



CLEARWATER DOWNTOWN DEVELOPMENT BOARD

February 3, 2016 – 5:30 PM - City Hall – 3rd Floor Council Chambers

AGENDA

1. Call to Order
2. Citizen Comments – Items Not on the Agenda
3. Approve the Minutes from the January 6, 2016 DDB Meeting
4. Adopt December 2015 Financial Statement for Filing
5. Adopt 2015 Annual Financial Report and Audit Results – Andrew Laflin, CliftonLarsonAllen LLP
6. Sunshine Law Presentation – Elise Winters, Board Attorney
7. Second Reading - Sponsorship Request from Clearwater Arts Alliance / Clearwater Corner Art: “Thinking Outside the Box” – Roberta Klar & Beth Daniels
8. Second Reading - Sponsorship Request from Pierce Street Market / Natalie Nagengast
9. Chairman’s Report
10. Final Comments
11. Adjournment

CLEARWATER DOWNTOWN DEVELOPMENT BOARD MEETING
January 6, 2016 – 5:30 PM – City Hall – Council Chambers

Members Present:	Paris Morfopoulos	Chairman
	Dennis Bosi	Vice-Chairman
	Chelsea Allison	Member
	Stu Sjouwerman	Member
	Tony Starova	Member
	Zachary Thorn	Member
	Thomas Wright	Member
Also Present:	Bill Jonson	Ex-Officio/Councilmember
	Jay Polglaze	Ex-Officio/Councilmember
	Anne Fogarty France	Board Administrator
	Geri Campos Lopez	Director, Economic Development & Housing Department

Absent:

1. Chairman Morfopoulos called the meeting to order at 5:30 p.m. and board members introduced themselves.
2. Oath of Office – Will Zachary Thorn and Thomas Wright stand and Anne Fogarty France administered the oath of office.
3. Election of Officers - Each January the DDB votes on board officers to fill the position of Chairman, Vice-Chairman and Treasurer. If motions for more than one nomination are heard for an office, a secret ballot between the nominated members will take place.

a. Chairman

Chairman Morfopoulos called for nominations for the office of Chairman. Member Wright moved to appoint Member Morfopoulos as Chairman. The motion was duly seconded and upon roll call, the vote was:

“Ayes”: Member Morfopoulos, Member Bosi, Member Sjouwerman, Member Starova, Member Thorn and Member Wright.

“Nays”: None.

Motion carried.

b. Vice Chairman

Chairman Morfopoulos called for nominations for the office of Vice Chairman. Member Starova nominated Member Bosi as Vice-Chairman for 2016. The motion was duly seconded and upon roll call, the vote was:

“Ayes”: Member Morfopoulos, Member Bosi, Member Sjouwerman, Member Starova, Member Thorn and Member Wright.

“Nays”: **None.**

Motion carried.

c. Treasurer

Chairman Morfopoulos called for nominations for the office of Treasurer. Member Bosi nominated member Allison as Treasurer for 2016. The motion was duly seconded and upon roll call, the vote was:

“Ayes”: **Member Morfopoulos, Member Bosi, Member Sjouwerman, Member Starova, Member Thorn and Member Wright.**

“Nays”: **None.**

Motion carried.

4. Citizens Comments: Items not on the agenda. There were no citizen comments to items not on the agenda.

Member Allison arrived, 5:37 p.m.

5. Approve the Minutes from the December 2, 2015 Meeting

Questions were asked regarding city cost of services, advertising and the event budget. Anne Fogarty France, DDB Administrator, suggested this would be better discussed during a future budget work session. There will be \$50,000 more as this will be the last boat slips payment.

Member Wright moved to approve the minutes from the December 2, 2015 meeting. The motion was duly seconded and upon roll call, the vote was:

“Ayes”: **Member Morfopoulos, Member Bosi, Member Allison, Member Sjouwerman, Member Starova, Member Thorn and Member Wright.**

“Nays”: **None.**

Motion carried.

6. Adopt November 2015 Financial Statement for Filing

Member Wright moved to adopt the November 2015 Financial Statement for filing. The motion was duly seconded and upon roll call, the vote was:

Ayes”: **Member Morfopoulos, Member Bosi, Member Allison, Member Sjouwerman, Member Starova, Member Thorn and Member Wright.**

“Nays”: **None.**

Motion carried.

7. Clearwater Super Boat National Championships Post Event Report – Brian Aungst & Frank Chivas

Mr. Aungst and Mr. Chivas distributed a copy of the economic impact report to the board members.

Chairman Morfopoulos asked what a survey report costs. Brian Aungst advised that they are not at liberty to give out that information. Mr. Chivas stated that it was right around \$15K.

Mr. Chivas asked Member Starova how he liked having the boats on Cleveland Street. Member Starova advised that it was good that people could see the boats for 4 or 5 hours as well as the parade.

Mr. Chivas and Mr. Aungst asked for help from the Merchant's Association to help plan the Friday night events.

The 2016 Super Boat National Championships will begin Friday, September 30 through Sunday, October 2nd.

8. Sunshine Law Presentation – Elise Winters, Board Attorney – Ms. Winters was unable to attend due to illness. This item will be rescheduled in the future.

9. Charter Amendment Presentation – Brian Aungst Jr.

Brian Aungst, Jr., Chairman of the 2015 Charter Review Committee, asked Anne Fogarty France to distribute a copy of his presentation.

Vice Chairman Bosi asked about allowing ticket booths at the Marina.

Member Wright asked if the addition of more flexibility regarding the tennis courts would mean that they could be eliminated. Mr. Aungst stated that that wasn't the intent.

Member Wright asked what "maker space" was. Mr. Aungst described it as a space for hands on education and likened it to the incubator recently started in Clearwater.

Mr. Aungst advised that the election is March 15, 2016 and to please vote yes.

Member Wright asked about the amount of opposition expected to which Mr. Aungst replied none at this time.

Vice Chairman Bosi made a motion to support the charter amendments that pertain to the downtown initiative. The motion was duly seconded and upon roll call, the vote was:

"Ayes": Member Morfopoulos, Member Bosi, Member Allison, Member Sjouwerman, Member Starova, Member Thorn and Member Wright.

"Nays": None.

Motion carried.

10. Sponsorship Request from Clearwater Arts Alliance / Clearwater Corner Art: "Thinking Outside the Box" – Roberta Klar & Beth Daniels

Their newest project is wrapping utility boxes with designs by local artists. They would like financial support from the Downtown Development Board (DDB) to wrap the box across the street from the Capitol Theatre and others in downtown.

Vice Chairman Bosi asked Ms. Lopez if this art falls within the City of Clearwater's design guidelines. Ms. Lopez responded that public art is not bound by those guidelines.

At the suggestion of having a cultural map, Ex-Officio Councilmember Jonson suggested they run that idea by the City Attorney.

Chairman Morfopoulos asked the size of Clearwater Arts Alliance in terms of what the annual budget is and where the funds come from. Ms. Daniels responded approximately \$20,000 is raised by volunteers. Where did the money come from to wrap the boxes already done? The funds came from donations to their organization.

Member Thomas asked if they are going to do a QR code, could it be the DDB QR code. The answer was yes. He then asked if the DDB would have any input on the design. Of the nine options already selected by the Arts Alliance, the DDB could have input choosing one.

Member Starova asked if the image on the box could be 3D. If this is successful, could there be mural art as well? They would like to do a project like that.

Member Thorn asked if there would be any boxes that will depict Clearwater history. Not with the selections they have at this time.

Chairman Morfopoulos noted that they are asking for a bit more than it will cost to complete the project. The response was that they have already put in approximately \$1,000 into the project.

Chairman Morfopoulos advised the DDB that this project would take one-third of their unallocated funds for the remaining of the budget year.

Member Starova moved to approve funding of \$6,950 to support the Clearwater Corner Art: "Thinking Outside the Box" for the seven utility boxes in the Cleveland Street District with funds from the unallocated funds line item. The motion was duly seconded and upon roll call, the vote was:

"Ayes": Member Morfopoulos, Member Bosi, Member Allison, Member Sjouwerman, Member Starova, Member Thorn and Member Wright.

"Nays": None.

Motion carried.

Member Wright requested they return next month with a mock-up and the DDB will let them know the verbiage they would like on the boxes.

11. Sponsorship Request from Pierce Street Market / Natalie Nagengast

Ms. Nagengast gave her presentation, handing out updated figures regarding the market.

Ex-Officio Councilmember Polglaze asked if the City of Clearwater asked the market to expand. They did. Does the city offer any “in kind” help? Not currently but applying for city sponsorship.

Chairman Morfopoulos asked if they gave her the funds, what the funds would be used for. Ms. Nagengast listed police presence for security, additional insurance for alcohol distribution, and advertising on Facebook.

Vice Chairman Bosi asked what the market hours are. Currently from 10am – 4pm, in the summer probably 9am – 2pm.

Ex-Officio Councilmember Polglaze asked for information about a food inspection fee. There is a \$212 fee for fire department inspection for vendors that cook on site.

Member Thorn asked Ms. Nagengast to explain her relationship with local shops.

Member Wright asked who the other principals are in her organization. Her parents, brother and Esther would be principals. He also asked what it means to activate the waterfront. Ms. Nagengast’s response was having many different types of vendors along the waterfront.

Member Wright asked if the funding would be for social media marketing. Yes.

Vice Chairman Bosi asked if she was asking for \$15,000 for social media marketing for the Cleveland Street District. No.

Member Starova asked if the CRA would support this event. Ms. Lopez explained that the CRA does not support events individually.

Ex-Officio Councilmember Jonson asked if this money would be used for nine events through May and would she be coming back to ask for more money for additional events. Ms. Nagengast responded that she would be doing her best to fund the event herself scaling the assistance down as time goes on. She agreed to include a full seminar for downtown business owners on social media marketing and will post at least one item a day on the Cleveland Street district which will go out to 10,000 plus readers.

Vice Chairman Bosi asked if the market was not located on the bluff, but on Cleveland Street, would it be as successful. Ms. Nagengast did not think it would.

Member Starova asked how many markets there have been so far. The response was four. Member Starova suggests they fund three of the remaining nine markets instead of the entire season.

Member Sjouwerman asked what the attendance was for the first, second, third and fourth market. Ms. Nagengast responded the first close to 2,000; second close to 3,000, the third and fourth market, both in December, had 3,000.

Member Sjouwerman moved to approve funding of \$15,000 to support the Pierce Street Market, \$14,800 from unallocated funds and \$200 from the advertising line item to be used for social media marketing for nine events. The motion was duly seconded and upon roll call, the vote was:

“Ayes”: **Member Morfopoulos, Member Allison, Member Sjouwerman, Member Thorn and Member Wright.**

“Nays”: **Member Bosi, Member Starova**

Motion carried.

Following an announcement from Ms. Lopez that due to the absence of the board administrator and board reporter, the February meeting would have to be cancelled, Ex-Officio Councilmember Jonson expressed his concern over the cancellation. Given the need for a weekly meeting, Ms. Lopez said the meeting would be held as scheduled.

12. Cleveland Street Business Alliance (CSBA) Request to Reimburse the CSBA for the Artwork for District Map – Tony Starova, CSBA President

Member Starova gave his presentation to the DDB asking for reimbursement of \$1,500.

Chairman Morfopoulos asked how many maps were produced with the merchant's money. Member Starova responded 6,000. The chairman asked Anne Fogarty France how many the DDB produced and the response was 7,500. The chairman feels the merchants have already gotten their money's worth. The DDB will be reproducing the map every year at no extra expense to the merchants.

Member Wright suggested the CSBA come before the DDB with a request for money for something other than reimbursement for the artwork for the district map.

Chairman Morfopoulos requested a legal opinion on how the DDB can vote on something for the CSBA when four members of the DDB are also members of the CSBA.

13. Chairman's Report

The chairman asked members to read the Goals and Objectives in their packet for a future meeting when it can be reviewed.

14. Final Comments

Member Thorn expressed his excitement becoming part of the DDB and looks forward to the challenges of 2016.

Member Wright welcomed Member Thorn to the DDB and is happy for the addition of young people.

Vice Chairman Bosi congratulated the new Treasurer.

Member Starova congratulated the Chairman, Vice Chairman and Treasurer.

Member Sjouwerman is glad to be here and welcomes Member Thorn.

Member Allison thanked everyone who came out tonight.

Ex-Officio Councilmember Jonson remarked Miracle on Cleveland Street was a terrific event and has photos. It was a great street festival and there are some policy lessons that can be carried forward on that. He had a conversation with Greg Brady at a Leadership Pinellas event. He was the founding president of the Dunedin Merchant's Association and is willing to share ideas for north county events. He had lunch at Basil Fusion Bistro on Monday and there were 25 people in the restaurant, and on line getting to-go orders. It's working!

Ex-Officio Councilmember Polglaze feels the DDB witnessed an important page turning. Chelsea Allison and Zach Thorn being elected to this board and Natalie Nagengast coming forward is a trend. Youth with the savvy to reach people through social media is what we need. We are looking for a new CRA Director. The dominos will start falling.

Chairman Morfopoulos echoes Councilmember Polglaze's sentiment that youth mingling with the pulp fiction generation is a good thing. I think we did a good thing supporting the market even if it's not on Cleveland Street. It will help make downtown a destination. Also, we get a return on investment just learning the social media expertise that we will gain from this support.

Ex-Officio Councilmember Polglaze advised that the resolution for the City to try to talk to the postal service about purchasing the Cleveland Street post office building has passed. There is also a letter of support from the Downtown Partnership and the Clearwater Regional Chamber of Commerce.

Ex-Officio Councilmember Jonson stated for the record that he was one of two council members that did not vote for the resolution because it did not state that the post office would remain in downtown.

Vice Chairman Bosi motioned to support Resolution 15-04 for the city to try and talk to the postal service about purchasing the Cleveland Street Post Office building. The motion was duly seconded and upon roll call, the vote was:

"Ayes": Member Morfopoulos, Member Bosi, Member Allison, Member Sjouwerman, Member Starova, Member Thorn and Member Wright.

"Nays": None.

Motion carried.

The meeting was adjourned at 8:31 p.m.

<p style="text-align: center;">Downtown Development Board Statement of Revenues & Expenditures For the Period December 1 thru December 31, 2015</p>

1/29/16 10:40 AM

	Budget	December	Year to Date	Difference
Income				
Ad Valorem (Property) Taxes	251,056	138,896	156,084	(94,972)
Ad Valorem Taxes Prior Yr	100		46	(54)
Interest Income	500	147	147	(353)
CRA Interlocal Agreement Rev	173,273			(173,273)
Misc Revenue	500	1,155	2,877	2,377
Total Income	425,429	140,198	159,154	(266,275)

Expenditures

Promoting District

Banner Installation & Maintenance	600			600
Downtown Streetscape Maintenance	3,200			3,200
Boatslip Construction & Maint	50,000			50,000
Holiday Lighting	14,500	3,156	10,463	4,037
Total Promoting District	68,300	3,156	10,463	57,837

Promoting Merchants

Graphic Design and Printing	3,000	442	442	2,558
Advertising	3,000			3,000
Jolley Trolley Downtown Loop	9,220		2,305	6,915
Total Promoting Merchants	15,220	442	2,747	12,473

Promoting Events

6th Annual Achieva Box Car Rally	1,000			1,000
Art in the Park	4,800		4,800	0
Clw Superboat National Championship	10,000			10,000
City/Clw Celebrates America	2,500			2,500
City/Fun n' Sun Festival	2,500			2,500
City/Sea Blues Festival	7,500			7,500
Miracle on Cleveland St @ Cap/Blast Friday	25,000		25,000	0
Clearwater Jazz Festival Jazz Walk	5,000		5,000	0
Santa & Suds Race/Walk for ASL & Deaf	3,500			3,500
Total Promoting Events	61,800	0	34,800	27,000

Unallocated Funds	21,828			21,828
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Staff & Office Administration

Downtown Meeting & Event Support	200		6	194
Office Expenditures	750	52	58	692
Dolphin Sign Replacement Cost	150			150
Public Meeting Notices	2,000	40	160	1,840
Legal Fees	3,500	625	825	2,675
CRA Mgt & Admin Fee - 2.5% Increase	65,317	5,443	16,329	48,988
DDB Minutes Preparation	1,430		110	1,320
Total Staff & Office Admin	73,347	6,160	17,489	55,858

Fixed Payments

Officers & Directors Insurance	700			700
Liability Insurance (Dolphins)	1,422			1,422
Annual Audit	7,000	5,500	5,500	1,500
CRA Increment Payment	173,273	173,218	173,218	55
State Special District Fee	175		175	0
Property Appraiser Fee	2,364	571	1,158	1,206
Total Fixed Payments	184,934	179,290	180,051	4,883

Total Expenditures	425,429	189,048	245,549	179,880
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Revenues in Excess of Expenditures	-	0	0	
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Expenditures in Excess of Revenues	\$ -	0	0	
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Ending Fund Balance	\$ -	0	0	0
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Beginning Fund Balance 10-1-14	86,998			
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Minimum Reserves Approved by Board 11-6-13	71,465			
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CLEARWATER DOWNTOWN
DEVELOPMENT BOARD

Annual Financial Report

Year Ended September 30, 2015

ANNUAL FINANCIAL REPORT
OF
CLEARWATER DOWNTOWN DEVELOPMENT BOARD
YEAR ENDED SEPTEMBER 30, 2015

PREPARED BY:

**ANNE FOGARTY FRANCE
ADMINISTRATOR
CLEARWATER DOWNTOWN DEVELOPMENT BOARD**

**MONICA D. MITCHELL, CPA, CGFO
ASSISTANT FINANCE DIRECTOR
CITY OF CLEARWATER, FLORIDA**

CLEARWATER DOWNTOWN DEVELOPMENT BOARD

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2015

TABLE OF CONTENTS

INTRODUCTORY SECTION

Listing of Clearwater Downtown Development Board Officials	1
---	----------

FINANCIAL SECTION

Independent Auditors' Report	2 - 3
-------------------------------------	--------------

Management's Discussion and Analysis	4 - 11
---	---------------

Basic Financial Statements

Government-Wide Financial Statements:	
Statement of Net Position - Governmental Activities	12
Statement of Activities - Governmental Activities	13
Fund Financial Statements:	
Balance Sheet - General Fund	14
Reconciliation of the General Fund Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	16
Reconciliation of the Change in Fund Balance of the General Fund to the Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	18
Notes to Financial Statements	19 - 25

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>	26 - 27
--	----------------

Management Letter	28 - 29
--------------------------	----------------

Independent Accountant's Report	30
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INTRODUCTORY SECTION

CLEARWATER DOWNTOWN DEVELOPMENT BOARD

BOARD MEMBERS

Chairman	Paris Morfopoulos
Vice-Chairman	Dennis Bosi
Treasurer	Craig Rubright
Board Member	Chelsea Allison
Board Member	Stu Sjouwerman
Board Member	Tony Starova
Board Member	Thomas Wright

EX-OFFICIO MEMBERS

City of Clearwater Councilmember	Bill Jonson
City of Clearwater Councilmember	Jay Polglaze

FINANCIAL SECTION

This section contains the following subsections:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Board Members
Clearwater Downtown Development Board
Clearwater, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and general fund of the Clearwater Downtown Development Board (the Board), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements 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, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 and general fund of the Board as of September 30, 2015, and the respective changes in financial position, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 28, 2015, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Tampa, Florida
December 28, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Clearwater Downtown Development Board, we offer readers of the Clearwater Downtown Development Board's financial statements this narrative overview and analysis of the financial activities of the Clearwater Downtown Development Board for the fiscal year ended September 30, 2015, with comparisons to prior year performance. We encourage readers to consider the information presented here in conjunction with the statements and related notes contained in the Financial Section.

Financial Highlights

The assets of the Clearwater Downtown Development Board exceeded its liabilities at the close of the most recent fiscal year by \$139,692 (*net position*). All of this amount is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

The Clearwater Downtown Development Board's total net position increased by \$4,694 in the most recent fiscal year. There were increases in both revenues and expenses. Expenses increased \$38,286 due to increased funding support for various existing events, as well as the addition of new events. Program revenues increased \$13,467 primarily due to increased intergovernmental revenues from the Community Redevelopment Agency resulting from increased property tax values within the DDB district. General revenues increased \$15,464 due to increased property tax revenues of \$14,934 resulting from increased property tax values, as well as an increase of \$530 in investment income due to improved market conditions and an increased cash balance.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Clearwater Downtown Development Board's basic financial statements. The Clearwater Downtown Development Board'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.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Clearwater Downtown Development Board's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Clearwater Downtown Development Board's assets and liabilities, with the differences between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Clearwater Downtown Development Board is improving or deteriorating.

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

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 Clearwater Downtown Development Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Clearwater Downtown Development Board activity is accounted for in a single fund, the General Fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating 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 Clearwater Downtown Development Board adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this requirement.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Clearwater Downtown Development Board, assets exceeded liabilities by \$139,692 at the close of the most recent fiscal year. The following table provides a summary of the Clearwater Downtown Development Board's net position:

Clearwater Downtown Development Board Summary of Net Position

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Current and other assets	\$ 99,499	90,444
Due from other governments	1,779	1,613
Loan receivable from Community Redevelopment Agency	<u>48,000</u>	<u>48,000</u>
Total assets	<u>149,278</u>	<u>140,057</u>
Liabilities:		
Current and other liabilities	<u>9,586</u>	<u>5,059</u>
Total liabilities	<u>9,586</u>	<u>5,059</u>
Net position:		
Unrestricted	<u>139,692</u>	<u>134,998</u>
Total net position	\$ <u><u>139,692</u></u>	<u><u>134,998</u></u>

The following table provides a summary of the Clearwater Downtown Development Board's changes in net position for the years ended September 30, 2015 and 2014:

**Clearwater Downtown Development Board
Summary of Changes in Net Position**

Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,222	1,653
Intergovernmental	154,566	141,668
General revenues:		
Property taxes	234,370	219,436
Interest income	<u>1,916</u>	<u>1,386</u>
	<u>393,074</u>	<u>364,143</u>
Expenses:		
Promoting district	75,542	66,404
Promoting merchants	12,150	9,051
Promoting events	61,272	46,000
Staff and office administration	71,422	73,773
Fixed payments	<u>167,994</u>	<u>154,866</u>
Total expenses	<u>388,380</u>	<u>350,094</u>
Change in net position	4,694	14,049
Beginning net position	<u>134,998</u>	<u>120,949</u>
Ending net position	\$ <u><u>139,692</u></u>	<u><u>134,998</u></u>

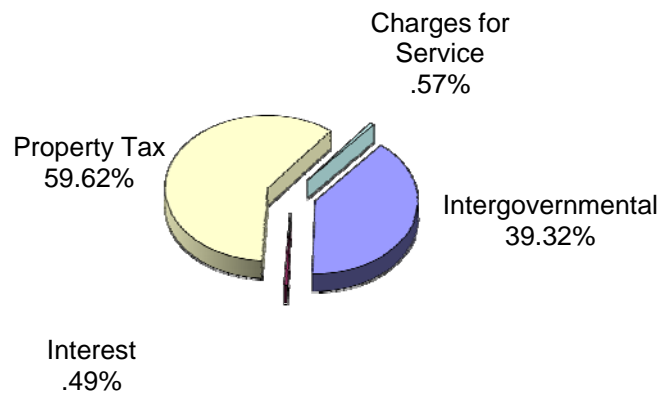
Governmental Activities

The increase in governmental activities *net position* in fiscal 2015 totaled \$4,694 as compared to an increase in net position of \$14,049 in fiscal 2014. Key elements of this change are as follows:

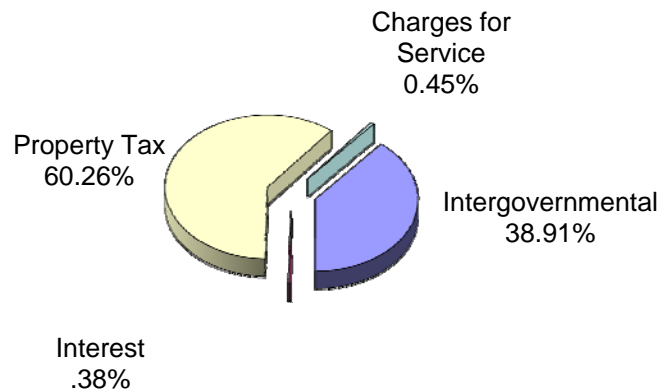
- Total expenses increased \$38,286 (11%). Expenses in the Promoting District program increased \$9,138 (14%) due to the addition of new Cleveland Street District banners and Cleveland Street palm tree lighting, as well as an increase in funding for holiday lighting. Expenses in the Promoting Events program increased \$15,272 (33%) due to additional sponsorships such as Clearwater Jazz Festival, Pianos on Main Street, Art in the Park and the Cleveland Street Saturday Market. Expenses in the Fixed Payments category increased \$13,128 (8%) primarily due to the increased tax increment payment to the CRA, resulting from increased property values.
- Total program revenues increased \$13,467 (9%), as a result of an increase in revenues from the Community Redevelopment Agency of \$12,898 due to increasing property tax values within the DDB district.
- Total general revenues increased \$15,464 (7%). Property tax revenues were \$14,934 (7%) higher than the previous year due to increasing property values, and interest income rose \$530 due to improved market conditions and an increased cash balance.

**Governmental Revenues by Sources
Fiscal 2015 in Comparison to Fiscal 2014**

**Revenues by Sources for the Year Ended
September 30, 2015**

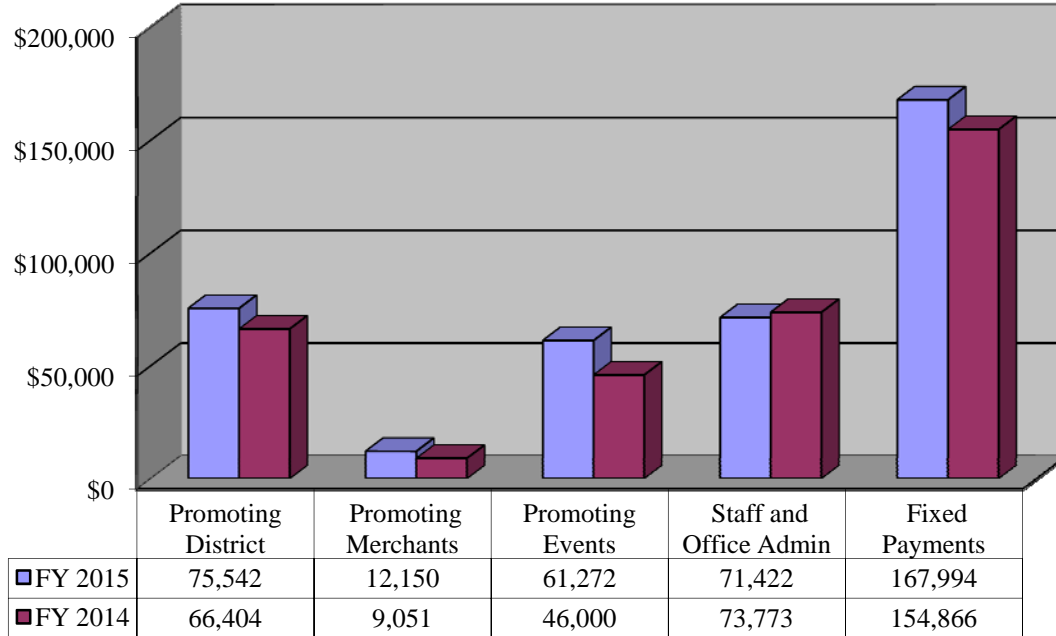


**Revenues by Sources for the Year Ended
September 30, 2014**



**Governmental Functional Expenses
Fiscal 2015 in Comparison to Fiscal 2014**

Expenses for FY 2015 in comparison to FY 2014



Financial Analysis of the Clearwater Downtown Development Board's General Fund

As noted earlier, the Clearwater Downtown Development Board uses *fund accounting* to ensure and demonstrate compliance with finance related requirements.

Governmental Fund

The focus of the Clearwater Downtown Development Board's general fund is to provide information on near term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Clearwater Downtown Development Board's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Clearwater Downtown Development Board's general fund reported an ending fund balance of \$139,692, an increase of \$4,694 for fiscal 2015 in comparison with an increase of \$6,303 for the prior year. This increase was primarily the result of increased revenues received totaling \$28,931, primarily from the Community Redevelopment Agency, property taxes, along with a net increase in expenditures of \$38,286, primarily in the Promoting Merchants and Fixed Payments categories.

Other than the *nonspendable* and *assigned* portions, the fund balance is *unassigned*, and available for spending at the government's discretion.

General Fund Budgetary Highlights

Final budgeted General Fund revenues are the same as ***original budgeted*** revenues, as there were no budget amendments affecting revenues in the current year.

Final budgeted General Fund expenditures are \$10,335 higher than ***original budgeted*** expenditures in total, as a result of transfers between expenditure categories and additional line items. Significant items were as follows:

- The budget for the Promoting District category was increased \$13,777 due to the approval of \$7,700 to fund new Cleveland Street District banners and \$6,077 to fund Cleveland Street palm tree lighting. The budget for the Promoting Events category was decreased \$3,442 due to the cancellation of the Star Spectacular event in the amount of \$20,000, offset by the addition of the Art in the Park Event (\$2,635), the Cleveland Street Saturday Market Event (\$1,600) and the establishment of an “Unallocated Funds” amount of \$12,323.

Total ***actual*** expenditures were less than ***final budgeted expenditures*** in the amount of \$25,284, due to expenditures being less than anticipated in all categories.

Long-Term Debt

The Clearwater Downtown Development Board has no long-term debt as of September 30, 2015.

Request for Information

This financial report is designed to provide a general overview of the Clearwater Downtown Development Board’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The City of Clearwater, Finance Department, 100 S. Myrtle Avenue, Clearwater, Florida 33756-5520.

BASIC FINANCIAL STATEMENTS

CLEARWATER DOWNTOWN DEVELOPMENT BOARD

Statement of Net Position – Governmental Activities

September 30, 2015

Assets

Cash and cash equivalents	\$	99,196
Interest receivable		303
Due from other governments		1,779
Loan receivable from Community Redevelopment Agency		<u>48,000</u>
Total assets		<u>149,278</u>

Liabilities

Accounts payable		<u>9,586</u>
Total liabilities		<u>9,586</u>

Net Position

Unrestricted net position		<u>139,692</u>
Total net position	\$	<u><u>139,692</u></u>

CLEARWATER DOWNTOWN DEVELOPMENT BOARD

Statement of Activities – Governmental Activities

Year Ended September 30, 2015

Function/Program activities	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Government activities:				
Promoting district	\$ 75,542	-	-	(75,542)
Promoting merchants	12,150	-	-	(12,150)
Promoting events	61,272	-	-	(61,272)
Staff and office administration	71,422	2,222	-	(69,200)
Fixed payments	<u>167,994</u>	<u>-</u>	<u>154,566</u>	<u>(13,428)</u>
Total governmental activities	\$ <u>388,380</u>	<u>2,222</u>	<u>154,566</u>	<u>(231,592)</u>
General Revenues:				
Property taxes				234,370
Interest income				<u>1,916</u>
Total general revenues				<u>236,286</u>
Change in net position				4,694
Net position, beginning of year				<u>134,998</u>
Net position, end of year				\$ <u><u>139,692</u></u>

CLEARWATER DOWNTOWN DEVELOPMENT BOARD

Balance Sheet General Fund

September 30, 2015

Assets

Cash and cash equivalents	\$	99,196
Interest receivable		303
Due from other governments		1,779
Loan receivable from Community Redevelopment Agency		<u>48,000</u>

Total assets	\$	<u><u>149,278</u></u>
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Liabilities and Fund Balance

Liabilities:

Accounts payable	\$	<u>9,586</u>
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Total liabilities		<u>9,586</u>
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Fund balance:

Nonspendable:

Loan to Community Redevelopment Agency	48,000
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Assigned	1,976
----------	-------

Unassigned	<u>89,716</u>
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Total fund balance	<u>139,692</u>
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Total liabilities and fund balance	\$	<u><u>149,278</u></u>
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CLEARWATER DOWNTOWN DEVELOPMENT BOARD

**Reconciliation of the General Fund Balance Sheet
to the Statement of Net Position**

September 30, 2015

Total fund balance - general fund	\$ <u>139,692</u>
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Net position of governmental activities	\$ <u><u>139,692</u></u>
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CLEARWATER DOWNTOWN DEVELOPMENT BOARD

**Statement of Revenues, Expenditures, and Changes in Fund Balance –
General Fund**

Year Ended September 30, 2015

Revenues:

Property taxes	\$	234,370
Intergovernmental - Community Redevelopment Agency		154,566
Charges for services		2,222
Interest income		<u>1,916</u>
Total revenues		<u>393,074</u>

Expenditures:

Current:

Promoting district	75,542
Promoting merchants	12,150
Promoting events	61,272
Staff and office administration	71,422
Fixed payments	<u>167,994</u>
Total expenditures	<u>388,380</u>

Excess of revenues over expenditures 4,694

Fund balance, beginning of the year 134,998

Fund balance, end of the year \$ 139,692

CLEARWATER DOWNTOWN DEVELOPMENT BOARD

**Reconciliation of the Change in Fund Balance
of the General Fund to the
Statement of Activities**

Year Ended September 30, 2015

Net change in fund balance - total general fund	\$ <u>4,694</u>
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Change in net position of governmental activities	\$ <u><u>4,694</u></u>
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CLEARWATER DOWNTOWN DEVELOPMENT BOARD

**Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund**

Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 241,651	241,651	234,370	(7,281)
Intergovernmental - Community Redevelopment Agency	160,178	160,178	154,566	(5,612)
Charges for service	500	500	2,222	1,722
Interest income	1,000	1,000	1,916	916
Total revenues	403,329	403,329	393,074	(10,255)
Expenditures:				
Current:				
Promoting district	65,800	79,577	75,542	4,035
Promoting merchants	15,220	15,220	12,150	3,070
Promoting events	77,029	73,587	61,272	12,315
Staff and office administration	71,474	71,474	71,422	52
Fixed payments	173,806	173,806	167,994	5,812
Total expenditures	403,329	413,664	388,380	25,284
Net change in fund balance	-	(10,335)	4,694	15,029
Fund balance, beginning of year	134,998	134,998	134,998	-
Fund balance, end of year	\$ 134,998	124,663	139,692	15,029

CLEARWATER DOWNTOWN DEVELOPMENT BOARD

Notes to Financial Statements

September 30, 2015

(1) Summary of Significant Accounting Policies

The Clearwater Downtown Development Board (DDB) maintains its accounting records in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the DDB's accounting policies are described below.

The DDB is a political subdivision of the State of Florida, located in Pinellas County in the west central portion of the State. The DDB was incorporated in 1970 under the provisions of the Laws of Florida, Chapter 70-635 under a Board of Trustees (Board) Structure.

The City of Clearwater, Florida created the Clearwater Downtown Development Board Special Taxing District through a special referendum election held on February 9, 1971. The purpose of the referendum was to ratify the adoption of Chapter 70-635, Special Acts of Florida of 1970. The provisions of the Act permit the downtown real property owners of the City to tax themselves by voting to establish a Special Downtown Tax District. The DDB's Board is elected by the residents and freeholders of the tax district.

On December 16, 1993 the City Commission adopted Ordinance No. 5510-93. With this ordinance the City Commission established that the Clearwater Community Redevelopment Agency (CRA) shall have the primary responsibility for planning and implementing downtown redevelopment. The City Commission further declared that the powers of the DDB are to function as an aid to the CRA.

(a) Reporting Entity

Governmental Accounting Standards Board Statement No. 14, as amended by Statement No. 39 and Statement No. 61, requires that these financial statements disclose any component units of the Clearwater Downtown Development Board. Component units generally are legally separate entities for which a primary government is financially accountable. In addition the primary government is able to impose its will upon the component unit, or there is a possibility that the component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The Board has determined that the DDB does not have any component units.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities normally are supported by taxes and intergovernmental revenues.

CLEARWATER DOWNTOWN DEVELOPMENT BOARD

Notes to Financial Statements - Continued

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

Separate financial statements are provided for the governmental fund. Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

(c) **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

Interest income associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the DDB.

The DDB reports the following major governmental fund:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government.

CLEARWATER DOWNTOWN DEVELOPMENT BOARD

Notes to Financial Statements - Continued

(d) **Budgets**

Annual appropriated budgets are legally adopted by the Board on a basis consistent with generally accepted accounting principles for the General Fund. The budget is controlled at the individual line item level by the DDB's Board. The Board is authorized to transfer budget amounts within the General Fund. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorized amounts. Encumbrances outstanding at year-end are reappropriated as part of the subsequent year's budget.

(e) **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances in the amount of \$1,976 as of September 30, 2015, are classified as *Assigned* fund balance, since they do not constitute expenditures or liabilities.

(f) **Unearned Revenue**

Unearned revenues represent a liability account that reports consideration received in advance of DDB providing goods or services. There were no unearned revenues as of September 30, 2015.

(g) **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. There were no deferred inflows or outflows of resources applicable to the DDB as of September 30, 2015.

(h) **Cash and Investments**

The DDB does not currently maintain accounts with either financial institutions or brokerages titled under their name. Cash and cash equivalents as presented in these financial statements reflects the DDB's equity in the City of Clearwater's (City's) pooled cash and investments and for purposes of these financial statements are considered demand deposits. All investments are governed by the City's Investment Policy, which is adopted by the Clearwater Downtown Development Board by resolution.

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 funds have equity are held by the City's consolidated pool of cash and investments.

CLEARWATER DOWNTOWN DEVELOPMENT BOARD

Notes to Financial Statements - Continued

The City utilizes a consolidated cash pool to account for cash and investments of all City funds other than those which are required by ordinance to be physically segregated. The DDB is a participant in the City's pooled cash and investments program. The consolidated cash pool concept allows each participating fund to benefit from the economies of scale and improved yield which 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 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 also 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.

(i) **Fund Balance**

The Downtown Development Board classifies the elements of fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources reported in the general fund. 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 would follow the same hierarchy; that is, if an amount for a specific purpose is categorized as restricted or committed, then spending for such purpose would come from that classification before any lower classification.

Nonspendable fund balance represents amounts that cannot be spent, such as inventories, prepaid amounts, property held for resale, long-term notes receivable and amounts that are legally or contractually required to remain intact. The \$48,000 nonspendable fund balance relates to a loan receivable from the Community Redevelopment Agency as described in Note 10.

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 a formal vote of the Board Members.

Assigned fund balance includes amounts that are intended to be used by the Board 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 Board Members. The \$1,976 assigned fund balance relates to an encumbrance outstanding at September 30, 2015, as described in Note 1(e).

Unassigned fund balance represents the residual amount of fund balance not contained in the other classifications.

On November 6, 2013, the DDB established a minimum reserve level at 25% of the total of

CLEARWATER DOWNTOWN DEVELOPMENT BOARD

Notes to Financial Statements - Continued

the fixed payments, staff and office administration fees and \$50,000 for boat slips, for a total of \$71,465.

(2) **Deposits and Investments**

Cash and cash equivalents as of September 30, 2015 are as follows:

Demand deposits (pooled cash and investments)	<u>\$ 99,196</u>
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Interest Rate Risk

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, and the policy requires that the weighted average maturity be 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 four years.

Credit Risk

The City's pooled cash investment policy, in accordance with *Florida Statutes*, allows investments in 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.

Concentration of Credit Risk

The City's pooled cash investment policy limits the investment in any one issuer to 40% of the portfolio.

(3) **Property Taxes**

Under Florida Law, the assessment of all properties and the collection of all county municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector.

The tax levy is established by the DDB prior to October 1 of each year and the Pinellas County Tax Collector incorporates the DDB's millages into the total tax levy, which included the Pinellas County School Board tax requirements. The millage rate assessed by the DDB was 0.9651 for fiscal 2015.

All property is reassessed according to its fair market value January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Board of Revenue for review to determine if the rolls meet all of the appropriate requirements of *Florida Statutes*.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1

CLEARWATER DOWNTOWN DEVELOPMENT BOARD

Notes to Financial Statements - Continued

following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years.

Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

Because of the Pinellas County Tax Collector's Office efficient system for selling tax certificates and remitting the proceeds to the DDB, any delinquent or uncollected property taxes at year end are immaterial. The DDB's tax calendar is the same as that of the Pinellas County Board of Commissioners and is as follows:

Valuation Date: January 1
Levy Date: November 1
Due Date: March 31, succeeding year
Lien Date: April 1, succeeding year

Ad valorem tax revenues for the Clearwater Downtown Development Board for the fiscal year ended September 30, 2015 reported in the government-wide financial statements on a full accrual basis were \$234,370.

(4) **Budget Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. On or before June 30 of each year, the Treasurer submits requests for appropriation to the Board so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. All annual appropriations lapse at fiscal year end.

The proposed budget is presented to the Board for review before August 1. The Board holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Treasurer.

Expenditures may not legally exceed budgeted appropriations at the fund level.

(5) **Risk Management**

In an effort to reduce the rising costs of commercial insurance, the Board carefully examines insurance premium quotes and has purchased all of its coverage from commercial insurance carriers.

The DDB is exposed to various risks of loss related to torts; errors and omissions, and natural disasters.

CLEARWATER DOWNTOWN DEVELOPMENT BOARD

Notes to Financial Statements - Continued

Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The DDB has not had any significant coverage reductions under these policies from the prior years.

(6) Long-Term Debt

There was no long-term debt activity for the fiscal year ended September 30, 2015.

(7) Interlocal Agreement

The Clearwater Downtown Development Board (DDB) entered into an interlocal agreement with the Clearwater Community Redevelopment Agency (CRA) on September 9, 2014. The term of the interlocal agreement was October 1, 2014 thru September 30, 2015.

The agreement specifies that the CRA will refund to the DDB the fiscal 2015 tax increment payment received from the DDB, which totaled \$154,566 for the current fiscal year, in support of downtown redevelopment initiatives. The agreement also provides that the CRA will deduct \$63,724 from the reimbursement, to represent reimbursement to the CRA from the DDB for fiscal 2015 administrative support services provided. Additionally, it is the intent of the parties that the DDB shall contribute if needed, up to \$50,000 for ten years, subject to annual approval, towards construction, operation and/or maintenance of the downtown boat slips and related facilities. The current year's payment is included in economic development expenditures in the accompanying financial statements. The DDB has contributed \$450,000 under this agreement during the nine years ended September 30, 2015.

(8) Office Facilities

The City of Clearwater provides office space in City Hall as well as the use of office equipment and furniture to the DDB. The City provides unlimited rent-free use of these facilities. The value of the in-kind donations has not been determined and is not recorded in these financial statements.

(9) Contingent Liabilities and Commitments

For the year ended September 30, 2015, the DDB did not receive any amounts from grantor agencies that are subject to audit and adjustment by grantor agencies.

The DDB has not entered into any operating leases with scheduled rent increases as of September 30, 2015.

(10) Loan Receivable from Community Redevelopment Agency

On September 22, 2003, the DDB entered into an interlocal agreement with the Community Redevelopment Agency (CRA). Under the terms of this agreement, the DDB agreed to loan the CRA \$48,000. The purpose of this loan was to allow the CRA to purchase property. The unsecured loan is not subject to interest and will be repaid to the DDB upon subsequent sale of the property. If the property is resold for an amount greater than the original purchase price, the DDB will receive a proportionate share (3.85%) of the profit.

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS

**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**

Board Members
Clearwater Downtown Development Board
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 and the general fund of Clearwater Downtown Development Board (the Board), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated December 28, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clearwater Downtown Development Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Clearwater Downtown Development Board'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 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 Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Tampa, Florida
December 28, 2015

MANAGEMENT LETTER

Board Members
Clearwater Downtown Development Board
Clearwater, Florida

Report on the Financial Statements

We have audited the financial statements of the Clearwater Downtown Development Board (the Board), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated December 28, 2015.

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; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated December 28, 2015, 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. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition

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

Financial Condition (Continued)

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Board'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.

Annual Financial Report

Section 10.554(1)(i)5.c., and 10.556 (7), Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Board for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for the proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The Board does not have any component units.

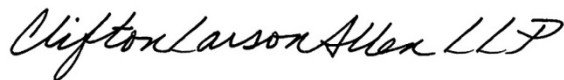
Other Matters

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

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Tampa, Florida
December 28, 2015

INDEPENDENT ACCOUNTANTS' REPORT

Board Members
Clearwater Downtown Development Board
Clearwater, Florida

We have examined the Clearwater Downtown Development Board's (the Board) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for Board's compliance with those requirements. Our responsibility is to express an opinion on Board's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Board's compliance with specified requirements.

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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



CliftonLarsonAllen LLP

Tampa, Florida
December 28, 2015



CliftonLarsonAllen LLP
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Board Members
Clearwater Downtown Development Board
Clearwater, Florida

We have audited the financial statements of the governmental activities and the general fund of Clearwater Downtown Development Board as of and for the year ended September 30, 2015, and have issued our report thereon dated December 28, 2015. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Clearwater Downtown Development Board are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2015.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.



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Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 28, 2015.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the Board Members and management of Clearwater Downtown Development Board and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Tampa, Florida
December 28, 2015

Clearwater Downtown Development Board

Board Meeting
February 3, 2016



CLAconnect.com



CLA Engagement Team

➤ Overall Engagement Responsibility

- Andrew Laflin, Principal

➤ Financial Statement Audit Team

- Andrew Laflin, Principal
- Kim Poblete, Senior Associate
- Dani Ashford, Associate

Audit and Attestation Services Performed

Financial Statements

- Financial statement audit for the year ended September 30, 2015, in accordance with *Government Audit Standards*

Internal Controls

- Evaluate internal controls over the Board's financial reporting processes and compliance with applicable laws, regulations, contracts, and agreements

State Compliance

- Examination of compliance with investment provisions in accordance with requirements of *Section 218.415, Florida Statutes*

Reports to be Delivered

- 1 Independent Auditors' Report
- 2 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* (Yellow Book Report)
- 3 Management letter as required by Chapter 10.550 Rules of the Auditor General
- 4 Independent Accountants' Report (Examination)
- 5 Communication to Governance

Results of Procedures

- **Independent Auditors' Report**
 - Unmodified Opinion
- **Independent Auditors' Report on Internal Control (*GAS - Yellow Book*)**
 - No Material Weaknesses reported
- **Management Letter (*Florida Auditor General*)**
 - No recommendations made to management
 - No findings or recommendations made in the preceding annual financial report.
- **Independent Accountants' Report (*Examination – Investment Compliance*)**
 - Unmodified attestation opinion on investment compliance

Financial Overview

- Total revenues increased by \$28,931 (\$393,074 in CY vs. \$364,143 in PY)
 - Increase in property tax revenues and intergovernmental revenues (CRA contribution) due to increasing property values

Financial Overview, Continued

- Total expenses increased by \$38,286 (\$388,380 in CY vs. \$350,094 in PY)
 - Promoting District program: addition of banners and more holiday lighting
 - Promoting Events program: additional sponsorships (Clearwater Jazz Festival, Pianos on Main Street, Art in the Park, Cleveland Street Saturday Market)
 - Fixed Payments: increase in payment to CRA also due to rising property values

Financial Overview, Continued

- Net Position & Fund Balance – \$4,694 increase (\$139,692 in CY vs. \$134,998 in PY)
 - \$9,055 increase in cash
 - Loan receivable balance from CRA remains at \$48,000

New Accounting Standards

- There were no new accounting standards that impacted the Clearwater Downtown Development Board in 2015
 - GASB Statement 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, did not impact the financial statements of the Board

Required Communication to Governance

- **No difficulties encountered in dealing with management**
- **No uncorrected misstatements**
- **No disagreements with management**



Conclusion

We appreciate everyone's cooperation throughout the audit.



Andrew Laflin, CPA

Principal

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