</u>	<u>958,023</u>
Net cash provided by investing activities	<u>107,943</u>	<u>35,015</u>	<u>729,736</u>	<u>85,329</u>	<u>958,023</u>
Net increase in cash and cash equivalents	942,309	330,377	2,319,487	303,550	3,895,723
Cash and cash equivalents at beginning of year	<u>2,540,044</u>	<u>619,065</u>	<u>15,638,461</u>	<u>1,850,890</u>	<u>20,648,460</u>
Cash and cash equivalents at end of year	<u>\$ 3,482,353</u>	<u>\$ 949,442</u>	<u>\$ 17,957,948</u>	<u>\$ 2,154,440</u>	<u>\$ 24,544,183</u>
Cash and cash equivalents classified as:					
Cash and investments	<u>\$ 3,482,353</u>	<u>\$ 949,442</u>	<u>\$ 17,957,948</u>	<u>\$ 2,154,440</u>	<u>\$ 24,544,183</u>
Total cash and cash equivalents	<u>\$ 3,482,353</u>	<u>\$ 949,442</u>	<u>\$ 17,957,948</u>	<u>\$ 2,154,440</u>	<u>\$ 24,544,183</u>

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2019

	<u>Marine Operations</u>	<u>Aviation Operations</u>	<u>Parking System</u>	<u>Clearwater Harbor Marina</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,038,134	\$ (181,001)	\$ 2,030,831	\$ (81,883)	\$ 2,806,081
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	46,243	209,698	492,898	335,914	1,084,753
Change in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) decrease in accounts receivable	-	-	(62,238)	-	(62,238)
(Increase) decrease in due from other governments	-	-	(24,013)	-	(24,013)
(Increase) decrease in inventory	(3,533)	-	-	-	(3,533)
(Increase) decrease in prepaid expenses	-	-	120	-	120
(Increase) decrease in net pension asset	192,883	11,759	136,952	27,996	369,590
(Increase) decrease in deferred outflows	(124,486)	(9,292)	(286,470)	(29,088)	(449,336)
Increase (decrease) in accounts and contracts payable	(28,087)	10,423	163	7,849	(9,652)
Increase (decrease) in accrued payroll	6,571	862	28,331	3,085	38,849
Increase (decrease) in deposits	(6,026)	-	20	3,724	(2,282)
Increase (decrease) in unearned revenue	-	-	-	-	-
Increase (decrease) in other postemployment benefits	62,271	7,913	137,124	13,105	220,413
Increase (decrease) in deferred inflows	(117,515)	(7,300)	(115,192)	(18,521)	(258,528)
Total adjustments	28,321	224,063	307,695	344,064	904,143
Net cash provided by operating activities	\$ 1,066,455	\$ 43,062	\$ 2,338,526	\$ 262,181	\$ 3,710,224

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Internal Service Funds

Internal service funds are used to account for services and commodities furnished by a designated department to other departments within the City or to other governments on a cost reimbursement basis.

Garage Fund - to account for the cost of automotive and other motorized equipment of the City. The acquisition cost of new or upgraded equipment is financed through user departments and the asset value is simultaneously contributed to the Garage Fund. The cost of replacement of existing equipment is financed by the Garage Fund.

Administrative Services Fund - to account for various support activities including information technology, printing, mailing, and telephone services. The cost for these services is charged to user departments based on the cost of providing units of service.

General Services Fund - to account for various support activities including building maintenance and custodial services for all City departments and facilities. The cost for these services is charged to user departments based on the cost of providing units of service.

Central Insurance Fund - to account for the City's limited self-insurance program wherein all funds are assessed charges based on damage claims incurred and on management's assessment of individual funds' risk exposure. All claims and premiums are paid out of this fund, together with other costs necessary to administer the program. Medical self-insurance costs and employee health clinic operating expenses are also paid from this fund.

City of Clearwater, Florida
Combining Statement of Net Position
Internal Service Funds
September 30, 2019

	Garage	Administrative Services	General Services	Central Insurance	Total
ASSETS					
Current assets:					
Cash and investments	\$ 12,241,210	\$ 12,042,748	\$ 9,723,833	\$ 48,067,686	\$ 82,075,477
Accrued interest receivable	25,397	24,591	20,877	99,519	170,384
Other receivables	5,163	-	-	139,029	144,192
Due from other funds	-	-	-	321,954	321,954
Due from other governmental entities	-	-	-	48,205	48,205
Inventories, at cost	389,012	-	-	-	389,012
Prepaid expenses and other assets	-	940	-	2,073,160	2,074,100
Total current assets	<u>12,660,782</u>	<u>12,068,279</u>	<u>9,744,710</u>	<u>50,749,553</u>	<u>85,223,324</u>
Noncurrent assets:					
Advances to other funds	-	-	-	2,863,483	2,863,483
Net pension asset	1,398,073	3,265,984	1,216,545	181,528	6,062,130
Capital assets:					
Land and other nondepreciable assets	729,591	167,815	-	-	897,406
Capital assets, net of accumulated depreciation	26,783,518	3,027,964	286,099	1,461	30,099,042
Total noncurrent assets	<u>28,911,182</u>	<u>6,461,763</u>	<u>1,502,644</u>	<u>3,046,472</u>	<u>39,922,061</u>
Total assets	<u>41,571,964</u>	<u>18,530,042</u>	<u>11,247,354</u>	<u>53,796,025</u>	<u>125,145,385</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pension	458,221	1,070,432	398,725	59,496	1,986,874
Deferred outflows - other postemployment benefits	67,775	142,505	62,835	11,895	285,010
Total deferred outflows of resources	<u>525,996</u>	<u>1,212,937</u>	<u>461,560</u>	<u>71,391</u>	<u>2,271,884</u>
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	515,439	1,107,426	839,118	185,516	2,647,499
Accrued payroll	65,793	146,522	61,012	13,267	286,594
Accrued interest payable	96,700	4,223	156	-	101,079
Unearned revenue	191,417	-	-	-	191,417
Current portion of long-term liabilities:					
Compensated absences	65,829	330,622	74,972	7,228	478,651
Capital lease purchases payable	6,219,727	242,251	7,094	-	6,469,072
Due to other funds	645,800	67,106	-	-	712,906
Claims payable	-	-	-	3,635,901	3,635,901
Total current liabilities (payable from current assets)	<u>7,800,705</u>	<u>1,898,150</u>	<u>982,352</u>	<u>3,841,912</u>	<u>14,523,119</u>
Noncurrent liabilities:					
Compensated absences	62,377	313,282	71,040	6,848	453,547
Other postemployment benefits	663,812	1,395,749	615,433	116,504	2,791,498
Capital lease purchases payable	8,545,946	331,392	24,058	-	8,901,396
Advances from other funds	2,717,658	138,225	-	-	2,855,883
Claims payable	-	-	-	6,522,100	6,522,100
Total noncurrent liabilities	<u>11,989,793</u>	<u>2,178,648</u>	<u>710,531</u>	<u>6,645,452</u>	<u>21,524,424</u>
Total liabilities	<u>19,790,498</u>	<u>4,076,798</u>	<u>1,692,883</u>	<u>10,487,364</u>	<u>36,047,543</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pension	613,061	1,432,149	533,460	79,601	2,658,271
Deferred inflows - other postemployment benefits	14,064	29,572	13,039	2,468	59,143
Total deferred inflows of resources	<u>627,125</u>	<u>1,461,721</u>	<u>546,499</u>	<u>82,069</u>	<u>2,717,414</u>
NET POSITION					
Net investment in capital assets	9,383,978	2,416,805	254,947	1,461	12,057,191
Restricted for:					
Pensions	1,398,073	3,265,984	1,216,545	181,528	6,062,130
Unrestricted	10,898,286	8,521,671	7,998,040	43,114,994	70,532,991
Total net position	<u>\$ 21,680,337</u>	<u>\$ 14,204,460</u>	<u>\$ 9,469,532</u>	<u>\$ 43,297,983</u>	<u>\$ 88,652,312</u>

City of Clearwater, Florida
Combining Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended September 30, 2019

	Garage	Administrative Services	General Services	Central Insurance	Total
Operating revenues:					
Billings to departments	\$ 16,639,011	\$ 12,221,479	\$ 5,672,334	\$ 25,600,670	\$ 60,133,494
Rentals	50,837	-	-	-	50,837
Other	113,121	-	19,317	779,026	911,464
Total operating revenues	<u>16,802,969</u>	<u>12,221,479</u>	<u>5,691,651</u>	<u>26,379,696</u>	<u>61,095,795</u>
Operating expenses:					
Personal services	2,258,132	5,004,467	2,180,897	474,553	9,918,049
Purchases for resale	4,268,383	-	-	-	4,268,383
Operating materials and supplies	100,782	455,151	501,498	296,916	1,354,347
Transportation	1,600	78,920	205,235	-	285,755
Utility service	118,007	-	426,941	2,195	547,143
Depreciation	8,816,841	614,301	42,956	2,349	9,476,447
Interfund administrative charges	240,400	4,000	-	-	244,400
Other current charges:					
Professional fees	872,086	1,988,446	4,100,660	3,492,380	10,453,572
Communications	22,903	1,162,483	57,672	6,172	1,249,230
Printing and binding	3,226	36,643	60	5,344	45,273
Insurance:					
Premiums	30,730	21,040	39,980	2,890,427	2,982,177
Claims incurred	-	-	-	15,054,608	15,054,608
Repairs and maintenance	256,784	1,617,624	160,541	19,174	2,054,123
Rentals	17,254	482,345	71,978	68,317	639,894
Miscellaneous	48,417	205,782	25,729	66,284	346,212
Data processing charges	153,800	228,060	131,400	18,450	531,710
Taxes	15,604	-	-	6,295	21,899
Total other current charges	<u>1,420,804</u>	<u>5,742,423</u>	<u>4,588,020</u>	<u>21,627,451</u>	<u>33,378,698</u>
Total operating expenses	<u>17,224,949</u>	<u>11,899,262</u>	<u>7,945,547</u>	<u>22,403,464</u>	<u>59,473,222</u>
Operating income (loss)	(421,980)	322,217	(2,253,896)	3,976,232	1,622,573
Nonoperating revenues (expenses):					
Investment earnings (loss):					
Interest	226,372	227,008	232,500	1,089,099	1,774,979
Net appreciation (depreciation) in fair value	185,761	256,384	130,920	1,002,882	1,575,947
Total investment earnings (loss)	<u>412,133</u>	<u>483,392</u>	<u>363,420</u>	<u>2,091,981</u>	<u>3,350,926</u>
Interest expense	(458,283)	(19,176)	(675)	-	(478,134)
Gain on disposal of capital assets	655,415	-	-	-	655,415
Total nonoperating revenue (expenses)	<u>609,265</u>	<u>464,216</u>	<u>362,745</u>	<u>2,091,981</u>	<u>3,528,207</u>
Income (loss) before contributions and transfers	187,285	786,433	(1,891,151)	6,068,213	5,150,780
Transfers in	4,474,710	204	3,225,206	-	7,700,120
Transfers out	-	-	(63,302)	(5,239)	(68,541)
Change in net position	<u>4,661,995</u>	<u>786,637</u>	<u>1,270,753</u>	<u>6,062,974</u>	<u>12,782,359</u>
Net position - beginning	17,018,342	13,417,823	8,198,779	37,235,009	75,869,953
Net position - ending	<u>\$ 21,680,337</u>	<u>\$ 14,204,460</u>	<u>\$ 9,469,532</u>	<u>\$ 43,297,983</u>	<u>\$ 88,652,312</u>

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2019

	Garage	Administrative Services	General Services	Central Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from other funds					
	\$ 16,802,969	\$ 12,221,479	\$ 5,691,651	\$ 26,379,009	\$ 61,095,108
Cash payments to suppliers	(5,527,305)	(5,029,959)	(4,632,862)	(21,126,841)	(36,316,967)
Cash payments to employees	(2,418,253)	(5,120,214)	(2,209,307)	(444,117)	(10,191,891)
Cash payments to other funds	(686,169)	(610,882)	(451,137)	(2,533,014)	(4,281,202)
Net cash provided (used) by operating activities	<u>8,171,242</u>	<u>1,460,424</u>	<u>(1,601,655)</u>	<u>2,275,037</u>	<u>10,305,048</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	4,474,710	204	3,225,206	-	7,700,120
Transfers to other funds	-	-	(63,302)	(5,239)	(68,541)
Receipt of cash on loans to/from other funds	3,363,458	205,331	-	314,563	3,883,352
Net cash provided by noncapital financing activities	<u>7,838,168</u>	<u>205,535</u>	<u>3,161,904</u>	<u>309,324</u>	<u>11,514,931</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on debt	(6,722,079)	(286,983)	(5,229)	-	(7,014,291)
Interest paid	(361,583)	(14,953)	(519)	-	(377,055)
Acquisition of capital assets	(9,650,172)	(863,417)	(6,408)	-	(10,519,997)
Net cash used by capital and related financing activities	<u>(16,733,834)</u>	<u>(1,165,353)</u>	<u>(12,156)</u>	<u>-</u>	<u>(17,911,343)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	422,450	502,270	355,623	2,155,810	3,436,153
Net cash provided by investing activities	<u>422,450</u>	<u>502,270</u>	<u>355,623</u>	<u>2,155,810</u>	<u>3,436,153</u>
Net increase (decrease) in cash and cash equivalents	(301,974)	1,002,876	1,903,716	4,740,171	7,344,789
Cash and cash equivalents at beginning of year	12,543,184	11,039,872	7,820,117	43,327,515	74,730,688
Cash and cash equivalents at end of year	<u>\$ 12,241,210</u>	<u>\$ 12,042,748</u>	<u>\$ 9,723,833</u>	<u>\$ 48,067,686</u>	<u>\$ 82,075,477</u>
Cash and cash equivalents classified as:					
Cash and investments	\$ 12,241,210	\$ 12,042,748	\$ 9,723,833	\$ 48,067,686	\$ 82,075,477
Total cash and cash equivalents	<u>\$ 12,241,210</u>	<u>\$ 12,042,748</u>	<u>\$ 9,723,833</u>	<u>\$ 48,067,686</u>	<u>\$ 82,075,477</u>

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2019

	Garage	Administrative Services	General Services	Central Insurance	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (421,980)	\$ 322,217	\$ (2,253,896)	\$ 3,976,232	\$ 1,622,573
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	8,816,841	614,301	42,956	2,349	9,476,447
Change in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) decrease in accounts receivable	4,402	-	-	16,717	21,119
(Increase) decrease in due from other governments	-	-	-	(17,404)	(17,404)
(Increase) decrease in inventory	33,748	-	-	-	33,748
(Increase) decrease in prepaid expenses	-	(500)	-	(568,927)	(569,427)
(Increase) decrease in net pension asset	416,536	1,310,758	482,104	172,618	2,382,016
(Increase) decrease in deferred outflows	(386,604)	(861,367)	(331,075)	(44,187)	(1,623,233)
Increase (decrease) in accounts and contracts payable	(37,843)	640,153	637,695	(1,164,366)	75,639
Increase (decrease) in accrued payroll	(24,166)	13,448	17,300	(8,040)	(1,458)
Increase (decrease) in unearned revenue	(63,805)	-	-	-	(63,805)
Increase (decrease) in other postemployment benefits	113,390	238,472	105,086	5,002	461,950
Increase (decrease) in deferred inflows	(279,277)	(817,058)	(301,825)	(94,957)	(1,493,117)
Total adjustments	8,593,222	1,138,207	652,241	(1,701,195)	8,682,475
Net cash provided (used) by operating activities	\$ 8,171,242	\$ 1,460,424	\$ (1,601,655)	\$ 2,275,037	\$ 10,305,048

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Fiduciary Funds

Fiduciary Funds are used to account for resources that are managed in a trustee capacity or as an agent for other parties or funds.

Employees' Pension Fund - to account for the financial operation and condition of the major employee retirement system.

Firefighters' Relief and Pension Fund - to account for the financial operation and condition of the Firefighters' Relief and Pension Plan, closed to new members in 1962, and containing 15 retired members with no active members. The Plan was fully funded effective with fiscal year 2007.

Police Supplemental Pension Fund - to account for the financial operation and condition of a supplemental pension plan funded by the State for sworn police officers.

Firefighters' Supplemental Pension Fund - to account for the financial operation and condition of a supplemental pension plan funded by the State for firefighters.

Treasurer's Escrow Agency Fund - to account for the receipt, custody, and expenditure of funds held temporarily in trust for other parties.

City of Clearwater, Florida
Combining Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2019

	Defined Benefit Pension Trust Funds		Defined Contribution Pension Trust Funds			Totals	
	Employees' Pension Fund	Firefighters' Relief and Pension Fund	Police	Firefighters' Supplemental Pension Fund			
				Supplemental Pension Fund			
ASSETS							
Cash and cash equivalents	\$ 2,118,678	\$ 1,454,685	\$ 11,225	\$ -	\$ -	\$ 3,584,588	
Managed investment accounts, at fair value:							
Cash and cash equivalents	24,360,444	-	1,289,663	681,587	26,331,694		
Government bonds	51,199,849	-	-	971,381	52,171,230		
Index linked government bonds	3,289,568	-	-	-	3,289,568		
Agency bonds	5,086,585	2,118,597	-	-	7,205,182		
Municipal bonds	2,912,685	-	-	-	2,912,685		
Domestic corporate bonds	100,760,994	-	-	1,899,532	102,660,526		
International equity securities	132,135,368	-	-	-	132,135,368		
Domestic stocks	396,845,666	-	-	2,884,196	399,729,862		
Mortgage backed bonds	131,523,612	-	-	1,627,683	133,151,295		
Asset backed securities	7,801,834	-	-	-	7,801,834		
Other/rights/warrants	1,606	-	-	-	1,606		
Domestic equity mutual funds	47,452,566	-	11,519,721	7,273,678	66,245,965		
International equity mutual funds	36,748,733	-	7,609,003	1,100,426	45,458,162		
Infrastructure	41,157,478	-	-	-	41,157,478		
Real estate	96,371,633	-	-	2,887,822	99,259,455		
Total managed investment accounts	<u>1,077,648,621</u>	<u>2,118,597</u>	<u>20,418,387</u>	<u>19,326,305</u>	<u>1,119,511,910</u>		
Securities lending collateral	133,322,532	-	-	-	133,322,532		
Receivables:							
Interest and dividends	2,849,401	24,990	1,970	29,992	2,906,353		
Unsettled investment sales	6,019,874	-	-	-	6,019,874		
Securities lending earnings	35,428	-	-	-	35,428		
Due from others	-	-	8,671	-	8,671		
Total receivables	<u>8,904,703</u>	<u>24,990</u>	<u>10,641</u>	<u>29,992</u>	<u>8,970,326</u>		
Total assets	<u>1,221,994,534</u>	<u>3,598,272</u>	<u>20,440,253</u>	<u>19,356,297</u>	<u>1,265,389,356</u>		
LIABILITIES							
Accounts payable	876,322	-	2,732	-	879,054		
Unsettled investment purchases	23,692,559	-	-	-	23,692,559		
Obligations under securities lending	<u>133,322,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,322,532</u>		
Total liabilities	<u>157,891,413</u>	<u>-</u>	<u>2,732</u>	<u>-</u>	<u>157,894,145</u>		
FIDUCIARY NET POSITION							
Net position restricted for pensions	\$ <u>1,064,103,121</u>	\$ <u>3,598,272</u>	\$ <u>20,437,521</u>	\$ <u>19,356,297</u>	\$ <u>1,107,495,211</u>		

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2019

	Defined Benefit Pension Trust Funds		Defined Contribution Pension Trust Funds		Totals	
	Employees' Pension Fund	Firefighters' Relief and Pension Fund	Police Supplemental Pension Fund	Firefighters' Supplemental Pension Fund		
ADDITIONS						
Contributions:						
Contributions from employer	\$ 10,901,645	\$ -	\$ -	\$ -	\$ 10,901,645	
Contributions from employer - state tax	12,000	-	1,253,979	1,019,436	2,285,415	
Contributions from employees	7,326,649	-	-	-	7,326,649	
Total contributions	18,240,294	-	1,253,979	1,019,436	20,513,709	
Investment income:						
Net appreciation (depreciation) in fair value of investments	37,182,834	209,493	1,507,738	(295,711)	38,604,354	
Interest	11,058,783	110,143	-	297,381	11,466,307	
Dividends	10,875,743	-	290,256	380,900	11,546,899	
Less investment expenses:						
Investment management/custodian fees	(6,437,982)	-	(32,317)	(108,316)	(6,578,615)	
Net income from investing activities	52,679,378	319,636	1,765,677	274,254	55,038,945	
Securities lending income:						
Gross earnings	3,766,156	-	-	-	3,766,156	
Rebate paid	(3,052,140)	-	-	-	(3,052,140)	
Bank fees	(249,718)	-	-	-	(249,718)	
Net income from securities lending	464,298	-	-	-	464,298	
Total additions	71,383,970	319,636	3,019,656	1,293,690	76,016,952	
DEDUCTIONS						
Benefits and withdrawal payments:						
Benefits	49,687,426	285,762	1,026,944	1,499,254	52,499,386	
Withdrawal payments	1,017,365	-	-	-	1,017,365	
Total benefits and withdrawal payments	50,704,791	285,762	1,026,944	1,499,254	53,516,751	
Income (loss) before administrative expenses	20,679,179	33,874	1,992,712	(205,564)	22,500,201	
Less administrative expenses	(335,282)	(2,500)	(17,083)	(40,049)	(394,914)	
Net increase (decrease)	20,343,897	31,374	1,975,629	(245,613)	22,105,287	
Fiduciary net position restricted for pensions						
Fiduciary net position - beginning	1,043,759,224	3,566,898	18,461,892	19,601,910	1,085,389,924	
Fiduciary net position - ending	\$ 1,064,103,121	\$ 3,598,272	\$ 20,437,521	\$ 19,356,297	\$ 1,107,495,211	

The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended September 30, 2019

	Balance October 1, 2018	Additions	Deductions	Balance September 30, 2019
<u>TREASURER'S ESCROW FUND</u>				
ASSETS				
Cash and investments	\$ 453,926	641,343	610,619	\$ 484,650
Accrued interest receivable	<u>445</u>	<u>610</u>	<u>445</u>	<u>610</u>
Total Assets	<u>\$ 454,371</u>	<u>641,953</u>	<u>611,064</u>	<u>\$ 485,260</u>
LIABILITIES				
Other miscellaneous payables:				
Downtown Development Board	\$ 224,798	629,963	546,776	\$ 307,985
Other	<u>229,573</u>	<u>6,472</u>	<u>58,770</u>	<u>177,275</u>
Total Liabilities	<u>\$ 454,371</u>	<u>636,435</u>	<u>605,546</u>	<u>\$ 485,260</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CLEARWATER, FLORIDA

STATISTICAL SECTION

This section of the City's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health. This information has not been audited by the independent auditor.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being changed over time.

Schedule 1	Net Position by Component
Schedule 2	Changes in Net Position
Schedule 2a	Program Revenues by Function/Program
Schedule 3	Fund Balances of Governmental Funds
Schedule 4	Changes in Fund Balances of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's significant local revenue, the property tax.

Schedule 5	Assessed Value and Estimated Actual Value of Taxable Property
Schedule 6	Direct and Overlapping Property Tax Rates
Schedule 7	Property Tax Levies and Collections
Schedule 8a	Principal Real Property Taxpayers
Schedule 8b	Principal Personal Property Taxpayers

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

Schedule 9	Ratios of Outstanding Debt by Type
Schedule 10	Ratios of General Bonded Debt Outstanding
Schedule 11	Direct and Overlapping Governmental Activities Debt
Schedule 12	Legal Debt Margin Information
Schedule 13	Pledged-Revenue Coverage

CITY OF CLEARWATER, FLORIDA

STATISTICAL SECTION (CONTINUED)

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Schedule 14	Demographic and Economic Statistics
Schedule 15	Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Schedule 16	Full-time Equivalent City Government Employees by Function/Program
Schedule 17	Operating Indicators by Function/Program
Schedule 18	Capital Assets Statistics by Function/Program

Sources: Unless otherwise noted, the information in this section is derived from the City's comprehensive annual financial reports for the relevant year.

Schedule 1

City of Clearwater, Florida
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting, in thousands of dollars)

<u>Primary Government</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities										
Net investment in capital assets	\$ 249,043	\$ 257,542	\$ 249,742	\$ 252,661	\$ 261,886	\$ 262,934	\$ 263,810	\$ 271,834	\$ 256,608	\$ 267,703
Restricted	49,682	57,245	65,603	60,454	56,044	57,003	52,936	119,003	145,996	129,078
Unrestricted	93,283	79,955	80,208	82,369	153,334	121,033	128,785	72,595	57,072	102,030
Total governmental activities net position	<u>\$ 392,008</u>	<u>\$ 394,742</u>	<u>\$ 395,553</u>	<u>\$ 395,484</u>	<u>\$ 471,264</u>	<u>\$ 440,970</u>	<u>\$ 445,531</u>	<u>\$ 463,432</u>	<u>\$ 459,676</u>	<u>\$ 498,811</u>
Business-type activities										
Net investment in capital assets	\$ 165,704	\$ 159,913	\$ 163,316	\$ 180,324	\$ 214,175	\$ 226,571	\$ 231,591	\$ 254,503	\$ 250,410	\$ 281,132
Restricted	44,332	55,038	55,204	53,237	49,530	45,503	36,803	47,946	54,034	36,271
Unrestricted	126,204	136,067	151,693	153,761	163,876	164,135	194,997	183,726	194,547	228,795
Total business-type activities net position	<u>\$ 336,240</u>	<u>\$ 351,018</u>	<u>\$ 370,213</u>	<u>\$ 387,322</u>	<u>\$ 427,581</u>	<u>\$ 436,209</u>	<u>\$ 463,391</u>	<u>\$ 486,175</u>	<u>\$ 498,991</u>	<u>\$ 546,198</u>
Primary government										
Net investment in capital assets	\$ 414,747	\$ 417,455	\$ 413,058	\$ 432,985	\$ 476,061	\$ 489,505	\$ 495,401	\$ 526,337	\$ 507,018	\$ 548,835
Restricted	94,014	112,283	120,807	113,691	105,574	102,506	89,739	166,949	200,030	165,349
Unrestricted	219,487	216,022	231,901	236,130	317,210	285,168	323,782	256,321	251,619	330,825
Total primary government net position	<u>\$ 728,248</u>	<u>\$ 745,760</u>	<u>\$ 765,766</u>	<u>\$ 782,806</u>	<u>\$ 898,845</u>	<u>\$ 877,179</u>	<u>\$ 908,922</u>	<u>\$ 949,607</u>	<u>\$ 958,667</u>	<u>\$ 1,045,009</u>

Note:

Fiscal years prior to 2015 are not restated for GASB-68.

Fiscal years prior to 2018 are not restated for GASB-75.

Schedule 2

City of Clearwater, Florida
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting, in thousands of dollars)

Page 1 of 3

Expenses	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	\$ 15,966	\$ 16,183	\$ 14,230	\$ 13,496	\$ 15,018	\$ 16,818	\$ 13,488	\$ 14,876	\$ 18,323	\$ 15,982
Public safety	69,457	66,914	67,559	68,057	70,126	99,056	71,718	66,795	67,737	71,645
Physical environment	4,941	3,868	3,189	3,451	3,416	3,273	4,142	3,993	4,055	551
Transportation	13,760	13,275	13,432	12,954	11,129	19,366	14,532	14,339	17,020	15,957
Economic environment	4,155	3,113	2,240	3,035	2,517	4,895	4,019	5,305	6,205	7,671
Human services	97	182	186	104	137	249	526	455	462	574
Culture and recreation	30,610	30,606	32,814	32,213	33,051	40,783	36,894	36,497	50,485	45,595
Interest on long-term debt	1,446	1,217	709	698	727	689	740	748	745	808
Total governmental activities expenses	<u>140,432</u>	<u>135,358</u>	<u>134,359</u>	<u>134,008</u>	<u>136,121</u>	<u>185,129</u>	<u>146,059</u>	<u>143,008</u>	<u>165,032</u>	<u>158,783</u>
Business-type activities:										
Water and sewer utility	57,229	61,010	59,406	57,774	64,810	69,550	64,866	73,253	82,197	68,458
Gas utility	31,200	28,354	27,662	29,747	31,639	33,352	29,195	30,716	35,569	35,553
Solid waste utility	15,618	15,844	16,632	17,042	17,572	22,486	17,989	17,626	17,053	19,328
Stormwater utility	10,937	12,234	12,847	12,284	16,476	16,110	13,664	13,148	14,550	11,730
Recycling	2,759	2,954	2,855	4,056	3,094	2,455	2,958	2,864	3,042	1,594
Marine	3,868	4,136	4,168	4,214	4,378	4,182	3,476	3,781	4,119	4,212
Aviation	388	515	366	404	345	399	415	470	640	502
Parking system	4,302	3,867	4,200	3,730	3,637	4,724	4,097	4,379	4,817	5,054
Harborview Center	984	579	610	520	522	-	-	-	-	-
Clearwater Harbor Marina	473	657	726	676	779	911	848	823	895	919
Total business-type activities expenses	<u>127,758</u>	<u>130,150</u>	<u>129,472</u>	<u>130,447</u>	<u>143,252</u>	<u>154,169</u>	<u>137,508</u>	<u>147,060</u>	<u>162,882</u>	<u>147,350</u>
Total primary government expenses	<u>\$ 268,190</u>	<u>\$ 265,508</u>	<u>\$ 263,831</u>	<u>\$ 264,455</u>	<u>\$ 279,373</u>	<u>\$ 339,298</u>	<u>\$ 283,567</u>	<u>\$ 290,068</u>	<u>\$ 327,914</u>	<u>\$ 306,133</u>

Notes:

The Harborview Center Fund was closed in FY 2014 and its operations transferred to the General Fund during the year ended September 30, 2014.

Fiscal years prior to 2015 are not restated for GASB-68.

Fiscal years prior to 2018 are not restated for GASB-75.

Schedule 2 (continued)

**City of Clearwater, Florida
Changes in Net Position
Last Ten Fiscal Years**
(accrual basis of accounting, in thousands of dollars)

Page 2 of 3

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Program revenues										
Charges for services:										
General government	\$ 21,484	\$ 20,869	\$ 20,401	\$ 19,920	\$ 22,726	\$ 23,668	\$ 23,030	\$ 23,380	\$ 24,391	\$ 26,013
Public safety	8,966	9,980	9,265	10,654	11,040	10,593	11,952	11,788	11,318	11,769
Physical environment	331	147	77	174	150	196	137	67	237	120
Transportation	857	852	885	738	454	327	150	157	127	182
Economic environment	124	153	122	121	132	109	105	105	312	165
Culture and recreation	5,174	5,491	5,474	5,973	6,855	7,103	7,751	8,336	8,384	8,892
Operating grants and contributions	7,561	8,062	8,521	8,114	6,305	6,893	6,236	7,012	7,456	8,630
Capital grants and contributions	1,315	2,766	845	437	2,391	2,326	2,642	3,894	7,146	6,257
Total governmental activities program revenues	45,812	48,320	45,590	46,131	50,053	51,215	52,003	54,739	59,371	62,028
Business-type activities:										
Charges for services:										
Water and sewer utility	55,801	59,810	62,012	65,292	67,141	70,848	75,203	81,514	83,994	87,242
Gas utility	36,622	36,470	36,351	37,693	41,347	41,143	38,598	40,602	45,120	45,762
Solid waste utility	18,422	19,205	19,462	19,504	19,966	20,401	21,602	22,492	23,234	24,504
Stormwater utility	14,717	15,222	15,890	16,378	16,789	17,162	17,854	18,512	18,397	18,503
Recycling	2,695	3,135	2,681	2,453	2,370	2,261	2,390	2,546	2,316	2,444
Marine	4,064	4,387	4,181	4,331	4,643	4,352	4,054	4,444	5,065	5,284
Aviation	332	237	257	261	268	283	291	311	317	323
Parking system	4,358	4,677	4,890	4,994	5,159	6,215	6,638	7,027	6,348	7,128
Harborview Center	440	51	209	48	50	-	-	-	-	-
Clearwater Harbor Marina	44	325	467	559	619	664	717	799	804	850
Operating grants and contributions	187	133	134	584	140	50	208	83	83	664
Capital grants and contributions	11,060	5,290	7,469	6,250	13,590	4,662	3,487	3,564	3,785	3,973
Total business-type activities program revenues	148,742	148,942	154,003	158,347	172,082	168,041	171,042	181,894	189,463	196,677
Total primary government program revenues	\$ 194,554	\$ 197,262	\$ 199,593	\$ 204,478	\$ 222,135	\$ 219,256	\$ 223,045	\$ 236,633	\$ 248,834	\$ 258,705

City of Clearwater, Florida
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting, in thousands of dollars)

Page 3 of 3

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net (Expenses) / Revenue										
Governmental activities	\$ (94,620)	\$ (87,038)	\$ (88,770)	\$ (87,876)	\$ (86,068)	\$ (133,914)	\$ (94,055)	\$ (88,270)	\$ (105,661)	\$ (96,754)
Business-type activities	20,984	18,792	24,531	27,900	28,830	13,872	33,534	34,834	26,581	49,327
Total primary government net (expense) / revenue	<u>\$ (73,636)</u>	<u>\$ (68,246)</u>	<u>\$ (64,239)</u>	<u>\$ (59,976)</u>	<u>\$ (57,238)</u>	<u>\$ (120,042)</u>	<u>\$ (60,521)</u>	<u>\$ (53,436)</u>	<u>\$ (79,080)</u>	<u>\$ (47,427)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property	\$ 44,040	\$ 39,253	\$ 37,938	\$ 37,360	\$ 38,574	\$ 40,925	\$ 43,580	\$ 46,853	\$ 50,610	\$ 64,050
Sales	13,253	13,385	14,092	14,818	15,722	16,833	17,595	18,009	19,015	19,839
Utility	13,574	13,229	12,736	13,473	14,309	14,095	14,518	14,835	15,544	16,449
Communications services	6,107	5,852	5,871	5,470	5,061	4,919	4,618	4,512	4,721	4,371
Other taxes	7,773	7,451	7,105	8,157	7,725	7,969	6,845	8,395	8,727	9,449
Investment earnings	5,015	2,965	2,758	(1,109)	2,596	3,279	2,285	698	(136)	8,617
Miscellaneous	128	125	101	134	28	26	108	36	100	182
Extraordinary item	-	-	-	-	-	6,480	-	-	-	-
Transfers	9,951	7,511	8,980	9,505	13,410	9,330	9,069	12,831	10,341	12,932
Total governmental activities	<u>99,841</u>	<u>89,771</u>	<u>89,581</u>	<u>87,808</u>	<u>97,425</u>	<u>103,856</u>	<u>98,618</u>	<u>106,169</u>	<u>108,922</u>	<u>135,889</u>
Business-type activities:										
Investment earnings	5,284	3,497	3,644	(1,287)	3,407	4,086	2,715	783	(350)	10,811
Transfers	(9,951)	(7,511)	(8,980)	(9,505)	(13,410)	(9,330)	(9,069)	(12,831)	(10,341)	(12,932)
Total business-type activities	<u>(4,667)</u>	<u>(4,014)</u>	<u>(5,336)</u>	<u>(10,792)</u>	<u>(10,003)</u>	<u>(5,244)</u>	<u>(6,354)</u>	<u>(12,048)</u>	<u>(10,691)</u>	<u>(2,121)</u>
Total primary government	<u>\$ 95,174</u>	<u>\$ 85,757</u>	<u>\$ 84,245</u>	<u>\$ 77,016</u>	<u>\$ 87,422</u>	<u>\$ 98,612</u>	<u>\$ 92,264</u>	<u>\$ 94,121</u>	<u>\$ 98,231</u>	<u>\$ 133,768</u>
Change in Net Position										
Governmental activities	\$ 5,221	\$ 2,733	\$ 811	\$ (68)	\$ 11,357	\$ (30,058)	\$ 4,563	\$ 17,899	\$ 3,261	\$ 39,135
Business-type activities	16,317	14,778	19,195	17,108	18,827	8,628	27,180	22,786	15,890	47,206
Total primary government change in net position	<u>\$ 21,538</u>	<u>\$ 17,511</u>	<u>\$ 20,006</u>	<u>\$ 17,040</u>	<u>\$ 30,184</u>	<u>\$ (21,430)</u>	<u>\$ 31,743</u>	<u>\$ 40,685</u>	<u>\$ 19,151</u>	<u>\$ 86,341</u>

Schedule 2a

City of Clearwater, Florida
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting, in thousands of dollars)

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	\$ 21,512	\$ 21,533	\$ 20,418	\$ 19,920	\$ 22,728	\$ 23,668	\$ 23,030	\$ 23,432	\$ 24,398	\$ 26,298
Public safety	12,309	12,631	13,753	13,551	14,192	13,201	15,439	14,778	14,455	16,363
Physical environment	360	344	327	326	447	1,311	986	1,538	1,729	1,690
Transportation	2,024	2,651	1,436	1,284	885	1,024	927	1,312	2,889	1,759
Economic environment	1,982	2,444	1,687	2,988	1,828	1,713	1,426	2,014	1,725	1,315
Human services	-	211	180	147	-	350	333	368	431	400
Culture and recreation	7,625	8,506	7,789	7,915	9,973	9,948	9,862	11,297	13,744	14,203
Subtotal governmental activities	<u>45,812</u>	<u>48,320</u>	<u>45,590</u>	<u>46,131</u>	<u>50,053</u>	<u>51,215</u>	<u>52,003</u>	<u>54,739</u>	<u>59,371</u>	<u>62,028</u>
Business-type activities:										
Water and sewer utility	63,426	63,566	68,812	69,732	78,478	74,146	77,312	82,531	86,706	89,115
Gas utility	36,672	36,470	36,351	38,143	41,347	41,143	38,598	40,602	45,120	45,762
Solid waste utility	18,422	19,205	19,462	19,504	19,966	20,401	21,727	22,492	23,234	25,166
Stormwater utility	15,682	16,523	15,961	16,869	18,821	17,805	19,029	21,053	19,358	20,575
Recycling	2,779	3,218	2,764	2,536	2,453	2,261	2,473	2,629	2,399	2,444
Marine	4,064	4,387	4,259	4,334	4,658	4,357	4,055	4,447	5,070	5,286
Aviation	491	454	776	1,491	480	999	377	314	424	351
Parking system	4,364	4,677	4,890	4,994	5,159	6,215	6,704	7,027	6,348	7,128
Harborview Center	440	51	209	48	50	-	-	-	-	-
Clearwater Harbor Marina	2,402	391	518	696	670	714	767	799	804	850
Subtotal business-type activities	<u>148,742</u>	<u>148,942</u>	<u>154,002</u>	<u>158,347</u>	<u>172,082</u>	<u>168,041</u>	<u>171,042</u>	<u>181,894</u>	<u>189,463</u>	<u>196,677</u>
Total primary government	<u>\$ 194,554</u>	<u>\$ 197,262</u>	<u>\$ 199,592</u>	<u>\$ 204,478</u>	<u>\$ 222,135</u>	<u>\$ 219,256</u>	<u>\$ 223,045</u>	<u>\$ 236,633</u>	<u>\$ 248,834</u>	<u>\$ 258,705</u>

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

	<u>2010</u>	<u>2011</u>	^a	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund:											
Nonspendable	\$ -	\$ 24		\$ 25	\$ 37	\$ 33	\$ 40	\$ 59	\$ 62	\$ 76	\$ 49
Restricted	-	-		-	-	-	-	-	-	-	-
Committed	-	-		-	-	-	-	-	-	-	-
Assigned	-	856		1,043	588	894	447	352	232	436	452
Unassigned	-	23,081		22,034	21,664	23,488	31,540	33,243	28,276	27,176	38,168
Reserved	1,164	-		-	-	-	-	-	-	-	-
Unreserved	22,903	-		-	-	-	-	-	-	-	-
Total General Fund	\$ 24,067	\$ 23,961		\$ 23,102	\$ 22,289	\$ 24,415	\$ 32,027	\$ 33,654	\$ 28,570	\$ 27,688	\$ 38,669
All Other Governmental Funds:											
Nonspendable	\$ -	\$ 90		\$ 87	\$ 96	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10
Restricted	-	61,991		65,645	60,493	56,043	53,900	52,936	58,681	67,328	76,094
Committed	-	17,131		17,346	27,322	19,374	20,167	22,360	22,132	19,829	19,661
Assigned	-	7,404		8,488	5,801	6,689	7,815	7,475	7,094	3,043	5,828
Unassigned	-	(1,921)		(2,119)	(3,917)	(6,347)	(2,553)	-	-	-	-
Reserved	29,970	-		-	-	-	-	-	-	-	-
Unreserved, reported in:											
Special revenue funds	13,944	-		-	-	-	-	-	-	-	-
Debt service funds	7,726	-		-	-	-	-	-	-	-	-
Capital project funds	36,240	-		-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 87,880	\$ 84,695		\$ 89,447	\$ 89,795	\$ 75,759	\$ 79,329	\$ 82,771	\$ 87,907	\$ 90,200	\$ 101,593

^a GASB Statement No. 54 was implemented in 2011 and reflects the new fund balance classifications for 2011.

The new classifications have not been restated for 2010 and prior.

City of Clearwater, Florida
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting, in thousands of dollars)

Revenues	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Governmental Funds:										
Property taxes	\$ 44,097	\$ 39,290	\$ 37,954	\$ 37,413	\$ 38,597	\$ 40,919	\$ 43,614	\$ 46,852	\$ 50,710	\$ 64,050 ^b
Sales taxes	7,987	7,929	8,393	8,868	9,465	10,188	10,715	11,014	11,670	12,278
Utility taxes	13,574	13,229	12,735	13,473	14,309	14,094	14,518	14,835	15,544	16,449
Communications services taxes	6,107	5,852	5,871	5,470	5,061	4,919	4,618	4,512	4,721	4,371
Other taxes	3,613	3,561	3,308	3,556	3,554	3,519	2,194	3,459	3,493	3,603
Franchise fees	10,540	9,994	9,603	9,164	9,877	9,873	9,311	9,394	9,992	10,643
Licenses, permits, and fees	1,766	2,364	2,117	2,187	3,292	4,408	3,339	3,893	3,748	3,995
Intergovernmental revenues	25,400	26,693	25,750	26,842	26,354	27,573	28,293	30,236	34,277	34,770
Charges for services	14,803	14,081	14,682	14,484	15,574	15,830	16,536	17,304	17,381	17,719
Fines and forfeitures	1,101	1,638	985	1,808	1,480	1,638	2,116	1,727	2,165	2,605
Investment earnings	3,360	1,937	1,719	(668) ^a	1,717	2,160	1,486	460	194	5,292 ^c
Miscellaneous	1,709	2,963	2,016	2,310	2,734	3,886	4,028	4,051	4,499	5,834
Total revenues	134,057	129,531	125,133	124,907	132,014	139,007	140,768	147,737	158,394	181,609
Expenditures										
Total Governmental Funds:										
Current:										
General government	15,676	15,042	12,764	12,520	14,391	13,159	12,917	16,277	17,250	17,521
Public safety	64,734	63,610	64,171	66,262	66,771	66,886	69,575	71,752	74,486	74,164
Physical environment	3,777	3,722	3,032	3,376	3,400	3,158	3,594	4,185	4,403	3,488
Transportation	9,128	8,536	8,332	7,522	7,787	9,925	9,554	9,626	9,629	9,956
Economic environment	3,089	2,773	2,470	3,256	2,544	3,993	3,473	4,826	4,106	4,831
Human services	100	180	182	104	137	223	525	466	490	594
Culture and recreation	25,883	25,198	27,028	26,567	27,557	28,339	31,279	33,868	43,030	40,080
Debt service:										
Principal	11,670	9,510	1,049	1,049	947	928	979	1,088	1,271	1,486
Interest & issuance costs	1,339	856	548	538	542	501	459	414	380	348
Capital outlay	10,145	9,165	8,860	13,318	16,098	12,132	12,062	13,015	8,921	12,068
Total expenditures	145,541	138,592	128,436	134,512	140,174	139,244	144,417	155,517	163,966	164,536
Excess (deficiency) of revenues over (under) expenditures	(11,484)	(9,061)	(3,303)	(9,605)	(8,160)	(237)	(3,649)	(7,780)	(5,572)	17,073
Other Financing Sources (Uses)										
Total Governmental Funds:										
Transfers in	52,481	34,908	31,373	35,813	34,453	39,386	32,824	45,413	49,202	45,697
Transfers out	(42,440)	(30,204)	(24,491)	(26,673)	(25,819)	(31,190)	(25,074)	(38,658)	(43,895)	(40,396)
Long term debt issued	-	1,066	314	-	-	82	968	1,077	1,677	-
Total other financing sources (uses)	10,041	5,770	7,196	9,140	8,634	8,278	8,718	7,832	6,984	5,301
Extraordinary Item:										
BP Oil settlement proceeds	-	-	-	-	-	6,480	-	-	-	-
Net Change in Fund Balances	\$ (1,443)	\$ (3,291)	\$ 3,893	\$ (465)	\$ 474	\$ 14,521	\$ 5,069	\$ 52	\$ 1,412	\$ 22,374
Debt service as a percentage of noncapital expenditures	9.6%	8.2%	1.3%	1.3%	1.3%	1.1%	1.1%	1.1%	1.1%	1.3%

Notes:

Fiscal years prior to 2015 are not restated for GASB-68.

Fiscal years prior to 2018 are not restated for GASB-75.

^a The decrease in 2013 investment earnings was due to a low interest rate environment along with an unrealized loss in market value at September 30, 2013.^b The increase in 2019 property taxes was due to an increase in the millage rate from 5.155 to 5.955 as well as an increase in property values.^c The increase in 2019 investment earnings was due to an unrealized gain in market value as of September 30, 2019 as well as an increase in the average balance of cash and investments.

Schedule 5

City of Clearwater, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Assessed Value ^a							Less:		Total Taxable Assessed Value	Total Direct Tax Rate ^c	Estimated Actual Taxable Value	Assessed Value as % of Actual Value				
	Government and Institutional Property				Personal Property	Other Property	Homestead Assessment Cap Differential ^b										
	Residential Property	Commercial Property	Industrial Property	Institutional Property			Cap	Differential ^b									
14	2010	\$ 8,163,897	\$ 2,346,462	\$ 185,353	\$ 1,156,811	\$ 657,933	\$ 95,259	\$ 907,087	\$ 2,878,136	\$ 8,820,492	5.1550	\$ 10,377,049	85.0%				
	2011	7,069,236	2,043,813	162,529	999,884	630,044	112,864	472,793	2,679,167	7,866,410	5.1550	9,254,600	85.0%				
	2012	6,732,585	2,001,945	149,166	973,917	609,704	94,750	391,670	2,573,448	7,596,949	5.1550	8,937,587	85.0%				
	2013	6,496,278	2,043,952	140,377	1,017,944	593,746	114,615	290,989	2,623,699	7,492,224	5.1550	8,814,381	85.0%				
	2014	6,863,874	2,077,078	149,298	1,057,915	601,743	113,552	485,295	2,640,339	7,737,826	5.1550	9,103,325	85.0%				
	2015	7,713,777	2,145,212	156,487	1,117,973	631,798	113,591	959,433	2,714,945	8,204,460	5.1550	9,652,306	85.0%				
	2016	8,606,077	2,248,376	161,628	1,167,103	659,302	116,457	1,447,451	2,762,807	8,748,685	5.1550	10,292,571	85.0%				
	2017	9,309,714	2,416,458	181,646	1,170,702	653,678	116,714	1,655,985	2,792,826	9,400,101	5.1550	11,058,942	85.0%				
	2018	10,027,947	2,634,890	191,916	1,199,559	753,946	112,055	1,835,694	2,903,688	10,180,931	5.1550	11,977,566	85.0%				
	2019	10,929,070	2,924,352	193,383	1,229,391	1,097,973	130,025	2,022,246	3,322,023	11,159,925	5.9550	13,129,324	85.0%				

^a Properties are assessed at approximately 85% of market value to reflect cost of sales, personal property included in market value, etc.

^b Chapter 193.155, Florida Statutes, provides for an annual cap on assessment increases for "Homestead properties" (properties qualifying for Homestead exemption). The cap is the lower of 3% of the assessed value of the property or the percentage change in the Consumer Price Index for All Urban Consumers.

^c Rate is per \$1,000 of assessed value

Schedule 6

**City of Clearwater, Florida
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)**

Fiscal Year	City Direct Rates			Overlapping Rates					Downtown Development Board ^a
	Operating	Total Direct	Pinellas County	Pinellas County Schools	Pinellas Transit District	Emergency Medical Services	Other Districts		
2010	5.1550	5.1550	4.8730	8.3460	0.5601	0.5832	1.5106		0.9651
2011	5.1550	5.1550	4.8730	8.3400	0.5601	0.5832	1.4410		0.9651
2012	5.1550	5.1550	4.8730	8.3850	0.7305	0.8506	1.2390		0.9651
2013	5.1550	5.1550	5.0727	8.3020	0.7305	0.9158	1.3034		0.9651
2014	5.1550	5.1550	5.3377	8.0600	0.7305	0.9158	1.2959		0.9651
2015	5.1550	5.1550	5.3377	7.8410	0.7305	0.9158	1.2799		0.9651
2016	5.1550	5.1550	5.3377	7.7700	0.7305	0.9158	1.2629		0.9651
2017	5.1550	5.1550	5.3377	7.3180	0.7500	0.9158	1.2448		0.9651
2018	5.1550	5.1550	5.3590	7.0090	0.7500	0.9158	1.2262		0.9700
2019	5.9550	5.9550	5.3590	6.7270	0.7500	0.9158	1.2086 ^b		0.9700

Source: Pinellas County Tax Collector

^a A separate taxing district established by referendum which affects only downtown properties.

^b "Other" includes Pinellas County Planning Council 0.0150; Juvenile Welfare Board 0.8981; SW Florida Water Management District 0.2955.

Schedule 7

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

Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date		
	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2010	\$ 45,469,638	\$ 43,912,287	96.57%	\$ 174,111	\$ 44,086,398	96.96%
2011	40,551,363	39,163,100	96.58%	65,617	39,228,717	96.74%
2012	39,162,295	37,874,151	96.71%	71,607	37,945,758	96.89%
2013	38,622,438	37,298,959	96.57%	63,695	37,362,654	96.74%
2014	39,888,516	38,521,211	96.57%	55,954	38,577,165	96.71%
2015	42,294,009	40,832,366	96.54%	52,405	40,884,771	96.67%
2016	45,099,493	43,545,722	96.55%	41,678	43,587,400	96.65%
2017	48,457,539	46,762,216	96.50%	30,829	46,793,045	96.57%
2018	52,482,716	50,620,131	96.45%	11,226	50,631,357	96.47%
2019	66,457,374	64,014,536	96.32%	-	64,014,536	96.32%

Note 1: Discounts are allowed for early payment: 4% for November, 3% for December, 2% for January, and 1% for February. No discount is allowed for payment in March. Penalties are assessed beginning in April.

Note 2: Prior to fiscal year 2012, the Pinellas County Tax Collector did not allocate delinquent taxes collected by the original tax year levied. Consequently, all collections of delinquent taxes were applied to the immediately preceding tax year. Beginning with fiscal year 2012, the Tax Collector has allocated delinquent taxes collected by the original tax year levied.

Schedule 8a

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

Taxpayer <u>REAL PROPERTY</u>	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
BELLWETHER PROP FLA	\$ 164,730,000		1.55%	\$122,905,116	1	1.17%
B W C W HOSPITALITY LLC	96,545,307		0.91%			
K & P CLEARWATER ESTATE LLC	84,559,948		0.79%			
JOHN S TAYLOR PROPERTIES LLC	70,947,417		0.67%	44,370,000	3	0.42%
P E P F SOLARIS KEY LLC	68,000,000		0.64%			
CLEARMAR LLC	63,250,000		0.59%			
WYNDHAM VACATION RESORTS INC	56,407,924		0.53%			
SANDPEARL RESORT LLC	55,607,871		0.52%	37,068,018	6	0.35%
SAND KEY ASSOC LTD PARTNERSHIP	54,450,000		0.51%	39,500,000	5	0.38%
DECADE GULFCOAST HOTEL PTNRS	52,900,000		0.50%			
WATERS EDGE ONE LLC				54,034,267	2	0.52%
CENTRO NP CLEARWATER MALL LLC				41,264,549	4	0.39%
GRAND RESERVE PROPERTY OWNER V				34,250,000	7	0.33%
628 EAST CLEVELAND ST				29,021,824	8	0.28%
WEINGARTEN NOSTAT INC				28,140,000	9	0.27%
W R I COUNTRYSIDE CENTRE LLC				28,000,000	10	0.27%
Total	<u><u>\$ 767,398,467</u></u>		<u><u>7.21%</u></u>	<u><u>\$ 458,553,774</u></u>		<u><u>4.38%</u></u>

Source: Pinellas County Property Appraiser

Schedule 8b

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

<u>Taxpayer</u>	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>PERSONAL PROPERTY</u>						
DUKE ENERGY FLORIDA (1)	\$ 98,748,043	1	19.50%	\$ 68,280,191	1	13.31%
FRONTIER FLORIDA LLC (2)	20,980,480	2	4.35%	59,462,289	2/3	11.59%
INSTRUMENT TRANSFORMERS INC	20,431,255	3	4.23%	7,295,717	6	1.42%
BRIGHT HOUSE NETWORKS LLC	15,723,626	4	3.26%	15,952,300	4	3.11%
BAUSCH & LOMB INC	14,753,258	5	3.06%			
MONIN INC	11,209,101	6	2.32%	6,437,833	8	1.26%
PUBLIX SUPER MARKET	8,249,472	7	1.71%	10,570,676	5	2.06%
FLORIDA GAS TRANSMISSION	7,159,727	8	1.48%			
OPAL SANDS RESORT	6,343,092	9	1.31%			
HILTON CLEARWATER BEACH RESORT	6,315,989	10	1.31%	6,019,563	10	1.17%
GENERAL ELECTRIC CREDIT CORP				6,894,224	7	1.34%
SANDPEARL RESORT LLC				6,376,216	9	1.24%
Total	<u>\$ 209,914,043</u>		<u>42.53%</u>	<u>\$ 187,289,009</u>		<u>36.50%</u>

Notes:

- (1) Duke Energy was listed as Florida Power Corp. in 2010.
(2) Frontier Florida LLC was listed as Verizon Florida LLC in 2010.

Source: Pinellas County Property Appraiser

Schedule 9

City of Clearwater, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-Type Activities								Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	Public Service Tax Revenue Bonds	Sales Tax Revenue Bonds	Spring Training Facility Intergovernmental Revenue Bonds	Capital Leases	Water/Sewer Revenue Bonds	Gas Revenue Bonds	Stormwater Revenue Bonds	Public Service Tax Revenue Bonds	Capital Leases							
153	2010	\$ 8,514	\$ -	\$ 11,474	\$ 8,279	\$ 186,716	\$ 16,618	\$ 40,288	\$ -	\$ 630	\$ 272,519	6.34%	\$ 2,531			
	2011	-	-	10,896	8,722	182,887	15,826	39,200	-	808	258,339	5.69%	2,396			
	2012	-	-	10,300	9,058	177,013	15,035	38,409	-	765	250,580	5.27%	2,322			
	2013	-	-	9,686	8,249	170,934	14,367	37,498	-	512	241,246	5.10%	2,212			
	2014	-	-	9,053	9,260	164,714	13,554	36,249	-	296	233,126	4.90%	2,132			
	2015	-	-	8,397	14,033	159,642	12,566	34,791	-	279	229,708	4.52%	2,075			
	2016	-	-	7,717	18,035	152,866	11,563	33,257	-	437	223,875	4.17%	1,992			
	2017	-	-	7,014	21,241	150,862	10,555	31,680	-	1,141	222,493	4.00%	1,956.45			
	2018	-	-	6,273	25,211	143,377	9,905	30,057	-	1,150	215,973	3.63%	1,868.46			
	2019	-	-	5,498	17,470	135,694	9,245	28,377	-	838	197,122	*	*			

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

(a) See Schedule 14 for personal income and population data.

* Data not available.

Schedule 10

City of Clearwater, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts in thousands, except per capita)

<u>General Bonded Debt Outstanding</u>							Percentage of Actual Taxable Value of Property (a)	Per Capita (b)
Fiscal Year	General Obligation Bonds	Public Service Tax Revenue Bonds	Sales Tax Revenue Bonds	Total				
2010	\$ -	\$ 8,514	\$ -	\$ 8,514			0.08%	79
2011	-	-	-	-			-	-
2012	-	-	-	-			-	-
2013	-	-	-	-			-	-
2014	-	-	-	-			-	-
2015	-	-	-	-			-	-
2016	-	-	-	-			-	-
2017	-	-	-	-			-	-
2018	-	-	-	-			-	-
2019	-	-	-	-			-	-

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

(a) See Schedule 5 for property value data.

(b) Population data can be found in Schedule 14.

Schedule 11

City of Clearwater, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2019
(amounts in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes	\$ -	n/a	\$ -
Other debt			
Pinellas County Government Notes	18,634	14.1%	2,620
Pinellas County Government Capital Leases	298	14.1%	42
Pinellas County School District Certificates of Participation	65,241	14.1%	9,173
Pinellas County School District State Bonds ^b	853	14.1%	120
Pinellas County School District Capital Leases	4,752	14.1%	<u>668</u>
Subtotal, overlapping debt			12,623
City direct debt			<u>31,484</u>
Total direct and overlapping debt			<u>\$ 44,107</u>

Sources: Assessed value data used to estimate applicable percentages provided by Pinellas County Property Appraiser. Debt outstanding data is provided by each respective governmental unit.

Pinellas County Government debt is reported as of September 30, Pinellas County School Board debt is reported as of June 30.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Clearwater. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

^a The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

^b The School District State Bonds are secured by a pledge of the District's portion of the State-assessed motor vehicle license tax. The State's full faith and credit is also pledged for the bonds.

Schedule 12

**City of Clearwater, Florida
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts in thousands)**

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as Percentage of Debt Limit
2010	\$ 1,672,462	\$ 248,800	\$ 1,423,662	14.88%
2011	1,982,900	232,771	1,750,129	11.74%
2012	1,911,916	224,409	1,687,507	11.74%
2013	1,904,237	215,753	1,688,484	11.33%
2014	1,955,083	208,318	1,746,765	10.66%
2015	2,057,302	204,926	1,852,376	9.96%
2016	2,170,214	199,317	1,970,897	9.18%
2017	2,307,618	199,611	2,108,007	8.65%
2018	2,466,049	193,379	2,272,670	7.84%
2019	2,676,718	182,710	2,494,008	6.83%

Legal Debt Margin Calculation for Fiscal Year 2019:

Assessed valuation of all real property	\$ 13,383,589
Debt Limit (20% of assessed valuation per City Charter)	2,676,718
Debt applicable to limit:	
Revenue bonds	\$ 173,960
Capital leases	18,308
Less: Amount set aside for repayment of bonded debt	<u>(9,558)</u>
	182,710
Legal debt margin	<u>\$ 2,494,008</u>

Note: Per City Charter, the City's indebtedness, to include revenue, refunding, and improvement bonds shall not exceed 20 percent of the current assessed valuation of all real property located in the City.

City of Clearwater, Florida
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts in thousands)

Page 1 of 2

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenues</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
Infrastructure Sales Tax Revenue Bonds ^(a)						
2010	\$ 7,987	\$ -	\$ 7,987	\$ 6,620	\$ 132	1.18
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
Spring Training Facility Revenue Bonds ^(b)						
2010	\$ 1,105	\$ -	\$ 1,105	\$ 530	\$ 544	1.03
2011	1,099	-	1,099	550	526	1.02
2012	1,098	-	1,098	570	507	1.02
2013	1,084	-	1,084	590	485	1.01
2014	1,097	-	1,097	610	463	1.02
2015	1,100	-	1,100	635	439	1.02
2016	1,095	-	1,095	660	413	1.02
2017	1,090	-	1,090	685	380	1.02
2018	1,084	-	1,084	725	343	1.01
2019	1,121		1,121	760	303	1.05
Improvement Revenue Refunding Bonds ^(c)						
2010	\$ 19,680	\$ -	\$ 19,680	\$ 355	\$ 425	25.23
2011	19,081	-	19,081	8,540 ^(d)	291	2.16
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-

(a) Pledged revenues for the Infrastructure Sales Tax Revenue Bonds include the City's share of revenues derived by Pinellas County, Florida, from the levy and collection of a one-cent discretionary infrastructure sales surtax pursuant to Section 212.055(2), Florida Statutes, as amended.

(b) Pledged revenues for the Spring Training Facility Revenue Bonds include payments received from the State of Florida pursuant to Section 212.20, Florida Statutes, and payments from Pinellas County, pursuant to an inter-local agreement dated December 1, 2000, along with related interest earnings.

(c) Pledged revenues for the Improvement Revenue Refunding Bonds, issued October 2001, were public service taxes. Effective October 1, 2001, the Florida Legislature repealed the public service tax on communications and created a replacement communications services tax. Consequently the pledged revenues effective October 1, 2001, include both public service taxes and the new communications services taxes.

(d) Principal payment in 2011 includes an additional principal payment in the amount of \$8,170,000 on February 1, 2011 to redeem all outstanding principal as of that date.

Schedule 13 (continued)

**City of Clearwater, Florida
Pledged-Revenue Coverage
Last Ten Fiscal Years ^(a)
(amounts in thousands)**

Page 2 of 2

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage	Maximum Coverage ^(a)
				Principal	Interest		
Water & Sewer Utility Revenue Bonds							
2010	\$ 58,220	\$ 37,358	\$ 20,862	\$ 4,685	\$ 9,310	1.49	
2011	61,473	40,304	21,169	4,935	9,627	1.45	
2012	63,743	38,479	25,264	5,190	8,008	1.91	
2013	64,665	37,001	27,664	5,465	8,333	2.00	
2014	68,601	44,732	23,869	5,680	8,099	1.73	
2015	72,303	47,680	24,623	5,885	7,675	1.82	
2016	76,164	42,131	34,033	6,375	7,260	2.50	
2017	81,897	50,177	31,720	6,660	5,974	2.51	
2018	83,739	46,484	37,255	6,985	5,181	3.06	
2019	91,903	50,060	41,843	7,300	5,043	3.39	
Gas Utility Revenue Bonds							
2010	\$ 40,515	\$ 28,517	\$ 11,998	\$ 775	\$ 704	8.11	5.75
2011	37,021	25,934	11,087	795	678	7.53	5.16
2012	36,916	24,919	11,997	795	649	8.31	5.58
2013	37,922	27,159	10,763	825	502	8.11	5.01
2014	41,963	29,173	12,790	925	384	9.77	6.11
2015	41,961	30,407	11,554	980	358	8.64	5.52
2016	39,142	26,591	12,551	995	328	9.49	5.99
2017	40,773	27,927	12,846	1,000	297	9.90	6.13
2018	45,119	30,307	14,812	650	266	16.17	7.07
2019	47,496	32,353	15,143	660	250	16.64	7.23
Stormwater Utility Revenue Bonds							
2010	\$ 15,283	\$ 6,766	\$ 8,517	\$ 1,080	\$ 1,782	2.98	
2011	15,656	7,917	7,739	1,120	1,741	2.70	
2012	16,355	8,480	7,875	1,155	1,712	2.75	
2013	16,230	8,217	8,013	1,100	1,421	3.18	
2014	17,256	12,553	4,703	1,300	1,186	1.89	
2015	18,123	11,529	6,594	1,375	1,084	2.68	
2016	18,360	9,537	8,823	1,455	1,079	3.48	
2017	18,685	9,042	9,643	1,500	1,039	3.80	
2018	18,451	7,844	10,607	1,550	991	4.17	
2019	21,181	7,672	13,509	1,610	937	5.30	

^(a) Maximum debt service coverage is presented for continuing disclosure on the Gas System Revenue Bonds and is based upon the maximum annual debt service for outstanding bonds and parity bonds.

Schedule 14

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

Year	Population (a)	Personal Income (thousands of dollars)	Per Capita Personal Income (b)	Median Age (c)	School Enrollment (d)	Unemployment Rate (e)
2010	107,685	\$ 4,295,878	\$ 39,893	45.3	14,704	11.0%
2011	107,805	4,542,471	42,136	46.3	14,375	9.7%
2012	107,906	4,756,281	44,078	46.5	14,210	7.9%
2013	109,065	4,726,441	43,336	46.8	14,010	6.6%
2014	109,340	4,754,759	43,486	47.0	14,160	5.9%
2015	110,679	5,084,704	45,941	47.5	14,132	5.0%
2016	112,387	5,364,344	47,731	47.8	14,000	4.7%
2017	113,723	5,568,788	48,968	47.6	13,652	3.8%
2018	115,589	5,947,516	51,454	48.5	13,207	3.2%
2019	116,585	*	*	*	12,523	2.9%

- (a) Population data for the City of Clearwater is from the University of Florida, Bureau of Economic and Business Research.
- (b) Per capita personal income data for Pinellas County for 2009-2016 is from the University of Florida, Bureau of Economic and Business Research. Median household income data for 2017-2018 is from the U.S. Census Bureau, American Community Survey.
- (c) Median age data for Pinellas County for 2009-2016 is from the University of Florida, Bureau of Economic and Business Research. Data for 2017-2018 is from the U.S. Census Bureau, American Community Survey.
- (d) School enrollment data for public schools located within the City of Clearwater is from the Pinellas County School District.
- (e) Unemployment data for the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area for September of each year is from the Bureau of Labor Statistics.

Note: Data is the latest published annual data available for an unspecified point in each year, not specifically September 30.

* Data not available.

Schedule 15

City of Clearwater, Florida
Principal Employers^a
Current Year and Nine Years Ago

Employer	2019 ^b			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Pinellas County School District	15,000	1	3.04%	14,480	1	3.68%
Publix	5,500	2	1.11%			
Bay Pines VA Medical Center	4,000	3	0.81%	3,417	2	0.87%
Raymond James Financial	4,000	4	0.81%	3,200	4	0.81%
Home Shopping Network	4,000	5	0.81%			
City of St. Petersburg	3,500	6	0.71%	3,361	3	0.85%
All Children's Hospital	3,200	7	0.65%	2,300	9	0.58%
Pinellas County Board of County Commissioners	3,000	8	0.61%	2,786	5	0.71%
St. Petersburg College	2,900	9	0.59%	2,063	10	0.52%
Morton Plant Hospital	2,800	10	0.57%			
Pinellas County Sheriff				2,714	6	0.69%
Bayfront Medical Center				2,500	7	0.63%
Tech Data Corp.				2,500	8	0.63%
Total Employment ^b	493,296			393,749		

^a Data is for Pinellas County. City data is not available.

^b Source: Florida Research and Economic Database and Pinellas County Department of Economic Development.

Schedule 16

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

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government	319.0	306.0	289.7	290.3	282.3	281.8	287.3	295.9	298.8	301.3
Public safety:										
Fire	211.0	205.0	201.0	201.0	201.0	201.0	201.0	204.0	204.0	205.0
Police	392.6	363.2	366.1	364.3	364.5	364.0	362.5	367.5	373.3	373.3
Physical environment	63.0	60.0	34.0	34.0	21.0	21.0	21.0	21.0	21.0	21.0
Transportation	23.0	21.0	21.0	21.0	34.0	34.0	34.0	35.0	35.0	35.0
Economic environment	11.0	11.0	9.0	9.0	10.0	10.0	12.0	10.4	11.0	11.0
Culture and recreation:										
Library	73.2	73.2	73.6	73.6	73.6	74.4	81.4	82.3	85.1	84.0
Parks & Rec	191.1	184.1	197.7	197.2	202.5	204.6	209.7	219.0	241.4	240.9
Water & Sewer Utility	164.0	166.0	167.0	167.0	176.0	184.0	187.0	188.0	196.0	196.0
Gas Utility	77.0	77.0	79.0	83.0	83.0	87.0	92.0	104.0	110.0	110.0
Solid Waste Utility	112.0	112.0	112.2	112.2	111.5	111.5	111.5	111.5	111.5	111.5
Stormwater Utility	46.0	47.0	48.0	50.0	49.0	49.0	52.0	52.0	52.0	52.0
Recycling	22.3	22.3	22.3	22.3	22.0	22.0	22.0	22.0	22.0	22.0
Marine	23.0	22.0	23.0	23.0	24.6	24.6	27.7	28.3	18.6	18.9
Clearwater Harbor Marina	5.6	5.6	5.6	5.6	5.6	5.6	6.7	6.7	6.7	6.3
Aviation	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.6
Parking System	31.6	31.6	30.8	30.6	33.7	33.7	35.8	41.3	44.8	44.8
Total	1,766.8	1,708.4	1,681.4	1,685.5	1,695.7	1,709.6	1,745.0	1,790.3	1,832.6	1,834.6

Source: City of Clearwater Office of Management and Budget

City of Clearwater, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Function/Program</u>											
General government:											
Planning	Commercial building permits issued	1,365	1,400	1,803	2,065	1,988	1,854	1,706	1,757	1,902	2,425
	Residential building permits issued	4,794	5,102	4,941	4,985	5,756	6,546	6,987	9,134	8,702	8,856
Public safety:											
Police	Average officer training hours	51	75	83	83	85	120	115	150	194	170
	Total volunteer training hours	39	355	385	412	286	246	1034	58	679	209
Fire	Percentage of fire responses under 7.5 minutes	90%	92%	95%	91%	93%	93%	91%	89%	89%	89%
Physical environment	Square feet of sidewalks repaired/constructed	53,157	45,169	45,416	28,036	23,651	35,611	36,694	48,075	39,335	41,268
Transportation	Miles of roadway resurfaced	5	8	8	0	8	15	15	6	17	18
Economic environment	Code enforcement cases brought to compliance	6,029	4,346	4,664	4,905	4,431	4,458	4,736	4,771	4,642	4,561
Human services	City employees that mentor in area schools	22	18	20	20	6	5	16	13	17	20
Culture and recreation:											
Library system	Library visits	860,044	833,036	820,000	836,919	600,148	636,006	562,387	522,014	582,315	625,411
	Circulation	1,147,428	1,087,976	1,058,038	1,099,988	1,019,984	987,430	869,469	891,597	857,232	865,987
Parks and recreation	Recreation center visitations	724,769	759,807	738,577	719,393	517,378	696,094	714,657	689,750	708,562	718,261
	Athletic program visitations	547,492	515,665	541,433	1,108,644	989,570	1,066,767	1,093,090	1,104,126	916,355	1,054,200
Water and Sewer Utility:											
Water customers	Water customers	39,971	41,391	41,988	43,500	43,704	44,236	44,743	45,275	45,486	45,587
	Volume of water pumped (million gallons/day)	10.76	11.32	10.90	11.00	12.10	12.10	11.70	11.90	11.40	11.20
	Sewer customers	33,041	33,063	33,093	33,405	33,564	33,390	33,763	33,947	34,111	34,183
	Miles of sewers cleaned	208	215	230	229	197	172	160	251	161	109
Gas Utility:	Number of customers	19,581	19,807	20,029	20,313	20,719	21,049	21,566	22,532	23,893	25,552
Solid Waste Utility:	Solid waste tonnage collected and disposed	110,905	112,936	114,317	116,830	113,218	117,214	124,917	123,425	122,890	127,008
Stormwater Utility:	Number of equivalent residential units	99,536	100,125	100,461	98,195	100,629	101,663	102,798	103,742	104,105	104,621
Recycling Utility:	Marketable tons recycled	9,564	9,250	8,605	8,143	11,716	12,079	13,467	13,438	11,503	4,169

* Note: No operating indicators are available for marine, aviation, parking and Clearwater Harbor Marina functions.

**City of Clearwater, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Public safety										
Fire Stations	8	8	8	8	8	8	8	8	8	8
Police Stations	5	6	6	6	6	7	7	7	6	6
Transportation										
Paved streets (miles)	314	315	316	316	320	321	322	322	324	327
Culture and recreation										
Library system										
Volumes in collection (thousands)	606	601	598	581	582	564	519	528	469	473
Parks and recreation										
Parks acreage	1427	1427	1427	1427	1453	1455	1457	1457	1457	1457
Recreational paths (miles)	16	16	16	16	18	22	22	22	22	22
Playgrounds	29	27	27	27	27	27	27	26	26	26
Baseball and softball fields	32	32	32	34	32	32	32	32	32	32
Soccer and football fields	20	20	20	18	20	20	20	21	21	21
Recreation centers	6	5	5	5	5	5	5	5	6	6
Water & Sewer Utility										
Water mains (miles)	592	592	591	590	597	589	588	585	583	586
Sanitary sewer mains (miles)	363	363	363	363	364	364	369	370	370	370
Daily treatment capacity (millions of gallons)	29	29	29	29	29	29	29	29	29	29
Gas Utility										
Gas mains (miles)	826	830	843	849	862	884	908	930	965	994
Stormwater Utility										
Stormwater mains (miles)	148	148	150	150	151	153	154	154	154	154
Marine										
Boat slips	207	207	203	189	189	189	189	189	189	190
Clearwater Harbor Marina										
Boat slips	126	126	126	126	126	126	126	126	126	126
Aviation										
Airpark spaces	177	177	177	177	177	177	177	177	177	177
Parking system										
Parking spaces	3297	2475 ^a	2460	2319	2232	2312	2302	2345	2462	3073

^aThe decrease in parking spaces for fiscal 2011 was due to the loss of Sand Key Park and a management decision to not charge for certain lots.

^bThe increase in parking spaces for fiscal 2019 was due primarily to the addition of spaces at the Seminole Boat Ramp and the North Beach Parking Plaza.

Sources: Various city departments

Note: No capital asset indicators are available for the general government, physical environment, economic environment, human services, solid waste and recycling functions.

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Other Information

**City of Clearwater, Florida
Continuing Disclosure – Gas System Revenue Bonds
Series 2013 and 2014**

The System:

Rates, Fees and Charges

The City Council has established a schedule of rates and charges by ordinance, which includes a purchased gas cost adjustment provision allowing the City to pass-through to customers any increase or decrease in the purchased price of gas. The City is not subject to regulation by any State agency in establishing or revising its rates. Where competitive fuel sources or transportation service are available to the customer, the City Council has authorized the City Manager to enter into contract gas service rates at special rates and/or conditions as required to obtain/retain the customer load. Such contract service must meet the normal construction feasibility formula to insure profitable payback to the City. For the fiscal year ending September 30, 2019, contract rates applied to an average of 172 customer accounts per month and impacted 6.0% of total revenues.

The rates charged by the System through September 30, 1996, were part of the Phase I Gas Rate Case implemented October 1, 1995, which was based on a comprehensive cost of service study performed by the Utility Advisory Services Group of the international accounting firm of Coopers & Lybrand, LLP (the "Rate Study"). This Phase I implementation resulted in an extensive overhaul of the Gas System customer rates, providing numerous classes of service and a modernized billing methodology.

The new rates, effective October 1, 1996, were designed to be industry-based and responsive to the competitive energy challenges. The goal of the Rate Study was to establish rates which would be fair to all classes of customers, provide funding to implement planned expansion in both existing northern Pinellas County services area and into the newly acquired southwestern Pasco service area, and provide an adequate growth potential in return to the City of Clearwater to further offset the ad valorem tax rates (current impact is about 0.5 mills).

As the result of experiences during the first seven months of the Phase I implementation, adjustments made to the Phase II rates were implemented October 1, 1996, and additional adjustments (Phase III) were implemented effective October 1, 1997. The total projected impact of both new phases of the rate case was \$1.05 million, or less than 7.9% of total gas sales revenues.

The rate ordinance containing the Phase II and Phase III rate changes was approved by the City Council on June 6, 1996. Gas rates for customer charges were increased effective April 1, 2005. The total estimated annual impact of this rate increase was \$373,352.

New rates, effective October 1, 2008, were designed to recover the costs of providing service to respective classes of customers. The goal of the "Cost of Service and Rate Study" was to establish rates which would be sufficient to meet Clearwater Gas System's total revenue requirements and reflect cost of service consideration and practical rate implementation constraints as required.

**CLEARWATER GAS SYSTEM
NATURAL GAS RATE BILLING FACTORS**
FOR JUNE 1, 2019 - SEPTEMBER 30, 2019 BASED ON APPROVED GAS ADJUSTMENT FACTORS

	Firm Natural Gas Rate Schedules													Interr. NG Rate IS	Contract NG Rate CNS	
	RS	SMF	MMF	LMF	SGS	MGS	LGS	RAC	GAC	LAC	SL	SL w/M& Relight	NGV (Non-Res)	NSS (Non-Res)		
Applicable Annual Therm Range or Other Rate Determinant	NA (1 - 3 Units)	NA (4 + Units)	NA (4 + Units)	NA (4 + Units)	0 - 17,999	18,000- 99,999	100,000 & up	NA (1 - 3 Units)	NA (0 - 149 tons)	NA (150 tons & +)	NA	NA	NA	NA	100,000 & up	NA
Monthly Customer Charge (For Central Pasco Territory)	\$12.00 (\$20.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	\$12.00 (\$20.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$20.00 (\$30.00)	\$20.00 (\$30.00)	By Contract (By Contract)	\$50.00 (\$75.00)	\$250.00 \$400.00	By Contract (By Contract)
Non-Fuel Energy Charge/Therm																
Non-Fuel Energy Charge	\$0.44	\$0.44	\$0.44	\$0.44	\$0.42	\$0.38	\$0.34	\$0.20	\$0.15	\$0.10	\$0.20	\$0.35	By Contract	\$0.42	\$0.24	By Contract
Energy Conservation Adj. (ECA)	0.29	0.29	0.29	0.29	0.29	0.29	0.29	NA	NA	NA	NA	NA	NA	NA	NA	NA
Regulatory Imposition Adj. (RIA)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA
Usage & Inflation Adj. (UIA)	<u>0.03</u>	<u>0.03</u>	<u>0.03</u>	<u>0.03</u>	<u>0.04</u>	<u>0.04</u>	<u>0.04</u>	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Non-Fuel Energy Charge	\$0.76	\$0.76	\$0.76	\$0.76	\$0.75	\$0.71	\$0.67	\$0.20	\$0.15	\$0.10	\$0.20	\$0.35	By Contract	\$0.42	\$0.24	By Contract
Purchased Gas Adjustment (PGA)	<u>0.89</u>	<u>0.89</u>	<u>0.89</u>	<u>0.89</u>	<u>0.89</u>	<u>0.89</u>	<u>0.89</u>	<u>0.89</u>	<u>0.89</u>	<u>0.89</u>	<u>0.89</u>	<u>0.89</u>	<u>0.79</u>	<u>0.89</u>	<u>0.79</u>	<u>0.79</u>
Total Energy Charge/Therm	1.65	1.65	1.65	1.65	1.64	1.60	1.56	1.09	1.04	0.99	1.09	1.24	0.79	1.31	1.03	0.79
Minimum Monthly Bill (For Central Pasco Territory)	\$12.00 (\$20.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	\$12.00 (\$20.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$20.00 (\$30.00)	\$20.00 (\$30.00)	By Contract (By Contract)	\$50.00 (\$75.00)	\$250.00 \$400.00	Customer Charge + Non-Fuel Therm Rate for Contract # of Therms
Compares to LP/Gallon Rate of with 6.0% Franchise	\$ 1.51 \$ 1.60	\$ 1.51 \$ 1.60	\$ 1.51 \$ 1.60	\$ 1.51 \$ 1.60	\$ 1.50 \$ 1.59	\$ 1.46 \$ 1.55	\$ 1.43 \$ 1.51	\$ 1.00 \$ 1.06	\$ 0.95 \$ 1.01	\$ 0.91 \$ 0.96	\$ 1.00 \$ 1.06	\$ 1.13 \$ 1.20	\$ 0.72 \$ 0.77	\$ 1.20 \$ 1.27	\$ 0.94 1.00	
Change from 9/2014 Therm Rate % Change from 9/2014 Therm Rate	\$ (0.10) -4.4%	\$ (0.10) -4.4%	\$ (0.10) -4.4%	\$ (0.10) -4.4%	\$ (0.07) -3.3%	\$ (0.05) -2.4%	\$ (0.03) -1.5%	\$ (0.05) -2.7%	\$ (0.05) -2.7%	\$ (0.05) -2.8%	\$ (0.05) -2.7%	\$ (0.05) -2.5%	\$ (0.06) -3.4%	\$ (0.09) -4.2%	\$ (0.10) -5.7%	\$ (0.06) -4.1%
Utility Tax Note:																
Fuel Rate per Therm 10/01/1973	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.055	\$0.069
Non-Utility Taxable Fuel/Therm	\$0.821	\$0.821	\$0.821	\$0.821	\$0.821	\$0.821	\$0.821	\$0.821	\$0.821	\$0.821	\$0.821	\$0.821	\$0.721	\$0.821	\$0.735	\$0.721
BTU FACTOR = THERMS/100 CUBIC FEET (CCF)																
	10/2018	11/2018	12/2018	01/2019	02/2019	03/2019	04/2019	05/2019	06/2019	07/2019	08/2019	09/2019	FY 18/19 Avg.			
Firm Service Rates	1.044	1.044	1.046	1.047	1.044	1.044	1.043	1.042	1.043	1.043	1.045	1.046	1.04425			
Interruptible Service Rates	1.023	1.024	1.025	1.026	1.023	1.024	1.023	1.021	1.022	1.023	1.024	1.026	1.023666667			

City of Clearwater, Florida
Continuing Disclosure - Gas System Revenue Bonds
Series 2013 and 2014

GAS SUPPLY

On August 1, 1990, the Federal Energy Regulatory Commission (FERC) deregulated the natural gas pipeline industry. This allows other natural gas suppliers and local distribution companies, like the City of Clearwater, to transport gas over the Florida Gas Transmission (FGT) pipelines as opposed to purchasing natural gas supply from only FGT.

The two natural gas transmission companies that serve within the State of Florida are Florida Gas Transmission (FGT) and Gulfstream. Currently FGT is the sole provider of transportation service to the City. FGT is owned by Citrus Corp. Citrus Corp is owned 50% by Energy Transfer Partners, LLC AND 50% by Kinder Morgan, Inc. FGT is operated by Panhandle Energy, a subsidiary of Energy Transfer Partners.

The City joined Florida Gas Utility (FGU) in October 2000 by Resolution 00-35. FGU is responsible for the purchase & management of the City's natural gas supply. An updated All Requirements Gas Service Agreement, which was approved by Resolution 02-02 in January 2002, required the City to purchase 100% of its supply through FGU. FGU was formed through an Interlocal Agreement among its members. The Interlocal Agreement became effective on September 1, 1989 and consisted of five municipal utilities. Over the next several years, additional electric and gas distribution utilities joined FGU, bringing its current membership to 23.

In addition, the City has entered into a Gas Supply & Transportation Agreement with Peoples Gas System (PGS), dated 12/02/04, to purchase natural gas to serve customers located in our Central Pasco territory, generally east of the Suncoast Parkway in Pasco County. The City received a letter from FGU Council, dated 8/31/04, granting the City permission to utilize TECO Peoples Gas as a third party gas supplier since FGU is unable and unwilling to provide gas to the City within the meaning of the provisions of Section 3 (a)(i) and (ii) of the All Requirements Gas Service Agreement between the City and FGU.

The City has two Firm Transportation Service agreements (FTS-1 & FTS-2) with FGT in order to deliver natural gas to the City's four gate stations. FGU is currently managing the City's Phase II (FTS-1) and Phase III (FTS-2) transportation capacity on a daily basis. Table 1 shows the breakdown of the City's annual gas supply entitlements with FGT. The total annual entitlement is 3,212,226 decatherms of natural gas transportation.

Table 1 Breakdown of Transportation Capacity

Contract Period	Phase II (FTS-1) MMBtu Per Day 2/01/17 - 1/31/27	Phase III (FTS-2) MMBtu Per Day 2/1/14 - 2/28/25	Total MMBtu Per Day
October	170,438	41,788	212,226
Nov-Mar	1,543,069	268,931	1,812,000
April	216,570	53,430	270,000
May-Sept	711,756	206,244	918,000
Total Annual	2,641,833	570,393	3,212,226

**City of Clearwater, Florida
Continuing Disclosure – Gas System Revenue Bonds
Series 2013 and 2014**

Service Area

The Clearwater Gas System (CGS) is owned and operated as an enterprise utility by the City of Clearwater. CGS operates over 994 miles of underground gas main and handles the supply and distribution of both natural and propane (LP) gas throughout northern Pinellas County and western Pasco County. As a “full service” gas utility, CGS provides gas appliance sales, installation of inside customer gas piping, domestic and commercial gas equipment service, construction and maintenance of underground gas mains and service lines, and 24-hour response to any gas emergency within the service area. The Florida Public Service Commission and the Federal Department of Transportation regulate CGS for safety.

CGS has been serving customers in the Clearwater area for over 96 years (since 1923) when operations began with a manufactured gas plant operation from coal and coke. In 1959, when natural gas transmission lines were finally extended to the Florida peninsula, CGS discontinued manufacturing gas and began receiving piped natural gas from Florida Gas Transmission.

Clearwater Gas System serves over 25,552 customers in a 330 square mile service territory, which includes 20 municipalities as well as the unincorporated areas of northern Pinellas County and western Pasco County. The Pinellas County service territory is 158 square miles and extends generally from Ulmerton and Walsingham Roads on the south to the Pasco County line on the north and from the Gulf of Mexico on the West to the Hillsborough County line on the east. This includes all of the Pinellas beach communities south to Redington Beach. The Pasco County service territory is 172 square miles and extends from the Gulf of Mexico on the West inland about 20 miles to just east of State Road 41 and Land O' Lakes and from the Pinellas and Hillsborough County lines on the South to generally State Road 52 on the north. The CGS service territory extends 42.3 miles from the southwestern-most to the northwestern-most points.

Clearwater Gas System prides itself in being a competitive and public service-minded utility, providing safe, economical and environmentally-friendly gas, which is made in America, available in our communities for all of the homes and businesses in our service area, with special focus on the residential customers who make up 90% of our customer base.

City of Clearwater, Florida
Continuing Disclosure - Gas System Revenue Bonds
Series 2013 and 2014

As of September 30, 2019 the System's active natural gas customers were located as shown in the following table:

Location	Meters	Percentage
Belleair	518	2.11%
Belleair Beach	243	0.99%
Belleair Bluffs	43	0.18%
Belleair Shores	34	0.14%
Clearwater	7,332	29.93%
Dunedin	1,423	5.81%
Indian Rocks Beach	158	0.64%
Indian Shores	141	0.58%
Largo	1,130	4.61%
New Port Richey	77	0.31%
North Redington Beach	68	0.28%
Oldsmar	154	0.63%
Port Richey	18	0.07%
Redington Beach	199	0.81%
Redington Shores	95	0.39%
Safety Harbor	700	2.86%
Tarpon Springs	1,627	6.64%
Unincorporated Areas Pasco	4,856	19.82%
Central Pasco	2,378	9.70%
Unincorporated Areas Pinellas	3,309	13.50%
Total	<u>24,503</u>	<u>100.00%</u>

The following table shows the five largest interruptible customers by peak monthly consumption and the percent of the System's revenues derived from such customers during the 12 months ending September 30, 2019:

Customer Name	Peak Monthly Therms	% of Gross Revenues
New Port Richey Hospital, Inc.	69,774.0	2.02%
Metal Industries	123,628.5	1.83%
Ajax Paving Industries	142,437.6	1.82%
Morton Plant Hospital	101,306.7	1.61%
CNG Filling Station	58,317.8	1.46%

The following table shows the breakdown of the System's customers by category as well as the volume of gas sold and the sales revenues generated by each category for the year ended September 30, 2019:

	Average No. Customers	Gas Volume	Gas Sales
	Therms	Revenues	
Interruptible (including CNG Station)	19	31.01%	14.91%
Residential	22,011	15.31%	26.26%
Commercial (excluding CNG Station)	2,473	53.68%	58.83%
Interruptible (including CNG Station)	7,973,368.2	\$ 5,429,359	
Residential	3,936,023.1	9,560,722	
Commercial (excluding CNG Station)	13,802,676.4	21,423,417	
Totals	<u>25,712,067.7</u>	<u>\$ 36,413,498</u>	

City of Clearwater, Florida
Continuing Disclosure – Water and Sewer Revenue Refunding Bonds
Series 2011, 2014, 2017 and 2017B; and Revenue Bonds Series 2009A

Historical Financial Information

Water System:

Source and Volume of Water Pumped (in million gallons per day, averaged over the fiscal year)			
FY	City Wells	County	Total
2015	7.0	5.1	12.1
2016	8.0	3.7	11.7
2017	6.8	5.1	11.9
2018	6.4	5.0	11.4
2019	6.9	4.3	11.2

Historical Growth in Number of Water Customers
(all figures are as of September of the year indicated)

FY	Potable Water Service Customers	Reclaimed Water Service Customers	Total Water Service Customers
2015	37,018	7,218	44,236
2016	37,302	7,441	44,743
2017	37,598	7,677	45,275
2018	37,773	7,713	45,486
2019	37,848	7,739	45,587

Ten Largest Water Customers
Fiscal Year Ending September 30, 2019

Name of User	Water Used (in 100 Cubic Feet)	Revenues Produced
1. CITY OF CLEARWATER	88,386	\$ 1,203,026
2. CHURCH OF SCIENTOLOGY	124,419	913,776
3. MORTON PLANT HOSPITAL	89,956	804,079
4. PINELLAS COUNTY SCHOOLS	36,087	437,889
5. K&P CLEARWATER ESTATE LLC	29,334	258,348
6. PINELLAS COUNTY GOVERNMENT	13,521	240,944
7. SHERATON SAND KEY	34,641	212,417
8. THE SANDPEARL RESORT	29,256	208,216
9. CP CLEARWATER	31,277	187,024
10. MADISON PLACE CLEARWATER	26,111	182,288
	502,988	\$ 4,648,007

Reclaimed Water System:

Year	Daily Flow MGD
2015	4.7
2016	5.2
2017	6.4
2018	5.5
2019	5.7

City of Clearwater, Florida
Continuing Disclosure – Water and Sewer Revenue Refunding Bonds
Series 2011, 2014, 2017 and 2017B; and Revenue Bonds Series 2009A

Sewer System:

Average Sewage Flow and Historical Growth in Number of Sewer Customers
(as of September of the year indicated)

Year	Flow in MGD	Sewer Customers
2015	13.8	33,390
2016	13.5	33,763
2017	12.5	33,947
2018	12.5	34,111
2019	12.8	34,183

Ten Largest Sewer Customers
Fiscal Year Ending September 30, 2019

Name of User	Sewer Used (in 100 Cubic Feet)	Revenues Produced
1. MORTON PLANT HOSPITAL	85,810	\$ 856,047
2. CITY OF CLEARWATER	40,232	728,654
3. CHURCH OF SCIENTOLOGY	89,863	716,131
4. PINELLAS COUNTY SCHOOLS	35,468	559,410
5. SHERATON SAND KEY	34,641	269,790
6. K&P CLEARWATER ESTATE	29,333	265,461
7. CP CLEARWATER	31,277	247,632
8. PINELLAS COUNTY GOVERNMENT	9,619	232,922
9. CLEARWATER HOUSING AUTHORITY	25,629	227,342
10. CCRC REGENCY OAKS	24,345	225,563
	406,217	\$ 4,328,952

Rates, Fees and Charges

The City uses a three-tiered rate structure for water and sewer usage. The base rate for water includes a minimum usage for residential and nonresidential water rates. Any usage over the minimum is billed at one rate per 1,000 gallons up to a designated level and at a second rate for usage over that level. For irrigation, there is a base rate, with no usage allowance, and a charge per 1,000 gallons of water usage up to a designated level and a higher charge for usage over that amount. The sewer base rate includes a minimum usage and a fixed charge per 1,000 gallons of water usage over the basic allowance. The minimum usage and second and third tier usage levels vary with the size of the meters. For fiscal year 2019 there were no changes to the three-tiered rate structure for water or sewer usage.

City of Clearwater, Florida
Continuing Disclosure – Water and Sewer Revenue Refunding Bonds
Series 2011, 2014, 2017 and 2017B; and Revenue Bonds Series 2009A

Residential and Nonresidential Water Rates		October 1, <u>2015</u>	October 1, <u>2016</u>	October 1, <u>2017</u>	October 1, <u>2018</u>	October 1, <u>2019</u>
		<u>Size of Meter</u>				
Minimum -	Under 1 inch	\$ 19.44	\$ 20.16	\$ 21.42	\$ 22.29	\$ 23.16
	1 inch	45.36	47.04	49.98	52.01	54.04
	1.5 inch	648.00	672.00	714.00	743.00	772.00
	2 inch	1,509.88	1,565.76	1,663.62	1,731.19	1,798.76
	3 or 2 inch manifold	2,326.39	2,412.48	2,563.26	2,667.37	2,771.48
	4 inch	4,477.77	4,643.52	4,933.74	5,134.13	5,334.52
	6 inch	11,502.25	11,928.00	12,673.50	13,188.25	13,703.00
	8 inch	19,440.44	20,160.00	21,420.00	22,290.00	23,160.00

Additional charges are assessed for usage in excess of designated minimums.

Rates for Irrigation (Lawn) Meters		October 1, <u>2015</u>	October 1, <u>2016</u>	October 1, <u>2017</u>	October 1, <u>2018</u>	October 1, <u>2019</u>
		<u>Size of Meter</u>				
Minimum -	Under 1 inch	\$ 6.93	\$ 7.19	\$ 7.64	\$ 7.94	\$ 8.26
	1 inch	20.80	21.58	22.93	23.85	24.80
	1.5 inch	104.07	107.97	114.72	119.31	124.08
	2 inch	291.39	302.32	321.22	334.06	347.43
	3 or 2 inch manifold	575.83	597.42	634.76	660.15	686.56
	4 inch	1,110.04	1,151.67	1,223.65	1,272.60	1,323.50
	6 inch	3,350.95	3,476.61	3,693.90	3,841.65	3,995.32
Sewer Rates		October 1, <u>2015</u>	October 1, <u>2016</u>	October 1, <u>2017</u>	October 1, <u>2018</u>	October 1, <u>2019</u>
		<u>Size of Meter</u>				
Minimum -	Under 1 inch	\$ 26.76	\$ 27.75	\$ 29.49	\$ 30.66	\$ 31.89
	1 inch	62.44	64.75	68.81	71.54	74.41
	1.5 inch	892.00	925.00	983.00	1,022.00	1,063.00
	2 inch	2,078.36	2,155.25	2,290.39	2,381.26	2,476.79
	3 or 2 inch manifold	3,202.28	3,320.75	3,528.97	3,668.98	3,816.17
	4 inch	6,163.72	6,391.75	6,792.53	7,062.02	7,345.33
	6 inch	15,833.00	16,418.75	17,448.25	18,140.50	18,868.25
	8 inch	26,760.00	27,750.00	29,490.00	30,660.00	31,890.00
Per 1,000 gallons of water used over the allowed minimum		8.92	9.25	9.83	10.22	10.63

Additional Indebtedness

No additional indebtedness was incurred for capital improvements to the water and sewer systems. No additional indebtedness was incurred for the lease purchase of capital equipment.

**City of Clearwater, Florida
Continuing Disclosure – Stormwater System Revenue Refunding Bonds
Series 2012, 2013 and 2014**

Rates, Fees, and Charges

The City uses a measurement of one equivalent residential unit or ERU as the basis for the stormwater management utility fee. The rates per ERU from the inception of the utility are as follows:

Effective Date	Rate per ERU	Effective Date	Rate per ERU
January 1, 1991	\$3.00	October 1, 2009	\$11.80
October 1, 1998	4.00	October 1, 2010	12.51
October 1, 1999	4.17	October 1, 2011	13.04
October 1, 2000	4.35	October 1, 2012	13.40
October 1, 2001	4.54	October 1, 2013	13.77
January 1, 2002	6.13	October 1, 2014	14.15
October 1, 2002	7.16	October 1, 2015	14.33
October 1, 2003	8.01	October 1, 2016	14.51
October 1, 2004	8.65	October 1, 2017	14.58
October 1, 2005	9.35	October 1, 2018	14.65
October 1, 2006	9.71	October 1, 2019	13.40
October 1, 2007	10.51	October 1, 2020	13.40
October 1, 2008	11.14		

Single-family homes, multifamily units, condominium units, apartments and mobile homes are rated as one ERU per dwelling unit. Nonresidential property is charged at the rate of 1,830 square feet of impervious area per ERU.

HISTORICAL NET REVENUES

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net Operating Revenues (Excluding Depreciation)	\$ 5,916,286	\$ 8,386,312	\$ 9,528,117	\$ 10,611,921	\$ 11,721,958
Interest Income and other					
Non-operating Revenues (Expenses)	677,829	437,129	114,729	(4,642)	1,786,699
Total Net Revenues	<u>\$ 6,594,115</u>	<u>\$ 8,823,441</u>	<u>\$ 9,642,846</u>	<u>\$ 10,607,279</u>	<u>\$ 13,508,657</u>
Maximum Annual Debt Service	\$ 2,568,762	\$ 2,568,762	\$ 2,568,762	\$ 2,568,762	\$ 2,568,762
Coverage	2.68	3.48	3.80	4.17	5.05

**City of Clearwater, Florida
Fire Services Program**

Pursuant to agreements between the City of Clearwater, the Pinellas County Fire Authority and the Pinellas County Emergency Medical Services Authority, the City has provided fire and emergency medical services to the respective authorities. With respect to fire services, the services are provided for the benefit of properties located outside the corporate limits of the City, but within a designated service area. Emergency medical services are provided for the benefit of persons residing both inside and outside the corporate limits of the City, based on the Authority's nearest unit dispatch policy.

With respect to the Fire Services Program, a budget was prepared by Fire Department personnel covering proposed expenditures for fiscal year ending September 30, 2019, for the Fire Department as a whole. Since the funding for the Emergency Medical Services Program is based on the level fixed in prior years, the Fire Services Program budget is essentially the residual obtained by deducting the approved level of funding for the Emergency Medical Services Program from the budgeted amounts included in the total Fire Department budget. This budget was submitted to, and duly approved by, the relevant Authority prior to the commencement of the fiscal year. Income received from Pinellas County Fire Protection Authority and valid program expenditures for the Fire Services Program for the fiscal year ended September 30, 2018 are summarized below.

Total Revenue Received from Pinellas County Fire Protection Authority	\$ 2,204,826
Total Fire Service Expenditures for Fiscal Year Ended September 30, 2019	\$ 20,396,929

The Fire Service Program does not currently utilize an equipment reserve.

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Single Audit / Grants Compliance

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**Report of Independent Auditor 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***

To the Honorable Mayor and City Council Members
City of Clearwater, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clearwater, Florida (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 26, 2020. We have also audited the financial statements of each of the City's nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds presented as supplementary information in the accompanying combining and individual fund statements as of and for the year ended September 30, 2019, as listed in the table of contents.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekant LLP

Tampa, Florida
March 26, 2020

**Report of Independent Auditor on Compliance for Each Major Federal Program and
State Financial Assistance Project, and on Internal Control over Compliance Required
by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General**

To the Honorable Mayor and City Council Members
City of Clearwater, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited the City of Clearwater, Florida's (the "City") compliance with the types of compliance requirements described in the OMB Compliance Supplement and the requirements described in the Florida Department of Financial Services, *State Projects Compliance Supplement* that could have direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2019. The City's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and Chapter 10.550, Rules of the Auditor General ("Chapter 10.550"). Those standards, the Uniform Guidance and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Programs and State Financial Assistance Projects

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2019.

Report on Internal Control over Compliance

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

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

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

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



Tampa, Florida
March 26, 2020

City of Clearwater, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects
For the Year Ended September 30, 2019

Federal Grantor / Pass-through Grantor / Program Title	CFDA Number	Grant I.D. Number	Federal Share of Expenditures	Transfers to Subrecipients
FEDERAL AWARDS				
U.S. Department of Housing and Urban Development:				
Community Development Block Grant - Entitlement	14.218	B-16-MC-12-0002	88,679	87,803
	14.218	B-17-MC-12-0002	477,898	303,789
	14.218	B-18-MC-12-0002	429,732	73,277
	14.218		996,309	464,869
Home Investment Partnerships Program	14.239	M-17-MC-12-0230	123,675	66,743
	14.239	M-18-MC-12-0230	93,600	58,412
	14.239	Program Income	263,245	260,604
	14.239		480,520	385,759
Total U.S. Department of Housing and Urban Development			1,476,829	850,628
U.S. Department of the Interior:				
Fish and Wildlife Service Clean Vessel Act Passed through Florida Dept of Environmental Protection Clean Vessel Act	15.616	DEP Agreement MV192 CVA18-891	2,361	
Total U.S. Department of the Interior			2,361	-
U.S. Department of Justice:				
Federal Forfeiture Sharing	16.000	FL0520300	60,323	
2017 Edward Byrne JAG/Laser Stop Sticks	16.738	Project 20147-DJ-BX-0791	46,977	
Passed through Florida Department of Law Enforcement				
Mental Health Check Team Project	16.738	2019-JAGC-Pine-1-N2-117	10,569	
Bulletproof Vest Partnership Program	16.607	2018BOBX18093456	15,050	
Total U.S. Department of Justice			132,919	-
U.S. Department of Transportation:				
Federal Highway Administration				
Passed through Florida Dept of Transportation: Druid Trail Phase IV from South of Evergreen to Duke Energy Trail	20.205	Contract #G0L75	631,691	
Passed through Florida Dept of Transportation: Federal-Aid Highway Program - HVE for Pedestrian & Bicycle Safety	20.205	Contract #G0O23	49,762	
Total U.S. Department of Transportation			681,453	-
U.S. Dept of Health & Human Services				
Centers for Disease and Control				
Passed through Florida Department of Health	93.758	Contract #COHS2	2,500	
Passed through Florida Department of Health	93.758	Contract #COHS2	2,500	
Total U.S. Dept of Health & Human Services			5,000	-
U.S. Department of Homeland Security:				
Passed through the Florida Division of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Hurricane Irma	1,694,925	
Total U.S. Dept of Health & Human Services			1,694,925	-
Total Federal Financial Assistance			\$ 3,993,487	\$ 850,628

City of Clearwater, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects - Continued
For the Year Ended September 30, 2019

State Grantor / Pass-through Grantor / Program Title	CSFA Number	Grant I.D. Number	State Share of Expenditures (a)	Transfers to Subrecipients
STATE FINANCIAL ASSISTANCE				
Florida Department of Environmental Protection:				
Florida Recreation Development Assistance Program	37.017	McMullen Tennis Courts	87,324	
Total Florida Department of Environmental Protection			87,324	-
Florida Department of Community Affairs:				
Florida Housing Finance Corporation State Housing Initiative Partnership Program (SHIP)	40.901	N/A	724,351	5,616
Total Florida Department of Community Affairs			724,351	5,616
Florida Department of Transportation:				
Airport Master Plan Study	55.004	FPN: 440471-1-94-01 Contract Number: G0H27	13,508	
Design Build Prefabricated Security Guard Building	55.004	FPN: 445636-1-94-01 Contract Number G1941	14,906	
Total Florida Department of Transportation			28,414	-
Florida Department of Revenue:				
Phillies Stadium	73.016	N/A	500,004	
Total Florida Department of Revenue			500,004	-
Total State Financial Assistance			\$ 1,340,093	\$ 5,616
Total Expenditures of Federal Awards and State Financial Assistance Projects			\$ 5,333,580	\$ 856,244

City of Clearwater, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects
For the Year Ended September 30, 2019

NOTE 1 – Basis of Presentation

(a) Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance Projects ("Schedule") presents the activity of all federal financial and state grant activity projects of the City of Clearwater, Florida (the "City"). Federal and state financial assistance received directly from federal and state agencies, and federal financial assistance passed through other governmental agencies are included on the schedules. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550.

(b) Disaster Grants – Public Assistance (Presidentially Declared Disaster) (97.036)

After a Presidential Declared Disaster, the Federal Emergency Management Agency (FEMA) provides a Public Assistance Grant to reimburse eligible costs associated with emergency response, debris removal, and eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The Federal Government reimburses in the form of cost-shared grants.

During fiscal 2019, FEMA approved \$1,694,925 of eligible expenditures that were incurred in prior years and are included in the Schedule.

NOTE 2 – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance Projects is presented using the modified accrual or accrual basis of accounting, depending on the type of fund in which the grant is recorded, as described in Note I.C. to the City's basic financial statements.

NOTE 3 – CFDA/CSFA Numbers

CFDA numbers represent Catalog of Federal Domestic Assistance and apply only to federal awards. CSFA numbers represent Catalog of State Financial Assistance and apply only to state financial assistance.

NOTE 4 – Subrecipients

Of the federal and state expenditures presented in the Schedule, the City provided federal and state awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA/ State CSFA</u>	<u>Amount Provided To Subrecipients</u>
U.S. HUD Community Development Block Grant	14.218	\$464,869
U.S. HUD Home Investment Partnerships Program	14.239	\$385,759
Florida Housing Finance Corporation, State Housing Initiative Partnership Program	40.901	\$ 5,616

City of Clearwater, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects
For the Year Ended September 30, 2019

NOTE 5 – Loans Outstanding

The current year additions related to the loans are included in the Schedule of Expenditures of Federal Awards and State Financial Assistance Projects. The City had the following loan balances outstanding, net of \$11,906,926 allowance for uncollectable accounts, at September 30, 2019:

14.218	Community Development Block Grant	\$ 817,880
14.239	Home Investment Partnership Program	1,500,965
40.901	State Housing Initiative Partnership	<u>2,056,705</u>
		<u>\$ 4,375,550</u>

NOTE 6 – Indirect Cost Rate

The City did not utilize the 10% de minimis indirect cost rates for reimbursement of grant expenditures for the fiscal year ended September 30, 2019.

CITY OF CLEARWATER, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2019

Part I—Summary of auditor's results

Financial Statement Section

Type of auditor's report issued: _____ Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes no

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ yes none reported

Noncompliance material to financial statements noted _____ yes no

Federal Awards Programs and State Projects Section

Internal control over major programs:

Material weakness(es) identified? _____ yes no

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ yes none reported

Type of auditor's report on compliance for major federal and state programs: _____ Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes no

Any audit findings disclosed that are required to be reported in accordance with 10.550? _____ yes no

Identification of major federal programs and state projects:

Federal programs:

CFDA Numbers	Name of Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

State projects:

CSFA Numbers	Name of Project
40.901	State Housing Initiatives Partnership Program

CITY OF CLEARWATER, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2019

Part I—Summary of auditor's results (continued)

Dollar threshold used to determine

Type A programs:

Federal programs	\$ 750,000
State projects	\$ 402,027

Auditee qualified as low-risk auditee

for federal purposes? yes x no

Part II—Schedule of financial statement findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Part III—Findings and questioned costs - major federal award programs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported in accordance with 2 CFR 200.516(a).

Part IV—Findings and questioned costs – major state financial assistance projects

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major state projects, as required to be reported by Chapter 10.550.

There were no findings required to be reported in accordance with Chapter 10.550.

CITY OF CLEARWATER, FLORIDA
SUMMARY OF PRIOR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2018

Finding 2018-001: Material Weakness in Internal Controls Over the Local Housing Assistance Loans Receivable

Finding: The City of Clearwater is responsible for establishing and maintaining internal controls over its financial close and reporting process that allows management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. During the year ended September 30, 2018, there were significant adjustments needed to correct the loan receivable balance in the SHIP Local Housing Assistance Trust and the Special Programs Fund.

Status: Implemented. The City improved the reconciliation and review process for manually maintained spreadsheets related to the loan receivable balance.

Finding 2018-002: Material Weakness in Internal Controls Over Preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance Projects

Finding: The City of Clearwater is responsible for establishing and maintaining internal controls over its financial close and reporting process that allows management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. During the year ended September 30, 2018, there were two material omissions of a federal award and a state project from the schedule of expenditures of federal awards and state financial assistance projects.

Status: Implemented. The City improved the reconciliation and review process between general ledger records and the schedule of expenditures of federal awards and state financial assistance projects.

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Independent Auditor's Management Letter

To the Honorable Mayor and City Council Members
City of Clearwater, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Clearwater, Florida (the "City"), as of and for the year ended September 30, 2019, and have issued our report thereon dated March 26, 2020.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("Uniform Guidance"); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Report of Independent Auditor 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*; Report of Independent Auditor on Compliance for Each Major Federal Program and State Assistance Project and on Internal Control over Compliance Required by Uniform Guidance and Chapter 10.550, *Rules of the Auditor General of the State of Florida*; Schedule of Findings and Questioned Costs; and Report of Independent Accountant on Compliance with Local Government Investment Policies, regarding compliance in accordance with Chapter 10.550, Rules of the Auditor General. Disclosure in those reports and schedule, which are dated March 26, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of this Letter

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekant LLP". The signature is fluid and cursive, with "Cherry" and "Bekant" connected, and "LLP" in a smaller, separate section.

Tampa, Florida
March 26, 2020

Report of Independent Accountant on Compliance with Local Government Investment Policies

To the Honorable Mayor and City Council Members
City of Clearwater, Florida

We have examined the City of Clearwater, Florida's (the "City") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2019. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2019.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and Rules of the Auditor General.



Tampa, Florida
March 26, 2020

City of Clearwater, Florida
*Schedule of Receipts and Expenditures of Funds Related to the
Deepwater Horizon Oil Spill
For the Fiscal Year Ended September 30, 2019*

Source	Amount Received in the 2014-15 Fiscal Year	Amount Expended in the 2018-19 Fiscal Year
British Petroleum: Agreement No. Not Applicable	\$6,480,352	\$370,418

Note: This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. The City did not receive funds that were considered Federal funds or State financial assistance related to the Deepwater Horizon Oil Spill.