



CITY OF CLEARWATER, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

2020/2021



COVER

VIEW



The Engineering and the Marine and Aviation departments celebrated the renovations to the Seminole Street Boat Ramp in 2020.

This \$6.5 million project in the North Marina District includes a new passive use park area, a new trail extension through the marina to the waterfront park, a new kayak launch area, improved vehicle and trailer parking, new landscaping, new LED lighting, new ADA-compliant restrooms, advanced stormwater treatment and drainage improvements, new floating transient day docks (coming in 2021), enhanced public walkways, additional public benches and a waterfront promenade.

**City of Clearwater, Florida
Annual Comprehensive Financial Report
for Fiscal Year Ended September 30, 2021**



Frank V. Hibbard
Mayor

David Allbritton
Councilmember

Kathleen Beckman
Councilmember

Mark Bunker
Councilmember

Hoyt Hamilton
Councilmember

Jon P. Jennings
City Manager

Brian Jay Ravins
Finance Director

Prepared by: City of Clearwater Finance Department

City of Clearwater, Florida
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021

TABLE OF CONTENTS

INTRODUCTORY SECTION:

Title Page and List of Elected and Appointed Officials.....	i
Letter of Transmittal	v
Certificate of Achievement for Excellence in Financial Reporting.....	ix
Organizational Chart	x

FINANCIAL SECTION:

Report of Independent Auditor	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	26
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Special Development Fund	27
Statement of Net Position – Proprietary Funds	28
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds.....	36
Statement of Fiduciary Net Position – Fiduciary Funds	40
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	41
Notes to the Basic Financial Statements	42
Required Supplemental Information —Pension Trust Funds	106
Required Supplemental Information – Other Postemployment Benefits	112
Combining and Individual Fund Statements and Schedule	
Combining Balance Sheet – Nonmajor Governmental Funds	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	118
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Redevelopment Agency Special Revenue Fund.....	121
Combining Statement of Net Position – Nonmajor Enterprise Funds.....	124
Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds.....	125
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	126
Combining Statement of Net Position – Internal Service Funds	130
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds.....	131
Combining Statement of Cash Flows – Internal Service Funds	132
Combining Statement of Fiduciary Net Position – Fiduciary Funds.....	136
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	137

City of Clearwater, Florida
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021

TABLE OF CONTENTS (Continued)

STATISTICAL SECTION:

Introduction.....	139
Schedule 1 Net Position by Component.....	141
Schedule 2 Changes in Net Position	142
Schedule 2a Program Revenues by Function/Program.....	145
Schedule 3 Fund Balances of Governmental Funds	146
Schedule 4 Changes in Fund Balances of Governmental Funds	147
Schedule 5 Assessed Value and Estimated Actual Value of Taxable Property	148
Schedule 6 Direct and Overlapping Property Tax Rates	149
Schedule 7 Property Tax Levies and Collections.....	150
Schedule 8a Principal Real Property Taxpayers.....	151
Schedule 8b Principal Personal Property Taxpayers.....	152
Schedule 9 Ratios of Outstanding Debt by Type	153
Schedule 10 Ratios of General Bonded Debt Outstanding	154
Schedule 11 Direct and Overlapping Governmental Activities Debt	155
Schedule 12 Legal Debt Margin Information	156
Schedule 13 Pledged-Revenue Coverage	157
Schedule 14 Demographic and Economic Statistics.....	159
Schedule 15 Principal Employers	160
Schedule 16 Full-time Equivalent City Government Employees by Function/Program.....	161
Schedule 17 Operating Indicators by Function/Program	162
Schedule 18 Capital Asset Statistics by Function/Program.....	163

OTHER INFORMATION:

Continuing Disclosure – Gas System Revenue Refunding Bonds, Series 2013 and 2014	166
Continuing Disclosure – Water & Sewer Revenue Refunding Bonds Series 2011, 2017, 2017B and 2020	171
Continuing Disclosure – Stormwater System Revenue Refunding Bonds, Series 2012 and 2013.....	174
Fire Services Program	175
Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill	176

SINGLE AUDIT / GRANTS COMPLIANCE SECTION:

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	179
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, <i>Rules of the Auditor General</i>	181
Schedule of Expenditures of Federal Awards and State Financial Assistance Projects	183
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Projects.....	185
Schedule of Findings and Questioned Costs.....	187
Management Letter	189
Independent Accountants' Report on Compliance with Section 215.415, <i>Florida Statutes</i>	191

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CITY OF CLEARWATER

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CITY MANAGER

March 31, 2022

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 annual comprehensive financial report of the City of Clearwater for the fiscal year ended September 30, 2021.

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 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.

Carr Riggs Ingram, 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, 2021, 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, 2021, 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.

Frank V. Hibbard, Mayor

Mark Bunker, Councilmember
Kathleen Beckman, Councilmember



David Allbritton, Councilmember
Hoyt Hamilton, Councilmember

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 and its related hospitality and service sectors, Clearwater enjoys a diversity of manufacturing businesses; professional, financial, and insurance service industries; high-tech companies; corporate headquarters; and a growing healthcare ecosystem.

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, we have now experienced nine consecutive years of increases: 3.3%, 6.0%, 6.6%, 7.4%, 8.3%, 9.6%, 6.7%, 6.8%, and 5.4% increases for Jan. 1, 2013 thru Jan. 1, 2021 tax rolls, respectively.

The unemployment rate for the Tampa metro area at Sept. 30, 2021 was 4.3% versus 5.7% at Sept. 30, 2020, which compared favorably to the national rate of 4.7% and the state unemployment rate of 4.9% as of Sept. 30, 2021. Local tourism was significantly impacted by COVID-19, but has recovered to exceed pre-COVID levels. We remain optimistic that pent-up travel demand and the attractiveness of domestic vacation destinations will continue to fuel the strong demand in area tourism.

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 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 investments 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 completion of the conversion of a 15-story downtown office tower into 134 luxury apartments and townhomes. Contributing to downtown's potential for redevelopment are the recent updates of the Downtown Plan, North Marina Area Master Plan, and various Community Redevelopment Agency incentive plans for downtown retail. Additionally, 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. Finally, in addition to the downtown and beach areas, US Highway 19 – a major north-south corridor through the heart of the city – is experiencing rapid redevelopment.

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 annually updates a General Fund Financial Sustainability Analysis that includes a ten-year forecast of General Fund revenues and expenditures. 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 \$95.5 million is budgeted for utility capital projects for fiscal year 2022 with a total of \$698.7 million budgeted over the next six years.

In 2012, the city adopted the US19 Corridor Redevelopment Plan which lead to the rezoning of the US19 Corridor and adoption of the US19 Zoning District & Development standards in 2017. The US19 Zoning District promotes employment-intensive and transit-supportive development, encourages the development of mixed-use destinations and provides for the design of safe and attractive working, living and shopping environments. New multifamily rental communities have welcomed new residents to the city and precedes the anticipated and desired development of office, research and technology, and other employment-intensive uses. As an important north/south commercial corridor, the new zoning district promotes reinvestment and redevelopment at greater densities and intensities which in turn advances the city's economic development goals.

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. In September 2021 the City broke ground on construction of Phase 1 of the plan. Construction continues, with expected completion of 2023.

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. The North Marina Master Plan initial phase is concluded and includes new parking, improved design and landscape of existing parking areas, expanded public use and amenity areas, additional open space, and enhanced decorative lighting.

The ULI initiatives remain a high priority for the City during fiscal year 2022. Additional related projects remaining include streetscaping in the Downtown Gateway, construction of a festival core in the same area, and Complete Streets planning initiatives. North Ward Elementary School has been acquired and is in the early planning stages of an adaptive reuse that will renovate and preserve the historic structures of 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.

Another major initiative includes advancing the City's sustainability and resiliency efforts per Council's fiscal 2021 adoption of the City's "Greenprint 2.0", which is an update to the original Clearwater Greenprint plan adopted in 2011. Greenprint 2.0 is a sustainability plan that defines overarching goals and objectives, as well as specific actions, to improve Clearwater's environment, economy, resilience, and public health while reducing the city's greenhouse gas emissions. Goals include the reduction of city-wide greenhouse gas emissions to 25% below 2007 levels by the year 2035 and 80% below 2007 levels by the year 2050. Additional goals include replacement of 100% of the City's light-duty vehicles with electric or carbon-free fuel vehicles by 2050, as well as 50% of the City's heavy-duty and freight trucks.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the 42nd 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 annual comprehensive financial report. 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 financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for the fiscal year 2021 Budget document, the 35th 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 Audit 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, Carr Riggs Ingram, 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,



Jon P. Jennings
City Manager



Brian Jay Ravins
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

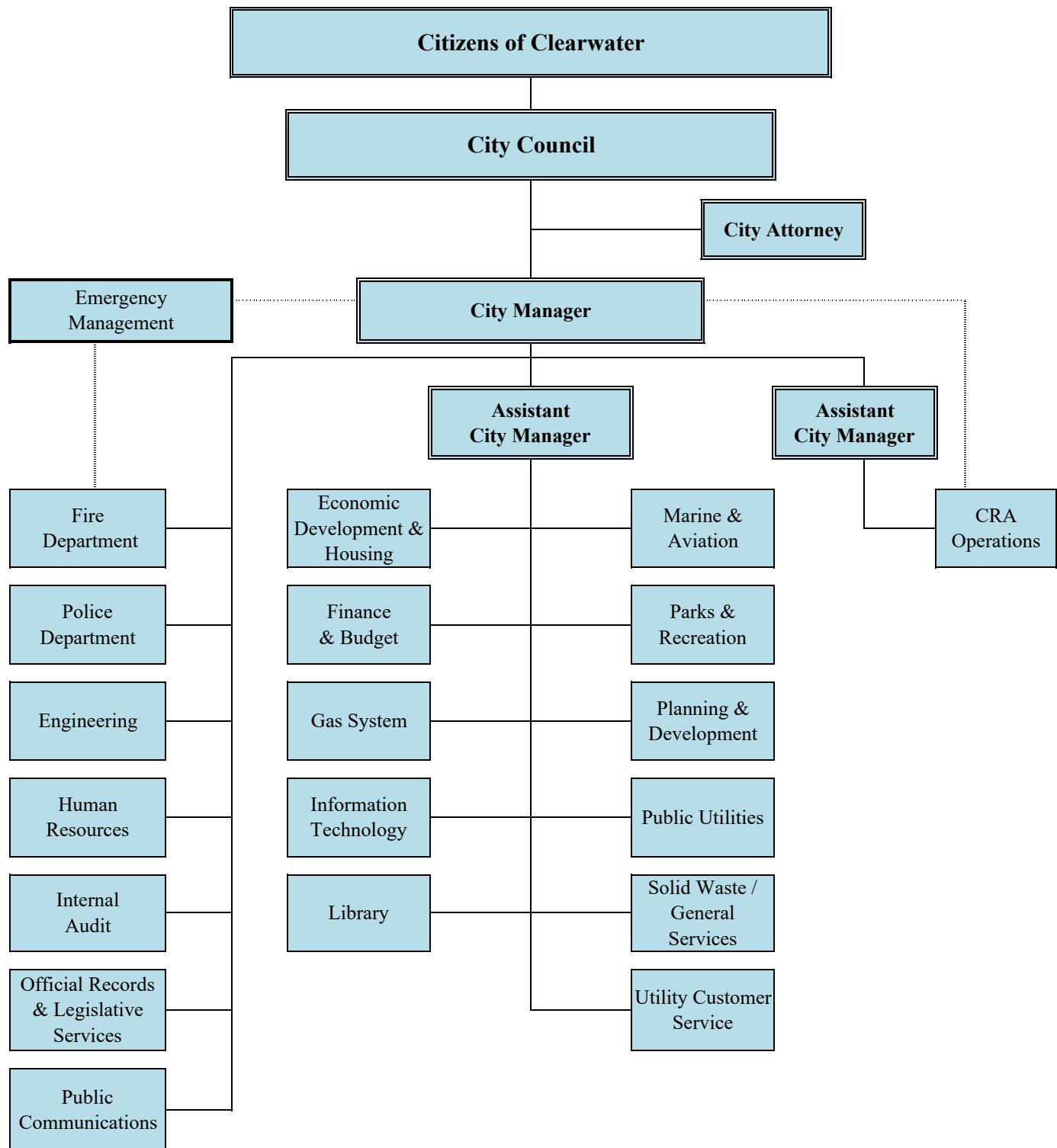
**City of Clearwater
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Monell

Executive Director/CEO



REPORT OF INDEPENDENT AUDITOR

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clearwater, Florida (the "City"), as of and for the year ended September 30, 2021, 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, 2021, 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.

Auditors' 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 of Clearwater, Florida, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison 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 of Clearwater, Florida as of September 30, 2021, 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.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Note IV.I. to the financial statements, in the current year the City of Clearwater, Florida adopted new accounting guidance, GASB No. 84, *Fiduciary Activities*, and Custodial Fund fiduciary net position, beginning of year was increased by \$657,500 due to the implementation of the new accounting standard. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, 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, combining and individual nonmajor fund financial statements and schedule, and statistical section, as listed in the table of contents, and the schedule of receipts and expenditures of funds related to the deepwater horizon oil spill, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance and related notes is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedules and the schedule of expenditures of federal awards and state financial assistance 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 combining and individual nonmajor fund financial statements and schedule, the schedule of receipts and expenditures of funds related to the deepwater horizon oil spill, and the schedule of expenditure of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
March 31, 2022

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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, 2021. *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 2021 by \$1.3 billion (*net position*). Of this amount, \$339.9 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 \$122.9 million, or 10.9%, from the prior year's net position. Net position for governmental activities increased by \$87.8 million, or 16.3%, while the business-type net position increased by \$35.1 million, or 6.0%.
- Governmental net position increased \$87.8 million in fiscal 2021, versus an increase of \$40.5 million in fiscal 2020. A decrease of \$39.6 million in governmental program expenses, primarily in the general government, public safety, physical environment and economic environment programs, offset by an increase in the culture and recreation program expenses, along with an increase in governmental program revenues of \$6.7 million, resulted in a decrease in net program expenses of \$46.3 million. Total general revenues for governmental activities increased by \$2.1 million, or 1.7%, due to a \$4.5 million increase in property taxes, a \$3.5 million increase in sales taxes, a \$580 thousand increase in utility taxes, and a \$580 thousand increase in state revenue sharing, offset by a decrease of \$5.2 million in investment earnings due to lower interest rates and a decrease in market valuation of the City's investment portfolio. Transfers from business-type activities decreased \$1.1 million.
- Business-type net position increased \$35.1 million in fiscal 2021, versus an increase of \$44.1 million in fiscal 2020. Net revenue from business-type activities, before investment earnings and transfers, decreased \$4.0 million, or 7.9%, as the result of an increase in program expenses of \$17.2 million, offset by an increase in charges for services of \$12.5 million and an increase in grants and contributions of \$699 thousand. The most significant increase in charges for services was in the Water & Sewer Utility (\$5.8 million), where charges for services increased as a result of a 4% rate increase effective October 1, 2020; the Solid Waste Utility (\$1.9 million) due to a rate increase of 3.75% effective October 1, 2020; the Marine Fund (\$1.0 million) due to increased activity over the reduced COVID-19 levels of fiscal 2020, as well as increased resale revenues resulting from higher fuel costs; and the Parking Fund (\$3.1 million) due to increased parking rates at metered lots. General revenues decreased \$6.0 million as the result of a decrease in investment earnings due to lower interest rates and a decrease in market valuation of the City's investment portfolio. Transfers to governmental activities decreased \$1.1 million.
- At September 30, 2021, the City's governmental funds reported combined ending fund balances of \$178.6 million, an increase of \$24.5 million, or 15.9%, in comparison with the prior year. Of this amount, \$67.7 million (or 37.9%) is *available for spending* at the government's discretion (*unassigned fund balance*).
- At September 30, 2021, unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of *fund balance*) for the general fund was \$68.4 million, or 50.6% of total fiscal 2021 general fund expenditures.
- Total outstanding long-term liabilities decreased \$13.6 million from the prior year, primarily due to a reduction in bonded debt in the amount of \$7.6 million, a decrease in the liability for compensated absences of \$749 thousand, and a decrease in capital lease purchase agreements of \$7.6 million; offset by an increase in the liability for other postemployment benefits of \$1.7 million, and an increase in claims payable of \$614 thousand.

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, Special Programs, and Capital Improvement funds, which are considered to be major funds. Data from the other six 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. A *custodial 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 2020 and fiscal 2021. 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 \$1.3 billion at the close of the fiscal year ended September 30, 2021. This represents an increase of \$122.9 million from the September 30, 2020 total net position of \$1.1 billion. 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	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$534,164,114	\$329,051,866	\$389,951,851	\$333,081,335	\$ 924,115,965	\$ 662,133,201
Capital assets	301,221,878	295,593,415	435,181,441	446,035,936	736,403,319	741,629,351
Total assets	<u>835,385,992</u>	<u>624,645,281</u>	<u>825,133,292</u>	<u>779,117,271</u>	<u>1,660,519,284</u>	<u>1,403,762,552</u>
Deferred Outflows of Resources						
Resources	19,282,621	25,401,889	12,305,934	18,284,510	31,588,555	43,686,399
Liabilities						
Current and other liabilities	24,681,069	10,896,206	23,710,370	21,265,157	48,391,439	32,161,363
Long-term debt outstanding:						
Due within one year	14,631,732	15,992,365	7,835,406	7,443,280	22,467,138	23,435,645
Due in more than one year	40,652,449	45,905,365	159,099,549	166,460,801	199,751,998	212,366,166
Total liabilities	<u>79,965,250</u>	<u>72,793,936</u>	<u>190,645,325</u>	<u>195,169,238</u>	<u>270,610,575</u>	<u>267,963,174</u>
Deferred Inflows of Resources						
Resources	147,538,435	37,897,156	21,349,200	11,925,090	168,887,635	49,822,246
Net position						
Net investment in capital assets	283,538,240	271,011,470	285,263,520	292,924,925	568,801,760	563,936,395
Restricted	295,043,664	136,163,696	48,861,477	36,575,666	343,905,141	172,739,362
Unrestricted	48,583,024	132,180,912	291,319,704	260,806,862	339,902,728	392,987,774
Total net position	<u>\$627,164,928</u>	<u>\$539,356,078</u>	<u>\$625,444,701</u>	<u>\$590,307,453</u>	<u>\$1,252,609,629</u>	<u>\$1,129,663,531</u>

A large portion of the City's net position (\$568.8 million or 45.4%) 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 \$12.5 million (4.6%) 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 \$845 thousand and a decrease of \$7.1 million in capital lease purchase contracts, an increase of \$1.1 million in accounts and contracts (retainage) payable, plus a net increase of \$5.6 million in governmental capital assets for the current fiscal year. The increase in governmental capital assets of \$5.6 million resulted from capital asset additions of \$29.5 million offset by depreciation expense of \$23.3 million, and net capital asset retirements of \$606 thousand.

Net investment in capital assets for business-type activities decreased by \$7.7 million (2.6%) versus the previous year due to a net decrease in business-type capital assets of \$10.8 million consisting of \$13.4 million of net capital asset additions, offset by \$23.8 million in current year depreciation expense, and net capital asset retirements of \$499 thousand, an increase of \$3.0 million in accounts and contracts (retainage) payable, and a decrease of \$6.2 million in related debt, net of unspent bond proceeds.

An additional portion of the City's net position (\$343.9 million or 27.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$339.9 million or 27.1%) 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, 2021, and September 30, 2020:

City of Clearwater, Florida - Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 46,394,836	\$ 45,397,783	\$ 204,663,545	\$ 192,201,645	\$ 251,058,381	\$ 237,599,428
Operating grants and contributions	12,539,474	9,018,690	83,232	166,250	12,622,706	9,184,940
Capital grants and contributions	2,595,410	2,518,812	2,545,672	1,763,846	5,141,082	4,282,658
General revenues:						
Property taxes	73,092,866	68,614,394	-	-	73,092,866	68,614,394
Sales taxes	22,841,758	19,310,646	-	-	22,841,758	19,310,646
Utility taxes	17,745,583	17,165,590	-	-	17,745,583	17,165,590
Communications services taxes	4,174,817	4,368,536	-	-	4,174,817	4,368,536
Local business tax	2,127,380	2,027,827	-	-	2,127,380	2,027,827
Local option gas tax	1,438,852	1,381,690	-	-	1,438,852	1,381,690
State revenue sharing	4,274,388	3,694,083	-	-	4,274,388	3,694,083
Other	(337,667)	4,644,541	(993,609)	5,046,974	(1,331,276)	9,691,515
Total revenues	186,887,697	178,142,592	206,298,840	199,178,715	393,186,537	377,321,307
Expenses						
General Government	12,019,799	13,110,688	-	-	12,019,799	13,110,688
Public Safety	37,948,749	72,719,652	-	-	37,948,749	72,719,652
Physical Environment	3,077,088	5,934,269	-	-	3,077,088	5,934,269
Transportation	12,246,726	12,423,436	-	-	12,246,726	12,423,436
Economic Environment	4,544,782	7,297,768	-	-	4,544,782	7,297,768
Human Services	504,873	598,353	-	-	504,873	598,353
Culture and Recreation	38,751,718	36,527,862	-	-	38,751,718	36,527,862
Interest on Long-term Debt	528,347	616,484	-	-	528,347	616,484
Water and Sewer Utility	-	-	72,634,192	66,362,254	72,634,192	66,362,254
Gas Utility	-	-	37,232,595	32,671,325	37,232,595	32,671,325
Solid Waste Utility	-	-	22,061,698	18,579,921	22,061,698	18,579,921
Stormwater Utility	-	-	13,383,590	12,307,608	13,383,590	12,307,608
Recycling Utility	-	-	3,282,369	2,675,082	3,282,369	2,675,082
Other	-	-	12,023,913	10,842,029	12,023,913	10,842,029
Total expenses	109,622,082	149,228,512	160,618,357	143,438,219	270,240,439	292,666,731
Increase in net position before transfers	77,265,615	28,914,080	45,680,483	55,740,496	122,946,098	84,654,576
Transfers	10,543,235	11,631,018	(10,543,235)	(11,631,018)	-	-
Increase in net position	87,808,850	40,545,098	35,137,248	44,109,478	122,946,098	84,654,576
Net position - beginning	539,356,078	498,810,980	590,307,453	546,197,975	1,129,663,531	1,045,008,955
Total net position - ending	\$ 627,164,928	\$ 539,356,078	\$ 625,444,701	\$ 590,307,453	\$ 1,252,609,629	\$ 1,129,663,531

Governmental Activities

Net position of governmental activities increased by \$87.8 million from \$539.4 million to \$627.2 million as of September 30, 2021. This represents a 16.3% increase in net position for governmental activities.

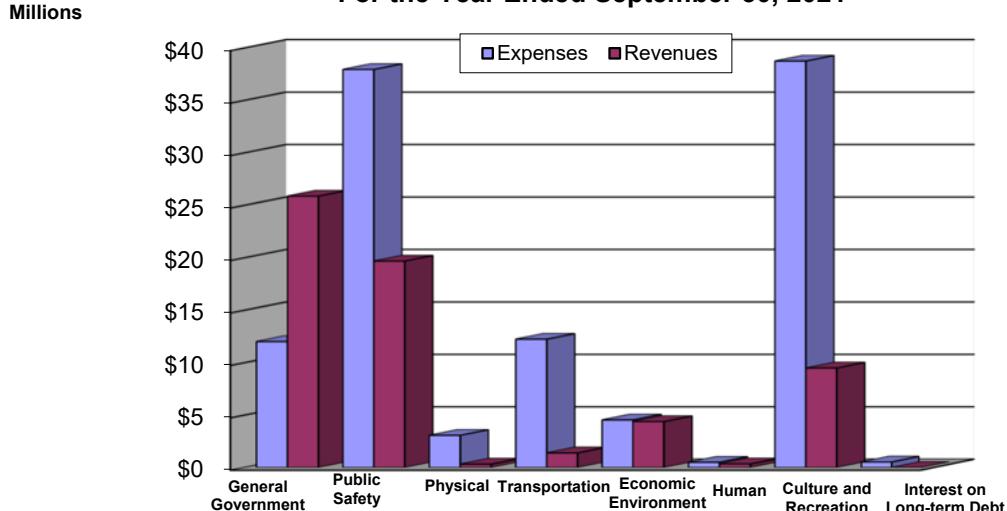
Total expenses for governmental activities decreased by \$39.6 million, or 26.5%, versus the prior year. The most significant decreases were in the general government program (\$1.1 million), the public safety program (\$34.8 million), the physical environment program (\$2.9 million), and the economic environment program (\$2.8 million), offset by an increase in the culture and recreation program (\$2.2 million).

Total program revenues for governmental activities increased by \$6.7 million, or 12.2%, versus the prior year. This increase was due to a \$997 thousand increase in charges for services, an increase in operating grants and contributions of \$5.6 million, and an increase of \$77 thousand in capital grants and contributions.

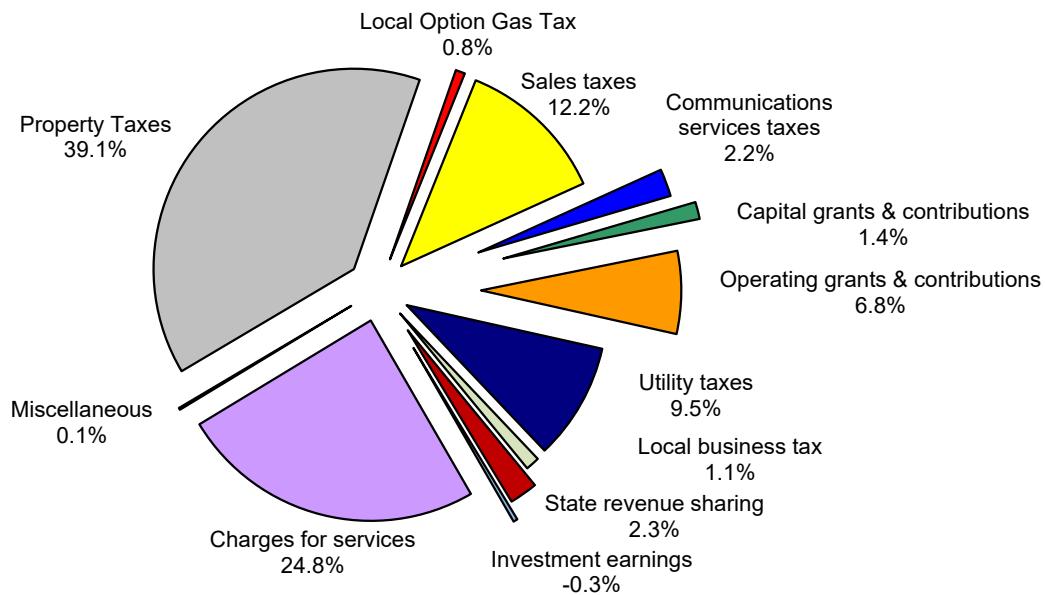
Total general revenues for governmental activities increased by \$2.1 million, or 1.7%, primarily due to a \$4.5 million increase in property taxes, a \$3.5 million increase in sales taxes, a \$580 thousand increase in utility taxes, and a \$580 thousand increase in state revenue sharing, offset by a decrease of \$5.2 million in investment earnings due to lower interest rates and a decrease in market valuation of the City's investment portfolio. Transfers from business-type activities decreased \$1.1 million.

The cost of all governmental activities this year was \$109.6 million. This reflects a decrease of \$39.6 million, or 26.5%, from the fiscal 2020 total of \$149.2 million. However, as shown on the *Statement of Activities*, the amount that the City's taxpayers ultimately financed for fiscal 2021 activities totaled \$48.1 million, because some of the cost was paid for by those who directly benefited from the programs (\$46.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$15.1 million). This total of \$48.1 million is \$46.3 million, or 49.0%, less than the fiscal 2020 amount financed from general revenues.

**Expenses and Program Revenues - Governmental Activities
For the Year Ended September 30, 2021**



**Revenues by Sources - Governmental Activities
For the Year Ended September 30, 2021**



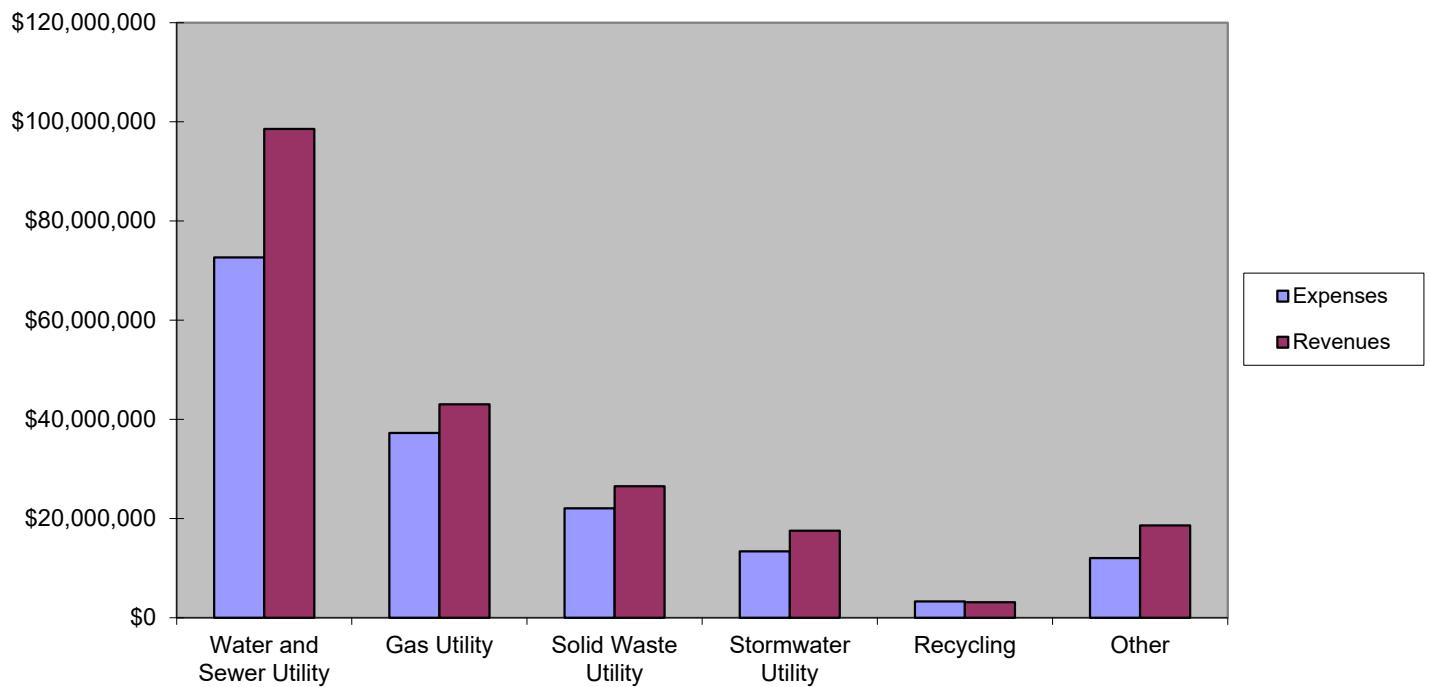
Business-type Activities

Net position for business-type activities increased by \$35.1 million from \$590.3 million at September 30, 2020, to \$625.4 million as of September 30, 2021. This represents an increase of 6.0% in net position for business-type activities. Net revenue from business-type activities, before investment earnings and transfers, decreased from \$50.7 million for the prior year to \$46.7 million for fiscal 2021. This \$4.0 million, or 7.9%, decrease was primarily the result of an increase in program expenses of \$17.2 million, partially offset by an increase in charges for services of \$12.5 million and an increase in grants and contributions of \$699 thousand.

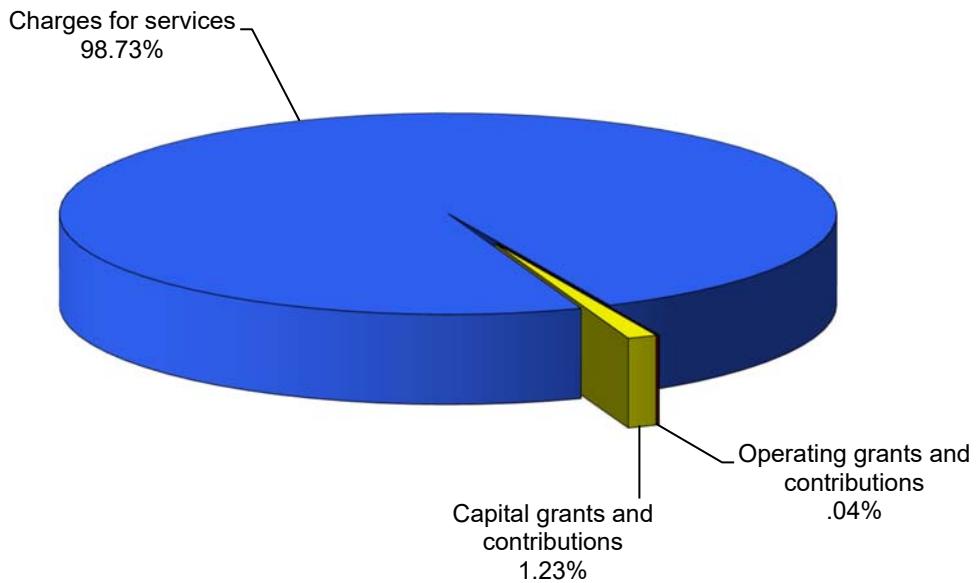
Total program revenues for business-type activities increased by \$13.2 million, or 6.8%, to \$207.3 million versus the prior year total of \$194.1 million, due primarily to an increase of \$12.5 million in charges for services and an increase of \$782 thousand (44.4%) in capital grants and contributions, resulting from an increase in contributions from the City of Safety Harbor for improvements at the Northeast Wastewater Treatment Plant in the Water and Sewer Utility (\$716 thousand), and an increase from the Florida Department of Transportation for the Hangar C Replacement project at the Clearwater Airpark in the Aviation Fund (\$641 thousand); offset by reductions in funding from the Southwest Florida Water Management District as a result of completions of projects in the Stormwater Utility (\$575 thousand).

Total expenses for business-type activities increased by \$17.2 million, or 12.0%, from \$143.4 million in fiscal 2020 to \$160.6 million for fiscal 2021. The most significant increases are in the Water & Sewer Utility (\$6.3 million), the Gas Utility (\$4.6 million), the Solid Waste Utility (\$3.5 million), and the Stormwater Utility (\$1.1 million). Transfers to governmental activities decreased \$1.1 million, or 9.4%.

**Expenses and Program Revenue - Business-type Activities
For the Year Ended September 30, 2021**



**Revenues by Source - Business-type Activities
For the Year Ended September 30, 2021**



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, Special Programs Fund, and Capital Improvement Fund as *major governmental funds*.

The City's governmental funds for the year ended September 30, 2021, reflect a combined *fund balance* of \$178.6 million versus \$154.1 million for the prior year, an increase of \$24.5 million. A total of \$67.7 million, or 37.9%, represents *unassigned fund balance* available for spending at the government's discretion. The remainder of the fund balance is classified as *assigned* (\$10.0 million or 5.6%) to indicate that it is intended to be used for specific purposes supported by management's intent; *committed* (\$24.6 million or 13.8%) to indicate that it can be used only for the specific purposes determined by a formal vote of the City Council; *restricted* (\$76.2 million or 42.7%) to indicate that it can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation; or *nonspendable* (\$46 thousand or less than 0.1%) 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, 2021, unassigned fund balance of the General Fund totaled \$67.7 million, with the remaining \$676 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 50.1% of total general fund expenditures (GAAP basis before transfers) for the current fiscal year.

The fund balance of the Special Development Fund increased from \$11.6 million to \$14.3 million, an increase of \$2.7 million or 23.2%, during the current fiscal year versus an increase of \$576 thousand for fiscal 2020. Total revenues increased by \$1.1 million, primarily due to an increase in infrastructure sales taxes of \$2.2 million due to a rebounding economy, offset by a decrease in investment earnings of \$1.1 million resulting from lower interest rates and a decrease in market valuation of the City's investment portfolio. Transfers out decreased by \$977 thousand primarily due to a decrease in transfers to the Capital Improvement Fund to fund projects.

The Special Programs Fund was reclassified as a major fund in fiscal 2021 due to the receipt of \$11.2 million from the American Rescue Plan Act. This funding has been recorded as unearned revenue because all eligibility requirements have not yet been met as of September 30, 2021. Fund balance in the Special Programs Fund increased from \$14.4 million to \$17.2 million, an increase of \$2.8 million or 19.1% during the current fiscal year versus an increase of \$2.5 million for fiscal 2020. Revenues increased \$2.2 million, or 49.4%, primarily in the intergovernmental revenue category, due to \$1.98 million received from Pinellas County for CARES Act funding, as well as reimbursements from FEMA of \$1.3 million, offset by a decrease of \$283 thousand in investment earnings due to lower interest rates and a decrease in market value of the City's investment portfolio, and a decrease in miscellaneous revenues of \$580 thousand primarily due to the loss of ticket sale revenue as special events were suspended for over a year due to the pandemic. Expenditures decreased \$1.8 million, primarily in the economic environment program due to a reduction in COVID-19 response projects from the prior year, and in culture and recreation, due to a reduction in special events costs. Transfers in decreased \$3.2 million, primarily due to a \$3.5 million one-time transfer received in fiscal 2020 to fund the Back to Business Grant program.

The fund balance for the Capital Improvement Fund decreased from \$69.4 million to \$67.5 million during the current fiscal year. This decrease of \$1.9 million is primarily the result of current year capital project expenditures in excess of funding received from other funds. 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 \$1.9 million (from \$9.4 million, as restated for the reclassification of the Special Programs Fund, to \$11.3 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 \$23.6 million increase in net position versus a \$24.8 million increase for the prior year. Operating revenues increased by \$5.8 million, or 6.3%, while operating expenses decreased \$15 thousand, or 0.02%. This resulted in a net increase in operating income of \$5.8 million from \$23.9 million in fiscal 2020 to \$29.7 million in 2021. Additionally, capital grants and contributions increased by \$716 thousand, or 72.5%, primarily due to an increase in contributions from the City of Safety Harbor for improvements at the Northeast Wastewater Treatment Plant, and investment earnings decreased by \$3.0 million (119.0%) due to lower interest rates and a decrease in market valuation of the City's investment portfolio. The increase in operating revenues was primarily the result of a 4.0% rate increase effective October 1, 2020.

The Gas Utility Fund realized an increase of \$2.9 million in net position versus a \$6.4 million increase for the prior year. Operating revenues increased by \$249 thousand, or 0.58%, from the prior year, while operating expenses increased by \$3.9 million (12.0%). This resulted in a net decrease in operating income of \$3.7 million from \$10.2 million in 2020 to \$6.5 million in 2021. Operating revenues increased primarily due to an increase in installations and retail sales following the decreased activity of fiscal 2020 resulting from the COVID-19 pandemic. The increase in operating expenses was primarily due to an increase in purchases for resale of \$3.6 million resulting from increased natural gas commodity prices, in addition to an increase in depreciation expense of \$299 thousand due to the addition of new assets as a result of completed construction at the Clearwater Gas Complex.

The Solid Waste & Recycling Utility Fund realized a \$3.9 million increase in net position versus a \$4.9 increase in the prior year. Operating revenues increased by \$2.0 million, or 7.3%, while operating expenses increased by \$1.8 million (8.3%), resulting in an increase of \$206 thousand in operating income. The increase in operating revenues was primarily due to a rate increase of 3.75% effective October 1, 2020, as well as an increase in commercial collections following the decreased activity of fiscal 2020 resulting from business closures during the COVID-19 pandemic. The increase in operating expenses was primarily due to an increase of \$1.2 million in depreciation expense due to the addition of new assets resulting from completed construction at the Solid Waste Transfer Station.

The Stormwater Utility Fund realized an increase in net position of \$2.7 million versus a prior year increase of \$3.9 million. Operating revenues increased by \$106 thousand, or 0.62%, and operating expenses increased \$737 thousand, or 6.4%, resulting in a decrease of \$631 thousand in operating income. Operating revenues increased primarily due to the collection of rental income of \$43 thousand from the leaseback of property sold in December 2020, and an increase of \$45 thousand in various miscellaneous revenues. There were no rate changes in fiscal 2021. Operating expenses increased primarily due an increase of \$263 thousand in interfund service charges and \$254 thousand in repairs and maintenance due to maintenance contracts and repair and replacement projects. There was also a decrease in capital grants and contributions of \$575 thousand (87.3%) due to receipt of the final payment in fiscal 2020 from the Southwest Florida Water Management District for the Hillcrest Bypass Culvert project.

Unrestricted net position and changes in net position of the proprietary funds for fiscal years 2021 and 2020:

Fund	Unrestricted Net Position		Change in Net Position	
	2021	2020	2021	2020
Water and Sewer Utility	\$ 157,804,554	\$ 131,892,848	\$ 23,555,488	\$ 24,799,299
Gas Utility	24,561,180	26,420,385	2,921,159	6,369,734
Solid Waste & Recycling Utility	31,235,987	29,375,269	3,890,438	4,857,600
Stormwater Utility	45,035,614	42,188,275	2,667,067	3,906,621
Other funds	30,843,736	25,579,025	5,615,523	2,538,113
Totals	\$ 289,481,071	\$ 255,455,802	\$ 38,649,675	\$ 42,471,367

General Fund Budgetary Highlights

The final amended budget for General Fund expenditures reflected a net increase of \$982,607, or 0.7%, from the original budget. Key elements of this decrease were as follows:

- First Quarter Budget Amendments included an increase of \$2,034 for employee recognition in various departments for the quarterly safety award; an increase of \$172,800 in Parks and Recreation to provide funding for personnel and operating costs associated with three new FTE's for the Crest Lake Team; an increase of \$391,000 to fund the purchase of real property located at 1011 Engman Street; and an increase of \$87,888 to fund the Cardno contract for archaeological excavation.
- Mid-Year Budget Amendments included an increase of \$1,224 to the Fire Department for the quarterly safety award; and an increase of \$530,000 to fund the purchase of real property at 701 Franklin Street.
- Third Quarter Budget Amendments included an increase to the Engineering Department and a decrease to the Police Department of \$26,790 to correct a budgeting error in special pay; an increase to the Fire Department of \$90,462 to the Fire Supplemental Pension Plan and \$95,700 to overtime; a decrease of \$483,532 to Parks and Recreation for salary and operating savings; an increase to the Police Department of \$58,031 for the Police Supplemental Pension Plan; and an increase of \$37,000 to fund the purchase of real property located at the southwest corner of N. Martin Luther King Jr. Avenue and Engman Street.

Final budgeted revenues reflect a net increase of \$10,928,956, or 7.7%, from the original budget primarily due to:

- Third Quarter Budget Amendments included an increase of \$1,114,763 to Property Taxes to reflect actual collections for the year; an increase of \$2,150,000 in Utility Taxes to bring the budget in line with anticipated receipts for the year; a decrease of \$270,000 in Communications Services Taxes to bring the budget in line with anticipated receipts for the year; an increase of \$160,000 in Franchise Fees to bring the budget in line with anticipated receipts for the year; an increase of \$1,425,000 in Other Permits and Fees to bring the budget in line with anticipated receipts for the year; an increase of \$6,299,193 in Intergovernmental Revenues to bring the budget in line with anticipated receipts for the year; a decrease of \$370,000 in Charges for Services to bring the budget in line with anticipated receipts for the year; an increase of \$270,000 in Judgments, Fines and Forfeitures to bring the budget in line with actual receipts for the year; and an increase of \$150,000 in Miscellaneous Revenues to reflect a decrease of \$200,000 to interest earnings offset by an increase of \$350,000 to beach rental contracts.

Final budgeted "transfers in" from other funds reflect an increase of \$1,213,125 or 11.0%, from the original budget primarily due to:

- A transfer of \$3,258 from the Central Insurance Fund for employee recognition related to the quarterly safety award and the perfect claims award; and
- A transfer of \$25,000 from the Capital Improvement Fund to return unspent funds from the City Hall Hardening project; and
- A transfer of \$1,184,867 from the Gas Utility Fund for additional dividends.

Final budgeted "transfers out" reflect an increase of \$1,253,384 or 10.7%, from the original budget primarily due to:

- A transfer of \$131,652 to the Capital Improvement Fund for the Morningside Recreation Center Replacement project; and
- A transfer of \$160,000 to the Capital Improvement Fund for the Miscellaneous Parks and Recreation Contracts project to fund the Hilltop Securities agreement; and
- A transfer of \$143,200 to the Special Programs Fund for the Mental Health Co-Responder Team program; and
- A transfer of \$25,000 to the Special Programs Fund for the Planning Studies Fund program; and
- A transfer of \$10,000 to the Marine Fund for the Clearwater Ferry's use of slips per the water taxi operating agreement renewal; and
- A transfer of \$300,000 to the Capital Improvement Fund to establish the Greenprint Implementation project; and
- A transfer of \$150,000 to the Capital Improvement Fund for the Carpenter Field Infrastructure Repairs/Improvements project; and
- A transfer of \$115,532 to the Capital Improvement Fund for the Crest Lake Park Improvements project; and
- A transfer of \$123,000 to the Capital Improvement Fund for the BayCare Ballpark Infrastructure Repairs/Improvements project; and
- A transfer of \$95,000 to the Capital Improvement Fund for the Fencing Replacement project.

Total actual revenues for the General Fund for fiscal 2021 were \$2.3 million, or 1.5%, greater than final budgeted revenues. The most significant excesses were \$1.2 million in state shared revenues due to post-COVID economic recovery, \$366 thousand in utility taxes, \$250 thousand in charges for services, \$278 thousand in rents and leases, and \$215 thousand in miscellaneous revenues due to \$124 thousand in insurance proceeds received for damages at Parks and Recreation facilities.

Fiscal 2021 actual expenditures for the General Fund were \$6.4 million (4.5%) less than final budgeted expenditures, primarily due to budget savings across most City departments for fiscal 2021.

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, 2021, the City had investments in capital assets totaling \$736,403,319 (net of accumulated depreciation).

	City of Clearwater, Florida - Capital Assets*					
	(amounts in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 92,281	\$ 91,473	\$ 30,829	\$ 30,892	\$ 123,110	\$ 122,365
Buildings	84,953	86,611	69,535	53,313	154,488	139,924
Improvements other than buildings	24,152	25,940	315,053	320,165	339,205	346,105
Machinery and equipment	31,308	32,835	8,571	8,809	39,879	41,644
Infrastructure	41,347	45,062	-	-	41,347	45,062
Construction in progress	27,181	13,672	11,193	32,857	38,374	46,529
Total	\$ 301,222	\$ 295,593	\$ 435,181	\$ 446,036	\$ 736,403	\$ 741,629

* Net of accumulated depreciation

Net capital assets for the City's *governmental activities* increased from \$295.6 million to \$301.2 million, reflecting an increase of \$5.6 million for the current fiscal year. Capital asset additions of \$29.5 million were offset by depreciation expense of \$23.3 million, and net capital asset retirements totaling approximately \$606 thousand. Major fiscal 2021 completed governmental capital projects include \$2.5 million for the Emergency Operations Center, \$1.1 for Seminole Boat Launch Improvements, and \$659 thousand for the Mandalay Pedestrian Bridge.

Net capital assets for the City's *business-type activities* decreased from \$446.0 million to \$435.2 million, reflecting a decrease of \$10.9 million for the current fiscal year. Capital asset additions of \$13.4 million were offset by depreciation expense of \$23.8 million, and net capital asset retirements totaling approximately \$499 thousand. Major fiscal 2021 completed business-type capital projects include \$2.5 million for the Druid Road/Allen's Creek stormwater project, \$2.3 million for Sanitary Sewer Repair and Replacement projects, \$3.4 million for buildings and sitework at the Clearwater Gas Complex, and \$19.6 million for buildings and related equipment at the Solid Waste Transfer Station.

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 \$235.8 million to \$222.2 million, a decrease of \$13.6 million or 5.8%. Long-term liabilities for governmental activities decreased by \$6.6 million, or 10.7%, while long-term liabilities for business-type activities decreased by \$7.0 million or 4.0%. Key factors contributing to these changes included:

- The decrease in long-term liabilities for governmental activities is primarily due to a decrease capital lease purchase agreements of \$7.1 million, a decrease in compensated absences of \$478 thousand, and a reduction in bonded debt of \$855 thousand; offset by an increase of \$1.2 million in other postemployment benefits and an increase in claims payable of \$614 thousand.
- The decrease in long-term liabilities for business-type activities is primarily due to a reduction in bonded debt of \$6.8 million, a decrease of \$271 thousand in compensated absences, and a decrease of \$446 thousand in capital lease purchase agreements; offset by an increase in the liability for other postemployment benefits of \$514 thousand.
- The City's bonded debt as of September 30, 2021, consists entirely of revenue bonds and direct placement bank loans (secured solely by specified revenue sources) with no general obligation debt or special assessment debt outstanding. Governmental activities revenue bonds totaled \$3.8 million while revenue bonds and direct placement bank loans for business-type activities totaled \$155.3 million.

The City's Charter limits indebtedness to 20% of the assessed valuation of non-exempt real estate. The current debt limitation is approximately \$3.0 billion, which is significantly in excess of the City's applicable indebtedness of approximately \$155.8 million at September 30, 2021.

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 2022 Budgets and Rates

Factors considered in preparing the City of Clearwater's budget for fiscal year 2022 included:

- Taxable property values for 2021 have increased by approximately 5.2%, from \$12.7 billion to \$13.4 billion, including new construction. The bulk of this increase (\$596.3 million) is related to increases in current values, while the value of new construction and annexations totals \$65.9 million. We continue to have steady growth in taxable values, despite the impact on property values directly related to the COVID-19 pandemic. City taxable values have fully restored, and we continue to recognize growth over the values that historically peaked in 2007. The approved millage rate of 5.9550 mills for fiscal year 2022 is the same as the prior year. The millage was increased 0.8 mills in fiscal year 2019.
- Total full-time equivalent (FTE) positions for 2021/22 are budgeted at 1,847.0 FTEs for all City operations, an increase of seven FTEs from the 2020/21 amended budget. In the General Fund, this represents an increase of seven for a total of 1,111.7 FTEs; with all other funds totaling 735.3 FTEs, the same level of staffing as the current amended budget. The approved budget includes the addition of one Housing Specialist in the Economic Development and Housing Department to address increasing demands for programming and grant management; the addition of two Parks Service Technicians to the Beach Team in the Parks and Recreation Department to provide enhanced support for daily beach cleaning and trash pick-up; the addition of one Documents and Records Specialist in the Planning and Development Department to provide support with records maintenance, scanning and organizing documents, and responding to the increasing demand for records requests; one Code Compliance Supervisor, one Code Compliance Inspector and one Customer Service Representative to achieve a higher level of code enforcement oversight throughout the city.
- The actuary report for the Employees' Pension Plan as of January 1, 2021, indicates that a minimum required City contribution of \$11.4 million, 12.3% of total covered payroll, is required for fiscal year 2021/22. This is a decrease of approximately \$121,000 from the City's fiscal year 2021 required contribution of \$11.5 million. During fiscal years 2006 thru 2014, the City relied on the pension credit balance to subsidize the required contribution during years of investment market underperformance, bringing the credit balance down from more than \$24 million in January 2005 to \$5.4 million in January 2014. Over the past six years the credit balance has been funded with an additional \$26.2 million to bring the current level to \$31.6 million as of January 2021.
- In fiscal year 2021/22, the cost of medical care for employees is budgeted at \$20.1 million across all City operations, representing an estimated 6% increase. Included in this total is \$1.7 million to fund the operating costs of the employee health clinic. The budgeted cost for medical care to the General Fund is estimated at \$12.2 million, an increase of \$645,390, or 6%, over the current budget. Total cost for health insurance, to include coverage of dependents and retirees is estimated at \$21.7 million, which is budgeted in the Central Insurance Fund. Revenues from payroll deductions are budgeted to offset this expense.
- A water and sewer fund rate study update was completed in July 2021. This study confirmed the previous rate structure approved by the City Council in September 2017, authorizing annual 4% increases to water and sewer rates approved through fiscal year 2022. A Gas rate study was completed in December 2020, which projected the financial position of the Gas Fund through 2025 and a cost-of-service analysis for each of the various class

of customer served. A new rate structure was established which was approved by the City Council in February 2021. A solid waste and recycling rate study update was completed in July 2021. This confirmed the current rate structure which was approved by the City Council in August 2019. Effective each October 1, rates will increase by 3.75% annually, through fiscal year 2024. A stormwater rate study update was completed in July 2021. This study confirmed the previous rate structure approved by the City Council in August 2019, authorizing no increases to stormwater rates approved through fiscal year 2023.

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.

Basic Financial Statements

City of Clearwater, Florida
Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 276,602,765	\$ 308,985,368	\$ 585,588,133
Receivables (net)	8,105,393	16,409,328	24,514,721
Internal balances	1,573,839	(1,573,839)	-
Due from other governments	5,583,508	1,356,949	6,940,457
Prepaid items	2,752,489	220,402	2,972,891
Inventories	433,591	3,325,129	3,758,720
Restricted assets:			
Cash and investments	-	28,858,086	28,858,086
Net pension asset	239,112,529	32,370,428	271,482,957
Capital assets:			
Land	92,280,967	30,829,028	123,109,995
Buildings	84,953,024	69,534,582	154,487,606
Improvements other than buildings	24,152,316	315,053,109	339,205,425
Machinery and equipment	31,307,778	8,571,354	39,879,132
Infrastructure	41,347,308	-	41,347,308
Construction in progress	27,180,485	11,193,368	38,373,853
Total assets	<u>835,385,992</u>	<u>825,133,292</u>	<u>1,660,519,284</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - bond refunding	-	9,240,649	9,240,649
Deferred outflows - pension	17,848,522	2,431,586	20,280,108
Deferred outflows - other postemployment benefits	1,434,099	633,699	2,067,798
Total deferred outflows of resources	<u>19,282,621</u>	<u>12,305,934</u>	<u>31,588,555</u>
LIABILITIES			
Accounts payable and other current liabilities	7,125,665	9,538,524	16,664,189
Accrued liabilities	5,352,795	1,688,299	7,041,094
Accrued interest payable	72,534	16,688	89,222
Due to other governments	803,817	-	803,817
Deposits	15,300	85,504	100,804
Unearned revenue and liens	11,310,958	-	11,310,958
Payable from restricted assets:			
Construction contracts payable	-	1,380,274	1,380,274
Accrued interest payable	-	1,891,279	1,891,279
Customer deposits	-	9,109,802	9,109,802
Revenue bonds payable	-	4,785,000	4,785,000
Non-current liabilities due within one year:			
Compensated absences	4,999,471	1,235,336	6,234,807
Capital lease purchases payable	5,406,861	360,070	5,766,931
Revenue bonds payable	295,000	1,455,000	1,750,000
Claims payable	3,930,400	-	3,930,400
Long-term debt and liabilities:			
Compensated absences	4,518,326	1,116,450	5,634,776
Other postemployment benefits	19,086,503	8,433,905	27,520,408
Capital lease purchases payable	7,380,273	532,753	7,913,026
Revenue bonds payable	3,530,547	149,016,441	152,546,988
Claims payable	6,136,800	-	6,136,800
Total liabilities	<u>79,965,250</u>	<u>190,645,325</u>	<u>270,610,575</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - business tax receipts	1,548,048	-	1,548,048
Deferred inflows - pension	141,212,703	19,238,045	160,450,748
Deferred inflows - other postemployment benefits	4,777,684	2,111,155	6,888,839
Total deferred inflows of resources	<u>147,538,435</u>	<u>21,349,200</u>	<u>168,887,635</u>
NET POSITION			
Net investment in capital assets	283,538,240	285,263,520	568,801,760
Restricted for:			
Capital projects	54,310,590	-	54,310,590
Debt service	453,556	8,230,812	8,684,368
Renewal and replacement	-	5,543,751	5,543,751
Grant programs	1,166,989	-	1,166,989
Impact fees	-	2,702,168	2,702,168
Stormwater system fees	-	14,318	14,318
Pensions	239,112,529	32,370,428	271,482,957
Unrestricted	48,583,024	291,319,704	339,902,728
Total net position	<u>\$ 627,164,928</u>	<u>\$ 625,444,701</u>	<u>\$ 1,252,609,629</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, 2021

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	\$ 12,019,799	\$ 25,751,724	\$ -	\$ 124,990	\$ 13,856,915	\$ -	\$ 13,856,915
Public safety	37,948,749	13,858,445	5,834,986	-	(18,255,318)	-	(18,255,318)
Physical environment	3,077,088	83,202	-	245,726	(2,748,160)	-	(2,748,160)
Transportation	12,246,726	156,591	405,978	834,765	(10,849,392)	-	(10,849,392)
Economic environment	4,544,782	124,247	4,261,695	-	(158,840)	-	(158,840)
Human services	504,873	-	346,821	-	(158,052)	-	(158,052)
Culture and recreation	38,751,718	6,420,627	1,689,994	1,389,929	(29,251,168)	-	(29,251,168)
Interest on long-term debt	528,347	-	-	-	(528,347)	-	(528,347)
Total governmental activities	<u>109,622,082</u>	<u>46,394,836</u>	<u>12,539,474</u>	<u>2,595,410</u>	<u>(48,092,362)</u>	<u>-</u>	<u>(48,092,362)</u>
Business-type activities:							
Water & Sewer Utility	72,634,192	96,837,243	-	1,703,719	-	25,906,770	25,906,770
Gas Utility	37,232,595	43,033,924	-	-	-	5,801,329	5,801,329
Solid Waste Utility	22,061,698	26,501,409	-	-	-	4,439,711	4,439,711
Stormwater Utility	13,383,590	17,434,446	-	84,000	-	4,134,856	4,134,856
Recycling Utility	3,282,369	3,032,107	83,232	-	-	(167,030)	(167,030)
Marine	4,548,519	5,896,353	-	-	-	1,347,834	1,347,834
Aviation	518,298	313,931	-	757,953	-	553,586	553,586
Parking System	5,831,632	10,721,233	-	-	-	4,889,601	4,889,601
Clearwater Harbor Marina	1,125,464	892,899	-	-	-	(232,565)	(232,565)
Total business-type activities	<u>160,618,357</u>	<u>204,663,545</u>	<u>83,232</u>	<u>2,545,672</u>	<u>-</u>	<u>46,674,092</u>	<u>46,674,092</u>
Total primary government	<u>\$ 270,240,439</u>	<u>\$ 251,058,381</u>	<u>\$ 12,622,706</u>	<u>\$ 5,141,082</u>	<u>(48,092,362)</u>	<u>46,674,092</u>	<u>(1,418,270)</u>
General revenues:							
Taxes:							
Property taxes				73,092,866	-	73,092,866	
Sales taxes				22,841,758	-	22,841,758	
Utility taxes				17,745,583	-	17,745,583	
Communications services taxes				4,174,817	-	4,174,817	
Local business tax				2,127,380	-	2,127,380	
Local option gas tax				1,438,852	-	1,438,852	
Intergovernmental:							
State revenue sharing - unrestricted				4,274,388	-	4,274,388	
Investment earnings (loss)				(641,547)	(993,609)	(1,635,156)	
Miscellaneous				303,880	-	303,880	
Transfers				10,543,235	(10,543,235)	-	
Total general revenues and transfers				<u>135,901,212</u>	<u>(11,536,844)</u>	<u>124,364,368</u>	
Change in net position				<u>87,808,850</u>	<u>35,137,248</u>	<u>122,946,098</u>	
Net position - beginning				<u>539,356,078</u>	<u>590,307,453</u>	<u>1,129,663,531</u>	
Net position - ending				<u>\$ 627,164,928</u>	<u>\$ 625,444,701</u>	<u>\$ 1,252,609,629</u>	

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

City of Clearwater, Florida
Balance Sheet
Governmental Funds
September 30, 2021

	General Fund	Special Development Fund	Special Programs Fund	Capital Improvement Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS						
Cash and investments	\$ 71,510,336	\$ 12,145,021	\$ 28,376,937	\$ 61,437,395	\$ 11,683,191	\$ 185,152,880
Receivables (net where applicable, of allowances for estimated uncollectible amounts):						
Accrued interest	204,280	66,979	21,298	31,247	11,697	335,501
Accounts and contracts	554,915	-	-	-	-	554,915
Mortgages, notes and other loans	-	-	2,210,321	-	2,060,412	4,270,733
Property taxes	83,146	6,536	-	-	-	89,682
Utility taxes	1,307,218	-	-	-	-	1,307,218
Franchise fees	1,034,242	-	-	-	-	1,034,242
Other	31,051	-	1,100	-	-	32,151
Due from other funds	-	-	-	2,054,002	-	2,054,002
Due from other funds (deficit in pooled cash)	-	-	-	198,186	-	198,186
Due from other governmental entities - grants	-	-	280,359	-	-	280,359
Due from other governmental entities - other	2,413,744	2,741,396	148,009	-	-	5,303,149
Inventories, at cost	45,681	-	-	-	-	45,681
Prepaid items	800	-	-	-	-	800
Advances to other funds	-	-	325,440	6,436,563	-	6,762,003
Total assets	<u>\$ 77,185,413</u>	<u>\$ 14,959,932</u>	<u>\$ 31,363,464</u>	<u>\$ 70,157,393</u>	<u>\$ 13,755,300</u>	<u>\$ 207,421,502</u>
LIABILITIES						
Accounts and contracts payable	\$ 1,512,144	\$ -	\$ 484,902	\$ 2,690,666	\$ 23,426	\$ 4,711,138
Accrued payroll	4,699,347	-	113,174	1,790	-	4,814,311
Due to other funds	59,410	-	-	-	-	59,410
Due to other governments	80,003	675,814	-	-	48,000	803,817
Deposits	15,300	-	-	-	-	15,300
Unearned revenue	254,346	-	11,247,153	-	-	11,501,499
Advances from other funds	192,440	-	-	-	325,440	517,880
Total liabilities	<u>6,812,990</u>	<u>675,814</u>	<u>11,845,229</u>	<u>2,692,456</u>	<u>396,866</u>	<u>22,423,355</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - business tax receipts	1,548,048	-	-	-	-	1,548,048
Deferred inflows - property taxes	83,146	6,536	-	-	-	89,682
Deferred inflows - code enforcement liens	316,303	-	-	-	-	316,303
Deferred inflows - mortgage notes	-	-	2,210,321	-	2,060,412	4,270,733
Deferred inflows - intergovernmental revenues	-	-	136,296	-	-	136,296
Total deferred inflows of resources	<u>1,947,497</u>	<u>6,536</u>	<u>2,346,617</u>	<u>-</u>	<u>2,060,412</u>	<u>6,361,062</u>
FUND BALANCES						
Nonspendable inventories and prepaid items	46,481	-	-	-	-	46,481
Restricted	-	9,072,697	11,211,375	44,633,113	11,298,022	76,215,207
Committed	-	-	1,765,319	22,831,824	-	24,597,143
Assigned	629,770	5,204,885	4,194,924	-	-	10,029,579
Unassigned	67,748,675	-	-	-	-	67,748,675
Total fund balances	<u>68,424,926</u>	<u>14,277,582</u>	<u>17,171,618</u>	<u>67,464,937</u>	<u>11,298,022</u>	<u>178,637,085</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 77,185,413</u>	<u>\$ 14,959,932</u>	<u>\$ 31,363,464</u>	<u>\$ 70,157,393</u>	<u>\$ 13,755,300</u>	<u>\$ 207,421,502</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, 2021

Total fund balances of governmental funds	\$ 178,637,085
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets totals \$628,465,758 and the accumulated depreciation totals \$327,243,880.	301,221,878
Unavailable revenues that are not available as financial resources in the current period and therefore are not recognized in the funds:	
Deferred inflows - mortgage notes	\$ 4,270,733
Deferred inflows - intergovernmental revenues	136,296
Accrued property taxes	89,682
Accrued liens	552,273
Accrued permit fees	<u>18,377</u>
	5,067,361
The net pension asset related to governmental activities does not represent financial resources and is not reported in the funds.	239,112,529
Deferred outflows relating to deferred amounts on refundings, pensions, and OPEB are not financial resources and, therefore, are not reported in the funds	19,282,621
Deferred inflows relating to pensions and other postemployment benefits are not current liabilities or financial uses and, therefore, are not reported in the funds	(145,990,387)
Accrued pollution remediation obligation expenses are not financial uses and, therefore, are not reported in the funds.	(195,420)
Accrued general long-term debt interest expenses are not financial uses and, therefore, are not reported in the funds.	(16,744)
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	97,842,808
Less: Capital assets included in total governmental capital assets above	(30,580,575)
Less: Net pension asset included in total governmental net pension asset above	(10,610,157)
Less: Deferred outflows included in total governmental above	(972,419)
Add: Deferred inflows included in total governmental above	6,890,096
Add: Capital lease purchases payable included in total governmental below	11,197,908
Add: Compensated absences included in total governmental below	999,402
Add: Other post-employment benefits included in total governmental below	2,334,556
Less: Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(1,838,633)</u>
	75,262,986
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	(3,775,000)
Add: Issuance premium (to be amortized as a reduction of interest expense)	(50,547)
Capital lease purchases payable	(12,787,134)
Other post-employment benefits	(19,086,503)
Compensated absences	<u>(9,517,797)</u>
	(45,216,981)
Total net position of governmental activities	<u>\$ 627,164,928</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, 2021

	General Fund	Special Development Fund	Special Programs Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 69,613,078	\$ 3,482,857	\$ -	\$ -	\$ -	\$ 73,095,935
Sales	-	14,296,517	-	-	-	14,296,517
Utility	17,745,583	-	-	-	-	17,745,583
Communications services	4,174,817	-	-	-	-	4,174,817
Other taxes	2,127,380	1,438,852	-	-	-	3,566,232
Total taxes	93,660,858	19,218,226	-	-	-	112,879,084
Franchise fees	10,355,287	-	-	-	-	10,355,287
Licenses, permits, and fees	3,905,334	1,359,500	-	-	-	5,264,834
Intergovernmental:						
Federal	-	-	725,343	-	538,784	1,264,127
State	16,036,974	-	1,361,655	-	1,393,727	18,792,356
Local	10,388,940	-	2,327,561	950,000	2,718,961	16,385,462
Total intergovernmental	26,425,914	-	4,414,559	950,000	4,651,472	36,441,945
Charges for services	15,659,883	-	1,446,063	-	-	17,105,946
Fines and forfeitures	1,688,182	-	619,657	-	-	2,307,839
Investment earnings (loss):						
Interest	543,089	366,614	169,195	62,498	81,818	1,223,214
Net appreciation (depreciation) in fair value	(728,075)	(601,189)	(204,671)	26,122	(102,827)	(1,610,640)
Total investment earnings (loss)	(184,986)	(234,575)	(35,476)	88,620	(21,009)	(387,426)
Rents and leases	2,048,323	-	-	-	-	2,048,323
Miscellaneous	789,161	-	214,756	56,000	76,660	1,136,577
Total revenues	154,347,956	20,343,151	6,659,559	1,094,620	4,707,123	187,152,409
EXPENDITURES						
Current:						
General government	12,829,002	-	205,996	212,981	-	13,247,979
Public safety	78,520,554	-	2,098,880	552,751	-	81,172,185
Physical environment	3,535,334	-	25,710	83,402	-	3,644,446
Transportation	5,982,807	-	-	2,444,265	-	8,427,072
Economic environment	2,213,551	-	937,322	-	1,560,042	4,710,915
Human services	206,089	-	388,801	-	-	594,890
Culture and recreation	31,834,429	-	132,477	3,250,636	-	35,217,542
Debt service:						
Principal	-	-	-	-	1,616,948	1,616,948
Interest & fiscal charges	-	-	-	-	259,548	259,548
Capital outlay	-	-	65,765	18,963,326	-	19,029,091
Total expenditures	135,121,766	-	3,854,951	25,507,361	3,436,538	167,920,616
Excess (deficiency) of revenues over (under) expenditures	19,226,190	20,343,151	2,804,608	(24,412,741)	1,270,585	19,231,793
OTHER FINANCING SOURCES (USES)						
Transfers in	12,554,277	-	906,104	24,279,470	7,331,099	45,070,950
Transfers out	(12,691,510)	(17,657,860)	(954,642)	(1,809,144)	(7,240,975)	(40,354,131)
Proceeds from the sale of capital assets	575	-	1,090	10,726	525,000	537,391
Total other financing sources (uses)	(136,658)	(17,657,860)	(47,448)	22,481,052	615,124	5,254,210
Net change in fund balances	19,089,532	2,685,291	2,757,160	(1,931,689)	1,885,709	24,486,003
Fund balances - beginning	49,335,394	11,592,291	14,414,458	69,396,626	9,412,313	154,151,082
Fund balances - ending	\$ 68,424,926	\$ 14,277,582	\$ 17,171,618	\$ 67,464,937	\$ 11,298,022	\$ 178,637,085

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, 2021

Net change in fund balances - total governmental funds	\$ 24,486,003
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	\$ 20,091,598
Less current year depreciation	<u>(12,295,391)</u>
	7,796,207
The net book value of capital asset dispositions is reported in the Statement of Activities but does not require the use of current financial resources and therefore is not reported in the funds.	
	(523,433)
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	(4,459,198)
Current year change in deferred inflows	<u>(106,589,826)</u>
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	845,000
Capital lease principal payments	<u>771,948</u>
	1,616,948
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	165,256,273
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	(1,069,843)
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	374,885
Amortization of bond discounts and premiums	10,334
Current year change in pollution remediation obligation	54,132
Current year change in accrued interest expense	<u>3,168</u>
	442,519
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 deferred inflows - mortgage notes	(292,460)
Current year change in deferred inflows - intergovernmental revenues	136,296
Current year change in accrued property taxes receivable	(3,069)
Current year change in accrued liens receivable	(20,295)
Current year change in deferred permit fees	1,800
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.	
Total change in net position of governmental activities	<u>1,030,928</u>
	<u>\$ 87,808,850</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
General Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 68,492,140	\$ 69,606,903	\$ 69,613,078	\$ 6,175
Utility taxes	15,230,000	17,380,000	17,745,583	365,583
Communications services	4,355,000	4,085,000	4,174,817	89,817
Other taxes	1,995,000	1,995,000	2,127,380	132,380
Total taxes	<u>90,072,140</u>	<u>93,066,903</u>	<u>93,660,858</u>	<u>593,955</u>
Franchise fees	10,104,770	10,264,770	10,355,287	90,517
Licenses, permits, and fees	2,309,000	3,734,000	3,905,334	171,334
Intergovernmental:				
Federal	-	-	-	-
State	9,872,110	14,728,603	16,036,974	1,308,371
Local	8,990,800	10,433,500	10,388,940	(44,560)
Total intergovernmental	<u>18,862,910</u>	<u>25,162,103</u>	<u>26,425,914</u>	<u>1,263,811</u>
Charges for services	15,780,380	15,410,380	15,659,883	249,503
Fines and forfeitures	1,354,000	1,624,000	1,688,182	64,182
Investment earnings (loss):				
Interest	650,000	450,000	543,088	93,088
Net appreciation (depreciation) in fair value	-	-	(728,075)	(728,075)
Total investment earnings (loss)	<u>650,000</u>	<u>450,000</u>	<u>(184,987)</u>	<u>(634,987)</u>
Rents and leases	1,420,000	1,770,000	2,048,323	278,323
Miscellaneous	573,956	573,956	789,161	215,205
Total revenues	<u>141,127,156</u>	<u>152,056,112</u>	<u>154,347,955</u>	<u>2,291,843</u>
EXPENDITURES				
General government				
City Council	358,441	358,441	336,782	21,659
City Manager's Office	1,274,390	1,274,444	1,150,635	123,809
City Attorney's Office	1,809,585	1,809,657	1,756,433	53,224
Official Records & Legislative Services	1,215,681	1,215,729	1,035,801	179,928
Public Communications	1,196,190	1,196,256	1,031,959	164,297
Finance	2,637,681	2,637,861	2,465,472	172,389
Human Resources	1,335,845	1,335,947	1,167,850	168,097
Non-Departmental	1,235,018	2,280,906	2,167,379	113,527
Engineering	97,044	97,044	86,933	10,111
Planning	1,669,947	1,669,947	1,480,022	189,925
City Auditor's Office	226,432	226,444	149,736	76,708
Total general government	<u>13,056,254</u>	<u>14,102,676</u>	<u>12,829,002</u>	<u>1,273,674</u>
Public safety				
Police	46,690,209	46,721,450	44,818,409	1,903,041
Fire	29,216,901	29,404,287	29,336,864	67,423
Development & Neighborhood Services	4,480,175	4,480,175	4,365,281	114,894
Total public safety	<u>80,387,285</u>	<u>80,605,912</u>	<u>78,520,554</u>	<u>2,085,358</u>
Physical environment				
Engineering	2,878,963	2,878,963	2,579,014	299,949
Parks and Recreation	1,012,534	1,012,534	956,320	56,214
Total physical environment	<u>3,891,497</u>	<u>3,891,497</u>	<u>3,535,334</u>	<u>356,163</u>
Transportation				
Engineering	4,843,440	4,870,230	4,766,403	103,827
Parks and Recreation	1,413,662	1,400,088	1,216,404	183,684
Total transportation	<u>6,257,102</u>	<u>6,270,318</u>	<u>5,982,807</u>	<u>287,511</u>
Economic environment				
CRA Administration	468,480	468,510	488,796	(20,286)
Economic Development	1,815,718	1,815,784	1,724,755	91,029
Total economic environment	<u>2,284,198</u>	<u>2,284,294</u>	<u>2,213,551</u>	<u>70,743</u>
Human Services				
Human Resources / Equity Services	226,233	226,233	206,089	20,144
Total human services	<u>226,233</u>	<u>226,233</u>	<u>206,089</u>	<u>20,144</u>
Culture and recreation				
Parks and Recreation	25,301,281	25,005,479	23,366,084	1,639,395
Library	7,865,965	7,865,965	7,336,305	529,660
Marine	1,221,101	1,221,149	1,132,040	89,109
Total culture and recreation	<u>34,388,347</u>	<u>34,092,593</u>	<u>31,834,429</u>	<u>2,258,164</u>
Total expenditures	<u>140,490,916</u>	<u>141,473,523</u>	<u>135,121,766</u>	<u>6,351,757</u>
Excess (deficiency) of revenues over (under) expenditures	<u>636,240</u>	<u>10,582,589</u>	<u>19,226,189</u>	<u>8,643,600</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,052,684	12,265,809	12,554,278	288,469
Transfers out	(11,688,924)	(12,942,308)	(12,691,510)	250,798
Proceeds from sale of capital assets	-	-	575	575
Total other financing sources (uses)	<u>(636,240)</u>	<u>(676,499)</u>	<u>(136,657)</u>	<u>539,842</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	9,906,090	19,089,532	9,183,442
Fund balances - beginning	49,335,394	49,335,394	49,335,394	-
Fund balances - ending	\$ 49,335,394	\$ 59,241,484	\$ 68,424,926	\$ 9,183,442

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 3,426,420	\$ 3,482,547	\$ 3,482,857	\$ 310
Sales	11,771,980	12,771,980	14,296,517	1,524,537
Other taxes	1,500,000	1,500,000	1,438,852	(61,148)
Total taxes	<u>16,698,400</u>	<u>17,754,527</u>	<u>19,218,226</u>	<u>1,463,699</u>
Licenses, permits, and fees	150,000	1,259,502	1,359,500	99,998
Investment earnings (loss):				
Interest	550,000	305,000	366,614	61,614
Net appreciation (depreciation) in fair value	-	-	(601,189)	(601,189)
Total investment earnings (loss)	<u>550,000</u>	<u>305,000</u>	<u>(234,575)</u>	<u>(539,575)</u>
Total revenues	<u>17,398,400</u>	<u>19,319,029</u>	<u>20,343,151</u>	<u>1,024,122</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>17,398,400</u>	<u>19,319,029</u>	<u>20,343,151</u>	<u>1,024,122</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(17,361,860)</u>	<u>(17,657,860)</u>	<u>(17,657,860)</u>	<u>-</u>
Total other financing sources (uses)	<u>(17,361,860)</u>	<u>(17,657,860)</u>	<u>(17,657,860)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	36,540	1,661,169	2,685,291	1,024,122
Fund balances - beginning	<u>11,592,291</u>	<u>11,592,291</u>	<u>11,592,291</u>	<u>-</u>
Fund balances - ending	<u>\$ 11,628,831</u>	<u>\$ 13,253,460</u>	<u>\$ 14,277,582</u>	<u>\$ 1,024,122</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, 2021

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
ASSETS			
Current assets:			
Cash and investments	\$ 160,821,090	\$ 27,536,490	\$ 40,352,917
Accrued interest receivable	173,702	31,305	39,350
Accounts and contracts receivable:			
Billed	4,325,207	1,071,134	1,190,909
Unbilled charges estimated	3,646,600	1,770,400	1,262,198
	<u>7,971,807</u>	<u>2,841,534</u>	<u>2,453,107</u>
Less: Allowance for uncollectable accounts	(25,010)	(16,919)	(1,128)
Total receivables, net	<u>7,946,797</u>	<u>2,824,615</u>	<u>2,451,979</u>
Other receivables	39,703	749,935	-
Due from other funds	-	-	-
Due from other governments	1,106,694	72,247	-
Inventories, at cost	1,149,392	2,128,613	-
Prepaid expenses and other assets	220,384	18	-
Total current assets - unrestricted	<u>171,457,762</u>	<u>33,343,223</u>	<u>42,844,246</u>
Current assets - restricted:			
Restricted cash and investments	10,690,702	3,608,528	1,275,272
Total current assets - restricted	<u>10,690,702</u>	<u>3,608,528</u>	<u>1,275,272</u>
Total current assets	<u>182,148,464</u>	<u>36,951,751</u>	<u>44,119,518</u>
Noncurrent assets:			
Restricted:			
Restricted cash and investments	10,016,419	300,000	-
Advances to other funds	-	-	-
Net pension asset	11,771,065	6,668,470	8,018,363
Capital assets:			
Land and other nondepreciable assets	10,525,986	866,749	1,539,634
Capital assets, net of accumulated depreciation	<u>201,810,353</u>	<u>98,539,001</u>	<u>19,954,287</u>
Total noncurrent assets	<u>234,123,823</u>	<u>106,374,220</u>	<u>29,512,284</u>
Total assets	<u>416,272,287</u>	<u>143,325,971</u>	<u>73,631,802</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - bond refunding	8,552,237	185,221	-
Deferred outflows - pension	884,213	500,919	602,320
Deferred outflows - other postemployment benefits	220,262	123,613	150,040
Total deferred outflows of resources	<u>9,656,712</u>	<u>809,753</u>	<u>752,360</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	
\$	46,460,834	\$ 33,814,037	\$ 308,985,368	\$ 91,449,885
	47,266	31,160	322,783	93,218
	734,217	-	7,321,467	-
	1,341,800	-	8,020,998	-
	2,076,017	-	15,342,465	-
	(2,501)	-	(45,558)	-
	2,073,516	-	15,296,907	-
	-	-	789,638	189,547
	-	-	-	337,264
	-	178,008	1,356,949	-
	-	47,124	3,325,129	387,910
	-	-	220,402	2,751,689
	48,581,616	34,070,329	330,297,176	95,209,513
	1,591,853	-	17,166,355	-
	1,591,853	-	17,166,355	-
	50,173,469	34,070,329	347,463,531	95,209,513
	1,375,312	-	11,691,731	-
	-	-	-	2,196,699
	3,428,728	2,483,802	32,370,428	10,610,157
	25,106,801	3,983,226	42,022,396	729,591
	47,767,304	25,088,100	393,159,045	29,850,984
	77,678,145	31,555,128	479,243,600	43,387,431
	127,851,614	65,625,457	826,707,131	138,596,944
	503,191	-	9,240,649	-
	257,557	186,577	2,431,586	797,008
	58,436	81,348	633,699	175,411
	819,184	267,925	12,305,934	972,419

(Continued)

City of Clearwater, Florida
Statement of Net Position
Proprietary Funds
September 30, 2021

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
LIABILITIES			
Current liabilities:			
Accounts and contracts payable	4,758,063	2,723,170	905,224
Accrued payroll	622,448	341,394	402,888
Accrued interest payable	6,860	5,112	4,487
Deposits	-	-	-
Unearned revenue and liens	-	-	-
Current portion of long-term liabilities:			
Compensated absences	409,048	334,379	272,898
Revenue bonds	686,667	650,833	-
Capital lease purchases payable	210,921	103,428	-
Due to other funds	38,302	-	518,148
Claims payable	-	-	-
Total current liabilities (payable from current assets)	<u>6,732,309</u>	<u>4,158,316</u>	<u>2,103,645</u>
Current liabilities (payable from restricted assets):			
Construction contracts payable	1,380,274	-	-
Accrued interest payable	1,575,337	16,589	-
Current portion of long-term liabilities, revenue bonds	3,433,333	59,167	-
Customer deposits	4,301,758	3,532,772	1,275,272
Total current liabilities (payable from restricted assets)	<u>10,690,702</u>	<u>3,608,528</u>	<u>1,275,272</u>
Total current liabilities	<u>17,423,011</u>	<u>7,766,844</u>	<u>3,378,917</u>
Noncurrent liabilities:			
Compensated absences	369,682	302,198	246,636
Other postemployment benefits	2,931,474	1,645,170	1,996,881
Revenue bonds (net of unamortized premiums/discounts)	121,906,920	7,165,000	-
Capital lease purchases payable	507,012	25,741	-
Advances from other funds	78,963	-	2,777,059
Claims payable	-	-	-
Total noncurrent liabilities	<u>125,794,051</u>	<u>9,138,109</u>	<u>5,020,576</u>
Total liabilities	<u>143,217,062</u>	<u>16,904,953</u>	<u>8,399,493</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	6,995,653	3,963,133	4,765,388
Deferred inflows - other postemployment benefits	733,799	411,815	499,855
Total deferred inflows of resources	<u>7,729,452</u>	<u>4,374,948</u>	<u>5,265,243</u>
NET POSITION			
Net investment in capital assets	91,957,114	91,267,006	21,465,076
Restricted for:			
Revenue bond debt service and sinking fund requirements	5,503,833	59,167	-
Revenue bond renewal and replacement requirements	5,243,751	300,000	-
Water and sewer impact fees	2,702,168	-	-
Stormwater system fees	-	-	-
Pensions	11,771,065	6,668,470	8,018,363
Unrestricted	<u>157,804,554</u>	<u>24,561,180</u>	<u>31,235,987</u>
Total net position	<u>\$ 274,982,485</u>	<u>\$ 122,855,823</u>	<u>\$ 60,719,426</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	
585,360	566,707	9,538,524	2,219,106
152,691	168,878	1,688,299	538,484
213	16	16,688	55,791
-	85,504	85,504	-
-	-	-	63,806
130,414	88,597	1,235,336	524,962
117,500	-	1,455,000	-
42,517	3,204	360,070	4,696,058
-	-	556,450	1,775,406
-	-	-	3,930,400
<u>1,028,695</u>	<u>912,906</u>	<u>14,935,871</u>	<u>13,804,013</u>
-	-	1,380,274	-
299,353	-	1,891,279	-
1,292,500	-	4,785,000	-
-	-	9,109,802	-
<u>1,591,853</u>	<u>912,906</u>	<u>17,166,355</u>	<u>13,804,013</u>
2,620,548		32,102,226	
117,863	80,071	1,116,450	474,440
777,727	1,082,653	8,433,905	2,334,556
19,944,521	-	149,016,441	-
-	-	532,753	6,501,850
-	-	2,856,022	5,584,800
-	-	-	6,136,800
<u>20,840,111</u>	<u>1,162,724</u>	<u>161,955,571</u>	<u>21,032,446</u>
<u>23,460,659</u>	<u>2,075,630</u>	<u>194,057,797</u>	<u>34,836,459</u>
2,037,724	1,476,147	19,238,045	6,305,715
<u>194,679</u>	<u>271,007</u>	<u>2,111,155</u>	<u>584,381</u>
<u>2,232,403</u>	<u>1,747,154</u>	<u>21,349,200</u>	<u>6,890,096</u>
51,831,264	28,743,060	285,263,520	19,188,114
2,667,812	-	8,230,812	-
-	-	5,543,751	-
-	-	2,702,168	-
14,318	-	14,318	-
3,428,728	2,483,802	32,370,428	10,610,157
<u>45,035,614</u>	<u>30,843,736</u>	<u>289,481,071</u>	<u>68,044,537</u>
<u>\$ 102,977,736</u>	<u>\$ 62,070,598</u>	<u>623,606,068</u>	<u>\$ 97,842,808</u>

Adjustment to reflect consolidation of internal service fund activities related to enterprise funds 1,838,633

Net position of business-type activities \$ 625,444,701

City of Clearwater, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
Operating revenues:			
Sales to customers	\$ 95,827,353	\$ 39,679,201	\$ 28,594,309
Service charges to customers	246,949	2,050,551	-
User charges to customers	-	-	-
Billings to departments	-	-	-
Rentals	78,707	-	345,920
Other	684,234	1,304,172	593,287
Total operating revenues	96,837,243	43,033,924	29,533,516
Operating expenses:			
Personal services	13,609,067	7,124,642	8,544,495
Purchases for resale	7,285,333	14,147,763	-
Operating materials and supplies	4,935,303	1,118,914	464,847
Transportation	1,213,846	831,186	5,242,649
Utility service	3,199,081	197,218	146,695
Dumping charges	16,851	-	5,033,723
Depreciation	13,605,210	3,920,353	1,472,547
Interfund administrative charges	6,727,430	2,874,080	1,629,010
Other current charges:			
Professional fees	4,388,379	823,100	209,042
Advertising and marketing	31,134	1,785,176	62,202
Communications	169,417	146,189	97,037
Printing and binding	1,602	13,701	8,610
Insurance	518,340	198,730	85,110
Repairs and maintenance	9,852,810	347,268	194,745
Rentals	245,286	11,631	2,820
Miscellaneous	298,151	275,397	108,705
Data processing charges	998,010	576,640	272,660
Taxes	-	2,104,085	10,198
Total other current charges	16,503,129	6,281,917	1,051,129
Total operating expenses	67,095,250	36,496,073	23,585,095
Operating income (loss)	29,741,993	6,537,851	5,948,421

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	
\$ 16,936,346	\$ 13,203,379	\$ 194,240,588	\$ -
-	-	2,297,500	-
-	169,880	169,880	-
-	-	-	59,493,474
42,897	3,399,189	3,866,713	29,840
269,525	1,051,968	3,903,186	984,709
<u>17,248,768</u>	<u>17,824,416</u>	<u>204,477,867</u>	<u>60,508,023</u>
 3,513,020	 3,730,404	 36,521,628	 11,360,420
-	2,326,825	23,759,921	4,003,341
115,859	168,517	6,803,440	1,123,055
1,004,775	144,979	8,437,435	305,912
58,183	597,091	4,198,268	431,222
109,593	-	5,160,167	-
3,691,659	1,066,508	23,756,277	10,961,516
1,530,520	1,322,140	14,083,180	264,160
 359,334	 972,817	 6,752,672	 10,185,743
-	-	1,878,512	-
31,359	53,107	497,109	1,184,585
150	779	24,842	26,830
33,410	102,720	938,310	26,190,269
1,458,295	293,347	12,146,465	1,312,176
2,580	9,311	271,628	802,005
58,992	826,175	1,567,420	308,907
302,720	186,110	2,336,140	582,780
-	26,855	2,141,138	17,818
<u>2,246,840</u>	<u>2,471,221</u>	<u>28,554,236</u>	<u>40,611,113</u>
<u>12,270,449</u>	<u>11,827,685</u>	<u>151,274,552</u>	<u>69,060,739</u>
 <u>4,978,319</u>	 <u>5,996,731</u>	 <u>53,203,315</u>	 <u>(8,552,716)</u>

(Continued)

City of Clearwater, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2021

	Water and Sewer Utility	Gas Utility	Business-type Enterprise
	Solid Waste & Recycling Utility		
Nonoperating revenues (expenses):			
Investment earnings (loss):			
Interest	1,036,853	181,885	232,241
Net appreciation (depreciation) in fair value	(1,519,281)	(302,118)	(360,539)
Total investment earnings (loss)	<u>(482,428)</u>	<u>(120,233)</u>	<u>(128,298)</u>
Interest expense	(4,732,823)	(275,987)	(76,296)
Grants	-	-	83,232
Gain (loss) on disposal of capital assets	-	-	-
Total nonoperating revenue (expenses)	<u>(5,215,251)</u>	<u>(396,220)</u>	<u>(121,362)</u>
Income (loss) before contributions and transfers	24,526,742	6,141,631	5,827,059
Capital grants and contributions	1,703,719	-	-
Transfers in	2,123,367	64,395	64,363
Transfers out	(4,798,340)	(3,284,867)	(2,000,984)
Change in net position	<u>23,555,488</u>	<u>2,921,159</u>	<u>3,890,438</u>
Net position - beginning	251,426,997	119,934,664	56,828,988
Total net position - ending	<u>\$ 274,982,485</u>	<u>\$ 122,855,823</u>	<u>\$ 60,719,426</u>

Change in Net Position of Proprietary Funds

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	
278,052	185,290	1,914,321	616,579
(442,473)	(283,519)	(2,907,930)	(828,553)
(164,421)	(98,229)	(993,609)	(211,974)
(746,176)	(96)	(5,831,378)	(282,301)
-	-	83,232	-
185,678	-	185,678	614,086
(724,919)	(98,325)	(6,556,077)	119,811
4,253,400	5,898,406	46,647,238	(8,432,905)
84,000	757,953	2,545,672	124,990
45,245	73,686	2,371,056	6,009,008
(1,715,578)	(1,114,522)	(12,914,291)	(182,592)
2,667,067	5,615,523	38,649,675	(2,481,499)
100,310,669	56,455,075	584,956,393	100,324,307
\$ <u>102,977,736</u>	\$ <u>62,070,598</u>	\$ <u>623,606,068</u>	\$ <u>97,842,808</u>
		\$ 38,649,675	
		<u>(3,512,427)</u>	
		\$ <u>35,137,248</u>	

City of Clearwater, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 96,983,947	\$ 42,304,044	\$ 29,564,220
Cash received from other funds	-	-	-
Cash payments to suppliers	(25,575,363)	(21,428,012)	(6,434,329)
Cash payments to employees	(12,350,786)	(7,263,697)	(7,768,697)
Cash payments to other funds	(10,685,334)	(4,907,140)	(7,540,586)
Net cash provided (used) by operating activities	48,372,464	8,705,195	7,820,608
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	2,123,367	64,395	64,363
Transfers to other funds	(4,798,340)	(3,284,867)	(2,000,984)
Receipt of cash on loans to/from other funds	-	-	518,874
Payment of cash on loans to/from other funds	(37,536)	-	(407,102)
Cash received from granting agencies	-	-	83,232
Net cash provided (used) by noncapital financing activities	(2,712,509)	(3,220,472)	(1,741,617)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on debt	(3,954,579)	(789,690)	-
Interest paid	(4,884,894)	(271,836)	(92,221)
Acquisition of capital assets	(3,944,011)	(5,010,290)	(585,338)
Proceeds from sale of capital assets	-	-	-
Capital contributed by:			
Other governmental entities	5,754	-	-
Property owners	20,806	-	-
Developers	579,982	-	-
Net cash provided (used) by capital and related financing activities	(12,176,942)	(6,071,816)	(677,559)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment loss	(525,384)	(124,077)	(135,775)
Net cash provided (used) by investing activities	(525,384)	(124,077)	(135,775)
Net increase (decrease) in cash and cash equivalents	32,957,629	(711,170)	5,265,657
Cash and cash equivalents at beginning of year	148,570,582	32,156,188	36,362,532
Cash and cash equivalents at end of year	\$ 181,528,211	\$ 31,445,018	\$ 41,628,189
Cash and cash equivalents classified as:			
Cash and investments	\$ 160,821,090	\$ 27,536,490	\$ 40,352,917
Restricted cash and investments	20,707,121	3,908,528	1,275,272
Total cash and cash equivalents	\$ 181,528,211	\$ 31,445,018	\$ 41,628,189

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	
\$ 17,402,719	\$ 17,826,150	\$ 204,081,080	\$ -
-	-	-	60,389,087
(2,044,924)	(4,809,227)	(60,291,855)	(40,241,854)
(3,150,335)	(3,326,657)	(33,860,172)	(10,096,600)
(2,950,243)	(1,986,001)	(28,069,304)	(5,637,767)
<u>9,257,217</u>	<u>7,704,265</u>	<u>81,859,749</u>	<u>4,412,866</u>
45,245	73,686	2,371,056	6,009,008
(1,715,578)	(1,114,522)	(12,914,291)	(182,592)
-	-	518,874	5,561,253
-	-	(444,638)	(727,410)
-	-	<u>83,232</u>	<u>-</u>
<u>(1,670,333)</u>	<u>(1,040,836)</u>	<u>(10,385,767)</u>	<u>10,660,259</u>
(1,406,578)	(3,156)	(6,154,003)	(4,982,360)
(743,973)	(80)	(5,993,004)	(245,902)
(1,511,388)	(966,268)	(12,017,295)	(9,275,249)
-	-	-	697,120
625,377	601,456	1,232,587	-
-	-	20,806	-
-	-	<u>579,982</u>	<u>-</u>
<u>(3,036,562)</u>	<u>(368,048)</u>	<u>(22,330,927)</u>	<u>(13,806,391)</u>
(172,509)	(104,968)	(1,062,713)	(231,928)
<u>(172,509)</u>	<u>(104,968)</u>	<u>(1,062,713)</u>	<u>(231,928)</u>
4,377,813	6,190,413	48,080,342	1,034,806
<u>45,050,186</u>	<u>27,623,624</u>	<u>289,763,112</u>	<u>90,415,079</u>
<u>\$ 49,427,999</u>	<u>\$ 33,814,037</u>	<u>\$ 337,843,454</u>	<u>\$ 91,449,885</u>
\$ 46,460,834	\$ 33,814,037	\$ 308,985,368	\$ 91,449,885
<u>2,967,165</u>	<u>-</u>	<u>28,858,086</u>	<u>-</u>
<u>\$ 49,427,999</u>	<u>\$ 33,814,037</u>	<u>\$ 337,843,454</u>	<u>\$ 91,449,885</u>

(Continued)

City of Clearwater, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	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)	\$ 29,741,993	\$ 6,537,851	\$ 5,948,421
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	13,605,210	3,920,353	1,472,547
Capitalized labor and materials	(126,730)	(842,778)	-
Change in assets, deferred outflows, liabilities and deferred inflows:			
(Increase) decrease in accounts receivable	(200,950)	(876,639)	(46,136)
(Increase) decrease in due from other governments	(105,127)	43,328	-
(Increase) decrease in inventory	(15,128)	(533,371)	-
(Increase) decrease in prepaid expenses	771,198	1,982	-
(Increase) decrease in net pension asset	(3,959,459)	(2,397,765)	(2,945,774)
(Increase) decrease in deferred outflows	1,848,840	994,276	1,174,621
Increase (decrease) in accounts and contracts payable	2,894,066	(226,268)	(406,862)
Increase (decrease) in accrued payroll	(90,175)	(102,108)	14,481
Increase (decrease) in deposits	452,781	103,431	76,840
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in other postemployment benefits	179,440	100,761	122,393
Increase (decrease) in deferred inflows	3,376,505	1,982,142	2,410,077
Total adjustments	18,630,471	2,167,344	1,872,187
Net cash provided by operating activities	\$ 48,372,464	\$ 8,705,195	\$ 7,820,608

Non-cash investing, capital and financing activities:

Contributions from developers	\$ 387,675	\$ -	\$ -
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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	
\$ 4,978,319	\$ 5,996,731	\$ 53,203,315	\$ (8,552,716)
3,691,659	1,066,508	23,756,277	10,961,516
-	-	(969,508)	-
153,951	-	(969,774)	(137,168)
-	-	(61,799)	-
-	(6,574)	(555,073)	(28,408)
-	-	773,180	(483,857)
(1,176,246)	(771,916)	(11,251,160)	(3,564,395)
528,913	423,094	4,969,744	1,660,070
70,603	242,119	2,573,658	1,453,484
(35,609)	31,849	(181,562)	(42,308)
-	1,734	634,786	-
-	-	-	(63,805)
47,685	63,276	513,555	149,588
997,942	657,444	9,424,110	3,060,865
4,278,898	1,707,534	28,656,434	12,965,582
\$ 9,257,217	\$ 7,704,265	\$ 81,859,749	\$ 4,412,866

\$ - \$ - \$ 387,675 \$ 124,990

City of Clearwater, Florida
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2021

	Pension Trust Funds	Custodial Fund
ASSETS		
Cash and investments	\$ 220,967	\$ 733,952
Receivables:		
Interest and dividends	3,554,680	498
Unsettled investment sales	21,731,113	-
Securities lending earnings	28,682	-
Due from others	-	50,484
	<hr/>	<hr/>
Total receivables	<hr/> 25,314,475	<hr/> 50,982
Managed investment accounts, at fair value:		
Cash and cash equivalents	36,241,351	-
Government bonds	122,862,054	-
Index linked government bonds	498,509	-
Agency bonds	5,436,206	-
Municipal bonds	3,392,339	-
Domestic corporate bonds	121,679,935	-
International equity securities	158,201,331	-
Domestic stocks	354,260,843	-
Mortgage backed bonds	102,700,327	-
Government issued commercial mortgage backed bonds	92,862	-
Asset backed securities	9,181,102	-
Other/rights/warrants	32,977	-
Domestic equity mutual funds	258,847,387	-
International equity mutual funds	58,488,796	-
Infrastructure	50,574,173	-
Real estate	107,353,848	-
	<hr/>	<hr/>
Total managed investment accounts	<hr/> 1,389,844,040	<hr/> -
Securities lending collateral	<hr/> 166,594,183	<hr/> -
	<hr/>	<hr/>
Total assets	<hr/> 1,581,973,665	<hr/> 784,934
LIABILITIES		
Accounts payable	935,535	22,857
Due to other funds (deficit in pooled cash)	198,186	-
Unsettled investment purchases	41,563,837	-
Other payables	529,416	-
Obligations under securities lending	166,594,183	-
	<hr/>	<hr/>
Total liabilities	<hr/> 209,821,157	<hr/> 22,857
NET POSITION		
Restricted for:		
Pensions	1,372,152,508	-
Individuals, organizations and other governments	-	762,077
Total net position	<hr/> \$ 1,372,152,508	<hr/> \$ 762,077

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, 2021

	Pension Trust Funds	Custodial Fund
ADDITIONS		
Contributions:		
Contributions from employer	\$ 11,917,353	\$ -
Contributions from employer - state tax	2,278,493	-
Contributions from employees	8,013,951	-
Individuals, organizations and other governments	-	753,562
Total contributions	22,209,797	753,562
Investment earnings (loss):		
Net increase (decrease) in fair value of investments	225,893,860	-
Interest, dividends and other	19,178,600	(589)
Securities lending income	604,668	-
Total investment earnings (loss)	245,677,128	(589)
Less investment costs:		
Investment management / custodian fees	(7,688,160)	-
Securities lending costs	(211,518)	-
Net investment earnings (loss)	237,777,450	(589)
Miscellaneous	103	-
Total additions	259,987,350	752,973
DEDUCTIONS		
Benefits	62,005,887	-
Refunds and transfers to other systems	1,222,375	-
Administrative expenses	400,728	-
Payments to individuals, organizations and other governments	-	648,396
Total deductions and administrative expenses	63,628,990	648,396
Net increase (decrease) in fiduciary net position	196,358,360	104,577
Fiduciary net position - beginning (as previously reported)	1,175,794,148	-
Prior period restatement (See Note IV.I.)	-	657,500
Fiduciary net position - beginning (as restated)	1,175,794,148	657,500
Fiduciary net position - ending	\$ 1,372,152,508	\$ 762,077

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, 2021

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 117,800 and is located in the four-county Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (MSA), which has an estimated population of 3,227,295.

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 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) is a dependent special district created by Local Ordinance by authority of Chapter 163, Part III, of the Florida Statutes. 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. Therefore, financial statements for the CRA are included in the City's annual comprehensive financial report as a governmental non-major special revenue fund and a governmental non-major capital projects fund. In accordance with Chapter 163.387(8), Florida Statutes, and Rule 10.556, Rules of the Auditor General, separate audited financial statements are available from the City of Clearwater Finance Department.

Related Organization – Clearwater Housing Authority (CHA): CHA is a dependent special district created by General Law by authority of Chapter 421, Part I, Florida Statutes. As a public housing authority, 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, 2021 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 created by Special Act by authority of Chapter 189.031, Florida Statutes. The DDB is governed by a board elected by its members, levies ad valorem taxes (0.9700 mills for fiscal 2021) 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 custodial fund. Separate audited financial statements of the DDB as of September 30, 2021 are available from the City of Clearwater Finance Department.

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Amended Interlocal Agreement on June 1, 1992, amended and restated by the Amended and Restated Interlocal 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, 2021, FGU has 25 members. Separate audited financial statements of FGU as of September 30, 2021, 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, 2021

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 Special Programs Fund is a special revenue fund used to account for grants and contributions, the use of which is restricted for certain programs.

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 custodial 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 custodial 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 Generally Accepted Accounting Principles.

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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; 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 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, 2021, the performance measure weighted average was 0.32%. The actual pooled cash earnings performance before bank charges was 0.58%.

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 2.29%. 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 2016 thru 2020), and 100% of the receivable attributable to fiscal years 2015 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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Fund and the required transfers to the appropriate debt service or pension fund are recorded as operating transfers from the General Fund.

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, 2021 is the same rate that was levied in the prior year.

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 purchase 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 enterprise and internal service funds that are in an irrevocable trust 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. When City crews contribute to the completion of a capital asset, time and materials are capitalized to the project cost.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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 unamortized bond premium or discount. Bond issuance costs are expended 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time.

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 assets

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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) the government-wide and all enterprise and internal service funds. Deferred inflows related to business tax receipts are reported in both the government-wide and governmental fund statements, while deferred inflows related to property taxes, code enforcement liens, mortgage notes, and intergovernmental revenues are reported in the governmental fund financial statements, but not the government-wide statements, when the receivable is recorded but the revenue is not available.

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.

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.

Differences between expected and actual experience and changes in assumptions related to OPEB 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, 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, 2020, 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 was 6.8 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, 2021

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 above. 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, 2021, 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, 2021, the City implemented the following GASB pronouncements:

GASB Statement No. 84, *Fiduciary Activities*. Issued January 2017, this Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Pension statements have been updated to reflect the new format, and the Treasurer's Escrow Fund, previously reported as an agency fund, is now presented as a custodial fund. See Note IV.I.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. Issued March 2020, this Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. There are no references to LIBOR in City agreements. The Florida Gas Utility, of which the City of Clearwater is a member, has a \$7.5 million line of credit that includes a reference to LIBOR. This line of credit is due to expire on September 30, 2022, and LIBOR will be replaced by a different index when the agreement is renewed.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. As a result of this guidance, the Section 457 Deferred Compensation Plan is not presented as a fiduciary fund.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*. Issued October 2021, this Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The title of this report, and all references to *Comprehensive Annual Financial Report* and its acronym contained herein, have been updated to comply with this standard.

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.

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.

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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.

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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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, 2021 are classified in the accompanying financial statements as follows:

<u>Statement of net position</u>	<u>09/30/21</u>
Primary Government:	
Cash and investments	\$ 585,588,133
Restricted cash and investments	28,858,086
Fiduciary Funds:	
Cash and investments	954,919
Total pooled cash and investments	<u><u>\$ 615,401,138</u></u>

<u>Pooled Cash and Investments</u>	Carrying Amount	% of Portfolio	Investment Maturities in Years			Moody's Rating
			Less than 1	1-3 Years	More than 3	
<u>Cash and cash equivalents:</u>						
Cash on hand	\$ 46,470	0.01%				N/A
Time / interest bearing account	9,537,008	1.55%				N/A
Total cash and cash equivalents	<u>9,583,478</u>					
<u>Investments:</u>						
Local Government Investment Pools:						
Florida Safe Investment Pool	23,102,998	3.75%	23,102,998	-	-	AAAm
Florida Cooperative Liquid Assets Securities System	57,279,573	9.31%	57,279,573	-	-	AAAm
	<u>80,382,571</u>		<u>80,382,571</u>			
Treasuries						
Treasuries	<u>13,283,720</u>	2.16%	-	13,283,720	-	Moody's Rating
U.S. Agencies:						
Federal Home Loan Bank (FHLB)	246,355,096	40.03%	-	556,024	245,799,072	Aaa
Federal National Mortgage Assn (FNMA)	39,738,206	6.46%	-	-	39,738,206	Aaa
Federal Farm Credit Bank (FFCB)	92,412,485	15.02%	-	9,975,855	82,436,630	Aaa
Federal Home Loan Mortgage Corp (FHLMC)	19,927,568	3.24%	-	19,927,568	-	Aaa
Federal Home Loan Mortgage Corp Zeroes	1,996,027	0.32%	1,996,027	-	-	Aaa
Federal National Mortgage Assn (FNMA) Zeroes	9,991,730	1.62%	9,991,730	-	-	Aaa
Total U.S. Agencies	<u>410,421,112</u>		<u>11,987,757</u>	<u>30,459,447</u>	<u>367,973,908</u>	
Municipal bonds						
Municipal bonds	<u>10,107,811</u>	1.64%	-	-	10,107,811	Aa2
Mortgage backed securities						
Mortgage backed securities	<u>90,815,377</u>	14.76%	1,473,649	18,938,511	70,403,217	Aaa
Asset backed securities						
Asset backed securities	<u>807,069</u>	0.13%	24,234	-	782,835	Aaa
Total investments	<u>605,817,660</u>		<u>93,868,211</u>	<u>62,681,678</u>	<u>449,267,771</u>	
Total pooled cash and investments	<u><u>\$ 615,401,138</u></u>	100.00%				

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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.

Custodial Credit Risk – Pooled Cash and Investments:

Monies on deposit with financial institutions are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, which provides protection against any loss to public depositors. Consistent with the City's investment policy, investment securities owned by the City are held by the City's custodian in the City's name and all purchases use the "delivery versus payment" procedure.

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, 2021

The City has the following recurring fair value measurements as of September 30, 2021:

(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
Florida Safe Investment Pool	\$ 23,103	\$ -	\$ -	\$ -	\$ 23,103
Florida Cooperative Liquid Assets Securities System	57,280	-	-	-	57,280
U.S. Government securities	13,284	13,284	-	-	-
Federal Agency securities	410,421	-	410,421	-	-
Municipal obligations	10,108	10,108	-	-	-
Mortgage backed securities	90,815	-	90,815	-	-
Asset backed securities	807	-	807	-	-
	<u>\$ 605,818</u>	<u>\$ 23,392</u>	<u>\$ 502,043</u>	<u>\$ -</u>	<u>\$ 80,383</u>

The Florida SAFE Investment Pool (FLSAFE) and the Florida Cooperative Liquid Assets Securities System (FLCLASS) 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 AAA by Standard & Poors. The investment advisor and administrator for the FLSAFE investment pool is PMA Financial Network, Inc. and the investment advisor and administrator for the FLCLASS investment pool is Public Trust Advisors, LLC.

The two local government investment pools, Florida Safe Investment Pool (FLSAFE) and Florida Cooperative Liquid Assets Securities System (FLCLASS), have no unfunded commitments and both provide same day or next day redemption. The investment strategies of both 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, 2021

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>	<u>Carrying Amount</u>	<u>% of Portfolio</u>	<u>Weighted avg maturity (years)</u>	<u>Moody's Rating</u>
<u>Cash and cash equivalents:</u>				
Cash in managed investment accounts	34,328,635	2.55%	N/A	N/A
Total cash and cash equivalents	<u>34,328,635</u>			
<u>Investments:</u>				
Government bonds	4,812,500	0.36%		AGY
Government bonds	108,234,664	8.05%		Aaa
Government bonds	575,179	0.04%		Aa
Government bonds	980,056	0.07%		A
Government bonds	4,775,835	0.36%		Baa
Government bonds	1,120,275	0.08%		NR
Index linked government bonds	498,509	0.04%	19.7	Aaa
Agency bonds	689,680	0.05%		AGY
Agency bonds	897,874	0.07%		Aa
Agency bonds	2,730,593	0.20%		Ba
Municipal bonds	1,373,777	0.10%		Aa
Municipal bonds	754,977	0.06%		A
Municipal bonds	961,576	0.07%		Baa
Domestic corporate bonds	972,461	0.07%		Aaa
Domestic corporate bonds	5,477,712	0.41%		Aa
Domestic corporate bonds	37,168,131	2.77%		A
Domestic corporate bonds	66,067,865	4.92%		Baa
Domestic corporate bonds	6,545,486	0.49%		Ba
Domestic corporate bonds	2,913,311	0.22%		NR
Asset backed securities	5,871	0.00%		AGY
Asset backed securities	9,175,231	0.68%		Aaa
Other/rights/warrants	32,977	0.00%	N/A	NR
Domestic stocks	350,967,747	26.13%	N/A	N/A
International equity securities	157,814,283	11.74%	N/A	N/A
Mortgage backed bonds	101,165,091	7.53%		AGY
Mortgage backed bonds	40,232	0.00%	27.2	Aaa
Mortgage backed bonds	60,082	0.00%		NR
Government issued commercial mortgage backed bonds	92,862	0.01%	28.7	AGY
International equity mutual funds	48,535,693	3.61%	N/A	N/A
Domestic equity mutual funds	239,057,393	17.79%	N/A	N/A
Infrastructure	50,574,173	3.76%	N/A	N/A
Real Estate/Timber	104,428,016	7.77%	N/A	N/A
Total investments	<u>1,309,500,112</u>			
Total cash and investments	<u>\$ 1,343,828,747</u>	100.00%		

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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 40% 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, 2020, the Plan had \$6,094,378 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.

Custodial Credit Risk – Employees’ Pension Plan:

This is the risk that in the event of the failure of a counterparty, the Plan will not be able to recover the value of its investments that are in the possession of an outside party. Consistent with the Plan’s investment policy, investments are held by the Plan’s custodial bank and registered in the Plan’s name.

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.

**City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021**

The Pension Plan's exposure to foreign currency risk at September 30, 2021 is as follows:

<u>Investment</u>	<u>Currency</u>	<u>Fair Value</u>
Common Stock	Euro currency	\$ 22,784,702
Common Stock	Japanese yen	17,588,690
Common Stock	British pound sterling	14,087,542
Common Stock	Swiss franc	8,402,146
Common Stock	Australian dollar	1,921,060
Common Stock	Swedish krona	1,851,607
Common Stock	Hong Kong dollar	1,480,553
Common Stock	South Korean won	1,301,757
Common Stock	Singapore dollar	1,011,709
Common Stock	Norwegian krone	702,232
Common Stock	Danish krone	270,959
Total		\$ 71,402,957

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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

The Plan has the following recurring fair value measurements as of September 30, 2021:

(in thousands)	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Government bonds	\$ 120,499	\$ -	\$ 120,499	\$ -
Index linked government bonds	499	-	499	-
Agency bonds	4,318	-	4,318	-
Municipal bonds	3,090	-	3,090	-
Domestic corporate bonds	119,145	-	119,145	-
Asset backed bonds	9,181	-	9,181	-
Other/Rights/Warrants	33	-	-	33
Domestic stocks	350,968	350,968	-	-
International equity securities	157,814	157,814	-	-
Mortgage backed bonds	101,265	-	101,265	-
Government issued mortgage backed bonds	93	-	93	-
Emerging markets mutual funds	48,536	48,536	-	-
Domestic equity mutual funds	239,057	-	239,057	-
Infrastructure	50,574	-	-	50,574
Real Estate/Timber	104,428	-	74,241	30,187
	<u>\$ 1,309,500</u>	<u>\$ 557,318</u>	<u>\$ 671,388</u>	<u>\$ 80,794</u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Net Asset Value Investments (in thousands):

Money Manager	Value	Unfunded Commitments	Investment Strategy	Redemption Restrictions
Dimensional	\$ 48,536	\$ -	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
Northern Trust	67,820	-	Collective large cap value index fund seeking to approximate the risk and return characteristics of the Russell 1000 Value Index.	None
Northern Trust	171,241	-	Collective large cap value index fund seeking to approximate the risk and return characteristics of the Russell 1000 Growth Index.	None
Multi-Employer Property Trust	58,274	-	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	9,743	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	7,301	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	50,574	-	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	13,143	-	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	15,967	-	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.
\$ 442,599	\$ 1,814			

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Firefighters' Relief and Pension Plan

At year-end, the Firefighters' Relief and 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 and cash equivalents	\$ 215,237	6.71%	N/A	N/A
Total cash and cash equivalents	<u>215,237</u>			
<u>Investments:</u>				
U.S. Treasury Note	1,118,059	34.88%	1.58	Aaa
U.S. agency - Federal Agricultural Mortgage Corp. (FAMCA)	<u>1,872,141</u>	<u>58.41%</u>	<u>3.62</u>	<u>Aaa</u>
Total investments	<u>2,990,200</u>			
Total managed cash and investments	<u>\$ 3,205,437</u>	<u>100.00%</u>		

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.

Custodial Credit Risk – Firefighters' Relief and Pension Plan:

Monies on deposit with financial institutions are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, which provides protection against any loss to public depositors. Consistent with the City's investment policy, investment securities owned by the Plan are held by the City's custodian in the City's name and all purchases use the "delivery versus payment" procedure.

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, 2021

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, 2021:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Federal agency securities	\$ 2,990,200	\$ 1,118,059	\$ 1,872,141	\$ -

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	\$ 5,730	0.03%	N/A	N/A
Cash in managed investment accounts	1,145,180	5.70%	N/A	N/A
Total cash and cash equivalents	<u>1,150,910</u>			
<u>Investments:</u>				
Domestic equity mutual funds	10,193,672	50.74%	N/A	N/R
International equity mutual funds	8,746,167	43.53%	N/A	N/R
Total investments	<u>18,939,839</u>			
Total managed cash and investments	<u>\$ 20,090,749</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, 2021

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.

Custodial Credit Risk – Police Supplemental Pension Plan:

This is the risk that in the event of the failure of a counterparty, the Plan will not be able to recover the value of its investments that are in the possession of an outside party. Consistent with the Plan's investment policy, Plan investments are held by the Plan's custodial bank and registered in the Plan's name.

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, 2021:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable	Significant Unobservable
	Fair Value	Inputs (Level 2)	Inputs (Level 3)	
Domestic equity mutual funds	\$ 10,193,672	\$ 10,193,672	\$ -	\$ -
International equity mutual funds	8,746,167	-	-	8,746,167
	<hr/> <u>\$ 18,939,839</u>	<hr/> <u>\$ 10,193,672</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 8,746,167</u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Firefighters' Supplemental Pension Plan

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

	Carrying Amount	% of Portfolio	Weighted avg maturity (years)	Moody's Rating
Cash and cash equivalents:				
Cash in managed investment accounts	\$ 767,536	3.35%	N/A	N/A
Total cash and cash equivalents	<u>767,536</u>			
Investments:				
U.S. Treasury obligations	491,404	2.14%	5.1	Aaa
Municipal obligations	99,802	0.44%	4.4	A1/A2
Municipal obligations	35,827	0.16%	4.4	Aa
Municipal obligations	166,380	0.73%	4.4	N/R
Domestic corporate bonds	953,105	4.15%	6.2	A1/A2/A3
Domestic corporate bonds	1,189,027	5.18%	6.2	Baa1/Baa2/Baa3
Domestic corporate bonds	392,837	1.71%	6.2	N/R
International equity securities	387,048	1.69%	N/A	N/R
Domestic stocks	3,293,096	14.36%	N/A	N/R
Mortgage backed bonds	1,434,922	6.26%	17.9	N/R
Domestic equity mutual funds	9,596,322	41.82%	N/A	N/R
International equity mutual funds	1,206,936	5.26%	N/A	N/R
Real estate	2,925,832	12.75%	N/A	N/R
Total investments	<u>22,172,538</u>			
Total managed cash and investments	<u>\$ 22,940,074</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 Intermediate 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. Exchange traded funds (ETF's) or Exchange Traded Notes (ETN's) may not exceed 10% at cost value of any equity manager's portfolio. Investments in real estate shall not exceed 25% (at market valuation) of the value of the total fund assets. Investments in absolute or real return strategies shall not exceed 20% of the value of the total fund assets. 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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Custodial Credit Risk – Firefighters’ Supplemental Pension Plan:

This is the risk that in the event of the failure of a counterparty, the Plan will not be able to recover the value of its investments that are in the possession of an outside party. Plan investments are held by the Plan’s custodial bank and registered in the Plan’s name.

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).

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, 2021:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
				Other Observable			
U.S. Treasury obligations	\$ 491,404	\$ 406,677		\$ 84,727		\$ -	
Municipal obligations	302,009	-		302,009		-	
Domestic corporate bonds	2,534,969	2,534,969		-		-	
International equity securities	387,048	322,661		64,387		-	
Domestic stocks	3,293,096	3,293,096		-		-	
Mortgage backed bonds	1,434,922	-		1,434,922		-	
Domestic equity mutual funds	9,596,322	9,596,322		-		-	
International equity mutual funds	1,206,936	-		-		1,206,936	
Real estate	2,925,832	-		-		2,925,832	
	\$ 22,172,538	\$ 16,153,725		\$ 1,886,045		\$ 4,132,768	

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 \$4,270,733 are reported on the Governmental Funds Balance Sheet, net of an allowance for uncollectible accounts in the amount of \$11,631,215. The gross receivable of \$15,901,948 includes \$1,046,088 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.

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:

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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

	<u>Taxes</u>	<u>Franchise Fees</u>	<u>Interest</u>	<u>Accounts and Contracts</u>	<u>Notes</u>	<u>Other</u>	<u>Total</u>
General fund	\$ 1,529	\$ 1,034	\$ 204	\$ 555	\$ -	\$ 31	\$ 3,353
Special Development	37	-	67	-	-	-	104
Special Programs	-	-	21	-	9,025	1	9,047
Capital Improvement	-	-	31	-	-	198	229
Non-major governmental funds	-	-	12	-	6,877	-	6,889
Internal service funds	-	-	93	-	-	190	283
Total governmental	1,566	1,034	428	555	15,902	420	19,905
Less: Allowance for uncollectable accounts	(169)	-	-	-	(11,631)	-	(11,800)
Net governmental receivables	\$ 1,397	\$ 1,034	\$ 428	\$ 555	\$ 4,271	\$ 420	\$ 8,105
Water and Sewer Utility	\$ -	\$ -	\$ 174	\$ 7,972	\$ -	\$ 40	\$ 8,186
Gas Utility	-	-	31	2,841	-	750	3,622
Solid Waste and Recycling Utility	-	-	40	2,453	-	-	2,493
Stormwater Utility	-	-	47	2,076	-	-	2,123
Non-major enterprise funds	-	-	31	-	-	-	31
Total business-type	-	-	323	15,342	-	790	16,455
Less: Allowance for uncollectable accounts	-	-	-	(46)	-	-	(46)
Net business-type receivables	\$ -	\$ -	\$ 323	\$ 15,296	\$ -	\$ 790	\$ 16,409

III.C. Capital assets

Capital asset activity for the year ended September 30, 2021:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non-depreciable capital assets:				
Land	\$ 91,473,415	\$ 1,177,347	\$ (369,795)	\$ 92,280,967
Construction in progress	13,671,825	18,357,687	(4,849,027)	27,180,485
Total non-depreciable capital assets	105,145,240	19,535,034	(5,218,822)	119,461,452
Depreciable capital assets:				
Buildings	170,411,279	3,862,660	(158,484)	174,115,455
Improvements other than buildings	51,842,981	327,040	-	52,170,021
Machinery and equipment	117,845,644	9,956,804	(8,646,158)	119,156,290
Infrastructure	162,903,213	659,327	-	163,562,540
Total depreciable capital assets	503,003,117	14,805,831	(8,804,642)	509,004,306
Less accumulated depreciation for:				
Buildings	(83,800,325)	(5,378,615)	16,509	(89,162,431)
Improvements other than buildings	(25,902,862)	(2,114,843)	-	(28,017,705)
Machinery and equipment	(85,010,801)	(11,389,171)	8,551,460	(87,848,512)
Infrastructure	(117,840,954)	(4,374,278)	-	(122,215,232)
Total accumulated depreciation	(312,554,942)	(23,256,907)	8,567,969	(327,243,880)
Net depreciable capital assets	190,448,175	(8,451,076)	(236,673)	181,760,426
Net governmental activities capital assets	\$ 295,593,415	\$ 11,083,958	\$ (5,455,495)	\$ 301,221,878

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Business-type activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non-depreciable capital assets:				
Land	\$ 30,891,976	\$ 436,374	\$ (499,322)	\$ 30,829,028
Construction in progress	32,856,715	6,429,875	(28,093,222)	11,193,368
Total non-depreciable capital assets	<u>63,748,691</u>	<u>6,866,249</u>	<u>(28,592,544)</u>	<u>42,022,396</u>
Depreciable capital assets:				
Buildings	67,590,732	19,063,924	(4,212)	86,650,444
Improvements other than buildings	715,074,267	13,908,066	-	728,982,333
Machinery and equipment	20,341,015	1,656,087	(1,172,846)	20,824,256
Total depreciable capital assets	<u>803,006,014</u>	<u>34,628,077</u>	<u>(1,177,058)</u>	<u>836,457,033</u>
Less accumulated depreciation for:				
Buildings	(14,277,737)	(2,842,337)	4,212	(17,115,862)
Improvements other than buildings	(394,909,338)	(19,019,886)	-	(413,929,224)
Machinery and equipment	(11,531,694)	(1,894,054)	1,172,846	(12,252,902)
Total accumulated depreciation	<u>(420,718,769)</u>	<u>(23,756,277)</u>	<u>1,177,058</u>	<u>(443,297,988)</u>
Net depreciable capital assets	<u>382,287,245</u>	<u>10,871,800</u>	<u>-</u>	<u>393,159,045</u>
Net business-type activities capital assets	<u><u>\$ 446,035,936</u></u>	<u><u>\$ 17,738,049</u></u>	<u><u>\$ (28,592,544)</u></u>	<u><u>\$ 435,181,441</u></u>

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

Governmental activities:	
General government	\$ 716,432
Public safety	1,287,784
Transportation, including depreciation on infrastructure assets	4,174,559
Economic environment	53,125
Culture and recreation	6,063,491
Capital assets held by governmental internal service funds are charged to the various functions based on their usage of assets	<u>10,961,516</u>
	<u><u>\$ 23,256,907</u></u>

Business-type activities:	
Water and sewer utility	\$ 13,605,210
Gas utility	3,920,353
Solid waste and recycling utility	1,472,547
Stormwater utility	3,691,659
Marine operations	36,063
Aviation operations	166,720
Parking system operations	530,123
Clearwater Harbor Marina operations	333,602
	<u><u>\$ 23,756,277</u></u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Construction commitments

At September 30, 2021, material outstanding construction commitments were as follows:

<u>Project</u>	<u>Fund</u>	<u>Construction Commitments</u>
		<u>Outstanding</u>
Imagine Clearwater	Capital Improvement Fund	\$ 62,379,754
Northeast Water Reclamation Facility Improvements	Water & Sewer Utility Enterprise Fund	16,475,052
Police Department District 3 Sub-Station	Capital Improvement Fund	7,314,666
Cleveland Street Streetscape Phase 3	Capital Improvement Fund	5,363,314
Cleveland Street Streetscape Phase 3	Stormwater Utility Enterprise Fund	4,707,936
Marshall St. Water Reclamation Facility		
Blending Tank Improvements	Water & Sewer Utility Enterprise Fund	1,576,900
Annual Roadway Resurfacing Program	Capital Improvement Fund	1,338,319
Annual Stormwater Repairs	Stormwater Utility Enterprise Fund	1,100,028
Annual Sidewalk Construction Program	Capital Improvement Fund	519,805
Total Construction Commitments		<u>\$ 100,775,774</u>

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, 2021, 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, 2021, the Employees' Pension Fund had a cash pool deficit in the amount of \$198,186.

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
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Fund	Due from	Due to	Advances to	Advances from
	Other Funds	Other Funds	Other Funds	Other Funds
General Fund	\$ -	\$ 59,410	\$ -	\$ 192,440
Special Revenue Funds:				
Special Programs Fund	-	-	325,440	-
Community Redevelopment Agency Fund	-	-	-	325,440
Capital Projects Fund:				
Capital Improvement Fund	2,252,188	-	6,436,563	-
Enterprise Funds:				
Water & Sewer Fund	-	38,302	-	78,963
Solid Waste & Recycling Fund	-	518,148	-	2,777,059
Internal Service Funds:				
Administrative Services Fund	-	88,373	-	37,586
General Services Fund	-	6,870	-	28,176
Garage Fund	-	1,680,163	-	5,519,038
Central Insurance Fund	337,264	-	2,196,699	-
Pension Fund:				
Employees' Pension Fund	-	198,186	-	-
	<u>\$ 2,589,452</u>	<u>\$ 2,589,452</u>	<u>\$ 8,958,702</u>	<u>\$ 8,958,702</u>

Descriptions of interfund loans as of September 30, 2021:

An internal loan from the Special Programs special revenue fund to the Community Redevelopment Agency 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 (\$337,264) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$2,196,699) is classified as an advance.

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 (\$25,106) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$51,760) 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 (\$38,302) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$78,963) is classified as an advance.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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 (\$79,164) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$163,206) 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 final payment of this loan (\$69,789) is due within one year and is therefore classified as due to/due from other funds.

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 (\$672,417) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$1,386,266) is classified as an advance.

An internal loan from the Capital Improvement Fund to the General Fund in the amount of \$174,984 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$36,054, including interest at 1.00%, beginning July 1, 2022 and ending July 1, 2026. The current portion of this loan (\$34,304) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$140,680) is classified as an advance.

An internal loan from the Capital Improvement Fund to the Solid Waste & Recycling Fund in the amount of \$518,874 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$106,909, including interest at 1.00%, beginning July 1, 2022 and ending July 1, 2026. The current portion of this loan (\$101,720) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$417,154) is classified as an advance.

An internal loan from the Capital Improvement Fund to the Administrative Services Fund in the amount of \$56,170 to fund the purchase of computers and other equipment. This loan provides for 3 equal payments of \$19,005, including interest at 0.75%, beginning July 1, 2022 and ending July 1, 2024. The current portion of this loan (\$18,584) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$37,586) is classified as an advance.

An internal loan from the Capital Improvement Fund to the General Services Fund in the amount of \$35,046 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$7,221, including interest at 1.00%, beginning July 1, 2022 and ending July 1, 2026. The current portion of this loan (\$6,870) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$28,176) is classified as an advance.

An internal loan from the Capital Improvement Fund to the Garage Fund in the amount of \$5,140,518 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$1,059,151, including interest at 1.00%, beginning July 1, 2022 and ending July 1, 2026. The current portion of this loan (\$1,007,746) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$4,132,772) is classified as an advance.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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 \$5,132 from Central Insurance Fund to various funds for safety award funding; a transfer of \$131,652 from General Fund to Capital Improvement Fund for the Morningside Recreation Center Replacement project; a transfer of \$160,000 from General Fund to Capital Improvement Fund for the Miscellaneous Parks and Recreation Contracts project; a transfer of \$143,200 from General Fund to Special Programs Fund for the Mental Health Co-Responder Team program; a transfer of \$25,000 from General Fund to Special Programs Fund for the Planning Studies Fund program; a transfer of \$20,000 from Parking Fund to Capital Improvement Fund for the Beach Guard Administration Building project; a transfer of \$25,000 from Capital Improvement Fund to General Fund to return unspent revenue from the City Hall Hardening project; a transfer of \$296,000 from Special Development Fund to Capital Improvement Fund for the Park Land Acquisition project; a transfer of \$1,184,867 from Gas Utility Fund to General Fund for additional dividends; a transfer of \$10,000 from General Fund to Marine Fund for the Clearwater Ferry’s use of slips for the water taxi; a transfer of \$300,000 from General Fund to Capital Improvement Fund for the Greenprint Implementation project; a transfer of \$100,000 from Gas Utility Fund to Capital Improvement Fund for the City Wayfinding project; a transfer of \$16,046 from Special Programs Fund to Capital Improvement Fund to reallocate unspent revenue in the Human Trafficking Overtime program to the Police Equipment Replacement project.

Interfund transfers for the year ended September 30, 2021 consisted of the following:

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Transfers to General Fund from:	
Special Programs Fund	\$ 218,734
Water & Sewer Utility Enterprise Fund	4,798,340
Gas Utility Enterprise Fund	3,184,867
Solid Waste & Recycling Utility Enterprise Fund	1,482,110
Stormwater Utility Enterprise Fund	1,017,660
Nonmajor governmental funds	835,559
Nonmajor enterprise funds	988,749
Internal service funds	28,258
Total	<u>12,554,277</u>
Transfers to Special Programs Fund from:	
General Fund	891,104
Capital Improvement Fund	15,000
Total	<u>906,104</u>
Transfers to Capital Improvement Fund from:	
General Fund	6,253,104
Special Development Fund	15,657,860
Special Programs Fund	46,046
Gas Utility Enterprise Fund	100,000
Nonmajor governmental funds	2,000,000
Nonmajor enterprise funds	70,000
Internal service funds	152,460
Total	<u>24,279,470</u>
Transfers to Water & Sewer Utility Enterprise Fund from:	
Special Development Fund	2,000,000
Special Programs Fund	123,367
Total	<u>2,123,367</u>
Transfers to Gas Utility Enterprise Fund from:	
Special Programs Fund	63,735
Internal service funds	660
Total	<u>64,395</u>
Transfers to Solid Waste & Recycling Utility Enterprise Fund from:	
Special Programs Fund	63,562
Internal service funds	801
Total	<u>64,363</u>
Transfers to Stormwater Utility Enterprise Fund from:	
Special Programs Fund	<u>45,245</u>
Transfers to Nonmajor governmental funds from:	
General Fund	2,925,683
Nonmajor governmental funds	4,405,416
Total	<u>7,331,099</u>
Transfer to Nonmajor enterprise funds from:	
General Fund	10,000
Special Programs Fund	63,483
Internal service funds	203
Total	<u>73,686</u>
Transfers to Internal service funds from:	
General Fund	2,611,619
Capital Improvement Fund	1,794,144
Special Programs Fund	330,470
Solid Waste & Recycling Utility Enterprise Fund	518,874
Stormwater Utility Enterprise Fund	697,918
Nonmajor enterprise funds	55,773
Internal service funds	210
Total	<u>6,009,008</u>
Total interfund transfers	<u>\$ 53,451,014</u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

III.E. Leases

The City purchases various equipment for governmental and business-type activities under capital lease purchase financing agreements (direct borrowings). 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, 2021:

	Governmental Activities	Business-type Activities
Equipment	\$ 30,067,793	\$ 1,980,304
Less: Accumulated Depreciation	(15,929,445)	(1,026,899)
Total	<u>\$ 14,138,348</u>	<u>\$ 953,405</u>

The future minimum lease payments under capital lease purchase financing agreements (direct borrowings) are as follows as of September 30, 2021:

<u>Year Ending Sept. 30</u>	Governmental Activities	Business-type Activities
2022	\$ 5,572,210	\$ 370,529
2023	3,948,757	219,324
2024	2,099,255	176,966
2025	1,458,968	146,279
	<u>13,079,190</u>	<u>913,098</u>
Deduction of the amount of imputed interest necessary to reduce net minimum lease payments to present value	(292,056)	(20,275)
	<u>\$ 12,787,134</u>	<u>\$ 892,823</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, 2021, totaled \$630,161.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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 \$295,000 on March 1, 2022; interest at 4.70%; 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.

\$3,775,000

Total revenue bonds for governmental activities

3,775,000

\$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 \$2,020,000 on December 1, 2021, interest at 5.00%.

2,020,000

\$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 \$700,000 on December 1, 2021, to \$9,265,000 on December 1, 2039; interest at 3.50% to 5.00%.

68,600,000

\$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 \$165,000 on December 1, 2021, to \$2,895,000 on December 1, 2032; interest at 2.40%.

28,540,000

\$20,430,000 Water and Sewer Revenue Refunding Bonds, Series 2020; issued to refund and redeem the outstanding principal of the City's Water and Sewer Revenue Refunding Bond, Series 2014, a direct placement bank loan, maturing on and after December 1, 2020; serial bonds due in annual installments of \$1,235,000 on December 1, 2021, to \$2,060,000 on December 1, 2032; interest at 5.00%.

19,450,000

\$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 \$425,000 on September 1, 2022, to \$1,520,000 on September 1, 2026; interest at 2.41%.

4,305,000

\$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 \$285,000 on September 1, 2022, to \$2,040,000 on September 1, 2027; interest at 2.67%.

3,570,000

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

\$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 \$850,000 on November 1, 2021, to \$1,350,000 on November 1, 2032, interest at 3.00% to 5.00%.	13,095,000
\$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 \$560,000 on November 1, 2021, to \$780,000 on November 1, 2032; interest at 2.98%.	7,885,000
Total revenue bonds and direct placement bank loans for business-type activities	<u>147,465,000</u>
Total revenue bonds and direct placement bank loans	<u>\$151,240,000</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 Refunding Bonds, Series 2011, Series 2017, Series 2017B and Series 2020; 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 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 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 and Series 2013, 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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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
2022	\$ 295,000	\$ 193,983	\$ 4,805,000	\$ 4,408,650	\$ 1,435,000	\$ 1,108,679
2023	310,000	178,719	2,915,000	4,222,044	3,595,000	1,044,515
2024	325,000	161,653	3,065,000	4,074,688	3,670,000	953,238
2025	345,000	143,647	3,215,000	3,927,538	4,800,000	859,939
2026	365,000	124,566	3,360,000	3,778,113	4,925,000	739,213
2027-2031	2,135,000	298,447	19,260,000	16,400,481	18,605,000	2,038,250
2032-2036	-	-	31,595,000	11,002,525	7,270,000	184,445
2037-2040	-	-	34,950,000	2,865,400	-	-
Totals	<u>\$ 3,775,000</u>	<u>\$ 1,101,015</u>	<u>\$ 103,165,000</u>	<u>\$ 50,679,439</u>	<u>\$ 44,300,000</u>	<u>\$ 6,928,279</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 is \$4,876,015. Principal and interest paid for the current year and total revenue received were \$1,064,627 and \$743,213, 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:

\$47.0 million 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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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.

\$69.3 million 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 Water and Sewer Revenue Refunding bond, a direct placement bank loan, 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.

\$20.4 million Water and Sewer Revenue Refunding bonds issued January 2020. 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 Refunding bond, Series 2014, a direct placement bank loan. 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 \$170,850,095. Principal and interest paid for the current year (\$8,547,340) required 19.94% of total net revenue (\$42,864,775).

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 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 Stormwater Revenue Refunding bond, a direct placement bank loan, 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.

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 \$25,506,387. Principal and interest paid for the current year (\$2,102,869) required 24.51% of total net revenue (\$8,578,790).

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 Gas System Revenue Refunding bond, a direct placement bank loan, 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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

\$5.4 million Gas System Revenue Refunding bond, a direct placement bank loan, 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 \$8,716,233. Principal and interest paid for the current year (\$911,560) required 8.82% of total net revenue (\$10,337,971).

III.F.4. Advance refunding of bonds

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, 2021.

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 defeated its obligation for payment of the refunded debt upon completion of the refunding transactions.

III.F.5 Non-Ad valorem revenue bonds

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 at Coachman Park. 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.

Pursuant to a hearing on September 1, 2020, a Final Judgement was issued by the Circuit Court for Pinellas County validating and confirming the bonds, including the City's authority to issue the bonds; the legality and validity of the bonds; the legality and validity of the proceedings authorizing the issuance and execution of the bonds including the bond resolution and bond ordinance, and the adoption of both the bond resolution and bond ordinance; the lawfulness of the City's covenant to budget, appropriate and deposit non-ad valorem revenues in the manner and to the extent provided in the bond resolution and the pledge of funds to secure payment of the bonds; and the legality and validity of all matters and proceedings in connection therewith.

As of September 30, 2021, the bonds are estimated to be issued in July of 2022.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

III.F. 6. 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	\$ 4,620,000		\$ -		\$ (845,000)		\$ 3,775,000		\$ 295,000
Add (subtract) deferred amounts:									
For issuance premiums (discounts)	60,881		-		(10,334)		50,547		-
Net revenue bonds payable	4,680,881		-		(855,334)		3,825,547		295,000
Capital lease purchase agreements (a)	19,901,064		-		(7,113,930)		12,787,134		5,406,861
Compensated absences (b)	9,995,484		4,048,609		(4,526,296)		9,517,797		4,999,471
Other postemployment benefits (c)	17,867,074		2,023,546		(804,117)		19,086,503		-
Claims payable (d)	9,453,227		22,000,189		(21,386,216)		10,067,200		3,930,400
Governmental activity									
Long-term liabilities	\$ 61,897,730		\$ 28,072,344		\$ (34,685,893)		\$ 55,284,181		\$ 14,631,732
Business-type activities:									
Revenue bonds payable	\$ 107,550,000		\$ -		\$ (4,385,000)		\$ 103,165,000		\$ 4,805,000
Less deferred amounts:									
For issuance premiums (discounts)	8,818,588		-		(982,698)		7,835,890		-
Net revenue bonds payable	116,368,588		-		(5,367,698)		111,000,890		4,805,000
Direct placement bank loans (e)	45,705,000		-		(1,405,000)		44,300,000		1,435,000
Less deferred amounts:									
For issuance premiums (discounts)	(51,437)		-		6,988		(44,449)		-
Net direct placement bank loans	45,653,563		-		(1,398,012)		44,255,551		1,435,000
Capital lease purchase agreements (a)	1,338,341		-		(445,518)		892,823		360,070
Compensated absences (b)	2,623,239		846,966		(1,118,419)		2,351,786		1,235,336
Other postemployment benefits (c)	7,920,350		852,203		(338,648)		8,433,905		-
Business-type activity									
Long-term liabilities	\$ 173,904,081		\$ 1,699,169		\$ (8,668,295)		\$ 166,934,955		\$ 7,835,406

(a) Capital lease purchase agreements (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, 2020. 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.

On February 1, 2019, City Council approved a Master Lease Purchase Agreement with SunTrust Equipment Finance and Leasing Corp., now Truist Equipment Finance Corp., (lessor) to provide a line of credit in the amount of \$36,650,000 to finance the acquisition of vehicles and equipment from October 1, 2018 through September 30, 2023. The remaining line of credit as of September 30, 2021 is \$25,945,345. The vehicles and equipment were

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

purchased by the city with cash and subsequently provided as collateral to the lessor. The city has the option to prepay in whole but not in part on any payment date as set forth in the applicable Payment Schedule, if and to the extent the Payment Schedule permits such prepayment, with written notice given not less than thirty days prior to the payment date. In the event that that sufficient funds are not appropriated for the following fiscal year, the city will be deemed to not have renewed the lease, the lease will terminate at the end of the current fiscal year, and the city will be required to return the equipment to the lessor. In the event of default, the lessor may, at its option, declare all rental payments due to the end of the current budget year to be immediately due and payable, terminate the lease and repossess any or all of the equipment, or exercise any other remedy available at law or in equity with respect to such default.

The lease purchase contracts reduction of \$7,113,930 includes \$6,341,982 for internal service funds and \$771,948 for governmental funds. There are no additions for governmental funds for fiscal 2021.

- (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:
\$4,715,000 for Gas System Revenue Refunding Bond, Series 2013, and \$8,430,000 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.

\$3,855,000 for Gas System Revenue Refunding Bond, 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.

\$28,705,000 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, 2021

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, 2021, are:

Cash and Investments	\$2,702,168
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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, 2021:

Water and Sewer Revenue Bonds Debt Service:

Cash and Investments	7,079,170
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Water and Sewer Revenue Bonds Renewals and Replacements:

Cash and Investments	6,624,025
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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, 2021

4,301,758

Total restricted assets – Water and Sewer Utility Fund

\$20,707,121

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, 2021:

Gas System Revenue Bonds

Debt Service:

Cash and Investments	\$ 75,756
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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, 2021:

Cash and Investments	<u>3,532,772</u>
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Total restricted assets – Gas Utility Fund

\$ 3,908,528

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

Restricted assets in the Solid Waste & Recycling Utility Fund represent customer deposits in the amount of \$1,275,272 at September 30, 2021, consisting entirely of Cash and Investments.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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, 2021:

<u>Stormwater Revenue Refunding Bonds – Series 2012</u>	
Debt Service: Cash and Investments	\$2,355,927
<u>Stormwater Revenue Refunding Bonds – Series 2013</u>	
Debt Service: Cash and Investments	<u>611,238</u>
Total restricted assets – Stormwater Utility Fund	<u>\$2,967,165</u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

II.H. Fund Balance Classification

	General Fund	Special Development Fund	Special Programs Fund	Capital Improvement Fund	Non-Major Governmental Funds
Non Spendable:					
Inventories	\$ 45,681	\$ -	\$ -	\$ -	\$ -
Prepaid items	800	-	-	-	-
Restricted for:					
General government	-	-	1,344	225,637	-
Public safety	-	-	3,483,847	9,004,332	-
Physical environment	-	21,611	994,051	3,107,094	-
Transportation	-	2,288,688	-	20,014,149	-
Economic environment	-	-	6,188,936	-	10,844,466
Human services	-	-	389,137	-	-
Culture and recreation	-	3,592,893	154,060	12,281,901	453,556
Infrastructure capital projects	-	3,169,505	-	-	-
Committed to:					
General government	-	-	986,209	2,615,749	-
Public safety	-	-	515,278	1,843,059	-
Physical environment	-	-	-	2,562,195	-
Transportation	-	-	-	8,882,052	-
Economic environment	-	-	95,288	499,245	-
Human services	-	-	3,434	-	-
Culture and recreation	-	-	165,110	6,429,524	-
Assigned to:					
General government	113,789	-	136,710	-	-
Public safety	349,088	-	3,231,953	-	-
Physical environment	-	459,286	137,609	-	-
Transportation	11,249	-	-	-	-
Economic environment	7,582	-	590,123	-	-
Human services	-	-	54,345	-	-
Culture and recreation	148,062	84,349	44,184	-	-
Infrastructure capital projects	-	4,661,250	-	-	-
Unassigned	67,748,675	-	-	-	-
Total Fund Balances	\$ 68,424,926	\$ 14,277,582	\$ 17,171,618	\$ 67,464,937	\$ 11,298,022

General Fund assigned fund balance (\$629,770) relates to encumbrances.

In the Special Development Fund, restricted amounts relate to collections from drainage fees (\$21,611), sidewalk fees (\$293,622), transportation impact fees (\$1,839,162), local option gas tax (\$155,904), recreation impact fees (\$3,592,893), and local infrastructure sales tax (\$3,169,505). Assigned amounts relate to the portion of property tax revenues that is set aside in the budget process to provide funding for road maintenance projects (\$459,286), interest earned on recreation impact fees (\$84,349), and interest earned on local infrastructure sales tax balances (\$4,661,250).

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Significant restrictions in Special Programs Fund include public safety restrictions for law enforcement programs (\$2,067,771) and EMS programs (\$1,416,076); physical environment restrictions for tree replacements (\$994,051); and economic environment restrictions for economic development programs (\$3,261,411) and low income housing (\$2,927,525). Significant commitments include general government commitments for electronic plan submittal program (\$139,073), Nagano Sister City program (\$131,693), the lien foreclosure program (\$392,959) and the planning studies fund (\$322,484); and commitments to public safety for police vehicles (\$330,380), and law enforcement programs (\$184,898). Assigned amounts relate to emergency operations (\$2,318,409) and interest earned on program balances for general government (\$136,710), public safety (\$913,544), physical environment (\$137,609), economic environment (\$464,678), human services (\$54,345), and culture and recreation (\$44,184). Additional amounts assigned for economic environment purposes are for low income housing (\$125,445).

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

Significant restrictions in the non-major governmental funds include economic environment restrictions for low income housing (\$10,831,566) and community redevelopment (\$12,900); and culture and recreation restrictions for debt service (\$453,556).

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 \$5,000,000 per occurrence (\$10,000,000 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 \$75 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. 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, 2021 in the amount of \$1,445,200.

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, 2021, 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, 2021

Changes in the claims liability amounts in fiscal years 2021 and 2020 were:

	Self Insurance
Balance at September 30, 2019	\$ 10,158,001
Current year claims and changes in estimates	15,782,534
Claims paid	<u>(16,487,308)</u>
Balance at September 30, 2020	9,453,227
Current year claims and changes in estimates	22,000,189
Claims paid	<u>(21,386,216)</u>
Balance at September 30, 2021	<u>\$ 10,067,200</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 Annual Comprehensive 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 investment rate assumption has been reduced by 0.10% from 6.65% to 6.55%, with a further decrease to 6.50% approved for the next valuation dated January 1, 2022. Additionally, the mortality tables and improvement scales were revised to reflect the updated mortality assumptions used in the July 1, 2019 Florida Retirement System (FRS) Actuarial Valuation, as mandated by Florida Statutes Chapter 112.63(1)(f). These assumption changes caused the required City contribution to increase by \$121,678, or 0.14% of covered pensionable payroll.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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, 2021, the membership of the Employees' Pension Plan was as follows:

	Employees' Pension Plan
Retirees and beneficiaries currently receiving benefits	1,348
Terminated employees entitled to benefits but not yet receiving them	74
Active employees	1,541
Total number of participants	2,963

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 adjustment (COLA) of up to 1.5% for benefits accrued prior to January 1, 2013. For non-hazardous duty participants, 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 Firefighters, there is no cost of living increase for benefits accrued after January 1, 2013. For Hazardous Duty Police Officers actively employed on or after January 1, 2020, there is a COLA of 1.5% on all benefits accrued after January 1, 2013. For all non-grandfathered Hazardous Duty Police Officers (not eligible for normal retirement on January 1, 2013), there will be a five-year delay (after the retirement date) until the COLA is applied to 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 Statement of Investment Objectives and Guidelines was adopted by the Pension Trustees on December 16, 2019. The investment 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, 2021:

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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, 2021, 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, 2021, the annual money-weighted rate of return on investments of the Employees' Pension Plan, net of pension plan investment expense, was 20.61%. 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, 2021, were as follows:

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Total pension liability	\$ 1,055,835,834
Plan fiduciary net position	1,325,814,385
City's net pension liability (asset)	<u><u>\$ (269,978,551)</u></u>

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

The changes in the net pension liability (asset) of the City for the Employees' Pension Plan for the year ending September 30, 2021 were as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at 9/30/2020	<u><u>\$ 1,042,461,593</u></u>	<u><u>\$ 1,132,560,858</u></u>	<u><u>\$ (90,099,265)</u></u>
Changes for the year:			
Service cost	18,412,162	-	18,412,162
Interest	68,636,343	-	68,636,343
Benefit changes	-	-	-
Differences between expected and actual experience	166,476	-	166,476
Assumption changes	(16,344,158)	-	(16,344,158)
Contributions - employer	-	11,917,353	(11,917,353)
Contributions - employee	-	8,013,951	(8,013,951)
Contributions - state tax	-	12,000	(12,000)
Net investment income	-	231,147,434	(231,147,434)
Benefit payments, including refunds of employee contributions	(57,496,582)	(57,496,582)	-
Administrative expense	-	(340,629)	340,629
Net changes	<u><u>13,374,241</u></u>	<u><u>193,253,527</u></u>	<u><u>\$ (179,879,286)</u></u>
Balances at 9/30/2021	<u><u>\$ 1,055,835,834</u></u>	<u><u>\$ 1,325,814,385</u></u>	<u><u>\$ (269,978,551)</u></u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2021 (Valuation Date), using the following actuarial assumptions, applied to September 30, 2021 (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	6.55% net of investment expense

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an Experience Investigation for the Five Years Ended December 31, 2017.

Since the last valuation, the investment return assumption was reduced by 0.10% from 6.65% to 6.55%, with a further reduction approved from 6.55% to 6.50% effective January 1, 2022. Additionally, the mortality tables and improvement scales were updated to reflect the updated mortality assumptions used in the July 1, 2019 Florida Retirement System (FRS) Actuarial Valuation, as mandated by Florida Statutes Chapter 112.63(1)(f). These assumption changes caused the required City contribution to increase by \$121,678, or .014% of covered pensionable payroll.

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, 2020, these best estimates are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
U.S. Large Cap Equities	4.95%
U.S. Mid Cap Equities	5.20%
U.S. Small Cap Equities	5.20%
International Equities	4.45%
Emerging Markets Equities	5.45%
U.S. Short Term T-bills	-0.70%
U.S. Long Term Treasury Bonds	-0.40%
U.S. Core Fixed Income	-0.30%
U.S. Investment Grade Corporate Bonds	0.00%
U.S. Municipal Bonds	-0.40%
Global Bonds	-0.80%
U.S. Private Real Estate and Infrastructure	3.20%

Discount rate. A single discount rate of 6.55% 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 6.55%. 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 6.55%, 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 5.55%	Discount Rate Assumption 6.55%	1% Increase 7.55%
\$ (137,174,838)	\$ (269,978,551)	\$ (379,979,525)

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended September 30, 2021, the City recognized negative pension expense of \$36,910,028 for the Employees' Pension Plan. At September 30, 2021, 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 Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 4,382,344	\$ 2,272,540	\$ 2,109,804
Changes in assumptions	15,897,764	13,075,326	2,822,438
Net differences between projected and actual earnings on pension plan investments	-	145,102,882	(145,102,882)
Total	\$ 20,280,108	\$ 160,450,748	\$ (140,170,640)

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:	
2022	\$ (34,798,349)
2023	(32,213,810)
2024	(38,281,804)
2025	(34,876,677)
2026	-
Thereafter	-
	<u>\$ (140,170,640)</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, 2020, a change has been made to the annual cost of living increase assumption. This report reflects a change to assume 2% annual cost of living increases in monthly pension benefits, up to the maximum amount, only for pensioners who have not yet reached the maximum amount. There is currently only one beneficiary whose benefit is still below the maximum. This assumption change caused the liability for the pension fund to decrease by \$215,006 and the required employer contribution to remain at \$0.

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, 2021, the membership of the Firefighters' Relief and Pension Plan was as follows:

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

	Firefighters' Relief and Pension Plan
Retirees and beneficiaries currently receiving benefits	12
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	-
Total number of participants	<u><u>12</u></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, 2021:

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

Concentrations. As of September 30, 2021, 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, 2021, the annual money-weighted rate of return on investments of the Firefighters' Relief and Pension Plan, net of pension plan investment expense, was 2.48%. 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, 2021, were as follows:

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Total pension liability	\$ 1,743,078
Plan fiduciary net position	3,247,484
City's net pension liability (asset)	<u>\$ (1,504,406)</u>
Plan fiduciary net position as a percentage of the total pension liability	186.31%

The changes in the net pension liability (asset) of the City for the Firefighters' Relief and Pension Plan for the year ending September 30, 2021 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at 9/30/2020	<u>\$ 2,169,234</u>	<u>\$ 3,481,098</u>	<u>\$ (1,311,864)</u>
Changes for the year:			
Service cost	-	-	-
Interest	51,167	-	51,167
Differences between expected and actual experience	(17,191)	-	(17,191)
Assumption changes	(215,006)	-	(215,006)
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	14,512	(14,512)
Benefit payments, including refunds of employee contributions	(245,126)	(245,126)	-
Administrative expense	-	(3,000)	3,000
Net changes	<u>(426,156)</u>	<u>(233,614)</u>	<u>(192,542)</u>
Balances at 9/30/2021	<u>\$ 1,743,078</u>	<u>\$ 3,247,484</u>	<u>\$ (1,504,406)</u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2021 (Valuation Date), using the following actuarial assumptions, applied to September 30, 2021 (Measurement Date):

Inflation	2.00%
Salary increases	N/A
Investment rate of return	2.50% net of investment expense

Mortality tables are based on the PUB-2010 Headcount Weighted Mortality Tables described below, with mortality improvements projected for healthy lives to all future years after 2010 using scale MP-2018. No mortality improvement is projected for disabled lives. Healthy Mortality for male retirees is based on the Headcount Weighted Safety Below Median

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Healthy Retiree Male Table, set forward one year, and for female beneficiaries is based on the Headcount Weighted General Below Median Healthy Retiree Female Table. Disabled Mortality for male retirees is based on 80% Headcount Weighted General Disabled Retiree Male Table; 20% Headcount Weighted Safety Disabled Retiree Male Table. 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 2.50%.

Discount rate. A discount rate of 2.50% 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 2.50%, 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 1.50%	Discount Rate Assumption 2.50%	1% Increase 3.50%
\$ (1,401,062)	\$ (1,504,406)	\$ (1,597,295)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended September 30, 2021, the City recognized negative pension expense of \$192,542 for the Firefighters' Relief and Pension Plan. There were no contributions to the plan, as it is a fully funded plan with no active participants.

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 \$1,181,031 for the year ended September 30, 2021, 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 5.74% of covered employees' gross payroll. The fair value of cash and investments at September 30, 2021, totaled \$20,085,019.

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
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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, 2021, the gross payroll of the covered officers was \$20,575,948; the City's total gross payroll for the same period was \$106,714,110.

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 \$1,085,462 in the year ended September 30, 2021, 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 6.38% of covered employees' gross payroll. The fair value of cash and investments at September 30, 2021, totaled \$22,940,074.

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, 2021, the gross payroll of covered firefighters was \$17,009,634; the City's total gross payroll for the same period was \$105,201,845.

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:

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Statement of Fiduciary Net Position:

	Defined Benefit Pension Trust Funds		Defined Contribution Pension Trust Funds		Total Pension Trust Funds
	Employees' Pension Fund	Firefighters' Relief and Pension Fund	Police Supplemental Pension Fund	Firefighters' Supplemental Pension Fund	
ASSETS					
Cash and cash equivalents	\$ -	\$ 215,237	\$ 5,730	\$ -	\$ 220,967
Receivables:					-
Interest and dividends	3,452,817	42,047	17,224	42,592	3,554,680
Unsettled investment sales	21,731,113	-	-	-	21,731,113
Securities lending earnings	28,682	-	-	-	28,682
Due from others	-	-	-	-	-
Total receivables	<u>25,212,612</u>	<u>42,047</u>	<u>17,224</u>	<u>42,592</u>	<u>25,314,475</u>
Managed investment accounts, at fair value:					
Cash and cash equivalents	34,328,635	-	1,145,180	767,536	36,241,351
Government bonds	120,498,509	1,872,141	-	491,404	122,862,054
Index linked government bonds	498,509	-	-	-	498,509
Agency bonds	4,318,147	1,118,059	-	-	5,436,206
Municipal bonds	3,090,330	-	-	302,009	3,392,339
Domestic corporate bonds	119,144,966	-	-	2,534,969	121,679,935
International equity securities	157,814,283	-	-	387,048	158,201,331
Domestic stocks	350,967,747	-	-	3,293,096	354,260,843
Mortgage backed bonds	101,265,405	-	-	1,434,922	102,700,327
Government issued commercial					
mortgage backed bonds	92,862	-	-	-	92,862
Asset backed securities	9,181,102	-	-	-	9,181,102
Other/rights/warrants	32,977	-	-	-	32,977
Domestic equity mutual funds	239,057,393	-	10,193,672	9,596,322	258,847,387
International equity mutual funds	48,535,693	-	8,746,167	1,206,936	58,488,796
Infrastructure	50,574,173	-	-	-	50,574,173
Real estate	104,428,016	-	-	2,925,832	107,353,848
Total managed investment accounts	<u>1,343,828,747</u>	<u>2,990,200</u>	<u>20,085,019</u>	<u>22,940,074</u>	<u>1,389,844,040</u>
Securities lending collateral	<u>166,594,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,535,635,542</u>	<u>3,247,484</u>	<u>20,107,973</u>	<u>22,982,666</u>	<u>1,415,379,482</u>
LIABILITIES					
Accounts payable	935,535	-	-	-	935,535
Due to other funds (deficit in pooled cash)	198,186	-	-	-	198,186
Unsettled investment purchases	41,563,837	-	-	-	41,563,837
Other payables	529,416	-	-	-	529,416
Obligations under securities lending	166,594,183	-	-	-	166,594,183
Total liabilities	<u>209,821,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,821,157</u>
NET POSITION					
Restricted for:					
Pensions	1,325,814,385	3,247,484	20,107,973	22,982,666	1,372,152,508
Total net position	<u>\$ 1,325,814,385</u>	<u>\$ 3,247,484</u>	<u>\$ 20,107,973</u>	<u>\$ 22,982,666</u>	<u>\$ 1,372,152,508</u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

Statement of Changes in Fiduciary Net Position:

	Defined Benefit Pension Trust Funds		Defined Contribution Pension Trust Funds		Total Pension Trust Funds	
	Employees' Pension Fund	Firefighters' Relief and Pension Fund	Police Supplemental Pension Fund	Firefighters' Supplemental Pension Fund		
ADDITIONS						
Contributions:						
Employer	\$ 11,917,353	\$ -	\$ -	\$ -	\$ 11,917,353	
Employer - state tax	12,000	-	1,181,031	1,085,462	2,278,493	
Employees	8,013,951	-	-	-	8,013,951	
Total contributions	<u>19,943,304</u>	<u>-</u>	<u>1,181,031</u>	<u>1,085,462</u>	<u>22,209,797</u>	
Investment earnings (loss):						
Net increase (decrease) in fair value of investments	220,076,098	(69,206)	2,610,104	3,276,864	225,893,860	
Interest, dividends and other	18,226,670	83,718	167,361	700,851	19,178,600	
Securities lending income	604,668	-	-	-	604,668	
Total investment earnings (loss)	<u>238,907,436</u>	<u>14,512</u>	<u>2,777,465</u>	<u>3,977,715</u>	<u>245,677,128</u>	
Less investment costs:						
Investment management/custodian fees	(7,548,484)	-	(34,953)	(104,723)	(7,688,160)	
Securities lending costs	(211,518)	-	-	-	(211,518)	
Net investment earnings (loss)	<u>231,147,434</u>	<u>14,512</u>	<u>2,742,512</u>	<u>3,872,992</u>	<u>237,777,450</u>	
Miscellaneous	-	-	-	103	103	
Total additions	251,090,738	14,512	3,923,543	4,958,557	259,987,350	
DEDUCTIONS						
Benefits	56,274,207	245,126	3,407,744	2,078,810	62,005,887	
Refunds and transfers to other systems	1,222,375	-	-	-	1,222,375	
Administrative expenses	340,629	3,000	18,330	38,769	400,728	
Total deductions	57,837,211	248,126	3,426,074	2,117,579	63,628,990	
Net increase (decrease) in fiduciary net position						
	193,253,527	(233,614)	497,469	2,840,978	196,358,360	
Fiduciary net position - beginning	<u>1,132,560,858</u>	<u>3,481,098</u>	<u>19,610,504</u>	<u>20,141,688</u>	<u>1,175,794,148</u>	
Fiduciary net position - ending	<u>\$ 1,325,814,385</u>	<u>\$ 3,247,484</u>	<u>\$ 20,107,973</u>	<u>\$ 22,982,666</u>	<u>\$ 1,372,152,508</u>	

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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.

MissionSquare Retirement (formerly ICMA Retirement Corporation), 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, 2021 was \$106,714,110. The Plan members' payroll for the same period totaled \$5,088,207. The City's contribution, per the above contribution rates, totaled \$440,397.

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, 2021

Employees covered by benefit terms. As of September 30, 2021 (measurement date), the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	610
Inactive plan members entitled to but not yet receiving benefits	80
Active plan members	1,536
Total plan members	<u><u>2,226</u></u>

Total OPEB Liability. The City's total OPEB liability of \$27,520,408 was measured as of September 30, 2021 and was determined by an actuarial valuation as of January 1, 2020. The Total OPEB Liability was rolled forward 21 months from the Valuation Date to the Measurement Date using standard actuarial techniques.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2020 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	2.25%
Discount rate	2.19%
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 3.99%

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

Mortality rates are the same as used in the July 1, 2020 actuarial valuation of the Florida Retirement System for non-K-12 Instructional Regular Class and Special Risk Class members. These rates were taken from adjusted Pub-2010 mortality tables published by the Society of Actuaries with generational mortality improvements using Scale MP-2018. Adjustments to referenced tables are based on the results of a statewide experience study covering the period 2013 through 2018.

The changes in the total OPEB liability for the measurement year ending September 30, 2021 were as follows:

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

	Total OPEB Liability
Balance at 9/30/2020	<u>\$ 25,787,424</u>
Changes for the year:	
Service cost	2,213,247
Interest	662,501
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions and other inputs	(120,728)
Benefit payments	(1,022,036)
Net changes	<u>1,732,984</u>
Balance at 9/30/2021	<u>\$ 27,520,408</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.41% at the beginning of the measurement period to 2.19% 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 2.19%, 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 1.19%	Discount Rate Assumption 2.19%	1% Increase 3.19%
\$ 30,306,524	\$ 27,520,408	\$ 24,989,488

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 6.25% and gradually decreasing to an ultimate trend rate of 3.99%, 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.

1% Decrease 1.19%	Current Healthcare Cost Trend Rate Assumption	1% Increase 3.19%
\$ 23,816,056	\$ 27,520,408	\$ 32,100,678

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended September 30, 2021, the City recognized OPEB expense of \$1,878,929. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,194,599	\$ (3,194,599)
Changes in assumptions and other inputs	2,067,798	3,694,240	(1,626,442)
Total	<u>\$ 2,067,798</u>	<u>\$ 6,888,839</u>	<u>\$ (4,821,041)</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:	
2022	\$ (996,819)
2023	(996,819)
2024	(864,004)
2025	(1,347,745)
2026	(601,450)
Thereafter	(14,204)
	<u>\$ (4,821,041)</u>

IV.F. 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. 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, 2021 was 103 days.

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 30 days, and an average weighted maturity, maturity date, of 80 days, as of September 30, 2021.

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 2021.

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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	\$ 70,763,751	\$ 72,880,581	\$ -	\$ -
U.S. Corporate Fixed	15,009,359	15,436,411	-	-
U.S. Government Fixed	76,628,088	78,276,352	-	-
Global Equities	784	839	-	-
Total	<u>\$ 162,401,982</u>	<u>\$ 166,594,183</u>	<u>\$ -</u>	<u>\$ -</u>

On the statement of fiduciary net position, a securities lending asset of \$166,594,183 was reported that represents the fair value of the investments made with cash collateral at September 30, 2021. In addition, a securities lending obligation of \$166,594,183 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.

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, 2020, accruals totaled \$476,257, consisting of \$206,079 for the Harbor Drive Fill Area site, \$43,475 for the Joe DiMaggio Sports Complex site, and \$226,703 for assessment and remediation at the Gas Plant site (see the Soil and groundwater contamination site note below).

During fiscal year 2021 there was an increase to estimates and contractual commitments in the amount of \$65,615, and payments totaled \$84,584. At September 30, 2021, accruals totaled \$457,288, consisting of \$173,022 for the Harbor Drive Fill Area site, \$22,398 for the Joe DiMaggio Sports Complex site, and \$261,868 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 Clean-up Program. When any of these seven sites will be scheduled for cleanup cannot be determined at this time. They are

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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. Site assessment of Harbor Drive has been completed and a closure plan has been approved by FDEP. Closure activities are expected to begin 2022. Post closure activities will include monitoring and maintenance.

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 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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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, the City will request final site closure.

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 is 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, 2021, the City has been awarded \$744,076 in tax credits for calendar years 2017-2020. The City issued Bid #44-21 to sell the tax credit certificates issued by FDEP. Fallbrook Tax Credits LLC submitted the highest bid of \$0.9112 on the dollar, which will yield \$678,002 from the sale of the tax certificates.

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, 2021, the City has spent \$1,705,260 on MGP assessment activities, which includes both environmental consultant and legal fees.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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, 2020, the rate, which is set by the Pinellas County Board of County Commissioners (BOCC), was \$4.2159 per 1,000 gallons. The rate effective October 1, 2021 is \$4.2581 per 1,000 gallons. The cost of water purchased from the County during fiscal years 2020 and 2021 was \$6,438,666 and \$7,285,633 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, 2021, encumbrances expected to be honored upon performance by the vendor in the coming year were:

General fund	\$ 629,770
Capital Improvement fund	84,523,204
Nonmajor governmental funds	1,265,610
	<u>\$ 86,418,584</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, 2021, the City abated real and tangible personal property taxes totaling \$143,346 under this program, consisting of the following agreements:

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, 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 \$70,811.

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 \$582,656.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2021

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 9/30/20</u>	<u>Amount Outstanding at 9/30/21</u>
Drew Gardens Refunding Bonds / residential rental facility	\$ 3,425,000	\$ 1,205,000	\$ 1,030,000

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, 2021, the bonds have an aggregate outstanding principal amount payable of \$1,030,000. 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.

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. A total of \$80,352 was returned to General Fund reserves in fiscal 2019, and the remaining \$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, 2021, \$6,256,566 of the proceeds were expended on this project.

IV.I. Restatement of Prior Year Fiduciary Net Position

During the fiscal year ended September 30, 2021, the City implemented GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Treasurer's Escrow Fund, previously reported in an agency fund, is now presented as a custodial fund. This resulted in a restatement of fiduciary net position for the custodial fund as of October 1, 2020.

IV.J. Subsequent Event

On November 1, 2021, the city exercised a total early redemption option on the 2013 Stormwater Revenue Refunding Bond, a direct placement bank loan issued by STI Institutional & Governmental, Inc. The payout amount consisted of the principal balance of \$7,885,000 and accrued interest in the amount of \$117,487.

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

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 18,412,162	\$ 16,934,015	\$ 15,240,018	\$ 15,065,668	\$ 14,770,113	\$ 15,173,452	\$ 14,585,979	\$ 14,670,375
Interest on the Total Pension Liability	68,636,343	66,061,748	65,042,520	62,567,359	61,050,474	58,870,815	56,983,247	55,622,257
Benefit Changes	-	6,428,217	-	-	-	-	-	-
Difference between Expected and Actual Experience	166,476	5,473,272	(6,533,554)	6,780,611	(8,071,653)	6,832,090	(3,532,969)	(11,230,163)
Assumption Changes	(16,344,158)	11,877,993	25,495,302	-	381,755	(4,748,597)	-	-
Benefit Payments	(56,274,207)	(50,966,931)	(49,687,426)	(46,860,103)	(44,490,793)	(42,069,828)	(39,276,003)	(37,118,458)
Refunds	(1,222,375)	(1,177,456)	(1,017,365)	(892,181)	(1,366,008)	(1,060,187)	(1,000,827)	(1,675,419)
Net Change in Total Pension Liability	13,374,241	54,630,858	48,539,495	36,661,354	22,273,888	32,997,745	27,759,427	20,268,592
Total Pension Liability - Beginning	\$ 1,042,461,593	987,830,735	939,291,240	902,629,886	880,355,998	847,358,253	819,598,826	799,330,234
Total Pension Liability - Ending (a)	\$ 1,055,835,834	\$ 1,042,461,593	\$ 987,830,735	\$ 939,291,240	\$ 902,629,886	\$ 880,355,998	\$ 847,358,253	\$ 819,598,826
Plan Fiduciary Net Position								
Contributions - Employer	\$ 11,917,353	10,364,100	\$ 10,901,645	\$ 10,650,462	\$ 11,898,912	\$ 13,178,874	\$ 14,923,098	\$ 18,860,463
Contributions - Employer (from State)	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Contributions - Employee	8,013,951	7,925,645	7,326,649	7,127,965	7,004,943	6,706,567	6,483,666	7,073,440
Net Investment Income	231,147,434	102,588,458	53,143,676	93,775,837	102,284,783	88,501,532	(4,165,092)	82,832,149
Benefit Payments	(56,274,207)	(50,966,931)	(49,687,426)	(46,860,103)	(44,490,793)	(42,069,828)	(39,276,003)	(37,118,458)
Refunds	(1,222,375)	(1,177,456)	(1,017,365)	(892,181)	(1,366,008)	(1,060,187)	(1,000,827)	(1,675,419)
Administrative Expense	(340,629)	(288,079)	(335,282)	(343,115)	(295,301)	(297,984)	(297,942)	(175,212)
Net Change in Plan Fiduciary Net Position	193,253,527	68,457,737	20,343,897	63,470,865	75,048,536	64,970,974	(23,321,100)	69,808,963
Plan Fiduciary Net Position - Beginning	1,132,560,858	1,064,103,121	1,043,759,224	980,288,359	905,239,823	840,268,849	863,589,949	793,780,986
Plan Fiduciary Net Position - Ending (b)	\$ 1,325,814,385	\$ 1,132,560,858	\$ 1,064,103,121	\$ 1,043,759,224	\$ 980,288,359	\$ 905,239,823	\$ 840,268,849	\$ 863,589,949
Net Pension Liability/(Asset) - Beginning	\$ (90,099,265)	(76,272,386)	\$ (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)	\$ (269,978,551)	(90,099,265)	\$ (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)	125.57%	108.64%	107.72%	111.12%	108.60%	102.83%	99.16%	105.37%
Covered Payroll	90,810,283	89,845,375	\$ 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	-297.30%	-100.28%	-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**

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Interest	\$ 51,167	\$ 52,304	\$ 72,699	\$ 84,902	\$ 90,635	\$ 99,691	\$ 100,650	\$ 92,956
Difference between Expected and Actual Experience	(17,191)	80,335	(141,190)	(205,912)	76,981	(296,507)	114,258	(426,528)
Assumption Changes	(215,006)	(55,554)	-	-	-	208,676	201,922	-
Benefit Payments	(245,126)	(262,649)	(285,762)	(332,638)	(365,154)	(423,458)	(442,775)	(525,760)
Other	-	-	-	-	-	-	-	143,654
Net Change in Total Pension Liability	(426,156)	(185,564)	(354,253)	(453,648)	(197,538)	(411,598)	(25,945)	(715,678)
Total Pension Liability - Beginning	2,169,234	2,354,798	2,709,051	3,162,699	3,360,237	3,771,835	3,797,780	4,513,458
Total Pension Liability - Ending (a)	\$ 1,743,078	\$ 2,169,234	\$ 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	\$ 14,512	\$ 147,975	\$ 319,636	\$ 59,255	\$ (149,322)	\$ 171,674	\$ 199,776	\$ 169,627
Benefit Payments	(245,126)	(262,649)	(285,762)	(332,638)	(365,154)	(423,458)	(442,775)	(525,760)
Administrative Expense	(3,000)	(2,500)	(2,500)	(2,500)	(3,500)	(2,758)	(2,005)	(5,808)
Net Change in Plan Fiduciary Net Position	(233,614)	(117,174)	31,374	(275,883)	(517,976)	(254,542)	(245,004)	(361,941)
Plan Fiduciary Net Position - Beginning	3,481,098	3,598,272	3,566,898	3,842,781	4,360,757	4,615,299	4,860,303	5,222,244
Plan Fiduciary Net Position - Ending (b)	\$ 3,247,484	\$ 3,481,098	\$ 3,598,272	\$ 3,566,898	\$ 3,842,781	\$ 4,360,757	\$ 4,615,299	\$ 4,860,303
Net Pension Liability/(Asset) - Beginning	\$ (1,311,864)	\$ (1,243,474)	\$ (857,847)	\$ (680,082)	\$ (1,000,520)	\$ (843,464)	\$ (1,062,523)	\$ (495,433)
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ (1,504,406)	\$ (1,311,864)	\$ (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)	186.31%	160.48%	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	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	N/A	N/A

Notes to Schedule:

Data unavailable prior to 2014.

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

**Employees' Pension Plan
Schedule of Contributions**

FY Ending <u>September 30</u>	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%
2020	\$ 9,720,956	\$ 10,376,100	\$ (655,144)	\$ 89,845,375	11.55%
2021	\$ 11,534,013	\$ 11,929,353	\$ (395,340)	\$ 90,810,283	13.14%

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, 2020

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); 9 years (single equivalent period)
Asset Valuation Method	5-year smoothed market; 20% corridor
Inflation	2.25%
Salary Increases	2.75% to 7.60% depending on service; including inflation
Investment Rate of Return	6.65%
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, 2018 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, 2018 valuation, as mandated by Chapter 112.63, Florida Statutes.

Other Information:

Notes

Effective with the January 1, 2020 valuation, the investment return assumption was reduced from 6.75% to 6.65%. Beginning in the January 1, 2020 valuation report, the Actuarially Determined Contribution is determined separately for the three groups of employees covered by the Plan: Non-Hazardous Duty, Hazardous Duty Police Officers, and Hazardous Duty Firefighters. Additionally, the Plan was amended for Police Officers under Ordinance No. 9380-20, passed and adopted on March 5, 2020, and for Firefighters in compliance with Florida Statutes Chapter 112.1816 and Chapter 112.181. Please refer to the January 1, 2020 valuation report dated April 29, 2020 for additional details.

Data unavailable prior to 2014.

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

**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**

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

Annual money-weighted rate of return, net of investment expense	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	20.61%	9.73%	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**

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

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	2.48%	5.06%	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

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 2,213,247	\$ 2,282,038	\$ 1,677,787	\$ 1,731,394
Interest	662,501	953,389	1,086,906	974,551
Changes of benefit terms	-	28,595	-	-
Difference between expected and actual experience	-	(4,646,689)	-	-
Changes of assumptions and other inputs	(120,728)	(4,692,393)	4,006,356	(1,029,325)
Benefit payments	(1,022,036)	(1,048,358)	(1,122,335)	(1,054,805)
Net Change in Total OPEB Liability	1,732,984	(7,123,418)	5,648,714	621,815
Total OPEB Liability - Beginning	<u>25,787,424</u>	<u>32,910,842</u>	<u>27,262,128</u>	<u>26,640,313</u>
Total OPEB Liability - Ending	<u>\$ 27,520,408</u>	<u>\$ 25,787,424</u>	<u>\$ 32,910,842</u>	<u>\$ 27,262,128</u>
Estimated covered-employee payroll	\$ 101,205,829	\$ 99,272,204	\$ 95,520,530	\$ 92,964,945
Total OPEB liability as a percentage of covered-employee payroll	27.19%	25.98%	34.45%	29.33%

Notes to Schedule:

Valuation Date:	January 1, 2020
Measurement Date:	September 30, 2021
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	2.25%
Discount Rate	2.19%
Salary Increases	Salary increase rates used in the January 1, 2020 actuarial valuation of the City of Clearwater Employees' Pension Plan.
Retirement Age	Retirement rates used in the January 1, 2020 actuarial valuation of the City of Clearwater Employees' Pension Plan.
Mortality	Mortality rates are the same as used in the July 1, 2020 actuarial valuation of the Florida Retirement System for non-K-12 Instructional Regular Class and Special Risk Class members. These rates were taken from adjusted Pub-2010 mortality tables published by the Society of Actuaries with generational mortality improvements using Scale MP-2018. Adjustments to referenced tables are based on the results of a statewide experience study covering the period 2013 to 2018.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 3.99%.
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

Other Information:

The following assumption changes have been reflected in the Schedule of Changes in the Total OPEB Liability for the measurement period ending September 30, 2021:

- The discount rate was changed from 2.41% as of the beginning of the measurement period to 2.19% as of September 30, 2021.
- The mortality assumption was updated to the assumptions used in the Florida Retirement System's July 1, 2020 actuarial valuation.

There we no benefit changes during the year.

Data unavailable prior to 2018.

Note: There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

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.

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, 2021

Special Revenue Funds						
	Community Redevelopment <u>Agency</u>	SHIP Local Housing Assistance <u>Trust</u>	Pinellas County Local Housing Assistance <u>Trust</u>	Total		
ASSETS						
Cash and investments	\$ 382,203	\$ 920,330	\$ 233,988	\$ 1,536,521		
Receivables:						
Accrued interest	10,424	431	190	11,045		
Mortgage notes	-	1,919,656	140,756	2,060,412		
Total assets	<u>\$ 392,627</u>	<u>\$ 2,840,417</u>	<u>\$ 374,934</u>	<u>\$ 3,607,978</u>		
LIABILITIES						
Accounts and contracts payable	\$ 6,287	\$ 850	\$ -	\$ 7,137		
Due to other governments	48,000	-	-	48,000		
Advances from other funds	325,440	-	-	325,440		
Total liabilities	<u>\$ 379,727</u>	<u>\$ 850</u>	<u>\$ -</u>	<u>\$ 380,577</u>		
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - mortgage notes	-	1,919,656	140,756	2,060,412		
Total deferred inflows	<u>-</u>	<u>1,919,656</u>	<u>140,756</u>	<u>2,060,412</u>		
FUND BALANCES						
Restricted	12,900	919,911	234,178	1,166,989		
Total fund balances	<u>12,900</u>	<u>919,911</u>	<u>234,178</u>	<u>1,166,989</u>		
Total liabilities, deferred inflows and fund balances	<u>\$ 392,627</u>	<u>\$ 2,840,417</u>	<u>\$ 374,934</u>	<u>\$ 3,607,978</u>		

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

Notes and Mortgages	Debt Service Funds			Capital Project Fund		Total Nonmajor Governmental Funds	
	Spring Training Facility Revenue		Total	Community Redevelopment Agency			
	Bonds						
\$ -	\$ 452,904	\$ 452,904	\$ 9,693,766	\$ 11,683,191			
-	652	652	-	11,697			
-	-	-	-	2,060,412			
\$ -	\$ <u>453,556</u>	\$ <u>453,556</u>	\$ <u>9,693,766</u>	\$ <u>13,755,300</u>			
\$ -	\$ -	\$ -	\$ 16,289	\$ 23,426			
-	-	-	-	48,000			
-	-	-	-	325,440			
-	-	-	16,289	396,866			
-	-	-	-	2,060,412			
-	-	-	-	2,060,412			
-	453,556	453,556	9,677,477	11,298,022			
-	453,556	453,556	9,677,477	11,298,022			
\$ -	\$ <u>453,556</u>	\$ <u>453,556</u>	\$ <u>9,693,766</u>	\$ <u>13,755,300</u>			

City of Clearwater, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2021

	Special Revenue Funds			
	Community Redevelopment Agency	SHIP Local Housing Assistance Trust	Pinellas County Local Housing Assistance Trust	Total
REVENUES				
Intergovernmental:				
Federal	\$ -	\$ 538,784	\$ -	\$ 538,784
State	- 893,723			893,723
Local	2,417,456	-	56,651	2,474,107
Investment earnings (loss):				
Interest	60,781	13,187	4,099	78,067
Net appreciation (depreciation) in fair value	(89,315)	(6,094)	(2,022)	(97,431)
Total investment earnings (loss)	(28,534)	7,093	2,077	(19,364)
Miscellaneous	76,085	575	-	76,660
Total revenues	<u>2,465,007</u>	<u>1,440,175</u>	<u>58,728</u>	<u>3,963,910</u>
EXPENDITURES				
Current:				
Economic environment	521,434	689,925	8,840	1,220,199
Debt service:				
Principal	-	-	-	-
Interest & fiscal charges	-	-	-	-
Total expenditures	<u>521,434</u>	<u>689,925</u>	<u>8,840</u>	<u>1,220,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,943,573</u>	<u>750,250</u>	<u>49,888</u>	<u>2,743,711</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,306,897	-	-	2,306,897
Transfers out	(4,894,213)	(136,494)	-	(5,030,707)
Proceeds from the sale of capital assets	525,000	-	-	525,000
Total other financing sources (uses)	<u>(2,062,316)</u>	<u>(136,494)</u>	<u>-</u>	<u>(2,198,810)</u>
Net change in fund balances	(118,743)	613,756	49,888	544,901
Fund balances - beginning	131,643	306,155	184,290	622,088
Fund balances - ending	<u>\$ 12,900</u>	<u>\$ 919,911</u>	<u>\$ 234,178</u>	<u>\$ 1,166,989</u>

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

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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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental - Local	\$ 2,419,712	\$ 2,417,456	\$ 2,417,456	\$ -
Investment earnings (loss):				
Interest	60,000	60,000	60,781	781
Net appreciation (depreciation) in fair value	-	-	(89,315)	(89,315)
Total investment earnings (loss)	60,000	60,000	(28,534)	(88,534)
Miscellaneous	76,085	76,085	76,085	-
Total revenues	2,555,797	2,553,541	2,465,007	(88,534)
EXPENDITURES				
Current - Economic environment	579,098	574,249	521,434	52,815
Total expenditures	579,098	574,249	521,434	52,815
Excess (deficiency) of revenues over (under) expenditures	1,976,699	1,979,292	1,943,573	(35,719)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,309,490	2,306,897	2,306,897	-
Transfers out	(4,286,189)	(4,286,189)	(4,894,213)	(608,024)
Proceeds from the sale of capital assets	-	-	525,000	525,000
Total other financing sources (uses)	(1,976,699)	(1,979,292)	(2,062,316)	(83,024)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(118,743)	(118,743)
Fund balances - beginning	131,643	131,643	131,643	-
Fund balances - ending	\$ 131,643	\$ 131,643	\$ 12,900	\$ (118,743)

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, 2021

	Marine Operations	Aviation Operations	Parking System	Clearwater Harbor Marina	Total
ASSETS					
Current assets:					
Cash and investments	\$ 5,754,435	\$ 889,087	\$ 24,708,320	\$ 2,462,195	\$ 33,814,037
Accrued interest receivable	5,111	963	22,539	2,547	31,160
Due from other governments	-	178,008	-	-	178,008
Inventories, at cost	47,124	-	-	-	47,124
Total current assets	<u>5,806,670</u>	<u>1,068,058</u>	<u>24,730,859</u>	<u>2,464,742</u>	<u>34,070,329</u>
Noncurrent assets:					
Net pension asset	593,953	107,991	1,484,882	296,976	2,483,802
Capital assets:					
Land and other nondepreciable assets	679,164	2,429,406	874,656	-	3,983,226
Capital assets, net of accumulated depreciation	313,289	2,990,831	12,315,128	9,468,852	25,088,100
Total noncurrent assets	<u>1,586,406</u>	<u>5,528,228</u>	<u>14,674,666</u>	<u>9,765,828</u>	<u>31,555,128</u>
Total assets	<u>7,393,076</u>	<u>6,596,286</u>	<u>39,405,525</u>	<u>12,230,570</u>	<u>65,625,457</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pension	44,616	8,112	111,541	22,308	186,577
Deferred outflows - other postemployment benefits	17,535	2,916	51,013	9,884	81,348
Total deferred outflows of resources	<u>62,151</u>	<u>11,028</u>	<u>162,554</u>	<u>32,192</u>	<u>267,925</u>
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	126,379	325,454	94,635	20,239	566,707
Accrued payroll	45,168	7,873	96,370	19,467	168,878
Accrued interest payable	-	-	16	-	16
Deposits	44,085	-	-	41,419	85,504
Current portion of long-term liabilities:					
Compensated absences	38,157	3,701	45,017	1,722	88,597
Capital lease purchases payable	-	-	3,204	-	3,204
Total current liabilities	<u>253,789</u>	<u>337,028</u>	<u>239,242</u>	<u>82,847</u>	<u>912,906</u>
Noncurrent liabilities:					
Compensated absences	34,484	3,345	40,685	1,557	80,071
Other postemployment benefits	233,373	38,804	678,928	131,548	1,082,653
Total noncurrent liabilities	<u>267,857</u>	<u>42,149</u>	<u>719,613</u>	<u>133,105</u>	<u>1,162,724</u>
Total liabilities	<u>521,646</u>	<u>379,177</u>	<u>958,855</u>	<u>215,952</u>	<u>2,075,630</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pension	352,992	64,180	882,479	176,496	1,476,147
Deferred inflows - other postemployment benefits	58,417	9,713	169,948	32,929	271,007
Total deferred inflows of resources	<u>411,409</u>	<u>73,893</u>	<u>1,052,427</u>	<u>209,425</u>	<u>1,747,154</u>
NET POSITION					
Net investment in capital assets	992,453	5,095,175	13,186,580	9,468,852	28,743,060
Restricted for:					
Pensions	593,953	107,991	1,484,882	296,976	2,483,802
Unrestricted	4,935,766	951,078	22,885,335	2,071,557	30,843,736
Total net position	<u>\$ 6,522,172</u>	<u>\$ 6,154,244</u>	<u>\$ 37,556,797</u>	<u>\$ 11,837,385</u>	<u>\$ 62,070,598</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, 2021

	Marine Operations	Aviation Operations	Parking System	Clearwater Harbor Marina	Totals
Operating revenues:					
Sales to customers	\$ 3,421,080	\$ 16,812	\$ 9,763,983	\$ 1,504	\$ 13,203,379
User charges to customers	151,554	-	-	18,326	169,880
Rentals	2,233,434	293,472	-	872,283	3,399,189
Other	90,285	3,647	957,250	786	1,051,968
Total operating revenues	<u>5,896,353</u>	<u>313,931</u>	<u>10,721,233</u>	<u>892,899</u>	<u>17,824,416</u>
Operating expenses:					
Personal services	1,032,357	148,062	2,167,386	382,599	3,730,404
Purchases for resale	2,326,249	-	-	576	2,326,825
Operating materials and supplies	59,821	8,220	44,218	56,258	168,517
Transportation	18,022	5,465	116,952	4,540	144,979
Utility service	406,565	39,352	82,090	69,084	597,091
Depreciation	36,063	166,720	530,123	333,602	1,066,508
Interfund administrative charges	198,790	23,120	1,063,560	36,670	1,322,140
Other current charges:					
Professional fees	96,250	96,881	599,863	179,823	972,817
Communications	21,607	-	30,961	539	53,107
Printing and binding	498	21	245	15	779
Insurance	48,630	7,340	36,830	9,920	102,720
Repairs and maintenance	43,409	9,993	232,450	7,495	293,347
Rentals	2,515	-	6,796	-	9,311
Miscellaneous	122,096	1,230	689,039	13,810	826,175
Data processing charges	54,120	4,310	115,010	12,670	186,110
Taxes	26,855	-	-	-	26,855
Total other current charges	<u>415,980</u>	<u>119,775</u>	<u>1,711,194</u>	<u>224,272</u>	<u>2,471,221</u>
Total operating expenses	<u>4,493,847</u>	<u>510,714</u>	<u>5,715,523</u>	<u>1,107,601</u>	<u>11,827,685</u>
Operating income (loss)	<u>1,402,506</u>	<u>(196,783)</u>	<u>5,005,710</u>	<u>(214,702)</u>	<u>5,996,731</u>
Nonoperating revenues (expenses):					
Investment earnings (loss):					
Interest	30,741	5,536	134,113	14,900	185,290
Net appreciation (depreciation) in fair value	(45,264)	(8,364)	(207,202)	(22,689)	(283,519)
Total investment earnings (loss)	<u>(14,523)</u>	<u>(2,828)</u>	<u>(73,089)</u>	<u>(7,789)</u>	<u>(98,229)</u>
Interest expense	-	-	(96)	-	(96)
Total nonoperating revenue (expenses)	<u>(14,523)</u>	<u>(2,828)</u>	<u>(73,185)</u>	<u>(7,789)</u>	<u>(98,325)</u>
Income (loss) before contributions and transfers	<u>1,387,983</u>	<u>(199,611)</u>	<u>4,932,525</u>	<u>(222,491)</u>	<u>5,898,406</u>
Capital grants and contributions	-	757,953	-	-	757,953
Transfers in	41,850	-	31,836	-	73,686
Transfers out	(290,640)	(46,157)	(730,955)	(46,770)	(1,114,522)
Change in net position	<u>1,139,193</u>	<u>512,185</u>	<u>4,233,406</u>	<u>(269,261)</u>	<u>5,615,523</u>
Net position - beginning	<u>5,382,979</u>	<u>5,642,059</u>	<u>33,323,391</u>	<u>12,106,646</u>	<u>56,455,075</u>
Net position - ending	<u>\$ 6,522,172</u>	<u>\$ 6,154,244</u>	<u>\$ 37,556,797</u>	<u>\$ 11,837,385</u>	<u>\$ 62,070,598</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, 2021

	Marine Operations	Aviation Operations	Parking System	Clearwater Harbor Marina	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
ACTIVITIES					
Cash received from customers	\$ 5,902,544	\$ 313,931	\$ 10,715,435	\$ 894,240	\$ 17,826,150
Cash payments to suppliers	(3,003,580)	144,252	(1,645,640)	(304,259)	(4,809,227)
Cash payments to employees	(889,275)	(147,628)	(1,897,117)	(392,637)	(3,326,657)
Cash payments to other funds	(391,849)	(42,433)	(1,476,928)	(74,791)	(1,986,001)
Net cash provided by (used) operating activities	<u>1,617,840</u>	<u>268,122</u>	<u>5,695,750</u>	<u>122,553</u>	<u>7,704,265</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	41,850	-	31,836	-	73,686
Transfers to other funds	<u>(290,640)</u>	<u>(46,157)</u>	<u>(730,955)</u>	<u>(46,770)</u>	<u>(1,114,522)</u>
Net cash provided (used) by noncapital financing activities	<u>(248,790)</u>	<u>(46,157)</u>	<u>(699,119)</u>	<u>(46,770)</u>	<u>(1,040,836)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on debt	-	-	(3,156)	-	(3,156)
Interest paid	-	-	(80)	-	(80)
Acquisition of capital assets	(9,078)	(957,190)	-	-	(966,268)
Capital contributed by other governmental entities	<u>-</u>	<u>601,456</u>	<u>-</u>	<u>-</u>	<u>601,456</u>
Net cash provided (used) by capital and related financing activities	<u>(9,078)</u>	<u>(355,734)</u>	<u>(3,236)</u>	<u>-</u>	<u>(368,048)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment loss	<u>(15,803)</u>	<u>(2,875)</u>	<u>(78,099)</u>	<u>(8,191)</u>	<u>(104,968)</u>
Net cash provided (used) by investing activities	<u>(15,803)</u>	<u>(2,875)</u>	<u>(78,099)</u>	<u>(8,191)</u>	<u>(104,968)</u>
Net increase (decrease) in cash and cash equivalents	1,344,169	(136,644)	4,915,296	67,592	6,190,413
Cash and cash equivalents at beginning of year	<u>4,410,266</u>	<u>1,025,731</u>	<u>19,793,024</u>	<u>2,394,603</u>	<u>27,623,624</u>
Cash and cash equivalents at end of year	<u>\$ 5,754,435</u>	<u>\$ 889,087</u>	<u>\$ 24,708,320</u>	<u>\$ 2,462,195</u>	<u>\$ 33,814,037</u>
Cash and cash equivalents classified as:					
Cash and investments	<u>\$ 5,754,435</u>	<u>\$ 889,087</u>	<u>\$ 24,708,320</u>	<u>\$ 2,462,195</u>	<u>\$ 33,814,037</u>
Total cash and cash equivalents	<u>\$ 5,754,435</u>	<u>\$ 889,087</u>	<u>\$ 24,708,320</u>	<u>\$ 2,462,195</u>	<u>\$ 33,814,037</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, 2021

	<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)	\$ 1,402,506	\$ (196,783)	\$ 5,005,710	\$ (214,702)	\$ 5,996,731
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	36,063	166,720	530,123	333,602	1,066,508
Change in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) decrease in inventory	(6,574)	-	-	-	(6,574)
(Increase) decrease in net pension asset	(71,377)	(71,951)	(430,721)	(197,867)	(771,916)
(Increase) decrease in deferred outflows	143,969	3,622	264,292	11,211	423,094
Increase (decrease) in accounts and contracts payable	36,572	297,751	(104,554)	12,350	242,119
Increase (decrease) in accrued payroll	8,762	1,760	20,781	546	31,849
Increase (decrease) in deposits	6,191	-	(5,798)	1,341	1,734
Increase (decrease) in other postemployment benefits	(31,980)	16,369	38,626	40,261	63,276
Increase (decrease) in deferred inflows	93,708	50,634	377,291	135,811	657,444
Total adjustments	<u>215,334</u>	<u>464,905</u>	<u>690,040</u>	<u>337,255</u>	<u>1,707,534</u>
Net cash provided by operating activities	<u>\$ 1,617,840</u>	<u>\$ 268,122</u>	<u>\$ 5,695,750</u>	<u>\$ 122,553</u>	<u>\$ 7,704,265</u>

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

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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, 2021

	Garage	Administrative Services	General Services	Central Insurance	Total
ASSETS					
Current assets:					
Cash and investments	\$ 15,699,024	\$ 14,716,804	\$ 14,900,070	\$ 46,133,987	\$ 91,449,885
Accrued interest receivable	12,963	14,196	15,456	50,603	93,218
Other receivables	29,840	-	-	159,707	189,547
Due from other funds	-	-	-	337,264	337,264
Inventories, at cost	387,910	-	-	-	387,910
Prepaid expenses and other assets	-	-	-	2,751,689	2,751,689
Total current assets	<u>16,129,737</u>	<u>14,731,000</u>	<u>14,915,526</u>	<u>49,433,250</u>	<u>95,209,513</u>
Noncurrent assets:					
Advances to other funds	-	-	-	2,196,699	2,196,699
Net pension asset	2,510,801	5,615,554	2,159,828	323,974	10,610,157
Capital assets:					
Land and other nondepreciable assets	729,591	-	-	-	729,591
Capital assets, net of accumulated depreciation	<u>27,151,518</u>	<u>2,452,789</u>	<u>246,677</u>	<u>-</u>	<u>29,850,984</u>
Total noncurrent assets	<u>30,391,910</u>	<u>8,068,343</u>	<u>2,406,505</u>	<u>2,520,673</u>	<u>43,387,431</u>
Total assets	<u>46,521,647</u>	<u>22,799,343</u>	<u>17,322,031</u>	<u>51,953,923</u>	<u>138,596,944</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pension	188,605	421,826	162,241	24,336	797,008
Deferred outflows - other postemployment benefits	<u>41,583</u>	<u>87,426</u>	<u>38,544</u>	<u>7,858</u>	<u>175,411</u>
Total deferred outflows of resources	<u>230,188</u>	<u>509,252</u>	<u>200,785</u>	<u>32,194</u>	<u>972,419</u>
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	809,892	332,016	172,636	904,562	2,219,106
Accrued payroll	129,666	282,976	100,773	25,069	538,484
Accrued interest payable	54,329	1,290	172	-	55,791
Unearned revenue	63,806	-	-	-	63,806
Current portion of long-term liabilities:					
Compensated absences	68,135	379,494	75,168	2,165	524,962
Capital lease purchases payable	<u>4,259,676</u>	<u>428,999</u>	<u>7,383</u>	<u>-</u>	<u>4,696,058</u>
Due to other funds	<u>1,680,163</u>	<u>88,373</u>	<u>6,870</u>	<u>-</u>	<u>1,775,406</u>
Claims payable	-	-	-	<u>3,930,400</u>	<u>3,930,400</u>
Total current liabilities (payable from current assets)	<u>7,065,667</u>	<u>1,513,148</u>	<u>363,002</u>	<u>4,862,196</u>	<u>13,804,013</u>
Noncurrent liabilities:					
Compensated absences	61,577	342,972	67,934	1,957	474,440
Other postemployment benefits	<u>553,435</u>	<u>1,163,563</u>	<u>512,980</u>	<u>104,578</u>	<u>2,334,556</u>
Capital lease purchases payable	<u>6,156,463</u>	<u>335,949</u>	<u>9,438</u>	<u>-</u>	<u>6,501,850</u>
Advances from other funds	<u>5,519,038</u>	<u>37,586</u>	<u>28,176</u>	<u>-</u>	<u>5,584,800</u>
Claims payable	-	-	-	<u>6,136,800</u>	<u>6,136,800</u>
Total noncurrent liabilities	<u>12,290,513</u>	<u>1,880,070</u>	<u>618,528</u>	<u>6,243,335</u>	<u>21,032,446</u>
Total liabilities	<u>19,356,180</u>	<u>3,393,218</u>	<u>981,530</u>	<u>11,105,531</u>	<u>34,836,459</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pension	1,492,192	3,337,376	1,283,606	192,541	6,305,715
Deferred inflows - other postemployment benefits	<u>138,535</u>	<u>291,260</u>	<u>128,408</u>	<u>26,178</u>	<u>584,381</u>
Total deferred inflows of resources	<u>1,630,727</u>	<u>3,628,636</u>	<u>1,412,014</u>	<u>218,719</u>	<u>6,890,096</u>
NET POSITION					
Net investment in capital assets	17,277,867	1,687,841	222,406	-	19,188,114
Restricted for:					
Pensions	2,510,801	5,615,554	2,159,828	323,974	10,610,157
Unrestricted	<u>5,976,260</u>	<u>8,983,346</u>	<u>12,747,038</u>	<u>40,337,893</u>	<u>68,044,537</u>
Total net position	<u>\$ 25,764,928</u>	<u>\$ 16,286,741</u>	<u>\$ 15,129,272</u>	<u>\$ 40,661,867</u>	<u>\$ 97,842,808</u>

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

City of Clearwater, Florida
Combining Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended September 30, 2021

	Garage	Administrative Services	General Services	Central Insurance	Total
Operating revenues:					
Billings to departments	\$ 14,962,587	\$ 13,027,598	\$ 6,097,959	\$ 25,405,330	\$ 59,493,474
Rentals	29,840	-	-	-	29,840
Other	9,473	-	17,943	957,293	984,709
Total operating revenues	15,001,900	13,027,598	6,115,902	26,362,623	60,508,023
Operating expenses:					
Personal services	2,698,102	5,828,542	2,321,467	512,309	11,360,420
Purchases for resale	4,003,341	-	-	-	4,003,341
Operating materials and supplies	126,089	294,395	410,650	291,921	1,123,055
Transportation	1,166	74,883	229,863	-	305,912
Utility service	118,841	-	311,605	776	431,222
Depreciation	10,356,041	565,807	39,668	-	10,961,516
Interfund administrative charges	260,160	4,000	-	-	264,160
Other current charges:					
Professional fees	770,032	3,087,264	2,711,241	3,617,206	10,185,743
Communications	19,494	1,108,708	45,189	11,194	1,184,585
Printing and binding	33	25,107	30	1,660	26,830
Insurance:					
Premiums	12,700	5,800	10,640	4,160,940	4,190,080
Claims incurred	-	-	-	22,000,189	22,000,189
Repairs and maintenance	766,757	367,311	160,512	17,596	1,312,176
Rental	73,761	635,244	11,101	81,899	802,005
Miscellaneous	41,877	210,481	22,099	34,450	308,907
Data processing charges	173,890	241,280	147,620	19,990	582,780
Taxes	10,987	-	-	6,831	17,818
Total other current charges	1,869,531	5,681,195	3,108,432	29,951,955	40,611,113
Total operating expenses	19,433,271	12,448,822	6,421,685	30,756,961	69,060,739
Operating income (loss)	(4,431,371)	578,776	(305,783)	(4,394,338)	(8,552,716)
Nonoperating revenues (expenses)					
Investment earnings (loss):					
Interest	79,119	84,819	92,662	359,979	616,579
Net appreciation (depreciation) in fair value	(118,511)	(125,473)	(127,366)	(457,203)	(828,553)
Total investment earnings (loss)	(39,392)	(40,654)	(34,704)	(97,224)	(211,974)
Interest expense	(267,447)	(14,375)	(479)	-	(282,301)
Gain (loss) on disposal of capital assets	614,086	-	-	-	614,086
Total nonoperating revenue (expenses)	307,247	(55,029)	(35,183)	(97,224)	119,811
Income (loss) before contributions and transfers	(4,124,124)	523,747	(340,966)	(4,491,562)	(8,432,905)
Capital grants and contributions	124,990	-	-	-	124,990
Transfers in	3,326,519	75,210	2,515,000	92,279	6,009,008
Transfers out	-	-	(25,000)	(157,592)	(182,592)
Change in net position	(672,615)	598,957	2,149,034	(4,556,875)	(2,481,499)
Net position - beginning	26,437,543	15,687,784	12,980,238	45,218,742	100,324,307
Net position - ending	\$ 25,764,928	\$ 16,286,741	\$ 15,129,272	\$ 40,661,867	\$ 97,842,808

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, 2021

	Garage	Administrative Services	General Services	Central Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from other funds					
	\$ 15,001,900	\$ 13,027,598	\$ 6,115,902	\$ 26,243,687	\$ 60,389,087
Cash payments to suppliers	(5,214,991)	(5,321,610)	(3,638,572)	(26,066,681)	(40,241,854)
Cash payments to employees	(2,433,429)	(5,132,409)	(2,072,484)	(458,278)	(10,096,600)
Cash payments to other funds	(754,617)	(626,504)	(449,142)	(3,807,504)	(5,637,767)
Net cash provided (used) by operating activities	<u>6,598,863</u>	<u>1,947,075</u>	<u>(44,296)</u>	<u>(4,088,776)</u>	<u>4,412,866</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	3,326,519	75,210	2,515,000	92,279	6,009,008
Transfers to other funds	-	-	(25,000)	(157,592)	(182,592)
Receipt of cash on loans to/from other funds	5,140,518	56,170	35,045	329,520	5,561,253
Payment of cash on loans to/from other funds	(658,974)	(68,436)	-	-	(727,410)
Net cash provided (used) by noncapital financing activities	<u>7,808,063</u>	<u>62,944</u>	<u>2,525,045</u>	<u>264,207</u>	<u>10,660,259</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on debt	(4,520,606)	(456,313)	(5,441)	-	(4,982,360)
Interest paid	(231,598)	(13,997)	(307)	-	(245,902)
Acquisition of capital assets	(9,147,996)	(98,016)	(29,237)	-	(9,275,249)
Proceeds from sale of capital assets	697,120	-	-	-	697,120
Net cash provided (used) by capital and related financing activities	<u>(13,203,080)</u>	<u>(568,326)</u>	<u>(34,985)</u>	<u>-</u>	<u>(13,806,391)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment loss	(45,151)	(44,244)	(39,481)	(103,052)	(231,928)
Net cash provided (used) by investing activities	<u>(45,151)</u>	<u>(44,244)</u>	<u>(39,481)</u>	<u>(103,052)</u>	<u>(231,928)</u>
Net increase (decrease) in cash and cash equivalents	1,158,695	1,397,449	2,406,283	(3,927,621)	1,034,806
Cash and cash equivalents at beginning of year	14,540,329	13,319,355	12,493,787	50,061,608	90,415,079
Cash and cash equivalents at end of year	<u>\$ 15,699,024</u>	<u>\$ 14,716,804</u>	<u>\$ 14,900,070</u>	<u>\$ 46,133,987</u>	<u>\$ 91,449,885</u>
Cash and cash equivalents classified as:					
Cash and investments	\$ 15,699,024	\$ 14,716,804	\$ 14,900,070	\$ 46,133,987	\$ 91,449,885
Total cash and cash equivalents	<u>\$ 15,699,024</u>	<u>\$ 14,716,804</u>	<u>\$ 14,900,070</u>	<u>\$ 46,133,987</u>	<u>\$ 91,449,885</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, 2021

	Garage	Administrative Services	General Services	Central Insurance	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (4,431,371)	\$ 578,776	\$ (305,783)	\$ (4,394,338)	\$ (8,552,716)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	10,356,041	565,807	39,668	-	10,961,516
Change in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) decrease in accounts receivable	(18,232)	-	-	(118,936)	(137,168)
(Increase) decrease in inventory	(28,408)	-	-	-	(28,408)
(Increase) decrease in prepaid expenses	-	-	-	(483,857)	(483,857)
(Increase) decrease in net pension asset	(889,014)	(1,867,425)	(709,230)	(98,726)	(3,564,395)
(Increase) decrease in deferred outflows	377,512	883,786	344,551	54,221	1,660,070
Increase (decrease) in accounts and contracts payable	519,965	106,359	(27,164)	854,324	1,453,484
Increase (decrease) in accrued payroll	(1,520)	(5,864)	(30,859)	(4,065)	(42,308)
Increase (decrease) in unearned revenue	(63,805)	-	-	-	(63,805)
Increase (decrease) in other postemployment benefits	33,818	71,208	31,271	13,291	149,588
Increase (decrease) in deferred inflows	743,877	1,614,428	613,250	89,310	3,060,865
Total adjustments	<u>11,030,234</u>	<u>1,368,299</u>	<u>261,487</u>	<u>305,562</u>	<u>12,965,582</u>
Net cash provided (used) by operating activities	<u>\$ 6,598,863</u>	<u>\$ 1,947,075</u>	<u>\$ (44,296)</u>	<u>\$ (4,088,776)</u>	<u>\$ 4,412,866</u>
Non-cash investing, capital and financing activities:					
Contributions from developers	\$ 124,990	\$ -	\$ -	\$ -	\$ 124,990

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

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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 12 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.

Custodial Fund - to account for fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

City of Clearwater, Florida
Combining Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2021

	Defined Benefit Pension Trust Funds		Defined Contribution Pension Trust Funds		Total Pension Trust Funds	Custodial Fund
	Employees' Pension Fund	Firefighters' Relief and Pension Fund	Police Supplemental Pension Fund	Firefighters' Supplemental Pension Fund		
ASSETS						
Cash and cash equivalents	\$ -	\$ 215,237	\$ 5,730	\$ -	\$ 220,967	\$ 733,952
Receivables:						
Interest and dividends	3,452,817	42,047	17,224	42,592	3,554,680	498
Unsettled investment sales	21,731,113	-	-	-	21,731,113	-
Securities lending earnings	28,682	-	-	-	28,682	-
Due from others	-	-	-	-	-	50,484
Total receivables	25,212,612	42,047	17,224	42,592	25,314,475	50,982
Managed investment accounts, at fair value:						
Cash and cash equivalents	34,328,635	-	1,145,180	767,536	36,241,351	-
Government bonds	120,498,509	1,872,141	-	491,404	122,862,054	-
Index linked government bonds	498,509	-	-	-	498,509	-
Agency bonds	4,318,147	1,118,059	-	-	5,436,206	-
Municipal bonds	3,090,330	-	-	302,009	3,392,339	-
Domestic corporate bonds	119,144,966	-	-	2,534,969	121,679,935	-
International equity securities	157,814,283	-	-	387,048	158,201,331	-
Domestic stocks	350,967,747	-	-	3,293,096	354,260,843	-
Mortgage backed bonds	101,265,405	-	-	1,434,922	102,700,327	-
Government issued commercial mortgage backed bonds	92,862	-	-	-	92,862	-
Asset backed securities	9,181,102	-	-	-	9,181,102	-
Other/rights/warrants	32,977	-	-	-	32,977	-
Domestic equity mutual funds	239,057,393	-	10,193,672	9,596,322	258,847,387	-
International equity mutual funds	48,535,693	-	8,746,167	1,206,936	58,488,796	-
Infrastructure	50,574,173	-	-	-	50,574,173	-
Real estate	104,428,016	-	-	2,925,832	107,353,848	-
Total managed investment accounts	1,343,828,747	2,990,200	20,085,019	22,940,074	1,389,844,040	-
Securities lending collateral	166,594,183	-	-	-	166,594,183	-
Total assets	1,535,635,542	3,247,484	20,107,973	22,982,666	1,581,973,665	784,934
LIABILITIES						
Accounts payable	935,535	-	-	-	935,535	22,857
Due to other funds (deficit in pooled cash)	198,186	-	-	-	198,186	-
Unsettled investment purchases	41,563,837	-	-	-	41,563,837	-
Other payables	529,416	-	-	-	529,416	-
Obligations under securities lending	166,594,183	-	-	-	166,594,183	-
Total liabilities	209,821,157	-	-	-	209,821,157	22,857
NET POSITION						
Restricted for:						
Pensions	1,325,814,385	3,247,484	20,107,973	22,982,666	1,372,152,508	-
Individuals, organizations and other governments	-	-	-	-	-	762,077
Total net position	\$ 1,325,814,385	\$ 3,247,484	\$ 20,107,973	\$ 22,982,666	\$ 1,372,152,508	\$ 762,077

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, 2021

	Defined Benefit Pension Trust Funds		Defined Contribution Pension Trust Funds		Total Pension Trust Funds	Custodial Fund		
	Employees' Pension Fund	Firefighters' Relief and Pension Fund	Police Supplemental Pension Fund	Firefighters' Supplemental Pension Fund				
ADDITIONS								
Contributions:								
Employer	\$ 11,917,353	\$ -	\$ -	\$ -	\$ 11,917,353	\$ -		
Employer - state tax	12,000	-	1,181,031	1,085,462	2,278,493	-		
Employees	8,013,951	-	-	-	8,013,951	-		
Individuals, organizations and other governments	-	-	-	-	-	753,562		
Total contributions	<u>19,943,304</u>	<u>-</u>	<u>1,181,031</u>	<u>1,085,462</u>	<u>22,209,797</u>	<u>753,562</u>		
Investment earnings (loss):								
Net increase (decrease) in fair value of investments	220,076,098	(69,206)	2,610,104	3,276,864	225,893,860	-		
Interest, dividends and other	18,226,670	83,718	167,361	700,851	19,178,600	(589)		
Securities lending income	<u>604,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>604,668</u>	<u>-</u>		
Total investment earnings (loss)	<u>238,907,436</u>	<u>14,512</u>	<u>2,777,465</u>	<u>3,977,715</u>	<u>245,677,128</u>	<u>(589)</u>		
Less investment costs:								
Investment management / custodian fees	(7,548,484)	-	(34,953)	(104,723)	(7,688,160)	-		
Securities lending costs	(211,518)	-	-	-	(211,518)	-		
Net investment earnings (loss)	<u>231,147,434</u>	<u>14,512</u>	<u>2,742,512</u>	<u>3,872,992</u>	<u>237,777,450</u>	<u>(589)</u>		
Miscellaneous	-	-	-	103	103	-		
Total additions	<u>251,090,738</u>	<u>14,512</u>	<u>3,923,543</u>	<u>4,958,557</u>	<u>259,987,350</u>	<u>752,973</u>		
DEDUCTIONS								
Benefits	56,274,207	245,126	3,407,744	2,078,810	62,005,887	-		
Refunds and transfers to other systems	1,222,375	-	-	-	1,222,375	-		
Administrative expenses	340,629	3,000	18,330	38,769	400,728	-		
Payments to individuals, organizations and other governments	-	-	-	-	-	648,396		
Total deductions and administrative expenses	<u>57,837,211</u>	<u>248,126</u>	<u>3,426,074</u>	<u>2,117,579</u>	<u>63,628,990</u>	<u>648,396</u>		
Net increase (decrease) in fiduciary net position	<u>193,253,527</u>	<u>(233,614)</u>	<u>497,469</u>	<u>2,840,978</u>	<u>196,358,360</u>	<u>104,577</u>		
Fiduciary net position - beginning (as previously reported)	1,132,560,858	3,481,098	19,610,504	20,141,688	1,175,794,148	-		
Prior period restatement (See Note IV.I.)	-	-	-	-	-	657,500		
Fiduciary net position - beginning (as restated)	<u>1,132,560,858</u>	<u>3,481,098</u>	<u>19,610,504</u>	<u>20,141,688</u>	<u>1,175,794,148</u>	<u>657,500</u>		
Fiduciary net position - ending	<u>\$ 1,325,814,385</u>	<u>\$ 3,247,484</u>	<u>\$ 20,107,973</u>	<u>\$ 22,982,666</u>	<u>\$ 1,372,152,508</u>	<u>\$ 762,077</u>		

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

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CITY OF CLEARWATER, FLORIDA

STATISTICAL SECTION

This section of the City's ACFR 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 annual comprehensive 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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities										
Net investment in capital assets	\$ 249,742	\$ 252,661	\$ 261,886	\$ 262,934	\$ 263,810	\$ 271,834	\$ 256,608	\$ 267,703	\$ 271,011	\$ 283,538
Restricted	65,603	60,454	56,044	57,003	52,936	119,003	145,996	129,078	136,164	295,044
Unrestricted	80,208	82,369	153,334	121,033	128,785	72,595	57,072	102,030	132,181	48,583
Total governmental activities net position	<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>	<u>\$ 539,356</u>	<u>\$ 627,165</u>
Business-type activities										
Net investment in capital assets	\$ 163,316	\$ 180,324	\$ 214,175	\$ 226,571	\$ 231,591	\$ 254,503	\$ 250,410	\$ 284,905 ^a	\$ 292,925	\$ 285,264
Restricted	55,204	53,237	49,530	45,503	36,803	47,946	54,034	36,271	36,576	48,861
Unrestricted	151,693	153,761	163,876	164,135	194,997	183,726	194,547	225,022 ^a	260,807	291,320
Total business-type activities net position	<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>	<u>\$ 590,308</u>	<u>\$ 625,445</u>
Primary government										
Net investment in capital assets	\$ 413,058	\$ 432,985	\$ 476,061	\$ 489,505	\$ 495,401	\$ 526,337	\$ 507,018	\$ 552,608	\$ 563,936	\$ 568,802
Restricted	120,807	113,691	105,574	102,506	89,739	166,949	200,030	165,349	172,740	343,905
Unrestricted	231,901	236,130	317,210	285,168	323,782	256,321	251,619	327,052	392,988	339,903
Total primary government net position	<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>	<u>\$ 1,129,664</u>	<u>\$ 1,252,610</u>

Note:

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

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

^a Reclassified to correct the calculation of Net Investment in Capital Assets in 2019.

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ 14,230	\$ 13,496	\$ 15,018	\$ 16,818	\$ 13,488	\$ 14,876	\$ 18,323	\$ 15,982	\$ 13,110	\$ 12,020
Public safety	67,559	68,057	70,126	99,056	71,718	66,795	67,737	71,645	72,720	37,949
Physical environment	3,189	3,451	3,416	3,273	4,142	3,993	4,055	551	5,934	3,077
Transportation	13,432	12,954	11,129	19,366	14,532	14,339	17,020	15,957	12,424	12,247
Economic environment	2,240	3,035	2,517	4,895	4,019	5,305	6,205	7,671	7,298	4,545
Human services	186	104	137	249	526	455	462	574	598	505
Culture and recreation	32,814	32,213	33,051	40,783	36,894	36,497	50,485	45,595	36,528	38,751
Interest on long-term debt	709	698	727	689	740	748	745	808	617	528
Total governmental activities expenses	<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>	<u>149,229</u>	<u>109,622</u>
Business-type activities:										
Water and sewer utility	59,406	57,774	64,810	69,550	64,866	73,253	82,197	68,458	66,362	72,634
Gas utility	27,662	29,747	31,639	33,352	29,195	30,716	35,569	35,553	32,671	37,233
Solid waste utility	16,632	17,042	17,572	22,486	17,989	17,626	17,053	19,328	18,580	22,062
Stormwater utility	12,847	12,284	16,476	16,110	13,664	13,148	14,550	11,730	12,308	13,384
Recycling	2,855	4,056	3,094	2,455	2,958	2,864	3,042	1,594	2,675	3,282
Marine	4,168	4,214	4,378	4,182	3,476	3,781	4,119	4,212	3,677	4,548
Aviation	366	404	345	399	415	470	640	502	486	518
Parking system	4,200	3,730	3,637	4,724	4,097	4,379	4,817	5,054	5,732	5,832
Harborview Center	610	520	522	-	-	-	-	-	-	-
Clearwater Harbor Marina	726	676	779	911	848	823	895	919	947	1,125
Total business-type activities expenses	<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>	<u>143,438</u>	<u>160,618</u>
Total primary government expenses	<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>	<u>\$ 292,667</u>	<u>\$ 270,240</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.

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Program revenues										
Charges for services:										
General government	\$ 20,401	\$ 19,920	\$ 22,726	\$ 23,668	\$ 23,030	\$ 23,380	\$ 24,391	\$ 26,013	\$ 25,869	\$ 25,752
Public safety	9,265	10,654	11,040	10,593	11,952	11,788	11,318	11,769	12,739	13,858
Physical environment	77	174	150	196	137	67	237	120	65	83
Transportation	885	738	454	327	150	157	127	182	175	157
Economic environment	122	121	132	109	105	105	312	165	149	124
Culture and recreation	5,474	5,973	6,855	7,103	7,751	8,336	8,384	8,892	6,401	6,421
Operating grants and contributions	8,521	8,114	6,305	6,893	6,236	7,012	7,456	8,630	6,925	12,540
Capital grants and contributions	845	437	2,391	2,326	2,642	3,894	7,146	6,257	2,519	2,595
Total governmental activities program revenues	<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>	<u>54,842</u>	<u>61,530</u>
Business-type activities:										
Charges for services:										
Water and sewer utility	62,012	65,292	67,141	70,848	75,203	81,514	83,994	87,242	91,069	96,837
Gas utility	36,351	37,693	41,347	41,143	38,598	40,602	45,120	45,762	42,785	43,034
Solid waste utility	19,462	19,504	19,966	20,401	21,602	22,492	23,234	24,504	24,646	26,501
Stormwater utility	15,890	16,378	16,789	17,162	17,854	18,512	18,397	18,503	17,248	17,435
Recycling	2,681	2,453	2,370	2,261	2,390	2,546	2,316	2,444	2,710	3,032
Marine	4,181	4,331	4,643	4,352	4,054	4,444	5,065	5,284	4,885	5,896
Aviation	257	261	268	283	291	311	317	323	333	314
Parking system	4,890	4,994	5,159	6,215	6,638	7,027	6,348	7,128	7,653	10,721
Harborview Center	209	48	50	-	-	-	-	-	-	-
Clearwater Harbor Marina	467	559	619	664	717	799	804	850	872	893
Operating grants and contributions	134	584	140	50	208	83	83	664	166	83
Capital grants and contributions	<u>7,469</u>	<u>6,250</u>	<u>13,590</u>	<u>4,662</u>	<u>3,487</u>	<u>3,564</u>	<u>3,785</u>	<u>3,973</u>	<u>1,764</u>	<u>2,546</u>
Total business-type activities program revenues	<u>154,003</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>	<u>194,131</u>	<u>207,292</u>
Total primary government program revenues	<u>\$ 199,593</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>	<u>\$ 248,973</u>	<u>\$ 268,822</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.

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net (Expenses) / Revenue										
Governmental activities	\$ (87,912)	\$ (87,049)	\$ (85,142)	\$ (132,905)	\$ (92,924)	\$ (87,041)	\$ (104,252)	\$ (94,877)	\$ (92,294)	\$ (48,092)
Business-type activities	24,531	27,900	28,830	13,872	33,534	34,834	26,581	49,327	50,693	46,674
Total primary government net (expense) / revenue	<u>\$ (63,381)</u>	<u>\$ (59,149)</u>	<u>\$ (56,312)</u>	<u>\$ (119,033)</u>	<u>\$ (59,390)</u>	<u>\$ (52,207)</u>	<u>\$ (77,671)</u>	<u>\$ (45,550)</u>	<u>\$ (41,601)</u>	<u>\$ (1,418)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 37,938	\$ 37,360	\$ 38,574	\$ 40,925	\$ 43,580	\$ 46,853	\$ 50,610	\$ 64,050	\$ 68,614	\$ 73,093
Sales taxes	14,092	15,489	15,722	16,833	17,595	18,009	19,015	19,839	19,311	22,842
Utility taxes	12,736	13,473	14,309	14,095	14,518	14,835	15,544	16,449	17,166	17,746
Communications services taxes	5,871	5,470	5,061	4,919	4,618	4,512	4,721	4,371	4,369	4,175
Local business tax ^b	1,914	2,112	2,111	2,029	662 ^a	1,913	1,956	2,077	2,028	2,127
Local option gas tax ^b	1,394	1,444	1,443	1,490	1,532	1,546	1,536	1,526	1,382	1,439
Intergovernmental:										
State revenue sharing ^b	2,939	3,103	3,245	3,441	3,520	3,707	3,826	3,969	3,694	4,274
Investment earnings	2,758	(1,109)	2,596	3,279	2,285	698	(136)	8,617	4,550	(642)
Miscellaneous	101	134	28	26	108	36	100	182	94	304
Extraordinary item	-	-	-	6,480	-	-	-	-	-	-
Transfers	8,980	9,505	13,410	9,330	9,069	12,831	10,341	12,932	11,631	10,543
Total governmental activities	<u>\$ 88,723</u>	<u>\$ 86,981</u>	<u>\$ 96,499</u>	<u>\$ 102,847</u>	<u>\$ 97,487</u>	<u>\$ 104,940</u>	<u>\$ 107,513</u>	<u>\$ 134,012</u>	<u>\$ 132,839</u>	<u>\$ 135,901</u>
Business-type activities:										
Investment earnings	3,644	(1,287)	3,407	4,086	2,715	783	(350)	10,811	5,047	(994)
Transfers	(8,980)	(9,505)	(13,410)	(9,330)	(9,069)	(12,831)	(10,341)	(12,932)	(11,631)	(10,543)
Total business-type activities	<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>	<u>(6,584)</u>	<u>(11,537)</u>
Total primary government	<u>\$ 83,387</u>	<u>\$ 76,189</u>	<u>\$ 86,496</u>	<u>\$ 97,603</u>	<u>\$ 91,133</u>	<u>\$ 92,892</u>	<u>\$ 96,822</u>	<u>\$ 131,891</u>	<u>\$ 126,255</u>	<u>\$ 124,364</u>
Change in Net Position										
Governmental activities	\$ 811	\$ (68)	\$ 11,357	\$ (30,058)	\$ 4,563	\$ 17,899	\$ 3,261	\$ 39,135	\$ 40,545	\$ 87,809
Business-type activities	19,195	17,108	18,827	8,628	27,180	22,786	15,890	47,206	44,109	35,137
Total primary government change in net position	<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>	<u>\$ 84,654</u>	<u>\$ 122,946</u>

Notes:

^a Reduction in Local Business Tax in 2016 is due to the deferral of receipts for following fiscal year renewals received during July, August and September.

^b Amounts previously reported as "Other Taxes" in fiscal years 2012-2019 have been separately itemized.

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ 20,418	\$ 19,920	\$ 22,728	\$ 23,668	\$ 23,030	\$ 23,432	\$ 24,398	\$ 26,298	\$ 25,869	\$ 25,877
Public safety	13,753	13,551	14,192	13,201	15,439	14,778	14,455	16,363	15,547	19,693
Physical environment	327	326	447	1,311	986	1,538	1,729	1,690	415	329
Transportation	1,436	1,284	885	1,024	927	1,312	2,889	1,759	1,007	1,397
Economic environment	1,687	2,988	1,828	1,713	1,426	2,014	1,725	1,315	1,327	4,386
Human services	180	147	-	350	333	368	431	400	421	347
Culture and recreation	7,789	7,915	9,973	9,948	9,862	11,297	13,744	14,203	10,256	9,501
Subtotal governmental activities	<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>	<u>54,842</u>	<u>61,530</u>
Business-type activities:										
Water and sewer utility	68,812	69,732	78,478	74,146	77,312	82,531	86,706	89,115	92,057	98,541
Gas utility	36,351	38,143	41,347	41,143	38,598	40,602	45,120	45,762	42,785	43,034
Solid waste utility	19,462	19,504	19,966	20,401	21,727	22,492	23,234	25,166	24,646	26,501
Stormwater utility	15,961	16,869	18,821	17,805	19,029	21,053	19,358	20,575	17,907	17,519
Recycling	2,764	2,536	2,453	2,261	2,473	2,629	2,399	2,444	2,876	3,115
Marine	4,259	4,334	4,658	4,357	4,055	4,447	5,070	5,286	4,885	5,896
Aviation	776	1,491	480	999	377	314	424	351	450	1,072
Parking system	4,890	4,994	5,159	6,215	6,704	7,027	6,348	7,128	7,653	10,721
Harborview Center	209	48	50	-	-	-	-	-	-	-
Clearwater Harbor Marina	518	696	670	714	767	799	804	850	872	893
Subtotal business-type activities	<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>	<u>194,131</u>	<u>207,292</u>
Total primary government	<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>	<u>\$ 248,973</u>	<u>\$ 268,822</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.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund:										
Nonspendable	\$ 25	\$ 37	\$ 33	\$ 40	\$ 59	\$ 62	\$ 76	\$ 49	\$ 64	\$ 46
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,043	588	894	447	352	232	436	452	338	630
Unassigned	<u>22,034</u>	<u>21,664</u>	<u>23,488</u>	<u>31,540</u>	<u>33,243</u>	<u>28,276</u>	<u>27,176</u>	<u>38,168</u>	<u>48,933</u>	<u>67,749</u>
Total General Fund	<u>\$ 23,102</u>	<u>\$ 22,289</u>	<u>\$ 24,415</u>	<u>\$ 32,027</u>	<u>\$ 33,654</u>	<u>\$ 28,570</u>	<u>\$ 27,688</u>	<u>\$ 38,669</u>	<u>\$ 49,335</u>	<u>\$ 68,425</u>
All Other Governmental Funds:										
Nonspendable	\$ 87	\$ 96	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ 192	\$ -	\$ -
Restricted	65,645	60,493	56,043	53,900	52,936	58,681	67,328	76,094	72,163	76,215
Committed	17,346	27,322	19,374	20,167	22,360	22,132	19,829	19,661	25,539	24,597
Assigned	8,488	5,801	6,689	7,815	7,475	7,094	3,043	5,828	6,921	9,400
Unassigned	<u>(2,119)</u>	<u>(3,917)</u>	<u>(6,347)</u>	<u>(2,553)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 89,447</u>	<u>\$ 89,795</u>	<u>\$ 75,759</u>	<u>\$ 79,329</u>	<u>\$ 82,771</u>	<u>\$ 87,907</u>	<u>\$ 90,200</u>	<u>\$ 101,593</u>	<u>\$ 104,815</u>	<u>\$ 110,212</u>

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Governmental Funds:										
Property taxes	\$ 37,954	\$ 37,413	\$ 38,597	\$ 40,919	\$ 43,614	\$ 46,852	\$ 50,710	\$ 64,050 ^b	\$ 68,522	\$ 73,096
Sales taxes	8,393	8,868	9,465	10,188	10,715	11,014	11,670	12,278	12,087	14,296
Utility taxes	12,735	13,473	14,309	14,094	14,518	14,835	15,544	16,449	17,166	17,746
Communications services taxes	5,871	5,470	5,061	4,919	4,618	4,512	4,721	4,371	4,368	4,175
Other taxes	3,308	3,556	3,554	3,519	2,194	3,459	3,493	3,603	3,409	3,566
Franchise fees	9,603	9,164	9,877	9,873	9,311	9,394	9,992	10,643	10,312	10,355
Licenses, permits, and fees	2,117	2,187	3,292	4,408	3,339	3,893	3,748	3,995	4,439	5,265
Intergovernmental revenues	25,750	26,842	26,354	27,573	28,293	30,236	34,277	34,770	29,730	36,442
Charges for services	14,682	14,484	15,574	15,830	16,536	17,304	17,381	17,719	15,461	17,106
Fines and forfeitures	985	1,808	1,480	1,638	2,116	1,727	2,165	2,605	2,321	2,308
Investment earnings	1,719	(668) ^a	1,717	2,160	1,486	460	194	5,292 ^c	2,963	(387) ^d
Miscellaneous	2,016	2,310	2,734	3,886	3,714	4,051	4,499	4,289	3,592	3,185
Total revenues	125,133	124,907	132,014	139,007	140,454	147,737	158,394	180,064	174,370	187,153
Expenditures										
Total Governmental Funds:										
Current:										
General government	12,764	12,520	14,391	13,159	12,917	16,277	17,250	17,521	12,648	13,248
Public safety	64,171	66,262	66,771	66,886	69,575	71,752	74,486	74,164	78,002	81,172
Physical environment	3,032	3,376	3,400	3,158	3,594	4,185	4,403	3,488	3,938	3,644
Transportation	8,332	7,522	7,787	9,925	9,554	9,626	9,629	9,956	8,453	8,427
Economic environment	2,470	3,256	2,544	3,993	3,473	4,826	4,106	4,831	6,602	4,711
Human services	182	104	137	223	525	466	490	594	634	595
Culture and recreation	27,028	26,567	27,557	28,339	31,279	33,868	43,030	40,080	34,971	35,218
Debt service:										
Principal	1,049	1,049	947	928	979	1,088	1,271	1,486	1,508	1,617
Interest & issuance costs	548	538	542	501	459	414	380	348	308	260
Capital outlay	8,860	13,318	16,098	12,132	12,062	13,015	8,921	12,068	15,916	19,029
Total expenditures	128,436	134,512	140,174	139,244	144,417	155,517	163,966	164,536	162,980	167,921
Excess (deficiency) of revenues over (under) expenditures	(3,303)	(9,605)	(8,160)	(237)	(3,963)	(7,780)	(5,572)	15,528	11,390	19,232
Other Financing Sources (Uses)										
Total Governmental Funds:										
Transfers in	31,373	35,813	34,453	39,386	32,824	45,413	49,202	45,697	47,307	45,071
Transfers out	(24,491)	(26,673)	(25,819)	(31,190)	(25,074)	(38,658)	(43,895)	(40,396)	(42,979)	(40,354)
Proceeds from sale of capital assets	-	-	-	-	314	-	-	1,545	1,746	537
Other long term debt issued	314	-	-	82	968	1,077	1,677	-	964	-
Total other financing sources (uses)	7,196	9,140	8,634	8,278	9,032	7,832	6,984	6,846	7,038	5,254
Extraordinary Item:										
BP Oil settlement proceeds	-	-	-	6,480	-	-	-	-	-	-
Net Change in Fund Balances	\$ 3,893	\$ (465)	\$ 474	\$ 14,521	\$ 5,069	\$ 52	\$ 1,412	\$ 22,374	\$ 18,428	\$ 24,486
Debt service as a percentage of noncapital expenditures	1.3%	1.3%	1.3%	1.1%	1.1%	1.1%	1.1%	1.3%	1.2%	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 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.^c 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.^d The decrease in 2021 investment earnings was due to a decrease interest rates as well as an unrealized loss in market value as of September 30, 2021 .

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
	Residential Property	Commercial Property	Industrial Property	Government and Institutional Property	Personal Property	Other Property	Homestead Assessment Cap Differential ^b	Tax Exempt Property					
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%	
2020	11,645,166	3,133,808	201,106	1,289,515	1,043,462	142,185	2,150,286	3,392,403	11,912,553	5.9550	14,014,768	85.0%	
2021	12,416,788	3,258,784	220,657	1,399,614	1,119,370	161,319	2,244,667	3,613,906	12,717,959	5.9550	14,962,305	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		
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	0.9700	
2020	5.9550	5.9550	5.3950	6.5840	0.7500	0.9158	1.1932	0.9700	
2021	5.9550	5.9550	5.3590	6.4270	0.7500	0.9158	1.1800 ^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 0.2669.

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
2012	\$ 39,162,295	\$ 37,874,151	96.71%	\$ 73,583	37,947,734	96.90%
2013	38,622,438	37,298,959	96.57%	66,140	37,365,099	96.74%
2014	39,888,516	38,521,211	96.57%	61,514	38,582,725	96.73%
2015	42,294,009	40,832,366	96.54%	59,342	40,891,708	96.68%
2016	45,099,493	43,545,722	96.55%	49,225	43,594,947	96.66%
2017	48,457,539	46,762,216	96.50%	40,754	46,802,970	96.59%
2018	52,482,716	50,620,131	96.45%	29,515	50,649,646	96.51%
2019	66,457,374	64,014,536	96.32%	89,424	64,103,960	96.46%
2020	70,939,266	68,396,543	96.42%	28,545	68,425,088	96.46%
2021	75,735,461	73,035,751	96.44%	-	73,035,751	96.44%

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**

<u>Taxpayer</u> <u>REAL PROPERTY</u>	2021			2012		
	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	\$ 157,724,000	1	1.30%	\$119,775,938	1	1.67%
WYNDHAM VACATION RESORTS INC	123,325,447	2	1.01%			
B W C W HOSPITALITY LLC	106,375,729	3	0.87%			
JOHN S TAYLOR PROPERTIES LLC (1)	86,305,252	4	0.71%	43,283,000	3	0.60%
K & P CLEARWATER ESTATE LLC	81,000,000	5	0.67%			
CLEARMAR LLC	73,000,000	6	0.60%			
P E P F SOLARIS KEY LLC	70,700,000	7	0.58%			
SANDPEARL RESORT LLC	65,473,851	8	0.54%	33,917,233	7	0.47%
CL CLEARWATER LP	65,000,000	9	0.53%			
G R F P LLC	65,000,000	10	0.53%			
CRYSTAL BEACH CAPITAL LLC				75,324,551	2	1.05%
STANDARD GRAND RESERVE LLC				38,350,000	4	0.53%
CENTRO NP CLEARWATER MALL LLC				37,470,911	5	0.52%
SAND KEY ASSOC LTD PARTNERSHIP				35,750,000	6	0.50%
ZOM BAYSIDE ARBORS LTD				31,958,925	8	0.45%
WEINGARTEN NOSTAT INC				25,832,000	9	0.36%
RADSK ASSSC LTD				23,250,000	10	0.32%
Total	<u>\$ 893,904,279</u>		<u>7.34%</u>	<u>\$ 464,912,558</u>		<u>6.47%</u>

Notes:

(1) John S. Taylor Properties LLC was listed as John S. Taylor III in 2011.

Source: Pinellas County Property Appraiser

Schedule 8b

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

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
PERSONAL PROPERTY						
DUKE ENERGY FLORIDA (1)	\$ 108,370,135	1	20.00%	\$ 73,432,624	1	17.33%
FRONTIER FLORIDA LLC (2)	22,054,638	2	4.07%	49,426,455	2	11.66%
INSTRUMENT TRANSFORMERS INC	19,050,042	3	3.52%	7,049,401	7	1.66%
SPECTRUM SUNSHINE STATE LLC	14,160,184	4	2.61%	15,057,483	3	3.55%
PUBLIX SUPER MARKET	9,975,089	5	1.84%	10,319,585	4	2.44%
MONIN INC	9,232,157	6	1.70%	5,343,889	9	1.26%
WYNDHAM GRAND CLEARWATER BEACH	9,128,835	7	1.68%			
BAUSCH & LOMB INC	7,977,679	8	1.47%			
FLORIDA GAS TRANSMISSION	7,552,976	9	1.39%	8,089,004	5	1.91%
DKBK ENTERPRISES LLC	6,916,747	10	1.28%			
HYATT REGENCY CLEARWATER BEACH				7,196,742	6	1.70%
MODEL SCREW PRODUCTS INC				6,906,666	8	1.63%
SANDPEARL RESORT LLC				5,112,921	10	1.21%
Total	<u><u>\$ 214,418,482</u></u>		<u><u>39.56%</u></u>	<u><u>\$ 187,934,770</u></u>		<u><u>44.35%</u></u>

Notes:

- (1) Duke Energy was listed as Progress Energy in 2012.
- (2) Frontier Florida LLC was listed as Verizon Florida LLC in 2012.
- (3) Spectrum Sunshine State LLC was listed as Bright House Networks LLC in 2012.

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)
	Spring Training Facility	Intergovernmental Revenue Bonds	Capital Leases	Water/Sewer Revenue Bonds	Gas Revenue Bonds	Stormwater Revenue Bonds	Capital Leases					
2012	\$ 10,300	\$ 9,058	\$ 177,013	\$ 15,035	\$ 38,409	\$ 765	\$ 250,580	5.33%	2,322			
2013	9,686	8,249	170,934	14,367	37,498	512	241,246	5.07%	2,212			
2014	9,053	9,260	164,714	13,554	36,249	296	233,126	4.61%	2,132			
2015	8,397	14,033	159,642	12,566	34,791	279	229,708	4.31%	2,075			
2016	7,717	18,035	152,866	11,563	33,257	437	223,875	4.08%	1,992			
2017	7,014	21,241	150,862	10,555	31,680	1,141	222,493	3.81%	1,956.45			
2018	6,273	25,211	143,377	9,905	30,057	1,150	215,973	3.49%	1,868.46			
2019	5,498	17,470	135,694	9,245	28,377	838	197,122	3.02%	1,690.80			
2020	4,681	19,901	130,676	8,570	22,776	1,338	187,942	2.70%	1,592.50			
2021	3,826	12,787	126,027	7,875	21,354	893	172,762	*	*			

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>						
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Public Service Tax Revenue Bonds</u>	<u>Sales Tax Revenue Bonds</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property (a)</u>	<u>Per Capita (b)</u>
2012	\$ -	\$ -	\$ -	\$ -	-	\$ -
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-

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, 2021
(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	12,006	13.9%	1,665
Pinellas County Government Capital Leases	433	13.9%	60
Pinellas County School District Certificates of Participation	133,889	13.9%	18,564
Pinellas County School District State Bonds ^b	6	13.9%	1
Pinellas County School District Capital Leases	2,974	13.9%	<u>412</u>
Subtotal, overlapping debt			20,702
City direct debt			<u>16,613</u>
Total direct and overlapping debt			<u>\$ 37,315</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
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%
2020	2,852,238	170,515	2,681,723	5.98%
2021	3,042,407	155,808	2,886,599	5.12%

Legal Debt Margin Calculation for Fiscal Year 2021:

Assessed valuation of all real property	\$ 15,212,034
Debt Limit (20% of assessed valuation per City Charter)	3,042,407
Debt applicable to limit:	
Revenue bonds	\$ 151,240
Capital leases	13,180
Less: Amount set aside for repayment of bonded debt	<u>(8,612)</u>
	155,808
Legal debt margin	<u><u>\$ 2,886,599</u></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.

Schedule 13

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

Page 1 of 2

Fiscal Year	Gross Revenues	Less: <u>Operating Expenses</u>	Available Revenues	Net		<u>Coverage</u>
				<u>Debt Service</u>	<u>Principal</u>	
Spring Training Facility Revenue Bonds ^(a)						
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
2020	1,101	-	1,101	805	261	1.03
2021	743	-	743	845	220	0.70

(a) 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.

Schedule 13 (continued)

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

Page 2 of 2

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Maximum Coverage	Maximum Coverage ^(a)
Water & Sewer Utility Revenue Bonds							
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	
2020	93,603	53,539	40,064	4,190	4,723	4.50	
2021	96,355	53,490	42,865	3,735	4,812	5.02	
Gas Utility Revenue Bonds							
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
2020	43,382	28,972	14,410	675	234	15.85	6.88
2021	42,914	32,576	10,338	695	217	11.34	4.94
Stormwater Utility Revenue Bonds							
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	
2020	17,947	8,052	9,895	5,535 ^(b)	840	1.55	
2021	17,084	8,579	8,505	1,360	743	4.04	

^(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.

^(b) Principal payment in 2020 includes an additional principal payment in the amount of \$4,205,000 on November 1, 2019 to redeem all outstanding principal on the 2014 Stormwater Revenue Refunding Bond, a direct placement bank loan.

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)
2012	107,906	\$ 4,698,767	\$ 43,545	46.5	14,210	7.9%
2013	109,065	4,757,306	43,619	46.8	14,010	6.6%
2014	109,340	5,053,913	46,222	47.0	14,160	5.9%
2015	110,679	5,333,842	48,192	47.5	14,132	5.0%
2016	112,387	5,493,252	48,878	47.8	14,000	4.7%
2017	113,723	5,845,931	51,405	47.6	13,652	3.9%
2018	115,589	6,193,027	53,578	48.5	13,207	3.3%
2019	116,585	6,528,993	56,002	48.1	12,523	2.9%
2020	118,017	6,972,208	59,078	48.8	11,789	5.7%
2021	117,800	*	*	*	11,675	4.3%

- (a) Population data for the City of Clearwater is from the University of Florida, Bureau of Economic and Business Research, published April 1st of each year.
- (b) Per capita personal income data for Pinellas County for 2012-2020 is from the Florida Office of Data & Economic Research.
- (c) Median age data for Pinellas County for 2012-2016 is from the University of Florida, Bureau of Economic and Business Research. Data for 2017-2020 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	2021 ^b			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Pinellas County School Board	13,000	1	2.61%	15,895	1	3.67%
Pinellas County Board of County Commissioners	6,200	2	1.24%			
Publix	6,000	3	1.20%			
Bay Pines VA Healthcare System	4,500	4	0.90%	4,405	6	1.02%
Raymond James	3,800	5	0.76%	2,600	2	0.60%
City of St. Petersburg	3,500	6	0.70%	3,157	3	0.73%
Johns Hopkins All Children's Hospital	3,000	7	0.60%			
Walmart	3,000	8	0.60%			
BayCare Morton Plant Hospital	2,900	9	0.58%	2,550	8	0.59%
St. Petersburg College	2,500	10	0.50%	2,705	5	0.62%
All Children's Hospital				2,900	4	0.67%
Bayfront Medical Center				2,025	10	0.47%
Pinellas County Sheriff				2,580	7	0.60%
Mease Hospital				2,100	9	0.48%
Total Employment	498,233			433,288		

^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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General government	289.7	290.3	282.3	281.8	287.3	295.9	298.8	301.3	301.3	301.8
Public safety:										
Fire	201.0	201.0	201.0	201.0	201.0	204.0	204.0	205.0	204.0	204.0
Police	366.1	364.3	364.5	364.0	362.5	367.5	373.3	373.3	374.3	375.3
Physical environment	34.0	34.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
Transportation	21.0	21.0	34.0	34.0	34.0	35.0	35.0	35.0	36.0	36.0
Economic environment	9.0	9.0	10.0	10.0	12.0	10.4	11.0	11.0	11.0	11.0
Culture and recreation:										
Library	73.6	73.6	73.6	74.4	81.4	82.3	85.1	84.0	84.0	83.6
Parks & Rec	197.7	197.2	202.5	204.6	209.7	219.0	241.4	240.9	240.9	243.4
Water & Sewer Utility	167.0	167.0	176.0	184.0	187.0	188.0	196.0	196.0	196.0	196.0
Gas Utility	79.0	83.0	83.0	87.0	92.0	104.0	110.0	110.0	110.0	110.0
Solid Waste Utility	112.2	112.2	111.5	111.5	111.5	111.5	111.5	111.5	111.5	111.5
Stormwater Utility	48.0	50.0	49.0	49.0	52.0	52.0	52.0	52.0	52.0	52.0
Recycling	22.3	22.3	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0
Marine	23.0	23.0	24.6	24.6	27.7	28.3	18.6	18.9	18.9	15.6
Clearwater Harbor Marina	5.6	5.6	5.6	5.6	6.7	6.7	6.7	6.3	6.5	8.8
Aviation	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.6	1.6	2.6
Parking System	30.8	30.6	33.7	33.7	35.8	41.3	44.8	44.8	45.6	45.4
Total	1,681.4	1,685.5	1,695.7	1,709.6	1,745.0	1,790.3	1,832.6	1,834.6	1,836.6	1,840.0

Source: City of Clearwater Office of Management and Budget

City of Clearwater, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Function/Program</u>											
General government:											
Planning	Commercial building permits issued	1,803	2,065	1,988	1,854	1,706	1,757	1,902	2,425	1,931	1,886
	Residential building permits issued	4,941	4,985	5,756	6,546	6,987	9,134	8,702	8,856	8,536	9,141
Public safety:											
Police	Average officer training hours	83	83	85	120	115	150	194	170	82	121
	Total volunteer training hours	385	412	286	246	1034	58	679	209	144	34
Fire	Percentage of fire responses under 7.5 minutes	95%	91%	93%	93%	91%	89%	89%	89%	82%	79%
Physical environment	Square feet of sidewalks repaired/constructed	45,416	28,036	23,651	35,611	36,694	48,075	39,335	41,268	33,658	28,250
Transportation	Miles of roadway resurfaced	8	0	8	15	15	6	17	18	12	11
Economic environment	Code enforcement cases brought to compliance	4,664	4,905	4,431	4,458	4,736	4,771	4,642	4,561	5,187	4,947
Human services	City employees that mentor in area schools	20	20	6	5	16	13	17	20	0	19
Culture and recreation:											
Library system	Library visits	820,000	836,919	600,148	636,006	562,387	522,014	582,315	625,411	389,063	280,977
	Circulation	1,058,038	1,099,988	1,019,984	987,430	869,469	891,597	857,232	865,987	742,493	694,440
Parks and recreation	Recreation center visitations	738,577	719,393	517,378	696,094	714,657	689,750	708,562	718,261	386,282	307,880
	Athletic program visitations	541,433	1,108,644	989,570	1,066,767	1,093,090	1,104,126	916,355	1,054,200	859,860	877,982
Water and Sewer Utility:											
	Water customers	41,988	43,500	43,704	44,236	44,743	45,275	45,486	45,587	45,760	46,087
	Volume of water pumped (million gallons/day)	10.90	11.00	12.10	12.10	11.70	11.90	11.40	11.20	11.90	11.70
	Sewer customers	33,093	33,405	33,564	33,390	33,763	33,947	34,111	34,183	34,442	34,654
	Miles of sewers cleaned	230	229	197	172	160	251	161	109	138	136
Gas Utility:	Number of customers	20,029	20,313	20,719	21,277	21,973	23,031	24,620	26,438	28,243	30,001
Solid Waste Utility:	Solid waste tonnage collected and disposed	114,317	116,830	113,218	117,214	124,917	123,425	122,890	127,008	118,461	124,233
Stormwater Utility:	Number of equivalent residential units	100,461	98,195	100,629	101,663	102,798	103,742	104,105	104,621	105,161	105,581
Recycling Utility:	Marketable tons recycled	8,605	8,143	11,716	12,079	13,467	13,438	11,503	4,169	3,275	3,843

* 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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Public safety										
Fire Stations	8	8	8	8	8	8	8	8	8	8
Police Stations	6	6	6	7	7	7	6	6	6	6
Transportation										
Paved streets (miles)	316	316	320	321	322	322	324	327	327	324
Culture and recreation										
Library system										
Volumes in collection (thousands)	598	581	582	564	519	528	469	473	439	428
Parks and recreation										
Parks acreage	1427	1427	1453	1455	1457	1457	1457	1457	1457	1875
Recreational paths (miles)	16	16	18	22	22	22	22	22	22	19
Playgrounds	27	27	27	27	27	26	26	26	26	27
Baseball and softball fields	32	34	32	32	32	32	32	32	32	34
Soccer and football fields	20	18	20	20	20	21	21	21	21	18
Recreation centers	5	5	5	5	5	5	6	6	6	6
Water & Sewer Utility										
Water mains (miles)	591	590	597	589	588	585	583	586	596	586
Sanitary sewer mains (miles)	363	363	364	364	369	370	370	370	372	372
Daily treatment capacity (millions of gallons)	29	29	29	29	29	29	29	29	29	29
Gas Utility										
Gas mains (miles)	843	849	862	884	908	930	965	994	1,021	1,056
Stormwater Utility										
Stormwater mains (miles)	150	150	151	153	154	154	154	154	155	156
Marine										
Boat slips	203	189	189	189	189	189	189	190	199	199
Clearwater Harbor Marina										
Boat slips	126	126	126	126	126	126	126	126	127	127
Aviation										
Airpark spaces	177	177	177	177	177	177	177	177	174	174
Parking system										
Parking spaces	2460	2319	2232	2312	2302	2345	2462	3073	3108	3004

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, 2021, contract rates applied to an average of 181 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.

**City of Clearwater, Florida
Continuing Disclosure - Gas System Revenue Bonds
Series 2013 and 2014**

**CLEARWATER GAS SYSTEM
NATURAL GAS RATE BILLING FACTORS
FOR JULY 1, 2021 - SEPTEMBER 30, 2021 BASED ON APPROVED GAS ADJUSTMENT FACTORS**

	Firm Natural Gas Rate Schedules													<u>Interr. NG Rate</u> <u>IS</u>	<u>Contract NG Rate</u> <u>CNS</u>	
	<u>RS</u>	<u>SMF</u>	<u>MMF</u>	<u>LMF</u>	<u>SGS</u>	<u>MGS</u>	<u>LGS</u>	<u>RAC</u>	<u>GAC</u>	<u>LAC</u>	<u>SL</u>	<u>SL w/M& Relight</u>	<u>NGV (Non-Resl)</u>	<u>NSS (Non-Resl)</u>		
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)	\$14.00 (\$22.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	Rate	Rate	Rate	\$20.00 (\$30.00)	\$20.00 (\$30.00)	By Contract (By Contract)	\$50.00 (\$75.00)	\$250.00 (\$400.00)	By Contract (By Contract)
<u>Non-Fuel Energy Charge/Therm</u>																
Non-Fuel Energy Charge	\$0.44	\$0.44	\$0.44	\$0.44	\$0.38	\$0.34	\$0.30	NA	NA	NA	\$0.20	\$0.35	By Contract	\$0.38	\$0.24	By Contract
Energy Conservation Adj. (ECA)	0.18	0.18	0.18	0.18	0.18	0.18	0.18	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>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.13</u>	<u>0.13</u>	<u>0.13</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>
Total Non-Fuel Energy Charge	\$0.62	\$0.62	\$0.62	\$0.62	\$0.69	\$0.65	\$0.61	NA	NA	NA	\$0.20	\$0.35	By Contract	\$0.38	\$0.24	By Contract
Purchased Gas Adjustment (PGA)	<u>0.63</u>	<u>0.63</u>	<u>0.63</u>	<u>0.63</u>	<u>0.63</u>	<u>0.63</u>	<u>0.63</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>0.63</u>	<u>0.63</u>	<u>By Contract</u>	<u>0.63</u>	<u>0.53</u>	<u>0.53</u>
Total Energy Charge/Therm	1.25	1.25	1.25	1.25	1.32	1.28	1.24	NA	NA	NA	0.83	0.98	By Contract	1.01	0.77	0.53
Minimum Monthly Bill (For Central Pasco Territory)	\$14.00 (\$22.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	NA	NA	NA	\$20.00 (\$30.00)	\$20.00 (\$30.00)	By Contract (By Contract)	\$50.00 (\$75.00)	\$250.00 (\$400.00)	Customer Charge + # of Therms
Compares to LP/Gallon Rate of with 6.0% Franchise	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.21	\$ 1.21	\$ 1.17	\$ 1.13	NA	NA	NA	\$ 0.76	\$ 0.90	NA	\$ 0.92	\$ 0.70
	\$ 1.21	\$ 1.21	\$ 1.21	\$ 1.21	\$ 1.28	\$ 1.24	\$ 1.20	NA	NA	NA	\$ 0.81	\$ 0.95	NA	\$ 0.98	\$ 0.75	

Utility Tax Note:

Fuel Rate per Therm 10/01/1973	\$0.069	Fuel Rate pFuel Rate pFuel Rate pFuel Rate pFuel Rate pFuel Rate pFuel Rate p	NA	NA	NA	Fuel Rate per Therm	Fuel Rate per Th	Fuel Rate per Ther	Fuel Rate per The	\$0.055	Fuel Rate per Therm 10/01/1973			
Non-Utility Taxable Fuel/Therm	\$0.561	\$0.630	\$0.630	\$0.630	\$0.630	\$0.630	NA	NA	\$0.630	\$0.630	\$0.000	\$0.630	\$0.475	\$0.530

BTU FACTOR = THERMS/100 CUBIC FEET (CCF)

	10/2020	11/2020	12/2020	01/2021	02/2021	03/2021	04/2021	05/2021	06/2021	07/2021	08/2021	09/2021	FY 20/21 Avg.
Firm Service Rates	1.045	1.049	1.047	1.047	1.049	1.047	1.048	1.045	1.043	1.045	1.046	1.047	1.0465
Interruptible Service Rates	1.025	1.029	1.027	1.027	1.029	1.027	1.028	1.025	1.022	1.024	1.026	1.027	1.026333333
Interruptible Service Rates	1.025	1.026	1.026	1.024	1.024	1.027	1.025	1.027	1.026	1.024	1.024	1.022	1.025

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 25.

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 1,055.9 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 98 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 29,006 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 91% of our customer base.

City of Clearwater, Florida
Continuing Disclosure - Gas System Revenue Bonds
Series 2013 and 2014

As of September 30, 2020 the System's active natural gas customers were located as shown in the following table:

Location	Meters	Percentage
Belleair	581	2.08%
Belleair Beach	263	0.94%
Belleair Bluffs	49	0.18%
Belleair Shores	35	0.13%
Clearwater	7,667	27.39%
Dunedin	1,578	5.64%
Indian Rocks Beach	197	0.70%
Indian Shores	157	0.56%
Largo	1,193	4.26%
Madeira Beach	1	0.00%
New Port Richey	82	0.29%
North Redington Beach	82	0.29%
Oldsmar	157	0.56%
Port Richey	17	0.06%
Redington Beach	216	0.77%
Redington Shores	107	0.38%
Safety Harbor	751	2.68%
Tarpon Springs	1,647	5.88%
Unincorporated Areas Pasco	6,199	22.14%
Central Pasco	3,519	12.57%
Unincorporated Areas Pinellas	3,499	12.50%
Total	27,997	100.00%

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, 2021:

Customer Name	Peak Monthly Therms	% of Gross Revenues
Ajax Paving Industries	185,489.8	2.20%
CNG Filling Station	73,154.5	1.90%
New Port Richey Hospital Inc	77,048.6	1.83%
Morton Plant Hospital	107,473.5	1.72%
Mease Hospital	83,669.7	1.43%

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, 2021:

	Average No. Customers	Gas Volume	Gas Sales
	Therms	Revenues	
Interruptible (including CNG Station)	20	30.76%	15.12%
Residential	25,425	18.73%	31.80%
Commercial (excluding CNG Station)	2,552	50.51%	53.09%
Interruptible (including CNG Station)	8,176,379.4	\$ 5,141,395	
Residential	4,977,703.8	10,814,781	
Commercial (excluding CNG Station)	13,427,392.6	18,054,998	
Totals	26,581,475.8	\$ 34,011,174	

City of Clearwater, Florida
Continuing Disclosure – Water and Sewer Revenue Refunding Bonds
Series 2011, 2017, 2017B and 2020

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
2017	6.8	5.1	11.9
2018	6.4	5.0	11.4
2019	6.9	4.3	11.2
2020	7.7	4.2	11.9
2021	6.7	5.0	11.7

Historical Growth in Number of Water Customers

(all figures are as of September of the year indicated)

FY	Potable Water Service	Reclaimed Water Service	Total Water Service
FY	Customers	Customers	Customers
2017	37,598	7,677	45,275
2018	37,773	7,713	45,486
2019	37,848	7,739	45,587
2020	37,951	7,809	45,760
2021	38,244	7,843	46,087

Ten Largest Water Customers
Fiscal Year Ending September 30, 2021

Name of User	Water Used (in 100 Cubic Feet)	Revenues Produced
1. CITY OF CLEARWATER	84,481	\$ 1,336,490
2. CHURCH OF SCIENTOLOGY	134,696	1,089,295
3. MORTON PLANT HOSPITAL	106,764	1,067,813
4. INFINITY THE STANDARD	62,603	538,666
5. PINELLAS COUNTY SCHOOLS	30,844	479,008
6. THE SANDPEARL RESORT	45,032	329,217
7. PINELLAS COUNTY GOVERNMENT	16,678	324,956
8. CLEARWATER ACQUISITIONS I	33,272	258,731
9. K&P CLEARWATER ESTATE (Wyndham)	27,352	253,728
10. CP CLEARWATER (Hilton)	31,624	211,041
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Reclaimed Water System:

Year	Average Daily Flow	
	MGD	
2017	6.4	
2018	5.5	
2019	5.7	
2020	6.1	
2021	5.5	

**City of Clearwater, Florida
Continuing Disclosure – Water and Sewer Revenue Refunding Bonds
Series 2011, 2017, 2017B and 2020**

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
2017	12.5	33,947
2018	12.5	34,111
2019	12.8	34,183
2020	12.7	34,442
2021	12.2	34,654

**Ten Largest Sewer Customers
Fiscal Year Ending September 30, 2021**

Name of User	Sewer Used (in 100 Cubic Feet)	Revenues Produced
1. MORTON PLANT HOSPITAL	84,970	\$ 938,211
2. CHURCH OF SCIENTOLOGY	100,166	870,807
3. CITY OF CLEARWATER	36,839	791,491
4. PINELLAS COUNTY SCHOOLS	29,406	599,866
5. PINELLAS COUNTY GOVERNMENT	62,603	522,833
6. CCRC-REGENCY OAKS	45,032	373,868
7. SHERATON SAND KEY	33,272	293,486
8. CP CLEARWATER (Hilton)	31,623	275,012
9. MADISON PLACE CLEARWATER	27,352	264,456
10. BW CW HOSPITALITY (Hyatt)	25,749	252,797
	<hr/> <u>477,012</u>	<hr/> <u>\$ 5,182,827</u>

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 2021 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, 2017, 2017B and 2020

Residential and Nonresidential Water Rates		October 1, <u>2017</u>	October 1, <u>2018</u>	October 1, <u>2019</u>	October 1, <u>2020</u>	October 1, <u>2021</u>
		<u>Size of Meter</u>				
Minimum -	Under 1 inch	\$ 21.42	\$ 22.29	\$ 23.16	\$ 24.09	\$ 25.05
	1 inch	49.98	52.01	54.04	56.21	58.45
	1.5 inch	714.00	743.00	772.00	803.00	835.00
	2 inch	1,663.62	1,731.19	1,798.76	1,870.99	1,945.55
	3 or 2 inch manifold	2,563.26	2,667.37	2,771.48	2,882.77	2,997.65
	4 inch	4,933.74	5,134.13	5,334.52	5,548.73	5,769.85
	6 inch	12,673.50	13,188.25	13,703.00	14,253.25	14,821.25
	8 inch	21,420.00	22,290.00	23,160.00	24,090.00	25,050.00

Additional charges are assessed for usage in excess of designated minimums.

Rates for Irrigation (Lawn) Meters		October 1, <u>2017</u>	October 1, <u>2018</u>	October 1, <u>2019</u>	October 1, <u>2020</u>	October 1, <u>2021</u>
		<u>Size of Meter</u>				
Minimum -	Under 1 inch	\$ 7.64	\$ 7.94	\$ 8.26	\$ 8.59	\$ 8.94
	1 inch	22.93	23.85	24.80	25.79	26.82
	1.5 inch	114.72	119.31	124.08	129.04	134.20
	2 inch	321.22	334.06	347.43	361.32	375.78
	3 or 2 inch manifold	634.76	660.15	686.56	714.02	742.58
	4 inch	1,223.65	1,272.60	1,323.50	1,376.44	1,431.50
	6 inch	3,693.90	3,841.65	3,995.32	4,155.13	4,321.34
Sewer Rates		October 1, <u>2017</u>	October 1, <u>2018</u>	October 1, <u>2019</u>	October 1, <u>2020</u>	October 1, <u>2021</u>
		<u>Size of Meter</u>				
Minimum -	Under 1 inch	\$ 29.49	\$ 30.66	\$ 31.89	\$ 33.18	\$ 34.50
	1 inch	68.81	71.54	74.41	77.42	80.50
	1.5 inch	983.00	1,022.00	1,063.00	1,106.00	1,150.00
	2 inch	2,290.39	2,381.26	2,476.79	2,576.98	2,679.50
	3 or 2 inch manifold	3,528.97	3,668.98	3,816.17	3,970.54	4,128.50
	4 inch	6,792.53	7,062.02	7,345.33	7,642.46	7,946.50
	6 inch	17,448.25	18,140.50	18,868.25	19,631.50	20,412.50
	8 inch	29,490.00	30,660.00	31,890.00	33,180.00	34,500.00
Per 1,000 gallons of water used over the allowed minimum		9.83	10.22	10.63	11.06	11.50

Additional Indebtedness

No additional indebtedness was incurred for capital improvements to the water and sewer systems, or for the lease purchase of capital equipment.

**City of Clearwater, Florida
Continuing Disclosure – Stormwater System Revenue Refunding Bonds
Series 2012 and 2013**

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	October 1, 2021	13.40

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net Operating Revenues (Excluding Depreciation)	\$ 9,528,117	\$ 10,611,921	\$ 11,721,958	\$ 9,090,521	\$ 8,669,978
Interest Income and other					
Non-operating Revenues (Expenses)	114,729	(4,642)	1,786,699	804,165	(164,421)
Total Net Revenues	<u>\$ 9,642,846</u>	<u>\$ 10,607,279</u>	<u>\$ 13,508,657</u>	<u>\$ 9,894,686</u>	<u>\$ 8,505,557</u>
Maximum Annual Debt Service	\$ 2,568,762	\$ 2,568,762	\$ 2,568,762	\$ 2,175,028	\$ 2,175,028
Coverage	3.75	4.13	5.26	4.55	3.91

**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, 2021, 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, 2021 are summarized below.

Total Revenue Received from Pinellas County Fire Protection Authority	\$ 2,347,737
Total Fire Service Expenditures for Fiscal Year Ended September 30, 2021	\$ 2,480,129

The Fire Service Program does not currently utilize an equipment reserve.

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, 2021*

Source	Amount Received in the 2014-15 Fiscal Year	Amount Expended in the 2020-21 Fiscal Year
British Petroleum: Agreement No. Not Applicable	\$6,480,352	\$3,088,103

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.

Single Audit / Grants Compliance

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

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, 2021, 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 31, 2022. 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, 2021, as listed in the table of contents.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City'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. Given these limitations, during the course of our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. 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*.

Carr, Riggs & Ingram, LLC
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Suite 1000
Clearwater, FL 33755

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727.461.7384 (fax)
CRICpa.com

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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

March 31, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM 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 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 *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2021. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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, *Florida Single Audit Act Audits – Local Government Entities*. Those standards and 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 or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2021.

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 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 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 project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
March 31, 2022

City of Clearwater, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects
For the Year Ended September 30, 2021

Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing 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 - 2017	14.218	B-17-MC-12-0002	\$ 13,547	\$ 12,627
Community Development Block Grant - Entitlement - 2018	14.218	B-18-MC-12-0002	42,208	34,308
Community Development Block Grant - Entitlement - 2019	14.218	B-19-MC-12-0002	191,845	97,226
COVID 19 - Community Development Block Grant - Entitlement - 2020	14.218	B-20-MW-12-0002	72,280	57,016
Community Development Block Grant - Entitlement - 2020	14.218	B-20-MC-12-0002	69,312	3,050
Neighborhood Stabilization Program 3	14.218	Program Income	580,831	498,100
Total Community Development Block Grants/Entitlement Grants Cluster			970,023	702,327
Home Investment Partnerships Program	14.239	M-15-MC-12-0230	35,484	35,484
Home Investment Partnerships Program	14.239	M-20-MC-12-0230	82,470	4,500
Home Investment Partnerships Program	14.239	Program Income	74,791	74,516
Total Home Investment Partnerships Program			192,745	114,500
Total U.S. Department of Housing and Urban Development			1,162,768	816,827
U.S. Department of Justice				
Passed through Florida Department of Law Enforcement				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0821	39,296	-
Equitable Sharing Program	16.922	FL0520300	51,465	-
Total U.S. Department of Justice			90,761	-
U.S. Department of Transportation				
Passed through Florida Department of Transportation				
Highway Planning and Construction Cluster	20.205	G1B36	56,882	-
Total U.S. Department of Transportation			56,882	-
U.S. Department of Treasury				
Passed through the Florida Housing Finance Corporation				
COVID 19 - Coronavirus Relief Fund	21.019	106-2020	720,641	-
Passed through Pinellas County, Florida				
COVID 19 - Coronavirus Relief Fund	21.019	CARES	1,980,740	-
Total COVID-19 Coronavirus Relief Fund			2,701,381	-
Passed through Florida Department of Law Enforcement				
Equitable Sharing Program	21.016	FL0520300	30,000	-
Total U.S. Department of Treasury			2,731,381	-
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	1,371,526	-
Total U.S. Department of Homeland Security			1,371,526	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				
			\$ 5,413,318	\$ 816,827

City of Clearwater, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects - Continued
For the Year Ended September 30, 2021

State Grantor / Pass-through Grantor / Program Title	CSFA Number	Grant I.D. Number	State Share of Expenditures	Transfers to Subrecipients
STATE FINANCIAL ASSISTANCE				
Florida Housing Finance Corporation				
State Housing Initiative Partnership Program (SHIP)	40.901	N/A	\$ 197,601	\$ -
Total Florida Housing Finance Corporation			197,601	-
Florida Department of Transportation				
Aviation Grant Programs	55.004	G0Y92	681,798	-
Aviation Grant Programs	55.004	G1K66	51,618	-
Aviation Grant Programs	55.004	G1K66	24,538	-
Total Florida Department of Transportation			757,954	-
Florida Department of Economic Opportunity				
Economic Development Partnerships	40.040	N/A	500,004	-
Total Florida Department of Economic Opportunity			500,004	-
Florida Department of Law Enforcement				
Assistance with Investigative Operations	71.010	Z4011	1,293	-
Total Federal Department of Law Enforcement			1,293	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 1,456,852	\$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			\$ 6,870,170	\$ 816,827

City of Clearwater, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects
For the Year Ended September 30, 2021

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 2021, FEMA approved \$1,371,526 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 – ALN/CSFA Numbers

ALN numbers represent Assistance Living Numbers 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 ALN/ State CFSA</u>	<u>Amount Provided To Subrecipients</u>
U.S. HUD Community Development Block Grant	14.218	\$702,327
U.S. HUD Home Investment Partnerships Program	14.239	\$114,500

City of Clearwater, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects
For the Year Ended September 30, 2021

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 \$11,464,061 allowance for uncollectable accounts, at September 30, 2021:

14.218	Community Development Block Grant	\$ 722,927
14.239	Home Investment Partnership Program	1,487,394
40.901	State Housing Initiative Partnership	1,919,656
		<u>\$ 4,129,977</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, 2021.

CITY OF CLEARWATER, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None |

Federal Awards:

- | | |
|--|----------------------------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None |
| 4. Identification of major programs: | |
| Assistance Listing | |
| Number | Program |
| 21.019 | COVID-19 Coronavirus Relief Fund |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520? | No |

State Awards:

- | | |
|---|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with Rule 10.554(1)(l)(4)? | None |
| 4. Identification of major projects: | |

CSFA	Project
Number	
55.004	Aviation Grant Programs
40.040	Economic Development Partnerships

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$437,056 |
|---|-----------|

CITY OF CLEARWATER, FLORIDA**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**Year Ended September 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD FINDINGS

None noted

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

Finding Number	Area / Program	Description	Status
2020-001	Financial Statement Findings - Financial Reporting	The 2019 fund balances, end of year and deferred inflows were inaccurately reported for mortgage loan activity resulting in a prior period adjustment.	Corrected
2020-002	Federal Award and State Project Findings – ALN 21.019 Coronavirus Relief Fund CSFA 40.901 State Housing Partnership Program	Review of employee time charged to CFDA 20.019 and CSFA 40.901 was not consistently documented.	Corrected

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 fiscal year ended September 30, 2021, and have issued our report thereon dated March 31, 2022.

Auditors' 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 for Federal Awards (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 31, 2022, 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. Corrective action has been taken to address findings and recommendations made in the preceding annual financial report.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one of more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions 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. 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 communicate any recommendations to improve financial management. In connection with our audit, we do not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we identified a control deficiency related to review of reports submitted to granting agencies. We recommend the City implement revised policies and procedures to ensure review of all reports submitted to granting agencies are documented.

Purpose of this Letter

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

March 31, 2022



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
SECTION 218.415, FLORIDA STATUTES**

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

We have examined City of Clearwater, Florida's, (the "City"), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management is responsible for the City's compliance with the 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 we 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 specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
March 31, 2022

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