

CITY OF CLEARWATER, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

2019/2020



# Cover Clearwater Entertainment



Parks & Recreation celebrated the completion of the Morningside Recreation Center.

The 20,998-square-foot facility houses a gymnasium, fitness center, multi-purpose rooms and pools. The \$5.6-million facility was paid for mostly through Penny for Pinellas.

Clearwater Gas System outfitted the Morningside Recreation Complex with eight individual natural gas air conditioning units to cool all 21,000 square feet of space.

The benefits of this conversion are both environmental and financial, as this helps lower Clearwater's carbon footprint.

**City of Clearwater, Florida  
Comprehensive Annual Financial Report  
for Fiscal Year Ended September 30, 2020**



Frank V. Hibbard  
*Mayor*

David Allbritton  
*Councilmember*

Kathleen Beckman  
*Councilmember*

Mark Bunker  
*Councilmember*

Hoyt Hamilton  
*Councilmember*

William B. Horne II  
*City Manager*

Brian Jay Ravins  
*Finance Director*

*Prepared by: City of Clearwater Finance Department*

**City of Clearwater, Florida**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2020**

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# CITY OF CLEARWATER

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600 CLEVELAND STREET, SUITE 600, CLEARWATER, FL 33755  
TELEPHONE (727) 562-4040 FAX (727) 562-4052

CITY MANAGER

April 9, 2021

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

The City of Clearwater Charter (Section 2.01(c)3), Florida Statutes, and various covenants relating to debt and pension obligations of the City require an annual audit of the financial statements of all funds of the City by a firm of licensed certified public accountants. These statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS). Pursuant to these requirements we hereby issue the comprehensive annual financial report of the City of Clearwater for the fiscal year ended September 30, 2020.

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, 2020, 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, 2020, 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

"Equal Employment and Affirmative Action Employer"

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

### **Profile of the City of Clearwater, Florida**

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

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

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

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

After five consecutive years of decline in City taxable property values, approximating thirty-three percent in total, we have now experienced eight consecutive years of increases: 3.3%, 6.0%, 6.6%, 7.5%, 8.3%, 9.6%, 6.7% and 6.7% increases for January 1, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020 tax rolls, respectively. The impact of the Coronavirus pandemic (COVID-19) on commercial real estate values is still to be determined, but it is hoped that a strong residential market, which represents 69% of taxable property values, will help to offset any decline in commercial valuations.

The unemployment rate prior to COVID-19 was at 2.9% at September 30, 2019. The unemployment rate at September 30, 2020 was 5.7%, which still compared favorably to the national rate of 7.9% and a state unemployment rate of 7.2% as of September 30, 2020. Local tourism was significantly impacted by COVID-19, but continues to rebound as the rate of vaccinations accelerates. We remain cautiously optimistic that pent-up travel demand and the attractiveness of domestic vacation destinations will lead to a strong rebound in area tourism in the coming months.

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

Redevelopment Agency incentive plans for downtown retail. Finally, the City is embarking on a significant development of the downtown waterfront bluff area, discussed under Major Initiatives below, that is expected to contribute to significant economic redevelopment of the downtown area.

## **Long-term Financial Planning**

Financial planning continues to be of critical importance to the City in meeting the challenges of both the immediate and foreseeable future. City staff and the City Council annually participate in a Strategic Planning council meeting to review priorities and financial condition in preparation for the annual budget process. This includes a review of current long-term forecasts for the General Fund and major utility funds. The City 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 \$56.4 million is budgeted for utility capital projects for fiscal 2021 with a total of \$408.5 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 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. 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

waterfront to spark change along Osceola Avenue and into downtown. The plan will create a dynamic new open space from the waterfront to the downtown, activated by new uses and captivating elements that serve a broad pool of users with the flexibility to accommodate a great variety of activities, including passive and active recreation, to promote year-round enjoyment. Phase 2 builds upon the success of Phase 1, bringing redevelopment south of Cleveland Street with the activation of additional key City investments. The current Phase 1 design phase is in process, with initial infrastructure construction begun during calendar year 2020. The next full phase of construction is expected to commence late spring 2021.

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 2021. 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 early planning stages for 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.

## Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2019. This was the 41<sup>st</sup> 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 comprehensive annual 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 2020 Budget document, the 34<sup>th</sup> 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,

William B. Horne, II  
City Manager

Brian Jay Ravins  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Clearwater  
Florida**

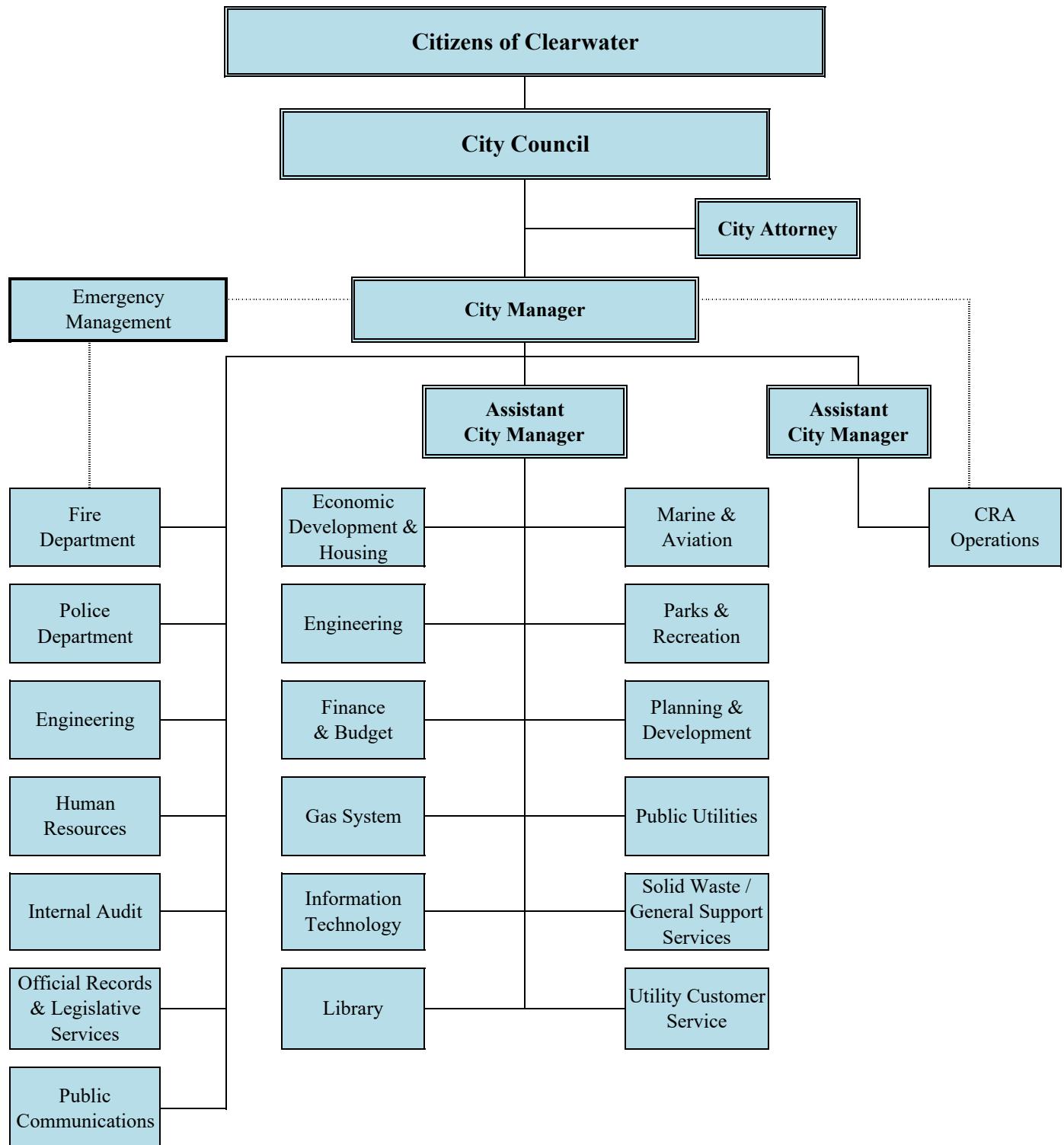
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Monell*

Executive Director/CEO

## City of Clearwater Organizational Chart



## **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, 2020, 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, 2020, 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, 2020, 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, 2020, 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**

### *Correction of Prior Period*

As described in Note IV.I. to the financial statements; Special Programs Fund, SHIP Local Housing Assistance Fund, and Pinellas County Local Housing Assistance Fund fund balances, beginning of year were restated in the aggregate amount of \$4,539,185 due to a correction of the prior period. Our opinions were 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 April 9, 2021, 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  
April 9, 2021

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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, 2020. *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 2020 by \$1.1 billion (*net position*). Of this amount, \$393.0 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 \$84.6 million, or 8.1%, from the prior year's net position. Net position for governmental activities increased by \$40.5 million, or 8.1%, while the business-type net position increased by \$44.1 million, or 8.1%.
- Governmental net position increased \$40.5 million in fiscal 2020, versus an increase of \$39.1 million in fiscal 2019. A decrease of \$9.6 million in governmental program expenses, primarily in the general government, transportation and culture and recreation programs, along with a decrease in governmental program revenues of \$7.2 million, resulted in a decrease in net program expenses of \$2.4 million. Total general revenues for governmental activities increased by \$344 thousand, or .3%, primarily due to a \$4.6 million increase in property taxes offset by a decrease of \$4.1 million in investment earnings resulting from a decrease in market valuation of the City's investment portfolio. Transfers from business-type activities decreased \$1.3 million.
- Business-type net position increased \$44.1 million in fiscal 2020, versus an increase of \$47.2 million in fiscal 2019. Net revenue from business-type activities, before investment earnings and transfers, increased \$1.4 million, or 2.8%, as the result of an increase in charges for services of \$162 thousand and a decrease in grants and contributions of \$2.7 million, in addition to a decrease in program expenses of \$3.9 million. The most significant increase in charges for services was in the Water & Sewer Utility (\$3.8 million), where charges for services increased as a result of a 4% rate increase effective October 1, 2019, offset by a decrease in the Gas Utility (\$3.0 million) due to a decrease in installations and retail sales as a result of the COVID-19 pandemic. General revenues decreased \$5.8 million as the result of a decrease in investment earnings due to a decrease in market valuation of the City's investment portfolio. Transfers to governmental activities decreased \$1.3 million.
- At September 30, 2020, the City's governmental funds reported combined ending fund balances of \$154.1 million, an increase of \$18.4 million, or 13.2%, in comparison with the prior year, as restated. Of this amount, \$48.9 million (or 31.7%) is *available for spending* at the government's discretion (*unassigned fund balance*).
- At September 30, 2020, unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of *fund balance*) for the general fund was \$49.3 million, or 37.5% of total fiscal 2020 general fund expenditures.
- Total outstanding long-term liabilities decreased \$15.7 million from the prior year, primarily due to a reduction in bonded debt in the amount of \$12.1 million, a decrease in claims payable of \$705 thousand, and a decrease in the liability for other postemployment benefits of \$7.1 million; offset by an increase in the liability for compensated absences of \$1.3 million, and an increase in capital lease purchase agreements (direct borrowings) of \$2.9 million.

### Overview of the Financial Statements

This discussion and analysis (*MD&A*) is intended to serve as an introduction to the City of Clearwater's *basic financial statements*. The City's basic financial statements are comprised of three components: 1) *government-wide financial*

*statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

## Government-Wide Financial Statements

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

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

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

## Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the City's major funds – not the City as a whole. *Fund accounting* helps to ensure and demonstrate *compliance* with finance-related legal requirements. Based on restrictions on the use of monies, the City has established many funds that account for the multitude of services provided to residents. These fund financial statements focus on the City's most significant funds: *governmental*, *proprietary*, and *fiduciary*.

**Governmental funds.** *Governmental funds* are used to report most of the City's basic services. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The funds focus on the *inflows and outflows of current resources* and the *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains ten individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Special Development, and Capital Improvement funds, which are considered to be major funds. Data from the other seven governmental funds are combined into a single aggregated columnar presentation. Individual fund data for each of these nonmajor governmental funds is provided in *Combining and Individual Fund Statements and Schedules* section of this report.

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

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

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the fiscal activities related to water and sewer, gas, solid waste & recycling and stormwater utilities, along with marine, aviation, parking system, and Clearwater Harbor Marina downtown boat slip operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the City's building maintenance, custodial services, self-insurance program, risk management program, employee group insurance, vehicle acquisition and maintenance, and various support activities including data processing, telecommunications, and postal services. All of the City's internal service funds predominantly benefit governmental activities and consequently have been aggregated and included within *governmental activities* in the government-wide financial statements.

*Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utility, Gas Utility, Solid Waste & Recycling Utility, and Stormwater Utility enterprise funds, which are considered to be *major* funds of the City. The remaining four *non-major* enterprise funds are combined into a single aggregated presentation in the proprietary fund financial statements. Similarly, governmental activity *internal service* funds are aggregated into a single presentation. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the form of *combining statements* in the supplementary information section of this report.

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

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

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

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

## **Notes to the Financial Statements**

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

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

## **Other Information**

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

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

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

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

## Government-Wide Financial Analysis

The total net position of the City increased in both fiscal 2020 and fiscal 2019. 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 \$1.1 billion at the close of the fiscal year ended September 30, 2020. This represents an increase of \$84.6 million from the September 30, 2019 total net position of \$1.0 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**

|                                       | City of Clearwater, Florida - Net Position |                      |                          |                      |                         |                         |
|---------------------------------------|--|----------------------|--------------------------|----------------------|-------------------------|-------------------------|
|                                       | Governmental Activities                    |                      | Business-type Activities |                      | Total                   |                         |
|                                       | 2020                                       | 2019                 | 2020                     | Reclassified<br>2019 | 2020                    | Reclassified<br>2019    |
| <b>Assets</b>                         |  |                      |                          |                      |                         |                         |
| Current and other assets              | \$329,051,866                              | \$291,431,458        | \$333,081,335            | \$300,350,373        | \$ 662,133,201          | \$ 591,781,831          |
| Capital assets                        | 295,593,415                                | 290,671,128          | 446,035,936              | 447,607,180          | 741,629,351             | 738,278,308             |
| Total assets                          | <u>624,645,281</u>                         | <u>582,102,586</u>   | <u>779,117,271</u>       | <u>747,957,553</u>   | <u>1,403,762,552</u>    | <u>1,330,060,139</u>    |
| <b>Deferred Outflows of Resources</b> |  |                      |                          |                      |                         |                         |
| Resources                             | <u>25,401,889</u>                          | <u>21,523,123</u>    | <u>18,284,510</u>        | <u>18,286,260</u>    | <u>43,686,399</u>       | <u>39,809,383</u>       |
| <b>Liabilities</b>                    |  |                      |                          |                      |                         |                         |
| Current and other liabilities         | 10,896,206                                 | 13,310,030           | 21,265,157               | 25,439,124           | 32,161,363              | 38,749,154              |
| Long-term debt outstanding:           |  |                      |                          |                      |                         |                         |
| Due within one year                   | 15,992,365                                 | 16,129,395           | 7,443,280                | 8,059,629            | 23,435,645              | 24,189,024              |
| Due in more than one year             | 45,905,365                                 | 48,789,599           | 166,460,801              | 178,567,623          | 212,366,166             | 227,357,222             |
| Total liabilities                     | <u>72,793,936</u>                          | <u>78,229,024</u>    | <u>195,169,238</u>       | <u>212,066,376</u>   | <u>267,963,174</u>      | <u>290,295,400</u>      |
| <b>Deferred Inflows of Resources</b>  |  |                      |                          |                      |                         |                         |
| Resources                             | <u>37,897,156</u>                          | <u>26,585,705</u>    | <u>11,925,090</u>        | <u>7,979,462</u>     | <u>49,822,246</u>       | <u>34,565,167</u>       |
| <b>Net position</b>                   |  |                      |                          |                      |                         |                         |
| Net investment in capital assets      | 271,011,470                                | 267,702,798          | 292,924,925              | 284,904,712          | 563,936,395             | 552,607,510             |
| Restricted                            | 136,163,696                                | 129,078,592          | 36,575,666               | 36,270,729           | 172,739,362             | 165,349,321             |
| Unrestricted                          | 132,180,912                                | 102,029,590          | 260,806,862              | 225,022,534          | 392,987,774             | 327,052,124             |
| Total net position                    | <u>\$539,356,078</u>                       | <u>\$498,810,980</u> | <u>\$590,307,453</u>     | <u>\$546,197,975</u> | <u>\$ 1,129,663,531</u> | <u>\$ 1,045,008,955</u> |

Fiscal 2019 net position amounts in the Business-type Activities have been reclassified to correct an error in the calculation of net investment in capital assets, and consequently the calculation of unrestricted net position.

A large portion of the City's net position (49.9%) 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 \$3.3 million (1.2%) 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 \$817 thousand and an increase of \$2.4 million in capital lease purchase contracts, plus a net increase of \$4.9 million in governmental capital assets for the current fiscal year. The increase in governmental capital assets of \$4.9 million resulted from capital asset additions of \$27.4 million offset by depreciation expense of \$22.0 million, net capital asset retirements of \$510 thousand and net transfers from business-type activities of \$4 thousand.

*Net investment in capital assets* for *business-type activities* increased by \$8.0 million (2.8%) versus the previous year, as recalculated, due to a net decrease in business-type capital assets of \$1.6 million consisting of \$21.6 million of net capital

asset additions, offset by \$22.1 million in current year depreciation expense, net capital asset retirements of \$1.1 million and net transfers to governmental activities of \$4 thousand, plus a decrease of \$9.6 million in related debt, net of unspent bond proceeds.

An additional portion of the City's net position (15.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$388.9 million or 34.4%) 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, 2020, and September 30, 2019:

**City of Clearwater, Florida - Changes in Net Position**

|   | Governmental Activities |                | Business-type Activities |                | Totals           |                  |
|---|-------------------------|----------------|--------------------------|----------------|------------------|------------------|
|   | 2020                    | 2019           | 2020                     | 2019           | 2020             | 2019             |
| <b>Revenues</b>                           |                         |                |                          |                |                  |                  |
| Program revenues:                         |                         |                |                          |                |                  |                  |
| Charges for services                      | \$ 45,397,783           | \$ 47,141,917  | \$ 192,201,645           | \$ 192,040,050 | \$ 237,599,428   | \$ 239,181,967   |
| Operating grants and contributions        | 6,924,964               | 8,629,890      | 166,250                  | 664,173        | 7,091,214        | 9,294,063        |
| Capital grants and contributions          | 2,518,812               | 6,256,668      | 1,763,846                | 3,972,854      | 4,282,658        | 10,229,522       |
| General revenues:                         |                         |                |                          |                |                  |                  |
| Property taxes                            | 68,614,394              | 64,050,066     | -                        | -              | 68,614,394       | 64,050,066       |
| Sales taxes                               | 19,310,646              | 19,838,771     | -                        | -              | 19,310,646       | 19,838,771       |
| Utility taxes                             | 17,165,590              | 16,448,848     | -                        | -              | 17,165,590       | 16,448,848       |
| Communications services taxes             | 4,368,536               | 4,370,997      | -                        | -              | 4,368,536        | 4,370,997        |
| Local business tax                        | 2,027,827               | 2,077,054      | -                        | -              | 2,027,827        | 2,077,054        |
| Local option gas tax                      | 1,381,690               | 1,526,214      | -                        | -              | 1,381,690        | 1,526,214        |
| State revenue sharing                     | 3,694,083               | 3,968,913      | -                        | -              | 3,694,083        | 3,968,913        |
| Tax increment                             | 2,093,726               | 1,877,440      | -                        | -              | 2,093,726        | 1,877,440        |
| Other                                     | 4,644,541               | 8,798,962      | 5,046,974                | 10,811,582     | 9,691,515        | 19,610,544       |
| Total revenues                            | 178,142,592             | 184,985,740    | 199,178,715              | 207,488,659    | 377,321,307      | 392,474,399      |
| <b>Expenses</b>                           |                         |                |                          |                |                  |                  |
| General Government                        | 13,110,688              | 15,981,716     | -                        | -              | 13,110,688       | 15,981,716       |
| Public Safety                             | 72,719,652              | 71,644,725     | -                        | -              | 72,719,652       | 71,644,725       |
| Physical Environment                      | 5,934,269               | 551,540        | -                        | -              | 5,934,269        | 551,540          |
| Transportation                            | 12,423,436              | 15,956,724     | -                        | -              | 12,423,436       | 15,956,724       |
| Economic Environment                      | 7,297,768               | 7,670,612      | -                        | -              | 7,297,768        | 7,670,612        |
| Human Services                            | 598,353                 | 573,879        | -                        | -              | 598,353          | 573,879          |
| Culture and Recreation                    | 36,527,862              | 45,595,432     | -                        | -              | 36,527,862       | 45,595,432       |
| Interest on Long-term Debt                | 616,484                 | 808,381        | -                        | -              | 616,484          | 808,381          |
| Water and Sewer Utility                   | -                       | -              | 66,362,254               | 68,458,255     | 66,362,254       | 68,458,255       |
| Gas Utility                               | -                       | -              | 32,671,325               | 35,552,937     | 32,671,325       | 35,552,937       |
| Solid Waste Utility                       | -                       | -              | 18,579,921               | 19,327,785     | 18,579,921       | 19,327,785       |
| Stormwater Utility                        | -                       | -              | 12,307,608               | 11,729,743     | 12,307,608       | 11,729,743       |
| Recycling Utility                         | -                       | -              | 2,675,082                | 1,593,947      | 2,675,082        | 1,593,947        |
| Other                                     | -                       | -              | 10,842,029               | 10,687,304     | 10,842,029       | 10,687,304       |
| Total expenses                            | 149,228,512             | 158,783,009    | 143,438,219              | 147,349,971    | 292,666,731      | 306,132,980      |
| Increase in net position before transfers | 28,914,080              | 26,202,731     | 55,740,496               | 60,138,688     | 84,654,576       | 86,341,419       |
| Transfers                                 | 11,631,018              | 12,932,211     | (11,631,018)             | (12,932,211)   | -                | -                |
| Increase in net position                  | 40,545,098              | 39,134,942     | 44,109,478               | 47,206,477     | 84,654,576       | 86,341,419       |
| Net position - beginning                  | 498,810,980             | 459,676,038    | 546,197,975              | 498,991,498    | 1,045,008,955    | 958,667,536      |
| Total net position - ending               | \$ 539,356,078          | \$ 498,810,980 | \$ 590,307,453           | \$ 546,197,975 | \$ 1,129,663,531 | \$ 1,045,008,955 |

## Governmental Activities

*Net position of governmental activities increased by \$40.5 million from \$498.8 million to \$539.3 million as of September 30, 2020. This represents an 8.1% increase in net position for governmental activities.*

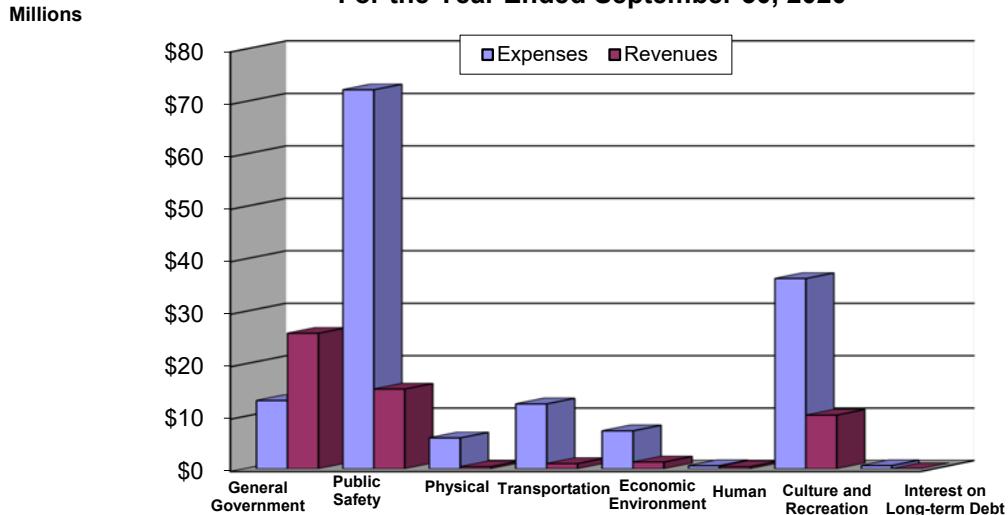
Total expenses for governmental activities decreased by \$9.6 million, or 6.0%, versus the prior year. The most significant decreases were in the general government program (\$2.9 million), the transportation program (\$3.5 million) and the culture and recreation program (\$9.1 million); offset by an increase in the physical environment program (\$5.4 million).

Total program revenues for governmental activities decreased by \$7.2 million, or 11.6%, versus the prior year. This decrease was due to a \$1.8 million decrease in charges for services, a decrease in operating grants and contributions of \$1.7 million, and a decrease of \$3.7 million in capital grants and contributions.

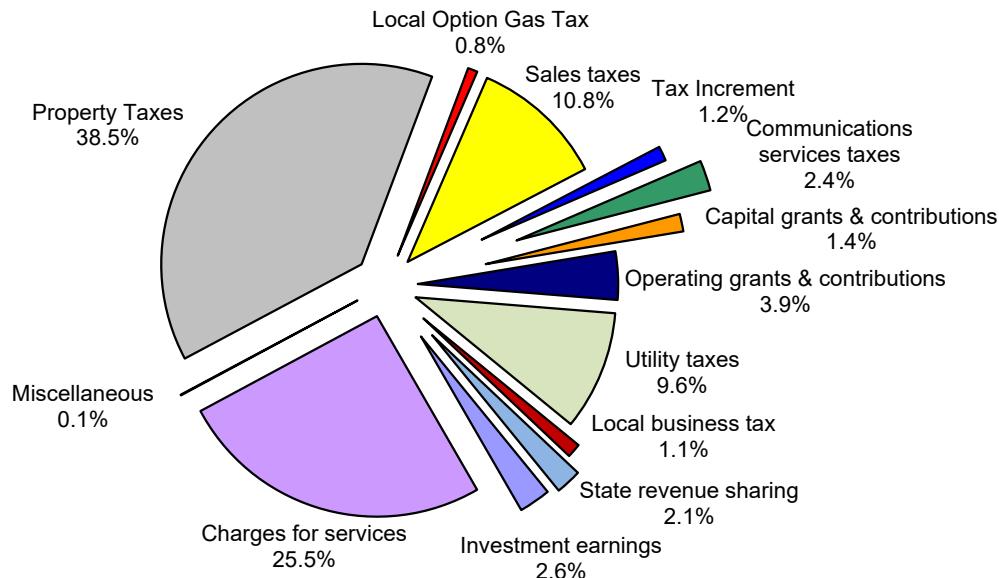
Total general revenues for governmental activities increased by \$344 thousand, or .3%, primarily due to a \$4.6 million increase in property taxes and offset by a decrease of \$4.1 million in investment earnings due to a decrease in market valuation of the City's investment portfolio. Transfers from business-type activities decreased \$1.3 million.

The cost of all governmental activities this year was \$149.2 million. This reflects a decrease of \$9.6 million, or 6.0%, from the fiscal 2019 total of \$158.8 million. However, as shown on the *Statement of Activities*, the amount that the City's taxpayers ultimately financed for fiscal 2020 activities totaled \$94.4 million, because some of the cost was paid for by those who directly benefited from the programs (\$45.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$9.4 million). This total of \$94.4 million is \$2.4 million, or 2.4%, less than the fiscal 2019 amount financed from general revenues.

#### **Expenses and Program Revenues - Governmental Activities For the Year Ended September 30, 2020**



**Revenues by Sources - Governmental Activities**  
**For the Year Ended September 30, 2020**



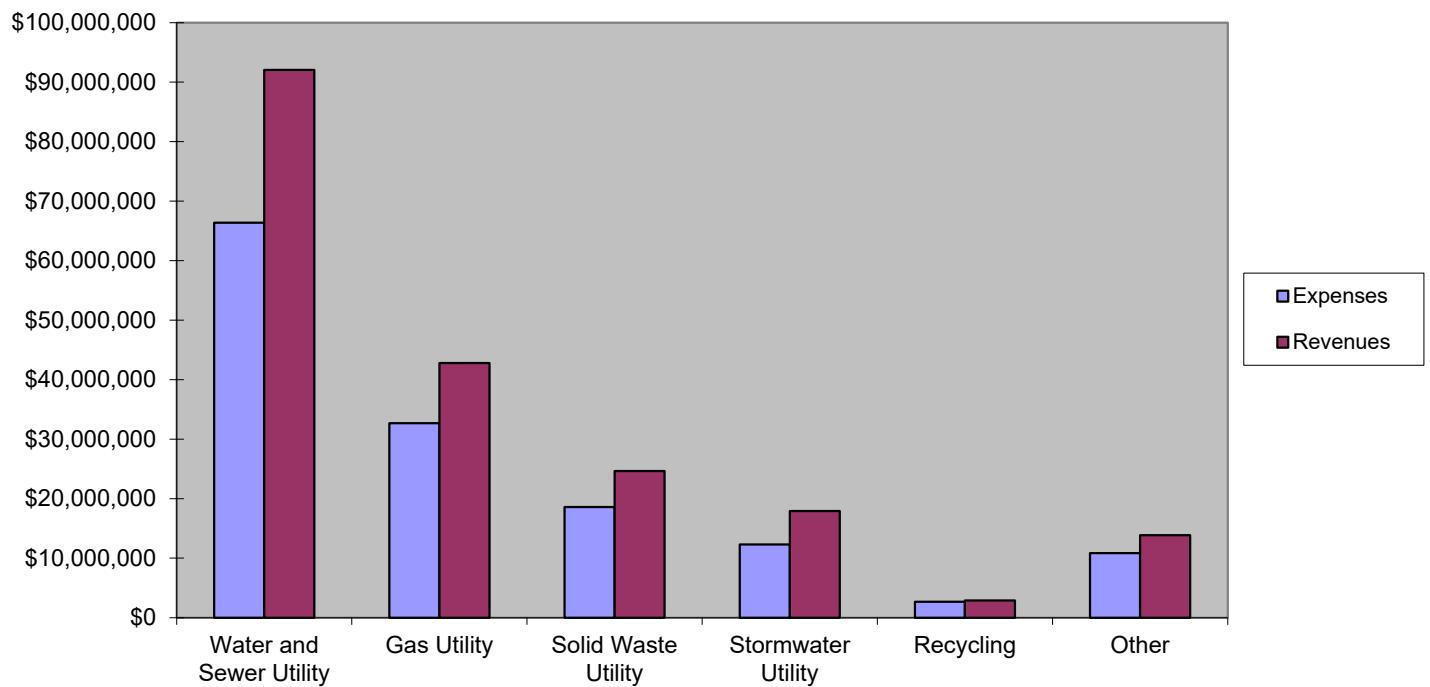
### Business-type Activities

*Net position for business-type activities increased by \$44.1 million from \$546.2 million at September 30, 2019, to \$590.3 million as of September 30, 2020. This represents an increase of 8.1% in net position for business-type activities. Net revenue from business-type activities, before investment earnings and transfers, increased from \$49.3 million for the prior year to \$50.7 million for fiscal 2020. This \$1.4 million, or 2.8%, increase was primarily the result of an increase in charges for services of \$162 thousand and a decrease in grants and contributions of \$2.7 million, in addition to a decrease in program expenses of \$3.9 million.*

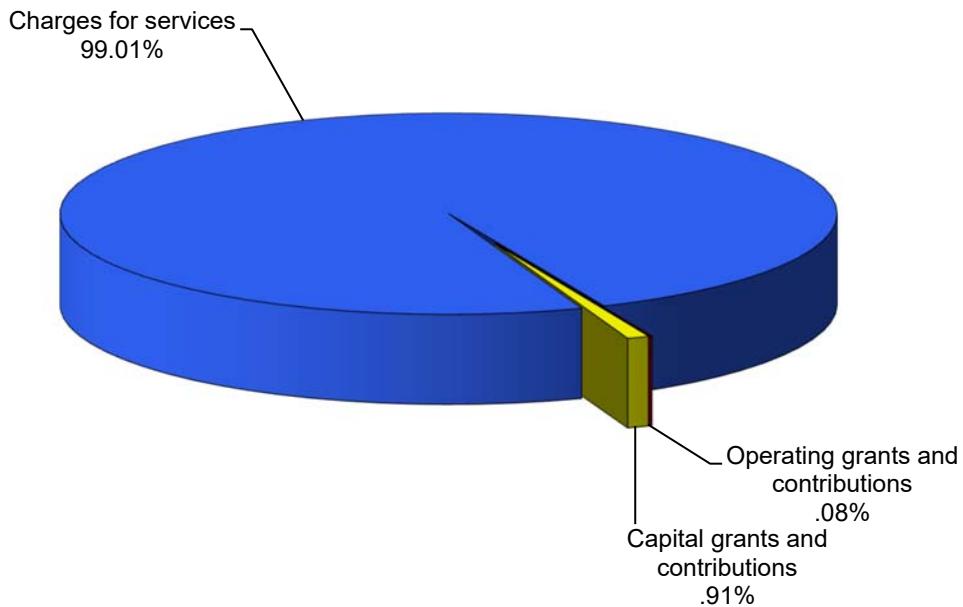
Total program revenues for business-type activities decreased by \$2.5 million, or 1.3%, to \$194.1 million versus the prior year total of \$196.6 million, due primarily to a decrease of \$2.2 million (55.6%) in capital grants and contributions, primarily due to reductions in funding from the Southwest Florida Water Management District as a result of completions of projects in the Stormwater Utility (\$521 thousand) and one-time revenues received in 2019 (\$891 thousand), and a decrease in contributions from developers and customers in the Water & Sewer Utility (\$885 thousand).

Total expenses for business-type activities decreased by \$3.9 million, or 2.7%, from \$147.3 million in fiscal 2019 to \$143.4 million for fiscal 2020. The majority of this decrease is in the Water & Sewer Utility (\$2.1 million) and the Gas Utility (\$2.9 million); offset by an increase in the Recycling Utility of \$1.1 million. Transfers to governmental activities decreased \$1.3 million, or 10.1%.

**Expenses and Program Revenue - Business-type Activities  
For the Year Ended September 30, 2020**



**Revenues by Source - Business-type Activities  
For the Year Ended September 30, 2020**



## Financial Analysis of the City's Funds

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

### Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City reports the General Fund, Special Development Fund, and Capital Improvement Fund as *major governmental funds*.

The City's governmental funds for the year ended September 30, 2020, reflect a combined *fund balance* of \$154.1 million versus \$135.7 million for the prior year, as restated, an increase of \$18.4 million. A total of \$48.9 million, or 31.74%, represents *unassigned fund balance* available for spending at the government's discretion. The remainder of the fund balance is classified as *assigned* (\$7.3 million or 4.71%) to indicate that it is intended to be used for specific purposes supported by management's intent; *committed* (\$25.5 million or 16.57%) to indicate that it can be used only for the specific purposes determined by a formal vote of the City Council; *restricted* (\$72.2 million or 46.81%) to indicate that it can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation; or *nonspendable* (\$256 thousand or 0.17%) 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, 2020, unassigned fund balance of the General Fund totaled \$48.9 million, with the remaining \$402 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 37.3% of total general fund expenditures (GAAP basis before transfers) for the current fiscal year.

The fund balance of the Special Development Fund increased from \$11.0 million to \$11.6 million, an increase of \$576 thousand or 5.2%, during the current fiscal year versus an increase of \$6.3 million for fiscal 2019. Total revenues decreased by \$2.2 million, primarily due to a decrease in investment earnings of \$1.4 million due to declining market conditions offset by an increase in the average balance of cash and investments; a decrease in property, infrastructure sales, and local option gas taxes of \$122 thousand; an increase in impact fees of \$561 thousand; and a decrease in intergovernmental revenue of \$1.3 million due to the completion of reimbursements from Pinellas County for Gulf Blvd. improvements in 2019. Transfers in decreased by \$900,000, due to the return of unused Penny for Pinellas revenues from the Crest Lake Park Improvements project in the Capital Improvement Fund in 2019, while transfers out increased by \$2.5 million primarily due to an increase in transfers to the Capital Improvement Fund to fund projects.

The fund balance for the Capital Improvement Fund increased from \$64.5 million to \$69.4 million during the current fiscal year. This increase of \$4.9 million is primarily the result of current year capital project funding received from other funds in excess of current year capital project expenditures. This is typical volatility for the Capital Improvement Fund due to timing differences between project funding and project spending.

The fund balances for Other (non-major) Governmental Funds posted an increase of \$2.3 million (from \$21.5 million, as restated, to \$23.8 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 \$24.8 million increase in net position versus \$19.6 million increase for the prior year. Operating revenues increased by \$3.8 million, or 4.4%, while operating expenses also increased \$3.9 million, or 6.2%. This resulted in a net decrease in operating income of \$90 thousand from \$24.05 million in fiscal 2019 to \$23.96 million in 2020. Additionally, capital grants and contributions decreased by \$887 thousand, or 47.4%, and investment earnings decreased by \$2.1 million (45.6%). The increase in operating revenues was primarily the result of a 4.0% rate

increase effective October 1, 2019. The increase in operating expenses was primarily due to an increase in professional fees of \$1.6 million as a result of consulting services to meet regulatory requirements, keep plants functioning properly and continued work on the master plan; and an increase in repairs & maintenance of \$2.1 million due to additional required maintenance at all facilities and lift stations as well as R&R work on infrastructure.

The Gas Utility Fund realized an increase of \$6.4 million in net position versus a \$8.6 million increase for the prior year. Operating revenues decreased by \$3.0 million, or 6.5%, from the prior year, and operating expenses also decreased by \$2.8 million (7.8%). This resulted in a net decrease in operating income of \$200 thousand from \$10.4 million in 2019 to \$10.2 million in 2020. Operating revenues decreased due to a reduction in installations and retail sales as a result of the COVID-19 pandemic. The decrease in operating expenses was primarily due to a reduction in purchases for resale of \$4.0 million resulting from a reduction in installations and retail sales, offset by an increase in depreciation expense of \$604 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 \$4.9 million increase in net position versus a \$6.7 increase in the prior year. Operating revenues decreased by \$86 thousand, or .31%, while operating expenses increased by \$602 thousand (2.8%), resulting in a decrease of \$688 thousand in operating income. The increase in operating revenues was primarily due to a rate increase of 3.75% effective October 1, 2019, reduced to a 2% increase in sales to customers due to a decrease in commercial collections resulting from business closures due to the COVID-19 pandemic, offset by a decrease in other revenues of \$662 thousand due to one-time revenues received from FEMA in fiscal 2019 for Hurricane Irma debris removal. The increase in operating expenses was primarily due to the purchase of new sanitation vehicles by the Garage Internal Service Fund. Debt service for the vehicles is passed through to Solid Waste and Recycling via internal service charges.

The Stormwater Utility Fund realized an increase in net position of \$3.9 million versus a prior year increase of \$8.2 million. Operating revenues decreased by \$2.3 million, or 11.6%, and operating expenses increased \$631 thousand, or 5.8%, resulting in a decrease of \$2.9 million in operating income. Operating revenues decreased due to a rate decrease of 8.5% effective October 1, 2019, as well as a decrease in funding in the amount of \$871 thousand that was returned from the Army Corps of Engineers for the Stevenson's Creek Estuary project in 2019. Operating expenses increased primarily due to increased repair and maintenance charges for the David Avenue project offset by reductions in stormwater repair and replacement activity. There was also a decrease in capital grants and contributions of \$887 thousand (47.4%) due to reductions in funding from the Southwest Florida Water Management District as a result of the completion of the Hillcrest Bypass Culvert project, and one-time revenues received in 2019.

Unrestricted net position and changes in net position of the proprietary funds for fiscal years 2020 and 2019:

| Fund                            | Unrestricted Net Position |                       | Change in Net Position |                      |
|---------------------------------|---------------------------|-----------------------|------------------------|----------------------|
|                                 | 2020                      | 2019                  | 2020                   | 2019                 |
| Water and Sewer Utility         | \$ 131,892,848            | \$ 98,248,327         | \$ 24,799,299          | \$ 19,635,287        |
| Gas Utility                     | 26,420,385                | 29,385,768            | 6,369,734              | 8,554,658            |
| Solid Waste & Recycling Utility | 29,375,269                | 31,353,565            | 4,857,600              | 6,652,662            |
| Stormwater Utility              | 42,188,275                | 43,334,867            | 3,906,621              | 8,217,196            |
| Other funds                     | 25,579,025                | 22,760,064            | 2,538,113              | 2,985,257            |
| Totals                          | <u>\$ 255,455,802</u>     | <u>\$ 225,082,591</u> | <u>\$ 42,471,367</u>   | <u>\$ 46,045,060</u> |

## General Fund Budgetary Highlights

The final amended budget for General Fund expenditures reflected a net decrease of \$1,270,996, or 0.9%, from the original budget. Key elements of this decrease were as follows:

- First Quarter Budget Amendments included an increase of \$342 for employee recognition in various departments for the quarterly safety award; and increase of \$468 for employee recognition in Engineering for the perfect claims award.

- Mid-Year Budget Amendments included an increase of \$342 to Engineering and an increase of \$1,224 to Fire Department for the quarterly safety award.
- Third Quarter Budget Amendments included an increase of \$34,560 to Fire Department overtime; a decrease of \$126,108 to the fire supplemental pension plan; a decrease of \$850,000 to Parks and Recreation personnel costs; a decrease of \$340,000 to Parks and Recreation operating costs for utilities and purchases for resale; a decrease of \$175,000 to Parks and Recreation garage service charges; a decrease of \$80,000 to Parks and Recreation debt costs; an increase of \$116,545 to the police supplemental pension plan; and an increase of \$146,631 to Police Department personnel costs and operating supplies related to Coronavirus response.

Final budgeted revenues reflect a net increase of \$660,465, or 0.46%, from the original budget primarily due to the following:

- First Quarter Budget Amendments included an increase of \$31,819 in miscellaneous revenues to correct revenue totals in the budget ordinance that were incorrectly included in transfer-in revenues.
- Mid-Year Budget Amendments included an increase of \$1,928,663 to surplus land sales representing the proceeds from the sale of four city owned properties to the CRA.
- Third Quarter Budget Amendments included an increase of \$322,140 in property tax revenues to reflect actual collections for the year; a net increase of \$950,000 in utility tax revenues to bring the budget in line with anticipated receipts for the year; a decrease of \$200,000 in communications service tax revenues to bring the budget in line with anticipated receipts for the year; a net increase of \$50,000 in franchise fee revenues to bring the budget in line with anticipated receipts for the year; a net increase of \$230,000 in other permits and fees to bring the budget in line with anticipated receipts for the year; and a net decrease of \$1,485,927 in intergovernmental revenue, consisting of an increase of \$146,631 in grant revenue for coronavirus emergency funding from the U.S. Department of Justice, a decrease of \$240,000 to state revenue sharing, a decrease of \$30,000 to alcoholic beverage license revenues, a decrease of \$1,400,000 to local half-cent sales tax, a decrease of \$9,563 to public safety supplemental pension revenue, an increase of \$48,900 to Pinellas County library cooperative revenues, a decrease of \$108,000 to the Pinellas County fire tax, a decrease of \$20,000 to the Pinellas County EMS tax, and an increase of \$126,105 to Pinellas County fire and EMS reimbursements, to bring the budget in line with anticipated revenues for the year; a net decrease of \$1,415,000 in charges for services, consisting of an increase of \$30,000 to fire inspection fees, net decreases of \$1,000,000 to various parks and recreation fees, and net decreases of \$445,000 to Pier 60 revenues; an increase of \$160,000 to fines and forfeiture revenues; and an increase of \$88,700 to miscellaneous revenues.

Final budgeted “transfers in” from other funds reflect an increase of \$1,625,078 or 14.3%, from the original budget primarily due to:

- A decrease of \$31,819 to correct transfer-in totals in the budget ordinance that should have been included in miscellaneous revenues; and
- A transfer of \$2,376 from the Central Insurance Fund for employee recognition related to the quarterly safety award and the perfect claims award; and
- A transfer of \$9,199 from the Special Programs Fund to return unused funds from the 2016 Clearwater Ferry program; and
- A transfer of \$117,993 from the Special Programs Fund to return unused funds from the ULI Report Implementation program; and
- A transfer of \$1,527,329 from the Gas Utility Fund for additional dividends.

Final budgeted “transfers out” reflect an increase of \$3,928,049 or 35.9%, from the original budget primarily due to:

- A transfer of \$9,199 to the Marine Fund for the Clearwater Ferry’s use of slips 149 and 150; and
- A transfer of \$117,993 to the Capital Improvement Fund for the Memorial Causeway Lighting project; and
- A transfer of \$3,500,000 to the Special Programs Fund for the Back-to-Business grant program; and
- A transfer of \$170,857 to the Special Programs Fund for the Police Body Worn Camera program; and
- A transfer of \$130,000 to the Capital Improvement Fund for the Miscellaneous Parks and Recreation Contracts project for the Hilltop Securities agreement.

Total actual revenues for the General Fund for fiscal 2020 were \$3.4 million, or 2.4%, greater than final budgeted revenues. The most significant excesses were \$620 thousand in investment earnings primarily due to net appreciation in

fair value as a result of market conditions, \$641 thousand in utility taxes, \$252 thousand in franchise fees, \$1.5 million in intergovernmental revenues and \$149 thousand in miscellaneous revenues.

Fiscal 2020 actual expenditures for the General Fund were \$5.6 million (4.1%) less than final budgeted expenditures, primarily due to budget savings across most City departments for fiscal 2020.

## 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, 2020, the City had investments in capital assets totaling \$741,629,351 (net of accumulated depreciation).

|                                   | City of Clearwater, Florida - Capital Assets* |                   |                          |                   |                   |                   |
|-----------------------------------|---|-------------------|--------------------------|-------------------|-------------------|-------------------|
|                                   | (amounts in thousands)                        |                   |                          |                   |                   |                   |
|                                   | Governmental Activities                       |                   | Business-type Activities |                   | Total             |                   |
|                                   | 2020  | 2019              | 2020                     | 2019              | 2020              | 2019              |
| Land                              | \$ 91,473                                     | \$ 89,536         | \$ 30,892                | \$ 31,969         | \$ 122,365        | \$ 121,505        |
| Buildings                         | 86,611  | 91,093            | 53,313                   | 51,757            | 139,924           | 142,850           |
| Improvements other than buildings | 25,940  | 19,697            | 320,165                  | 321,420           | 346,105           | 341,117           |
| Machinery and equipment           | 32,835  | 31,434            | 8,809                    | 8,521             | 41,644            | 39,955            |
| Infrastructure                    | 45,062  | 48,561            | -                        | -                 | 45,062            | 48,561            |
| Construction in progress          | 13,672  | 10,350            | 32,857                   | 33,940            | 46,529            | 44,290            |
| Total                             | <u>\$ 295,593</u>                             | <u>\$ 290,671</u> | <u>\$ 446,036</u>        | <u>\$ 447,607</u> | <u>\$ 741,629</u> | <u>\$ 738,278</u> |

\* Net of accumulated depreciation

Net capital assets for the City's *governmental activities* increased from \$290.7 million to \$295.6 million, reflecting an increase of \$4.9 million for the current fiscal year. Capital asset additions of \$27.4 million were offset by depreciation expense of \$22.0 million, net capital asset retirements totaling approximately \$510 thousand, and net transfers from business-type activities of \$4 thousand. Major fiscal 2020 completed governmental capital projects include \$1.1 million for Moccasin Lake Park Restoration, \$4.0 million for Countryside Plex Renovation, and \$3.0 million for Seminole Boat Launch Improvements.

Net capital assets for the City's *business-type activities* decreased from \$447.6 million to \$446.0 million, reflecting a decrease of \$1.6 million for the current fiscal year. Capital asset additions of \$21.6 million were offset by depreciation expense of \$22.1 million, net capital asset retirements totaling approximately \$1.1 million, and net transfers to governmental activities of \$4 thousand. Major fiscal 2020 completed business-type capital projects included \$3.8 million for the Hillcrest Bypass Culvert, \$3.1 million for the Kapok Terrance Sewer Expansion, \$2.1 million for Lift Station #45 and Sand Key Force Main, and \$3.5 million for buildings at the new Clearwater Gas Complex.

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 \$251.5 million to \$235.8 million, a decrease of \$15.7 million or 6.3%. Long-term liabilities for governmental activities decreased by \$3.0 million, or 4.7%, while long-term liabilities for business-type activities decreased by \$12.7 million or 6.8%. Key factors contributing to these changes included:

- The decrease in long-term liabilities for governmental activities is primarily due to a decrease in the liability for other postemployment benefits of \$4.9 million; a decrease in claims payable of \$705 thousand; and a reduction

in bonded debt of \$817 thousand; offset by an increase of \$1.0 million in compensated absences and an increase of \$2.4 million in capital lease purchase agreements.

- The decrease in long-term liabilities for business-type activities is primarily due to a decrease in the liability for other postemployment benefits of \$2.2 million and a reduction in bonded debt of \$11.3 million; offset by an increase of \$251 thousand in compensated absences and an increase of \$501 thousand in capital lease purchase agreements.
- The City's bonded debt as of September 30, 2020, 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 \$4.7 million while revenue bonds and direct placement bank loans for business-type activities totaled \$162.0 million.

The City's Charter limits indebtedness to 20% of the assessed valuation of non-exempt real estate. The current debt limitation is approximately \$2.9 billion, which is significantly in excess of the City's applicable indebtedness of approximately \$170.5 million at September 30, 2020.

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 2021 Budgets and Rates

Factors considered in preparing the City of Clearwater's budget for fiscal year 2021 included:

- An increase of 6.5% in property values, from \$11.9 billion to \$12.7 billion, including new construction. The bulk of this increase, \$622.9 million, is related to increases in current values, while the value of new construction and annexations totals \$157.6 million. This is the eighth year of increased valuations that the City has recognized since the recessionary years 2008-2012. City taxable values have fully restored, and are recognizing growth over the previous peak values of 2007.
- The approved millage rate of 5.9550 mills for fiscal year 2021 is the same as the prior year. The millage was increased 0.8 mills in fiscal year 2019.
- Total full-time equivalent positions for 2020/21 are reflected at 1,836.6 FTEs for all City operations, the same level of staffing as the 2019/20 budget. In the General Fund, FTEs total 1,101.1. This is a decrease of 0.5 to transfer the Health and Well Being Specialist fully to the Employee Benefits program in the Central Insurance Fund.
- An increase of \$1.8 million in the actuarially required contribution to the Employees' Pension Plan, from \$9.7 million, or 11.5% of covered payroll, for fiscal 2020 to \$11.5 million, or 12.72% of covered payroll, for fiscal 2021. The approved budget plans for a contribution rate of 6.64% of non-hazardous covered payroll and 21.49% of hazardous covered payroll with no additional contribution toward the credit balance, which was \$29.0 million as of January 2020.
- An increase in employee medical insurance costs of \$178,596 to a total of \$19.1 million across all City operations. Included in the budget is \$1.7 million of health clinic operating costs. Savings in claims costs should continue to offset the cost of the health clinic.
- Budgeted Water and Sewer utility revenues for 2021 reflect a 4.00% rate increase effective October 1, 2020, per a rate study adopted in September 2017 and updated in September 2019. Fiscal 2021 budgeted Stormwater utility revenues reflect a rate increase of 0.5% effective October 1, 2020, per a rate study adopted in August 2019. This new rate structure includes increases of 0.5% effective October 1, 2020 and October 1, 2021, following a rate decrease of 8.5% effective October 1, 2019. Budgeted revenue for the Solid Waste & Recycling Utility reflect an increase of 3.75% effective October 1, 2020 per a rate study adopted in August 2019. This new rate structure includes future increases of 3.75% each October 1 through fiscal year 2024. A rate study for the Gas utility was underway as of September 2020.

## Contacting the City's Financial Management

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

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# **Basic Financial Statements**

**City of Clearwater, Florida**  
**Statement of Net Position**  
**September 30, 2020**

|   | <b>Primary Government</b>      |                                 |                         |
|---|--------------------------------|---------------------------------|-------------------------|
|   | <b>Governmental Activities</b> | <b>Business-type Activities</b> | <b>Total</b>            |
| <b>ASSETS</b>                                     |                                |                                 |                         |
| Cash and investments                              | \$ 243,474,904                 | \$ 262,858,031                  | \$ 506,332,935          |
| Receivables (net)                                 | 7,927,458                      | 15,370,450                      | 23,297,908              |
| Internal balances                                 | (2,012,824)                    | 2,012,824                       | -                       |
| Due from other governments                        | 5,127,029                      | 970,528                         | 6,097,557               |
| Prepaid items                                     | 3,819,742                      | 1,075,097                       | 4,894,839               |
| Inventories                                       | 423,696                        | 2,770,056                       | 3,193,752               |
| Restricted assets:                                |                                |                                 |                         |
| Cash and investments                              | -                              | 26,905,081                      | 26,905,081              |
| Net pension asset                                 | 70,291,861                     | 21,119,268                      | 91,411,129              |
| Capital assets:                                   |                                |                                 |                         |
| Land  | 91,473,415                     | 30,891,976                      | 122,365,391             |
| Buildings   | 86,610,954                     | 53,312,995                      | 139,923,949             |
| Improvements other than buildings                 | 25,940,119                     | 320,164,929                     | 346,105,048             |
| Machinery and equipment                           | 32,834,843                     | 8,809,321                       | 41,644,164              |
| Infrastructure                                    | 45,062,259                     | -                               | 45,062,259              |
| Construction in progress                          | 13,671,825                     | 32,856,715                      | 46,528,540              |
| Total assets                                      | <u>624,645,281</u>             | <u>779,117,271</u>              | <u>1,403,762,552</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>             |                                |                                 |                         |
| Deferred outflows - bond refunding                | -                              | 10,249,481                      | 10,249,481              |
| Deferred outflows - pension                       | 23,521,479                     | 7,201,455                       | 30,722,934              |
| Deferred outflows - other postemployment benefits | 1,880,410                      | 833,574                         | 2,713,984               |
| Total deferred outflows of resources              | <u>25,401,889</u>              | <u>18,284,510</u>               | <u>43,686,399</u>       |
| <b>LIABILITIES</b>                                |                                |                                 |                         |
| Accounts payable and other current liabilities    | 5,622,133                      | 7,987,903                       | 13,610,036              |
| Accrued liabilities                               | 4,814,171                      | 1,598,408                       | 6,412,579               |
| Accrued interest payable                          | 39,304                         | 132,075                         | 171,379                 |
| Due to other governments                          | 257,480                        | -                               | 257,480                 |
| Deposits  | 15,300                         | 83,770                          | 99,070                  |
| Unearned revenue and liens                        | 147,818                        | -                               | 147,818                 |
| Payable from restricted assets:                   |                                |                                 |                         |
| Construction contracts payable                    | -                              | 1,015,611                       | 1,015,611               |
| Accrued interest payable                          | -                              | 1,970,640                       | 1,970,640               |
| Customer deposits                                 | -                              | 8,476,750                       | 8,476,750               |
| Non-current liabilities due within one year:      |                                |                                 |                         |
| Compensated absences                              | 4,602,008                      | 1,207,762                       | 5,809,770               |
| Capital lease purchases payable                   | 7,113,930                      | 445,518                         | 7,559,448               |
| Revenue bonds payable                             | 845,000                        | 5,790,000                       | 6,635,000               |
| Claims payable                                    | 3,431,427                      | -                               | 3,431,427               |
| Long-term debt and liabilities:                   |                                |                                 |                         |
| Compensated absences                              | 5,393,476                      | 1,415,477                       | 6,808,953               |
| Other postemployment benefits                     | 17,867,074                     | 7,920,350                       | 25,787,424              |
| Capital lease purchases payable                   | 12,787,134                     | 892,823                         | 13,679,957              |
| Revenue bonds payable                             | 3,835,881                      | 156,232,151                     | 160,068,032             |
| Claims payable                                    | 6,021,800                      | -                               | 6,021,800               |
| Total liabilities                                 | <u>72,793,936</u>              | <u>195,169,238</u>              | <u>267,963,174</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |                                |                                 |                         |
| Deferred inflows - business tax receipts          | 1,557,460                      | -                               | 1,557,460               |
| Deferred inflows - pension                        | 30,511,970                     | 9,341,700                       | 39,853,670              |
| Deferred inflows - other postemployment benefits  | 5,827,726                      | 2,583,390                       | 8,411,116               |
| Total deferred inflows of resources               | <u>37,897,156</u>              | <u>11,925,090</u>               | <u>49,822,246</u>       |
| <b>NET POSITION</b>                               |                                |                                 |                         |
| Net investment in capital assets                  | 271,011,470                    | 292,924,925                     | 563,936,395             |
| Restricted for:                                   |                                |                                 |                         |
| Capital projects                                  | 54,343,765                     | -                               | 54,343,765              |
| Debt service                                      | 775,765                        | 7,862,896                       | 8,638,661               |
| Renewal and replacement                           | -                              | 5,140,895                       | 5,140,895               |
| Grant programs                                    | 10,752,305                     | -                               | 10,752,305              |
| Impact fees                                       | -                              | 2,438,289                       | 2,438,289               |
| Stormwater system fees                            | -                              | 14,318                          | 14,318                  |
| Pensions  | 70,291,861                     | 21,119,268                      | 91,411,129              |
| Unrestricted                                      | <u>132,180,912</u>             | <u>260,806,862</u>              | <u>392,987,774</u>      |
| Total net position                                | <u>\$ 539,356,078</u>          | <u>\$ 590,307,453</u>           | <u>\$ 1,129,663,531</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, 2020**

| 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               |
| <b>Primary government:</b>           |                       |                       |                                    |                                |   |                          |                     |
| Governmental activities:             |                       |                       |                                    |                                |   |                          |                     |
| General government                   | \$ 13,110,688         | \$ 25,869,486         | \$ -                               | \$ -                           | \$ 12,758,798                                     | \$ -                     | \$ 12,758,798       |
| Public safety                        | 72,719,652            | 12,738,593            | 2,717,582                          | 90,187                         | (57,173,290)                                      | -                        | (57,173,290)        |
| Physical environment                 | 5,934,269             | 64,936                | -                                  | 350,460                        | (5,518,873)                                       | -                        | (5,518,873)         |
| Transportation                       | 12,423,436            | 175,233               | 597,776                            | 233,612                        | (11,416,815)                                      | -                        | (11,416,815)        |
| Economic environment                 | 7,297,768             | 149,012               | 1,177,769                          | -                              | (5,970,987)                                       | -                        | (5,970,987)         |
| Human services                       | 598,353               | -                     | 421,452                            | -                              | (176,901)   | -                        | (176,901)           |
| Culture and recreation               | 36,527,862            | 6,400,523             | 2,010,385                          | 1,844,553                      | (26,272,401)                                      | -                        | (26,272,401)        |
| Interest on long-term debt           | 616,484               | -                     | -                                  | -                              | (616,484)   | -                        | (616,484)           |
| Total governmental activities        | <u>149,228,512</u>    | <u>45,397,783</u>     | <u>6,924,964</u>                   | <u>2,518,812</u>               | <u>(94,386,953)</u>                               | <u>-</u>                 | <u>(94,386,953)</u> |
| Business-type activities:            |                       |                       |                                    |                                |   |                          |                     |
| Water & Sewer Utility                | 66,362,254            | 91,069,333            | -                                  | 987,882                        | -   | 25,694,961               | 25,694,961          |
| Gas Utility                          | 32,671,325            | 42,785,272            | -                                  | -                              | -   | 10,113,947               | 10,113,947          |
| Solid Waste Utility                  | 18,579,921            | 24,646,441            | -                                  | -                              | -   | 6,066,520                | 6,066,520           |
| Stormwater Utility                   | 12,307,608            | 17,247,711            | -                                  | 659,355                        | -   | 5,599,458                | 5,599,458           |
| Recycling Utility                    | 2,675,082             | 2,710,478             | 166,250                            | -                              | -   | 201,646                  | 201,646             |
| Marine                               | 3,677,482             | 4,885,030             | -                                  | -                              | -   | 1,207,548                | 1,207,548           |
| Aviation                             | 486,150               | 332,838               | -                                  | 116,609                        | -   | (36,703)                 | (36,703)            |
| Parking System                       | 5,731,616             | 7,652,880             | -                                  | -                              | -   | 1,921,264                | 1,921,264           |
| Clearwater Harbor Marina             | 946,781               | 871,662               | -                                  | -                              | -   | (75,119)                 | (75,119)            |
| Total business-type activities       | <u>143,438,219</u>    | <u>192,201,645</u>    | <u>166,250</u>                     | <u>1,763,846</u>               | <u>-</u>  | <u>50,693,522</u>        | <u>50,693,522</u>   |
| Total primary government             | <u>\$ 292,666,731</u> | <u>\$ 237,599,428</u> | <u>\$ 7,091,214</u>                | <u>\$ 4,282,658</u>            | <u>(94,386,953)</u>                               | <u>50,693,522</u>        | <u>(43,693,431)</u> |
| General revenues:                    |                       |                       |                                    |                                |   |                          |                     |
| Taxes:                               |                       |                       |                                    |                                |   |                          |                     |
| Property taxes                       |                       |                       |                                    | 68,614,394                     | -   | 68,614,394               |                     |
| Sales taxes                          |                       |                       |                                    | 19,310,646                     | -   | 19,310,646               |                     |
| Utility taxes                        |                       |                       |                                    | 17,165,590                     | -   | 17,165,590               |                     |
| Communications services taxes        |                       |                       |                                    | 4,368,536                      | -   | 4,368,536                |                     |
| Local business tax                   |                       |                       |                                    | 2,027,827                      | -   | 2,027,827                |                     |
| Local option gas tax                 |                       |                       |                                    | 1,381,690                      | -   | 1,381,690                |                     |
| Intergovernmental:                   |                       |                       |                                    |                                |   |                          |                     |
| State revenue sharing                |                       |                       |                                    | 3,694,083                      | -   | 3,694,083                |                     |
| Tax increment                        |                       |                       |                                    | 2,093,726                      | -   | 2,093,726                |                     |
| Investment earnings (loss)           |                       |                       |                                    | 4,550,254                      | 5,046,974   | 9,597,228                |                     |
| Miscellaneous                        |                       |                       |                                    | 94,287                         | -   | 94,287                   |                     |
| Transfers                            |                       |                       |                                    | 11,631,018                     | (11,631,018)                                      | -                        |                     |
| Total general revenues and transfers |                       |                       |                                    | 134,932,051                    | (6,584,044)                                       | 128,348,007              |                     |
| Change in net position               |                       |                       |                                    | 40,545,098                     | 44,109,478  | 84,654,576               |                     |
| Net position - beginning             |                       |                       |                                    | 498,810,980                    | 546,197,975                                       | 1,045,008,955            |                     |
| Net position - ending                |                       |                       |                                    | <u>\$ 539,356,078</u>          | <u>\$ 590,307,453</u>                             | <u>\$ 1,129,663,531</u>  |                     |

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

**City of Clearwater, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2020**

|  | Special<br>General<br>Fund | Development<br>Fund  | Capital<br>Improvement<br>Fund | Other<br>Governmental<br>Funds | Totals<br>Governmental<br>Funds |
|--|----------------------------|----------------------|--------------------------------|--------------------------------|---------------------------------|
| <b>ASSETS</b>  |                            |                      |                                |                                |                                 |
| Cash and investments   | \$ 51,436,207              | \$ 9,336,043         | \$ 68,281,619                  | \$ 24,005,954                  | \$ 153,059,823                  |
| Receivables (net where applicable, of allowances for estimated uncollectible amounts): |                            |                      |                                |                                |                                 |
| Accrued interest   | 64,433                     | 57,976               | 22,621                         | 21,859                         | 166,889                         |
| Accounts and contracts   | 653,845                    | -                    | -                              | -                              | 653,845                         |
| Mortgages, notes and other loans   | -                          | -                    | -                              | 4,563,193                      | 4,563,193                       |
| Property taxes   | 86,029                     | 6,722                | -                              | -                              | 92,751                          |
| Utility taxes  | 1,286,879                  | -                    | -                              | -                              | 1,286,879                       |
| Franchise fees   | 1,004,251                  | -                    | -                              | -                              | 1,004,251                       |
| Other  | 32,707                     | -                    | -                              | 1,300                          | 34,007                          |
| Due from other funds   | -                          | -                    | 867,131                        | -                              | 867,131                         |
| Due from other governmental entities - grants  | 146,631                    | -                    | -                              | 124,692                        | 271,323                         |
| Due from other governmental entities - other   | 2,260,713                  | 2,341,134            | 149,733                        | 104,126                        | 4,855,706                       |
| Inventories, at cost   | 64,194                     | -                    | -                              | -                              | 64,194                          |
| Prepaid items  | -                          | -                    | -                              | 192,288                        | 192,288                         |
| Advances to other funds  | -                          | -                    | 2,564,975                      | 325,440                        | 2,890,415                       |
| Total assets   | <u>\$ 57,035,889</u>       | <u>\$ 11,741,875</u> | <u>\$ 71,886,079</u>           | <u>\$ 29,338,852</u>           | <u>\$ 170,002,695</u>           |
| <b>LIABILITIES</b>   |                            |                      |                                |                                |                                 |
| Accounts and contracts payable   | \$ 1,034,465               | \$ -                 | \$ 2,489,453                   | \$ 469,067                     | \$ 3,992,985                    |
| Accrued payroll  | 4,250,007                  | -                    | -                              | 86,174                         | 4,336,181                       |
| Due to other funds   | 24,605                     | -                    | -                              | -                              | 24,605                          |
| Due to other governments   | 66,618                     | 142,862              | -                              | 48,000                         | 257,480                         |
| Deposits   | 15,300                     | -                    | -                              | -                              | 15,300                          |
| Unearned revenue   | 276,168                    | -                    | -                              | 20,207                         | 296,375                         |
| Advances from other funds  | 76,866                     | -                    | -                              | 325,440                        | 402,306                         |
| Total liabilities  | <u>5,744,029</u>           | <u>142,862</u>       | <u>2,489,453</u>               | <u>948,888</u>                 | <u>9,325,232</u>                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                            |                      |                                |                                |                                 |
| Deferred inflows - business tax receipts   | 1,557,460                  | -                    | -                              | -                              | 1,557,460                       |
| Deferred inflows - property taxes  | 86,029                     | 6,722                | -                              | -                              | 92,751                          |
| Deferred inflows - code enforcement liens  | 312,977                    | -                    | -                              | -                              | 312,977                         |
| Deferred inflows - mortgage notes  | -                          | -                    | -                              | 4,563,193                      | 4,563,193                       |
| Total deferred inflows of resources  | <u>1,956,466</u>           | <u>6,722</u>         | <u>-</u>                       | <u>4,563,193</u>               | <u>6,526,381</u>                |
| <b>FUND BALANCES</b>   |                            |                      |                                |                                |                                 |
| Nonspendable inventories and prepaid items   | 64,194                     | -                    | -                              | 192,288                        | 256,482                         |
| Restricted   | -                          | 6,290,978            | 46,521,593                     | 19,350,242                     | 72,162,813                      |
| Committed  | -                          | 321,139              | 22,875,033                     | 2,343,144                      | 25,539,316                      |
| Assigned   | 337,919                    | 4,980,174            | -                              | 1,941,097                      | 7,259,190                       |
| Unassigned   | 48,933,281                 | -                    | -                              | -                              | 48,933,281                      |
| Total fund balances  | <u>49,335,394</u>          | <u>11,592,291</u>    | <u>69,396,626</u>              | <u>23,826,771</u>              | <u>154,151,082</u>              |
| Total liabilities, deferred inflows and fund balances                                  | <u>\$ 57,035,889</u>       | <u>\$ 11,741,875</u> | <u>\$ 71,886,079</u>           | <u>\$ 29,338,852</u>           | <u>\$ 170,002,695</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, 2020**

|  |                       |
|--|-----------------------|
| Total fund balances of governmental funds  | \$ 154,151,082        |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets totals \$608,148,357 and the accumulated depreciation totals \$312,554,942. | 295,593,415           |
| 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  | \$ 4,563,193          |
| Accrued property taxes   | 92,751                |
| Accrued liens  | 572,568               |
| Accrued permit fees  | <u>16,577</u>         |
|  | 5,245,089             |
| The net pension asset related to governmental activities does not represent financial resources and is not reported in the funds.  | 70,291,861            |
| Deferred outflows relating to deferred amounts on refundings, pensions, and OPEB are not financial resources and, therefore, are not reported in the funds   | 25,401,889            |
| Deferred inflows relating to pensions and other postemployment benefits are not current liabilities or financial uses and, therefore, are not reported in the funds  | (36,339,696)          |
| Accrued pollution remediation obligation expenses are not financial uses and, therefore, are not reported in the funds.  | (249,552)             |
| Accrued general long-term debt interest expenses are not financial uses and, therefore, are not reported in the funds.   | (19,911)              |
| 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   | 100,324,307           |
| Less: Capital assets included in total governmental capital assets above   | (32,224,886)          |
| Less: Net pension asset included in total governmental net pension asset above   | (7,045,762)           |
| Less: Deferred outflows included in total governmental above   | (2,632,489)           |
| Add: Deferred inflows included in total governmental above   | 3,829,231             |
| Add: Capital lease purchases payable included in total governmental below  | 17,539,890            |
| Add: Compensated absences included in total governmental below   | 1,102,204             |
| Add: Other post-employment benefits included in total governmental below   | 2,184,968             |
| Less: Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds  | <u>(5,351,060)</u>    |
|  | 77,726,403            |
| 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  | (4,620,000)           |
| Add: Issuance premium (to be amortized as a reduction of interest expense)   | (60,881)              |
| Capital lease purchases payable  | (19,901,063)          |
| Other post-employment benefits   | (17,867,074)          |
| Compensated absences   | <u>(9,995,484)</u>    |
|  | (52,444,502)          |
| Total net position of governmental activities  | <u>\$ 539,356,078</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, 2020**

|   | General<br>Fund      | Special<br>Development<br>Fund | Capital<br>Improvement<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>   |                      |                                |                                |                                |                                |
| Taxes:  |                      |                                |                                |                                |                                |
| Property  | \$ 65,257,228        | \$ 3,264,415                   | \$ -                           | \$ -                           | \$ 68,521,643                  |
| Sales   | -                    | 12,087,548                     | -                              | -                              | 12,087,548                     |
| Utility   | 17,165,590           | -                              | -                              | -                              | 17,165,590                     |
| Communications services                                   | 4,368,536            | -                              | -                              | -                              | 4,368,536                      |
| Other taxes   | 2,027,827            | 1,381,690                      | -                              | -                              | 3,409,517                      |
| Total taxes   | <u>88,819,181</u>    | <u>16,733,653</u>              | <u>-</u>                       | <u>-</u>                       | <u>105,552,834</u>             |
| Franchise fees  | 10,311,771           | -                              | -                              | -                              | 10,311,771                     |
| Licenses, permits, and fees                               | 3,052,569            | 1,386,863                      | -                              | -                              | 4,439,432                      |
| Intergovernmental:  |                      |                                |                                |                                |                                |
| Federal   | 146,631              | -                              | 33,442                         | 1,073,459                      | 1,253,532                      |
| State   | 13,764,898           | -                              | -                              | 928,265                        | 14,693,163                     |
| Local   | 9,640,034            | -                              | 1,040,188                      | 3,102,828                      | 13,783,050                     |
| Total intergovernmental                                   | <u>23,551,563</u>    | <u>-</u>                       | <u>1,073,630</u>               | <u>5,104,552</u>               | <u>29,729,745</u>              |
| Charges for services                                      | 14,234,842           | -                              | -                              | 1,226,088                      | 15,460,930                     |
| Fines and forfeitures                                     | 1,479,026            | -                              | -                              | 842,303                        | 2,321,329                      |
| Investment earnings (loss):                               |                      |                                |                                |                                |                                |
| Interest  | 1,053,805            | 868,377                        | 109,849                        | 356,432                        | 2,388,463                      |
| Net appreciation (depreciation) in fair value             | 266,586              | 221,515                        | -                              | 85,996                         | 574,097                        |
| Total investment earnings (loss)                          | <u>1,320,391</u>     | <u>1,089,892</u>               | <u>109,849</u>                 | <u>442,428</u>                 | <u>2,962,560</u>               |
| Miscellaneous   | 2,576,416            | -                              | 146,774                        | 868,699                        | 3,591,889                      |
| Total revenues  | <u>145,345,759</u>   | <u>19,210,408</u>              | <u>1,330,253</u>               | <u>8,484,070</u>               | <u>174,370,490</u>             |
| <b>EXPENDITURES</b>                                       |                      |                                |                                |                                |                                |
| Current:  |                      |                                |                                |                                |                                |
| General government  | 12,291,587           | -                              | 209,282                        | 147,339                        | 12,648,208                     |
| Public safety   | 74,974,023           | -                              | 600,080                        | 2,428,352                      | 78,002,455                     |
| Physical environment                                      | 3,532,928            | -                              | 379,767                        | 25,493                         | 3,938,188                      |
| Transportation  | 6,038,040            | -                              | 2,414,727                      | -                              | 8,452,767                      |
| Economic environment                                      | 2,279,736            | -                              | -                              | 4,322,439                      | 6,602,175                      |
| Human services  | 214,044              | -                              | -                              | 419,909                        | 633,953                        |
| Culture and recreation                                    | 31,904,004           | -                              | 2,140,544                      | 926,760                        | 34,971,308                     |
| Debt service:   |                      |                                |                                |                                |                                |
| Principal   | -                    | -                              | -                              | 1,507,820                      | 1,507,820                      |
| Interest & fiscal charges                                 | -                    | -                              | -                              | 307,470                        | 307,470                        |
| Capital outlay  | -                    | -                              | 13,839,564                     | 2,076,565                      | 15,916,129                     |
| Total expenditures  | <u>131,234,362</u>   | <u>-</u>                       | <u>19,583,964</u>              | <u>12,162,147</u>              | <u>162,980,473</u>             |
| Excess (deficiency) of revenues over (under) expenditures | <u>14,111,397</u>    | <u>19,210,408</u>              | <u>(18,253,711)</u>            | <u>(3,678,077)</u>             | <u>11,390,017</u>              |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                      |                                |                                |                                |                                |
| Transfers in  | 12,896,024           | -                              | 24,088,233                     | 10,322,240                     | 47,306,497                     |
| Transfers out   | (18,086,550)         | (18,634,660)                   | (1,930,127)                    | (4,327,315)                    | (42,978,652)                   |
| Proceeds from sale of capital assets                      | 1,745,745            | -                              | -                              | -                              | 1,745,745                      |
| Other long-term debt issued                               | -                    | -                              | 964,418                        | -                              | 964,418                        |
| Total other financing sources (uses)                      | <u>(3,444,781)</u>   | <u>(18,634,660)</u>            | <u>23,122,524</u>              | <u>5,994,925</u>               | <u>7,038,008</u>               |
| Net change in fund balances                               | 10,666,616           | 575,748                        | 4,868,813                      | 2,316,848                      | 18,428,025                     |
| Fund balances - beginning (as previously reported)        | 38,668,778           | 11,016,543                     | 64,527,813                     | 26,049,108                     | 140,262,242                    |
| Prior period adjustment (See Note IV.I.)                  | -                    | -                              | -                              | (4,539,185)                    | (4,539,185)                    |
| Fund balances - beginning (restated)                      | <u>38,668,778</u>    | <u>11,016,543</u>              | <u>64,527,813</u>              | <u>21,509,923</u>              | <u>135,723,057</u>             |
| Fund balances - ending                                    | <u>\$ 49,335,394</u> | <u>\$ 11,592,291</u>           | <u>\$ 69,396,626</u>           | <u>\$ 23,826,771</u>           | <u>\$ 154,151,082</u>          |

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

**City of Clearwater, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended September 30, 2020**

|   |                      |
|---|----------------------|
| Net change in fund balances - total governmental funds  | \$ 18,428,025        |
| 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   | \$ 16,226,943        |
| Less current year depreciation  | <u>(12,023,586)</u>  |
|   | 4,203,357            |
| In the Statement of Activities the gain (loss) on disposition of capital assets is reported. The gain (loss) is not a source (use) of current resources and thus is not reported in the funds.  |                      |
|   | (509,509)            |
| Capital lease proceeds provide current financial resources to governmental funds; however, capital leases increase long-term liabilities in the Statement of Net Position. In the current year these amounts are:   |                      |
| Capital lease proceeds  | (964,418)            |
| 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  | 3,518,162            |
| Current year change in deferred inflows   | (9,064,259)          |
| 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   | 805,000              |
| Capital lease principal payments  | <u>702,820</u>       |
|   | 1,507,820            |
| 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  | 9,501,293            |
| 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   | 4,335,914            |
| 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   | (842,333)            |
| Amortization of bond discounts and premiums   | 12,408               |
| Current year change in pollution remediation obligation   | (22,345)             |
| Current year change in accrued interest expense   | <u>3,605</u>         |
|   | (848,665)            |
| 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  | 24,008               |
| Current year change in accrued property taxes receivable  | 92,751               |
| Current year change in accrued liens receivable   | 284,336              |
| Current year change in deferred permit fees   | 2,400                |
| 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.                                  |                      |
|   | 10,033,883           |
| Total change in net position of governmental activities   | <u>\$ 40,545,098</u> |

**City of Clearwater, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2020**

|  | <b>Budgeted Amounts</b> |                      | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive (Negative)</b> |
|--|-------------------------|----------------------|---------------------------|---|
|  | <b>Original</b>         | <b>Final</b>         |                           |   |
| <b>REVENUES</b>  |                         |                      |                           |   |
| Taxes:   |                         |                      |                           |   |
| Property   | \$ 64,911,420           | \$ 65,233,560        | \$ 65,257,228             | \$ 23,668   |
| Utility taxes  | 15,575,000              | 16,525,000           | 17,165,590                | 640,590   |
| Communications services  | 4,514,400               | 4,314,400            | 4,368,536                 | 54,136  |
| Other taxes  | 2,100,000               | 2,100,000            | 2,027,827                 | (72,173)  |
| Total taxes  | <u>87,100,820</u>       | <u>88,172,960</u>    | <u>88,819,181</u>         | <u>646,221</u>  |
| Franchise fees   | 10,010,000              | 10,060,000           | 10,311,771                | 251,771   |
| Licenses, permits, and fees  | 2,739,000               | 2,969,000            | 3,052,569                 | 83,569  |
| Intergovernmental:   |                         |                      |                           |   |
| Federal  | -                       | -                    | 146,631                   | 146,631   |
| State  | 14,308,980              | 12,776,048           | 13,764,898                | 988,850   |
| Local  | 9,190,800               | 9,237,805            | 9,640,034                 | 402,229   |
| Total intergovernmental  | <u>23,499,780</u>       | <u>22,013,853</u>    | <u>23,551,563</u>         | <u>1,537,710</u>  |
| Charges for services   | 15,569,430              | 14,154,430           | 14,234,842                | 80,412  |
| Fines and forfeitures  | 1,264,000               | 1,424,000            | 1,479,026                 | 55,026  |
| Investment earnings (loss):  |                         |                      |                           |   |
| Interest   | 700,000                 | 700,000              | 1,053,805                 | 353,805   |
| Net appreciation (depreciation) in fair value  | -                       | -                    | 266,586                   | 266,586   |
| Total investment earnings (loss)   | <u>700,000</u>          | <u>700,000</u>       | <u>1,320,391</u>          | <u>620,391</u>  |
| Miscellaneous  | 2,048,000               | 2,427,819            | 2,576,416                 | 148,597   |
| Total revenues   | <u>142,931,030</u>      | <u>141,922,062</u>   | <u>145,345,759</u>        | <u>3,423,697</u>  |
| <b>EXPENDITURES</b>  |                         |                      |                           |   |
| <b>General government</b>  |                         |                      |                           |   |
| City Council   | 353,660                 | 353,660              | 354,008                   | (348)   |
| City Manager's Office  | 1,211,080               | 1,211,131            | 1,206,090                 | 5,041   |
| City Attorney's Office   | 1,770,760               | 1,770,829            | 1,662,939                 | 107,890   |
| Official Records & Legislative Services  | 1,224,070               | 1,224,070            | 1,144,009                 | 80,061  |
| Public Communications  | 1,192,620               | 1,192,686            | 1,024,330                 | 168,356   |
| Finance  | 2,747,190               | 2,747,367            | 2,343,876                 | 403,491   |
| Human Resources  | 1,344,610               | 1,344,610            | 1,118,199                 | 226,411   |
| Non-Departmental   | 1,673,400               | 1,856,745            | 1,669,361                 | 187,384   |
| Engineering  | 100,999                 | 101,012              | 90,547                    | 10,465  |
| Planning   | 2,244,890               | 2,239,690            | 1,487,740                 | 751,950   |
| City Auditor's Office  | 226,000                 | 226,012              | 190,488                   | 35,524  |
| Total general government   | <u>14,089,279</u>       | <u>14,267,812</u>    | <u>12,291,587</u>         | <u>1,976,225</u>  |
| <b>Public safety</b>   |                         |                      |                           |   |
| Police   | 44,534,560              | 44,797,736           | 43,776,009                | 1,021,727   |
| Fire   | 27,459,710              | 27,369,386           | 27,054,613                | 314,773   |
| Development & Neighborhood Services  | 4,318,250               | 4,323,450            | 4,143,401                 | 180,049   |
| Total public safety  | <u>76,312,520</u>       | <u>76,490,572</u>    | <u>74,974,023</u>         | <u>1,516,549</u>  |
| <b>Physical environment</b>  |                         |                      |                           |   |
| Engineering  | 2,996,263               | 2,996,648            | 2,686,216                 | 310,432   |
| Parks and Recreation   | 980,250                 | 948,550              | 846,712                   | 101,838   |
| Total physical environment   | <u>3,976,513</u>        | <u>3,945,198</u>     | <u>3,532,928</u>          | <u>412,270</u>  |
| <b>Transportation</b>  |                         |                      |                           |   |
| Engineering  | 5,071,761               | 5,072,047            | 4,767,518                 | 304,529   |
| Parks and Recreation   | 1,496,600               | 1,348,000            | 1,270,522                 | 77,478  |
| Total transportation   | <u>6,568,361</u>        | <u>6,420,047</u>     | <u>6,038,040</u>          | <u>382,007</u>  |
| <b>Economic environment</b>  |                         |                      |                           |   |
| CRA Administration   | 459,530                 | 459,557              | 445,211                   | 14,346  |
| Economic Development   | 1,894,330               | 1,894,396            | 1,834,525                 | 59,871  |
| Total economic environment   | <u>2,353,860</u>        | <u>2,353,953</u>     | <u>2,279,736</u>          | <u>74,217</u>   |
| <b>Human Services</b>  |                         |                      |                           |   |
| Human Resources / Equity Services  | 231,250                 | 231,250              | 214,044                   | 17,206  |
| Total human services   | <u>231,250</u>          | <u>231,250</u>       | <u>214,044</u>            | <u>17,206</u>   |
| <b>Culture and recreation</b>  |                         |                      |                           |   |
| Parks and Recreation   | 25,512,380              | 24,437,680           | 23,418,338                | 1,019,342   |
| Library  | 7,678,870               | 7,678,870            | 7,474,654                 | 204,216   |
| Marine   | 1,164,820               | 1,054,820            | 1,011,012                 | 43,808  |
| Total culture and recreation   | <u>34,356,070</u>       | <u>33,171,370</u>    | <u>31,904,004</u>         | <u>1,267,366</u>  |
| Total expenditures   | <u>137,887,853</u>      | <u>136,880,202</u>   | <u>131,234,362</u>        | <u>5,645,840</u>  |
| Excess (deficiency) of revenues over (under) expenditures  | <u>5,043,177</u>        | <u>5,041,860</u>     | <u>14,111,397</u>         | <u>9,069,537</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |                      |                           |   |
| Transfers in   | 11,330,850              | 12,955,928           | 12,896,024                | (59,904)  |
| Transfers out  | (14,105,350)            | (17,770,054)         | (18,086,550)              | (316,496)   |
| Proceeds from sale of capital assets   | -                       | 1,669,433            | 1,745,745                 | 76,312  |
| Total other financing sources (uses)   | <u>(2,774,500)</u>      | <u>(3,144,693)</u>   | <u>(3,444,781)</u>        | <u>(300,088)</u>  |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 2,268,677               | 1,897,167            | 10,666,616                | 8,769,449   |
| Fund balances - beginning  | <u>38,668,778</u>       | <u>38,668,778</u>    | <u>38,668,778</u>         | <u>-</u>  |
| Fund balances - ending   | <u>\$ 40,937,455</u>    | <u>\$ 40,565,945</u> | <u>\$ 49,335,394</u>      | <u>\$ 8,769,449</u>   |

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

**City of Clearwater, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual (GAAP Basis)**  
**Special Development Fund**  
**For the Year Ended September 30, 2020**

|  | <b>Budgeted Amounts</b> |                      | <b>Actual Amounts</b> |                   | <b>Variance with Final Budget<br/>Positive (Negative)</b> |
|--|-------------------------|----------------------|-----------------------|-------------------|---|
|  | <b>Original</b>         | <b>Final</b>         | <b>Original</b>       | <b>Final</b>      |   |
| <b>REVENUES</b>  |                         |                      |                       |                   |   |
| Taxes:   |                         |                      |                       |                   |   |
| Property   | \$ 3,247,290            | \$ 3,261,155         | \$ 3,264,415          | \$ 3,260          |   |
| Sales  | 11,763,080              | 11,463,080           | 12,087,548            | 624,468           |   |
| Other taxes  | 1,516,150               | 1,376,150            | 1,381,690             | 5,540             |   |
| Total taxes  | <u>16,526,520</u>       | <u>16,100,385</u>    | <u>16,733,653</u>     | <u>633,268</u>    |   |
| Licenses, permits, and fees  | 150,000                 | 1,341,314            | 1,386,863             | 45,549            |   |
| Investment earnings (loss):  |                         |                      |                       |                   |   |
| Interest   | 550,000                 | 925,000              | 868,377               | (56,623)          |   |
| Net appreciation (depreciation) in fair value  | -                       | -                    | 221,515               | 221,515           |   |
| Total investment earnings (loss)   | <u>550,000</u>          | <u>925,000</u>       | <u>1,089,892</u>      | <u>164,892</u>    |   |
| Total revenues   | <u>17,226,520</u>       | <u>18,366,699</u>    | <u>19,210,408</u>     | <u>843,709</u>    |   |
| <b>EXPENDITURES</b>  |                         |                      |                       |                   |   |
| Total expenditures   | <u>-</u>                | <u>-</u>             | <u>-</u>              | <u>-</u>          |   |
| Excess of revenues over expenditures   | <u>17,226,520</u>       | <u>18,366,699</u>    | <u>19,210,408</u>     | <u>843,709</u>    |   |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |                      |                       |                   |   |
| Transfers in   | -                       | -                    | -                     | -                 |   |
| Transfers out  | <u>(18,634,660)</u>     | <u>(18,634,660)</u>  | <u>(18,634,660)</u>   | <u>-</u>          |   |
| Total other financing sources (uses)   | <u>(18,634,660)</u>     | <u>(18,634,660)</u>  | <u>(18,634,660)</u>   | <u>-</u>          |   |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (1,408,140)             | (267,961)            | 575,748               | 843,709           |   |
| Fund balances - beginning  | <u>11,016,543</u>       | <u>11,016,543</u>    | <u>11,016,543</u>     | <u>-</u>          |   |
| Fund balances - ending   | <u>\$ 9,608,403</u>     | <u>\$ 10,748,582</u> | <u>\$ 11,592,291</u>  | <u>\$ 843,709</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, 2020**

|   | Business-type<br>Enterprise   |                    |                                       |
|---|-------------------------------|--------------------|---------------------------------------|
|   | Water<br>and Sewer<br>Utility | Gas<br>Utility     | Solid Waste<br>& Recycling<br>Utility |
| <b>ASSETS</b>                                     |                               |                    |                                       |
| Current assets:                                   |                               |                    |                                       |
| Cash and investments                              | \$ 129,610,920                | \$ 28,350,883      | \$ 35,164,100                         |
| Accrued interest receivable                       | 130,746                       | 27,461             | 31,873                                |
| Accounts and contracts receivable:                |                               |                    |                                       |
| Billed  | 4,289,432                     | 1,032,665          | 1,281,645                             |
| Unbilled charges estimated                        | <u>3,528,400</u>              | <u>1,680,800</u>   | <u>1,141,092</u>                      |
|   | 7,817,832                     | 2,713,465          | 2,422,737                             |
| Less: Allowance for uncollectable accounts        | (63,533)                      | (25,579)           | (17,128)                              |
| Total receivables, net                            | <u>7,754,299</u>              | <u>2,687,886</u>   | <u>2,405,609</u>                      |
| Other receivables                                 | 31,251                        | 10,025             | 234                                   |
| Due from other funds                              | -                             | -                  | -                                     |
| Due from other governments                        | 292,065                       | 115,575            | -                                     |
| Inventories, at cost                              | 1,134,264                     | 1,595,242          | -                                     |
| Prepaid expenses and other assets                 | 1,025,433                     | 33,250             | -                                     |
| Total current assets - unrestricted               | <u>139,978,978</u>            | <u>32,820,322</u>  | <u>37,601,816</u>                     |
| Current assets - restricted:                      |                               |                    |                                       |
| Restricted cash and investments                   | <u>9,609,978</u>              | <u>3,505,305</u>   | <u>1,198,432</u>                      |
| Total current assets - restricted                 | <u>9,609,978</u>              | <u>3,505,305</u>   | <u>1,198,432</u>                      |
| Total current assets                              | <u>149,588,956</u>            | <u>36,325,627</u>  | <u>38,800,248</u>                     |
| Noncurrent assets:                                |                               |                    |                                       |
| Restricted:                                       |                               |                    |                                       |
| Restricted cash and investments                   | 9,349,684                     | 300,000            | -                                     |
| Advances to other funds                           | -                             | -                  | -                                     |
| Net pension asset                                 | 7,811,606                     | 4,270,705          | 5,072,589                             |
| Capital assets:                                   |                               |                    |                                       |
| Land and other nondepreciable assets              | 8,937,679                     | 3,918,538          | 20,988,153                            |
| Capital assets, net of accumulated depreciation   | <u>212,545,454</u>            | <u>93,554,497</u>  | <u>1,392,977</u>                      |
| Total noncurrent assets                           | <u>238,644,423</u>            | <u>102,043,740</u> | <u>27,453,719</u>                     |
| Total assets                                      | <u>388,233,379</u>            | <u>138,369,367</u> | <u>66,253,967</u>                     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>             |                               |                    |                                       |
| Deferred outflows - bond refunding                | 9,424,229                     | 237,731            | -                                     |
| Deferred outflows - pension                       | 2,663,679                     | 1,456,267          | 1,729,701                             |
| Deferred outflows - other postemployment benefits | 289,636                       | 162,541            | 197,280                               |
| Total deferred outflows of resources              | <u>12,377,544</u>             | <u>1,856,539</u>   | <u>1,926,981</u>                      |

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

| <b>Activities<br/>Funds</b> |             | <b>Governmental<br/>Activities -<br/>Internal Service<br/>Funds</b> |                        |               |
|-----------------------------|-------------|---|------------------------|---------------|
|                             |             | <b>Stormwater<br/>Utility</b>                                       | <b>Other<br/>Funds</b> | <b>Total</b>  |
| \$                          | 42,108,504  | \$ 27,623,624   | \$ 262,858,031         | \$ 90,415,079 |
|                             | 39,178      | 24,421  | 253,679                | 73,264        |
|                             | 856,830     | -   | 7,460,572              | -             |
|                             | 1,382,800   | -   | 7,733,092              | -             |
|                             | 2,239,630   | -   | 15,193,664             | -             |
|                             | (12,770)    | -   | (119,010)              | -             |
|                             | 2,226,860   | -   | 15,074,654             | -             |
|                             | 607         | -   | 42,117                 | 52,379        |
|                             | -           | -   | -                      | 329,520       |
|                             | 541,377     | 21,511  | 970,528                | -             |
|                             | -           | 40,550  | 2,770,056              | 359,502       |
|                             | 15,372      | 1,042   | 1,075,097              | 3,627,454     |
|                             | 44,931,898  | 27,711,148  | 283,044,162            | 94,857,198    |
|                             | 1,566,370   | -   | 15,880,085             | -             |
|                             | 1,566,370   | -   | 15,880,085             | -             |
|                             | 46,498,268  | 27,711,148  | 298,924,247            | 94,857,198    |
|                             | 1,375,312   | -   | 11,024,996             | -             |
|                             | -           | -   | -                      | 2,533,963     |
|                             | 2,252,482   | 1,711,886   | 21,119,268             | 7,045,762     |
|                             | 26,887,363  | 3,016,958   | 63,748,691             | 729,591       |
|                             | 48,639,709  | 26,154,608  | 382,287,245            | 31,495,295    |
|                             | 79,154,866  | 30,883,452  | 478,180,200            | 41,804,611    |
|                             | 125,653,134 | 58,594,600  | 777,104,447            | 136,661,809   |
|                             | 587,521     | -   | 10,249,481             | -             |
|                             | 768,073     | 583,735   | 7,201,455              | 2,402,533     |
|                             | 76,833      | 107,284   | 833,574                | 229,956       |
|                             | 1,432,427   | 691,019   | 18,284,510             | 2,632,489     |

(Continued)

**City of Clearwater, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2020**

|  | <b>Business-type<br/>Enterprise</b>    |                        |  |
|--|--|------------------------|--|
|  | <b>Water<br/>and Sewer<br/>Utility</b> | <b>Gas<br/>Utility</b> | <b>Solid Waste<br/>&amp; Recycling<br/>Utility</b> |
| <b>LIABILITIES</b>   |  |                        |  |
| Current liabilities:                                       |  |                        |  |
| Accounts and contracts payable                             | 2,228,660                              | 2,949,438              | 1,312,086  |
| Accrued payroll  | 599,357                                | 340,151                | 357,471  |
| Accrued interest payable                                   | 59,650                                 | 52,013                 | 20,412   |
| Deposits   | -                                      | -                      | -  |
| Unearned revenue and liens                                 | -                                      | -                      | -  |
| Current portion of long-term liabilities:                  |  |                        |  |
| Compensated absences                                       | 410,683                                | 340,669                | 253,441  |
| Revenue bonds  | 622,500                                | 637,083                | -  |
| Capital lease purchases payable                            | 253,430                                | 125,940                | -  |
| Due to other funds   | 37,536                                 | -                      | 407,101  |
| Claims payable   | -                                      | -                      | -  |
| Total current liabilities (payable from current assets)    | <u>4,211,816</u>                       | <u>4,445,294</u>       | <u>2,350,511</u>                                   |
| Current liabilities (payable from restricted assets):      |  |                        |  |
| Accounts and contracts payable                             | 1,015,611                              | -                      | -  |
| Accrued interest payable                                   | 1,632,890                              | 18,047                 | -  |
| Current portion of long-term liabilities, revenue bonds    | 3,112,500                              | 57,917                 | -  |
| Customer deposits  | 3,848,977                              | 3,429,341              | 1,198,432  |
| Total current liabilities (payable from restricted assets) | <u>9,609,978</u>                       | <u>3,505,305</u>       | <u>1,198,432</u>                                   |
| Total current liabilities                                  | <u>13,821,794</u>                      | <u>7,950,599</u>       | <u>3,548,943</u>                                   |
| Noncurrent liabilities:                                    |  |                        |  |
| Compensated absences                                       | 481,313                                | 399,259                | 297,029  |
| Other postemployment benefits                              | 2,752,034                              | 1,544,409              | 1,874,488  |
| Revenue bonds (net of unamortized premiums/discounts)      | 126,940,640                            | 7,875,000              | -  |
| Capital lease purchases payable                            | 717,933                                | 129,169                | -  |
| Advances from other funds                                  | 117,265                                | -                      | 2,776,334  |
| Claims payable   | -                                      | -                      | -  |
| Total noncurrent liabilities                               | <u>131,009,185</u>                     | <u>9,947,837</u>       | <u>4,947,851</u>                                   |
| Total liabilities  | <u>144,830,979</u>                     | <u>17,898,436</u>      | <u>8,496,794</u>                                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                       |  |                        |  |
| Deferred inflows - pension                                 | 3,455,313                              | 1,889,064              | 2,243,762  |
| Deferred inflows - other postemployment benefits           | 897,634                                | 503,742                | 611,404  |
| Total deferred inflows of resources                        | <u>4,352,947</u>                       | <u>2,392,806</u>       | <u>2,855,166</u>                                   |
| <b>NET POSITION</b>  |  |                        |  |
| Net investment in capital assets                           | 99,260,359                             | 88,885,657             | 22,381,130   |
| Restricted for:  |  |                        |  |
| Revenue bond debt service and sinking fund requirements    | 5,183,000                              | 57,917                 | -  |
| Revenue bond renewal and replacement requirements          | 4,840,895                              | 300,000                | -  |
| Water and sewer impact fees                                | 2,438,289                              | -                      | -  |
| Stormwater system fees                                     | -                                      | -                      | -  |
| Pensions   | 7,811,606                              | 4,270,705              | 5,072,589  |
| Unrestricted   | <u>131,892,848</u>                     | <u>26,420,385</u>      | <u>29,375,269</u>                                  |
| Total net position   | <u>\$ 251,426,997</u>                  | <u>\$ 119,934,664</u>  | <u>\$ 56,828,988</u>                               |

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

| Activities<br>Funds   |                      | Governmental<br>Activities -<br>Internal Service<br>Funds |                       |
|-----------------------|----------------------|---|-----------------------|
| Stormwater<br>Utility | Other<br>Funds       | Total   |                       |
| 1,173,131             | 324,588              | 7,987,903   | 1,379,596             |
| 152,093               | 149,336              | 1,598,408   | 477,990               |
| -                     | -                    | 132,075   | 19,392                |
| -                     | 83,770               | 83,770  | -                     |
| -                     | -                    | -   | 127,611               |
| 130,979               | 71,990               | 1,207,762   | 507,464               |
| 113,333               | -                    | 1,372,916   | -                     |
| 61,950                | 4,198                | 445,518   | 6,341,982             |
| -                     | -                    | 444,637   | 727,409               |
| -                     | -                    | -   | 3,431,427             |
| <u>1,631,486</u>      | <u>633,882</u>       | <u>13,272,989</u>   | <u>13,012,871</u>     |
| -                     | -                    | 1,015,611   | -                     |
| 319,703               | -                    | 1,970,640   | -                     |
| 1,246,667             | -                    | 4,417,084   | -                     |
| -                     | -                    | 8,476,750   | -                     |
| <u>1,566,370</u>      | <u>633,882</u>       | <u>15,880,085</u>   | <u>-</u>              |
| <u>3,197,856</u>      | <u>633,882</u>       | <u>29,153,074</u>   | <u>13,012,871</u>     |
| 153,505               | 84,371               | 1,415,477   | 594,740               |
| 730,042               | 1,019,377            | 7,920,350   | 2,184,968             |
| 21,416,511            | -                    | 156,232,151   | -                     |
| 42,517                | 3,204                | 892,823   | 11,197,908            |
| -                     | -                    | 2,893,599   | 2,128,473             |
| -                     | -                    | -   | 6,021,800             |
| <u>22,342,575</u>     | <u>1,106,952</u>     | <u>169,354,400</u>  | <u>22,127,889</u>     |
| <u>25,540,431</u>     | <u>1,740,834</u>     | <u>198,507,474</u>  | <u>35,140,760</u>     |
| 996,342               | 757,219              | 9,341,700   | 3,116,557             |
| <u>238,119</u>        | <u>332,491</u>       | <u>2,583,390</u>  | <u>712,674</u>        |
| <u>1,234,461</u>      | <u>1,089,710</u>     | <u>11,925,090</u>   | <u>3,829,231</u>      |
| 53,233,615            | 29,164,164           | 292,924,925   | 14,684,996            |
| 2,621,979             | -                    | 7,862,896   | -                     |
| -                     | -                    | 5,140,895   | -                     |
| -                     | -                    | 2,438,289   | -                     |
| 14,318                | -                    | 14,318  | -                     |
| 2,252,482             | 1,711,886            | 21,119,268  | 7,045,762             |
| <u>42,188,275</u>     | <u>25,579,025</u>    | <u>255,455,802</u>  | <u>78,593,549</u>     |
| <u>\$ 100,310,669</u> | <u>\$ 56,455,075</u> | <u>\$ 584,956,393</u>                                     | <u>\$ 100,324,307</u> |

Adjustment to reflect consolidation of internal service fund activities related to enterprise funds 5,351,060

Net position of business-type activities \$ 590,307,453

**City of Clearwater, Florida**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2020**

|                                  | <b>Business-type<br/>Enterprise</b>    |                        |  |
|----------------------------------|--|------------------------|--|
|                                  | <b>Water<br/>and Sewer<br/>Utility</b> | <b>Gas<br/>Utility</b> | <b>Solid Waste<br/>&amp; Recycling<br/>Utility</b> |
| <b>Operating revenues:</b>       |  |                        |  |
| Sales to customers               | \$ 90,339,069                          | \$ 39,723,475          | \$ 26,692,998                                      |
| Service charges to customers     | 247,573                                | 1,775,404              | -  |
| User charges to customers        | -                                      | -                      | -  |
| Billings to departments          | -                                      | -                      | -  |
| Rentals                          | 76,402                                 | -                      | 325,534  |
| Other                            | 406,289                                | 1,286,393              | 504,637  |
| Total operating revenues         | 91,069,333                             | 42,785,272             | 27,523,169   |
| <b>Operating expenses:</b>       |  |                        |  |
| Personal services                | 12,556,615                             | 6,411,622              | 7,458,368  |
| Purchases for resale             | 6,438,666                              | 10,563,127             | 1,398  |
| Operating materials and supplies | 5,470,456                              | 1,224,941              | 351,605  |
| Transportation                   | 1,475,023                              | 969,078                | 6,313,943  |
| Utility service                  | 3,041,595                              | 171,787                | 119,210  |
| Dumping charges                  | 20,157                                 | -                      | 4,577,833  |
| Depreciation                     | 13,571,695                             | 3,621,521              | 295,151  |
| Interfund administrative charges | 6,762,273                              | 2,876,520              | 1,576,390  |
| Other current charges:           |  |                        |  |
| Professional fees                | 4,743,435                              | 823,803                | 162,867  |
| Advertising and marketing        | 37,548                                 | 1,956,501              | 3,000  |
| Communications                   | 223,651                                | 180,751                | 163,716  |
| Printing and binding             | 7,739                                  | 10,750                 | 14,197   |
| Insurance                        | 793,390                                | 321,120                | 118,800  |
| Repairs and maintenance          | 10,446,998                             | 366,341                | 203,855  |
| Rentals                          | 296,265                                | 12,494                 | 2,916  |
| Miscellaneous                    | 245,333                                | 450,942                | 128,527  |
| Data processing charges          | 979,700                                | 541,220                | 278,540  |
| Taxes                            | -                                      | 2,091,800              | 10,140   |
| Total other current charges      | 17,774,059                             | 6,755,722              | 1,086,558  |
| Total operating expenses         | 67,110,539                             | 32,594,318             | 21,780,456   |
| Operating income (loss)          | 23,958,794                             | 10,190,954             | 5,742,713  |

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

| <b>Activities<br/>Funds</b>   |                          |                           | <b>Governmental<br/>Activities -<br/>Internal Service<br/>Funds</b> |
|-------------------------------|--------------------------|---------------------------|---|
| <b>Stormwater<br/>Utility</b> | <b>Other<br/>Funds</b>   | <b>Total</b>              |   |
| \$ 16,919,107                 | \$ 9,491,453             | \$ 183,166,102            | \$ -  |
| -                             | -                        | 2,022,977                 | -   |
| -                             | 161,475                  | 161,475                   | -   |
| -                             | -                        | -                         | 60,956,383  |
| -                             | 3,072,885                | 3,474,821                 | 54,295  |
| 224,077                       | 1,016,597                | 3,437,993                 | 635,528   |
| <b><u>17,143,184</u></b>      | <b><u>13,742,410</u></b> | <b><u>192,263,368</u></b> | <b><u>61,646,206</u></b>  |
| <br>3,119,014                 | <br>3,377,649            | <br>32,923,268            | <br>10,262,720  |
| -                             | 1,483,290                | 18,486,481                | 3,690,720   |
| 153,703                       | 171,755                  | 7,372,460                 | 1,468,988   |
| 1,142,826                     | 168,979                  | 10,069,849                | 342,602   |
| 61,534                        | 527,276                  | 3,921,402                 | 509,242   |
| 198,549                       | -                        | 4,796,539                 | -   |
| 3,481,218                     | 1,114,691                | 22,084,276                | 9,957,551   |
| 1,267,240                     | 1,534,210                | 14,016,633                | 238,320   |
| <br>440,461                   | <br>747,300              | <br>6,917,866             | <br>9,354,373   |
| -                             | 2,649                    | 1,999,698                 | -   |
| 45,174                        | 75,446                   | 688,738                   | 1,185,627   |
| 205                           | 4,828                    | 37,719                    | 32,395  |
| 52,880                        | 175,260                  | 1,461,450                 | 19,365,189  |
| 1,204,517                     | 587,352                  | 12,809,063                | 1,184,737   |
| 2,770                         | 17,047                   | 331,492                   | 1,320,748   |
| 60,000                        | 696,274                  | 1,581,076                 | 230,780   |
| 303,790                       | 179,830                  | 2,283,080                 | 569,040   |
| -                             | 25,309                   | 2,127,249                 | 21,393  |
| <b><u>2,109,797</u></b>       | <b><u>2,511,295</u></b>  | <b><u>30,237,431</u></b>  | <b><u>33,264,282</u></b>  |
| <b><u>11,533,881</u></b>      | <b><u>10,889,145</u></b> | <b><u>143,908,339</u></b> | <b><u>59,734,425</u></b>  |
| <b><u>5,609,303</u></b>       | <b><u>2,853,265</u></b>  | <b><u>48,355,029</u></b>  | <b><u>1,911,781</u></b>   |

(Continued)

**City of Clearwater, Florida**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2020**

|  | Business-type<br>Enterprise   |                |                                       |
|--|-------------------------------|----------------|---------------------------------------|
|  | Water<br>and Sewer<br>Utility | Gas<br>Utility | Solid Waste<br>& Recycling<br>Utility |
|  |                               |                |                                       |
| <b>Nonoperating revenues (expenses):</b>         |                               |                |                                       |
| Investment earnings (loss):                      |                               |                |                                       |
| Interest   | 2,018,289                     | 459,337        | 485,323                               |
| Net appreciation (depreciation) in fair value    | 515,303                       | 138,063        | 142,129                               |
| Total investment earnings (loss)                 | 2,533,592                     | 597,400        | 627,452                               |
| Interest expense                                 | (5,078,084)                   | (351,612)      | (102,785)                             |
| Bond issuance costs                              | (207,346)                     | -              | -                                     |
| Gain (loss) on disposal of capital assets        | 5,558,256                     | (7,737)        | -                                     |
| Total nonoperating revenue (expenses)            | 2,806,418                     | 238,051        | 524,667                               |
| Income (loss) before contributions and transfers | 26,765,212                    | 10,429,005     | 6,267,380                             |
| Capital grants and contributions                 | 987,882                       | -              | -                                     |
| Transfers in                                     | 2,001,176                     | -              | -                                     |
| Transfers out                                    | (4,954,971)                   | (4,059,271)    | (1,409,780)                           |
| Change in net position                           | 24,799,299                    | 6,369,734      | 4,857,600                             |
| Net position - beginning                         | 226,627,698                   | 113,564,930    | 51,971,388                            |
| Total net position - ending                      | \$ 251,426,997                | \$ 119,934,664 | \$ 56,828,988                         |

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.

| <b>Activities<br/>Funds</b>   |                        | <b>Governmental<br/>Activities -<br/>Internal Service<br/>Funds</b> |                       |
|-------------------------------|------------------------|---|-----------------------|
| <b>Stormwater<br/>Utility</b> | <b>Other<br/>Funds</b> | <b>Total</b>  |                       |
| 624,848                       | 382,689                | 3,970,486   | 1,290,398             |
| 179,317                       | 101,676                | 1,076,488   | 332,464               |
| <u>804,165</u>                | <u>484,365</u>         | <u>5,046,974</u>  | <u>1,622,862</u>      |
| (956,925)                     | (179)                  | (6,489,585)   | (325,028)             |
| -                             | -                      | (207,346)   | -                     |
| <u>104,527</u>                | <u>(21,579)</u>        | <u>5,633,467</u>  | <u>1,159,207</u>      |
| <u>(48,233)</u>               | <u>462,607</u>         | <u>3,983,510</u>  | <u>2,457,041</u>      |
| 5,561,070                     | 3,315,872              | 52,338,539  | 4,368,822             |
| 659,355                       | 116,609                | 1,763,846   | -                     |
| 624                           | 10,334                 | 2,012,134   | 7,475,086             |
| <u>(2,314,428)</u>            | <u>(904,702)</u>       | <u>(13,643,152)</u>   | <u>(171,913)</u>      |
| <u>3,906,621</u>              | <u>2,538,113</u>       | <u>42,471,367</u>   | <u>11,671,995</u>     |
| 96,404,048                    | 53,916,962             |   | 88,652,312            |
| \$ <u>100,310,669</u>         | \$ <u>56,455,075</u>   |   | \$ <u>100,324,307</u> |
|                               |                        | 1,638,111   |                       |
|                               |                        | \$ <u>44,109,478</u>  |                       |

**City of Clearwater, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2020**

|  | Business-type<br>Enterprise   |                |                                       |
|--|-------------------------------|----------------|---------------------------------------|
|  | Water<br>and Sewer<br>Utility | Gas<br>Utility | Solid Waste<br>& Recycling<br>Utility |
|  |                               |                |                                       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                               |                |                                       |
| Cash received from customers   | \$ 90,888,739                 | \$ 43,681,702  | \$ 27,882,077                         |
| Cash received from other funds                                       | -                             | -              | -                                     |
| Cash payments to suppliers   | (31,931,388)                  | (19,326,486)   | (6,577,405)                           |
| Cash payments to employees   | (13,206,167)                  | (7,830,732)    | (7,930,072)                           |
| Cash payments to other funds   | (11,120,339)                  | (5,298,720)    | (8,654,518)                           |
| Net cash provided (used) by operating activities                     | 34,630,845                    | 11,225,764     | 4,720,082                             |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>               |                               |                |                                       |
| Transfers from other funds   | 2,001,176                     | -              | -                                     |
| Transfers to other funds   | (4,954,971)                   | (4,059,271)    | (1,409,780)                           |
| Receipt of cash on loans to/from other funds                         | -                             | -              | -                                     |
| Payment of cash on loans to/from other funds                         | (36,785)                      | -              | (397,984)                             |
| Net cash provided (used) by noncapital financing activities          | (2,990,580)                   | (4,059,271)    | (1,807,764)                           |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>      |                               |                |                                       |
| Principal payments on debt   | (29,681,325)                  | (829,702)      | -                                     |
| Interest paid  | (4,954,436)                   | (325,069)      | (113,056)                             |
| Acquisition of capital assets  | (3,252,225)                   | (10,388,927)   | (2,665,155)                           |
| Proceeds from sale of capital assets                                 | 6,480,200                     | 6,758          | -                                     |
| Proceeds from issuance of debt                                       | 26,080,581                    | -              | -                                     |
| Payment of bond issuance costs                                       | (207,346)                     | -              | -                                     |
| Capital contributed by:  |                               |                |                                       |
| Other governmental entities  | 206,656                       | -              | -                                     |
| Property owners  | 14,301                        | -              | -                                     |
| Developers   | 563,521                       | -              | -                                     |
| Net cash provided (used) by capital and related financing activities | (4,750,073)                   | (11,536,940)   | (2,778,211)                           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |                               |                |                                       |
| Interest received  | 2,637,386                     | 660,319        | 685,075                               |
| Net cash provided (used) by investing activities                     | 2,637,386                     | 660,319        | 685,075                               |
| Net increase (decrease) in cash and cash equivalents                 | 29,527,578                    | (3,710,128)    | 819,182                               |
| Cash and cash equivalents at beginning of year                       | 119,043,004                   | 35,866,316     | 35,543,350                            |
| Cash and cash equivalents at end of year                             | \$ 148,570,582                | \$ 32,156,188  | \$ 36,362,532                         |
| Cash and cash equivalents classified as:                             |                               |                |                                       |
| Cash and investments   | \$ 129,610,920                | \$ 28,350,883  | \$ 35,164,100                         |
| Restricted cash and investments                                      | 18,959,662                    | 3,805,305      | 1,198,432                             |
| Total cash and cash equivalents                                      | \$ 148,570,582                | \$ 32,156,188  | \$ 36,362,532                         |

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

| <b>Activities<br/>Funds</b>   |                        |                       | <b>Governmental<br/>Activities -<br/>Internal Service<br/>Funds</b> |
|-------------------------------|------------------------|-----------------------|---|
| <b>Stormwater<br/>Utility</b> | <b>Other<br/>Funds</b> | <b>Total</b>          |   |
| \$ 17,038,542                 | \$ 13,781,012          | \$ 193,272,072        | \$ -  |
| -                             | -                      | -                     | 61,792,669  |
| (2,112,999)                   | (4,104,595)            | (64,052,873)          | (36,717,188)  |
| (3,329,128)                   | (3,578,470)            | (35,874,569)          | (10,740,268)  |
| <u>(2,858,621)</u>            | <u>(2,216,553)</u>     | <u>(30,148,751)</u>   | <u>(5,004,116)</u>  |
| <u>8,737,794</u>              | <u>3,881,394</u>       | <u>63,195,879</u>     | <u>9,331,097</u>  |
| <br>                          | <br>                   | <br>                  | <br>  |
| 624                           | 10,334                 | 2,012,134             | 7,475,086   |
| (2,314,428)                   | (904,702)              | (13,643,152)          | (171,913)   |
| -                             | -                      | -                     | 321,954   |
| -                             | -                      | (434,769)             | (712,907)   |
| <u>(2,313,804)</u>            | <u>(894,368)</u>       | <u>(12,065,787)</u>   | <u>6,912,220</u>  |
| <br>                          | <br>                   | <br>                  | <br>  |
| (5,611,099)                   | (5,156)                | (36,127,282)          | (8,093,860)   |
| (843,771)                     | (237)                  | (6,236,569)           | (406,715)   |
| (4,036,852)                   | (520,716)              | (20,863,875)          | (11,182,334)  |
| 259,227                       | -                      | 6,746,185             | 1,155,552   |
| -                             | -                      | 26,080,581            | 8,903,660   |
| -                             | -                      | (207,346)             | -   |
| <br>                          | <br>                   | <br>                  | <br>  |
| 1,363,335                     | 110,004                | 1,679,995             | -   |
| -                             | -                      | 14,301                | -   |
| -                             | -                      | <u>563,521</u>        | <u>-</u>  |
| <br>                          | <br>                   | <br>                  | <br>  |
| <u>(8,869,160)</u>            | <u>(416,105)</u>       | <u>(28,350,489)</u>   | <u>(9,623,697)</u>  |
| <br>                          | <br>                   | <br>                  | <br>  |
| <u>857,486</u>                | <u>508,520</u>         | <u>5,348,786</u>      | <u>1,719,982</u>  |
| <u>857,486</u>                | <u>508,520</u>         | <u>5,348,786</u>      | <u>1,719,982</u>  |
| (1,587,684)                   | 3,079,441              | 28,128,389            | 8,339,602   |
| 46,637,870                    | 24,544,183             | 261,634,723           | 82,075,477  |
| <u>\$ 45,050,186</u>          | <u>\$ 27,623,624</u>   | <u>\$ 289,763,112</u> | <u>\$ 90,415,079</u>  |
| <br>                          | <br>                   | <br>                  | <br>  |
| \$ 42,108,504                 | \$ 27,623,624          | \$ 262,858,031        | \$ 90,415,079   |
| <u>2,941,682</u>              | <u>-</u>               | <u>26,905,081</u>     | <u>-</u>  |
| <u>\$ 45,050,186</u>          | <u>\$ 27,623,624</u>   | <u>\$ 289,763,112</u> | <u>\$ 90,415,079</u>  |

(Continued)

**City of Clearwater, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2020**

|  | <b>Business-type<br/>Enterprise</b>    |                        |  |
|--|--|------------------------|--|
|  | <b>Water<br/>and Sewer<br/>Utility</b> | <b>Gas<br/>Utility</b> | <b>Solid Waste<br/>&amp; Recycling<br/>Utility</b> |
| <b>Reconciliation of operating income (loss) to<br/>net cash provided by operating activities:</b> |  |                        |  |
| Operating income (loss)  | \$ 23,958,794                          | \$ 10,190,954          | \$ 5,742,713                                       |
| Adjustments to reconcile operating income (loss)<br>to net cash provided by operating activities:  |  |                        |  |
| Depreciation   | 13,571,695                             | 3,621,521              | 295,151  |
| Capitalized labor and materials  | (95,499)                               | (1,091,155)            | -  |
| Change in assets, deferred outflows, liabilities and deferred inflows:                             |  |                        |  |
| (Increase) decrease in accounts receivable   | (289,470)                              | 708,644                | (223,641)  |
| (Increase) decrease in due from other governments  | -                                      | 82,433                 | 578,848  |
| (Increase) decrease in inventory   | (206,456)                              | (72,230)               | -  |
| (Increase) decrease in prepaid expenses  | (785,708)                              | 44                     | -  |
| (Increase) decrease in net pension asset   | (1,119,467)                            | (747,683)              | (884,472)  |
| (Increase) decrease in deferred outflows   | (400,953)                              | (262,655)              | (309,798)  |
| Increase (decrease) in accounts and contracts payable  | (1,055,861)                            | (1,828,172)            | (1,204,986)  |
| Increase (decrease) in accrued payroll   | 365,139                                | 141,499                | 275,084  |
| Increase (decrease) in deposits  | 108,876                                | 105,353                | 3,701  |
| Increase (decrease) in unearned revenue  | -                                      | -                      | -  |
| Increase (decrease) in other postemployment benefits   | (764,160)                              | (428,925)              | (520,434)  |
| Increase (decrease) in deferred inflows  | 1,343,915                              | 806,136                | 967,916  |
| Total adjustments  | 10,672,051                             | 1,034,810              | (1,022,631)  |
| Net cash provided by operating activities  | \$ 34,630,845                          | \$ 11,225,764          | \$ 4,720,082                                       |
| <b>Non-cash investing, capital and financing activities:</b>                                       |  |                        |  |
| Contributions from developers  | \$ 392,311                             | -                      | \$ -   |

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

| <b>Activities<br/>Funds</b>   |                        | <b>Governmental<br/>Activities -<br/>Internal Service<br/>Funds</b> |                     |
|-------------------------------|------------------------|---|---------------------|
| <b>Stormwater<br/>Utility</b> | <b>Other<br/>Funds</b> | <b>Total</b>  |                     |
| \$ 5,609,303                  | \$ 2,853,265           | \$ 48,355,029   | \$ 1,911,781        |
|                               |                        |   |                     |
| 3,481,218                     | 1,114,691              | 22,084,276  | 9,957,551           |
| -                             | -                      | (1,186,654)   | -                   |
| (104,642)                     | 62,238                 | 153,129   | 91,813              |
| -                             | 24,013                 | 685,294   | 48,205              |
| -                             | -                      | (278,686)   | 29,510              |
| -                             | -                      | (785,664)   | (193,732)           |
| (328,130)                     | (330,592)              | (3,410,344)   | (983,632)           |
| (118,969)                     | (107,186)              | (1,199,561)   | (360,605)           |
| (37,971)                      | 51,644                 | (4,075,346)   | (1,972,677)         |
| 68,773                        | 44,963                 | 895,458   | 361,402             |
| -                             | (6,149)                | 211,781   | -                   |
| -                             | (17,487)               | (17,487)  | (63,806)            |
| (202,651)                     | (264,804)              | (2,180,974)   | (606,530)           |
| 370,863                       | 456,798                | 3,945,628   | 1,111,817           |
| <b>3,128,491</b>              | <b>1,028,129</b>       | <b>14,840,850</b>   | <b>7,419,316</b>    |
| <b>\$ 8,737,794</b>           | <b>\$ 3,881,394</b>    | <b>\$ 63,195,879</b>  | <b>\$ 9,331,097</b> |

\$ - \$ - \$ 392,311 \$ -

**City of Clearwater, Florida**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**September 30, 2020**

|  | <b>Pension<br/>Trust<br/>Funds</b> | <b>Agency<br/>Fund</b> |
|--|------------------------------------|------------------------|
| <b>ASSETS</b>                                      |                                    |                        |
| Cash and investments                               | \$ 12,187,855                      | \$ 612,646             |
| Managed investment accounts, at fair value:        |                                    |                        |
| Cash and cash equivalents                          | 24,483,189                         | -                      |
| Government bonds                                   | 63,369,598                         | -                      |
| Index linked government bonds                      | 5,984,825                          | -                      |
| Agency bonds                                       | 4,333,137                          | -                      |
| Municipal bonds                                    | 3,438,861                          | -                      |
| Domestic corporate bonds                           | 133,811,754                        | -                      |
| International equity securities                    | 141,657,391                        | -                      |
| Domestic stocks                                    | 437,565,251                        | -                      |
| Mortgage backed bonds                              | 90,519,421                         | -                      |
| Government issued commercial mortgage backed bonds | 130,798                            | -                      |
| Asset backed securities                            | 7,113,854                          | -                      |
| Other/Rights/Warrants                              | 1,606                              | -                      |
| Domestic equity mutual funds                       | 68,914,436                         | -                      |
| International equity mutual funds                  | 47,289,208                         | -                      |
| Infrastructure                                     | 42,849,862                         | -                      |
| Real estate  | 98,422,243                         | -                      |
| Total managed investment accounts                  | <u>1,169,885,434</u>               | <u>-</u>               |
| Securities lending collateral                      | 125,978,068                        | -                      |
| Receivables:                                       |                                    |                        |
| Interest and dividends                             | 3,033,334                          | 425                    |
| Unsettled investment sales                         | 3,040,334                          | -                      |
| Securities lending earnings                        | 23,175                             | -                      |
| Due from others                                    | 4,336                              | -                      |
| Total receivables                                  | <u>6,101,179</u>                   | <u>425</u>             |
| <b>Total assets</b>                                | <u>1,314,152,536</u>               | <u>613,071</u>         |
| <b>LIABILITIES</b>                                 |                                    |                        |
| Accounts payable                                   | 958,181                            | -                      |
| Unsettled investment purchases                     | 11,422,139                         | -                      |
| Obligations under securities lending               | 125,978,068                        | -                      |
| Other miscellaneous payables:                      |                                    |                        |
| Downtown Development Board                         | -                                  | 433,874                |
| Other  | -                                  | 179,197                |
| Total miscellaneous payables                       | <u>-</u>                           | <u>613,071</u>         |
| <b>Total liabilities</b>                           | <u>138,358,388</u>                 | <u>\$ 613,071</u>      |
| <b>FIDUCIARY NET POSITION</b>                      |                                    |                        |
| Restricted for pensions                            | <u>1,175,794,148</u>               |                        |
| <b>Total fiduciary net position</b>                | <u>\$ 1,175,794,148</u>            |                        |

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, 2020**

|  | <b>Pension<br/>Trust<br/>Funds</b> |
|--|------------------------------------|
| <b>ADDITIONS</b>   |                                    |
| <b>Contributions:</b>  |                                    |
| Contributions from employer                                  | \$ 10,364,100                      |
| Contributions from employer - state tax                      | 2,120,437                          |
| Contributions from employees                                 | 7,925,645                          |
| Total contributions  | <u>20,410,182</u>                  |
| <b>Investment income:</b>                                    |                                    |
| Net appreciation (depreciation) in fair value of investments | 90,452,915                         |
| Interest   | 10,594,633                         |
| Dividends  | 8,956,263                          |
|  | <u>110,003,811</u>                 |
| Less investment expenses:                                    |                                    |
| Investment management / custodian fees                       | <u>(6,531,253)</u>                 |
| <b>Net income (loss) from investing activities</b>           | <u>103,472,558</u>                 |
| <b>Securities lending income:</b>                            |                                    |
| Gross earnings   | 1,506,792                          |
| Rebate received (paid)                                       | (840,643)                          |
| Bank fees  | (233,005)                          |
| <b>Net income (loss) from securities lending</b>             | <u>433,144</u>                     |
| <b>Total additions</b>                                       | <u>124,315,884</u>                 |
| <b>DEDUCTIONS</b>  |                                    |
| <b>Benefits and withdrawal payments:</b>                     |                                    |
| Benefits   | 54,495,573                         |
| Withdrawal payments  | 1,177,456                          |
| Total benefits and withdrawal payments                       | <u>55,673,029</u>                  |
| Income (loss) before administrative expenses                 | 68,642,855                         |
| Administrative expenses                                      | <u>(343,918)</u>                   |
| <b>Net increase (decrease)</b>                               | 68,298,937                         |
| <b>Fiduciary net position restricted for pensions</b>        |                                    |
| Fiduciary net position - beginning                           | <u>1,107,495,211</u>               |
| Fiduciary net position - ending                              | <u>\$ 1,175,794,148</u>            |

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

**City of Clearwater, Florida**  
**Notes to the Basic Financial Statements**  
**For the Year Ended September 30, 2020**

**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 118,017 and is located in the four-county Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (MSA), which has an estimated population of 3,197,637.

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

**I.A. Financial Reporting Entity**

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

**Blended Component Unit – Clearwater Community Redevelopment Agency:** Component units that meet the criteria for blended presentation in accordance with GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61, are reported in a manner similar to that of the primary government itself. Accordingly, throughout this report, data presented for the primary government includes data of the following blended component unit. The Clearwater Community Redevelopment Agency (CRA), created by authority of Florida Statute Chapter 163, Part III, and City of Clearwater Resolutions 81-67 and 81-68, although it is legally separate, is reported as if it were part of the City (blended component unit) because the City Council serves as the governing board of the CRA, and City management has operational responsibility for the CRA. Therefore, financial statements for the CRA are included in the City's comprehensive annual financial report as a governmental non-major special revenue fund and a governmental non-major capital projects fund. Additionally, separate audited financial statements are available from the CRA commencing with the fiscal year beginning October 1, 2019, in accordance with Chapter 163.387(8), Florida Statutes, and Rule 10.556, Rules of the Auditor General.

**Related Organization – Clearwater Housing Authority (CHA):** CHA is a public housing authority created by City Resolution 69-5 (1969), under Section 421.04 of the Florida Statutes. CHA receives primary funding from the Federal Department of Housing and Urban Development (HUD). The City Council appoints the governing board; however, the City Council is not able to impose its will on the CHA, nor does the City have any responsibility for the budget, debt, financing deficits, or fiscal management of CHA. Consequently, it is not a component unit of the City of Clearwater. Separate audited financial statements of CHA as of March 31, 2020 are available from CHA.

**Related Organization – Downtown Development Board:** The City of Clearwater serves as administrative agent for the Clearwater Downtown Development Board (DDB). The Downtown Development Board is an independent special district of the City of Clearwater with an independent board elected by its members, with its own levy (0.9700 mills for fiscal 2020) on downtown properties, and is not financially dependent upon the City. Consequently, it is not a component unit of the City of Clearwater. The DDB's cash balance held by the City as administrative agent is reflected in the City's fiduciary agency fund. Separate audited financial statements of the DDB as of September 30, 2020 are available from the DDB.

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

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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, 2020, FGU has 24 members. Separate audited financial statements of FGU as of September 30, 2020, 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.

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

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

The City reports the following major enterprise funds:

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Additionally, the City reports the following fund types:

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

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

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

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

#### **I.C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The agency fund included within the fiduciary fund financial statements also uses the accrual basis of accounting but does not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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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 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

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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, 2020, the performance measure weighted average was .74%. The actual pooled cash earnings performance before bank charges was 1.43%.

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 2.18%. 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 2015 thru 2019), and 100% of the receivable attributable to fiscal years 2014 and prior.

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

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

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

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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, 2020 is the same rate that was levied the in the prior year. It was an increase of 0.8 mills from the previous rate of 5.1550 mills, which the City levied for nine consecutive years (2010-2018).

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 30<sup>th</sup>.

**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 Water & Sewer Utility, Gas Utility, Solid Waste & Recycling Utility and Stormwater Utility funds that are in an irrevocable trust are restricted for pensions.

**I.E.5. Capital assets**

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

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Property, plant, equipment, and intangible assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

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

#### **I.E.6. Compensated absences**

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

#### **I.E.7. Long-term obligations**

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

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

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption on net position that applies to a future period(s) and so will not be recognized as an outflow of resources (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 position that applies for a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City

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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 and mortgage notes 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, 2019, the beginning of the current measurement period, the average of the expected remaining services lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 6.40 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.

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**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, 2020, 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, 2020, the City implemented the following GASB pronouncements:

GASB Statement No. 92, *Omnibus 2020*. Issued January 2020, this statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been

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identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions related thereto.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Issued May 2020, this statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As a result, the City has elected to defer the implementation of GASB Statement No. 84, *Fiduciary Activities*. All other statements that were originally issued with an effective date on or before September 30, 2020, were early implemented in prior fiscal years.

**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 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,

**City of Clearwater, Florida**  
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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.

**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, 2020 are classified in the accompanying financial statements as follows:

| <b><u>Statement of net position</u></b> | <b><u>9/30/2020</u></b> |
|---|-------------------------|
| Primary Government:                     |                         |
| Cash and investments                    | \$ 506,332,935          |
| Restricted cash and investments         | 26,905,081              |
| Fiduciary Funds:                        |                         |
| Cash and investments                    | 12,800,501              |
| Total pooled cash and investments       | <u>\$ 546,038,517</u>   |

**City of Clearwater, Florida**  
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| <u>Pooled Cash and Investments</u>                              | Carrying<br>Amount    | % of<br>Portfolio | Investment Maturities in Years |                   |                    | Moody's<br>Rating |
|---|-----------------------|-------------------|--------------------------------|-------------------|--------------------|-------------------|
|   |                       |                   | <u>Less than 1</u>             | <u>1-3 Years</u>  | <u>More than 3</u> |                   |
| <b>Cash and cash equivalents:</b>                               |                       |                   |                                |                   |                    |                   |
| Cash on hand  | \$ 48,031             | 0.01%             |                                |                   |                    | N/A               |
| Time / interest bearing account                                 | 20,885,645            | 3.82%             |                                |                   |                    | N/A               |
| Total cash and cash equivalents                                 | <u>20,933,676</u>     |                   |                                |                   |                    |                   |
| <b>Investments:</b>   |                       |                   |                                |                   |                    |                   |
| Local Government Investment Pools:                              |                       |                   |                                |                   |                    |                   |
| Florida Safe Investment Pool                                    | 118,021,708           | 21.61%            | 118,021,708                    | -                 | -                  | AAAm              |
| Florida Cooperative Liquid Assets Securities System             | 187,060,396           | 34.27%            | 187,060,396                    | -                 | -                  | AAAm              |
| Florida Local Government Investment Trust -<br>Short Term Bonds | 5,232,811             | 0.96%             | -                              | 5,232,811         | -                  | AAAf              |
|   | <u>310,314,915</u>    |                   | <u>305,082,104</u>             | <u>5,232,811</u>  | <u>-</u>           |                   |
| Treasuries  |                       |                   |                                |                   |                    |                   |
| Treasuries  | <u>5,335,155</u>      | 0.98%             | -                              | <u>5,335,155</u>  | -                  | N/A               |
| U.S. Agencies:  |                       |                   |                                |                   |                    |                   |
| Federal Home Loan Bank (FHLB)                                   | 20,544,643            | 3.76%             | 10,026,574                     | -                 | 10,518,069         | Aaa               |
| Federal National Mortgage Assn (FNMA)                           | 9,994,536             | 1.83%             | -                              | -                 | 9,994,536          | Aaa               |
| Federal Farm Credit Bank (FFCB)                                 | 15,017,816            | 2.75%             | -                              | -                 | 15,017,816         | Aaa               |
| Federal Home Loan Mortgage Corp (FHLMC)                         | 70,121,931            | 12.84%            | 15,102,487                     | 35,015,432        | 20,004,012         | Aaa               |
| Federal Home Loan Mortgage Corp Zeroes                          | 1,979,655             | 0.36%             | -                              | 1,979,655         | -                  | Aaa               |
| Federal National Mortgage Assn (FNMA) Zeroes                    | 9,936,476             | 1.82%             | -                              | 9,936,476         | -                  | Aaa               |
| Tennessee Valley Authority (TVA) Zeroes                         | 435,964               | 0.08%             | <u>435,964</u>                 | -                 | -                  | Aaa               |
| Total U.S. Agencies   | <u>128,031,021</u>    |                   | <u>25,565,025</u>              | <u>46,931,563</u> | <u>55,534,433</u>  |                   |
| Municipal bonds   | 10,153,500            | 1.86%             | -                              | -                 | 10,153,500         | Aa1/Aa2/Aa3       |
| Mortgage backed securities                                      | 70,265,565            | 12.87%            | 1,898,186                      | 22,580,023        | 45,787,356         | Aaa               |
| Asset backed securities   | 1,004,685             | 0.18%             | -                              | 105,227           | 899,458            | Aaa               |
| Total investments   | <u>525,104,841</u>    |                   | <u>332,545,315</u>             | <u>80,184,779</u> | <u>112,374,747</u> |                   |
| Total pooled cash and investments                               | <u>\$ 546,038,517</u> | 100.00%           |                                |                   |                    |                   |

**City of Clearwater, Florida**  
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**For the Year Ended September 30, 2020**

**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, 2020**

The City has the following recurring fair value measurements as of September 30, 2020:

| (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       |
|---|-------------------|--|---|---|-------------------|
| Florida Safe Investment Pool                          | \$ 118,022        | \$ -   | \$ -  | \$ -                                      | \$ 118,022        |
| Florida Cooperative Liquid Assets Securities System   | 187,060           | -  | -   | -   | 187,060           |
| Florida Local Govt. Investment Trust-Short Term Bonds | 5,233             | -  | -   | -   | 5,233             |
| U.S. Government securities                            | 5,335             | 5,335  | -   | -   | -                 |
| Federal Agency securities                             | 128,031           | -  | 128,031                                       | -   | -                 |
| Municipal obligations                                 | 10,153            | 10,153   | -   | -   | -                 |
| Mortgage backed securities                            | 70,266            | -  | 70,266  | -   | -                 |
| Asset backed securities                               | 1,005             | -  | 1,005   | -   | -                 |
|   | <b>\$ 525,105</b> | <b>\$ 15,488</b>   | <b>\$ 199,302</b>                             | <b>\$ -</b>                               | <b>\$ 310,315</b> |

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

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

**Pension Plan Assets**

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

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

**City of Clearwater, Florida**  
**Notes to the Basic Financial Statements**  
**For the Year Ended September 30, 2020**

**Employees' Pension Plan**

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

| Employees' Pension Plan Cash and Investments       | Carrying<br>Amount      | % of<br>Portfolio | Weighted avg<br>maturity (years) | Moody's<br>Rating |
|--|-------------------------|-------------------|----------------------------------|-------------------|
| <b>Cash and cash equivalents:</b>                  |                         |                   |                                  |                   |
| Cash and cash equivalents - pooled cash            | \$ 9,890,595            | 0.87%             | N/A                              | N/A               |
| Cash in managed investment accounts                | <u>22,795,324</u>       | 2.00%             | N/A                              | N/A               |
| Total cash and cash equivalents                    | <u>32,685,919</u>       |                   |                                  |                   |
| <b>Investments:</b>                                |                         |                   |                                  |                   |
| Government bonds                                   | 6,287,336               | 0.55%             |                                  | AGY               |
| Government bonds                                   | 49,992,138              | 4.39%             |                                  | Aaa               |
| Government bonds                                   | 594,622                 | 0.05%             |                                  | Aa                |
| Government bonds                                   | 1,266,429               | 0.11%             |                                  | A                 |
| Government bonds                                   | 4,214,680               | 0.37%             |                                  | Baa               |
| Government bonds                                   | 719,225                 | 0.06%             |                                  | NR                |
| Index linked government bonds                      | 5,984,825               | 0.53%             | 23.5                             | Aaa               |
| Agency bonds                                       | 733,497                 | 0.06%             |                                  | AGY               |
| Agency bonds                                       | 2,432,106               | 0.21%             |                                  | Ba                |
| Municipal bonds                                    | 1,429,527               | 0.13%             |                                  | Aa                |
| Municipal bonds                                    | 780,230                 | 0.07%             |                                  | A                 |
| Municipal bonds                                    | 833,737                 | 0.07%             |                                  | Baa               |
| Municipal bonds                                    | 146,952                 | 0.01%             |                                  | NR                |
| Domestic corporate bonds                           | 1,020,681               | 0.09%             |                                  | Aaa               |
| Domestic corporate bonds                           | 8,033,796               | 0.71%             |                                  | Aa                |
| Domestic corporate bonds                           | 45,208,794              | 3.97%             |                                  | A                 |
| Domestic corporate bonds                           | 66,034,985              | 5.80%             |                                  | Baa               |
| Domestic corporate bonds                           | 5,842,378               | 0.51%             |                                  | Ba                |
| Domestic corporate bonds                           | 252,000                 | 0.02%             |                                  | B                 |
| Domestic corporate bonds                           | 4,386,370               | 0.39%             |                                  | NR                |
| Asset backed securities                            | 9,827                   | 0.00%             |                                  | AGY               |
| Asset backed securities                            | 7,104,027               | 0.62%             | 36.9                             | Aaa               |
| Other/rights/warrants                              | 1,606                   | 0.00%             |                                  | NR                |
| Domestic stocks                                    | 435,195,575             | 38.23%            |                                  | N/A               |
| International equity securities                    | 141,320,172             | 12.41%            |                                  | N/A               |
| Mortgage backed bonds                              | 89,331,377              | 7.84%             |                                  | AGY               |
| Mortgage backed bonds                              | 48,870                  | 0.00%             |                                  | Aaa               |
| Mortgage backed bonds                              | 87,107                  | 0.01%             |                                  | NR                |
| Government issued commercial mortgage backed bonds | 130,798                 | 0.01%             | 29.7                             | AGY               |
| International equity mutual funds                  | 38,152,799              | 3.35%             |                                  | N/A               |
| Domestic equity mutual funds                       | 50,215,056              | 4.41%             |                                  | N/A               |
| Infrastructure                                     | 42,849,862              | 3.76%             |                                  | N/A               |
| Real Estate/Timber                                 | <u>95,586,317</u>       | 8.39%             |                                  | N/A               |
| Total investments                                  | <u>1,106,227,701</u>    |                   |                                  |                   |
| Total cash and investments                         | <u>\$ 1,138,913,620</u> | 100.00%           |                                  |                   |

**City of Clearwater, Florida**  
**Notes to the Basic Financial Statements**  
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**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**  
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The Pension Plan's exposure to foreign currency risk at September 30, 2020 is as follows:

| <u>Investment</u> | <u>Currency</u>        | <u>Fair Value</u>    |
|-------------------|------------------------|----------------------|
| Common Stock      | Euro currency          | \$ 19,969,575        |
| Common Stock      | Japanese yen           | 17,570,894           |
| Common Stock      | British pound sterling | 10,273,930           |
| Common Stock      | Swiss franc            | 7,144,776            |
| Common Stock      | Hong Kong dollar       | 1,772,478            |
| Common Stock      | Australian dollar      | 1,674,091            |
| Common Stock      | Swedish krona          | 1,195,184            |
| Common Stock      | South Korean won       | 1,194,357            |
| Common Stock      | Danish krone           | 874,420              |
| Common Stock      | Singapore dollar       | 704,456              |
| Common Stock      | Norwegian krone        | 602,666              |
| <b>Total</b>      |                        | <b>\$ 62,976,827</b> |

**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, 2020**

The Plan has the following recurring fair value measurements as of September 30, 2020:

| (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                        | \$ 63,074           | \$ 44,663   | \$ 18,411  | \$ -   |
| Index linked government bonds           | 5,985               | -   | 5,985  | -  |
| Agency bonds                            | 3,166               | -   | 3,166  | -  |
| Municipal bonds                         | 3,190               | -   | 3,190  | -  |
| Domestic corporate bonds                | 130,779             | -   | 130,779  | -  |
| Asset backed bonds                      | 7,114               | -   | 7,114  | -  |
| Other/Rights/Warrants                   | 2                   | -   | -  | 2  |
| Domestic stocks                         | 435,196             | 435,196   | -  | -  |
| International equity securities         | 141,320             | 141,320   | -  | -  |
| Mortgage backed bonds                   | 89,467              | 2,895   | 86,572   | -  |
| Government issued mortgage backed bonds | 131                 | -   | 131  | -  |
| Emerging markets mutual funds           | 38,153              | 38,153  | -  | -  |
| Domestic equity mutual funds            | 50,215              | -   | 50,215   | -  |
| Infrastructure                          | 42,850              | -   | -  | 42,850   |
| Real Estate/Timber                      | 95,586              | -   | 65,682   | 29,904   |
|   | <u>\$ 1,106,228</u> | <u>\$ 662,227</u>   | <u>\$ 371,245</u>                                    | <u>\$ 72,756</u>                                 |

**City of Clearwater, Florida**  
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**Net Asset Value Investments (in thousands):**

| Money Manager                                      | Value     | Unfunded Commitments | Investment Strategy   | Redemption Restrictions  |
|--|-----------|----------------------|---|--|
| Dimensional  | \$ 38,153 | \$ -                 | 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                                     | 50,215    | -                    | Collective large cap value index fund seeking to approximate the risk and return characteristics of the Russell 1000 Value Index.   | None   |
| Multi-Employer Property Trust                      | 51,565    | -                    | 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 w ith 45 days notice.  |
| Molpus Woodlands Group Funds III & IV              | 10,690    | 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                           | 7,510     | 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                                 | 42,850    | -                    | Limited Partnership investing in a diversified portfolio of global infrastructure assets, favoring proprietary investment opportunities over competitive bidding processes.   | Quarterly redemptions w ith 90 days notice; manager's best efforts w ithin 36 months of end of quarter.  |
| USAA U.S. Government Buildings                     | 11,704    | -                    | 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 w ith 60 days notice.  |
| Intercontinental U.S. Real Estate Investment Trust | 14,117    | -                    | 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 w ith 60 days notice.  |
| <u>\$ 226,804</u>                                  |           | <u>\$ 1,814</u>      |   |  |

**City of Clearwater, Florida**  
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**Firefighters' Relief and Pension Plan**

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

|   | Carrying<br>Amount  | % of<br>Portfolio | Weighted avg<br>maturity (years) | Moody's<br>Rating |
|---|---------------------|-------------------|----------------------------------|-------------------|
| <b><u>Cash and cash equivalents:</u></b>                  |                     |                   |                                  |                   |
| Cash and cash equivalents                                 | \$ 2,292,432        | 66.26%            | N/A                              | N/A               |
| Total cash and cash equivalents                           | <u>2,292,432</u>    |                   |                                  |                   |
| <b><u>Investments:</u></b>                                |                     |                   |                                  |                   |
| U.S. agency - Federal Agricultural Mortgage Corp. (FAMCA) | 1,167,534           | 33.74%            | 3.62                             | Aaa               |
| Total investments   | <u>1,167,534</u>    |                   |                                  |                   |
| Total managed cash and investments                        | <u>\$ 3,459,966</u> | 100.00%           |                                  |                   |

**Interest Rate Risk – Firefighters' Relief and Pension Plan:**

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

**Credit Risk – Firefighters' Relief and Pension Plan:**

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

**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.

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**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, 2020:

|                           | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets (Level 1) | Significant<br>Other<br>Observable<br>Inputs (Level 2) | Significant<br>Unobservable<br>Inputs (Level 3) |
|---------------------------|---|--|---|
| Federal agency securities | -   | \$ 1,167,534   | -   |

**Police Supplemental Pension Plan**

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

|  | Carrying<br>Amount   | % of<br>Portfolio | Weighted avg<br>maturity (years) | Moody's<br>Rating |
|--|----------------------|-------------------|----------------------------------|-------------------|
| <b><u>Cash and cash equivalents:</u></b> |                      |                   |                                  |                   |
| Cash in bank                             | \$ 4,828             | 0.02%             | N/A                              | N/A               |
| Cash in managed investment accounts      | 811,012              | 4.14%             | N/A                              | N/A               |
| Total cash and cash equivalents          | <u>815,840</u>       |                   |                                  |                   |
| <b><u>Investments:</u></b>               |                      |                   |                                  |                   |
| Domestic equity mutual funds             | 10,619,413           | 54.19%            | N/A                              | N/R               |
| International equity mutual funds        | 8,162,423            | 41.65%            | N/A                              | N/R               |
| Total investments                        | <u>18,781,836</u>    |                   |                                  |                   |
| Total managed cash and investments       | <u>\$ 19,597,676</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

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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, 2020:

|                                   |                      | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets (Level 1) | Significant<br>Other<br>Observable<br>Inputs (Level 2) | Significant<br>Unobservable<br>Inputs (Level 3) |
|-----------------------------------|----------------------|---|--|---|
|                                   | <u>Fair Value</u>    | <u>Assets (Level 1)</u>   | <u>Inputs (Level 2)</u>                                | <u>Inputs (Level 3)</u>                         |
| Domestic equity mutual funds      | \$ 10,619,413        | \$ 10,619,413   | \$ -   | \$ -  |
| International equity mutual funds | 8,162,423            | -   | 5,345,710  | 2,816,713                                       |
|                                   | <u>\$ 18,781,836</u> | <u>\$ 10,619,413</u>  | <u>\$ 5,345,710</u>                                    | <u>\$ 2,816,713</u>                             |

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**Firefighters' Supplemental Pension Plan**

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

|                                     | Carrying<br>Amount   | % of<br>Portfolio | Weighted avg<br>maturity (years) | Moody's<br>Rating |
|-------------------------------------|----------------------|-------------------|----------------------------------|-------------------|
| <b>Cash and cash equivalents:</b>   |                      |                   |                                  |                   |
| Cash in managed investment accounts | \$ 876,853           | 4.36%             | N/A                              | N/A               |
| Total cash and cash equivalents     | <u>876,853</u>       |                   |                                  |                   |
| <b>Investments:</b>                 |                      |                   |                                  |                   |
| U.S. Treasury obligations           | 295,168              | 1.47%             | 1.4                              | Aaa               |
| Municipal obligations               | 162,100              | 0.81%             | 17.5                             | A1/A2/A3          |
| Municipal obligations               | 35,970               | 0.18%             | 5.4                              | Aaa/Aa1/Aa3       |
| Municipal obligations               | 50,345               | 0.25%             | N/R                              | N/R               |
| Domestic corporate bonds            | 807,136              | 4.02%             | 17.5                             | A1/A2/A3          |
| Domestic corporate bonds            | 32,183               | 0.16%             | 6.6                              | Aaa/Aa1/Aa3       |
| Domestic corporate bonds            | 1,517,994            | 7.55%             | Baa1/Baa2/Baa3                   | Baa1/Baa2/Baa3    |
| Domestic corporate bonds            | 675,437              | 3.36%             | N/R                              | N/R               |
| International equity securities     | 337,219              | 1.68%             | N/A                              | N/R               |
| Domestic stocks                     | 2,369,676            | 11.79%            | N/A                              | N/R               |
| Mortgage backed bonds               | 1,052,067            | 5.23%             | 17.5                             | N/R               |
| Domestic equity mutual funds        | 8,079,967            | 40.18%            | N/A                              | N/R               |
| International equity mutual funds   | 973,986              | 4.85%             | N/A                              | N/R               |
| Real estate                         | 2,835,926            | 14.11%            | N/A                              | N/R               |
| Total investments                   | <u>19,225,174</u>    |                   |                                  |                   |
| Total managed cash and investments  | <u>\$ 20,102,027</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.

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**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, 2020:

|                                   | <u>Fair Value</u> | Quoted Prices in Active Markets for Identical Assets (Level 1) |              | Significant Inputs (Level 2) |           | Significant Unobservable Inputs (Level 3) |           |
|-----------------------------------|-------------------|--|--------------|------------------------------|-----------|---|-----------|
|                                   |                   | \$   | 295,168      | \$                           | 295,168   | \$  | -         |
| U.S. Treasury obligations         | \$ 295,168        | \$ 295,168   | \$ 295,168   | \$ -                         | \$ -      | \$ -                                      | \$ -      |
| Municipal obligations             | 248,415           | -  | -            | 248,415                      | -         | -   | -         |
| Domestic corporate bonds          | 3,032,750         | 1,314,762  | 1,314,762    | 1,717,988                    | -         | -   | -         |
| International equity securities   | 337,219           | 337,219  | 337,219      | -                            | -         | -   | -         |
| Domestic stocks                   | 2,369,676         | 2,369,676  | 2,369,676    | -                            | -         | -   | -         |
| Mortgage backed bonds             | 1,052,067         | -  | -            | 1,052,067                    | -         | -   | -         |
| Domestic equity mutual funds      | 8,079,967         | 8,079,967  | 8,079,967    | -                            | -         | -   | -         |
| International equity mutual funds | 973,986           | -  | -            | 973,986                      | -         | -   | -         |
| Real estate                       | 2,835,926         | -  | -            | -                            | 2,835,926 | 2,835,926                                 | 2,835,926 |
|                                   | \$ 19,225,174     | \$ 12,396,792  | \$ 3,992,456 | \$ 2,835,926                 |           |   |           |

**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 \$4,563,193 are reported on the Governmental Funds Balance Sheet, net of an allowance for uncollectible accounts in the amount of \$12,313,178. The gross receivable of \$16,876,371 includes \$597,384 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:

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

|  | Franchise |          |          | Accounts      |          |       |  |  | Total     |
|--|-----------|----------|----------|---------------|----------|-------|--|--|-----------|
|  | Taxes     | Fees     | Interest | and Contracts | Notes    | Other |  |  |           |
| General fund                               | \$ 1,529  | \$ 1,004 | \$ 64    | \$ 654        | \$ -     | \$ 33 |  |  | \$ 3,284  |
| Special Development                        | 39        | -        | 58       | -             | -        | -     |  |  | 97        |
| Capital Improvement                        | -         | -        | 23       | -             | -        | -     |  |  | 23        |
| Non-major governmental funds               | -         | -        | 22       | -             | 16,876   | 1     |  |  | 16,899    |
| Internal service funds                     | -         | -        | 73       | -             | -        | 52    |  |  | 125       |
| Total governmental                         | 1,568     | 1,004    | 240      | 654           | 16,876   | 86    |  |  | 20,428    |
| Less: Allowance for uncollectable accounts | (188)     | -        | -        | -             | (12,313) |       |  |  | (12,501)  |
| Net governmental receivables               | \$ 1,380  | \$ 1,004 | \$ 240   | \$ 654        | \$ 4,563 | \$ 86 |  |  | \$ 7,927  |
| Water and Sewer Utility                    | \$ -      | \$ -     | \$ 131   | \$ 7,818      | \$ -     | \$ 31 |  |  | \$ 7,980  |
| Gas Utility                                | -         | -        | 28       | 2,713         | -        | 10    |  |  | 2,751     |
| Solid Waste and Recycling Utility          | -         | -        | 32       | 2,423         | -        | -     |  |  | 2,455     |
| Stormwater Utility                         | -         | -        | 39       | 2,240         | -        | 1     |  |  | 2,280     |
| Non-major enterprise funds                 | -         | -        | 24       | -             | -        | -     |  |  | 24        |
| Total business-type                        | -         | -        | 254      | 15,194        | -        | 42    |  |  | 15,490    |
| Less: Allowance for uncollectable accounts | -         | -        | -        | (119)         | -        | -     |  |  | (119)     |
| Net business-type receivables              | \$ -      | \$ -     | \$ 254   | \$ 15,075     | \$ -     | \$ 42 |  |  | \$ 15,371 |

**III.C. Capital assets**

Capital asset activity for the year ended September 30, 2020:

|  | Beginning Balance | Increases     | Decreases      | Transfers | Ending Balance |
|--|-------------------|---------------|----------------|-----------|----------------|
| <b>Governmental Activities:</b>            |                   |               |                |           |                |
| Non-depreciable capital assets:            |                   |               |                |           |                |
| Land                                       | \$ 89,536,194     | \$ 2,441,543  | \$ (504,322)   | \$ -      | \$ 91,473,415  |
| Construction in progress                   | 10,350,231        | 12,786,257    | (9,464,663)    | -         | 13,671,825     |
| Total non-depreciable capital assets       | 99,886,425        | 15,227,800    | (9,968,985)    | -         | 105,145,240    |
| Depreciable capital assets:                |                   |               |                |           |                |
| Buildings                                  | 169,790,581       | 737,281       | (116,583)      | -         | 170,411,279    |
| Improvements other than buildings          | 43,612,805        | 8,230,176     | -              | -         | 51,842,981     |
| Machinery and equipment                    | 110,790,212       | 11,819,574    | (4,782,773)    | 18,631    | 117,845,644    |
| Infrastructure                             | 162,044,103       | 859,110       | -              | -         | 162,903,213    |
| Total depreciable capital assets           | 486,237,701       | 21,646,141    | (4,899,356)    | 18,631    | 503,003,117    |
| Less accumulated depreciation for:         |                   |               |                |           |                |
| Buildings                                  | (78,698,179)      | (5,218,729)   | 116,583        | -         | (83,800,325)   |
| Improvements other than buildings          | (23,915,761)      | (1,987,101)   | -              | -         | (25,902,862)   |
| Machinery and equipment                    | (79,355,813)      | (10,417,598)  | 4,777,586      | (14,976)  | (85,010,801)   |
| Infrastructure                             | (113,483,245)     | (4,357,709)   | -              | -         | (117,840,954)  |
| Total accumulated depreciation             | (295,452,998)     | (21,981,137)  | 4,894,169      | (14,976)  | (312,554,942)  |
| Net depreciable capital assets             | 190,784,703       | (334,996)     | (5,187)        | 3,655     | 190,448,175    |
| Net governmental activities capital assets | \$ 290,671,128    | \$ 14,892,804 | \$ (9,974,172) | \$ 3,655  | \$ 295,593,415 |

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|   | Beginning<br>Balance         | Increases                   | Decreases                     | Transfers                | Ending<br>Balance            |
|---|------------------------------|-----------------------------|-------------------------------|--------------------------|------------------------------|
| <b>Business-type activities:</b>            |                              |                             |                               |                          |                              |
| Non-depreciable capital assets:             |                              |                             |                               |                          |                              |
| Land  | \$ 31,968,620                | \$ -                        | \$ (1,076,644)                | \$ -                     | \$ 30,891,976                |
| Construction in progress                    | 33,940,392                   | 10,788,060                  | (11,871,737)                  | -                        | 32,856,715                   |
| Total non-depreciable capital assets        | <u>65,909,012</u>            | <u>10,788,060</u>           | <u>(12,948,381)</u>           | <u>-</u>                 | <u>63,748,691</u>            |
| Depreciable capital assets:                 |                              |                             |                               |                          |                              |
| Buildings                                   | 64,953,403                   | 3,477,113                   | (839,784)                     | -                        | 67,590,732                   |
| Improvements other than buildings           | 697,727,706                  | 17,347,352                  | (791)                         | -                        | 715,074,267                  |
| Machinery and equipment                     | 19,421,054                   | 1,884,961                   | (946,369)                     | (18,631)                 | 20,341,015                   |
| Total depreciable capital assets            | <u>782,102,163</u>           | <u>22,709,426</u>           | <u>(1,786,944)</u>            | <u>(18,631)</u>          | <u>803,006,014</u>           |
| Less accumulated depreciation for:          |                              |                             |                               |                          |                              |
| Buildings                                   | (13,196,850)                 | (1,909,831)                 | 828,944                       | -                        | (14,277,737)                 |
| Improvements other than buildings           | (376,307,356)                | (18,602,773)                | 791                           | -                        | (394,909,338)                |
| Machinery and equipment                     | (10,899,789)                 | (1,571,672)                 | 924,791                       | 14,976                   | (11,531,694)                 |
| Total accumulated depreciation              | <u>(400,403,995)</u>         | <u>(22,084,276)</u>         | <u>1,754,526</u>              | <u>14,976</u>            | <u>(420,718,769)</u>         |
| Net depreciable capital assets              | <u>381,698,168</u>           | <u>625,150</u>              | <u>(32,418)</u>               | <u>(3,655)</u>           | <u>382,287,245</u>           |
| Net business-type activities capital assets | <u><u>\$ 447,607,180</u></u> | <u><u>\$ 11,413,210</u></u> | <u><u>\$ (12,980,799)</u></u> | <u><u>\$ (3,655)</u></u> | <u><u>\$ 446,035,936</u></u> |

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

|  |                             |
|--|-----------------------------|
| Governmental activities:   |                             |
| General government   | \$ 701,580                  |
| Public safety  | 1,141,069                   |
| Transportation, including depreciation on infrastructure assets  | 4,171,149                   |
| Economic environment   | 51,877                      |
| Culture and recreation   | 5,957,911                   |
| Capital assets held by governmental internal service funds are charged to the various functions based on their usage of assets | <u>9,957,551</u>            |
|  | <u><u>\$ 21,981,137</u></u> |

|                                     |                             |
|-------------------------------------|-----------------------------|
| Business-type activities:           |                             |
| Water and sewer utility             | \$ 13,571,695               |
| Gas utility                         | 3,621,521                   |
| Solid waste and recycling utility   | 295,151                     |
| Stormwater utility                  | 3,481,218                   |
| Marine operations                   | 43,721                      |
| Aviation operations                 | 202,333                     |
| Parking system operations           | 532,723                     |
| Clearwater Harbor Marina operations | <u>335,914</u>              |
|                                     | <u><u>\$ 22,084,276</u></u> |

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**Construction commitments**

At September 30, 2020, material outstanding construction commitments were as follows:

| <u>Project</u>                                   | <u>Fund</u>                             | <u>Construction Commitments Outstanding</u> |
|--|---|---|
| Sanitary Sewer Repairs and Replacements          | Water & Sewer Utility Enterprise Fund   | \$ 10,807,560                               |
| Crest Lake Park Renovations                      | Capital Improvement Fund                | 2,691,060                                   |
| Demolition and Replacement of Hangar C           | Aviation Enterprise Fund                | 1,115,395                                   |
| Supportive Infrastructure for Imagine Clearwater | Capital Improvement Fund                | 1,043,801                                   |
| Solid Waste Transfer Station                     | Solid Waste & Recycling Enterprise Fund | 769,903                                     |
| Underground Refuse System                        | Solid Waste & Recycling Enterprise Fund | 622,417                                     |
| Clearwater Gas System Facility Redevelopment     | Gas Utility Enterprise Fund             | 621,617                                     |
| Druid Road/Allen's Creek Stormwater Improvements | Stormwater Utility Enterprise Fund      | 551,249                                     |
| Seminole Boat Ramp Restrooms                     | Capital Improvement Fund                | 506,803                                     |
| Total Construction Commitments                   |   | <u>\$ 18,729,805</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, 2020, 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, 2020, there were no funds reporting a cash pool deficit.

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

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| Fund                                | Due from                   | Due to                     | Advances to                | Advances from              |
|-------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                     | Other Funds                | Other Funds                | Other Funds                | Other Funds                |
| General Fund                        | \$ -                       | \$ 24,605                  | \$ -                       | \$ 76,866                  |
| Special Revenue Funds:              |                            |                            |                            |                            |
| Special Programs Fund               | -                          | -                          | 325,440                    | -                          |
| Community Redevelopment Agency Fund | -                          | -                          | -                          | 325,440                    |
| Capital Projects Fund:              |                            |                            |                            |                            |
| Capital Improvement Fund            | 867,131                    | -                          | 2,564,975                  | -                          |
| Enterprise Funds:                   |                            |                            |                            |                            |
| Water & Sewer Fund                  | -                          | 37,536                     | -                          | 117,265                    |
| Solid Waste & Recycling Fund        | -                          | 407,101                    | -                          | 2,776,334                  |
| Internal Service Funds:             |                            |                            |                            |                            |
| Administrative Services Fund        | -                          | 68,435                     | -                          | 69,790                     |
| Garage Fund                         | -                          | 658,974                    | -                          | 2,058,683                  |
| Central Insurance Fund              | <u>329,520</u>             | <u>-</u>                   | <u>2,533,963</u>           |                            |
|                                     | <u><u>\$ 1,196,651</u></u> | <u><u>\$ 1,196,651</u></u> | <u><u>\$ 5,424,378</u></u> | <u><u>\$ 5,424,378</u></u> |

**Descriptions of interfund loans as of September 30, 2020:**

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 (\$329,520) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$2,533,963) is classified as an advance.

An internal loan from the Capital Improvement Fund to the Garage Fund in the amount of \$3,363,457 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$714,414, including interest at 2.04%, beginning May 31, 2020 and ending May 31, 2024. The current portion of this loan (\$658,974) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$2,058,683) 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 (\$37,536) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$117,265) is classified as an advance.

An internal loan from the Capital Improvement Fund to the Solid Waste & Recycling Utility Fund in the amount of \$395,983 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$84,109, including interest at 2.04%, beginning May 31, 2020 and ending May 31, 2024. The current portion of this loan (\$77,581) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$242,371) is classified as an advance.

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An internal loan from the Capital Improvement Fund to the General Fund in the amount of \$125,584 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$26,675, including interest at 2.04%, beginning May 31, 2020 and ending May 31, 2024. The current portion of this loan (\$24,605) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$76,866) is classified as an advance.

An internal loan from the Capital Improvement Fund to the Administrative Services Fund in the amount of \$205,331 to fund the purchase of computers and other equipment. This loan provides for 3 equal payments of \$71,172, including interest at 1.98%, beginning May 31, 2020 and ending May 31, 2022. The current portion of this loan (\$68,435) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$69,790) is classified as an advance.

**III.D.2. Interfund transfers**

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

Other non-routine interfund transfers occurring during the current fiscal year included: A transfer of \$5,147 from the Central Insurance Fund to various funds for safety award funding; a transfer of \$9,199 from the General Fund to the Marine Fund for the Clearwater Ferry's use of slips 149 and 150; a transfer of 117,993 from the General Fund to the Capital Improvement Fund for the Memorial Causeway Lightning project; a transfer of \$3,500,000 from the General Fund to the Special Programs Fund for the Back-to-Business Grant program; a transfer of \$170,857 from the General Fund to the Special Programs Fund for the Police Body Worn Camera program; a transfer of 130,000 from the General Fund to the Capital Improvement Fund for the Miscellaneous Parks and Recreation Contracts project for the Hilltop Securities agreement; a transfer of \$1,527,329 from the Gas Utility Fund to the General Fund for the increased dividend payment; a transfer of \$9,199 from the Special Programs Fund to the General Fund to return unspent revenue in the 2016 Clearwater Ferry program; and a transfer of \$117,993 from the Special Programs Fund to the General Fund to return unspent revenue in the ULI Report Implementation program.

**City of Clearwater, Florida**  
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Interfund transfers for the year ended September 30, 2020 consisted of the following:

|  |                      |
|--|----------------------|
| Transfers to General Fund from:                          |                      |
| Water & Sewer Utility Enterprise Fund                    | \$ 4,619,690         |
| Gas Utility Enterprise Fund                              | 4,027,329            |
| Solid Waste & Recycling Utility Enterprise Fund          | 1,409,780            |
| Stormwater Utility Enterprise Fund                       | 1,015,070            |
| Nonmajor governmental funds                              | 1,016,543            |
| Nonmajor enterprise funds                                | 805,236              |
| Internal service funds                                   | 2,376                |
| Total  | <u>12,896,024</u>    |
| Transfers to Capital Improvement Fund from:              |                      |
| General Fund   | 8,198,573            |
| Special Development Fund                                 | 15,684,660           |
| Nonmajor enterprise funds                                | 80,000               |
| Internal service funds                                   | 125,000              |
| Total  | <u>24,088,233</u>    |
| Transfers to Stormwater Utility Enterprise Fund from:    |                      |
| Internal service funds                                   | <u>624</u>           |
| Transfers to Water & Sewer Utility Enterprise Fund from: |                      |
| Special Development Fund                                 | 2,000,000            |
| Internal service funds                                   | 1,176                |
| Total  | <u>2,001,176</u>     |
| Transfers to Nonmajor governmental funds from:           |                      |
| General Fund   | 7,033,067            |
| Nonmajor governmental funds                              | 3,289,173            |
| Total  | <u>10,322,240</u>    |
| Transfer to Nonmajor enterprise funds from:              |                      |
| General Fund   | 10,000               |
| Internal service funds                                   | 334                  |
| Total  | <u>10,334</u>        |
| Transfers to Internal service funds from:                |                      |
| General Fund   | 2,844,910            |
| Special Development Fund                                 | 950,000              |
| Capital Improvement Fund                                 | 1,930,127            |
| Water & Sewer Utility Enterprise Fund                    | 335,281              |
| Gas Utility Enterprise Fund                              | 31,942               |
| Stormwater Utility Enterprise Fund                       | 1,299,358            |
| Nonmajor governmental funds                              | 21,599               |
| Nonmajor enterprise funds                                | 19,466               |
| Internal service funds                                   | 42,403               |
| Total  | <u>7,475,086</u>     |
| Total interfund transfers                                | <u>\$ 56,793,717</u> |

**City of Clearwater, Florida**  
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**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, 2020:

|                                | Governmental<br>Activities | Business-type<br>Activities |
|--------------------------------|----------------------------|-----------------------------|
| Equipment                      | \$ 38,867,723              | \$ 2,279,416                |
| Less: Accumulated Depreciation | (16,955,830)               | (870,127)                   |
| Total                          | <u>\$ 21,911,893</u>       | <u>\$ 1,409,289</u>         |

The future minimum lease payments under capital lease purchase financing agreements (direct borrowings) are as follows as of September 30, 2020:

| <u>Year Ending Sept. 30</u>   | Governmental<br>Activities | Business-type<br>Activities |
|---|----------------------------|-----------------------------|
| 2021  | \$ 7,393,273               | \$ 463,331                  |
| 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>20,472,463</u>          | <u>1,376,429</u>            |
| Deduction of the amount of imputed interest necessary to reduce net minimum lease payments to present value | (571,399)                  | (38,088)                    |
|   | <u>\$ 19,901,064</u>       | <u>\$ 1,338,341</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, 2020, totaled \$568,373.

**City of Clearwater, Florida**  
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**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 \$845,000 on March 1, 2021, to \$295,000 on March 1, 2022, with maximum principal of \$845,000 due March 1, 2021; interest at 4.50% to 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.

\$4,620,000

Total revenue bonds for governmental activities

4,620,000

\$9,175,000 Water and Sewer Revenue Refunding Bonds, Series 2011; issued to refund and redeem on December 1, 2011 the City's callable Water and Sewer Revenue Bonds, Series 2002, maturing after December 1, 2011; serial bonds due in annual installments of \$1,920,000 on December 1, 2020, to \$2,020,000 on December 1, 2021, interest at 5.00%.

3,940,000

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

69,270,000

\$29,080,000 Water and Sewer Revenue Refunding Bond, Series 2017B; a direct placement bank loan issued to refund and redeem the outstanding principal of the City's Water and Sewer Revenue Refunding Bonds, Series 2011, maturing on and after December 1, 2022; term bonds due in annual installments of \$165,000 on December 1, 2020, to \$2,895,000 on December 1, 2032; interest at 2.40%.

28,705,000

\$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 \$980,000 on December 1, 2020, to \$2,060,000 on December 1, 2032; interest at 4.00% to 5.00%.

20,430,000

\$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 \$410,000 on September 1, 2021, to \$1,520,000 on September 1, 2026; interest at 2.41%.

4,715,000

\$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, 2021, to \$2,040,000 on September 1, 2027; interest at 2.67%.

3,855,000

**City of Clearwater, Florida**  
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|   |                      |
|---|----------------------|
| \$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 \$815,000 on November 1, 2020, to \$1,350,000 on November 1, 2032, interest at 4.00% to 5.00%.  | 13,910,000           |
| \$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 \$545,000 on November 1, 2020, to \$780,000 on November 1, 2032; interest at 2.98%. | 8,430,000            |
| Total revenue bonds and direct placement bank loans for business-type activities  | <u>153,255,000</u>   |
| Total revenue bonds and direct placement bank loans   | <u>\$157,875,000</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

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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<br>September 30 | Governmental Activities |                     |                       | Business-type Activities |                             |                     |
|-----------------------------|-------------------------|---------------------|-----------------------|--------------------------|-----------------------------|---------------------|
|                             | Revenue Bonds           |                     | Revenue Bonds         |                          | Direct Placement Bank Loans |                     |
|                             | Principal               | Interest            | Principal             | Interest                 | Principal                   | Interest            |
| 2021                        | \$ 845,000              | \$ 219,927          | \$ 4,385,000          | \$ 4,625,174             | \$ 1,405,000                | \$ 1,146,592        |
| 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             |
| 2026-2030                   | 2,030,000               | 410,381             | 18,420,000            | 17,254,431               | 20,015,000                  | 2,549,653           |
| 2031-2035                   | 470,000                 | 12,631              | 27,935,000            | 12,332,188               | 10,785,000                  | 412,255             |
| 2036-2040                   | -                       | -                   | 42,810,000            | 4,459,900                | -                           | -                   |
| Totals                      | <u>\$ 4,620,000</u>     | <u>\$ 1,320,941</u> | <u>\$ 107,550,000</u> | <u>\$ 55,304,613</u>     | <u>\$ 45,705,000</u>        | <u>\$ 8,074,871</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 \$5,940,941. Principal and interest paid for the current year and total revenue received were \$1,065,574 and \$1,101,262, 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

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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 \$179,397,435. Principal and interest paid for the current year (\$8,913,416) required 22.25% of total net revenue (\$40,064,081).

**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 \$27,609,256. Principal and interest paid for the current year (\$6,375,399) required 64.43% of total net revenue (\$9,894,686), due to the early redemption of the 2014 Stormwater Revenue Refunding Bond, a direct placement bank loan.

**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.

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\$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 \$9,627,793. Principal and interest paid for the current year (\$908,543) required 6.31% of total net revenue (\$14,409,875).

**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, 2020.

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

**III.F.5. Current refunding of bonds**

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

There is no outstanding principal of the refunded bonds at September 30, 2020.

**III.F.6. Early redemption of bonds**

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

**III.F.7 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

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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.

**III.F. 7. Changes in long-term liabilities**

|                                       | Beginning<br>Balance  | Additions            | Reductions             | Ending<br>Balance     | Due Within<br>One Year |
|---------------------------------------|-----------------------|----------------------|------------------------|-----------------------|------------------------|
| <b>Governmental activities:</b>       |                       |                      |                        |                       |                        |
| Revenue bonds payable                 | \$ 5,425,000          | \$ -                 | \$ (805,000)           | \$ 4,620,000          | \$ 845,000             |
| Add (subtract) deferred amounts:      |                       |                      |                        |                       |                        |
| For issuance premiums (discounts)     | 73,289                | -                    | (12,408)               | 60,881                | -                      |
| Net revenue bonds payable             | <u>5,498,289</u>      | <u>-</u>             | <u>(817,408)</u>       | <u>4,680,881</u>      | <u>845,000</u>         |
| Capital lease purchase agreements (a) | 17,470,041            | 9,868,080            | (7,437,057)            | 19,901,064            | 7,113,930              |
| Compensated absences (b)              | 8,983,145             | 5,483,604            | (4,471,265)            | 9,995,484             | 4,602,008              |
| Other postemployment benefits (c)     | 22,809,518            | 2,264,678            | (7,207,122)            | 17,867,074            | -                      |
| Claims payable (d)                    | 10,158,001            | 15,762,374           | (16,467,148)           | 9,453,227             | 3,431,427              |
| Governmental activity                 |                       |                      |                        |                       |                        |
| Long-term liabilities                 | <u>\$ 64,918,994</u>  | <u>\$ 33,378,736</u> | <u>\$ (36,400,000)</u> | <u>\$ 61,897,730</u>  | <u>\$ 15,992,365</u>   |
| <b>Business-type activities:</b>      |                       |                      |                        |                       |                        |
| Revenue bonds payable                 | \$ 90,155,000         | \$ 20,430,000        | \$ (3,035,000)         | \$ 107,550,000        | \$ 4,385,000           |
| Add (subtract) deferred amounts:      |                       |                      |                        |                       |                        |
| For issuance premiums (discounts)     | 4,839,200             | 4,814,006            | (834,618)              | 8,818,588             | -                      |
| Net revenue bonds payable             | <u>94,994,200</u>     | <u>25,244,006</u>    | <u>(3,869,618)</u>     | <u>116,368,588</u>    | <u>4,385,000</u>       |
| Direct placement bank loans (e)       | 78,380,000            | -                    | (32,675,000)           | 45,705,000            | 1,405,000              |
| Less deferred amounts:                |                       |                      |                        |                       |                        |
| For issuance premiums (discounts)     | (58,474)              | -                    | 7,037                  | (51,437)              | -                      |
| Net direct placement bank loans       | <u>78,321,526</u>     | <u>-</u>             | <u>(32,667,963)</u>    | <u>45,653,563</u>     | <u>1,405,000</u>       |
| Capital lease purchase agreements (a) | 837,534               | 836,575              | (335,768)              | 1,338,341             | 445,418                |
| Compensated absences (b)              | 2,372,668             | 1,424,021            | (1,173,450)            | 2,623,239             | 1,207,762              |
| Other postemployment benefits (c)     | 10,101,324            | 999,344              | (3,180,318)            | 7,920,350             | -                      |
| Business-type activity                |                       |                      |                        |                       |                        |
| Long-term liabilities                 | <u>\$ 186,627,252</u> | <u>\$ 28,503,946</u> | <u>\$ (41,227,117)</u> | <u>\$ 173,904,081</u> | <u>\$ 7,443,180</u>    |

**City of Clearwater, Florida**  
**Notes to the Basic Financial Statements**  
**For the Year Ended September 30, 2020**

(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, 2020 is \$25,945,345. 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 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 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.

Governmental activities lease purchase contract additions of \$9,868,080 includes \$8,903,662 attributable to internal service funds and \$964,418 attributed to governmental funds. The lease purchase contracts reduction of \$7,437,057 includes \$6,734,238 for internal service funds and \$702,819 for governmental funds.

- (b) Compensated absences are paid by the fund where salaries are incurred, which is primarily the General Fund for governmental activities.
- (c) Since the OPEB plan's inception in fiscal 2008, other postemployment benefits costs are allocated to and paid by funds based on their percentage of full-time equivalent employees, which is primarily the General Fund for governmental activities.
- (d) The Central Insurance Fund, an internal service fund, accrues for estimated claims and pays claims for all departments.
- (e) Direct placement bank loans outstanding include:

\$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.

**City of Clearwater, Florida**  
**Notes to the Basic Financial Statements**  
**For the Year Ended September 30, 2020**

\$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.

**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, 2020, are:

|                      |             |
|----------------------|-------------|
| Cash and Investments | \$2,438,289 |
|----------------------|-------------|

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, 2020:

Water and Sewer Revenue Bonds Debt Service:

|                      |           |
|----------------------|-----------|
| Cash and Investments | 6,815,890 |
|----------------------|-----------|

Water and Sewer Revenue Bonds Renewals and Replacements:

|                      |           |
|----------------------|-----------|
| Cash and Investments | 5,856,505 |
|----------------------|-----------|

Assets of the Water and Sewer Utility Fund representing Customers' Deposits and therefore restricted, consisting entirely of Cash and Investments at September 30, 2020

3,848,977

Total restricted assets – Water and Sewer Utility Fund

\$18,959,661

**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, 2020:

Gas System Revenue Bonds

Debt Service:

|                      |           |
|----------------------|-----------|
| Cash and Investments | \$ 75,964 |
|----------------------|-----------|

Renewals and Replacements:

|                      |         |
|----------------------|---------|
| Cash and Investments | 300,000 |
|----------------------|---------|

Assets of the Gas Utility Fund representing Customers' Deposits at September 30, 2020:

|                      |                  |
|----------------------|------------------|
| Cash and Investments | <u>3,429,341</u> |
|----------------------|------------------|

Total restricted assets – Gas Utility Fund

\$ 3,805,305

**City of Clearwater, Florida**  
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**III.G.3. Solid Waste & Recycling Utility Fund**

Restricted assets in the Solid Waste & Recycling Utility Fund represent customer deposits in the amount of \$1,198,432 at September 30, 2020, consisting entirely of Cash and Investments.

**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, 2020:

|   |                    |
|---|--------------------|
| <u>Stormwater Revenue Refunding Bonds – Series 2012</u> |                    |
| Debt Service: Cash and Investments                      | \$2,337,427        |
| <u>Stormwater Revenue Refunding Bonds – Series 2013</u> |                    |
| Debt Service: Cash and Investments                      | <u>604,255</u>     |
| Total restricted assets – Stormwater Utility Fund       | <u>\$2,941,682</u> |

**City of Clearwater, Florida**  
**Notes to the Basic Financial Statements**  
**For the Year Ended September 30, 2020**

**II.H. Fund Balance Classification**

|                                 | General<br>Fund      | Special<br>Development<br>Fund | Capital<br>Improvement<br>Fund | Non-Major<br>Governmental<br>Funds |
|---------------------------------|----------------------|--------------------------------|--------------------------------|------------------------------------|
| <b>Non Spendable:</b>           |                      |                                |                                |                                    |
| Inventories                     | \$ 64,194            | \$ -                           | \$ -                           | \$ -                               |
| Prepaid items                   | -                    | -                              | -                              | 192,288                            |
| <b>Restricted for:</b>          |                      |                                |                                |                                    |
| General government              | -                    | -                              | 397,781                        | 93,622                             |
| Public safety                   | -                    | -                              | 12,189,472                     | 1,875,529                          |
| Physical environment            | -                    | 21,611                         | 3,659,322                      | 979,434                            |
| Transportation                  | -                    | 1,728,700                      | 18,610,134                     | -                                  |
| Economic environment            | -                    | -                              | -                              | 19,529,911                         |
| Human services                  | -                    | -                              | -                              | 430,382                            |
| Culture and recreation          | -                    | 3,217,680                      | 11,664,884                     | 923,425                            |
| Infrastructure capital projects | -                    | 1,322,987                      | -                              | -                                  |
| <b>Committed to:</b>            |                      |                                |                                |                                    |
| General government              | -                    | -                              | 1,649,609                      | 569,375                            |
| Public safety                   | -                    | -                              | 1,731,602                      | 1,290,390                          |
| Physical environment            | -                    | -                              | 1,824,186                      | -                                  |
| Transportation                  | -                    | 321,139                        | 8,227,941                      | -                                  |
| Economic environment            | -                    | -                              | -                              | 232,058                            |
| Human services                  | -                    | -                              | -                              | 2,671                              |
| Culture and recreation          | -                    | -                              | 9,441,695                      | 248,650                            |
| <b>Assigned to:</b>             |                      |                                |                                |                                    |
| General government              | 63,760               | -                              | -                              | 131,693                            |
| Public safety                   | 158,145              | -                              | -                              | 628,855                            |
| Physical environment            | 5,980                | -                              | -                              | 194,548                            |
| Transportation                  | -                    | -                              | -                              | -                                  |
| Economic environment            | 18,133               | -                              | -                              | 902,395                            |
| Human services                  | 8,500                | -                              | -                              | 86,018                             |
| Culture and recreation          | 83,401               | 104,862                        | -                              | 78,720                             |
| Infrastructure capital projects | -                    | 4,875,312                      | -                              | -                                  |
| <b>Unassigned</b>               | <b>48,933,281</b>    | <b>-</b>                       | <b>-</b>                       | <b>-</b>                           |
| <b>Total Fund Balances</b>      | <b>\$ 49,335,394</b> | <b>\$ 11,592,291</b>           | <b>\$ 69,396,626</b>           | <b>\$ 28,389,964</b>               |

General Fund assigned fund balance (\$337,919) relates to encumbrances.

In the Special Development Fund, restricted amounts relate to collections from drainage fees (\$21,611), sidewalk fees (\$279,180), transportation impact fees (\$1,305,317), local option gas tax (\$144,203), recreation impact fees (\$3,217,680), and local infrastructure sales tax (\$1,322,987). Committed amounts relate to the portion of property tax revenues that is set aside in the budget process to provide funding for road maintenance projects (\$321,139). Assigned amounts relate to interest earned on recreation impact fees (\$104,862) and interest earned on local infrastructure sales tax balances (\$4,875,312).

**City of Clearwater, Florida**  
**Notes to the Basic Financial Statements**  
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Amounts in the Capital Improvement Fund all relate to funding for various capital projects.

Significant restrictions in the non-major governmental funds include public safety restrictions for law enforcement programs (\$1,846,917) and EMS programs (\$28,612); physical environment restrictions for tree replacements (\$979,434); economic environment restrictions for economic development programs (\$3,251,387), low income housing (\$8,401,191) and community redevelopment (\$7,877,333); and culture and recreation restrictions for debt service (\$775,765), library programs (\$137,938), and youth programs (\$9,722). Significant commitments include general government commitments for housing consulting services (\$65,666), electronic plan submittal program (\$139,073), Nagano Sister City program (\$94,357) and the lien foreclosure program (\$270,279); and commitments to public safety for police vehicles (\$192,535), emergency operations (\$940,155) and law enforcement programs (\$157,700). Assigned amounts relate to interest earned on program balances for general government (\$131,693), public safety (\$628,855), physical environment (\$194,548), economic environment (\$691,926), human services (\$86,018), and culture and recreation (\$78,720). Additional amounts assigned for economic environment purposes are for low income housing (\$133,988) and community redevelopment (\$76,482).

**Note IV - Other Information**

**IV.A. Risk management**

The City is self-insured within certain parameters for losses arising from claims for general liability, auto liability, police professional liability, public official's liability, property damage, and workers' compensation. Insurance coverage has been maintained by the City to pay for or indemnify the City for losses in excess of certain specific retentions and up to specified maximum limits in the case of claims for liability, property damage, and workers' compensation. The liability excess coverage is \$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, 2020 in the amount of \$1,084,227.

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, 2020, 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, 2020**

Changes in the claims liability amounts in fiscal years 2020 and 2019 were:

|  | Self<br>Insurance   |
|--|---------------------|
| Balance at September 30, 2018                | \$ 10,981,365       |
| Current year claims and changes in estimates | 15,054,608          |
| Claims paid                                  | <u>(15,877,972)</u> |
|  |                     |
| 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                | <u>\$ 9,453,227</u> |

#### **IV.B. Employee retirement systems and pension plans**

##### **IV.B.1. Defined benefit pension plans**

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

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

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

The **Employees' Pension Plan** is authorized by and operates under the provisions of Sections 2.391 through 2.428 of the Municipal Code of the City of Clearwater. Sections 2.391 through 2.401 apply to those participants who attained a vested benefit and terminated employment prior to January 1, 2013. Sections 2.410 through 2.428 apply to those participants who are actively employed by the City of Clearwater as of or after January 1, 2013. Plan provisions have been duly approved as required by the voters in referendums. Since the last valuation, there has been a revision in benefits to provide a 1.5% Cost of Living Adjustment (COLA) annually on all benefits for Hazardous Duty Police Officers including any benefits accrued after January 1, 2013 (instead of only for benefits accrued prior to January 1, 2013). For any non-grandfathered Hazardous Duty Police Officers (not eligible for normal retirement on January 1, 2013), there will be a five-year delay (after retirement date) until the COLA is applied to benefits accrued after January 1, 2013. This change applies to all Hazardous Duty Police Officers who were actively employed on or after January 1, 2020. As a result of this change, beginning with the January 1,

**City of Clearwater, Florida**  
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2020 valuation report, the results are determined separately for the three groups of employees covered by the Plan: Non-Hazardous Duty, Hazardous Duty Police Officers, and Hazardous Duty Firefighters. The Market Value of Assets, Actuarial Value of Assets, and Credit Balance as of January 1, 2020 were initially allocated to each group based on the relative proportion of each group's Actuarial Accrued Liability as of January 1, 2020, before any plan or assumption changes. In subsequent valuation reports, the Market Value of Assets and the Credit Balance will be calculated separately for each group, and the Actuarial Value of Assets for each group will be based on the relative proportion of each group's Market Value of Assets. In addition to the above revision in benefits, the investment rate assumption has been reduced by 0.10% from 6.75% to 6.65%, with further reductions approved for the next two valuations.

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, 2020, the membership of the Employees' Pension Plan was as follows:

|  | Employees'<br>Pension Plan |
|--|----------------------------|
| Retirees and beneficiaries currently receiving benefits              | 1,321                      |
| Terminated employees entitled to benefits but not yet receiving them | 80                         |
| Active employees   | <u>1,571</u>               |
| Total number of participants   | <u><u>2,972</u></u>        |

*Benefits provided.* The normal retirement benefit is a monthly benefit equal to 2.75% of average monthly compensation (2.00% for participants in non-hazardous duty hired on or after January 1, 2013) for the highest five of the final ten years of service multiplied by the number of years of service to date of retirement. Eligibility for normal retirement occurs upon completion of 10 years of service and the attainment of age 65, or completion of 20 years of service and the attainment of age 55, or completion of 30 years of service regardless of age, for employees hired before January 1, 2013 who are engaged in non-hazardous duty. For employees hired on or after January 1, 2013 who are engaged in non-hazardous duty, eligibility for normal retirement occurs upon completion of 25 years of service and attainment of age 60, or completion of 10 years of service and attainment of age 65. For those engaged in hazardous duty, eligibility occurs upon completion of 20 years of service or upon completion of 10 years of service and attainment of age 55. For all hazardous duty participants and non-hazardous duty participants eligible to retire as of January 1, 2013, the normal monthly benefit is payable for the life of the participant and will continue, after the participant's death, to be paid at the same amount for 5 years to the surviving spouse; after 5 years, the survivor annuity is reduced to 50% of the original amount and ceases upon death or remarriage of the spouse. For non-hazardous duty participants not eligible to retire as of January 1, 2013, the normal benefit is a monthly annuity paid for the life of the participant. There are several other benefit payment options that are computed to be the actuarial equivalent of the normal benefit. The plan provides for an annual cost of living 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.

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*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, 2020:

| <b>Asset Class</b>                          | <b>Target Allocation</b> |
|---|--------------------------|
| 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%                   |
|   | <b>100.00%</b>           |

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, 2020, 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, 2020, the annual money-weighted rate of return on investments of the Employees' Pension Plan, net of pension plan investment expense, was 9.73%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**City of Clearwater, Florida  
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*Net pension liability (asset).* The components of the net pension liability (asset) of the City for the Employees' Pension Plan at September 30, 2020, were as follows:

|                                      |                  |
|--------------------------------------|------------------|
| Total pension liability              | \$ 1,042,461,593 |
| Plan fiduciary net position          | 1,132,560,858    |
| City's net pension liability (asset) | \$ (90,099,265)  |

Plan fiduciary net position as a percentage of the total pension liability 108.64%

The changes in the net pension liability (asset) of the City for the Employees' Pension Plan for the year ending September 30, 2020 were as follows:

|   | Increase (Decrease)            |                                    |  |
|---|--------------------------------|------------------------------------|--|
|   | Total Pension Liability<br>(a) | Plan Fiduciary Net Position<br>(b) | Net Pension Liability/(Asset)<br>(a) - (b) |
| Balances at 9/30/2019   | \$ 987,830,735                 | \$ 1,064,103,121                   | \$ (76,272,386)                            |
| <b>Changes for the year:</b>                                  |                                |                                    |  |
| Service cost  | 16,934,015                     | -                                  | 16,934,015                                 |
| Interest  | 66,061,748                     | -                                  | 66,061,748                                 |
| Benefit changes   | 6,428,217                      | -                                  | 6,428,217                                  |
| Differences between expected and actual experience            | 5,473,272                      | -                                  | 5,473,272                                  |
| Assumption changes  | 11,877,993                     | -                                  | 11,877,993                                 |
| Contributions - employer                                      | -                              | 10,364,100                         | (10,364,100)                               |
| Contributions - employee                                      | -                              | 7,925,645                          | (7,925,645)                                |
| Contributions - state tax                                     | -                              | 12,000                             | (12,000)                                   |
| Net investment income   | -                              | 102,588,458                        | (102,588,458)                              |
| Benefit payments, including refunds of employee contributions | (52,144,387)                   | (52,144,387)                       | -  |
| Administrative expense  | -                              | (288,079)                          | 288,079                                    |
| Net changes   | 54,630,858                     | 68,457,737                         | (13,826,879)                               |
| Balances at 9/30/2020   | \$ 1,042,461,593               | \$ 1,132,560,858                   | \$ (90,099,265)                            |

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of January 1, 2020 (Valuation Date), using the following actuarial assumptions, applied to September 30, 2020 (Measurement Date):

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|                           |   |
|---------------------------|---|
| Inflation                 | 2.25%   |
| Salary increases          | Hazardous Duty - 4.50% to 7.60%, including 2.25% inflation,<br>based on merit and seniority     |
|                           | Non-Hazardous Duty - 2.75% to 6.50%, including 2.25% inflation,<br>based on merit and seniority |
| Investment rate of return | 6.65% net of investment expense   |

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an Experience Investigation for the Five Years Ended December 31, 2017.

Since the last valuation, there has been a change in plan provisions per Ordinance 9380-20 adopted on March 5, 2020 to provide a 1.5% Cost of Living Adjustment (COLA) annually on all benefits for Hazardous Duty Police Officers including any benefits accrued after January 1, 2013 (instead of only for benefits accrued prior to January 1, 2013). For any non-grandfathered Hazardous Duty Police Officers (not eligible for normal retirement on January 1, 2013), there will be a five-year delay (after retirement date) until the COLA is applied to benefits accrued after January 1, 2013. This change applies to all Hazardous Duty Police Officers who were actively employed on or after January 1, 2020. In addition to the above revision in benefits, the investment return assumption was reduced by 0.10% from 6.75% to 6.65%, with further reductions approved for the next two valuations.

*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<br>Real Rate of Return |
|---|---|
| U.S. Large Cap Equities                     | 5.50%                                     |
| U.S. Mid Cap Equities                       | 5.75%                                     |
| U.S. Small Cap Equities                     | 5.75%                                     |
| International Equities                      | 5.25%                                     |
| Emerging Markets Equities                   | 6.00%                                     |
| U.S. Short Term T-bills                     | -0.50%                                    |
| U.S. Long Term Treasury Bonds               | 0.25%                                     |
| U.S. Core Fixed Income                      | 0.35%                                     |
| U.S. Investment Grade Corporate Bonds       | 1.35%                                     |
| U.S. Municipal Bonds                        | 1.65%                                     |
| Global Bonds                                | -0.40%                                    |
| U.S. Private Real Estate and Infrastructure | 3.75%                                     |

*Discount rate.* A single discount rate of 6.65% 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 6.65%. 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.

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*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 6.65%, 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%<br>Decrease<br>5.65% | Discount Rate<br>Assumption<br>6.65% | 1%<br>Increase<br>7.65% |
|-------------------------|--------------------------------------|-------------------------|
| \$ 44,338,720           | \$ (90,099,265)                      | \$ (200,928,770)        |

*Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.* For the year ended September 30, 2020, the City recognized negative pension expense of \$2,767,421 for the Employees' Pension Plan. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | Net Deferred<br>Outflows (Inflows)<br>of Resources |
|---|-----------------------------------|----------------------------------|--|
| Differences between expected and actual experience                                | \$ 6,808,840                      | \$ 4,745,703                     | \$ 2,063,137                                       |
| Changes in assumptions  | 23,914,096                        | -                                | 23,914,096   |
| Net differences between projected and actual earnings on pension plan investments | -                                 | 35,107,968                       | (35,107,968)                                       |
| Total   | <u>\$ 30,722,936</u>              | <u>\$ 39,853,671</u>             | <u>\$ (9,130,735)</u>                              |

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

| Year ended September 30: |                       |
|--------------------------|-----------------------|
| 2021                     | \$ (8,466,818)        |
| 2022                     | 78,333                |
| 2023                     | 2,662,872             |
| 2024                     | (3,405,122)           |
| 2025                     | -                     |
| Thereafter               | -                     |
|                          | <u>\$ (9,130,735)</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, 2019, the Board of Trustees approved a reduction in the investment yield (discount rate) from 3.0% to 2.50%. Additionally, mortality tables were updated from RP2000 tables to the Headcount Weighted Safety tables for retirees and the Headcount Weighted General tables for beneficiaries and disabled retirees.

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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, 2020, the membership of the Firefighters' Relief and Pension Plan was as follows:

|  | Firefighters'<br>Relief and<br>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>12</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, 2020:

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

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**Concentrations.** As of September 30, 2020, 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, 2020, the annual money-weighted rate of return on investments of the Firefighters' Relief and Pension Plan, net of pension plan investment expense, was 5.06%. 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, 2020, were as follows:

|   |                              |
|---|------------------------------|
| Total pension liability   | \$ 2,169,234                 |
| Plan fiduciary net position   | 3,481,098                    |
| City's net pension liability (asset)  | <u><u>\$ (1,311,864)</u></u> |
| Plan fiduciary net position as a percentage of<br>the total pension liability | 160.48%                      |

The changes in the net pension liability (asset) of the City for the Firefighters' Relief and Pension Plan for the year ending September 30, 2020 were as follows:

|  | Increase (Decrease)               |                                       |   |
|--|-----------------------------------|---------------------------------------|---|
|  | Total Pension<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability/(Asset)<br>(a) - (b) |
| Balances at 9/30/2019  | <u><u>\$ 2,354,798</u></u>        | <u><u>\$ 3,598,272</u></u>            | <u><u>\$ (1,243,474)</u></u>                  |
| <b>Changes for the year:</b>                                     |                                   |                                       |   |
| Service cost   | -                                 | -                                     | -   |
| Interest   | 52,304                            | -                                     | 52,304  |
| Differences between expected and<br>actual experience            | 80,335                            | -                                     | 80,335  |
| Assumption changes   | (55,554)                          | -                                     | (55,554)                                      |
| Contributions - employer   | -                                 | -                                     | -   |
| Contributions - employee   | -                                 | -                                     | -   |
| Net investment income  | -                                 | 147,975                               | (147,975)                                     |
| Benefit payments, including refunds<br>of employee contributions | (262,649)                         | (262,649)                             | -   |
| Administrative expense   | -                                 | (2,500)                               | 2,500   |
| Net changes  | <u><u>(185,564)</u></u>           | <u><u>(117,174)</u></u>               | <u><u>(68,390)</u></u>                        |
| Balances at 9/30/2020  | <u><u>\$ 2,169,234</u></u>        | <u><u>\$ 3,481,098</u></u>            | <u><u>\$ (1,311,864)</u></u>                  |

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*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of October 1, 2020 (Valuation Date), using the following actuarial assumptions, applied to September 30, 2020 (Measurement Date):

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

Healthy Inactive Mortality for males is based on the Headcount Weighted Safety Below Median Healthy Retiree Male Table, set forward one year, and for females is based on the Headcount Weighted General Below Median Healthy Retiree Female Table. Disabled Mortality for males is based on 80% Headcount Weighted General Disabled Retiree Male Table; 20% Headcount Weighted Safety Disabled Retiree Male Table, and for females is based on the Headcount Weighted General Disabled Retiree Female Table, set forward three years. 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%<br>Decrease<br>1.50% | Discount Rate<br>Assumption<br>2.50% | 1%<br>Increase<br>3.50% |
|-------------------------|--------------------------------------|-------------------------|
| \$ (1,165,668)          | \$ (1,311,864)                       | \$ (1,442,068)          |

*Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.* For the year ended September 30, 2020, the City recognized pension expense of \$0 for the Firefighters' Relief and Pension Plan as it is a fully funded plan with no active participants. As such, there are no deferred inflows or deferred outflows of resources related to pensions.

#### **IV.B.2. Police Supplemental Pension Fund**

A supplemental defined contribution pension plan exists for all eligible policemen, which is funded by earmarked revenues received from the State and is administered by the Board of the Police Supplemental Pension Plan. The revenues received from the State are allocated among eligible police officers based on the number of days employed as Clearwater Police Officers. These revenues received from the State of Florida "on-behalf" of the City's employees, which comprise the plan contributions, totaled \$1,109,545 for the year ended September 30, 2020, 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 5.09% of covered employees' gross payroll. The fair value of cash and investments at September 30, 2020, totaled \$19,592,848.

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

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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.

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, 2020, the gross payroll of the covered officers was \$21,777,408; the City's total gross payroll for the same period was \$105,201,845.

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 \$998,892 in the year ended September 30, 2020, 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 5.99% of covered employees' gross payroll. The fair value of cash and investments at September 30, 2020, totaled \$20,102,027.

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, 2020, the gross payroll of covered firefighters was \$16,670,515; the City's total gross payroll for the same period was \$105,201,845.

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**IV.B.4. Pension Plan Financial Statements**

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

| Statement of Fiduciary Net Position:               | Defined Benefit            |   | Defined Contribution |   |
|--|----------------------------|---|----------------------|---|
|  | Pension Trust Funds        |   | Pension Trust Funds  |   |
|  | Employees'<br>Pension Fund | Firefighters'<br>Relief and<br>Pension Fund | Police               | Firefighters'<br>Supplemental<br>Pension Fund |
| <b>ASSETS</b>                                      |                            |   |                      |   |
| Cash and cash equivalents                          | \$ 9,890,595               | \$ 2,292,432                                | \$ 4,828             | \$ -  |
| Managed investment accounts, at fair value:        |                            |   |                      |   |
| Cash and cash equivalents                          | 22,795,324                 | -   | 811,012              | 876,853                                       |
| Government bonds                                   | 63,074,430                 | -   | -                    | 295,168                                       |
| Index linked government bonds                      | 5,984,825                  | -   | -                    | -   |
| Agency bonds                                       | 3,165,603                  | 1,167,534                                   | -                    | -   |
| Municipal bonds                                    | 3,190,446                  | -   | -                    | 248,415                                       |
| Domestic corporate bonds                           | 130,779,004                | -   | -                    | 3,032,750                                     |
| International equity securities                    | 141,320,172                | -   | -                    | 337,219                                       |
| Domestic stocks                                    | 435,195,575                | -   | -                    | 2,369,676                                     |
| Mortgage backed bonds                              | 89,467,354                 | -   | -                    | 1,052,067                                     |
| Government issued commercial mortgage backed bonds | 130,798                    | -   | -                    | -   |
| Asset backed securities                            | 7,113,854                  | -   | -                    | -   |
| Other/rights/warrants                              | 1,606                      | -   | -                    | -   |
| Domestic equity mutual funds                       | 50,215,056                 | -   | 10,619,413           | 8,079,967                                     |
| International equity mutual funds                  | 38,152,799                 | -   | 8,162,423            | 973,986                                       |
| Infrastructure                                     | 42,849,862                 | -   | -                    | -   |
| Real estate  | 95,586,317                 | -   | -                    | 2,835,926                                     |
| Total managed investment accounts                  | <u>1,129,023,025</u>       | <u>1,167,534</u>                            | <u>19,592,848</u>    | <u>20,102,027</u>                             |
| Securities lending collateral                      | 125,978,068                | -   | -                    | -   |
| Receivables:                                       |                            |   |                      |   |
| Interest and dividends                             | 2,963,944                  | 21,132                                      | 8,597                | 39,661  |
| Unsettled investment sales                         | 3,040,334                  | -   | -                    | -   |
| Securities lending earnings                        | 23,175                     | -   | -                    | -   |
| Due from others                                    | -                          | -   | 4,336                | -   |
| Total receivables                                  | <u>6,027,453</u>           | <u>21,132</u>                               | <u>12,933</u>        | <u>39,661</u>                                 |
| Total assets                                       | <u>1,270,919,141</u>       | <u>3,481,098</u>                            | <u>19,610,609</u>    | <u>20,141,688</u>                             |
| <b>LIABILITIES</b>                                 |                            |   |                      |   |
| Accounts payable                                   | 958,076                    | -   | 105                  | -   |
| Unsettled investment purchases                     | 11,422,139                 | -   | -                    | -   |
| Obligations under securities lending               | 125,978,068                | -   | -                    | -   |
| Total liabilities                                  | <u>138,358,283</u>         | <u>-</u>                                    | <u>105</u>           | <u>-</u>                                      |
| <b>FIDUCIARY NET POSITION</b>                      |                            |   |                      |   |
| Net position restricted for pensions               | \$ <u>1,132,560,858</u>    | \$ <u>3,481,098</u>                         | \$ <u>19,610,504</u> | \$ <u>20,141,688</u>                          |

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**Statement of Changes in Fiduciary Net Position:**

|  | Defined Benefit            |   | Defined Contribution                   |   |
|--|----------------------------|---|--|---|
|  | Pension Trust Funds        |   | Pension Trust Funds                    |   |
|  | Employees'<br>Pension Fund | Firefighters'<br>Relief and<br>Pension Fund | Police<br>Supplemental<br>Pension Fund | Firefighters'<br>Supplemental<br>Pension Fund |
| <b>ADDITIONS</b>   |                            |   |  |   |
| <b>Contributions:</b>  |                            |   |  |   |
| Contributions from employer                                  | \$ 10,364,100              | \$ -  | \$ -                                   | \$ -  |
| Contributions from employer - state tax                      | 12,000                     | -   | 1,109,545                              | 998,892                                       |
| Contributions from employees                                 | 7,925,645                  | -   | -                                      | -   |
| Total contributions  | 18,301,745                 | -   | 1,109,545                              | 998,892                                       |
| <b>Investment income:</b>                                    |                            |   |  |   |
| Net appreciation (depreciation) in fair value of investments | 90,104,295                 | 55,392                                      | (564,849)                              | 858,077                                       |
| Interest   | 10,214,736                 | 92,583                                      | -                                      | 287,314                                       |
| Dividends  | 8,240,570                  | -   | 278,747                                | 436,946                                       |
|  | 108,559,601                | 147,975                                     | (286,102)                              | 1,582,337                                     |
| Less investment expenses:                                    |                            |   |  |   |
| Investment management / custodian fees                       | (6,404,287)                | -   | (31,544)                               | (95,422)                                      |
| <b>Net income from investment activities</b>                 | <b>102,155,314</b>         | <b>147,975</b>                              | <b>(317,646)</b>                       | <b>1,486,915</b>                              |
| <b>Securities lending income:</b>                            |                            |   |  |   |
| Gross earnings   | 1,506,792                  | -   | -                                      | -   |
| Rebate paid  | (840,643)                  | -   | -                                      | -   |
| Bank fees  | (233,005)                  | -   | -                                      | -   |
| <b>Net income from securities lending</b>                    | <b>433,144</b>             | <b>-</b>                                    | <b>-</b>                               | <b>-</b>                                      |
| <b>Total additions</b>                                       | <b>120,890,203</b>         | <b>147,975</b>                              | <b>791,899</b>                         | <b>2,485,807</b>                              |
| <b>DEDUCTIONS</b>  |                            |   |  |   |
| <b>Benefits and withdrawal payments:</b>                     |                            |   |  |   |
| Benefits   | 50,966,931                 | 262,649                                     | 1,600,810                              | 1,665,183                                     |
| Withdrawal payments  | 1,177,456                  | -   | -                                      | -   |
| Total benefits and withdrawal payments                       | 52,144,387                 | 262,649                                     | 1,600,810                              | 1,665,183                                     |
| Income (loss) before administrative expenses                 | 68,745,816                 | (114,674)                                   | (808,911)                              | 820,624                                       |
| Administrative expenses                                      | (288,079)                  | (2,500)                                     | (18,106)                               | (35,233)                                      |
| <b>Net increase (decrease)</b>                               | <b>68,457,737</b>          | <b>(117,174)</b>                            | <b>(827,017)</b>                       | <b>785,391</b>                                |
| <b>Fiduciary net position restricted for pensions</b>        |                            |   |  |   |
| Fiduciary net position - beginning                           | 1,064,103,121              | 3,598,272                                   | 20,437,521                             | 19,356,297                                    |
| Fiduciary net position - ending                              | \$ 1,132,560,858           | \$ 3,481,098                                | \$ 19,610,504                          | \$ 20,141,688                                 |

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**IV.B.5. 401(a) defined contribution plan**

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

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

The City's total gross payroll for the fiscal year ended September 30, 2020 was \$105,201,845. The Plan members' payroll for the same period totaled \$4,964,607. The City's contribution, per the above contribution rates, totaled \$424,339.

**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

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dependents receiving benefits contribute 100% of their premium costs for health insurance and 0% of the cost for the \$1,000 term life insurance.

*Employees covered by benefit terms.* As of September 30, 2020 (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   | <u>1,536</u>        |
| Total plan members  | <u><u>2,226</u></u> |

*Total OPEB Liability.* The City's total OPEB liability of \$25,787,424 was measured as of September 30, 2020 and was determined by an actuarial valuation as of January 1, 2020.

*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               | 2.41%   |
| 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's "20-Year Municipal GO AA Index" as of the most recent date available on or before the measurement date.

Mortality rates are based on the RP-2000 Combined Healthy Participant Mortality Table for active members and the RP-2000 Mortality Table for Annuitants for non-disabled inactive members, with mortality improvement projected to all future years from the year 2000 using Projection Scale BB. Rates for Special Risk Class members are a blend of 10% White Collar and 90% Blue Collar (male) and 100% White Collar (female). Rates applicable to members other than Special Risk are a blend of 50% White Collar and 50% Blue Collar (male) and 100% White Collar (female). All police (and other than Special Risk Class member) deaths and 90% of firefighters' deaths before retirement are assumed to be non-service connected. Mortality rates for impaired (from disability) lives are based on the RP-2000 Disabled Retiree tables and Healthy White Collar tables for males and females. Rates for Special Risk Class members are a blend of 60% Disabled Retiree tables with setback four years (male) and set forward two years (female) and 40% Annuitant White Collar with no setback. Rates applicable to members other than Special Risk have been adjusted to be 100% Disabled Retiree with setback four years (male) and set forward two years (female). These are the same rates used for Regular Class and Special Risk Class members in the July 1, 2018 Actuarial Valuation of the Florida Retirement System.

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The changes in the total OPEB liability for the measurement year ending September 30, 2020 were as follows:

|   | Total OPEB<br>Liability |
|---|-------------------------|
| Balance at 9/30/2019                                  | <u>\$ 32,910,842</u>    |
| Changes for the year:                                 |                         |
| Service cost  | 2,282,038               |
| Interest  | 953,389                 |
| Changes in benefit terms                              | 28,595                  |
| Differences between expected and<br>actual experience | (4,646,689)             |
| Changes in assumptions and other inputs               | (4,692,393)             |
| Benefit payments                                      | (1,048,358)             |
| Net changes   | <u>(7,123,418)</u>      |
| Balance at 9/30/2020                                  | <u>\$ 25,787,424</u>    |

Changes in assumptions and other inputs reflect a change in the discount rate from 2.75% at the beginning of the measurement period to 2.41% 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 2.41%, 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%<br>Decrease<br>1.41% | Discount Rate<br>Assumption<br>2.41% | 1%<br>Increase<br>3.41% |
|-------------------------|--------------------------------------|-------------------------|
| \$ 28,398,096           | \$ 25,787,424                        | \$ 23,415,878           |

*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.

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| 1%<br>Decrease | Current Healthcare<br>Cost Trend Rate<br>Assumption | 1%<br>Increase |
|----------------|---|----------------|
| \$ 22,316,338  | \$ 25,787,424                                       | \$ 30,079,270  |

*OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.* For the year ended September 30, 2020, the City recognized OPEB expense of \$2,284,957. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | Net Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$ -                              | \$ 3,920,644                     | \$ (3,920,644)                       |
| Changes in assumptions and other inputs            | 2,713,984                         | 4,490,472                        | (1,776,488)                          |
| Total  | <u>\$ 2,713,984</u>               | <u>\$ 8,411,116</u>              | <u>\$ (5,697,132)</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: |                  |                       |
|--------------------------|------------------|-----------------------|
| 2021                     | \$ (979,065)     |                       |
| 2022                     | (979,065)        |                       |
| 2023                     | (979,065)        |                       |
| 2024                     | (846,250)        |                       |
| 2025                     | (1,329,991)      |                       |
| Thereafter               | <u>(583,696)</u> |                       |
|                          |                  | <u>\$ (5,697,132)</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. government securities are loaned versus collateral at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral at 105% of the market value plus any accrued interest. The Plan's investment policy places no restrictions on the amount of securities that can be loaned.

Non-cash collateral cannot be pledged or sold unless the borrower defaults. All securities loans can be terminated on demand by either the lender or the borrower. The average term for the pension plan's loans at September 30, 2020 was 70 days.

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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 29 days, and an average weighted maturity, maturity date, of 66 days, as of September 30, 2020.

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 2020.

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

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

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

| Security Type         | Securities Collateralized by Cash |                       | Securities Collateralized by Non- Cash |                 |
|-----------------------|-----------------------------------|-----------------------|--|-----------------|
|                       | Loaned Securities                 | Cash Collateral       | Loaned Securities                      | Cash Collateral |
| U.S. Equity           | \$ 75,203,177                     | \$ 76,974,655         | \$ -                                   | \$ -            |
| U.S. Corporate Fixed  | 12,077,163                        | 12,364,462            | -                                      | -               |
| U.S. Government Fixed | 35,718,538                        | 36,552,342            | -                                      | -               |
| Global Equities       | 80,438                            | 86,609                | -                                      | -               |
| Total                 | <u>\$ 123,079,316</u>             | <u>\$ 125,978,068</u> | <u>\$ -</u>                            | <u>\$ -</u>     |

On the statement of fiduciary net position, a securities lending asset of \$125,978,068 was reported that represents the fair value of the investments made with cash collateral at September 30, 2020. In addition, a securities lending obligation of \$125,978,068 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.

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**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, 2019, accruals totaled \$462,338, consisting of \$220,898 for the Harbor Drive Fill Area site, \$6,309 for the Joe DiMaggio Sports Complex site, and \$235,131 for assessment and remediation at the Gas Plant site (see the Soil and groundwater contamination site note below).

During fiscal year 2020 there was an increase to estimates and contractual commitments in the amount of \$48,153, and payments totaled \$34,234. 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.

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 under monitoring plans or are awaiting responses from the FDEP on data submitted by the City. Any additional cleanup costs for these sites cannot be estimated at this time.

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

**Soil and groundwater contamination site**

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

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

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

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

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

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

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

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

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

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

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

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impervious cap and completion of site closure activities. For eligible costs recovered by the City through VCTC's, the City will be able to then sell the VCTC's on the market. Such sales typically net 80-90% recovery for municipalities taking similar actions. As of September 30, 2020, the City has been awarded \$522,383 in tax credits for fiscal years 2017-2019, and a tax credit of \$467,135 is pending award for fiscal year 2020.

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, 2020, the City has spent \$1,675,459 on MGP assessment activities, which includes both environmental consultant and legal fees.

**Contractual Commitment – Water and Sewer Utility**

Under the terms of a 30-year contract between the City and Pinellas County, which is effective through September 30, 2035, the maximum amount of water available to the City is 15 million gallons per day on an annual average basis with no minimum quantity purchase requirement. Effective October 1, 2019, the rate, which is set by the Pinellas County Board of County Commissioners (BOCC), was \$4.1742 per 1,000 gallons. The rate effective October 1, 2020 is \$4.2159 per 1,000 gallons. The cost of water purchased from the County during fiscal years 2019 and 2020 was \$6,384,534 and \$6,438,666 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, 2020, encumbrances expected to be honored upon performance by the vendor in the coming year were:

|                             |                            |
|-----------------------------|----------------------------|
| General fund                | \$ 337,919                 |
| Capital Improvement fund    | 10,969,968                 |
| Nonmajor governmental funds | 1,726,530                  |
|                             | <hr/> <u>\$ 13,034,417</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, 2020, the City abated real and tangible personal property taxes totaling \$151,850 under this program, consisting of the following agreements:

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A Business Maintenance and Continued Performance Agreement with Skye Lane Properties, LLC dated January 14, 2014, for the relocation of 54 jobs from St. Petersburg, the creation of 11 new jobs, and the investment of \$6.1 million in the expansion of the property, including the renovation of the facility, construction of a tri-level parking deck, and the purchase of new furniture, fixtures and equipment. This agreement, which commenced in fiscal 2016, grants an exemption of ad valorem taxes of 75 percent for the first five years and 50 percent for the next five years. In the event of default, Skye Lane Properties, LLC will be subject to the taxes exempted plus annual interest at the maximum rate allowed by law. Tax abatements since inception total \$59,852.

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 \$450,269.

**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:

| Description / Purpose                                      | Original Issue Amount | Amount Outstanding at 9/30/19 | Amount Outstanding at 9/30/20 |
|--|-----------------------|-------------------------------|-------------------------------|
| Drew Gardens Refunding Bonds / residential rental facility | \$ 3,425,000          | \$ 1,375,000                  | \$ 1,205,000                  |

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, 2020, the bonds have an aggregate outstanding principal amount payable of \$1,205,000.

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.

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**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. \$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, 2020, \$3,168,463 of the proceeds were expended on this project.

**IV.I. Prior Period Adjustment**

During the current year it was determined that mortgage loans receivable reported in the Special Programs Fund, the SHIP Local Housing Assistance Trust Fund and the Pinellas County Local Housing Assistance Trust Funds (nonmajor governmental funds) should be offset by deferred inflows of resources, rather than fund balance. This adjustment was applied to mortgage loans receivable as of October 1, 2019, and recorded as a prior period adjustment as follows:

|   | Deferred<br>Inflows of<br>Resources | Fund<br>Balance |
|---|-------------------------------------|-----------------|
| Balances, as previously reported:                   |                                     |                 |
| Special Programs Fund                               | \$ -                                | \$ 14,189,309   |
| SHIP Local Housing Assistance Trust Fund            | -                                   | 2,824,562       |
| Pinellas County Local Housing Assistance Trust Fund | -                                   | 402,468         |
|   | <hr/>                               | <hr/>           |
|   | -                                   | 17,416,339      |
| Prior period adjustments:                           |                                     |                 |
| Special Programs Fund                               | 2,318,845                           | (2,318,845)     |
| SHIP Local Housing Assistance Trust Fund            | 2,056,705                           | (2,056,705)     |
| Pinellas County Local Housing Assistance Trust Fund | 163,635                             | (163,635)       |
|   | <hr/>                               | <hr/>           |
|   | 4,539,185                           | (4,539,185)     |
| Balances, as restated:                              |                                     |                 |
| Special Programs Fund                               | 2,318,845                           | 11,870,464      |
| SHIP Local Housing Assistance Trust Fund            | 2,056,705                           | 767,857         |
| Pinellas County Local Housing Assistance Trust Fund | 163,635                             | 238,833         |
|   | <hr/>                               | <hr/>           |
|   | \$ 4,539,185                        | \$ 12,877,154   |

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

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

|   | 2020                    | 2019                    | 2018                    | 2017                   | 2016                   | 2015                   | 2014                   |
|---|-------------------------|-------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Total Pension Liability</b>  |                         |                         |                         |                        |                        |                        |                        |
| Service Cost  | \$ 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   | 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                                     | 5,473,272               | (6,533,554)             | 6,780,611               | (8,071,653)            | 6,832,090              | (3,532,969)            | (11,230,163)           |
| Assumption Changes  | 11,877,993              | 25,495,302              | -                       | 381,755                | (4,748,597)            | -                      | -                      |
| Benefit Payments  | (50,966,931)            | (49,687,426)            | (46,860,103)            | (44,490,793)           | (42,069,828)           | (39,276,003)           | (37,118,458)           |
| Refunds   | (1,177,456)             | (1,017,365)             | (892,181)               | (1,366,008)            | (1,060,187)            | (1,000,827)            | (1,675,419)            |
| <b>Net Change in Total Pension Liability</b>  | <b>54,630,858</b>       | <b>48,539,495</b>       | <b>36,661,354</b>       | <b>22,273,888</b>      | <b>32,997,745</b>      | <b>27,759,427</b>      | <b>20,268,592</b>      |
| <b>Total Pension Liability - Beginning</b>  | <b>987,830,735</b>      | <b>939,291,240</b>      | <b>902,629,886</b>      | <b>880,355,998</b>     | <b>847,358,253</b>     | <b>819,598,826</b>     | <b>799,330,234</b>     |
| <b>Total Pension Liability - Ending (a)</b>   | <b>\$ 1,042,461,593</b> | <b>\$ 987,830,735</b>   | <b>\$ 939,291,240</b>   | <b>\$ 902,629,886</b>  | <b>\$ 880,355,998</b>  | <b>\$ 847,358,253</b>  | <b>\$ 819,598,826</b>  |
| <b>Plan Fiduciary Net Position</b>  |                         |                         |                         |                        |                        |                        |                        |
| Contributions - Employer  | \$ 10,364,100           | \$ 10,901,645           | \$ 10,650,462           | \$ 11,898,912          | \$ 13,178,874          | \$ 14,923,098          | \$ 18,860,463          |
| Contributions - Non-Employer Contributing Entity                                      | 12,000                  | 12,000                  | 12,000                  | 12,000                 | 12,000                 | 12,000                 | 12,000                 |
| Contributions - Employee  | 7,925,645               | 7,326,649               | 7,127,965               | 7,004,943              | 6,706,567              | 6,483,666              | 7,073,440              |
| Net Investment Income   | 102,588,458             | 53,143,676              | 93,775,837              | 102,284,783            | 88,501,532             | (4,165,092)            | 82,832,149             |
| Benefit Payments  | (50,966,931)            | (49,687,426)            | (46,860,103)            | (44,490,793)           | (42,069,828)           | (39,276,003)           | (37,118,458)           |
| Refunds   | (1,177,456)             | (1,017,365)             | (892,181)               | (1,366,008)            | (1,060,187)            | (1,000,827)            | (1,675,419)            |
| Administrative Expense  | (288,079)               | (335,282)               | (343,115)               | (295,301)              | (297,984)              | (297,942)              | (175,212)              |
| <b>Net Change in Plan Fiduciary Net Position</b>                                      | <b>68,457,737</b>       | <b>20,343,897</b>       | <b>63,470,865</b>       | <b>75,048,536</b>      | <b>64,970,974</b>      | <b>(23,321,100)</b>    | <b>69,808,963</b>      |
| <b>Plan Fiduciary Net Position - Beginning</b>  | <b>1,064,103,121</b>    | <b>1,043,759,224</b>    | <b>980,288,359</b>      | <b>905,239,823</b>     | <b>840,268,849</b>     | <b>863,589,949</b>     | <b>793,780,986</b>     |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                       | <b>\$ 1,132,560,858</b> | <b>\$ 1,064,103,121</b> | <b>\$ 1,043,759,224</b> | <b>\$ 980,288,359</b>  | <b>\$ 905,239,823</b>  | <b>\$ 840,268,849</b>  | <b>\$ 863,589,949</b>  |
| <b>Net Pension Liability/(Asset) - Beginning</b>                                      | <b>\$ (76,272,386)</b>  | <b>\$ (104,467,984)</b> | <b>\$ (77,658,473)</b>  | <b>\$ (24,883,825)</b> | <b>\$ 7,089,404</b>    | <b>\$ (43,991,123)</b> | <b>\$ 5,549,248</b>    |
| <b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>                               | <b>\$ (90,099,265)</b>  | <b>\$ (76,272,386)</b>  | <b>\$ (104,467,984)</b> | <b>\$ (77,658,473)</b> | <b>\$ (24,883,825)</b> | <b>\$ 7,089,404</b>    | <b>\$ (43,991,123)</b> |
| <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability/(Asset)</b> | <b>108.64%</b>          | <b>107.72%</b>          | <b>111.12%</b>          | <b>108.60%</b>         | <b>102.83%</b>         | <b>99.16%</b>          | <b>105.37%</b>         |
| <b>Covered Payroll</b>  | <b>\$ 89,845,375</b>    | <b>\$ 82,998,580</b>    | <b>\$ 80,852,451</b>    | <b>\$ 79,558,524</b>   | <b>\$ 76,942,048</b>   | <b>\$ 74,021,494</b>   | <b>\$ 75,629,669</b>   |
| <b>Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>               | <b>-100.28%</b>         | <b>-91.90%</b>          | <b>-129.21%</b>         | <b>-97.61%</b>         | <b>-32.34%</b>         | <b>9.58%</b>           | <b>-58.17%</b>         |

**Notes to Schedule:**

Data unavailable prior to 2014.

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

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

|   | <b>2020</b>           | <b>2019</b>           | <b>2018</b>         | <b>2017</b>           | <b>2016</b>           | <b>2015</b>           | <b>2014</b>           |
|---|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability</b>  |                       |                       |                     |                       |                       |                       |                       |
| Interest on the Total Pension Liability   | \$ 52,304             | \$ 72,699             | \$ 84,902           | \$ 90,635             | \$ 99,691             | \$ 100,650            | \$ 92,956             |
| Difference between Expected and Actual Experience                                     | 80,335                | (141,190)             | (205,912)           | 76,981                | (296,507)             | 114,258               | (426,528)             |
| Assumption Changes  | (55,554)              | -                     | -                   | -                     | 208,676               | 201,922               | -                     |
| Benefit Payments  | (262,649)             | (285,762)             | (332,638)           | (365,154)             | (423,458)             | (442,775)             | (525,760)             |
| Other   | -                     | -                     | -                   | -                     | -                     | -                     | 143,654               |
| <b>Net Change in Total Pension Liability</b>  | <b>(185,564)</b>      | <b>(354,253)</b>      | <b>(453,648)</b>    | <b>(197,538)</b>      | <b>(411,598)</b>      | <b>(25,945)</b>       | <b>(715,678)</b>      |
| <b>Total Pension Liability - Beginning</b>  | <b>\$ 2,354,798</b>   | <b>\$ 2,709,051</b>   | <b>\$ 3,162,699</b> | <b>\$ 3,360,237</b>   | <b>\$ 3,771,835</b>   | <b>\$ 3,797,780</b>   | <b>\$ 4,513,458</b>   |
| <b>Total Pension Liability - Ending (a)</b>   | <b>\$ 2,169,234</b>   | <b>\$ 2,354,798</b>   | <b>\$ 2,709,051</b> | <b>\$ 3,162,699</b>   | <b>\$ 3,360,237</b>   | <b>\$ 3,771,835</b>   | <b>\$ 3,797,780</b>   |
| <b>Plan Fiduciary Net Position</b>  |                       |                       |                     |                       |                       |                       |                       |
| Net Investment Income   | 147,975               | 319,636               | 59,255              | (149,322)             | 171,674               | 199,776               | 169,627               |
| Benefit Payments  | (262,649)             | (285,762)             | (332,638)           | (365,154)             | (423,458)             | (442,775)             | (525,760)             |
| Administrative Expense  | (2,500)               | (2,500)               | (2,500)             | (3,500)               | (2,758)               | (2,005)               | (5,808)               |
| <b>Net Change in Plan Fiduciary Net Position</b>                                      | <b>(117,174)</b>      | <b>31,374</b>         | <b>(275,883)</b>    | <b>(517,976)</b>      | <b>(254,542)</b>      | <b>(245,004)</b>      | <b>(361,941)</b>      |
| <b>Plan Fiduciary Net Position - Beginning</b>  | <b>\$ 3,598,272</b>   | <b>\$ 3,566,898</b>   | <b>\$ 3,842,781</b> | <b>\$ 4,360,757</b>   | <b>\$ 4,615,299</b>   | <b>\$ 4,860,303</b>   | <b>\$ 5,222,244</b>   |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                       | <b>\$ 3,481,098</b>   | <b>\$ 3,598,272</b>   | <b>\$ 3,566,898</b> | <b>\$ 3,842,781</b>   | <b>\$ 4,360,757</b>   | <b>\$ 4,615,299</b>   | <b>\$ 4,860,303</b>   |
| <b>Net Pension Liability/(Asset) - Beginning</b>                                      | <b>\$ (1,243,474)</b> | <b>\$ (857,847)</b>   | <b>\$ (680,082)</b> | <b>\$ (1,000,520)</b> | <b>\$ (843,464)</b>   | <b>\$ (1,062,523)</b> | <b>\$ (495,433)</b>   |
| <b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>                               | <b>\$ (1,311,864)</b> | <b>\$ (1,243,474)</b> | <b>\$ (857,847)</b> | <b>\$ (680,082)</b>   | <b>\$ (1,000,520)</b> | <b>\$ (843,464)</b>   | <b>\$ (1,062,523)</b> |
| <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability/(Asset)</b> | 160.48%               | 152.81%               | 131.67%             | 121.50%               | 129.78%               | 122.36%               | 127.98%               |
| <b>Covered Payroll</b>  | N/A                   | N/A                   | N/A                 | N/A                   | N/A                   | N/A                   | N/A                   |
| <b>Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>               | 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**

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**Employees' Pension Plan  
Schedule of Contributions**

| FY Ending September 30 | Actuarially Determined Contribution | Actual Contribution        | Contribution Deficiency (Excess) | Covered Payroll            | Actual Contribution as a % of Covered Payroll |
|------------------------|-------------------------------------|----------------------------|----------------------------------|----------------------------|---|
| 2014                   | \$ 19,608,078                       | \$ 18,872,463 <sup>1</sup> | \$ 735,615                       | \$ 75,629,669              | 24.95%  |
| 2015                   | \$ 10,803,098                       | \$ 14,935,098              | \$ (4,132,000)                   | \$ 74,021,494 <sup>2</sup> | 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%  |

<sup>1</sup> 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.

<sup>2</sup> 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:** January 1, 2019  
**Notes:** 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     | 6.75%   |
| 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, 2019 valuation, the assumed investment return assumption was reduced from 7.00% to 6.75%, and the assumed rates of salary increase, retirement, withdrawal, and disability were revised, based on the Experience Investigation for the Five Years Ended December 31, 2017, dated December 6, 2018.

Data unavailable prior to 2014.

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

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**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**

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

|   | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 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**

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

|   | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 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**

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|   | <b>2020</b>                 | <b>2019</b>                 | <b>2018</b>                 |
|---|-----------------------------|-----------------------------|-----------------------------|
| <b>Total OPEB Liability</b>   |                             |                             |                             |
| Service cost  | \$ 2,282,038                | \$ 1,677,787                | \$ 1,731,394                |
| Interest  | 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                                 | (4,692,393)                 | 4,006,356                   | (1,029,325)                 |
| Benefit payments  | (1,048,358)                 | (1,122,335)                 | (1,054,805)                 |
| <b>Net Change in Total OPEB Liability</b>                               | <b>(7,123,418)</b>          | <b>5,648,714</b>            | <b>621,815</b>              |
| <b>Total OPEB Liability - Beginning</b>                                 | <b><u>32,910,842</u></b>    | <b><u>27,262,128</u></b>    | <b><u>26,640,313</u></b>    |
| <b>Total OPEB Liability - Ending</b>                                    | <b><u>\$ 25,787,424</u></b> | <b><u>\$ 32,910,842</u></b> | <b><u>\$ 27,262,128</u></b> |
| <b>Estimated covered-employee payroll</b>                               | <b>\$ 99,272,204</b>        | <b>\$ 95,520,530</b>        | <b>\$ 92,964,945</b>        |
| <b>Total OPEB liability as a percentage of covered-employee payroll</b> | <b>25.98%</b>               | <b>34.45%</b>               | <b>29.33%</b>               |

**Notes to Schedule:**

|                          |   |
|--------------------------|---|
| Valuation Date:          | January 1, 2020   |
| Measurement Date:        | September 30, 2020  |
| Roll Forward Procedures: | The Total OPEB Liability was rolled forward 9 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               | 2.41%  |
| Retirement Age              | Retirement rates used in the January 1, 2020 actuarial valuation of the City's pension plan.   |
| Mortality                   | Mortality tables used for Regular and Special Risk Class members in the July 1, 2018 actuarial valuation of the Florida Retirement System, based on the results of a statewide experience study covering the period 2008 through 2013. |
| 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 costs.   |

**Other Information:**

Changes in assumptions and other inputs include the change in the discount rate from 2.75% to 2.41%; the change in the healthcare cost trend assumption to reflect the decrease of assumed ultimate rate of inflation from 2.50% to 2.25% and the removal of the additional trend to model the excise ("Cadillac") tax; and the change in demographic assumptions affecting rates of disability, rates of withdrawal and rates of retirement following and experience study of the City of Clearwater Employees' Pension Plan.

Benefit changes reflect the passing of Florida Senate Bill 426, which provides benefits for eligible firefighters diagnosed with specific cancers.

Data unavailable prior to 2018.

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

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

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

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

## **Debt Service Funds**

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

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

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

## **Capital Projects Funds**

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

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

**City of Clearwater, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2020**

|   | <b>Special Revenue Funds</b> |                                       |                            |                                      |   |
|---|------------------------------|---------------------------------------|----------------------------|--------------------------------------|---|
|   | <b>Special Programs</b>      | <b>Community Redevelopment Agency</b> |                            | <b>SHIP Local Housing Assistance</b> | <b>Pinellas County Local Housing Assistance</b> |
|   |                              | <b>Agency</b>                         | <b>Trust</b>               | <b>Trust</b>                         | <b>Total</b>                                    |
| <b>ASSETS</b>   |                              |                                       |                            |                                      |   |
| Cash and investments                                  | \$ 14,101,663                | \$ 498,394                            | \$ 610,731                 | \$ 184,125                           | \$ 15,394,913                                   |
| Receivables:  |                              |                                       |                            |                                      |   |
| Accrued interest                                      | 12,924                       | 7,679                                 | 451                        | 165                                  | 21,219  |
| Mortgage notes  | 2,217,294                    | -                                     | 2,168,997                  | 176,902                              | 4,563,193                                       |
| Other   | 1,300                        | -                                     | -                          | -                                    | 1,300   |
| Due from other governments - grants                   | 124,692                      | -                                     | -                          | -                                    | 124,692   |
| Due from other governments - other                    | 104,126                      | -                                     | -                          | -                                    | 104,126   |
| Prepaid items   | -                            | -                                     | -                          | -                                    | -   |
| Advances to other funds                               | 325,440                      | -                                     | -                          | -                                    | 325,440   |
| Total assets  | <u>\$ 16,887,439</u>         | <u>\$ 506,073</u>                     | <u>\$ 2,780,179</u>        | <u>\$ 361,192</u>                    | <u>\$ 20,534,883</u>                            |
| <b>LIABILITIES</b>                                    |                              |                                       |                            |                                      |   |
| Accounts and contracts payable                        | \$ 152,415                   | \$ 990                                | \$ 305,027                 | \$ -                                 | \$ 458,432                                      |
| Accrued payroll                                       | 83,065                       | -                                     | -                          | -                                    | 83,065  |
| Due to other governments                              | -                            | 48,000                                | -                          | -                                    | 48,000  |
| Unearned revenue                                      | 20,207                       | -                                     | -                          | -                                    | 20,207  |
| Advances from other funds                             | -                            | 325,440                               | -                          | -                                    | 325,440   |
| Total liabilities                                     | <u>\$ 255,687</u>            | <u>\$ 374,430</u>                     | <u>\$ 305,027</u>          | <u>\$ -</u>                          | <u>\$ 935,144</u>                               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                              |                                       |                            |                                      |   |
| Deferred inflows - mortgage notes                     | <u>2,217,294</u>             | <u>-</u>                              | <u>2,168,997</u>           | <u>176,902</u>                       | <u>4,563,193</u>                                |
| Total deferred inflows                                | <u><u>2,217,294</u></u>      | <u><u>-</u></u>                       | <u><u>2,168,997</u></u>    | <u><u>176,902</u></u>                | <u><u>4,563,193</u></u>                         |
| <b>FUND BALANCES</b>                                  |                              |                                       |                            |                                      |   |
| Nonspendable  | -                            | -                                     | -                          | -                                    | -   |
| Restricted  | 10,130,217                   | 131,643                               | 306,155                    | 184,290                              | 10,752,305                                      |
| Committed   | 2,343,144                    | -                                     | -                          | -                                    | 2,343,144                                       |
| Assigned  | 1,941,097                    | -                                     | -                          | -                                    | 1,941,097                                       |
| Total fund balances                                   | <u>14,414,458</u>            | <u>131,643</u>                        | <u>306,155</u>             | <u>184,290</u>                       | <u>15,036,546</u>                               |
| Total liabilities, deferred inflows and fund balances | <u><u>\$ 16,887,439</u></u>  | <u><u>\$ 506,073</u></u>              | <u><u>\$ 2,780,179</u></u> | <u><u>\$ 361,192</u></u>             | <u><u>\$ 20,534,883</u></u>                     |

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

| Notes<br>and<br>Mortgages | Debt Service Funds                                 |                            |                     | Capital<br>Project<br>Fund |  | Total<br>Nonmajor<br>Governmental<br>Funds |  |
|---------------------------|--|----------------------------|---------------------|----------------------------|--|--|--|
|                           | Spring<br>Training<br>Facility<br>Revenue<br>Bonds | Community<br>Redevelopment |                     | Agency                     |  |  |  |
|                           |  | Total                      |                     |                            |  |  |  |
| \$ -                      | \$ 775,125   | \$ 775,125                 | \$ 7,835,916        | \$ 24,005,954              |  |  |  |
| -                         | 640  | 640                        | -                   | 21,859                     |  |  |  |
| -                         | -  | -                          | -                   | 4,563,193                  |  |  |  |
| -                         | -  | -                          | -                   | 1,300                      |  |  |  |
| -                         | -  | -                          | -                   | 124,692                    |  |  |  |
| -                         | -  | -                          | -                   | 104,126                    |  |  |  |
| 192,288                   | -  | 192,288                    | -                   | 192,288                    |  |  |  |
| -                         | -  | -                          | -                   | 325,440                    |  |  |  |
| <b>\$ 192,288</b>         | <b>\$ 775,765</b>                                  | <b>\$ 968,053</b>          | <b>\$ 7,835,916</b> | <b>\$ 29,338,852</b>       |  |  |  |
| \$ -                      | \$ -   | \$ 10,635                  | \$ 469,067          |                            |  |  |  |
| -                         | -  | 3,109                      | 86,174              |                            |  |  |  |
| -                         | -  | -                          | 48,000              |                            |  |  |  |
| -                         | -  | -                          | 20,207              |                            |  |  |  |
| -                         | -  | -                          | 325,440             |                            |  |  |  |
| -                         | -  | 13,744                     | 948,888             |                            |  |  |  |
| <b>-</b>                  | <b>-</b>   | <b>-</b>                   | <b>4,563,193</b>    |                            |  |  |  |
| <b>-</b>                  | <b>-</b>   | <b>-</b>                   | <b>4,563,193</b>    |                            |  |  |  |
| 192,288                   | -  | 192,288                    | -                   | 192,288                    |  |  |  |
| -                         | 775,765  | 775,765                    | 7,822,172           | 19,350,242                 |  |  |  |
| -                         | -  | -                          | -                   | 2,343,144                  |  |  |  |
| -                         | -  | -                          | -                   | 1,941,097                  |  |  |  |
| <b>192,288</b>            | <b>775,765</b>                                     | <b>968,053</b>             | <b>7,822,172</b>    | <b>23,826,771</b>          |  |  |  |
| <b>\$ 192,288</b>         | <b>\$ 775,765</b>                                  | <b>\$ 968,053</b>          | <b>\$ 7,835,916</b> | <b>\$ 29,338,852</b>       |  |  |  |

**City of Clearwater, Florida**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2020**

| <b>Special Revenue Funds</b>                              |                             |                                      |  |   |                             |       |
|---|-----------------------------|--------------------------------------|--|---|-----------------------------|-------|
|   | Special<br>Programs         | Community<br>Redevelopment<br>Agency | SHIP<br>Local Housing<br>Assistance<br>Trust | Pinellas County<br>Local Housing<br>Assistance<br>Trust |                             | Total |
| <b>REVENUES</b>   |                             |                                      |  |   |                             |       |
| Intergovernmental:  |                             |                                      |  |   |                             |       |
| Federal   | \$ 697,777                  | \$ -                                 | \$ 375,682                                   | \$ -  | \$ 1,073,459                |       |
| State   | 225,485                     | -                                    | 202,776                                      | -   | 428,261                     |       |
| Local   | 421,452                     | 2,093,726                            | -  | -   | 2,515,178                   |       |
| Charges for services                                      | 1,226,088                   | -                                    | -  | -   | 1,226,088                   |       |
| Fines and forfeitures                                     | 842,303                     | -                                    | -  | -   | 842,303                     |       |
| Investment earnings (loss):                               |                             |                                      |  |   |                             |       |
| Interest  | 202,832                     | 124,495                              | 13,270                                       | 5,156   | 345,753                     |       |
| Net appreciation (depreciation) in fair value             | 45,489                      | 33,872                               | 2,761  | 945   | 83,067                      |       |
| Total investment earnings (loss)                          | <u>248,321</u>              | <u>158,367</u>                       | <u>16,031</u>                                | <u>6,101</u>  | <u>428,820</u>              |       |
| Miscellaneous   | 794,837                     | 73,512                               | 350  | -   | 868,699                     |       |
| <b>Total revenues</b>                                     | <b><u>4,456,263</u></b>     | <b><u>2,325,605</u></b>              | <b><u>594,839</u></b>                        | <b><u>6,101</u></b>                                     | <b><u>7,382,808</u></b>     |       |
| <b>EXPENDITURES</b>                                       |                             |                                      |  |   |                             |       |
| Current:  |                             |                                      |  |   |                             |       |
| General government  | 147,339                     | -                                    | -  | -   | 147,339                     |       |
| Public safety   | 2,428,352                   | -                                    | -  | -   | 2,428,352                   |       |
| Physical environment                                      | 25,493                      | -                                    | -  | -   | 25,493                      |       |
| Economic environment                                      | 1,592,684                   | 468,717                              | 1,022,130                                    | 59,658  | 3,143,189                   |       |
| Human services  | 419,909                     | -                                    | -  | -   | 419,909                     |       |
| Culture and recreation                                    | 926,760                     | -                                    | -  | -   | 926,760                     |       |
| Debt service:   |                             |                                      |  |   |                             |       |
| Principal   | -                           | -                                    | -  | -   | -                           |       |
| Interest & fiscal charges                                 | -                           | -                                    | -  | -   | -                           |       |
| Capital outlay  | <u>82,908</u>               | <u>-</u>                             | <u>-</u>                                     | <u>-</u>  | <u>82,908</u>               |       |
| <b>Total expenditures</b>                                 | <b><u>5,623,445</u></b>     | <b><u>468,717</u></b>                | <b><u>1,022,130</u></b>                      | <b><u>59,658</u></b>                                    | <b><u>7,173,950</u></b>     |       |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,167,182)</u>          | <u>1,856,888</u>                     | <u>(427,291)</u>                             | <u>(53,557)</u>   | <u>208,858</u>              |       |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                             |                                      |  |   |                             |       |
| Transfers in  | 4,102,697                   | 1,988,861                            | -  | -   | 6,091,558                   |       |
| Transfers out   | <u>(391,521)</u>            | <u>(3,714,106)</u>                   | <u>(34,411)</u>                              | <u>(986)</u>  | <u>(4,141,024)</u>          |       |
| <b>Total other financing sources (uses)</b>               | <b><u>3,711,176</u></b>     | <b><u>(1,725,245)</u></b>            | <b><u>(34,411)</u></b>                       | <b><u>(986)</u></b>                                     | <b><u>1,950,534</u></b>     |       |
| Net change in fund balances                               | 2,543,994                   | 131,643                              | (461,702)                                    | (54,543)  | 2,159,392                   |       |
| Fund balances - beginning (as previously reported)        | 14,189,309                  | -                                    | 2,824,562                                    | 402,468   | 17,416,339                  |       |
| Prior period adjustment (See Note IV.I.)                  | <u>(2,318,845)</u>          | <u>-</u>                             | <u>(2,056,705)</u>                           | <u>(163,635)</u>  | <u>(4,539,185)</u>          |       |
| Fund balances - beginning (restated)                      | <u>11,870,464</u>           | <u>-</u>                             | <u>767,857</u>                               | <u>238,833</u>  | <u>12,877,154</u>           |       |
| <b>Fund balances - ending</b>                             | <b><u>\$ 14,414,458</u></b> | <b><u>\$ 131,643</u></b>             | <b><u>\$ 306,155</u></b>                     | <b><u>\$ 184,290</u></b>                                | <b><u>\$ 15,036,546</u></b> |       |

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

| Notes<br>and<br>Mortgages | Debt Service Funds           |                                      |              | Capital                           |              |
|---------------------------|------------------------------|--------------------------------------|--------------|-----------------------------------|--------------|
|                           | Spring<br>Training           |                                      | Total        | Project<br>Fund                   | Total        |
|                           | Facility<br>Revenue<br>Bonds | Community<br>Redevelopment<br>Agency |              | Nonmajor<br>Governmental<br>Funds |              |
| \$ -                      | \$ -                         | \$ -                                 | \$ -         | \$ -                              | \$ 1,073,459 |
| -                         | 500,004                      | 500,004                              |              | -                                 | 928,265      |
| -                         | 587,650                      | 587,650                              |              | -                                 | 3,102,828    |
| -                         | -                            | -                                    |              | -                                 | 1,226,088    |
| -                         | -                            | -                                    |              | -                                 | 842,303      |
|                           |                              |                                      |              |                                   |              |
| -                         | 10,679                       | 10,679                               |              | -                                 | 356,432      |
| -                         | 2,929                        | 2,929                                |              | -                                 | 85,996       |
| -                         | 13,608                       | 13,608                               |              | -                                 | 442,428      |
| -                         | -                            | -                                    |              | -                                 | 868,699      |
| -                         | 1,101,262                    | 1,101,262                            |              | -                                 | 8,484,070    |
|                           |                              |                                      |              |                                   |              |
| -                         | -                            | -                                    |              | -                                 | 147,339      |
| -                         | -                            | -                                    |              | -                                 | 2,428,352    |
| -                         | -                            | -                                    |              | -                                 | 25,493       |
| -                         | -                            | -                                    | 1,179,250    | 4,322,439                         |              |
| -                         | -                            | -                                    | -            | -                                 | 419,909      |
| -                         | -                            | -                                    | -            | -                                 | 926,760      |
|                           |                              |                                      |              |                                   |              |
| 702,820                   | 805,000                      | 1,507,820                            |              | -                                 | 1,507,820    |
| 46,401                    | 261,069                      | 307,470                              |              | -                                 | 307,470      |
| -                         | -                            | -                                    | 1,993,657    | 2,076,565                         |              |
| 749,221                   | 1,066,069                    | 1,815,290                            | 3,172,907    | 12,162,147                        |              |
|                           |                              |                                      |              |                                   |              |
| (749,221)                 | 35,193                       | (714,028)                            | (3,172,907)  | (3,678,077)                       |              |
|                           |                              |                                      |              |                                   |              |
| 941,509                   | -                            | 941,509                              | 3,289,173    | 10,322,240                        |              |
| -                         | -                            | -                                    | (186,291)    | (4,327,315)                       |              |
| 941,509                   | -                            | 941,509                              | 3,102,882    | 5,994,925                         |              |
|                           |                              |                                      |              |                                   |              |
| 192,288                   | 35,193                       | 227,481                              | (70,025)     | 2,316,848                         |              |
|                           |                              |                                      |              |                                   |              |
| -                         | 740,572                      | 740,572                              | 7,892,197    | 26,049,108                        |              |
| -                         | -                            | -                                    | -            | (4,539,185)                       |              |
| -                         | 740,572                      | 740,572                              | 7,892,197    | 21,509,923                        |              |
| \$ 192,288                | \$ 775,765                   | \$ 968,053                           | \$ 7,822,172 | \$ 23,826,771                     |              |

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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, 2020**

|   | <b>Budgeted Amounts</b> |              | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|--------------|---------------------------|---|
|   | <b>Original</b>         | <b>Final</b> |                           |   |
| <b>REVENUES</b>   |                         |              |                           |   |
| Intergovernmental - Local   | \$ 1,944,168            | \$ 2,093,726 | \$ 2,093,726              | \$ -  |
| Investment earnings (loss):   |                         |              |                           |   |
| Interest  | 50,000                  | 78,485       | 124,495                   | 46,010  |
| Net appreciation (depreciation) in fair value   | -                       | -            | 33,872                    | 33,872  |
| Total investment earnings (loss)  | 50,000                  | 78,485       | 158,367                   | 79,882  |
| Miscellaneous   | 73,512                  | 73,512       | 73,512                    | -   |
| Total revenues  | 2,067,680               | 2,245,723    | 2,325,605                 | 79,882  |
| <b>EXPENDITURES</b>   |                         |              |                           |   |
| Current - Economic environment  | 675,083                 | 693,663      | 468,717                   | 224,946   |
| Total expenditures  | 675,083                 | 693,663      | 468,717                   | 224,946   |
| Excess (deficiency) of revenues over (under) expenditures                                     | 1,392,597               | 1,552,060    | 1,856,888                 | 304,828   |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                         |              |                           |   |
| Transfers in  | 1,841,094               | 1,988,861    | 1,988,861                 | -   |
| Transfers out   | (3,233,691)             | (3,540,921)  | (3,714,106)               | (173,185)   |
| Total other financing sources (uses)  | (1,392,597)             | (1,552,060)  | (1,725,245)               | (173,185)   |
| Excess (deficiency) of revenues and other sources<br>over (under) expenditures and other uses | -                       | -            | 131,643                   | 131,643   |
| Fund balances - beginning   | -                       | -            | -                         | -   |
| Fund balances - ending  | \$ -                    | \$ -         | \$ 131,643                | \$ 131,643  |

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, 2020**

|   | <b>Marine<br/>Operations</b> | <b>Aviation<br/>Operations</b> | <b>Parking<br/>System</b> | <b>Clearwater<br/>Harbor Marina</b> | <b>Total</b>         |
|---|------------------------------|--------------------------------|---------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                                     |                              |                                |                           |                                     |                      |
| Current assets:                                   |                              |                                |                           |                                     |                      |
| Cash and investments                              | \$ 4,410,266                 | \$ 1,025,731                   | \$ 19,793,024             | \$ 2,394,603                        | \$ 27,623,624        |
| Accrued interest receivable                       | 3,831                        | 916                            | 17,529                    | 2,145                               | 24,421               |
| Due from other governments                        | -                            | 21,511                         | -                         | -                                   | 21,511               |
| Inventories, at cost                              | 40,550                       | -                              | -                         | -                                   | 40,550               |
| Prepaid expenses and other assets                 | -                            | -                              | 1,042                     | -                                   | 1,042                |
| Total current assets                              | <u>4,454,647</u>             | <u>1,048,158</u>               | <u>19,811,595</u>         | <u>2,396,748</u>                    | <u>27,711,148</u>    |
| Noncurrent assets:                                |                              |                                |                           |                                     |                      |
| Net pension asset                                 | 522,576                      | 36,040                         | 1,054,161                 | 99,109                              | 1,711,886            |
| Capital assets:                                   |                              |                                |                           |                                     |                      |
| Land and other nondepreciable assets              | 670,086                      | 1,472,216                      | 874,656                   | -                                   | 3,016,958            |
| Capital assets, net of accumulated depreciation   | <u>349,352</u>               | <u>3,157,551</u>               | <u>12,845,251</u>         | <u>9,802,454</u>                    | <u>26,154,608</u>    |
| Total noncurrent assets                           | <u>1,542,014</u>             | <u>4,665,807</u>               | <u>14,774,068</u>         | <u>9,901,563</u>                    | <u>30,883,452</u>    |
| Total assets                                      | <u>5,996,661</u>             | <u>5,713,965</u>               | <u>34,585,663</u>         | <u>12,298,311</u>                   | <u>58,594,600</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>             |                              |                                |                           |                                     |                      |
| Deferred outflows - pension                       | 178,193                      | 12,289                         | 359,458                   | 33,795                              | 583,735              |
| Deferred outflows - other postemployment benefits | <u>27,927</u>                | <u>2,361</u>                   | <u>67,388</u>             | <u>9,608</u>                        | <u>107,284</u>       |
| Total deferred outflows of resources              | <u>206,120</u>               | <u>14,650</u>                  | <u>426,846</u>            | <u>43,403</u>                       | <u>691,019</u>       |
| <b>LIABILITIES</b>                                |                              |                                |                           |                                     |                      |
| Current liabilities:                              |                              |                                |                           |                                     |                      |
| Accounts and contracts payable                    | 89,807                       | 27,703                         | 199,189                   | 7,889                               | 324,588              |
| Accrued payroll                                   | 40,081                       | 6,947                          | 85,022                    | 17,286                              | 149,336              |
| Deposits  | 37,894                       | -                              | 5,798                     | 40,078                              | 83,770               |
| Current portion of long-term liabilities:         |                              |                                |                           |                                     |                      |
| Compensated absences                              | 31,753                       | 2,860                          | 35,115                    | 2,262                               | 71,990               |
| Capital lease purchases payable                   | -                            | -                              | 4,198                     | -                                   | 4,198                |
| Total current liabilities                         | <u>199,535</u>               | <u>37,510</u>                  | <u>329,322</u>            | <u>67,515</u>                       | <u>633,882</u>       |
| Noncurrent liabilities:                           |                              |                                |                           |                                     |                      |
| Compensated absences                              | 37,213                       | 3,352                          | 41,154                    | 2,652                               | 84,371               |
| Other postemployment benefits                     | 265,353                      | 22,435                         | 640,302                   | 91,287                              | 1,019,377            |
| Capital lease purchases payable                   | -                            | -                              | 3,204                     | -                                   | 3,204                |
| Total noncurrent liabilities                      | <u>302,566</u>               | <u>25,787</u>                  | <u>684,660</u>            | <u>93,939</u>                       | <u>1,106,952</u>     |
| Total liabilities                                 | <u>502,101</u>               | <u>63,297</u>                  | <u>1,013,982</u>          | <u>161,454</u>                      | <u>1,740,834</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |                              |                                |                           |                                     |                      |
| Deferred inflows - pension                        | 231,151                      | 15,941                         | 466,288                   | 43,839                              | 757,219              |
| Deferred inflows - other postemployment benefits  | <u>86,550</u>                | <u>7,318</u>                   | <u>208,848</u>            | <u>29,775</u>                       | <u>332,491</u>       |
| Total deferred inflows of resources               | <u>317,701</u>               | <u>23,259</u>                  | <u>675,136</u>            | <u>73,614</u>                       | <u>1,089,710</u>     |
| <b>NET POSITION</b>                               |                              |                                |                           |                                     |                      |
| Net investment in capital assets                  | 1,019,438                    | 4,629,767                      | 13,712,505                | 9,802,454                           | 29,164,164           |
| Restricted for:                                   |                              |                                |                           |                                     |                      |
| Pensions  | 522,576                      | 36,040                         | 1,054,161                 | 99,109                              | 1,711,886            |
| Unrestricted                                      | <u>3,840,965</u>             | <u>976,252</u>                 | <u>18,556,725</u>         | <u>2,205,083</u>                    | <u>25,579,025</u>    |
| Total net position                                | <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> |

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, 2020**

|  | <b>Marine<br/>Operations</b> | <b>Aviation<br/>Operations</b> | <b>Parking<br/>System</b> | <b>Clearwater<br/>Harbor Marina</b> | <b>Totals</b>        |
|--|------------------------------|--------------------------------|---------------------------|-------------------------------------|----------------------|
| <b>Operating revenues:</b>                       |                              |                                |                           |                                     |                      |
| Sales to customers                               | \$ 2,571,259                 | \$ 17,615                      | \$ 6,901,543              | \$ 1,036                            | \$ 9,491,453         |
| User charges to customers                        | 141,115                      | -                              | -                         | 20,360                              | 161,475              |
| Rentals  | 1,940,015                    | 310,816                        | -                         | 822,054                             | 3,072,885            |
| Other  | 232,641                      | 4,407                          | 751,337                   | 28,212                              | 1,016,597            |
| Total operating revenues                         | <u>4,885,030</u>             | <u>332,838</u>                 | <u>7,652,880</u>          | <u>871,662</u>                      | <u>13,742,410</u>    |
| <b>Operating expenses:</b>                       |                              |                                |                           |                                     |                      |
| Personal services                                | 1,099,377                    | 72,431                         | 1,948,979                 | 256,862                             | 3,377,649            |
| Purchases for resale                             | 1,482,784                    | -                              | -                         | 506                                 | 1,483,290            |
| Operating materials and supplies                 | 67,262                       | 13,034                         | 64,823                    | 26,636                              | 171,755              |
| Transportation                                   | 21,718                       | 7,649                          | 130,679                   | 8,933                               | 168,979              |
| Utility service                                  | 347,415                      | 39,136                         | 66,660                    | 74,065                              | 527,276              |
| Depreciation                                     | 43,721                       | 202,333                        | 532,723                   | 335,914                             | 1,114,691            |
| Interfund administrative charges                 | 192,340                      | 67,210                         | 1,122,240                 | 152,420                             | 1,534,210            |
| Other current charges:                           |                              |                                |                           |                                     |                      |
| Professional fees                                | 124,423                      | 69,114                         | 517,405                   | 36,358                              | 747,300              |
| Advertising and marketing                        | 1,762                        | -                              | 887                       | -                                   | 2,649                |
| Communications                                   | 27,006                       | -                              | 47,906                    | 534                                 | 75,446               |
| Printing and binding                             | 642                          | -                              | 4,113                     | 73                                  | 4,828                |
| Insurance  | 81,370                       | 11,840                         | 60,620                    | 21,430                              | 175,260              |
| Repairs and maintenance                          | 19,492                       | 180                            | 553,877                   | 13,803                              | 587,352              |
| Rentals  | 2,448                        | -                              | 14,599                    | -                                   | 17,047               |
| Miscellaneous                                    | 110,492                      | 1,040                          | 573,654                   | 11,088                              | 696,274              |
| Data processing charges                          | 50,880                       | 4,240                          | 111,920                   | 12,790                              | 179,830              |
| Taxes  | 25,309                       | -                              | -                         | -                                   | 25,309               |
| Total other current charges                      | <u>443,824</u>               | <u>86,414</u>                  | <u>1,884,981</u>          | <u>96,076</u>                       | <u>2,511,295</u>     |
| Total operating expenses                         | <u>3,698,441</u>             | <u>488,207</u>                 | <u>5,751,085</u>          | <u>951,412</u>                      | <u>10,889,145</u>    |
| Operating income (loss)                          | <u>1,186,589</u>             | <u>(155,369)</u>               | <u>1,901,795</u>          | <u>(79,750)</u>                     | <u>2,853,265</u>     |
| <b>Nonoperating revenues (expenses):</b>         |                              |                                |                           |                                     |                      |
| Investment earnings (loss):                      |                              |                                |                           |                                     |                      |
| Interest   | 58,141                       | 14,803                         | 275,702                   | 34,043                              | 382,689              |
| Net appreciation (depreciation) in fair value    | 14,823                       | 3,909                          | 73,934                    | 9,010                               | 101,676              |
| Total investment earnings (loss)                 | <u>72,964</u>                | <u>18,712</u>                  | <u>349,636</u>            | <u>43,053</u>                       | <u>484,365</u>       |
| Interest expense                                 | -                            | -                              | (179)                     | -                                   | (179)                |
| Gain (loss) on disposal of capital assets        | -                            | -                              | (21,579)                  | -                                   | (21,579)             |
| Total nonoperating revenue (expenses)            | <u>72,964</u>                | <u>18,712</u>                  | <u>327,878</u>            | <u>43,053</u>                       | <u>462,607</u>       |
| Income (loss) before contributions and transfers | <u>1,259,553</u>             | <u>(136,657)</u>               | <u>2,229,673</u>          | <u>(36,697)</u>                     | <u>3,315,872</u>     |
| Capital grants and contributions                 | -                            | 116,609                        | -                         | -                                   | 116,609              |
| Transfers in                                     | 10,000                       | -                              | 334                       | -                                   | 10,334               |
| Transfers out                                    | (278,600)                    | (36,926)                       | (544,946)                 | (44,230)                            | (904,702)            |
| Change in net position                           | <u>990,953</u>               | <u>(56,974)</u>                | <u>1,685,061</u>          | <u>(80,927)</u>                     | <u>2,538,113</u>     |
| Net position - beginning                         | <u>4,392,026</u>             | <u>5,699,033</u>               | <u>31,638,330</u>         | <u>12,187,573</u>                   | <u>53,916,962</u>    |
| Net position - ending                            | <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> |

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, 2020**

|  | Marine<br>Operations | Aviation<br>Operations | Parking<br>System    | Clearwater<br>Harbor Marina | Totals               |
|--|----------------------|------------------------|----------------------|-----------------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                      |                        |                      |                             |                      |
| <b>ACTIVITIES</b>  |                      |                        |                      |                             |                      |
| Cash received from customers   | \$ 4,881,895         | \$ 332,838             | \$ 7,697,631         | \$ 868,648                  | \$ 13,781,012        |
| Cash payments to suppliers   | (2,184,143)          | (114,569)              | (1,655,428)          | (150,455)                   | (4,104,595)          |
| Cash payments to employees   | (1,181,674)          | (72,140)               | (2,058,550)          | (266,106)                   | (3,578,470)          |
| Cash payments to other funds   | (394,936)            | (91,759)               | (1,516,888)          | (212,970)                   | (2,216,553)          |
| Net cash provided by (used) operating activities                     | <u>1,121,142</u>     | <u>54,370</u>          | <u>2,466,765</u>     | <u>239,117</u>              | <u>3,881,394</u>     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>               |                      |                        |                      |                             |                      |
| Transfers from other funds   | 10,000               | -                      | 334                  | -                           | 10,334               |
| Transfers to other funds   | <u>(278,600)</u>     | <u>(36,926)</u>        | <u>(544,946)</u>     | <u>(44,230)</u>             | <u>(904,702)</u>     |
| Net cash provided (used) by noncapital financing activities          | <u>(268,600)</u>     | <u>(36,926)</u>        | <u>(544,612)</u>     | <u>(44,230)</u>             | <u>(894,368)</u>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>      |                      |                        |                      |                             |                      |
| Principal payments on debt   | -                    | -                      | (5,156)              | -                           | (5,156)              |
| Interest paid  | -                    | -                      | (237)                | -                           | (237)                |
| Acquisition of capital assets  | -                    | (70,716)               | (450,000)            | -                           | (520,716)            |
| Capital contributed by other governmental entities                   | <u>-</u>             | <u>110,004</u>         | <u>-</u>             | <u>-</u>                    | <u>110,004</u>       |
| Net cash provided (used) by capital and related financing activities | <u>-</u>             | <u>39,288</u>          | <u>(455,393)</u>     | <u>-</u>                    | <u>(416,105)</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |                      |                        |                      |                             |                      |
| Interest received  | <u>75,371</u>        | <u>19,557</u>          | <u>368,316</u>       | <u>45,276</u>               | <u>508,520</u>       |
| Net cash provided (used) by investing activities                     | <u>75,371</u>        | <u>19,557</u>          | <u>368,316</u>       | <u>45,276</u>               | <u>508,520</u>       |
| Net increase (decrease) in cash and cash equivalents                 | 927,913              | 76,289                 | 1,835,076            | 240,163                     | 3,079,441            |
| Cash and cash equivalents at beginning of year                       | <u>3,482,353</u>     | <u>949,442</u>         | <u>17,957,948</u>    | <u>2,154,440</u>            | <u>24,544,183</u>    |
| Cash and cash equivalents at end 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 classified as:                             |                      |                        |                      |                             |                      |
| Cash and investments   | <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> |
| Total cash and cash equivalents                                      | <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> |

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, 2020**

|  | <u>Marine<br/>Operations</u> | <u>Aviation<br/>Operations</u> | <u>Parking<br/>System</u> | <u>Clearwater<br/>Harbor Marina</u> | <u>Totals</u>       |
|--|------------------------------|--------------------------------|---------------------------|-------------------------------------|---------------------|
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>        |                              |                                |                           |                                     |                     |
| Operating income (loss)  | \$ 1,186,589                 | \$ (155,369)                   | \$ 1,901,795              | \$ (79,750)                         | \$ 2,853,265        |
| <b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b> |                              |                                |                           |                                     |                     |
| Depreciation   | 43,721                       | 202,333                        | 532,723                   | 335,914                             | 1,114,691           |
| Change in assets, deferred outflows, liabilities and deferred inflows:                                       |                              |                                |                           |                                     |                     |
| (Increase) decrease in accounts receivable   | -                            | -                              | 62,238                    | -                                   | 62,238              |
| (Increase) decrease in due from other governments  | -                            | -                              | 24,013                    | -                                   | 24,013              |
| (Increase) decrease in net pension asset   | (105,366)                    | (7,056)                        | (197,622)                 | (20,548)                            | (330,592)           |
| (Increase) decrease in deferred outflows   | (34,769)                     | (2,228)                        | (64,059)                  | (6,130)                             | (107,186)           |
| Increase (decrease) in accounts and contracts payable  | (23,736)                     | 7,115                          | 73,054                    | (4,789)                             | 51,644              |
| Increase (decrease) in accrued payroll   | 3,897                        | 5,829                          | 32,979                    | 2,258                               | 44,963              |
| Increase (decrease) in deposits  | (3,135)                      | -                              | -                         | (3,014)                             | (6,149)             |
| Increase (decrease) in unearned revenue  | -                            | -                              | (17,487)                  | -                                   | (17,487)            |
| Increase (decrease) in other postemployment benefits   | (73,629)                     | (6,197)                        | (163,381)                 | (21,597)                            | (264,804)           |
| Increase (decrease) in deferred inflows  | 127,570                      | 9,943                          | 282,512                   | 36,773                              | 456,798             |
| Total adjustments  | <u>(65,447)</u>              | <u>209,739</u>                 | <u>564,970</u>            | <u>318,867</u>                      | <u>1,028,129</u>    |
| Net cash provided by operating activities  | <u>\$ 1,121,142</u>          | <u>\$ 54,370</u>               | <u>\$ 2,466,765</u>       | <u>\$ 239,117</u>                   | <u>\$ 3,881,394</u> |

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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, 2020**

|   | Garage               | Administrative Services | General Services     | Central Insurance    | Total                 |
|---|----------------------|-------------------------|----------------------|----------------------|-----------------------|
| <b>ASSETS</b>   |                      |                         |                      |                      |                       |
| Current assets:   |                      |                         |                      |                      |                       |
| Cash and investments                                    | \$ 14,540,329        | \$ 13,319,355           | \$ 12,493,787        | \$ 50,061,608        | \$ 90,415,079         |
| Accrued interest receivable                             | 7,204                | 10,606                  | 10,679               | 44,775               | 73,264                |
| Other receivables                                       | 11,608               | -                       | -                    | 40,771               | 52,379                |
| Due from other funds                                    | -                    | -                       | -                    | 329,520              | 329,520               |
| Inventories, at cost                                    | 359,502              | -                       | -                    | -                    | 359,502               |
| Prepaid expenses and other assets                       | 1,301,159            | 56,667                  | 1,796                | 2,267,832            | 3,627,454             |
| Total current assets                                    | <u>16,219,802</u>    | <u>13,386,628</u>       | <u>12,506,262</u>    | <u>52,744,506</u>    | <u>94,857,198</u>     |
| Noncurrent assets:                                      |                      |                         |                      |                      |                       |
| Advances to other funds                                 | -                    | -                       | -                    | 2,533,963            | 2,533,963             |
| Net pension asset                                       | 1,621,787            | 3,748,129               | 1,450,598            | 225,248              | 7,045,762             |
| Capital assets:   |                      |                         |                      |                      |                       |
| Land and other nondepreciable assets                    | 729,591              | -                       | -                    | -                    | 729,591               |
| Capital assets, net of accumulated depreciation         | 28,317,607           | 2,920,580               | 257,108              | -                    | 31,495,295            |
| Total noncurrent assets                                 | <u>30,668,985</u>    | <u>6,668,709</u>        | <u>1,707,706</u>     | <u>2,759,211</u>     | <u>41,804,611</u>     |
| Total assets  | <u>46,888,787</u>    | <u>20,055,337</u>       | <u>14,213,968</u>    | <u>55,503,717</u>    | <u>136,661,809</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                   |                      |                         |                      |                      |                       |
| Deferred outflows - pension                             | 553,013              | 1,278,074               | 494,639              | 76,807               | 2,402,533             |
| Deferred outflows - other postemployment benefits       | 54,687               | 114,964                 | 50,697               | 9,608                | 229,956               |
| Total deferred outflows of resources                    | <u>607,700</u>       | <u>1,393,038</u>        | <u>545,336</u>       | <u>86,415</u>        | <u>2,632,489</u>      |
| <b>LIABILITIES</b>                                      |                      |                         |                      |                      |                       |
| Current liabilities:                                    |                      |                         |                      |                      |                       |
| Accounts and contracts payable                          | 289,927              | 225,657                 | 199,801              | 664,211              | 1,379,596             |
| Accrued payroll   | 111,945              | 237,584                 | 106,332              | 22,129               | 477,990               |
| Accrued interest payable                                | 18,480               | 912                     | -                    | -                    | 19,392                |
| Unearned revenue  | 127,611              | -                       | -                    | -                    | 127,611               |
| Current portion of long-term liabilities:               |                      |                         |                      |                      |                       |
| Compensated absences                                    | 68,579               | 356,228                 | 77,534               | 5,123                | 507,464               |
| Capital lease purchases payable                         | 5,821,765            | 512,980                 | 7,237                | -                    | 6,341,982             |
| Due to other funds                                      | 658,974              | 68,435                  | -                    | -                    | 727,409               |
| Claims payable  | -                    | -                       | -                    | 3,431,427            | 3,431,427             |
| Total current liabilities (payable from current assets) | <u>7,097,281</u>     | <u>1,401,796</u>        | <u>390,904</u>       | <u>4,122,890</u>     | <u>13,012,871</u>     |
| Noncurrent liabilities:                                 |                      |                         |                      |                      |                       |
| Compensated absences                                    | 80,374               | 417,494                 | 90,868               | 6,004                | 594,740               |
| Other postemployment benefits                           | 519,617              | 1,092,355               | 481,709              | 91,287               | 2,184,968             |
| Capital lease purchases payable                         | 10,416,139           | 764,948                 | 16,821               | -                    | 11,197,908            |
| Advances from other funds                               | 2,058,683            | 69,790                  | -                    | -                    | 2,128,473             |
| Claims payable  | -                    | -                       | -                    | 6,021,800            | 6,021,800             |
| Total noncurrent liabilities                            | <u>13,074,813</u>    | <u>2,344,587</u>        | <u>589,398</u>       | <u>6,119,091</u>     | <u>22,127,889</u>     |
| Total liabilities                                       | <u>20,172,094</u>    | <u>3,746,383</u>        | <u>980,302</u>       | <u>10,241,981</u>    | <u>35,140,760</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                    |                      |                         |                      |                      |                       |
| Deferred inflows - pension                              | 717,366              | 1,657,913               | 641,644              | 99,634               | 3,116,557             |
| Deferred inflows - other postemployment benefits        | 169,484              | 356,295                 | 157,120              | 29,775               | 712,674               |
| Total deferred inflows of resources                     | <u>886,850</u>       | <u>2,014,208</u>        | <u>798,764</u>       | <u>129,409</u>       | <u>3,829,231</u>      |
| <b>NET POSITION</b>                                     |                      |                         |                      |                      |                       |
| Net investment in capital assets                        | 12,809,294           | 1,642,652               | 233,050              | -                    | 14,684,996            |
| Restricted for:   |                      |                         |                      |                      |                       |
| Pensions  | 1,621,787            | 3,748,129               | 1,450,598            | 225,248              | 7,045,762             |
| Unrestricted  | 12,006,462           | 10,297,003              | 11,296,590           | 44,993,494           | 78,593,549            |
| Total net position                                      | <u>\$ 26,437,543</u> | <u>\$ 15,687,784</u>    | <u>\$ 12,980,238</u> | <u>\$ 45,218,742</u> | <u>\$ 100,324,307</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, 2020**

|  | <b>Garage</b>        | <b>Administrative Services</b> | <b>General Services</b> | <b>Central Insurance</b> | <b>Total</b>          |
|--|----------------------|--------------------------------|-------------------------|--------------------------|-----------------------|
| <b>Operating revenues:</b>                       |                      |                                |                         |                          |                       |
| Billings to departments                          | \$ 17,693,794        | \$ 12,647,900                  | \$ 6,205,417            | \$ 24,409,272            | \$ 60,956,383         |
| Rentals  | 54,295               | -                              | -                       | -                        | 54,295                |
| Other  | 174,416              | -                              | 16,861                  | 444,251                  | 635,528               |
| Total operating revenues                         | <u>17,922,505</u>    | <u>12,647,900</u>              | <u>6,222,278</u>        | <u>24,853,523</u>        | <u>61,646,206</u>     |
| <b>Operating expenses:</b>                       |                      |                                |                         |                          |                       |
| Personal services                                | 2,399,675            | 5,208,181                      | 2,213,646               | 441,218                  | 10,262,720            |
| Purchases for resale                             | 3,690,720            | -                              | -                       | -                        | 3,690,720             |
| Operating materials and supplies                 | 601,161              | 109,587                        | 443,650                 | 314,590                  | 1,468,988             |
| Transportation                                   | 1,539                | 77,158                         | 263,905                 | -                        | 342,602               |
| Utility service                                  | 109,812              | -                              | 398,852                 | 578                      | 509,242               |
| Depreciation                                     | 9,307,331            | 611,712                        | 37,047                  | 1,461                    | 9,957,551             |
| Interfund administrative charges                 | 234,320              | 4,000                          | -                       | -                        | 238,320               |
| Other current charges:                           |                      |                                |                         |                          |                       |
| Professional fees                                | 769,349              | 2,207,253                      | 2,812,613               | 3,565,158                | 9,354,373             |
| Communications                                   | 22,305               | 1,097,112                      | 55,548                  | 10,662                   | 1,185,627             |
| Printing and binding                             | 258                  | 28,228                         | 15                      | 3,894                    | 32,395                |
| Insurance:                                       |                      |                                |                         |                          |                       |
| Premiums   | 23,130               | 9,820                          | 23,030                  | 3,526,675                | 3,582,655             |
| Claims incurred                                  | -                    | -                              | -                       | 15,782,534               | 15,782,534            |
| Repairs and maintenance                          | 386,107              | 1,207,232                      | 206,994                 | 17,335                   | 1,817,668             |
| Rentals  | 18,222               | 574,301                        | 18,310                  | 76,984                   | 687,817               |
| Miscellaneous                                    | 46,762               | 121,149                        | 24,022                  | 38,847                   | 230,780               |
| Data processing charges                          | 180,610              | 228,020                        | 141,780                 | 18,630                   | 569,040               |
| Taxes  | 14,799               | -                              | -                       | 6,594                    | 21,393                |
| Total other current charges                      | <u>1,461,542</u>     | <u>5,473,115</u>               | <u>3,282,312</u>        | <u>23,047,313</u>        | <u>33,264,282</u>     |
| Total operating expenses                         | <u>17,806,100</u>    | <u>11,483,753</u>              | <u>6,639,412</u>        | <u>23,805,160</u>        | <u>59,734,425</u>     |
| Operating income (loss)                          | <u>116,405</u>       | <u>1,164,147</u>               | <u>(417,134)</u>        | <u>1,048,363</u>         | <u>1,911,781</u>      |
| <b>Nonoperating revenues (expenses)</b>          |                      |                                |                         |                          |                       |
| Investment earnings (loss):                      |                      |                                |                         |                          |                       |
| Interest   | 143,415              | 165,666                        | 176,054                 | 805,263                  | 1,290,398             |
| Net appreciation (depreciation) in fair value    | 44,269               | 47,034                         | 43,881                  | 197,280                  | 332,464               |
| Total investment earnings (loss)                 | <u>187,684</u>       | <u>212,700</u>                 | <u>219,935</u>          | <u>1,002,543</u>         | <u>1,622,862</u>      |
| Interest expense                                 | (312,053)            | (12,440)                       | (535)                   | -                        | (325,028)             |
| Gain (loss) on disposal of capital assets        | 1,155,552            | 3,655                          | -                       | -                        | 1,159,207             |
| Total nonoperating revenue (expenses)            | <u>1,031,183</u>     | <u>203,915</u>                 | <u>219,400</u>          | <u>1,002,543</u>         | <u>2,457,041</u>      |
| Income (loss) before contributions and transfers | 1,147,588            | 1,368,062                      | (197,734)               | 2,050,906                | 4,368,822             |
| Transfers in                                     | 3,609,618            | 115,262                        | 3,750,206               | -                        | 7,475,086             |
| Transfers out                                    | -                    | -                              | (41,766)                | (130,147)                | (171,913)             |
| Change in net position                           | <u>4,757,206</u>     | <u>1,483,324</u>               | <u>3,510,706</u>        | <u>1,920,759</u>         | <u>11,671,995</u>     |
| Net position - beginning                         | 21,680,337           | 14,204,460                     | 9,469,532               | 43,297,983               | 88,652,312            |
| Net position - ending                            | <u>\$ 26,437,543</u> | <u>\$ 15,687,784</u>           | <u>\$ 12,980,238</u>    | <u>\$ 45,218,742</u>     | <u>\$ 100,324,307</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, 2020**

|  | Garage               | Administrative Services | General Services     | Central Insurance    | Total                |
|--|----------------------|-------------------------|----------------------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                      |                         |                      |                      |                      |
| Cash received from other funds                                       |                      |                         |                      |                      |                      |
|  | \$ 17,922,505        | \$ 12,647,900           | \$ 6,222,278         | \$ 24,999,986        | \$ 61,792,669        |
| Cash payments to suppliers   | (5,619,183)          | (5,950,837)             | (4,528,082)          | (20,619,086)         | (36,717,188)         |
| Cash payments to employees   | (2,522,664)          | (5,400,454)             | (2,345,224)          | (471,926)            | (10,740,268)         |
| Cash payments to other funds   | (746,164)            | (593,852)               | (499,954)            | (3,164,146)          | (5,004,116)          |
| Net cash provided (used) by operating activities                     | <u>9,034,494</u>     | <u>702,757</u>          | <u>(1,150,982)</u>   | <u>744,828</u>       | <u>9,331,097</u>     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>               |                      |                         |                      |                      |                      |
| Transfers from other funds   | 3,609,618            | 115,262                 | 3,750,206            | -                    | 7,475,086            |
| Transfers to other funds   | -                    | -                       | (41,766)             | (130,147)            | (171,913)            |
| Receipt of cash on loans to/from other funds                         | -                    | -                       | -                    | 321,954              | 321,954              |
| Payment of cash on loans to/from other funds                         | (645,801)            | (67,106)                | -                    | -                    | (712,907)            |
| Net cash provided (used) by noncapital financing activities          | <u>2,963,817</u>     | <u>48,156</u>           | <u>3,708,440</u>     | <u>191,807</u>       | <u>6,912,220</u>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>      |                      |                         |                      |                      |                      |
| Principal payments on debt   | (7,779,482)          | (305,488)               | (8,890)              | -                    | (8,093,860)          |
| Interest paid  | (390,273)            | (15,751)                | (691)                | -                    | (406,715)            |
| Acquisition of capital assets  | (10,841,420)         | (332,858)               | (8,056)              | -                    | (11,182,334)         |
| Proceeds from sale of capital assets                                 | 1,155,552            | -                       | -                    | -                    | 1,155,552            |
| Proceeds from issuance of debt                                       | 7,950,554            | 953,106                 | -                    | -                    | 8,903,660            |
| Net cash provided (used) by capital and related financing activities | <u>(9,905,069)</u>   | <u>299,009</u>          | <u>(17,637)</u>      | <u>-</u>             | <u>(9,623,697)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |                      |                         |                      |                      |                      |
| Interest received  | 205,877              | 226,685                 | 230,133              | 1,057,287            | 1,719,982            |
| Net cash provided (used) by investing activities                     | <u>205,877</u>       | <u>226,685</u>          | <u>230,133</u>       | <u>1,057,287</u>     | <u>1,719,982</u>     |
| Net increase (decrease) in cash and cash equivalents                 | 2,299,119            | 1,276,607               | 2,769,954            | 1,993,922            | 8,339,602            |
| Cash and cash equivalents at beginning of year                       | 12,241,210           | 12,042,748              | 9,723,833            | 48,067,686           | 82,075,477           |
| Cash and cash equivalents at end of year                             | <u>\$ 14,540,329</u> | <u>\$ 13,319,355</u>    | <u>\$ 12,493,787</u> | <u>\$ 50,061,608</u> | <u>\$ 90,415,079</u> |
| Cash and cash equivalents classified as:                             |                      |                         |                      |                      |                      |
| Cash and investments   | \$ 14,540,329        | \$ 13,319,355           | \$ 12,493,787        | \$ 50,061,608        | \$ 90,415,079        |
| Total cash and cash equivalents                                      | <u>\$ 14,540,329</u> | <u>\$ 13,319,355</u>    | <u>\$ 12,493,787</u> | <u>\$ 50,061,608</u> | <u>\$ 90,415,079</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, 2020**

|  | <b>Garage</b> | <b>Administrative Services</b> | <b>General Services</b> | <b>Central Insurance</b> | <b>Total</b> |
|--|---------------|--------------------------------|-------------------------|--------------------------|--------------|
|--|---------------|--------------------------------|-------------------------|--------------------------|--------------|

**Reconciliation of operating income (loss) to net cash provided (used) by operating activities:**

|  |                     |                   |                       |                   |                     |
|--|---------------------|-------------------|-----------------------|-------------------|---------------------|
| Operating income (loss)  | \$ 116,405          | \$ 1,164,147      | \$ (417,134)          | \$ 1,048,363      | \$ 1,911,781        |
| <b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b> |                     |                   |                       |                   |                     |
| Depreciation   | 9,307,331           | 611,712           | 37,047                | 1,461             | 9,957,551           |
| Change in assets, deferred outflows, liabilities and deferred inflows:                                       |                     |                   |                       |                   |                     |
| (Increase) decrease in accounts receivable   | (6,445)             | -                 | -                     | 98,258            | 91,813              |
| (Increase) decrease in due from other governments  | -                   | -                 | -                     | 48,205            | 48,205              |
| (Increase) decrease in inventory   | 29,510              | -                 | -                     | -                 | 29,510              |
| (Increase) decrease in prepaid expenses  | -                   | 940               | -                     | (194,672)         | (193,732)           |
| (Increase) decrease in net pension asset   | (223,714)           | (482,145)         | (234,053)             | (43,720)          | (983,632)           |
| (Increase) decrease in deferred outflows   | (81,704)            | (180,101)         | (83,776)              | (15,024)          | (360,605)           |
| Increase (decrease) in accounts and contracts payable  | (225,512)           | (881,769)         | (639,317)             | (226,079)         | (1,972,677)         |
| Increase (decrease) in accrued payroll   | 66,899              | 220,880           | 67,710                | 5,913             | 361,402             |
| Increase (decrease) in unearned revenue  | (63,806)            | -                 | -                     | -                 | (63,806)            |
| Increase (decrease) in other postemployment benefits   | (144,195)           | (303,394)         | (133,724)             | (25,217)          | (606,530)           |
| Increase (decrease) in deferred inflows  | 259,725             | 552,487           | 252,265               | 47,340            | 1,111,817           |
| Total adjustments  | <u>8,918,089</u>    | <u>(461,390)</u>  | <u>(733,848)</u>      | <u>(303,535)</u>  | <u>7,419,316</u>    |
| Net cash provided (used) by operating activities   | <u>\$ 9,034,494</u> | <u>\$ 702,757</u> | <u>\$ (1,150,982)</u> | <u>\$ 744,828</u> | <u>\$ 9,331,097</u> |

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## **Fiduciary Funds**

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

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

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

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

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

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

**City of Clearwater, Florida**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**September 30, 2020**

|  | Defined Benefit<br>Pension Trust Funds |  | Defined Contribution<br>Pension Trust Funds |  | <b>Totals</b>           |
|--|--|--|---|--|-------------------------|
|  | <b>Employees'<br/>Pension Fund</b>     | <b>Firefighters'<br/>Relief and<br/>Pension Fund</b> | <b>Police</b>                               | <b>Firefighters'<br/>Supplemental<br/>Pension Fund</b> |                         |
|  |  |  |   |  |                         |
| <b>ASSETS</b>                                      |  |  |   |  |                         |
| Cash and cash equivalents                          | \$ 9,890,595                           | \$ 2,292,432   | \$ 4,828                                    | \$ -   | \$ 12,187,855           |
| Managed investment accounts, at fair value:        |  |  |   |  |                         |
| Cash and cash equivalents                          | 22,795,324                             | -  | 811,012                                     | 876,853  | 24,483,189              |
| Government bonds                                   | 63,074,430                             | -  | -   | 295,168  | 63,369,598              |
| Index linked government bonds                      | 5,984,825                              | -  | -   | -  | 5,984,825               |
| Agency bonds                                       | 3,165,603                              | 1,167,534  | -   | -  | 4,333,137               |
| Municipal bonds                                    | 3,190,446                              | -  | -   | 248,415  | 3,438,861               |
| Domestic corporate bonds                           | 130,779,004                            | -  | -   | 3,032,750  | 133,811,754             |
| International equity securities                    | 141,320,172                            | -  | -   | 337,219  | 141,657,391             |
| Domestic stocks                                    | 435,195,575                            | -  | -   | 2,369,676  | 437,565,251             |
| Mortgage backed bonds                              | 89,467,354                             | -  | -   | 1,052,067  | 90,519,421              |
| Government issued commercial mortgage backed bonds | 130,798                                | -  | -   | -  | 130,798                 |
| Asset backed securities                            | 7,113,854                              | -  | -   | -  | 7,113,854               |
| Other/rights/warrants                              | 1,606                                  | -  | -   | -  | 1,606                   |
| Domestic equity mutual funds                       | 50,215,056                             | -  | 10,619,413                                  | 8,079,967  | 68,914,436              |
| International equity mutual funds                  | 38,152,799                             | -  | 8,162,423                                   | 973,986  | 47,289,208              |
| Infrastructure                                     | 42,849,862                             | -  | -   | -  | 42,849,862              |
| Real estate  | 95,586,317                             | -  | -   | 2,835,926  | 98,422,243              |
| Total managed investment accounts                  | <u>1,129,023,025</u>                   | <u>1,167,534</u>                                     | <u>19,592,848</u>                           | <u>20,102,027</u>                                      | <u>1,169,885,434</u>    |
| Securities lending collateral                      | 125,978,068                            | -  | -   | -  | 125,978,068             |
| Receivables:                                       |  |  |   |  |                         |
| Interest and dividends                             | 2,963,944                              | 21,132   | 8,597                                       | 39,661   | 3,033,334               |
| Unsettled investment sales                         | 3,040,334                              | -  | -   | -  | 3,040,334               |
| Securities lending earnings                        | 23,175                                 | -  | -   | -  | 23,175                  |
| Due from others                                    | -                                      | -  | 4,336                                       | -  | 4,336                   |
| Total receivables                                  | <u>6,027,453</u>                       | <u>21,132</u>  | <u>12,933</u>                               | <u>39,661</u>  | <u>6,101,179</u>        |
| Total assets                                       | <u>1,270,919,141</u>                   | <u>3,481,098</u>                                     | <u>19,610,609</u>                           | <u>20,141,688</u>                                      | <u>1,314,152,536</u>    |
| <b>LIABILITIES</b>                                 |  |  |   |  |                         |
| Accounts payable                                   | 958,076                                | -  | 105   | -  | 958,181                 |
| Unsettled investment purchases                     | 11,422,139                             | -  | -   | -  | 11,422,139              |
| Obligations under securities lending               | <u>125,978,068</u>                     | <u>-</u>   | <u>-</u>                                    | <u>-</u>   | <u>125,978,068</u>      |
| Total liabilities                                  | <u>138,358,283</u>                     | <u>-</u>   | <u>105</u>                                  | <u>-</u>   | <u>138,358,388</u>      |
| <b>FIDUCIARY NET POSITION</b>                      |  |  |   |  |                         |
| Net position restricted for pensions               | <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> |

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, 2020**

|  | Defined Benefit<br>Pension Trust Funds |   | Defined Contribution<br>Pension Trust Funds |   | <b>Totals</b>           |  |
|--|--|---|---|---|-------------------------|--|
|  | Employees'<br>Pension Fund             | Firefighters'<br>Relief and<br>Pension Fund | Police<br>Supplemental<br>Pension Fund      | Firefighters'<br>Supplemental<br>Pension Fund |                         |  |
| <b>ADDITIONS</b>   |  |   |   |   |                         |  |
| <b>Contributions:</b>  |  |   |   |   |                         |  |
| Contributions from employer                                  | \$ 10,364,100                          | \$ -  | \$ -  | \$ -  | \$ 10,364,100           |  |
| Contributions from employer - state tax                      | 12,000                                 | -   | 1,109,545                                   | 998,892                                       | 2,120,437               |  |
| Contributions from employees                                 | 7,925,645                              | -   | -   | -   | 7,925,645               |  |
| Total contributions  | <u>18,301,745</u>                      | <u>-</u>                                    | <u>1,109,545</u>                            | <u>998,892</u>                                | <u>20,410,182</u>       |  |
| <b>Investment income:</b>                                    |  |   |   |   |                         |  |
| Net appreciation (depreciation) in fair value of investments | 90,104,295                             | 55,392                                      | (564,849)                                   | 858,077                                       | 90,452,915              |  |
| Interest   | 10,214,736                             | 92,583                                      | -   | 287,314                                       | 10,594,633              |  |
| Dividends  | 8,240,570                              | -   | 278,747                                     | 436,946                                       | 8,956,263               |  |
| Less investment expenses:                                    |  |   |   |   |                         |  |
| Investment management/custodian fees                         | (6,404,287)                            | -   | (31,544)                                    | (95,422)                                      | (6,531,253)             |  |
| <b>Net income (loss) from investing activities</b>           | <u>102,155,314</u>                     | <u>147,975</u>                              | <u>(317,646)</u>                            | <u>1,486,915</u>                              | <u>103,472,558</u>      |  |
| <b>Securities lending income:</b>                            |  |   |   |   |                         |  |
| Gross earnings   | 1,506,792                              | -   | -   | -   | 1,506,792               |  |
| Rebate paid  | (840,643)                              | -   | -   | -   | (840,643)               |  |
| Bank fees  | (233,005)                              | -   | -   | -   | (233,005)               |  |
| <b>Net income (loss) from securities lending</b>             | <u>433,144</u>                         | <u>-</u>                                    | <u>-</u>                                    | <u>-</u>                                      | <u>433,144</u>          |  |
| <b>Total additions</b>                                       | <u>120,890,203</u>                     | <u>147,975</u>                              | <u>791,899</u>                              | <u>2,485,807</u>                              | <u>124,315,884</u>      |  |
| <b>DEDUCTIONS</b>  |  |   |   |   |                         |  |
| <b>Benefits and withdrawal payments:</b>                     |  |   |   |   |                         |  |
| Benefits   | 50,966,931                             | 262,649                                     | 1,600,810                                   | 1,665,183                                     | 54,495,573              |  |
| Withdrawal payments  | 1,177,456                              | -   | -   | -   | 1,177,456               |  |
| Total benefits and withdrawal payments                       | <u>52,144,387</u>                      | <u>262,649</u>                              | <u>1,600,810</u>                            | <u>1,665,183</u>                              | <u>55,673,029</u>       |  |
| Income (loss) before administrative expenses                 | 68,745,816                             | (114,674)                                   | (808,911)                                   | 820,624                                       | 68,642,855              |  |
| Less administrative expenses                                 | (288,079)                              | (2,500)                                     | (18,106)                                    | (35,233)                                      | (343,918)               |  |
| <b>Net increase (decrease)</b>                               | <u>68,457,737</u>                      | <u>(117,174)</u>                            | <u>(827,017)</u>                            | <u>785,391</u>                                | <u>68,298,937</u>       |  |
| <b>Fiduciary net position restricted for pensions</b>        |  |   |   |   |                         |  |
| Fiduciary net position - beginning                           | <u>1,064,103,121</u>                   | <u>3,598,272</u>                            | <u>20,437,521</u>                           | <u>19,356,297</u>                             | <u>1,107,495,211</u>    |  |
| Fiduciary net position - ending                              | <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> |  |

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

**City of Clearwater, Florida**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Year Ended September 30, 2020**

|                                       | <b>Balance<br/>October 1,<br/>2019</b> | <b>Additions</b> | <b>Deductions</b> | <b>Balance<br/>September 30,<br/>2020</b> |
|---------------------------------------|--|------------------|-------------------|---|
| <b><u>TREASURER'S ESCROW FUND</u></b> |  |                  |                   |   |
| <b>ASSETS</b>                         |  |                  |                   |   |
| Cash and investments                  | \$ 484,650                             | 691,874          | 563,878           | \$ 612,646                                |
| Accrued interest receivable           | <u>610</u>                             | <u>425</u>       | <u>610</u>        | <u>425</u>                                |
| Total Assets                          | <u>\$ 485,260</u>                      | <u>692,299</u>   | <u>564,488</u>    | <u>\$ 613,071</u>                         |
| <b>LIABILITIES</b>                    |  |                  |                   |   |
| Other miscellaneous payables:         |  |                  |                   |   |
| Downtown Development Board            | \$ 307,985                             | 679,985          | 554,096           | \$ 433,874                                |
| Other                                 | <u>177,275</u>                         | <u>12,315</u>    | <u>10,393</u>     | <u>179,197</u>                            |
| Total Liabilities                     | <u>\$ 485,260</u>                      | <u>692,300</u>   | <u>564,489</u>    | <u>\$ 613,071</u>                         |

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

## CITY OF CLEARWATER, FLORIDA

### STATISTICAL SECTION

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

#### Financial Trends

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

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

#### Revenue Capacity

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

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

#### Debt Capacity

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

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

CITY OF CLEARWATER, FLORIDA

STATISTICAL SECTION (CONTINUED)

Economic and Demographic Information

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

|             |                                     |
|-------------|-------------------------------------|
| Schedule 14 | Demographic and Economic Statistics |
| Schedule 15 | Principal Employers                 |

Operating Information

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

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

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

Schedule 1

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

| <u>Primary Government</u>                   | <u>2011</u>       | <u>2012</u>       | <u>2013</u>       | <u>2014</u>       | <u>2015</u>       | <u>2016</u>       | <u>2017</u>       | <u>2018</u>       | <u>2019</u>             | <u>2020</u>         |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------------|---------------------|
| Governmental activities                     |                   |                   |                   |                   |                   |                   |                   |                   |                         |                     |
| Net investment in capital assets            | \$ 257,542        | \$ 249,742        | \$ 252,661        | \$ 261,886        | \$ 262,934        | \$ 263,810        | \$ 271,834        | \$ 256,608        | \$ 267,703              | \$ 271,011          |
| Restricted                                  | 57,245            | 65,603            | 60,454            | 56,044            | 57,003            | 52,936            | 119,003           | 145,996           | 129,078                 | 136,164             |
| Unrestricted                                | 79,955            | 80,208            | 82,369            | 153,334           | 121,033           | 128,785           | 72,595            | 57,072            | 102,030                 | 132,181             |
| Total governmental activities net position  | <u>\$ 394,742</u> | <u>\$ 395,553</u> | <u>\$ 395,484</u> | <u>\$ 471,264</u> | <u>\$ 440,970</u> | <u>\$ 445,531</u> | <u>\$ 463,432</u> | <u>\$ 459,676</u> | <u>\$ 498,811</u>       | <u>\$ 539,356</u>   |
| Business-type activities                    |                   |                   |                   |                   |                   |                   |                   |                   |                         |                     |
| Net investment in capital assets            | \$ 159,913        | \$ 163,316        | \$ 180,324        | \$ 214,175        | \$ 226,571        | \$ 231,591        | \$ 254,503        | \$ 250,410        | \$ 284,905 <sup>a</sup> | \$ 292,925          |
| Restricted                                  | 55,038            | 55,204            | 53,237            | 49,530            | 45,503            | 36,803            | 47,946            | 54,034            | 36,271                  | 36,576              |
| Unrestricted                                | 136,067           | 151,693           | 153,761           | 163,876           | 164,135           | 194,997           | 183,726           | 194,547           | 225,022 <sup>a</sup>    | 260,807             |
| Total business-type activities net position | <u>\$ 351,018</u> | <u>\$ 370,213</u> | <u>\$ 387,322</u> | <u>\$ 427,581</u> | <u>\$ 436,209</u> | <u>\$ 463,391</u> | <u>\$ 486,175</u> | <u>\$ 498,991</u> | <u>\$ 546,198</u>       | <u>\$ 590,308</u>   |
| Primary government                          |                   |                   |                   |                   |                   |                   |                   |                   |                         |                     |
| Net investment in capital assets            | \$ 417,455        | \$ 413,058        | \$ 432,985        | \$ 476,061        | \$ 489,505        | \$ 495,401        | \$ 526,337        | \$ 507,018        | \$ 552,608              | \$ 563,936          |
| Restricted                                  | 112,283           | 120,807           | 113,691           | 105,574           | 102,506           | 89,739            | 166,949           | 200,030           | 165,349                 | 172,740             |
| Unrestricted                                | 216,022           | 231,901           | 236,130           | 317,210           | 285,168           | 323,782           | 256,321           | 251,619           | 327,052                 | 392,988             |
| Total primary government net position       | <u>\$ 745,760</u> | <u>\$ 765,766</u> | <u>\$ 782,806</u> | <u>\$ 898,845</u> | <u>\$ 877,179</u> | <u>\$ 908,922</u> | <u>\$ 949,607</u> | <u>\$ 958,667</u> | <u>\$ 1,045,009</u>     | <u>\$ 1,129,664</u> |

Note:

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

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

<sup>a</sup> Reclassified to correct the calculation of Net Investment in Capital Assets in 2019.

Schedule 2

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

Page 1 of 3

| Expenses                                | 2011       | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Governmental activities:                |            |            |            |            |            |            |            |            |            |            |
| General government                      | \$ 16,183  | \$ 14,230  | \$ 13,496  | \$ 15,018  | \$ 16,818  | \$ 13,488  | \$ 14,876  | \$ 18,323  | \$ 15,982  | \$ 13,110  |
| Public safety                           | 66,914     | 67,559     | 68,057     | 70,126     | 99,056     | 71,718     | 66,795     | 67,737     | 71,645     | 72,720     |
| Physical environment                    | 3,868      | 3,189      | 3,451      | 3,416      | 3,273      | 4,142      | 3,993      | 4,055      | 551        | 5,934      |
| Transportation                          | 13,275     | 13,432     | 12,954     | 11,129     | 19,366     | 14,532     | 14,339     | 17,020     | 15,957     | 12,424     |
| Economic environment                    | 3,113      | 2,240      | 3,035      | 2,517      | 4,895      | 4,019      | 5,305      | 6,205      | 7,671      | 7,298      |
| Human services                          | 182        | 186        | 104        | 137        | 249        | 526        | 455        | 462        | 574        | 598        |
| Culture and recreation                  | 30,606     | 32,814     | 32,213     | 33,051     | 40,783     | 36,894     | 36,497     | 50,485     | 45,595     | 36,528     |
| Interest on long-term debt              | 1,217      | 709        | 698        | 727        | 689        | 740        | 748        | 745        | 808        | 617        |
| Total governmental activities expenses  | 135,358    | 134,359    | 134,008    | 136,121    | 185,129    | 146,059    | 143,008    | 165,032    | 158,783    | 149,229    |
| Business-type activities:               |            |            |            |            |            |            |            |            |            |            |
| Water and sewer utility                 | 61,010     | 59,406     | 57,774     | 64,810     | 69,550     | 64,866     | 73,253     | 82,197     | 68,458     | 66,362     |
| Gas utility                             | 28,354     | 27,662     | 29,747     | 31,639     | 33,352     | 29,195     | 30,716     | 35,569     | 35,553     | 32,671     |
| Solid waste utility                     | 15,844     | 16,632     | 17,042     | 17,572     | 22,486     | 17,989     | 17,626     | 17,053     | 19,328     | 18,580     |
| Stormwater utility                      | 12,234     | 12,847     | 12,284     | 16,476     | 16,110     | 13,664     | 13,148     | 14,550     | 11,730     | 12,308     |
| Recycling                               | 2,954      | 2,855      | 4,056      | 3,094      | 2,455      | 2,958      | 2,864      | 3,042      | 1,594      | 2,675      |
| Marine                                  | 4,136      | 4,168      | 4,214      | 4,378      | 4,182      | 3,476      | 3,781      | 4,119      | 4,212      | 3,677      |
| Aviation                                | 515        | 366        | 404        | 345        | 399        | 415        | 470        | 640        | 502        | 486        |
| Parking system                          | 3,867      | 4,200      | 3,730      | 3,637      | 4,724      | 4,097      | 4,379      | 4,817      | 5,054      | 5,732      |
| Harborview Center                       | 579        | 610        | 520        | 522        | -          | -          | -          | -          | -          | -          |
| Clearwater Harbor Marina                | 657        | 726        | 676        | 779        | 911        | 848        | 823        | 895        | 919        | 947        |
| Total business-type activities expenses | 130,150    | 129,472    | 130,447    | 143,252    | 154,169    | 137,508    | 147,060    | 162,882    | 147,350    | 143,438    |
| Total primary government expenses       | \$ 265,508 | \$ 263,831 | \$ 264,455 | \$ 279,373 | \$ 339,298 | \$ 283,567 | \$ 290,068 | \$ 327,914 | \$ 306,133 | \$ 292,667 |

Notes:

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

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

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

Schedule 2 (continued)

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

Page 2 of 3

|   | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Program revenues</b>                         |             |             |             |             |             |             |             |             |             |             |
| Charges for services:                           |             |             |             |             |             |             |             |             |             |             |
| General government                              | \$ 20,869   | \$ 20,401   | \$ 19,920   | \$ 22,726   | \$ 23,668   | \$ 23,030   | \$ 23,380   | \$ 24,391   | \$ 26,013   | 25,869      |
| Public safety                                   | 9,980       | 9,265       | 10,654      | 11,040      | 10,593      | 11,952      | 11,788      | 11,318      | 11,769      | 12,739      |
| Physical environment                            | 147         | 77          | 174         | 150         | 196         | 137         | 67          | 237         | 120         | 65          |
| Transportation                                  | 852         | 885         | 738         | 454         | 327         | 150         | 157         | 127         | 182         | 175         |
| Economic environment                            | 153         | 122         | 121         | 132         | 109         | 105         | 105         | 312         | 165         | 149         |
| Culture and recreation                          | 5,491       | 5,474       | 5,973       | 6,855       | 7,103       | 7,751       | 8,336       | 8,384       | 8,892       | 6,401       |
| Operating grants and contributions              | 8,062       | 8,521       | 8,114       | 6,305       | 6,893       | 6,236       | 7,012       | 7,456       | 8,630       | 6,925       |
| Capital grants and contributions                | 2,766       | 845         | 437         | 2,391       | 2,326       | 2,642       | 3,894       | 7,146       | 6,257       | 2,519       |
| Total governmental activities program revenues  | 48,320      | 45,590      | 46,131      | 50,053      | 51,215      | 52,003      | 54,739      | 59,371      | 62,028      | 54,842      |
| 143   |             |             |             |             |             |             |             |             |             |             |
| Business-type activities:                       |             |             |             |             |             |             |             |             |             |             |
| Charges for services:                           |             |             |             |             |             |             |             |             |             |             |
| Water and sewer utility                         | 59,810      | 62,012      | 65,292      | 67,141      | 70,848      | 75,203      | 81,514      | 83,994      | 87,242      | 91,069      |
| Gas utility                                     | 36,470      | 36,351      | 37,693      | 41,347      | 41,143      | 38,598      | 40,602      | 45,120      | 45,762      | 42,785      |
| Solid waste utility                             | 19,205      | 19,462      | 19,504      | 19,966      | 20,401      | 21,602      | 22,492      | 23,234      | 24,504      | 24,646      |
| Stormwater utility                              | 15,222      | 15,890      | 16,378      | 16,789      | 17,162      | 17,854      | 18,512      | 18,397      | 18,503      | 17,248      |
| Recycling                                       | 3,135       | 2,681       | 2,453       | 2,370       | 2,261       | 2,390       | 2,546       | 2,316       | 2,444       | 2,710       |
| Marine  | 4,387       | 4,181       | 4,331       | 4,643       | 4,352       | 4,054       | 4,444       | 5,065       | 5,284       | 4,885       |
| Aviation  | 237         | 257         | 261         | 268         | 283         | 291         | 311         | 317         | 323         | 333         |
| Parking system                                  | 4,677       | 4,890       | 4,994       | 5,159       | 6,215       | 6,638       | 7,027       | 6,348       | 7,128       | 7,653       |
| Harborview Center                               | 51          | 209         | 48          | 50          | -           | -           | -           | -           | -           | -           |
| Clearwater Harbor Marina                        | 325         | 467         | 559         | 619         | 664         | 717         | 799         | 804         | 850         | 872         |
| Operating grants and contributions              | 133         | 134         | 584         | 140         | 50          | 208         | 83          | 83          | 664         | 166         |
| Capital grants and contributions                | 5,290       | 7,469       | 6,250       | 13,590      | 4,662       | 3,487       | 3,564       | 3,785       | 3,973       | 1,764       |
| Total business-type activities program revenues | 148,942     | 154,003     | 158,347     | 172,082     | 168,041     | 171,042     | 181,894     | 189,463     | 196,677     | 194,131     |
| Total primary government program revenues       | \$ 197,262  | \$ 199,593  | \$ 204,478  | \$ 222,135  | \$ 219,256  | \$ 223,045  | \$ 236,633  | \$ 248,834  | \$ 258,705  | \$ 248,973  |

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

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|   | <u>2011</u>              | <u>2012</u>              | <u>2013</u>               | <u>2014</u>               | <u>2015</u>              | <u>2016</u>              | <u>2017</u>               | <u>2018</u>               | <u>2019</u>              | <u>2020</u>              |
|---|--------------------------|--------------------------|---------------------------|---------------------------|--------------------------|--------------------------|---------------------------|---------------------------|--------------------------|--------------------------|
| <b>Net (Expenses) / Revenue</b>                           |                          |                          |                           |                           |                          |                          |                           |                           |                          |                          |
| Governmental activities                                   | \$ (87,038)              | \$ (88,770)              | \$ (87,876)               | \$ (86,068)               | \$ (133,914)             | \$ (94,055)              | \$ (88,270)               | \$ (105,661)              | \$ (96,754)              | \$ (94,387)              |
| Business-type activities                                  | 18,792                   | 24,531                   | 27,900                    | 28,830                    | 13,872                   | 33,534                   | 34,834                    | 26,581                    | 49,327                   | 50,693                   |
| Total primary government net (expense) / revenue          | <u>\$ (68,246)</u>       | <u>\$ (64,239)</u>       | <u>\$ (59,976)</u>        | <u>\$ (57,238)</u>        | <u>\$ (120,042)</u>      | <u>\$ (60,521)</u>       | <u>\$ (53,436)</u>        | <u>\$ (79,080)</u>        | <u>\$ (47,427)</u>       | <u>\$ (43,694)</u>       |
| <b>General Revenues and Other Changes in Net Position</b> |                          |                          |                           |                           |                          |                          |                           |                           |                          |                          |
| Governmental activities:                                  |                          |                          |                           |                           |                          |                          |                           |                           |                          |                          |
| Taxes:  |                          |                          |                           |                           |                          |                          |                           |                           |                          |                          |
| Property taxes  | \$ 39,253                | \$ 37,938                | \$ 37,360                 | \$ 38,574                 | \$ 40,925                | \$ 43,580                | \$ 46,853                 | \$ 50,610                 | \$ 64,050                | \$ 68,614                |
| Sales taxes   | 13,385                   | 14,092                   | 15,489                    | 15,722                    | 16,833                   | 17,595                   | 18,009                    | 19,015                    | 19,839                   | 19,311                   |
| Utility taxes   | 13,229                   | 12,736                   | 13,473                    | 14,309                    | 14,095                   | 14,518                   | 14,835                    | 15,544                    | 16,449                   | 17,166                   |
| Communications services taxes                             | 5,852                    | 5,871                    | 5,470                     | 5,061                     | 4,919                    | 4,618                    | 4,512                     | 4,721                     | 4,371                    | 4,369                    |
| Local business tax <sup>b</sup>                           | 2,170                    | 1,914                    | 2,112                     | 2,111                     | 2,029                    | 662 <sup>a</sup>         | 1,913                     | 1,956                     | 2,077                    | 2,028                    |
| Local option gas tax <sup>b</sup>                         | 1,391                    | 1,394                    | 1,444                     | 1,443                     | 1,490                    | 1,532                    | 1,546                     | 1,536                     | 1,526                    | 1,382                    |
| Intergovernmental:  |                          |                          |                           |                           |                          |                          |                           |                           |                          |                          |
| State revenue sharing <sup>b</sup>                        | 2,907                    | 2,939                    | 3,103                     | 3,245                     | 3,441                    | 3,520                    | 3,707                     | 3,826                     | 3,969                    | 3,694                    |
| Tax increment <sup>b</sup>                                | 983                      | 858                      | 827                       | 926                       | 1,009                    | 1,131                    | 1,229                     | 1,409                     | 1,877                    | 2,093                    |
| Investment earnings                                       | 2,965                    | 2,758                    | (1,109)                   | 2,596                     | 3,279                    | 2,285                    | 698                       | (136)                     | 8,617                    | 4,550                    |
| Miscellaneous   | 125                      | 101                      | 134                       | 28                        | 26                       | 108                      | 36                        | 100                       | 182                      | 94                       |
| Extraordinary item  | -                        | -                        | -                         | -                         | 6,480                    | -                        | -                         | -                         | -                        | -                        |
| Transfers   | 7,511                    | 8,980                    | 9,505                     | 13,410                    | 9,330                    | 9,069                    | 12,831                    | 10,341                    | 12,932                   | 11,631                   |
| Total governmental activities                             | <u>\$ 89,771</u>         | <u>\$ 89,581</u>         | <u>\$ 87,808</u>          | <u>\$ 97,425</u>          | <u>\$ 103,856</u>        | <u>\$ 98,618</u>         | <u>\$ 106,169</u>         | <u>\$ 108,922</u>         | <u>\$ 135,889</u>        | <u>\$ 134,932</u>        |
| Business-type activities:                                 |                          |                          |                           |                           |                          |                          |                           |                           |                          |                          |
| Investment earnings                                       | 3,497                    | 3,644                    | (1,287)                   | 3,407                     | 4,086                    | 2,715                    | 783                       | (350)                     | 10,811                   | 5,047                    |
| Transfers   | (7,511)                  | (8,980)                  | (9,505)                   | (13,410)                  | (9,330)                  | (9,069)                  | (12,831)                  | (10,341)                  | (12,932)                 | (11,631)                 |
| Total business-type activities                            | <u><u>\$ (4,014)</u></u> | <u><u>\$ (5,336)</u></u> | <u><u>\$ (10,792)</u></u> | <u><u>\$ (10,003)</u></u> | <u><u>\$ (5,244)</u></u> | <u><u>\$ (6,354)</u></u> | <u><u>\$ (12,048)</u></u> | <u><u>\$ (10,691)</u></u> | <u><u>\$ (2,121)</u></u> | <u><u>\$ (6,584)</u></u> |
| Total primary government                                  | <u><u>\$ 85,757</u></u>  | <u><u>\$ 84,245</u></u>  | <u><u>\$ 77,016</u></u>   | <u><u>\$ 87,422</u></u>   | <u><u>\$ 98,612</u></u>  | <u><u>\$ 92,264</u></u>  | <u><u>\$ 94,121</u></u>   | <u><u>\$ 98,231</u></u>   | <u><u>\$ 133,768</u></u> | <u><u>\$ 128,348</u></u> |
| <b>Change in Net Position</b>                             |                          |                          |                           |                           |                          |                          |                           |                           |                          |                          |
| Governmental activities                                   | \$ 2,733                 | \$ 811                   | \$ (68)                   | \$ 11,357                 | \$ (30,058)              | \$ 4,563                 | \$ 17,899                 | \$ 3,261                  | \$ 39,135                | \$ 40,545                |
| Business-type activities                                  | 14,778                   | 19,195                   | 17,108                    | 18,827                    | 8,628                    | 27,180                   | 22,786                    | 15,890                    | 47,206                   | 44,109                   |
| Total primary government change in net position           | <u>\$ 17,511</u>         | <u>\$ 20,006</u>         | <u>\$ 17,040</u>          | <u>\$ 30,184</u>          | <u>\$ (21,430)</u>       | <u>\$ 31,743</u>         | <u>\$ 40,685</u>          | <u>\$ 19,151</u>          | <u>\$ 86,341</u>         | <u>\$ 84,654</u>         |

## Notes:

<sup>a</sup> 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.

<sup>b</sup> Amounts previously reported as "Other Taxes" in fiscal years 2011-2019 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                  | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              | 2017              | 2018              | 2019              | 2020              |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities:          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| General government                | \$ 21,533         | \$ 20,418         | \$ 19,920         | \$ 22,728         | \$ 23,668         | \$ 23,030         | \$ 23,432         | \$ 24,398         | \$ 26,298         | \$ 25,869         |
| Public safety                     | 12,631            | 13,753            | 13,551            | 14,192            | 13,201            | 15,439            | 14,778            | 14,455            | 16,363            | 15,547            |
| Physical environment              | 344               | 327               | 326               | 447               | 1,311             | 986               | 1,538             | 1,729             | 1,690             | 415               |
| Transportation                    | 2,651             | 1,436             | 1,284             | 885               | 1,024             | 927               | 1,312             | 2,889             | 1,759             | 1,007             |
| Economic environment              | 2,444             | 1,687             | 2,988             | 1,828             | 1,713             | 1,426             | 2,014             | 1,725             | 1,315             | 1,327             |
| Human services                    | 211               | 180               | 147               | -                 | 350               | 333               | 368               | 431               | 400               | 421               |
| Culture and recreation            | 8,506             | 7,789             | 7,915             | 9,973             | 9,948             | 9,862             | 11,297            | 13,744            | 14,203            | 10,256            |
| Subtotal governmental activities  | <u>48,320</u>     | <u>45,590</u>     | <u>46,131</u>     | <u>50,053</u>     | <u>51,215</u>     | <u>52,003</u>     | <u>54,739</u>     | <u>59,371</u>     | <u>62,028</u>     | <u>54,842</u>     |
| Business-type activities:         |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Water and sewer utility           | 63,566            | 68,812            | 69,732            | 78,478            | 74,146            | 77,312            | 82,531            | 86,706            | 89,115            | 92,057            |
| Gas utility                       | 36,470            | 36,351            | 38,143            | 41,347            | 41,143            | 38,598            | 40,602            | 45,120            | 45,762            | 42,785            |
| Solid waste utility               | 19,205            | 19,462            | 19,504            | 19,966            | 20,401            | 21,727            | 22,492            | 23,234            | 25,166            | 24,646            |
| Stormwater utility                | 16,523            | 15,961            | 16,869            | 18,821            | 17,805            | 19,029            | 21,053            | 19,358            | 20,575            | 17,907            |
| Recycling                         | 3,218             | 2,764             | 2,536             | 2,453             | 2,261             | 2,473             | 2,629             | 2,399             | 2,444             | 2,876             |
| Marine                            | 4,387             | 4,259             | 4,334             | 4,658             | 4,357             | 4,055             | 4,447             | 5,070             | 5,286             | 4,885             |
| Aviation                          | 454               | 776               | 1,491             | 480               | 999               | 377               | 314               | 424               | 351               | 450               |
| Parking system                    | 4,677             | 4,890             | 4,994             | 5,159             | 6,215             | 6,704             | 7,027             | 6,348             | 7,128             | 7,653             |
| Harborview Center                 | 51                | 209               | 48                | 50                | -                 | -                 | -                 | -                 | -                 | -                 |
| Clearwater Harbor Marina          | 391               | 518               | 696               | 670               | 714               | 767               | 799               | 804               | 850               | 872               |
| Subtotal business-type activities | <u>148,942</u>    | <u>154,002</u>    | <u>158,347</u>    | <u>172,082</u>    | <u>168,041</u>    | <u>171,042</u>    | <u>181,894</u>    | <u>189,463</u>    | <u>196,677</u>    | <u>194,131</u>    |
| Total primary government          | <u>\$ 197,262</u> | <u>\$ 199,592</u> | <u>\$ 204,478</u> | <u>\$ 222,135</u> | <u>\$ 219,256</u> | <u>\$ 223,045</u> | <u>\$ 236,633</u> | <u>\$ 248,834</u> | <u>\$ 258,705</u> | <u>\$ 248,973</u> |

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

|  | <u>2011</u>      | ^ | <u>2012</u>      | <u>2013</u>      | <u>2014</u>      | <u>2015</u>      | <u>2016</u>      | <u>2017</u>      | <u>2018</u>      | <u>2019</u>       | <u>2020</u>       |  |
|--|------------------|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|--|
| <b>General Fund:</b>                     |                  |   |                  |                  |                  |                  |                  |                  |                  |                   |                   |  |
| Nonspendable                             | \$ 24            |   | \$ 25            | \$ 37            | \$ 33            | \$ 40            | \$ 59            | \$ 62            | \$ 76            | \$ 49             | \$ 64             |  |
| Restricted                               | -                |   | -                | -                | -                | -                | -                | -                | -                | -                 | -                 |  |
| Committed                                | -                |   | -                | -                | -                | -                | -                | -                | -                | -                 | -                 |  |
| Assigned                                 | 856              |   | 1,043            | 588              | 894              | 447              | 352              | 232              | 436              | 452               | 338               |  |
| Unassigned                               | <u>23,081</u>    |   | <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>     |  |
| Total General Fund                       | <u>\$ 23,961</u> |   | <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>  |  |
| <br><b>All Other Governmental Funds:</b> |                  |   |                  |                  |                  |                  |                  |                  |                  |                   |                   |  |
| Nonspendable                             | \$ 90            |   | \$ 87            | \$ 96            | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ 10             | \$ 192            |  |
| Restricted                               | 61,991           |   | 65,645           | 60,493           | 56,043           | 53,900           | 52,936           | 58,681           | 67,328           | 76,094            | 72,163            |  |
| Committed                                | 17,131           |   | 17,346           | 27,322           | 19,374           | 20,167           | 22,360           | 22,132           | 19,829           | 19,661            | 25,539            |  |
| Assigned                                 | 7,404            |   | 8,488            | 5,801            | 6,689            | 7,815            | 7,475            | 7,094            | 3,043            | 5,828             | 6,921             |  |
| Unassigned                               | <u>(1,921)</u>   |   | <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>          |  |
| Total all other governmental funds       | <u>\$ 84,695</u> |   | <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> |  |

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

| <b>Revenues</b>   | <b>2011</b>       | <b>2012</b>     | <b>2013</b>        | <b>2014</b>    | <b>2015</b>      | <b>2016</b>     | <b>2017</b>    | <b>2018</b>     | <b>2019</b>            | <b>2020</b>      |
|---|-------------------|-----------------|--------------------|----------------|------------------|-----------------|----------------|-----------------|------------------------|------------------|
| <b>Total Governmental Funds:</b>                          |                   |                 |                    |                |                  |                 |                |                 |                        |                  |
| Property taxes  | \$ 39,290         | \$ 37,954       | \$ 37,413          | \$ 38,597      | \$ 40,919        | \$ 43,614       | \$ 46,852      | \$ 50,710       | \$ 64,050 <sup>b</sup> | \$ 68,522        |
| Sales taxes   | 7,929             | 8,393           | 8,868              | 9,465          | 10,188           | 10,715          | 11,014         | 11,670          | 12,278                 | 12,087           |
| Utility taxes   | 13,229            | 12,735          | 13,473             | 14,309         | 14,094           | 14,518          | 14,835         | 15,544          | 16,449                 | 17,166           |
| Communications services taxes                             | 5,852             | 5,871           | 5,470              | 5,061          | 4,919            | 4,618           | 4,512          | 4,721           | 4,371                  | 4,368            |
| Other taxes   | 3,561             | 3,308           | 3,556              | 3,554          | 3,519            | 2,194           | 3,459          | 3,493           | 3,603                  | 3,409            |
| Franchise fees  | 9,994             | 9,603           | 9,164              | 9,877          | 9,873            | 9,311           | 9,394          | 9,992           | 10,643                 | 10,312           |
| Licenses, permits, and fees                               | 2,364             | 2,117           | 2,187              | 3,292          | 4,408            | 3,339           | 3,893          | 3,748           | 3,995                  | 4,439            |
| Intergovernmental revenues                                | 26,693            | 25,750          | 26,842             | 26,354         | 27,573           | 28,293          | 30,236         | 34,277          | 34,770                 | 29,730           |
| Charges for services                                      | 14,081            | 14,682          | 14,484             | 15,574         | 15,830           | 16,536          | 17,304         | 17,381          | 17,719                 | 15,461           |
| Fines and forfeitures                                     | 1,638             | 985             | 1,808              | 1,480          | 1,638            | 2,116           | 1,727          | 2,165           | 2,605                  | 2,321            |
| Investment earnings                                       | 1,937             | 1,719           | (668) <sup>a</sup> | 1,717          | 2,160            | 1,486           | 460            | 194             | 5,292 <sup>c</sup>     | 2,963            |
| Miscellaneous   | 2,963             | 2,016           | 2,310              | 2,734          | 3,886            | 3,714           | 4,051          | 4,499           | 4,289                  | 3,592            |
| <b>Total revenues</b>                                     | <b>129,531</b>    | <b>125,133</b>  | <b>124,907</b>     | <b>132,014</b> | <b>139,007</b>   | <b>140,454</b>  | <b>147,737</b> | <b>158,394</b>  | <b>180,064</b>         | <b>174,370</b>   |
| <b>Expenditures</b>                                       |                   |                 |                    |                |                  |                 |                |                 |                        |                  |
| <b>Total Governmental Funds:</b>                          |                   |                 |                    |                |                  |                 |                |                 |                        |                  |
| Current:  |                   |                 |                    |                |                  |                 |                |                 |                        |                  |
| General government  | 15,042            | 12,764          | 12,520             | 14,391         | 13,159           | 12,917          | 16,277         | 17,250          | 17,521                 | 12,648           |
| Public safety   | 63,610            | 64,171          | 66,262             | 66,771         | 66,886           | 69,575          | 71,752         | 74,486          | 74,164                 | 78,002           |
| Physical environment                                      | 3,722             | 3,032           | 3,376              | 3,400          | 3,158            | 3,594           | 4,185          | 4,403           | 3,488                  | 3,938            |
| Transportation  | 8,536             | 8,332           | 7,522              | 7,787          | 9,925            | 9,554           | 9,626          | 9,629           | 9,956                  | 8,453            |
| Economic environment                                      | 2,773             | 2,470           | 3,256              | 2,544          | 3,993            | 3,473           | 4,826          | 4,106           | 4,831                  | 6,602            |
| Human services  | 180               | 182             | 104                | 137            | 223              | 525             | 466            | 490             | 594                    | 634              |
| Culture and recreation                                    | 25,198            | 27,028          | 26,567             | 27,557         | 28,339           | 31,279          | 33,868         | 43,030          | 40,080                 | 34,971           |
| Debt service:   |                   |                 |                    |                |                  |                 |                |                 |                        |                  |
| Principal   | 9,510             | 1,049           | 1,049              | 947            | 928              | 979             | 1,088          | 1,271           | 1,486                  | 1,508            |
| Interest & issuance costs                                 | 856               | 548             | 538                | 542            | 501              | 459             | 414            | 380             | 348                    | 308              |
| Capital outlay  | 9,165             | 8,860           | 13,318             | 16,098         | 12,132           | 12,062          | 13,015         | 8,921           | 12,068                 | 15,916           |
| <b>Total expenditures</b>                                 | <b>138,592</b>    | <b>128,436</b>  | <b>134,512</b>     | <b>140,174</b> | <b>139,244</b>   | <b>144,417</b>  | <b>155,517</b> | <b>163,966</b>  | <b>164,536</b>         | <b>162,980</b>   |
| Excess (deficiency) of revenues over (under) expenditures | (9,061)           | (3,303)         | (9,605)            | (8,160)        | (237)            | (3,963)         | (7,780)        | (5,572)         | 15,528                 | 11,390           |
| <b>Other Financing Sources (Uses)</b>                     |                   |                 |                    |                |                  |                 |                |                 |                        |                  |
| <b>Total Governmental Funds:</b>                          |                   |                 |                    |                |                  |                 |                |                 |                        |                  |
| Transfers in  | 34,908            | 31,373          | 35,813             | 34,453         | 39,386           | 32,824          | 45,413         | 49,202          | 45,697                 | 47,307           |
| Transfers out   | (30,204)          | (24,491)        | (26,673)           | (25,819)       | (31,190)         | (25,074)        | (38,658)       | (43,895)        | (40,396)               | (42,979)         |
| Proceeds from sale of capital assets                      | -                 | -               | -                  | -              | 314              | -               | -              | 1,545           | 1,746                  | 964              |
| Other long term debt issued                               | 1,066             | 314             | -                  | -              | 82               | 968             | 1,077          | 1,677           | -                      | -                |
| <b>Total other financing sources (uses)</b>               | <b>5,770</b>      | <b>7,196</b>    | <b>9,140</b>       | <b>8,634</b>   | <b>8,278</b>     | <b>9,032</b>    | <b>7,832</b>   | <b>6,984</b>    | <b>6,846</b>           | <b>7,038</b>     |
| <b>Extraordinary Item:</b>                                |                   |                 |                    |                |                  |                 |                |                 |                        |                  |
| BP Oil settlement proceeds                                | -                 | -               | -                  | -              | 6,480            | -               | -              | -               | -                      | -                |
| <b>Net Change in Fund Balances</b>                        | <b>\$ (3,291)</b> | <b>\$ 3,893</b> | <b>\$ (465)</b>    | <b>\$ 474</b>  | <b>\$ 14,521</b> | <b>\$ 5,069</b> | <b>\$ 52</b>   | <b>\$ 1,412</b> | <b>\$ 22,374</b>       | <b>\$ 18,428</b> |
| Debt service as a percentage of noncapital expenditures   | 8.2%              | 1.3%            | 1.3%               | 1.3%           | 1.1%             | 1.1%            | 1.1%           | 1.1%            | 1.3%                   | 1.2%             |

## Notes:

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

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

<sup>a</sup>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.

<sup>b</sup>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.

<sup>c</sup>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.

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

| <b>Fiscal Year</b> | <b>Assessed Value<sup>a</sup></b> |                                |                                |  |                              |                           |            | <b>Less:</b><br>Homestead<br>Assessment<br>Cap<br>Differential <sup>b</sup> | <b>Less:</b><br>Tax Exempt<br>Property | <b>Total<br/>Taxable<br/>Assessed<br/>Value</b> | <b>Total<br/>Direct<br/>Tax<br/>Rate<sup>c</sup></b> | <b>Estimated<br/>Actual<br/>Taxable<br/>Value</b> | <b>Assessed<br/>Value as %<br/>of Actual<br/>Value</b> |
|--------------------|-----------------------------------|--------------------------------|--------------------------------|--|------------------------------|---------------------------|------------|---|--|---|--|---|--|
|                    | <b>Residential<br/>Property</b>   | <b>Commercial<br/>Property</b> | <b>Industrial<br/>Property</b> | <b>Government<br/>and<br/>Institutional<br/>Property</b> | <b>Personal<br/>Property</b> | <b>Other<br/>Property</b> |            |   |  |   |  |   |  |
| 2011               | \$ 7,069,236                      | \$ 2,043,813                   | \$ 162,529                     | \$ 999,884   | \$ 630,044                   | \$ 112,864                | \$ 472,793 | \$ 2,679,167  | \$ 7,866,410                           | 5.1550  | \$ 9,254,600   | 85.0%   |  |
| 2012               | 6,732,585                         | 2,001,945                      | 149,166                        | 973,917  | 609,704                      | 94,750                    | 391,670    | 2,573,448   | 7,596,949                              | 5.1550  | 8,937,587  | 85.0%   |  |
| 2013               | 6,496,278                         | 2,043,952                      | 140,377                        | 1,017,944  | 593,746                      | 114,615                   | 290,989    | 2,623,699   | 7,492,224                              | 5.1550  | 8,814,381  | 85.0%   |  |
| 2014               | 6,863,874                         | 2,077,078                      | 149,298                        | 1,057,915  | 601,743                      | 113,552                   | 485,295    | 2,640,339   | 7,737,826                              | 5.1550  | 9,103,325  | 85.0%   |  |
| 2015               | 7,713,777                         | 2,145,212                      | 156,487                        | 1,117,973  | 631,798                      | 113,591                   | 959,433    | 2,714,945   | 8,204,460                              | 5.1550  | 9,652,306  | 85.0%   |  |
| 148                | 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%  |

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

<sup>b</sup> 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.

<sup>c</sup> 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)**

| <b>Fiscal Year</b> | <b>City Direct Rates</b> |                     | <b>Overlapping Rates</b> |                                |                                  |                                   |                        |        | <b>Downtown Development Board <sup>a</sup></b> |
|--------------------|--------------------------|---------------------|--------------------------|--------------------------------|----------------------------------|-----------------------------------|------------------------|--------|--|
|                    | <b>Operating</b>         | <b>Total Direct</b> | <b>Pinellas County</b>   | <b>Pinellas County Schools</b> | <b>Pinellas Transit District</b> | <b>Emergency Medical Services</b> | <b>Other Districts</b> |        |  |
| 2011               | 5.1550                   | 5.1550              | 4.8730                   | 8.3400                         | 0.5601                           | 0.5832                            | 1.4410                 | 0.9651 |  |
| 2012               | 5.1550                   | 5.1550              | 4.8730                   | 8.3850                         | 0.7305                           | 0.8506                            | 1.2390                 | 0.9651 |  |
| 2013               | 5.1550                   | 5.1550              | 5.0727                   | 8.3020                         | 0.7305                           | 0.9158                            | 1.3034                 | 0.9651 |  |
| 2014               | 5.1550                   | 5.1550              | 5.3377                   | 8.0600                         | 0.7305                           | 0.9158                            | 1.2959                 | 0.9651 |  |
| 2015               | 5.1550                   | 5.1550              | 5.3377                   | 7.8410                         | 0.7305                           | 0.9158                            | 1.2799                 | 0.9651 |  |
| 2016               | 5.1550                   | 5.1550              | 5.3377                   | 7.7700                         | 0.7305                           | 0.9158                            | 1.2629                 | 0.9651 |  |
| 2017               | 5.1550                   | 5.1550              | 5.3377                   | 7.3180                         | 0.7500                           | 0.9158                            | 1.2448                 | 0.9651 |  |
| 2018               | 5.1550                   | 5.1550              | 5.3590                   | 7.0090                         | 0.7500                           | 0.9158                            | 1.2262                 | 0.9700 |  |
| 2019               | 5.9550                   | 5.9550              | 5.3590                   | 6.7270                         | 0.7500                           | 0.9158                            | 1.2086                 | 0.9700 |  |
| 2020               | 5.9550                   | 5.9550              | 5.3950                   | 6.5840                         | 0.7500                           | 0.9158                            | 1.1932 <sup>b</sup>    | 0.9700 |  |

Source: Pinellas County Tax Collector

<sup>a</sup> A separate taxing district established by referendum which affects only downtown properties.

<sup>b</sup> "Other" includes Pinellas County Planning Council 0.0150; Juvenile Welfare Board 0.8981; SW Florida Water Management District 0.2801.

**Schedule 7**

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

| <b>Fiscal Year</b> | <b>Taxes Levied for the Fiscal Year</b> | <b>Collected within the Fiscal Year of the Levy</b> |                           |  | <b>Total Collections to Date</b> |                           |  |
|--------------------|---|---|---------------------------|--|----------------------------------|---------------------------|--|
|                    |   | <b>Amount</b>                                       | <b>Percentage of Levy</b> | <b>Collections in Subsequent Years</b> | <b>Amount</b>                    | <b>Percentage of Levy</b> |  |
| 2011               | \$ 40,551,363                           | \$ 39,163,100                                       | 96.58%                    | \$ 66,318                              | \$ 39,229,418                    | 96.74%                    |  |
| 2012               | 39,162,295                              | 37,874,151  | 96.71%                    | 72,274                                 | 37,946,425                       | 96.90%                    |  |
| 2013               | 38,622,438                              | 37,298,959  | 96.57%                    | 64,279                                 | 37,363,238                       | 96.74%                    |  |
| 2014               | 39,888,516                              | 38,521,211  | 96.57%                    | 59,544                                 | 38,580,755                       | 96.72%                    |  |
| 2015               | 42,294,009                              | 40,832,366  | 96.54%                    | 57,069                                 | 40,889,435                       | 96.68%                    |  |
| 2016               | 45,099,493                              | 43,545,722  | 96.55%                    | 47,789                                 | 43,593,511                       | 96.66%                    |  |
| 2017               | 48,457,539                              | 46,762,216  | 96.50%                    | 39,026                                 | 46,801,242                       | 96.58%                    |  |
| 2018               | 52,482,716                              | 50,620,131  | 96.45%                    | 27,872                                 | 50,648,003                       | 96.50%                    |  |
| 2019               | 66,457,374                              | 64,014,536  | 96.32%                    | 81,830                                 | 64,096,366                       | 96.45%                    |  |
| 2020               | 70,939,266                              | 68,396,543  | 96.42%                    | -                                      | 68,396,543                       | 96.42%                    |  |

**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><br><u>REAL PROPERTY</u> | 2020                         |      |   | 2011                         |      |   |
|---|------------------------------|------|---|------------------------------|------|---|
|   | Taxable<br>Assessed<br>Value | Rank | Percentage of<br>Total City<br>Taxable<br>Assessed<br>Value | Taxable<br>Assessed<br>Value | Rank | Percentage of<br>Total City<br>Taxable<br>Assessed<br>Value |
| BELLWETHER PROP FLA                     | \$ 162,625,000               | 1    | 1.43%   | \$119,557,610                | 1    | 1.61%   |
| WYNDHAM VACATION RESORTS INC            | 118,024,594                  | 2    | 1.04%   |                              |      |   |
| B W C W HOSPITALITY LLC                 | 101,216,327                  | 3    | 0.89%   |                              |      |   |
| K & P CLEARWATER ESTATE LLC             | 80,250,000                   | 4    | 0.70%   |                              |      |   |
| JOHN S TAYLOR PROPERTIES LLC (1)        | 78,497,229                   | 5    | 0.69%   | 42,685,000                   | 2    | 0.57%   |
| CLEARMAR LLC                            | 69,575,000                   | 6    | 0.61%   |                              |      |   |
| P E P F SOLARIS KEY LLC                 | 68,800,000                   | 7    | 0.60%   |                              |      |   |
| G R F P LLC                             | 62,500,000                   | 8    | 0.55%   |                              |      |   |
| SANDPEARL RESORT LLC                    | 61,154,597                   | 9    | 0.54%   | 34,835,916                   | 6    | 0.47%   |
| SAND KEY ASSOC LTD PARTNERSHIP          | 59,895,000                   | 10   | 0.53%   | 36,500,000                   | 5    | 0.49%   |
| WATERS EDGE REAL ESTATE ACQUISITION LP  |                              |      |   | 39,852,324                   | 3    | 0.54%   |
| CENTRO NP CLEARWATER MALL LLC           |                              |      |   | 37,037,311                   | 4    | 0.50%   |
| STANDARD GRAND RESERVE LLC              |                              |      |   | 31,000,000                   | 7    | 0.42%   |
| ZOM BAYSIDE ARBORS LTD                  |                              |      |   | 27,162,890                   | 8    | 0.37%   |
| WEINGARTEN NOSTAT INC                   |                              |      |   | 25,674,800                   | 9    | 0.35%   |
| DUFF, ANDREW R TRE                      |                              |      |   | 25,500,000                   | 10   | 0.34%   |
| Total                                   | <u><u>\$ 862,537,747</u></u> |      | <u><u>7.58%</u></u>   | <u><u>\$ 419,805,851</u></u> |      | <u><u>5.66%</u></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**

| <b>Taxpayer</b>                      | <b>2020</b>                           |             |  | <b>2011</b>                           |             |  |
|--------------------------------------|---------------------------------------|-------------|--|---------------------------------------|-------------|--|
|                                      | <b>Taxable<br/>Assessed<br/>Value</b> | <b>Rank</b> | <b>Percentage of<br/>Total City<br/>Taxable<br/>Assessed<br/>Value</b> | <b>Taxable<br/>Assessed<br/>Value</b> | <b>Rank</b> | <b>Percentage of<br/>Total City<br/>Taxable<br/>Assessed<br/>Value</b> |
| <b>PERSONAL PROPERTY</b>             |                                       |             |  |                                       |             |  |
| DUKE ENERGY FLORIDA (1)              | \$ 102,167,961                        | 1           | 19.92%   | \$ 73,077,158                         | 1           | 16.80%   |
| FRONTIER FLORIDA LLC (2)             | 21,465,612                            | 2           | 4.18%  | 55,551,272                            | 2           | 12.77%   |
| INSTRUMENT TRANSFORMERS INC          | 18,677,095                            | 3           | 3.64%  | 7,651,786                             | 6           | 1.76%  |
| BRIGHT HOUSE NETWORKS LLC            | 15,582,203                            | 4           | 3.04%  | 15,845,948                            | 3           | 3.64%  |
| PUBLIX SUPER MARKET                  | 10,110,492                            | 5           | 1.97%  | 11,168,220                            | 4           | 2.57%  |
| MONIN INC                            | 8,550,919                             | 6           | 1.67%  | 7,936,032                             | 5           | 1.82%  |
| BAUSCH & LOMB INC                    | 8,157,685                             | 7           | 1.59%  | 4,468,863                             | 10          | 1.03%  |
| FLORIDA GAS TRANSMISSION             | 7,013,630                             | 8           | 1.37%  | 4,788,895                             | 9           | 1.10%  |
| HILTON CLEARWATER BEACH RESORT       | 6,447,506                             | 9           | 1.26%  | 5,608,606                             | 8           | 1.29%  |
| WOW! INTERNET, CABLE & PHONE         | 6,142,882                             | 10          | 1.20%  |                                       |             |  |
| SANDPEARL RESORT ON CLEARWATER BEACH |                                       |             |  | 5,872,397                             | 7           | 1.35%  |
| Total                                | <u><u>\$ 204,315,985</u></u>          |             | <u><u>39.84%</u></u>   | <u><u>\$ 191,969,177</u></u>          |             | <u><u>44.13%</u></u>   |

**Notes:**

- (1) Duke Energy was listed as Florida Power Corp. in 2011.  
(2) Frontier Florida LLC was listed as Verizon Florida LLC in 2011.

**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 |            |       |          |                          |                                   |                |
| 2011        | \$ 10,896  | \$ 8,722       | \$ 182,887                | \$ 15,826                | \$ 39,200                | \$ 808         | \$ 258,339 | 5.69% | \$ 2,396 |                          |                                   |                |
| 2012        | 10,300   | 9,058          | 177,013                   | 15,035                   | 38,409                   | 765            | 250,580    | 5.27% | 2,322    |                          |                                   |                |
| 2013        | 9,686  | 8,249          | 170,934                   | 14,367                   | 37,498                   | 512            | 241,246    | 5.10% | 2,212    |                          |                                   |                |
| 2014        | 9,053  | 9,260          | 164,714                   | 13,554                   | 36,249                   | 296            | 233,126    | 4.90% | 2,132    |                          |                                   |                |
| 2015        | 8,397  | 14,033         | 159,642                   | 12,566                   | 34,791                   | 279            | 229,708    | 4.52% | 2,075    |                          |                                   |                |
| 2016        | 7,717  | 18,035         | 152,866                   | 11,563                   | 33,257                   | 437            | 223,875    | 4.17% | 1,992    |                          |                                   |                |
| 2017        | 7,014  | 21,241         | 150,862                   | 10,555                   | 31,680                   | 1,141          | 222,493    | 4.00% | 1,956.45 |                          |                                   |                |
| 2018        | 6,273  | 25,211         | 143,377                   | 9,905                    | 30,057                   | 1,150          | 215,973    | 3.63% | 1,868.46 |                          |                                   |                |
| 2019        | 5,498  | 17,470         | 135,694                   | 9,245                    | 28,377                   | 838            | 197,122    | 3.13% | 1,690.80 |                          |                                   |                |
| 2020        | 4,681  | 19,901         | 130,676                   | 8,570                    | 22,776                   | 1,338          | 187,942    | *     | *        |                          |                                   |                |

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**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> |
| 2011                                   | \$ -                            | \$ -                                    | \$ -                           | \$ -         | -   | \$ -                  |
| 2012                                   | -                               | -                                       | -                              | -            | -   | -                     |
| 2013                                   | -                               | -                                       | -                              | -            | -   | -                     |
| 2014                                   | -                               | -                                       | -                              | -            | -   | -                     |
| 2015                                   | -                               | -                                       | -                              | -            | -   | -                     |
| 2016                                   | -                               | -                                       | -                              | -            | -   | -                     |
| 2017                                   | -                               | -                                       | -                              | -            | -   | -                     |
| 2018                                   | -                               | -                                       | -                              | -            | -   | -                     |
| 2019                                   | -                               | -                                       | -                              | -            | -   | -                     |
| 2020                                   | -                               | -                                       | -                              | -            | -   | -                     |

**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, 2020**  
**(amounts in thousands)**

| <u>Governmental Unit</u>                                      | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable<sup>a</sup></u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-------------------------|--|--|
| <b>Debt repaid with property taxes</b>                        | \$ -                    | n/a  | \$ -                                       |
| <b>Other debt</b>   |                         |  |  |
| Pinellas County Government Notes                              | 12,692                  | 13.9%  | 1,769                                      |
| Pinellas County Government Capital Leases                     | 615                     | 13.9%  | 86   |
| Pinellas County School District Certificates of Participation | 61,060                  | 13.9%  | 8,510                                      |
| Pinellas County School District State Bonds <sup>b</sup>      | 14                      | 13.9%  | 2  |
| Pinellas County School District Capital Leases                | 3,873                   | 13.9%  | <u>540</u>                                 |
| Subtotal, overlapping debt                                    |                         |  | 10,907                                     |
| <b>City direct debt</b>                                       |                         |  | <u>24,582</u>                              |
| <b>Total direct and overlapping debt</b>                      |                         |  | <u>\$ 35,489</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.

<sup>a</sup> 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.

<sup>b</sup> 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 |
|-------------|--------------|------------------------------------|-------------------|--|
| 2011        | \$ 1,982,900 | \$ 232,771                         | \$ 1,750,129      | 11.74%   |
| 2012        | 1,911,916    | 224,409                            | 1,687,507         | 11.74%   |
| 2013        | 1,904,237    | 215,753                            | 1,688,484         | 11.33%   |
| 2014        | 1,955,083    | 208,318                            | 1,746,765         | 10.66%   |
| 2015        | 2,057,302    | 204,926                            | 1,852,376         | 9.96%  |
| 2016        | 2,170,214    | 199,317                            | 1,970,897         | 9.18%  |
| 2017        | 2,307,618    | 199,611                            | 2,108,007         | 8.65%  |
| 2018        | 2,466,049    | 193,379                            | 2,272,670         | 7.84%  |
| 2019        | 2,676,718    | 182,710                            | 2,494,008         | 6.83%  |
| 2020        | 2,852,238    | 170,515                            | 2,681,723         | 5.98%  |

**Legal Debt Margin Calculation for Fiscal Year 2020:**

|   |                     |
|---|---------------------|
| Assessed valuation of all real property                 | \$ 14,261,190       |
| Debt Limit (20% of assessed valuation per City Charter) | 2,852,238           |
| Debt applicable to limit:                               |                     |
| Revenue bonds   | \$ 157,875          |
| Capital leases  | 21,239              |
| Less: Amount set aside for repayment of bonded debt     | <u>(8,599)</u>      |
|   | 170,515             |
| Legal debt margin                                       | <u>\$ 2,681,723</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:<br>Operating Expenses | Available Revenues | Net Debt Service        |          | Coverage |
|--|----------------|-----------------------------|--------------------|-------------------------|----------|----------|
|  |                |                             |                    | Principal               | Interest |          |
| <b>Spring Training Facility Revenue Bonds <sup>(a)</sup></b> |                |                             |                    |                         |          |          |
| 2011   | \$ 1,099       | \$ -                        | \$ 1,099           | \$ 550                  | \$ 526   | 1.02     |
| 2012   | 1,098          | -                           | 1,098              | 570                     | 507      | 1.02     |
| 2013   | 1,084          | -                           | 1,084              | 590                     | 485      | 1.01     |
| 2014   | 1,097          | -                           | 1,097              | 610                     | 463      | 1.02     |
| 2015   | 1,100          | -                           | 1,100              | 635                     | 439      | 1.02     |
| 2016   | 1,095          | -                           | 1,095              | 660                     | 413      | 1.02     |
| 2017   | 1,090          | -                           | 1,090              | 685                     | 380      | 1.02     |
| 2018   | 1,084          | -                           | 1,084              | 725                     | 343      | 1.01     |
| 2019   | 1,121          | -                           | 1,121              | 760                     | 303      | 1.05     |
| 2020   | 1,101          | -                           | 1,101              | 805                     | 261      | 1.03     |
| <b>Improvement Revenue Refunding Bonds <sup>(b)</sup></b>    |                |                             |                    |                         |          |          |
| 2011   | \$ 19,081      | \$ -                        | \$ 19,081          | \$ 8,540 <sup>(c)</sup> | \$ 291   | 2.16     |
| 2012   | -              | -                           | -                  | -                       | -        | -        |
| 2013   | -              | -                           | -                  | -                       | -        | -        |
| 2014   | -              | -                           | -                  | -                       | -        | -        |
| 2015   | -              | -                           | -                  | -                       | -        | -        |
| 2016   | -              | -                           | -                  | -                       | -        | -        |
| 2017   | -              | -                           | -                  | -                       | -        | -        |
| 2018   | -              | -                           | -                  | -                       | -        | -        |
| 2019   | -              | -                           | -                  | -                       | -        | -        |
| 2020   | -              | -                           | -                  | -                       | -        | -        |

**(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.

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

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

**Schedule 13 (continued)**

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

Page 2 of 2

| Fiscal Year                                    | Gross Revenues | Less: Operating Expenses | Net Available Revenues | Debt Service     |          | Maximum Coverage | Maximum Coverage <sup>(a)</sup> |
|--|----------------|--------------------------|------------------------|------------------|----------|------------------|---------------------------------|
|  |                |                          |                        | Principal        | Interest |                  |                                 |
| <b>Water &amp; Sewer Utility Revenue Bonds</b> |                |                          |                        |                  |          |                  |                                 |
| 2011   | \$ 61,473      | \$ 40,304                | \$ 21,169              | \$ 4,935         | \$ 9,627 | 1.45             |                                 |
| 2012   | 63,743         | 38,479                   | 25,264                 | 5,190            | 8,008    | 1.91             |                                 |
| 2013   | 64,665         | 37,001                   | 27,664                 | 5,465            | 8,333    | 2.00             |                                 |
| 2014   | 68,601         | 44,732                   | 23,869                 | 5,680            | 8,099    | 1.73             |                                 |
| 2015   | 72,303         | 47,680                   | 24,623                 | 5,885            | 7,675    | 1.82             |                                 |
| 2016   | 76,164         | 42,131                   | 34,033                 | 6,375            | 7,260    | 2.50             |                                 |
| 2017   | 81,897         | 50,177                   | 31,720                 | 6,660            | 5,974    | 2.51             |                                 |
| 2018   | 83,739         | 46,484                   | 37,255                 | 6,985            | 5,181    | 3.06             |                                 |
| 2019   | 91,903         | 50,060                   | 41,843                 | 7,300            | 5,043    | 3.39             |                                 |
| 2020   | 93,603         | 53,539                   | 40,064                 | 4,190            | 4,723    | 4.50             |                                 |
| <b>Gas Utility Revenue Bonds</b>               |                |                          |                        |                  |          |                  |                                 |
| 2011   | \$ 37,021      | \$ 25,934                | \$ 11,087              | \$ 795           | \$ 678   | 7.53             | 5.16                            |
| 2012   | 36,916         | 24,919                   | 11,997                 | 795              | 649      | 8.31             | 5.58                            |
| 2013   | 37,922         | 27,159                   | 10,763                 | 825              | 502      | 8.11             | 5.01                            |
| 2014   | 41,963         | 29,173                   | 12,790                 | 925              | 384      | 9.77             | 6.11                            |
| 2015   | 41,961         | 30,407                   | 11,554                 | 980              | 358      | 8.64             | 5.52                            |
| 2016   | 39,142         | 26,591                   | 12,551                 | 995              | 328      | 9.49             | 5.99                            |
| 2017   | 40,773         | 27,927                   | 12,846                 | 1,000            | 297      | 9.90             | 6.13                            |
| 2018   | 45,119         | 30,307                   | 14,812                 | 650              | 266      | 16.17            | 7.07                            |
| 2019   | 47,496         | 32,353                   | 15,143                 | 660              | 250      | 16.64            | 7.23                            |
| 2020   | 43,382         | 28,972                   | 14,410                 | 675              | 234      | 15.85            | 6.88                            |
| <b>Stormwater Utility Revenue Bonds</b>        |                |                          |                        |                  |          |                  |                                 |
| 2011   | \$ 15,656      | \$ 7,917                 | \$ 7,739               | \$ 1,120         | \$ 1,741 | 2.70             |                                 |
| 2012   | 16,355         | 8,480                    | 7,875                  | 1,155            | 1,712    | 2.75             |                                 |
| 2013   | 16,230         | 8,217                    | 8,013                  | 1,100            | 1,421    | 3.18             |                                 |
| 2014   | 17,256         | 12,553                   | 4,703                  | 1,300            | 1,186    | 1.89             |                                 |
| 2015   | 18,123         | 11,529                   | 6,594                  | 1,375            | 1,084    | 2.68             |                                 |
| 2016   | 18,360         | 9,537                    | 8,823                  | 1,455            | 1,079    | 3.48             |                                 |
| 2017   | 18,685         | 9,042                    | 9,643                  | 1,500            | 1,039    | 3.80             |                                 |
| 2018   | 18,451         | 7,844                    | 10,607                 | 1,550            | 991      | 4.17             |                                 |
| 2019   | 21,181         | 7,672                    | 13,509                 | 1,610            | 937      | 5.30             |                                 |
| 2020   | 17,947         | 8,052                    | 9,895                  | 5,535 <b>(b)</b> | 840      | 1.55             |                                 |

<sup>(a)</sup> 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.

<sup>(b)</sup> 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**

| <b>Year</b> | <b>Population (a)</b> | <b>Personal Income<br/>(thousands of dollars)</b> | <b>Per Capita Personal Income (b)</b> | <b>Median Age (c)</b> | <b>School Enrollment (d)</b> | <b>Unemployment Rate (e)</b> |
|-------------|-----------------------|---|---------------------------------------|-----------------------|------------------------------|------------------------------|
| 2011        | 107,805               | \$ 4,542,471                                      | \$ 42,136                             | 46.3                  | 14,375                       | 9.7%                         |
| 2012        | 107,906               | 4,756,281   | 44,078                                | 46.5                  | 14,210                       | 7.9%                         |
| 2013        | 109,065               | 4,726,441   | 43,336                                | 46.8                  | 14,010                       | 6.6%                         |
| 2014        | 109,340               | 4,754,759   | 43,486                                | 47.0                  | 14,160                       | 5.9%                         |
| 2015        | 110,679               | 5,084,704   | 45,941                                | 47.5                  | 14,132                       | 5.0%                         |
| 2016        | 112,387               | 5,364,344   | 47,731                                | 47.8                  | 14,000                       | 4.7%                         |
| 2017        | 113,723               | 5,568,788   | 48,968                                | 47.6                  | 13,652                       | 3.9%                         |
| 2018        | 115,589               | 5,947,516   | 51,454                                | 48.5                  | 13,207                       | 3.3%                         |
| 2019        | 116,585               | 6,306,083   | 54,090                                | 48.1                  | 12,523                       | 2.9%                         |
| 2020        | 118,017               | *   | *                                     | *                     | 11,789                       | 5.7%                         |

- (a) Population data for the City of Clearwater is from the University of Florida, Bureau of Economic and Business Research.
- (b) Per capita personal income data for Pinellas County for 2011-2016 is from the University of Florida, Bureau of Economic and Business Research. Median household income data for 2017-2019 is from the U.S. Census Bureau, American Community Survey.
- (c) Median age data for Pinellas County for 2011-2016 is from the University of Florida, Bureau of Economic and Business Research. Data for 2017-2019 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<sup>a</sup>**  
**Current Year and Nine Years Ago**

| Employer                                      | 2020 <sup>b</sup> |      |  | 2011      |      |  |
|---|-------------------|------|--|-----------|------|--|
|   | Employees         | Rank | Percentage<br>of Total<br>County<br>Employment | Employees | Rank | Percentage<br>of Total<br>County<br>Employment |
| Pinellas County School District               | 15,000            | 1    | 3.23%  | 17,060    | 1    | 4.07%  |
| Publix  | 7,000             | 2    | 1.51%  |           |      |  |
| Pinellas County Board of County Commissioners | 5,900             | 3    | 1.27%  | 2,693     | 4    | 0.64%  |
| Raymond James Financial                       | 4,000             | 4    | 0.86%  | 2,500     | 8    | 0.60%  |
| Bay Pines VA Medical Center                   | 3,600             | 5    | 0.78%  | 4,581     | 2    | 1.09%  |
| City of St. Petersburg                        | 3,500             | 6    | 0.75%  | 3,178     | 3    | 0.76%  |
| Walmart                                       | 3,000             | 7    | 0.65%  |           |      |  |
| Johns Hopkins Medical                         | 3,000             | 8    | 0.65%  |           |      |  |
| Morton Plant Hospital                         | 2,900             | 9    | 0.63%  | 2,600     | 7    | 0.62%  |
| St. Petersburg College                        | 2,800             | 10   | 0.60%  | 2,478     | 9    | 0.59%  |
| All Children's Hospital                       |                   |      |  | 2,600     | 6    | 0.62%  |
| Bayfront Medical Center                       |                   |      |  | 2,100     | 10   | 0.50%  |
| Pinellas County Sheriff                       |                   |      |  | 2,646     | 5    | 0.63%  |
| Total Employment <sup>b</sup>                 | 463,958           |      |  | 418,950   |      |  |

<sup>a</sup> Data is for Pinellas County. City data is not available.

<sup>b</sup> 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>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government       | 306.0       | 289.7       | 290.3       | 282.3       | 281.8       | 287.3       | 295.9       | 298.8       | 301.3       | 301.3       |
| Public safety:           |             |             |             |             |             |             |             |             |             |             |
| Fire                     | 205.0       | 201.0       | 201.0       | 201.0       | 201.0       | 201.0       | 204.0       | 204.0       | 205.0       | 204.0       |
| Police                   | 363.2       | 366.1       | 364.3       | 364.5       | 364.0       | 362.5       | 367.5       | 373.3       | 373.3       | 374.3       |
| Physical environment     | 60.0        | 34.0        | 34.0        | 21.0        | 21.0        | 21.0        | 21.0        | 21.0        | 21.0        | 21.0        |
| Transportation           | 21.0        | 21.0        | 21.0        | 34.0        | 34.0        | 34.0        | 35.0        | 35.0        | 35.0        | 36.0        |
| Economic environment     | 11.0        | 9.0         | 9.0         | 10.0        | 10.0        | 12.0        | 10.4        | 11.0        | 11.0        | 11.0        |
| Culture and recreation:  |             |             |             |             |             |             |             |             |             |             |
| Library                  | 73.2        | 73.6        | 73.6        | 73.6        | 74.4        | 81.4        | 82.3        | 85.1        | 84.0        | 84.0        |
| Parks & Rec              | 184.1       | 197.7       | 197.2       | 202.5       | 204.6       | 209.7       | 219.0       | 241.4       | 240.9       | 240.9       |
| Water & Sewer Utility    | 166.0       | 167.0       | 167.0       | 176.0       | 184.0       | 187.0       | 188.0       | 196.0       | 196.0       | 196.0       |
| Gas Utility              | 77.0        | 79.0        | 83.0        | 83.0        | 87.0        | 92.0        | 104.0       | 110.0       | 110.0       | 110.0       |
| Solid Waste Utility      | 112.0       | 112.2       | 112.2       | 111.5       | 111.5       | 111.5       | 111.5       | 111.5       | 111.5       | 111.5       |
| Stormwater Utility       | 47.0        | 48.0        | 50.0        | 49.0        | 49.0        | 52.0        | 52.0        | 52.0        | 52.0        | 52.0        |
| Recycling                | 22.3        | 22.3        | 22.3        | 22.0        | 22.0        | 22.0        | 22.0        | 22.0        | 22.0        | 22.0        |
| Marine                   | 22.0        | 23.0        | 23.0        | 24.6        | 24.6        | 27.7        | 28.3        | 18.6        | 18.9        | 18.9        |
| Clearwater Harbor Marina | 5.6         | 5.6         | 5.6         | 5.6         | 5.6         | 6.7         | 6.7         | 6.7         | 6.3         | 6.5         |
| Aviation                 | 1.4         | 1.4         | 1.4         | 1.4         | 1.4         | 1.4         | 1.4         | 1.4         | 1.6         | 1.6         |
| Parking System           | 31.6        | 30.8        | 30.6        | 33.7        | 33.7        | 35.8        | 41.3        | 44.8        | 44.8        | 45.6        |
| Total                    | 1,708.4     | 1,681.4     | 1,685.5     | 1,695.7     | 1,709.6     | 1,745.0     | 1,790.3     | 1,832.6     | 1,834.6     | 1,836.6     |

**Source:** City of Clearwater Office of Management and Budget

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

|                                |  | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018    | 2019      | 2020    |
|--------------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|-----------|---------|
| <b><u>Function/Program</u></b> |  |           |           |           |           |           |           |           |         |           |         |
| General government:            |  |           |           |           |           |           |           |           |         |           |         |
| Planning                       | Commercial building permits issued             | 1,400     | 1,803     | 2,065     | 1,988     | 1,854     | 1,706     | 1,757     | 1,902   | 2,425     | 1,931   |
|                                | Residential building permits issued            | 5,102     | 4,941     | 4,985     | 5,756     | 6,546     | 6,987     | 9,134     | 8,702   | 8,856     | 8,536   |
| Public safety:                 |  |           |           |           |           |           |           |           |         |           |         |
| Police                         | Average officer training hours                 | 75        | 83        | 83        | 85        | 120       | 115       | 150       | 194     | 170       | 82.45   |
|                                | Total volunteer training hours                 | 355       | 385       | 412       | 286       | 246       | 1034      | 58        | 679     | 209       | 144.3   |
| Fire                           | Percentage of fire responses under 7.5 minutes | 92%       | 95%       | 91%       | 93%       | 93%       | 91%       | 89%       | 89%     | 89%       | 82%     |
| Physical environment           | Square feet of sidewalks repaired/constructed  | 45,169    | 45,416    | 28,036    | 23,651    | 35,611    | 36,694    | 48,075    | 39,335  | 41,268    | 33,658  |
| Transportation                 | Miles of roadway resurfaced                    | 8         | 8         | 0         | 8         | 15        | 15        | 6         | 17      | 18        | 12      |
| Economic environment           | Code enforcement cases brought to compliance   | 4,346     | 4,664     | 4,905     | 4,431     | 4,458     | 4,736     | 4,771     | 4,642   | 4,561     | 5,187   |
| Human services                 | City employees that mentor in area schools     | 18        | 20        | 19        | 6         | 5         | 16        | 13        | 17      | 20        | 0       |
| Culture and recreation:        |  |           |           |           |           |           |           |           |         |           |         |
| Library system                 | Library visits                                 | 833,036   | 820,000   | 836,919   | 600,148   | 636,006   | 562,387   | 522,014   | 582,315 | 625,411   | 389,063 |
|                                | Circulation                                    | 1,087,976 | 1,058,038 | 1,099,988 | 1,019,984 | 987,430   | 869,469   | 891,597   | 857,232 | 865,987   | 742,493 |
| Parks and recreation           | Recreation center visitations                  | 759,807   | 738,577   | 719,393   | 517,378   | 696,094   | 714,657   | 689,750   | 708,562 | 718,261   | 386,282 |
|                                | Athletic program visitations                   | 515,665   | 541,433   | 1,108,644 | 989,570   | 1,066,767 | 1,093,090 | 1,104,126 | 916,355 | 1,054,200 | 859,860 |
| Water and Sewer Utility:       |  |           |           |           |           |           |           |           |         |           |         |
| Water customers                | Water customers                                | 41,391    | 41,988    | 43,500    | 43,704    | 44,236    | 44,743    | 45,275    | 45,486  | 45,587    | 45,760  |
|                                | Volume of water pumped (million gallons/day)   | 11.32     | 10.90     | 11.00     | 12.10     | 12.10     | 11.70     | 11.90     | 11.40   | 11.20     | 11.90   |
|                                | Sewer customers                                | 33,063    | 33,093    | 33,405    | 33,564    | 33,390    | 33,763    | 33,947    | 34,111  | 34,183    | 34,442  |
|                                | Miles of sewers cleaned                        | 215       | 230       | 229       | 197       | 172       | 160       | 251       | 161     | 109       | 138     |
| Gas Utility:                   | Number of customers                            | 19,807    | 20,029    | 20,313    | 20,719    | 21,049    | 21,566    | 22,532    | 23,893  | 25,552    | 27,417  |
| Solid Waste Utility:           | Solid waste tonnage collected and disposed     | 112,936   | 114,317   | 116,830   | 113,218   | 117,214   | 124,917   | 123,425   | 122,890 | 127,008   | 118,461 |
| Stormwater Utility:            | Number of equivalent residential units         | 100,125   | 100,461   | 98,195    | 100,629   | 101,663   | 102,798   | 103,742   | 104,105 | 104,621   | 105,161 |
| Recycling Utility:             | Marketable tons recycled                       | 9,250     | 8,605     | 8,143     | 11,716    | 12,079    | 13,467    | 13,438    | 11,503  | 4,169     | 3,275   |

\* Note: No operating indicators are available for marine, aviation, parking and Clearwater Harbor Marina functions.

**City of Clearwater, Florida  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

| <u>Function/Program</u>                        | <u>2010</u> | <u>2011</u>       | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u>       | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------|-------------|-------------|
| Public safety                                  |             |                   |             |             |             |             |             |             |                   |             |             |
| Fire Stations                                  | 8           | 8                 | 8           | 8           | 8           | 8           | 8           | 8           | 8                 | 8           | 8           |
| Police Stations                                | 5           | 6                 | 6           | 6           | 6           | 7           | 7           | 7           | 6                 | 6           | 6           |
| Transportation                                 |             |                   |             |             |             |             |             |             |                   |             |             |
| Paved streets (miles)                          | 314         | 315               | 316         | 316         | 320         | 321         | 322         | 322         | 324               | 327         | 327         |
| Culture and recreation                         |             |                   |             |             |             |             |             |             |                   |             |             |
| Library system                                 |             |                   |             |             |             |             |             |             |                   |             |             |
| Volumes in collection (thousands)              | 606         | 601               | 598         | 581         | 582         | 564         | 519         | 528         | 469               | 473         | 439         |
| Parks and recreation                           |             |                   |             |             |             |             |             |             |                   |             |             |
| Parks acreage                                  | 1427        | 1427              | 1427        | 1427        | 1453        | 1455        | 1457        | 1457        | 1457              | 1457        | 1457        |
| Recreational paths (miles)                     | 16          | 16                | 16          | 16          | 18          | 22          | 22          | 22          | 22                | 22          | 22          |
| Playgrounds                                    | 29          | 27                | 27          | 27          | 27          | 27          | 27          | 26          | 26                | 26          | 26          |
| Baseball and softball fields                   | 32          | 32                | 32          | 34          | 32          | 32          | 32          | 32          | 32                | 32          | 32          |
| Soccer and football fields                     | 20          | 20                | 20          | 18          | 20          | 20          | 20          | 21          | 21                | 21          | 21          |
| Recreation centers                             | 6           | 5                 | 5           | 5           | 5           | 5           | 5           | 5           | 6                 | 6           | 6           |
| Water & Sewer Utility                          |             |                   |             |             |             |             |             |             |                   |             |             |
| Water mains (miles)                            | 592         | 592               | 591         | 590         | 597         | 589         | 588         | 585         | 583               | 586         | 596         |
| Sanitary sewer mains (miles)                   | 363         | 363               | 363         | 363         | 364         | 364         | 369         | 370         | 370               | 370         | 372         |
| Daily treatment capacity (millions of gallons) | 29          | 29                | 29          | 29          | 29          | 29          | 29          | 29          | 29                | 29          | 29          |
| Gas Utility                                    |             |                   |             |             |             |             |             |             |                   |             |             |
| Gas mains (miles)                              | 826         | 830               | 843         | 849         | 862         | 884         | 908         | 930         | 965               | 994         | 1,021       |
| Stormwater Utility                             |             |                   |             |             |             |             |             |             |                   |             |             |
| Stormwater mains (miles)                       | 148         | 148               | 150         | 150         | 151         | 153         | 154         | 154         | 154               | 154         | 155         |
| Marine   |             |                   |             |             |             |             |             |             |                   |             |             |
| Boat slips                                     | 207         | 207               | 203         | 189         | 189         | 189         | 189         | 189         | 189               | 190         | 199         |
| Clearwater Harbor Marina                       |             |                   |             |             |             |             |             |             |                   |             |             |
| Boat slips                                     | 126         | 126               | 126         | 126         | 126         | 126         | 126         | 126         | 126               | 126         | 127         |
| Aviation                                       |             |                   |             |             |             |             |             |             |                   |             |             |
| Airpark spaces                                 | 177         | 177               | 177         | 177         | 177         | 177         | 177         | 177         | 177               | 177         | 174         |
| Parking system                                 |             |                   |             |             |             |             |             |             |                   |             |             |
| Parking spaces                                 | 3297        | 2475 <sup>a</sup> | 2460        | 2319        | 2232        | 2312        | 2302        | 2345        | 2462 <sup>b</sup> | 3073        | 3108        |

<sup>a</sup>The decrease in parking spaces for fiscal 2011 was due to the loss of Sand Key Park and a management decision to not charge for certain lots.

<sup>b</sup>The increase in parking spaces for fiscal 2019 was due primarily to the addition of spaces at the Seminole Boat Ramp and the North Beach Parking Plaza.

**Sources:** Various city departments

**Note:** No capital asset indicators are available for the general government, physical environment, economic environment, human services, solid waste and recycling functions.

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## **Other Information**

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

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**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, 2020, contract rates applied to an average of 180 customer accounts per month and impacted 6.0% of total revenues.

The rates charged by the System through September 30, 1996, were part of the Phase I Gas Rate Case implemented October 1, 1995, which was based on a comprehensive cost of service study performed by the Utility Advisory Services Group of the international accounting firm of Coopers & Lybrand, LLP (the "Rate Study"). This Phase I implementation resulted in an extensive overhaul of the Gas System customer rates, providing numerous classes of service and a modernized billing methodology.

The new rates, effective October 1, 1996, were designed to be industry-based and responsive to the competitive energy challenges. The goal of the Rate Study was to establish rates which would be fair to all classes of customers, provide funding to implement planned expansion in both existing northern Pinellas County services area and into the newly acquired southwestern Pasco service area, and provide an adequate growth potential in return to the City of Clearwater to further offset the ad valorem tax rates (current impact is about 0.5 mills).

As the result of experiences during the first seven months of the Phase I implementation, adjustments made to the Phase II rates were implemented October 1, 1996, and additional adjustments (Phase III) were implemented effective October 1, 1997. The total projected impact of both new phases of the rate case was \$1.05 million, or less than 7.9% of total gas sales revenues.

The rate ordinance containing the Phase II and Phase III rate changes was approved by the City Council on June 6, 1996. Gas rates for customer charges were increased effective April 1, 2005. The total estimated annual impact of this rate increase was \$373,352.

New rates, effective October 1, 2008, were designed to recover the costs of providing service to respective classes of customers. The goal of the "Cost of Service and Rate Study" was to establish rates which would be sufficient to meet Clearwater Gas System's total revenue requirements and reflect cost of service consideration and practical rate implementation constraints as required.

**CLEARWATER GAS SYSTEM  
NATURAL GAS RATE BILLING FACTORS**  
FOR JUNE 1, 2020 - SEPTEMBER 30, 2020 BASED ON APPROVED GAS ADJUSTMENT FACTORS

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City of Clearwater, Florida  
Continuing Disclosure - Gas System Revenue Bonds  
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|   | Firm Natural Gas Rate Schedules |                      |                      |                       |                      |                      |                       |                      |                      |                      |                      |                      | Interr.<br>NG Rate   | Contract<br>NG Rate          |                      |   |
|---|---------------------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------------|----------------------|---|
|   | RS                              | SMF                  | MMF                  | LMF                   | SGS                  | MGS                  | LGS                   | RAC                  | GAC                  | LAC                  | SL                   | SL w/M&<br>Relight   | NGV<br>(Non-Resl)    | NSS<br>(Non-Resl)            | CNS                  |   |
| 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                           | NA                   |   |
| Monthly Customer Charge (For Central Pasco Territory)         | \$12.00<br>(\$20.00)            | \$25.00<br>(\$40.00) | \$40.00<br>(\$70.00) | \$95.00<br>(\$160.00) | \$25.00<br>(\$40.00) | \$40.00<br>(\$70.00) | \$95.00<br>(\$160.00) | \$12.00<br>(\$20.00) | \$25.00<br>(\$40.00) | \$40.00<br>(\$70.00) | \$20.00<br>(\$30.00) | \$20.00<br>(\$30.00) | \$20.00<br>(\$30.00) | By Contract<br>(By Contract) | \$50.00<br>(\$75.00) | By Contract<br>(By Contract)  |
| <b>Non-Fuel Energy Charge/Therm</b>                           |                                 |                      |                      |                       |                      |                      |                       |                      |                      |                      |                      |                      |                      |                              |                      |   |
| Non-Fuel Energy Charge  | \$0.44                          | \$0.44               | \$0.44               | \$0.44                | \$0.42               | \$0.38               | \$0.34                | \$0.20               | \$0.15               | \$0.10               | \$0.20               | \$0.35               | By Contract          | \$0.42                       | By Contract          |   |
| Energy Conservation Adj. (ECA)                                | 0.20                            | 0.20                 | 0.20                 | 0.20                  | 0.20                 | 0.20                 | 0.20                  | NA                           | NA                   |   |
| Regulatory Imposition Adj. (RIA)                              | 0.00                            | 0.00                 | 0.00                 | 0.00                  | 0.00                 | 0.00                 | 0.00                  | NA                           | NA                   |   |
| Usage & Inflation Adj. (UIA)                                  | <u>0.09</u>                     | <u>0.09</u>          | <u>0.09</u>          | <u>0.09</u>           | <u>0.08</u>          | <u>0.08</u>          | <u>0.08</u>           | <u>NA</u>                    | <u>NA</u>            |   |
| <b>Total Non-Fuel Energy Charge</b>                           | \$0.73                          | \$0.73               | \$0.73               | \$0.73                | \$0.70               | \$0.66               | \$0.62                | \$0.20               | \$0.15               | \$0.10               | \$0.20               | \$0.35               | By Contract          | \$0.42                       | By Contract          |   |
| Purchased Gas Adjustment (PGA)                                | <u>0.71</u>                     | <u>0.71</u>          | <u>0.71</u>          | <u>0.71</u>           | <u>0.71</u>          | <u>0.71</u>          | <u>0.71</u>           | <u>0.71</u>          | <u>0.71</u>          | <u>0.71</u>          | <u>0.71</u>          | <u>0.71</u>          | <u>0.61</u>          | <u>0.71</u>                  | <u>0.61</u>          |   |
| <b>Total Energy Charge/Therm</b>                              | 1.44                            | 1.44                 | 1.44                 | 1.44                  | 1.41                 | 1.37                 | 1.33                  | 0.91                 | 0.86                 | 0.81                 | 0.91                 | 1.06                 | 0.61                 | 1.13                         | 0.61                 |   |
| Minimum Monthly Bill (For Central Pasco Territory)            | \$12.00<br>(\$20.00)            | \$25.00<br>(\$40.00) | \$40.00<br>(\$70.00) | \$95.00<br>(\$160.00) | \$25.00<br>(\$40.00) | \$40.00<br>(\$70.00) | \$95.00<br>(\$160.00) | \$12.00<br>(\$20.00) | \$25.00<br>(\$40.00) | \$40.00<br>(\$70.00) | \$20.00<br>(\$30.00) | \$20.00<br>(\$30.00) | \$20.00<br>(\$30.00) | By Contract<br>(By Contract) | \$50.00<br>(\$75.00) | + Non-Fuel<br>Customer<br>Charge +<br>Non-Fuel<br>Therm<br>Rate for Contract<br># of Therms |
| Compares to LP/Gallon Rate of with 6.0% Franchise             | \$ 1.32<br>\$ 1.40              | \$ 1.32<br>\$ 1.40   | \$ 1.32<br>\$ 1.40   | \$ 1.32<br>\$ 1.40    | \$ 1.29<br>\$ 1.37   | \$ 1.25<br>\$ 1.33   | \$ 1.22<br>\$ 1.29    | \$ 0.83<br>\$ 0.88   | \$ 0.79<br>\$ 0.83   | \$ 0.74<br>\$ 0.79   | \$ 0.83<br>\$ 0.88   | \$ 0.97<br>\$ 1.03   | \$ 0.56<br>\$ 0.59   | \$ 1.03<br>\$ 1.10           |                      |   |
| Change from 9/2014 Therm Rate % Change from 9/2014 Therm Rate | \$ (0.31)<br>-13.7%             | \$ (0.31)<br>-13.7%  | \$ (0.31)<br>-13.7%  | \$ (0.31)<br>-13.7%   | \$ (0.30)<br>-14.0%  | \$ (0.28)<br>-13.4%  | \$ (0.26)<br>-12.8%   | \$ (0.23)<br>-12.2%  | \$ (0.23)<br>-12.6%  | \$ (0.23)<br>-12.9%  | \$ (0.23)<br>-12.2%  | \$ (0.23)<br>-11.6%  | \$ (0.24)<br>-13.5%  | \$ (0.27)<br>-12.6%          | \$ (0.24)<br>-16.4%  |   |
| <b>Utility Tax Note:</b>                                      |                                 |                      |                      |                       |                      |                      |                       |                      |                      |                      |                      |                      |                      |                              |                      |   |
| Fuel Rate per Therm 10/01/1973                                | \$0.069                         | \$0.000              | \$0.000              | \$0.000               | \$0.000              | \$0.000              | \$0.000               | \$0.000              | \$0.000              | \$0.000              | \$0.000              | \$0.000              | \$0.000              | \$0.000                      | \$0.000              |   |
| Non-Utility Taxable Fuel/Therm                                | \$0.641                         | \$0.710              | \$0.710              | \$0.710               | \$0.710              | \$0.710              | \$0.710               | \$0.710              | \$0.710              | \$0.710              | \$0.710              | \$0.710              | \$0.610              | \$0.710                      | \$0.610              |   |
| <b>BTU FACTOR = THERMS/100 CUBIC FEET (CCF)</b>               |                                 |                      |                      |                       |                      |                      |                       |                      |                      |                      |                      |                      |                      |                              |                      |   |
|   | 10/2019                         | 11/2019              | 12/2019              | 01/2020               | 02/2020              | 03/2020              | 04/2020               | 05/2020              | 06/2020              | 07/2020              | 08/2020              | 09/2020              | <b>FY 19/20 Avg.</b> |                              |                      |   |
| Firm Service Rates  | 1.045                           | 1.046                | 1.047                | 1.045                 | 1.045                | 1.047                | 1.046                 | 1.047                | 1.046                | 1.044                | 1.042                | 1.045                | <b>1.045416667</b>   |                              |                      |   |
| Interruptible Service Rates                                   | 1.025                           | 1.026                | 1.026                | 1.024                 | 1.024                | 1.027                | 1.025                 | 1.027                | 1.026                | 1.024                | 1.022                | 1.024                | <b>1.025</b>         |                              |                      |   |

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

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**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 24.

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)<br>MMBtu Per Day<br>2/01/17 - 1/31/27 | Phase III (FTS-2)<br>MMBtu Per Day<br>2/1/14 - 2/28/25 | Total<br>MMBtu<br>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                   |
| <b>Total Annual</b> | <b>2,641,833</b>                                       | <b>570,393</b>   | <b>3,212,226</b>          |

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

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**Service Area**

The Clearwater Gas System (CGS) is owned and operated as an enterprise utility by the City of Clearwater. CGS operates over 1,020.6 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 97 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 28,423 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**

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As of September 30, 2019 the System's active natural gas customers were located as shown in the following table:

| Location                      | Meters        | Percentage     |
|-------------------------------|---------------|----------------|
| Belleair                      | 544           | 2.07%          |
| Belleair Beach                | 253           | 0.96%          |
| Belleair Bluffs               | 44            | 0.17%          |
| Belleair Shores               | 34            | 0.13%          |
| Clearwater                    | 7,456         | 28.37%         |
| Dunedin                       | 1,505         | 5.73%          |
| Indian Rocks Beach            | 179           | 0.68%          |
| Indian Shores                 | 153           | 0.58%          |
| Largo                         | 1,172         | 4.46%          |
| Madeira Beach                 | 1             | 0.00%          |
| New Port Richey               | 75            | 0.29%          |
| North Redington Beach         | 71            | 0.27%          |
| Oldsmar                       | 154           | 0.59%          |
| Port Richey                   | 18            | 0.07%          |
| Redington Beach               | 208           | 0.79%          |
| Redington Shores              | 103           | 0.39%          |
| Safety Harbor                 | 728           | 2.77%          |
| Tarpon Springs                | 1,614         | 6.14%          |
| Unincorporated Areas Pasco    | 5,525         | 21.03%         |
| Central Pasco                 | 3,025         | 11.51%         |
| Unincorporated Areas Pinellas | 3,415         | 13.00%         |
| Total                         | <u>26,277</u> | <u>100.00%</u> |

The following table shows the five largest interruptible customers by peak monthly consumption and the percent of the System's revenues derived from such customers during the 12 months ending September 30, 2020:

| Customer Name                | Peak Monthly Therms | % of Gross Revenues |
|------------------------------|---------------------|---------------------|
| New Port Richey Hospital Inc | 79,286.3            | 2.14%               |
| Ajax Paving Industries       | 177,867.7           | 2.03%               |
| CNG Filling Station          | 58,732.7            | 1.79%               |
| Morton Plant Hospital        | 106,424.3           | 1.69%               |
| Largo Medical Center         | 49,301.1            | 1.35%               |

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, 2020:

|                                       | Average No. Customers | Gas Volume           | Gas Sales |
|---------------------------------------|-----------------------|----------------------|-----------|
|                                       | Therms                | Revenues             |           |
| Interruptible (including CNG Station) | 20                    | 32.28%               | 15.18%    |
| Residential                           | 23,741                | 17.37%               | 29.78%    |
| Commercial (excluding CNG Station)    | 2,516                 | 50.36%               | 55.04%    |
|                                       |                       |                      |           |
| Interruptible (including CNG Station) | 8,082,642.3           | \$ 5,319,140         |           |
| Residential                           | 4,349,362.7           | 10,437,469           |           |
| Commercial (excluding CNG Station)    | 12,610,456.6          | 19,286,850           |           |
| Totals                                | <u>25,042,461.6</u>   | <u>\$ 35,043,459</u> |           |

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

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**Historical Financial Information**

**Water System:**

| Source and Volume of Water Pumped<br>(in million gallons per day, averaged over the fiscal year) |            |        |       |
|--|------------|--------|-------|
| FY   | City Wells | County | Total |
| 2016   | 8.0        | 3.7    | 11.7  |
| 2017   | 6.8        | 5.1    | 11.9  |
| 2018   | 6.4        | 5.0    | 11.4  |
| 2019   | 6.9        | 4.3    | 11.2  |
| 2020   | 7.7        | 4.2    | 11.9  |

**Historical Growth in Number of Water Customers**

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

| FY   | Potable<br>Water<br>Service | Reclaimed<br>Water<br>Service | Total<br>Water<br>Service |
|------|-----------------------------|-------------------------------|---------------------------|
| FY   | Customers                   | Customers                     | Customers                 |
| 2016 | 37,302                      | 7,441                         | 44,743                    |
| 2017 | 37,598                      | 7,677                         | 45,275                    |
| 2018 | 37,773                      | 7,713                         | 45,486                    |
| 2019 | 37,848                      | 7,739                         | 45,587                    |
| 2020 | 37,951                      | 7,809                         | 45,760                    |

**Ten Largest Water Customers**  
**Fiscal Year Ending September 30, 2020**

| Name of User                       | Water Used<br>(in 100 Cubic Feet) | Revenues<br>Produced |
|------------------------------------|-----------------------------------|----------------------|
| 1. CITY OF CLEARWATER              | 81,301                            | \$ 1,254,734         |
| 2. CHURCH OF SCIENTOLOGY           | 129,037                           | 1,010,395            |
| 3. MORTON PLANT HOSPITAL           | 105,522                           | 989,738              |
| 4. PINELLAS COUNTY SCHOOLS         | 27,742                            | 451,322              |
| 5. PINELLAS COUNTY GOVERNMENT      | 15,720                            | 273,409              |
| 6. MADISON PLACE CLEARWATER        | 29,325                            | 220,632              |
| 7. BW CW HOSPITALITY (Hyatt)       | 22,679                            | 215,513              |
| 8. K&P CLEARWATER ESTATE (Wyndham) | 21,991                            | 206,272              |
| 9. SHERATON SAND KEY               | 26,864                            | 188,577              |
| 10. CCRC-REGENCY OAKS              | 27,501                            | 181,595              |
|                                    | <u>487,682</u>                    | <u>\$ 4,992,187</u>  |

**Reclaimed Water System:**

| Year | Average<br>Daily Flow |  |
|------|-----------------------|--|
|      | MGD                   |  |
| 2016 | 5.2                   |  |
| 2017 | 6.4                   |  |
| 2018 | 5.5                   |  |
| 2019 | 5.7                   |  |
| 2020 | 6.1                   |  |

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

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**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<br>Customers |
|------|-------------|--------------------|
| 2016 | 13.5        | 33,763             |
| 2017 | 12.5        | 33,947             |
| 2018 | 12.5        | 34,111             |
| 2019 | 12.8        | 34,183             |
| 2020 | 12.7        | 34,442             |

**Ten Largest Sewer Customers  
Fiscal Year Ending September 30, 2020**

| Name of User                  | Sewer Used<br>(in 100 Cubic Feet) | Revenues<br>Produced      |
|-------------------------------|-----------------------------------|---------------------------|
| 1. MORTON PLANT HOSPITAL      | 90,720                            | \$ 938,677                |
| 2. CHURCH OF SCIENTOLOGY      | 92,716                            | 784,580                   |
| 3. CITY OF CLEARWATER         | 33,070                            | 741,349                   |
| 4. PINELLAS COUNTY SCHOOLS    | 24,962                            | 563,993                   |
| 5. PINELLAS COUNTY GOVERNMENT | 11,119                            | 257,279                   |
| 6. CCRC-REGENCY OAKS          | 27,458                            | 242,970                   |
| 7. SHERATON SAND KEY          | 26,864                            | 242,799                   |
| 8. CP CLEARWATER (Hilton)     | 26,045                            | 237,494                   |
| 9. MADISON PLACE CLEARWATER   | 29,325                            | 234,917                   |
| 10. BW CW HOSPITALITY (Hyatt) | 19,044                            | 227,516                   |
|                               | <hr/> <u>381,323</u>              | <hr/> <u>\$ 4,471,574</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 2020 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**

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| <b>Residential and<br/>Nonresidential Water Rates</b> |                      | October 1,<br><u>2016</u> | October 1,<br><u>2017</u> | October 1,<br><u>2018</u> | October 1,<br><u>2019</u> | October 1,<br><u>2020</u> |
|---|----------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|   |                      | <u>Size of Meter</u>      |                           |                           |                           |                           |
| Minimum -   | Under 1 inch         | \$ 20.16                  | \$ 21.42                  | \$ 22.29                  | \$ 23.16                  | \$ 24.09                  |
|   | 1 inch               | 47.04                     | 49.98                     | 52.01                     | 54.04                     | 56.21                     |
|   | 1.5 inch             | 672.00                    | 714.00                    | 743.00                    | 772.00                    | 803.00                    |
|   | 2 inch               | 1,565.76                  | 1,663.62                  | 1,731.19                  | 1,798.76                  | 1,870.99                  |
|   | 3 or 2 inch manifold | 2,412.48                  | 2,563.26                  | 2,667.37                  | 2,771.48                  | 2,882.77                  |
|   | 4 inch               | 4,643.52                  | 4,933.74                  | 5,134.13                  | 5,334.52                  | 5,548.73                  |
|   | 6 inch               | 11,928.00                 | 12,673.50                 | 13,188.25                 | 13,703.00                 | 14,253.25                 |
|   | 8 inch               | 20,160.00                 | 21,420.00                 | 22,290.00                 | 23,160.00                 | 24,090.00                 |

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

| <b>Rates for Irrigation<br/>(Lawn) Meters</b>               |                      | October 1,<br><u>2016</u> | October 1,<br><u>2017</u> | October 1,<br><u>2018</u> | October 1,<br><u>2019</u> | October 1,<br><u>2020</u> |
|---|----------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|   |                      | <u>Size of Meter</u>      |                           |                           |                           |                           |
| Minimum -   | Under 1 inch         | \$ 7.19                   | \$ 7.64                   | \$ 7.94                   | \$ 8.26                   | \$ 8.59                   |
|   | 1 inch               | 21.58                     | 22.93                     | 23.85                     | 24.80                     | 25.79                     |
|   | 1.5 inch             | 107.97                    | 114.72                    | 119.31                    | 124.08                    | 129.04                    |
|   | 2 inch               | 302.32                    | 321.22                    | 334.06                    | 347.43                    | 361.32                    |
|   | 3 or 2 inch manifold | 597.42                    | 634.76                    | 660.15                    | 686.56                    | 714.02                    |
|   | 4 inch               | 1,151.67                  | 1,223.65                  | 1,272.60                  | 1,323.50                  | 1,376.44                  |
|   | 6 inch               | 3,476.61                  | 3,693.90                  | 3,841.65                  | 3,995.32                  | 4,155.13                  |
| <b>Sewer Rates</b>  |                      | October 1,<br><u>2016</u> | October 1,<br><u>2017</u> | October 1,<br><u>2018</u> | October 1,<br><u>2019</u> | October 1,<br><u>2020</u> |
|   |                      | <u>Size of Meter</u>      |                           |                           |                           |                           |
| Minimum -   | Under 1 inch         | \$ 27.75                  | \$ 29.49                  | \$ 30.66                  | \$ 31.89                  | \$ 33.18                  |
|   | 1 inch               | 64.75                     | 68.81                     | 71.54                     | 74.41                     | 77.42                     |
|   | 1.5 inch             | 925.00                    | 983.00                    | 1,022.00                  | 1,063.00                  | 1,106.00                  |
|   | 2 inch               | 2,155.25                  | 2,290.39                  | 2,381.26                  | 2,476.79                  | 2,576.98                  |
|   | 3 or 2 inch manifold | 3,320.75                  | 3,528.97                  | 3,668.98                  | 3,816.17                  | 3,970.54                  |
|   | 4 inch               | 6,391.75                  | 6,792.53                  | 7,062.02                  | 7,345.33                  | 7,642.46                  |
|   | 6 inch               | 16,418.75                 | 17,448.25                 | 18,140.50                 | 18,868.25                 | 19,631.50                 |
|   | 8 inch               | 27,750.00                 | 29,490.00                 | 30,660.00                 | 31,890.00                 | 33,180.00                 |
| Per 1,000 gallons of water used<br>over the allowed minimum |                      | 9.25                      | 9.83                      | 10.22                     | 10.63                     | 11.06                     |

**Additional Indebtedness**

No additional indebtedness was incurred for capital improvements to the water and sewer systems. Additional indebtedness in the amount of \$836,576 was incurred for the lease purchase of capital equipment.

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

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**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>2016</u>         | <u>2017</u>         | <u>2018</u>          | <u>2019</u>          | <u>2020</u>         |
|---|---------------------|---------------------|----------------------|----------------------|---------------------|
| Net Operating Revenues (Excluding Depreciation) | \$ 8,386,312        | \$ 9,528,117        | \$ 10,611,921        | \$ 11,721,958        | \$ 9,090,521        |
| Interest Income and other                       |                     |                     |                      |                      |                     |
| Non-operating Revenues (Expenses)               | 437,129             | 114,729             | (4,642)              | 1,786,699            | 804,165             |
| Total Net Revenues                              | <u>\$ 8,823,441</u> | <u>\$ 9,642,846</u> | <u>\$ 10,607,279</u> | <u>\$ 13,508,657</u> | <u>\$ 9,894,686</u> |
| Maximum Annual Debt Service                     | \$ 2,568,762        | \$ 2,568,762        | \$ 2,568,762         | \$ 2,568,762         | \$ 2,175,028        |
| Coverage  | 3.43                | 3.75                | 4.13                 | 5.26                 | 4.55                |

**City of Clearwater, Florida  
Fire Services Program**

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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, 2020, 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, 2020 are summarized below.

|  |              |
|--|--------------|
| Total Revenue Received from Pinellas County Fire Protection Authority    | \$ 2,083,813 |
| Total Fire Service Expenditures for Fiscal Year Ended September 30, 2020 | \$ 2,260,759 |

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, 2020*

| Source  | Amount Received in the 2014-15 Fiscal Year | Amount Expended in the 2019-20 Fiscal Year |
|---|--|--|
| <b>British Petroleum:</b><br>Agreement No. Not Applicable | \$6,480,352                                | \$2,878,397                                |

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 AUDITOR'S 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 9, 2021. 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, 2020, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a significant deficiency.

**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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002.

#### **City of Clearwater, Florida's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **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

April 9, 2021

**INDEPENDENT AUDITOR'S 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, 2020. 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.

**Auditor's 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, 2020.

**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, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-002 that we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

April 9, 2021

**CITY OF CLEARWATER**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE OF FLORIDA FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| Federal Grantor,<br>Pass-through Grantor,<br>Program Title              | CFDA<br>Number | Grant I.D. Number | Federal<br>Share of<br>Expenditures | Transfers to<br>Subrecipients |
|---|----------------|-------------------|-------------------------------------|-------------------------------|
| <b>Federal Awards:</b>  |                |                   |                                     |                               |
| <b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>               |                |                   |                                     |                               |
| Community Development Block Grants/Entitlement Grants                   | 14.218         | B-16-MC-12-0002   | \$ 21,056                           | \$ 21,056                     |
| Community Development Block Grants/Entitlement Grants                   | 14.218         | B-17-MC-12-0002   | 118,243                             | 118,243                       |
| Community Development Block Grants/Entitlement Grants                   | 14.218         | B-18-MC-12-0002   | 309,347                             | 113,996                       |
| Community Development Block Grants/Entitlement Grants                   | 14.218         | B-19-MC-12-0002   | 90,929                              | 90,929                        |
| COVID 19 - Community Development Block Grants/Entitlement Grants        | 14.218         | B-20-MW-12-0002   | 20,525                              | 10,500                        |
| Total Community Development Block Grants/Entitlement Grants Cluster     |                |                   | <b>\$60,100</b>                     | <b>354,724</b>                |
| Home Investment Partnerships Program                                    | 14.239         | M-18-MC-12-0230   | 59,288                              | -                             |
| Home Investment Partnerships Program                                    | 14.239         | M-19-MC-12-0230   | 24,823                              | -                             |
| Home Investment Partnerships Program                                    | 14.239         | Program Income    | 100,993                             | 100,993                       |
| Total Home Investment Partnerships Program                              |                |                   | <b>185,104</b>                      | <b>100,993</b>                |
| <b>Total U.S Department of Housing &amp; Urban Development</b>          |                |                   | <b>745,204</b>                      | <b>455,717</b>                |
| <b>U.S. DEPARTMENT OF JUSTICE</b>                                       |                |                   |                                     |                               |
| Equitable Sharing Program   | 16.922         | FL0520300         | 184,456                             | -                             |
| COVID-19 - Coronavirus Emergency Supplemental Funding Program           | 16.034         | 2020-VD-BX-1255   | 146,631                             | -                             |
| <b>Passed through Florida Department of Law Enforcement</b>             |                |                   |                                     |                               |
| Bulletproof Vest Partnership Program                                    | 16.607         |                   | 33,442                              | -                             |
| <b>Total U.S Department of Justice</b>                                  |                |                   | <b>364,529</b>                      | <b>-</b>                      |
| <b>U.S. DEPARTMENT OF TRANSPORTATION</b>                                |                |                   |                                     |                               |
| <b>Passed through Florida Department of Transportation</b>              |                |                   |                                     |                               |
| Highway Planning and Construction Cluster                               | 20.205         | G0023             | 49,380                              | -                             |
| <b>Total U.S. Department of Transportation</b>                          |                |                   | <b>49,380</b>                       | <b>-</b>                      |
| <b>U.S. DEPARTMENT OF TREASURY</b>                                      |                |                   |                                     |                               |
| <b>Passed through Florida Housing Finance Corporation:</b>              |                |                   |                                     |                               |
| COVID-19 - Coronavirus Relief Fund                                      | 21.019         | 106-2020          | 193,825                             | -                             |
| <b>Total U.S. Department of Treasury</b>                                |                |                   | <b>193,825</b>                      | <b>-</b>                      |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>                             |                |                   |                                     |                               |
| <b>Passed through Florida Division of Emergency Management</b>          |                |                   |                                     |                               |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036         | Hurricane Irma    | 120,484                             | -                             |
| <b>Total U.S. Department of Homeland Security</b>                       |                |                   | <b>120,484</b>                      | <b>-</b>                      |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                             |                |                   |                                     |                               |
|   |                |                   | <b>\$ 1,473,422</b>                 | <b>\$ 455,717</b>             |

**CITY OF CLEARWATER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE OF FLORIDA FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| State Grantor,<br>Pass-through Grantor,<br>Program Title                               | CSFA<br>Number | Grant I.D. Number   | State<br>Share of<br>Expenditures | Transfers<br>to Subrecipients |
|--|----------------|---|-----------------------------------|-------------------------------|
| <b>State Projects:</b>   |                |   |                                   |                               |
| <b>FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY</b><br>Economic Development Partnerships | 40.040         |   | \$ 500,004                        | \$ -                          |
| <b>Total Florida Department of Economic Opportunity</b>                                |                |   | <b>500,004</b>                    | <b>-</b>                      |
| <b>FLORIDA HOUSING FINANCE CORPORATION</b>   |                |   |                                   |                               |
| State Housing Initiatives Partnership Program (SHIP)                                   | 40.901         |   | 1,182,451                         | 1,000                         |
| <b>Total Florida Housing Finance Corporation</b>                                       |                |   | <b>1,182,451</b>                  | <b>1,000</b>                  |
| <b>FLORIDA DEPARTMENT OF TRANSPORTATION</b>  |                |   |                                   |                               |
| Aviation Grant Programs  | 55.004         | FPN: 435222-1-94-01 Contract Number G0Y92                         | 56,573                            | -                             |
| Aviation Grant Programs  | 55.004         | FPN: 445636-1-94-01 Contract Number G1941                         | 42,079                            | -                             |
| Aviation Grant Programs  | 55.004         | FPN: 446989-1-94-01 Contract Number: G1H65                        | 15,573                            | -                             |
| <b>Total Florida Department of Transportation</b>                                      |                |   | <b>114,225</b>                    | <b>-</b>                      |
| <b>FLORIDA DEPARTMENT OF LAW ENFORCEMENT</b>   |                |   |                                   |                               |
| Assistance with Investigative Operations   | 71.010         | Electronic Surveillance Support Team & Cyber High Tech Task Force | 2,083                             | -                             |
| <b>Total Florida Department of Law Enforcement</b>                                     |                |   | <b>2,083</b>                      | <b>-</b>                      |
| <b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>                                |                |   | <b>\$ 1,798,763</b>               | <b>1,000</b>                  |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS &amp; STATE FINANCIAL ASSISTANCE PROJECTS</b>  |                |   | <b>\$ 3,272,185</b>               | <b>\$ 456,717</b>             |

**City of Clearwater, Florida**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance Projects**  
**For the Year Ended September 30, 2020**

**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 2020, FEMA approved \$120,484 of eligible expenditures that were incurred in prior years and are included in the Schedule.

**NOTE 2 – Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance Projects is presented using the modified accrual or accrual basis of accounting, depending on the type of fund in which the grant is recorded, as described in Note I.C. to the City's basic financial statements.

**NOTE 3 – CFDA/CSFA Numbers**

CFDA numbers represent Catalog of Federal Domestic Assistance and apply only to federal awards. CSFA numbers represent Catalog of State Financial Assistance and apply only to state financial assistance.

**NOTE 4 – Subrecipients**

Of the federal and state expenditures presented in the Schedule, the City provided federal and state awards to subrecipients as follows:

| <u>Program Title</u>  | <u>Federal CFDA/<br/>State CSFA</u> | <u>Amount Provided<br/>To Subrecipients</u> |
|---|-------------------------------------|---|
| U.S. HUD Community Development Block Grant  | 14.218                              | \$354,724                                   |
| U.S. HUD Home Investment Partnerships Program                                     | 14.239                              | \$100,993                                   |
| Florida Housing Finance Corporation, State Housing Initiative Partnership Program | 40.901                              | \$ 1,000                                    |

**City of Clearwater, Florida**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance Projects**  
**For the Year Ended September 30, 2020**

**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 \$12,114,268 allowance for uncollectable accounts, at September 30, 2020:

|        |                                      |                     |
|--------|--------------------------------------|---------------------|
| 14.218 | Community Development Block Grant    | \$ 774,323          |
| 14.239 | Home Investment Partnership Program  | 1,442,971           |
| 40.901 | State Housing Initiative Partnership | <u>2,168,997</u>    |
|        |                                      | <u>\$ 4,386,291</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, 2020.

**CITY OF CLEARWATER, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended September 30, 2020

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**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?   | Yes        |
| 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?                             | Yes        |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | Yes        |
| 4. Identification of major programs:   |            |

| CFDA<br>Number | Program                            |
|----------------|------------------------------------|
| 14.218         | Community Development Block Grants |
|                | Entitlement Grants Cluster         |

- |   |                         |
|---|-------------------------|
| 21.019  | 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?                          | Yes        |
| 3. Any audit findings disclosed that are required to be reported in accordance with Rule 10.554(1)(l)(4)? | Yes        |
| 4. Identification of major projects:  |            |

| CSFA<br>Number | Project                               |
|----------------|---------------------------------------|
| 40.901         | State Housing Initiatives Partnership |

**CITY OF CLEARWATER, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year Ended September 30, 2020

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| Program (SHIP)  |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$539,629 |

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding Number: 2020-001 - Financial Reporting, Material Weakness**

**Condition:** The 2019 fund balances, end of year and deferred inflows were inaccurately reported for mortgage loan activity. Deferred inflows should have been reported for the Special Programs Fund, SHIP Local Housing Assistance Trust Fund and Pinellas County Local Housing Assistance Trust Fund in the amounts of \$2,318,845, \$2,056,705 and \$163,635, respectively. The offsetting amounts would be a reduction of the same amounts to fund balance, end of year.

**Cause:** During the mortgage loan programs the City loans federal and state dollars passed through the Department of Housing and Urban Development. When funds are loaned to qualified recipients, the funds will not be collected during the period of availability (within 75 days of fiscal year end) and; therefore, the City should record a deferred inflow of resources.

**Effect:** The correction of an error caused a prior period adjustment, see Note IV.I.

**Criteria:** The City should record all transactions in accordance with general accepted accounting principles.

**Recommendation:** The City should strengthen its financial statement review process to ensure financial statements are reported in accordance with generally accepted accounting principles.

**Response:** Management concurs with the finding.

**SECTION III – FEDERAL AWARD FINDINGS**

**Finding Number: 2020-002, Significant Deficiency**

**CFDA # 21.019:**

**Federal Program and Awarding Agency:** Coronavirus Relief Fund, U.S. Department of Treasury

**Passed through:** Florida Housing Finance Corporation

**Contract Number and Year:** G0023, 2020

**Compliance Requirement:** Activities Allowed or Unallowed and Allowable Costs/Cost Principles

**Questioned Costs:** N/A

**CSFA # 40.901:**

**State Project:** State Housing Initiatives Partnership Program (SHIP)

**Passed through:** N/A

**Contract Number and Year:** N/A, 2020

**Compliance Requirement:** Activities Allowed or Unallowed and Allowable Costs

**Questioned Costs:** N/A

**CITY OF CLEARWATER, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year Ended September 30, 2020

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**Criteria:** 2 CFR 200.303 requires non-federal entities to establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Section 215.97(2)(j), Florida Statutes, requires non-state entities to establish and maintain effective internal controls over state projects that provide reasonable assurance over the effectiveness and efficiency of operations, reliability of financial operations and compliance with applicable laws and regulations.

**Condition:** Review of employee time charged to CFDA 20.019 and CSFA 40.901 was not consistently documented.

**Cause:** The review process relies on the Supervisor to sign off on the timecard. However, the timecard does not have a formal line for a reviewer to document approval of the employee's time allocation resulting in evidence of review to be missed in error.

**Effect:** Employee hours charged to the grant could be overstated resulting in unallowable costs.

**Recommendation:** The City should strengthen its process surrounding review and approval of employees' time charged to federal programs and state projects.

**Response:** Management concurs with the finding.

**SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

No prior year audit findings.



# CITY OF CLEARWATER

FINANCE DEPARTMENT, POST OFFICE BOX 4748, CLEARWATER, FLORIDA 33758-4748

MUNICIPAL SERVICES BUILDING, 100 SOUTH MYRTLE AVENUE

TELEPHONE (727) 562-4530 FAX (727) 562-4535

## Corrective Action Plans for the City of Clearwater, Florida for Fiscal Year 2020

The Corrective Action Plans, indicating the parties responsible for implementation, are presented as follows:

### Finding Number: 2020-001 – Financial Reporting, Material Weakness

Corrective Action Plan: The Finance Department will improve the financial statement review effort and process to ensure compliance with generally accepted accounting principles in the future.

Responsible Party: Jay Ravins, Finance Director

Anticipated Date of Completion: June 1, 2021

### Finding Number: 2020-002 – Significant Deficiency

Corrective Action Plan: The timesheet template will be modified to insert a line for the supervisor's signature in a conspicuous place that will not be missed in error.

Responsible Party: Chuck Lane, Economic Development & Housing Assistant Director

Anticipated Date of Completion: April 12, 2021

Mark Bunker, Councilmember  
Kathleen Beckman, Councilmember

Frank Hibbard, Mayor



David Albritton, Councilmember  
Hoyt Hamilton, Councilmember

"Equal Employment and Affirmative Action Employer"

## **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, 2020, and have issued our report thereon dated April 9, 2021.

### **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 Auditor's 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 Auditor's 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 April 9, 2021, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No audit findings or recommendations were noted in the preceding annual financial audit 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

April 9, 2021

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

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

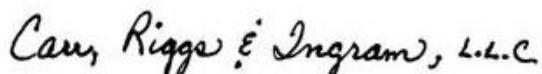
We have examined City of Clearwater, Florida's, (the "City"), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management is responsible for the City's compliance with the requirements. Our responsibility 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, 2020.

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, LLC

Clearwater, Florida  
April 9, 2021



# CITY OF CLEARWATER

FINANCE DEPARTMENT, POST OFFICE BOX 4748, CLEARWATER, FLORIDA 33758-4748

MUNICIPAL SERVICES BUILDING, 100 SOUTH MYRTLE AVENUE

TELEPHONE (727) 562-4530 FAX (727) 562-4535

## IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Brian Jay Ravins, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the City of Clearwater which is a local government entity of the State of Florida;
2. The governing body of the City of Clearwater has not adopted an ordinance or resolution implementing an impact fee or authorized the City of Clearwater to receive and expend proceeds of an impact fee implemented by another entity during the fiscal year ended September 30, 2020; and
3. The City of Clearwater has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

A handwritten signature of Brian Jay Ravins in blue ink.

Brian Jay Ravins

STATE OF FLORIDA  
COUNTY OF Pinellas

SWORN TO AND SUBSCRIBED before me this 8 day of April, 2021.

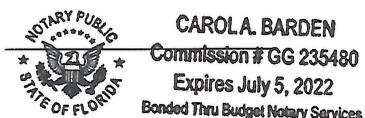
A handwritten signature of Carol A. Barden in blue ink.  

Carol A. Barden  
NOTARY PUBLIC  
Print Name Carol A. Barden

Personally known  or produced identification \_\_\_\_\_

Type of identification produced: \_\_\_\_\_

My Commission Expires:



Mark Bunker, Councilmember  
Kathleen Beckman, Councilmember

Frank Hibbard, Mayor



David Allbritton, Councilmember  
Hoyt Hamilton, Councilmember

"Equal Employment and Affirmative Action Employer"