



**CITY OF CLEARWATER, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2015**

2014/2015



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City of Clearwater, Florida
Comprehensive Annual Financial Report
for Fiscal Year Ended September 30, 2015



George N. Cretekos
Mayor

Doreen Caudell
Councilmember

Jay Polglaze
Councilmember

Bill Jonson
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, 2015

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CITY OF CLEARWATER

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CITY MANAGER

March 28, 2016

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, 2015.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Cherry Bekaert LLP, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2015, 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, 2015, 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.

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"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, airport, downtown boat slips, public fishing pier operations; and operation of the city-wide parking system.

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

After five consecutive years of decline in City taxable property values, approximating 33 percent in total, we have now experienced three consecutive years of increases: 3.1%, 6.0% and 6.6% increases for January 1, 2013, 2014, and 2015 tax rolls, respectively. Additionally, the Tampa Bay metropolitan area experienced an improvement in the unemployment rate as it decreased from the September 1, 2014 rate of 5.9% to 5.0% as of September 30, 2015. The metro area rate of 5.0% compares favorably to a national rate of 5.1% and a state unemployment rate of 5.3% as of September 30, 2015. Local tourism continues to increase at record rates and contributes to optimism that the area's economic recovery is underway.

The City's Beach Walk development has contributed to significant economic redevelopment on the beach. The downtown area is well-poised for similar redevelopment with the completion of downtown streetscaping, the Clearwater Harbor Marina, and Capitol Theatre, along with construction underway on an apartment complex of 257 high-end units adjacent to downtown's Prospect Lake Park.

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. 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.

The economic downturn in recent years necessitated an emphasis on balancing demands for City services with significantly reduced General Fund revenues. Identifying operating efficiencies, consolidating City operations, prioritizing and/or eliminating programs and services, partnering with other governmental entities, and other cost saving initiatives have been the focal point of all City departments in recent years. The City continues to strategically review the efficiency and effectiveness of service operations for potential cost savings via reengineering and/or outsourcing of services.

Relevant Financial Policies

It is a policy of the City Council to maintain a General Fund reserve equal to eight and one-half percent (8.5%) of the subsequent year's budgeted expenditures to meet unanticipated financial needs. Per Council policy, funds in excess of these required reserves 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 enterprise funds be maintained at a level equivalent to the greater of three months of operation and maintenance expenses, or other reserve levels indicated in the current rate study for the enterprise fund.

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 \$44.4 million of utility projects are budgeted for fiscal 2016 with \$216.0 million budgeted over the next six years. A major utility project in process is a \$29 million groundwater replenishment project that is currently in the design and permitting phase.

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. The ULI panel recommendations indicated the City needed to address three crucial topics: strategy, communication, and partnerships. During fiscal 2015 the City embarked on implementing high priority recommendations. Significant high priority items include, among others, creating a brand identity for the City, and activating the "Bluff" waterfront area and Coachman Park to encourage new commercial and residential uses and draw visitors and residents to the waterfront. The ULI panel recommendations and initiatives will continue to be a high priority for the City during fiscal 2016.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2014. This was the 36th consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for the fiscal year 2015 Budget document, the 29th consecutive year that this award has been received. In order to qualify, the City's Budget document was judged to be proficient in several categories including as a policy document, a financial plan, an operations guide, and a communications device.

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

Sincerely,



William B. Horne, II
City Manager



Brian Jay Ravins
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

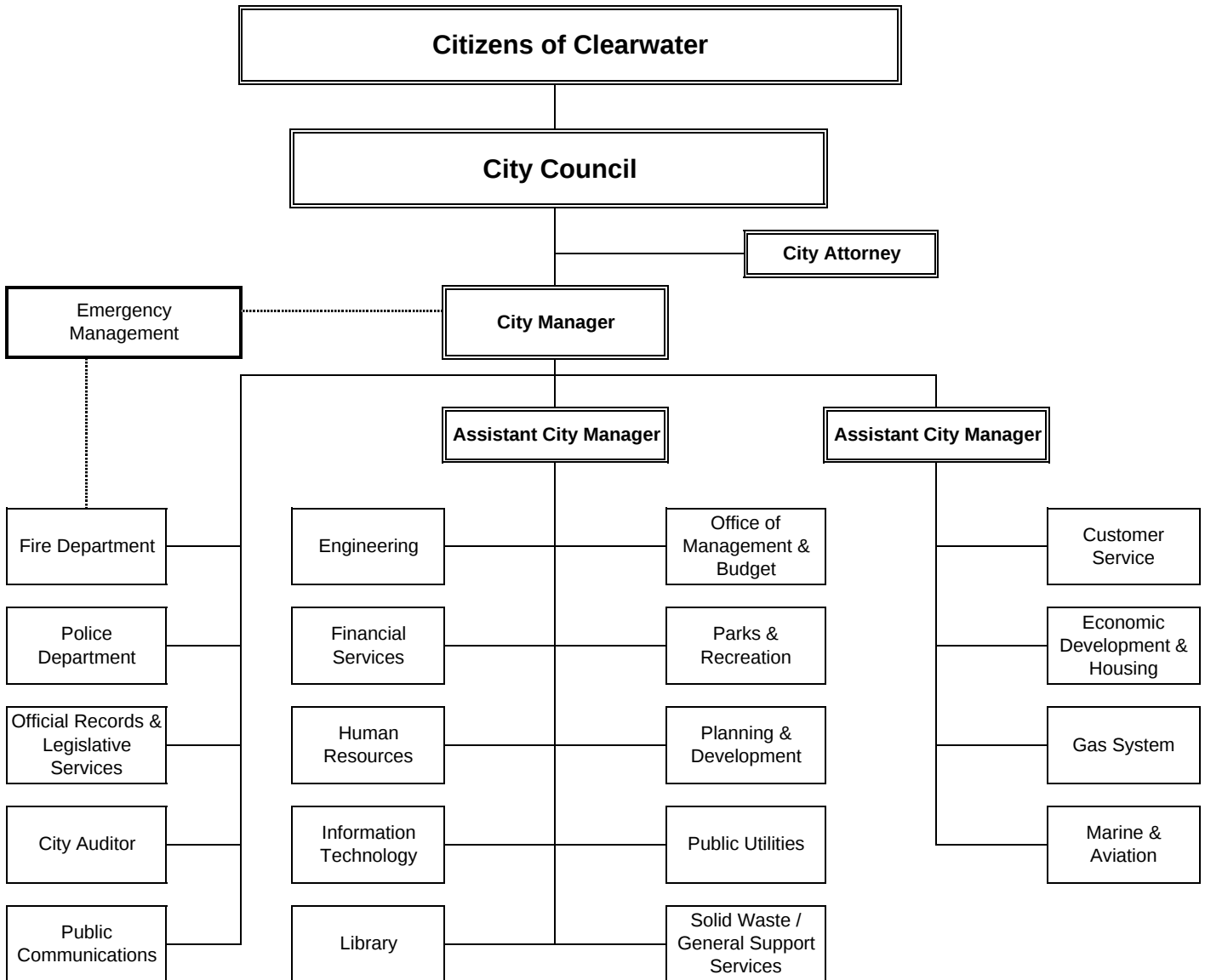
**City of Clearwater
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

City of Clearwater Organizational Chart



Report of Independent Auditor

To the Honorable Mayor and City Councilmembers
City of Clearwater, Florida:

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clearwater, Florida (the "City") as of and for the year ended September 30, 2015, 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 and fiduciary funds presented as supplementary information in the accompanying combining and individual fund statements as of and for the year ended September 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clearwater, Florida, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the general fund and the special development fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the nonmajor governmental funds, nonmajor enterprise funds, internal service and fiduciary funds of the City as of September 30, 2015, 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 Matters

Change in Accounting Principles

As discussed in Note IV.J. to the financial statements the City adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, during the year ended September 30, 2015. Our opinions are not modified with respect to these matters.

Prior Period Restatement - Correction of an Error

As discussed in Note IV.K. to the financial statements, the September 30, 2014 financial statements have been restated to correct an error. Our opinion is not modified with respect to this matter.

Prior Period Adjustment

As discussed in Note IV.L. to the financial statements, the September 30, 2014 financial statement have been restated. Our opinions are not modified with respect to this matter.

Fund Reclassification

As described in Note 1.B.2. to the financial statements, effective October 1, 2014, the Recycling Utility Fund was combined with the Solid Waste Utility Fund. Our opinions are 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 the required supplementary information schedules - Pension Trust Funds and other Postemployment, 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, supplemental information, statistical section, and the schedule of receipts and expenditures 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 accompanying schedule of expenditures of federal awards and state financial assistance, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General of the State of Florida*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The introductory, statistical sections, and supplemental information on pages 132-141 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Tampa, Florida

March 28, 2016

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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, 2015. *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 2015 by \$877.4 million (*net position*). Of this amount, \$285.2 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$21.4 million, or 2.4%, from the prior year's net position, as restated. Net position for governmental activities decreased by \$30.1 million, or 6.4%, while the business-type net position increased by \$8.6 million, or 2.0%.
- Significant factors contributing to the \$30.1 million decrease in governmental net position included an increase of net program expense of \$47.8 million from fiscal 2014 (before prior period adjustments) as a result of an increase of \$49.0 million in governmental program expenses, primarily in the public safety, transportation and culture and recreation programs, offset by a net increase in program revenues of \$1.2 million. This increase in expenses was primarily due to \$48.5 million of current year increase in pension expense per the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The increase in pension expense is primarily due to pension plan investment performance and the resulting impact on the net pension asset/liability and deferred inflows and outflows of the pension plans. General revenues for governmental activities and extraordinary items increased by \$10.5 million, or 12.5%, primarily due to a \$6.5 million settlement received from BP Oil for the Deepwater Horizon oil spill, a \$2.3 million increase in property taxes, a \$1.1 million increase in sales taxes and an increase of \$682 thousand in investment earnings. Transfers in from business-type activities decreased \$4.1 million.
- The \$8.6 million increase in business-type net position included a decrease in net program revenues of \$15.0 million (before prior period adjustments) as a result of an increase in charges for services of \$5.0 million offset by a decrease in operating grants and contributions totaling \$90 thousand and a decrease in capital grants and contributions of \$8.9 million, coupled with an increase in program expenses of \$10.9 million. \$4.8 million of the increase in charges for services is attributable to the Water & Sewer Utility and the Parking System. The Water & Sewer Utility also posted a decrease of \$8.0 million in capital grants and contributions, due to decreased funding from the Southwest Florida Water Management District as a result of completed capital projects. General revenues increased \$679 thousand due to an increase in investment earnings, and transfers out to governmental activities decreased \$4.1 million, primarily due to the closure of the Harborview Center Enterprise Fund and the transfer of its capital assets to governmental activities, which occurred in fiscal 2014.
- At September 30, 2015, the City's governmental funds reported combined ending fund balances of \$114.7 million, an increase of \$14.5 million, or 14.5%, in comparison with the prior year (as restated). Of this amount, \$29.0 million (or 25.27%) is *available for spending* at the government's discretion (*unassigned fund balance*).
- At September 30, 2015, unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of *fund balance*) for the general fund was \$32.0 million, or 28.1% of total fiscal 2015 general fund expenditures.
- Total outstanding long-term liabilities increased \$49.2 million from the prior year (as restated) primarily due to principal payments on bonds payable in the amount of \$8.2 million, an increase in the net pension liability of \$51.1 million due to negative investment returns per the implementation of GASB Statement No. 68, a net increase in lease purchase contracts of \$4.8 million, an increase in the liability for compensated absences of \$445 thousand, an increase in the liability for other postemployment benefits of \$1.8 million, and a decrease in claims payable of \$703 thousand.

Overview of the Financial Statements

This discussion and analysis (MD&A) is intended to serve as an introduction to the City of Clearwater's *basic financial statements*. The City's basic financial statements are comprised of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

The City maintains ten individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Special Development, 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 the form of *combining statements* in the supplementary information 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, legal, 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 42-97 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 98-104 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 108-130 of this report.

Government-Wide Financial Analysis

The total net position of the City decreased in fiscal 2015, primarily due to negative investment returns in fiscal 2015, which increased the City's net pension liability per the implementation of GASB Statement No. 68. 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 \$877.4 million at the close of the fiscal year ended September 30, 2015. This represents a decrease of \$21.4 million from the September 30, 2014 total net position of \$898.8 million (as restated). The City reports positive balances in all three categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities, for both the current year and the prior year, as indicated in the following table:

City of Clearwater, Florida - Net Position						
	Governmental Activities		Business-type Activities		Total	
	(restated)		(restated)		(restated)	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 182,948,098	\$ 195,255,937	\$ 225,852,250	\$ 221,178,827	\$ 408,800,348	\$ 416,434,764
Capital assets	285,364,260	280,198,958	428,854,296	424,517,765	714,218,556	704,716,723
Total assets	468,312,358	475,454,895	654,706,546	645,696,592	1,123,018,904	1,121,151,487
Deferred Outflows of						
Resources	39,089,379	48,861,725	17,061,340	19,555,216	56,150,719	68,416,941
Liabilities						
Current and other liabilities	9,409,238	6,057,255	19,708,126	16,481,273	29,117,364	22,538,528
Long-term debt outstanding:						
Due within one year	11,446,139	10,253,728	10,079,913	9,531,752	21,526,052	19,785,480
Due in more than one year	43,203,283	34,041,732	205,110,911	210,824,224	248,314,194	244,865,956
Total liabilities	64,058,660	50,352,715	234,898,950	236,837,249	298,957,610	287,189,964
Deferred Inflows of						
Resources	2,137,165	2,699,577	659,768	833,392	2,796,933	3,532,969
Net position						
Net investment in						
capital assets	262,934,280	261,886,142	226,570,671	214,175,302	489,504,951	476,061,444
Restricted	57,239,231	68,427,455	45,502,940	49,530,227	102,742,171	117,957,682
Unrestricted	121,032,401	140,950,731	164,135,557	163,875,638	285,167,958	304,826,369
Total net position	\$ 441,205,912	\$ 471,264,328	\$ 436,209,168	\$ 427,581,167	\$ 877,415,080	\$ 898,845,495

A large portion of the City's net position (55.8%) 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 a \$1.0 million, or .4%, increase 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 due to \$635 thousand in scheduled bond principal payments and a net increase of \$4.8 million in capital lease purchase contracts, plus a net increase of \$5.2 million in governmental capital assets for the current fiscal year. The increase in governmental capital assets resulted from capital asset additions of \$22.7 million and net transfers from business-type activities of \$8 thousand, offset by depreciation expense of \$17.4 million and net capital asset retirements totaling approximately \$105 thousand.

Net investment in capital assets for business-type activities increased by \$12.4 million, or 5.8%, due to \$24.4 million of capital asset additions, offset by \$20.1 million in current year depreciation expense, \$8 thousand in net transfers to governmental activities, and a decrease of \$8.1 million in related debt, net of unspent bond proceeds.

An additional portion of the City's net position (11.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$285.2 million or 32.5%) 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, 2015, and September 30, 2014:

City of Clearwater, Florida - Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	restated		restated		restated	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 41,996,636	\$ 41,357,619	\$ 163,328,727	\$ 158,352,056	\$ 205,325,363	\$ 199,709,675
Operating grants and contributions	6,892,564	6,304,872	50,000	139,930	6,942,564	6,444,802
Capital grants and contributions	2,326,185	2,390,527	4,661,948	13,589,852	6,988,133	15,980,379
General revenues:						
Property taxes	40,925,422	38,573,745	-	-	40,925,422	38,573,745
Sales taxes	16,833,401	15,722,125	-	-	16,833,401	15,722,125
Utility taxes	14,094,447	14,309,064	-	-	14,094,447	14,309,064
Other taxes	12,887,736	12,785,814	-	-	12,887,736	12,785,814
Other	3,304,102	2,624,462	4,086,503	3,407,016	7,390,605	6,031,478
Total revenues	139,260,493	134,068,228	172,127,178	175,488,854	311,387,671	309,557,082
Expenses						
General Government	16,818,382	2,396,035	-	-	16,818,382	2,396,035
Public Safety	99,055,781	20,662,065	-	-	99,055,781	20,662,065
Physical Environment	3,272,641	3,416,173	-	-	3,272,641	3,416,173
Transportation	19,366,262	6,959,967	-	-	19,366,262	6,959,967
Economic Environment	4,895,166	14,362,526	-	-	4,895,166	14,362,526
Human Services	248,666	93,638	-	-	248,666	93,638
Culture and Recreation	40,782,817	23,081,132	-	-	40,782,817	23,081,132
Interest on Long-term Debt	689,625	726,819	-	-	689,625	726,819
Water and Sewer Utility	-	-	69,550,196	55,988,322	69,550,196	55,988,322
Gas Utility	-	-	33,352,144	27,117,616	33,352,144	27,117,616
Solid Waste Utility	-	-	22,485,705	12,674,156	22,485,705	12,674,156
Stormwater Utility	-	-	16,109,960	13,939,372	16,109,960	13,939,372
Recycling Utility	-	-	2,455,229	2,121,459	2,455,229	2,121,459
Harborview Center	-	-	-	522,057	-	522,057
Other	-	-	10,215,864	7,620,002	10,215,864	7,620,002
Total expenses	185,129,340	71,698,355	154,169,098	119,982,984	339,298,438	191,681,339
Increase in net position before transfers	(45,868,847)	62,369,873	17,958,080	55,505,870	(27,910,767)	117,875,743
Transfers	9,330,079	13,409,931	(9,330,079)	(13,409,931)	-	-
Increase in net position before extraordinary item	(36,538,768)	75,779,804	8,628,001	42,095,939	(27,910,767)	117,875,743
Extraordinary Item - BP Settlement	6,480,352	-	-	-	6,480,352	-
Increase in net position	(30,058,416)	75,779,804	8,628,001	42,095,939	(21,430,415)	117,875,743
Net position - beginning (restated)	471,264,328	395,484,524	427,581,167	385,485,228	898,845,495	780,969,752
Net position - ending	\$ 441,205,912	\$ 471,264,328	\$ 436,209,168	\$ 427,581,167	\$ 877,415,080	\$ 898,845,495

Governmental Activities

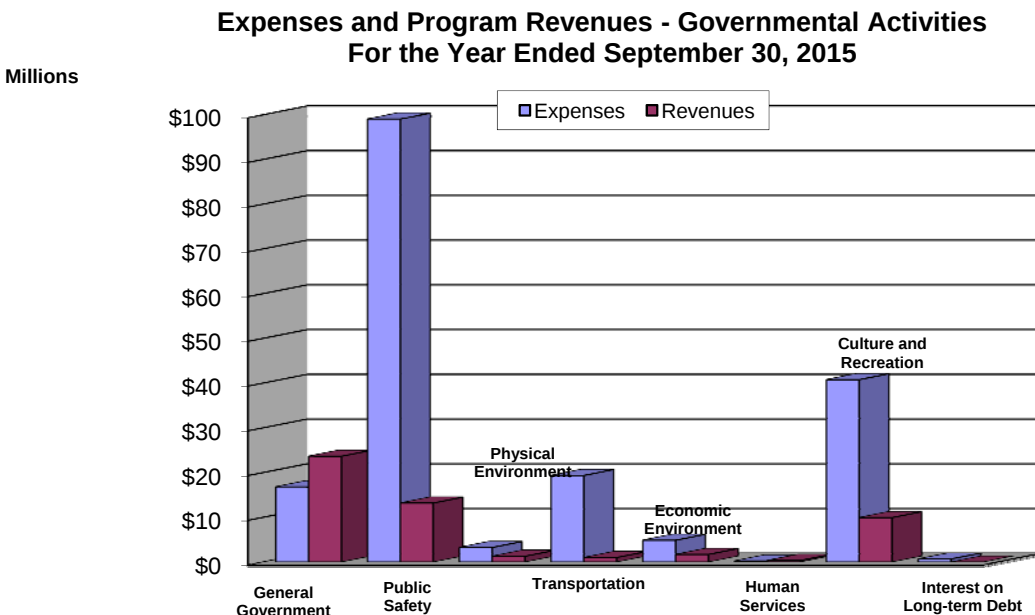
Net position of governmental activities decreased by \$30.1 million from \$471.3 million as of September 30, 2014 (as restated), to \$441.2 million as of September 30, 2015. This represents a 6.4% decrease in net position for governmental activities.

Total expenses for governmental activities increased by \$113.4 million, or 158.2%, versus the prior year (as restated). The majority of this increase is due to the recognition of pension expense due to the increase in net pension liability, deferred inflows of resources and deferred outflows of resources per the implementation of GASB Statement No. 68, which affected governmental activities in the amount of \$48.5 million. Other increases were most significant in the Public Safety (\$28.9 million), Transportation (\$8.2 million) and Culture and Recreation (\$7.7 million) programs.

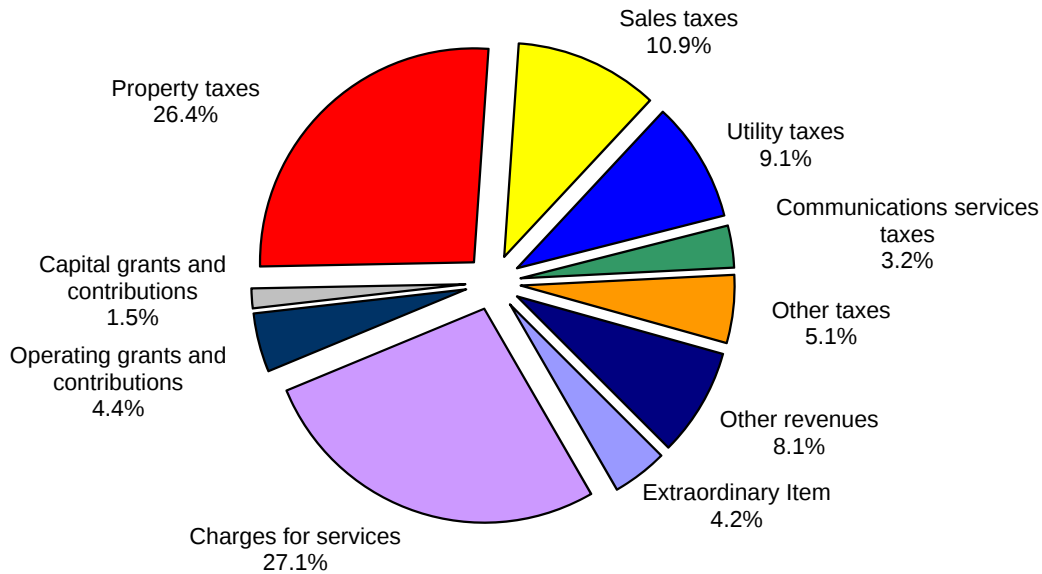
Total program revenues for governmental activities increased by \$1.2 million, or 2.3%, versus the prior year. This increase was primarily due to a \$639 thousand increase in charges for services, and a \$523 thousand net increase in operating and capital grants and contributions. Operating grants and contributions increased \$587 thousand, while capital grants and contributions decreased \$64 thousand.

Total general revenues for governmental activities increased by \$4.0 million, or 4.8%, primarily due to a \$2.4 million increase in property taxes, a \$1.1 million increase in sales taxes and an increase of \$682 thousand in investment earnings. Transfers in from business-type activities decreased \$4.1 million, or 30.4%, primarily due to the closure of the Harborview Center Enterprise Fund and the transfer of its capital assets to governmental activities, which occurred in fiscal 2014. In addition, a \$6.5 million settlement received from BP Oil for the Deepwater Horizon Oil spill was recorded as an extraordinary item (See Note .

The cost of all governmental activities this year was \$185.1 million. This reflects an increase of \$113.4 million, or 158.2% from the fiscal 2014 total of \$71.7 million, as restated. Prior period adjustments reduced the fiscal 2014 expenses in the amount of \$76.8 million to establish a net pension asset, deferred inflows and deferred outflows associated with the implementation of GASB Statement No. 68; and increased the fiscal 2014 expenses in the amount of \$12.4 million to establish an allowance for uncollectable accounts for mortgage loans receivable. However, as shown on the *Statement of Activities*, the amount that the City's taxpayers ultimately financed for fiscal 2015 activities totaled \$133.9 million, because some of the cost was paid for by those who directly benefited from the programs (\$42.0 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$9.2 million). This total of \$133.9 million is \$47.8 million, or 55.6%, greater than the fiscal 2014 amount financed from general revenues, before prior period adjustments.



**Revenues by Sources - Governmental Activities
For the Year Ended September 30, 2015**



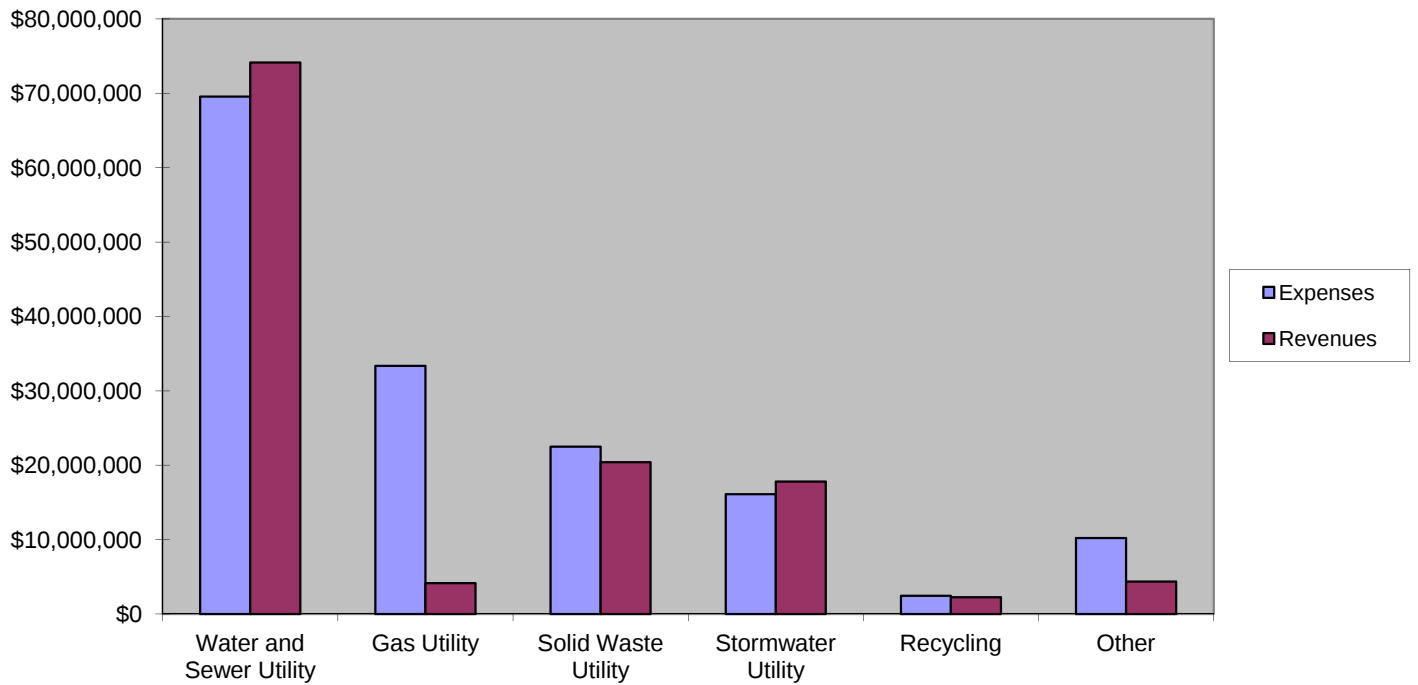
Business-type Activities

Net position for business-type activities increased by \$8.6 million from \$427.6 million as of September 30, 2014 (as restated), to \$436.2 million as of September 30, 2015. This represents a 2.0% increase net position for business-type activities. Net revenue from business-type activities, before investment earnings and transfers, decreased from \$28.8 million for the prior year to \$13.9 million for fiscal 2015. This \$15.0, or 51.9%, decrease was primarily the result of a \$5.0 million increase in charges for services offset by a \$8.9 million decrease in capital grants and contributions and a \$90.0 thousand decrease in operating grants and contributions coupled with a \$10.9 million increase in operating expenses. The decrease in net revenues was due primarily to the Water & Sewer Fund (\$9.1 million) and the Solid Waste and Recycling Utility (\$4.0 million).

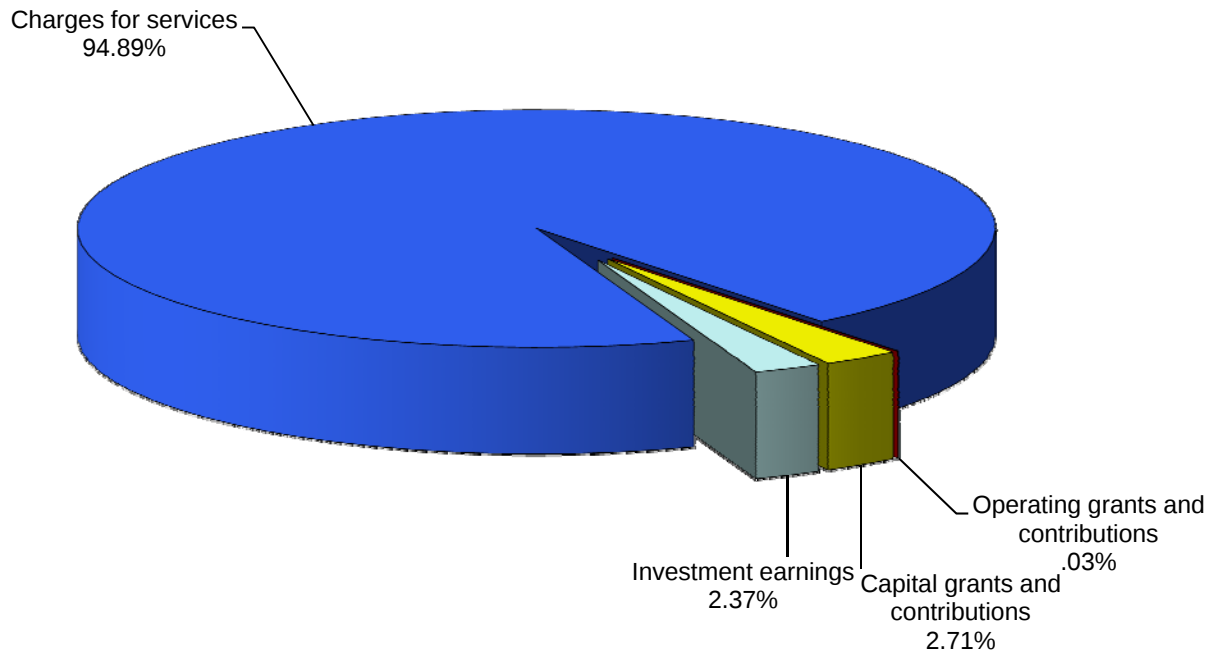
Total program revenues for business-type activities decreased by \$4.0 million, or 2.3%, to \$168.0 million versus the prior year total of \$172.0 million, primarily in the Water & Sewer Utility, where charges for services increased \$3.7 million (5.5%) as a result of a 4.5% rate increase effective October 1, 2014, and capital grants and contributions decreased \$8.0 million (70.9%) as a result of reduced funding from the Southwest Florida Water Management District due to completion of capital projects.

Total expenses for business-type activities increased by \$34.2 million, or 28.5%, from \$120.0 million in fiscal 2014 (as restated) to \$154.2 million for fiscal 2015. Part of this increase is due to the recognition of pension expense associated the increase in the net pension liability, deferred inflows of resources and deferred outflows of resources per the implementation of GASB Statement No. 68, which affected business-type activities in the amount of \$14.9 million. Expenses in the Water & Sewer Utility increased \$4.7 million (7.3%) primarily as a result of the recognition of pension expense due to the implementation of GASB Statement No. 68 as well as increased personnel costs and supplies needed to operate the new RO Plant, offset by decreased purchases of water from Pinellas County, which is also a result of the new RO Plant. There was also a decrease in professional fees due to reduced project activity. Solid Waste & Recycling Utility expenses increased \$4.3 million (20.7%) primarily due to increased personnel costs due to the recognition of pension expense as a result of the implementation of GASB Statement No. 68. Expenses in the Gas Utility increased \$1.7 million (5.4%) primarily due to the decreased cost of natural gas and liquid propane purchased for resale, offset by increased personnel costs as a result of 4 additional employees as well as recognition of pension expense due to the implementation of GASB Statement No. 68. Finally, transfers for business-type activities decreased \$4.1 million, or 30.4%, primarily due to the closure of the Harborview Center Enterprise Fund and the transfer of its capital assets to governmental activities, which occurred in fiscal 2014.

**Expenses and Program Revenue - Business-type Activities
For the Year Ended September 30, 2015**



**Revenues by Source - Business-type Activities
For the Year Ended September 30, 2015**



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, 2015, reflect a combined *fund balance* of \$114,695,226 versus \$110,173,890 (as restated) for the prior year, an increase of \$14,521,336. A total of \$29.0 million, or 25.27%, represents *unassigned fund balance* available for spending at the government's discretion. The remainder of the fund balance is classified as *assigned* (\$8.3 million or 7.20%) to indicate that it is intended to be used for specific purposes supported by management's intent; *committed* (\$20.2 million or 17.58%) to indicate that it can be used only for the specific purposes determined by a formal vote of the City Council; *restricted* (\$57.2 million or 49.91%) to indicate that it can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation; or *nonspendable* (\$41 thousand or 0.04%) to indicate that it cannot be spent or is legally or contractually required to remain intact.

The General Fund is the chief operating fund of the City. At September 30, 2015, unassigned fund balance of the General Fund totaled \$31.5 million, with the remaining \$487 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 27.7% of total general fund expenditures (GAAP basis before transfers) for the current fiscal year.

The fund balance of the Special Development Fund increased from \$5.9 million to \$8.2 million, an increase of \$2.3 million or 39.0%, during the current fiscal year versus a decrease of \$130 thousand for fiscal 2014. Intergovernmental revenue increased by \$1.3 million, impact fees increased by \$860 thousand and total taxes increased by \$879 thousand.

The fund balance for the Capital Improvement Fund increased from \$43.2 million to \$47.0 million during the current fiscal year. This increase of \$3.8 million is primarily the result of current year capital project funding received from other funds (\$21.8 million) in excess of current year capital project expenditures (\$17.6 million). 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 \$782 thousand (from \$26.6 million, as restated, to \$27.4 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 an \$3.0 million increase in net position versus an \$11.7 million increase for the prior year (before prior period adjustments). Operating revenues increased by \$3.5 million, or 5.3%, while operating expenses increased \$3.7 million, or 6.5%. This resulted in a net decrease in operating income of \$186 thousand, from \$9.2 million in fiscal 2014 to \$9.0 million in 2015. Additionally, capital grants and contributions decreased by \$8.0 million, or 70.9% and investment earnings increased by \$1.0 million. The increase in operating revenues was the result of a 4.5% rate increase effective October 1, 2014. The increase in operating expenses was primarily due to the recognition of pension expense per GASB Statement No. 68 in the amount of \$5.6 million, as well as increased personnel costs and supplies needed to operate the new RO Plant, offset by decreased purchases of water from Pinellas County, which is also the result of the new RO Plant. There was also a decrease in professional fees due to reduced project activity. The decrease in capital grants and contributions was primarily the result of decreased grant revenues from the Southwest Florida Water Management District due to the completion of the Reverse Osmosis Plant #2 Expansion project, as well as decreased contributions from developers, sewer taps and water impact fees.

The Gas Utility Fund realized a \$6.0 million increase in net position versus a \$7.9 million increase for the prior year. Operating revenues decreased by \$392 thousand, or .95%, from the prior year, while operating expenses increased by \$1.4 million (4.6%), before prior period adjustments. The increase in operating expenses was primarily due to the decreased cost of natural gas and liquid propane purchased for resale, offset by increased personnel costs as a result of 4 additional employees as well as the recognition of pension expense in the amount of \$2.9 million in accordance with GASB Statement No. 68. This resulted in a \$1.8 million, or 18.2%, decrease in operating income from the prior year. Additionally, other nonoperating revenues increased \$503 thousand primarily due to increased investment earnings of \$201 thousand, decreased interest expense of \$113 thousand and an increase of \$189 thousand in other nonoperating revenue as a result of contributions from property owners for main line extensions. Transfers out to other funds increased by \$1.2 million, or 46.8% primarily due to the increased dividend to the General Fund computed on the fiscal 2014 increase in net position.

The Solid Waste & Recycling Utility Fund is the combination of two funds that were reported separately prior to fiscal 2015. The combined fund realized a \$2.0 million decrease in net position versus a \$1.4 increase for the two funds in the prior year, before prior period adjustments. Operating revenues increased by \$226 thousand, or 1.0%, while operating expenses also increased by \$3.8 million, resulting in a decrease of \$3.6 million in operating income from \$1.5 million in fiscal 2014 (before prior period adjustments) to an operating loss of \$2.1 million in fiscal 2015. The increase in operating revenues was very slight, as there were no rate increases approved for fiscal 2015. The increase in operating expenses was primarily the result of increased personnel costs due to the recognition of pension expense in the amount of \$3.8 million per GASB Statement No. 68. Nonoperating revenues increased \$197 thousand primarily due to an increase of \$180 thousand in investment earnings.

The Stormwater Utility Fund realized an increase in net position of \$2.2 million versus a prior year increase of \$2.0 million (before prior period adjustments). Operating revenues increased by \$685 thousand, or 4.1%, primarily due to scheduled rate increases of 2.75% effective October 1, 2014. Additionally, fiscal 2015 realized a \$759 thousand, or 5.0% decrease in operating expenses, despite the recognition of pension expense in the amount of \$1.6 million per GASB Statement No. 68. There was also a significant decrease in capital grants and contributions of \$1.4 million (68.4%) due to the completion of stormwater projects that were funded by the Southwest Florida Water Management District.

Unrestricted net position and changes in net position of the proprietary funds for fiscal years 2015 and 2014:

Fund	Unrestricted Net Position		Change in Net Position	
	2015	(restated) 2014	2015	(restated) 2014
Water and Sewer Utility	\$ 42,816,009	\$ 42,823,660	\$ 2,968,847	\$ 20,477,599
Gas Utility	41,626,186	40,608,768	5,960,947	12,463,252
Solid Waste & Recycling Utility	34,218,753	36,216,046	(2,017,645)	7,239,631
Stormwater Utility	31,318,341	29,516,750	2,206,753	4,550,482
Other funds	13,689,535	12,187,243	1,565,537	(2,486,082)
Totals	<u>\$ 163,668,824</u>	<u>\$ 161,352,467</u>	<u>\$ 10,684,439</u>	<u>\$ 42,244,882</u>

General Fund Budgetary Highlights

The final amended budget for General Fund expenditures reflected a net increase of \$3.0 million, or 2.6%, from the original budget. Key elements of this increase were as follows:

- First Quarter Budget Amendments included an increase of \$618,890 to fund the \$1,500 base pay merit increase for each General Fund CWA employee; an increase of \$10,388 for the City Manager and City Attorney merit increases; an increase of \$350,950 to fund the City Manager approved merit increase for each General Fund SAMP employee; a decrease in the City Manager's flex funds to provide funding for a transfer to the Special Programs Fund for United Way campaign activities; an increase of \$50,000 in Economic Development and Housing to provide additional funding to the Homeless Emergency Project; an increase of \$70,870 in Finance to fund retirement

payouts for two long-term employees; an increase in Police operating expenditures of \$976 and an increase of \$8,018 in Police overtime; and an increase of \$25,000 to fund a legal settlement.

- Mid-Year Budget Amendments included an increase of \$32,500 in Marine & Aviation to reflect inventory purchases of \$25,300, operating supplies of \$4,000 and full-time salaries of \$3,200 ; and an increase of \$3,516 in Police overtime.
- Third Quarter Budget Amendments included an increase in the City Manager's Office of \$17,960 to fund the current year cost of an ICMA Management Intern to be shared with the City of Largo and the City of Oldsmar; an increase of \$1,150,830 in the Fire Department for the General Fund's contribution to the Fire Supplemental Pension Plan; an increase of \$23,770 in Library personal services to fund retirement payouts; an increase of \$10,000 in Official Records and Legislative Services to fund advertising costs; a decrease of \$198,000 in Parks and Recreation to fund a transfer to the Capital Improvement Fund for the Jack Russell Demolition & Refurbishment project; a decrease of \$25,000 in Parks and Recreation to fund a transfer to the Capital Improvement Fund for the Joe DiMaggio Multi-Purpose Field Renovations project; a decrease of \$50,000 in Planning and Development to fund a transfer to the Capital Improvement Fund for the U.S. 19 Wayfinding project; a decrease of \$50,000 in Public Communications to fund a transfer to the Special Programs Fund for the Strategic Direction Action Plan to fund the branding consultant contract; an increase in Police operating expenditures of \$760; and an increase of \$915,419 in the Police Department for the General Fund's contribution to the Police Supplemental Pension Plan.

Final budgeted revenues reflect a net increase of \$9.5 million, or 8.8%, from the original budget primarily due to the following:

- First Quarter Budget Amendments included an increase of \$8,994 in intergovernmental revenue to reflect an increase in reimbursements from the Department of Treasury supporting the FBI and Secret Service.
- Mid-Year Budget Amendments included an increase of \$3,516 in intergovernmental revenue to reflect an increase in reimbursements from the Department of Treasury supporting the IRS and Joint Terrorism Task Force; and an increase of \$32,500 in charges for services to reflect an increase to Pier 60 concession souvenirs revenue.
- Third Quarter Budget Amendments included an increase of \$164,730 in ad valorem taxes to reflect actual collections for the year; a decrease of \$550,000 to reflect telecommunications tax revenue that was less than expected; an increase of \$660,000 in other permits and fees revenue to reflect increased building permit revenue due to increased development in the City; an increase of \$2.3 million in intergovernmental revenue to reflect an increase of \$760 for reimbursements received for Homeland Security Investigations, an increase of \$32,250 to Fire Tax and \$233,530 to EMS Tax to bring the budget in line with actual receipts, an increase of \$11,980 to recognize revenue from the City of Largo for their portion of costs for the ICMA Management Intern, and an increase of \$2,066,249 to record state monies received for Police and Fire supplemental pension plans; an increase of \$113,000 in charges for services to bring the budget in line with anticipated receipts for fire inspection fees, various Parks and Recreation revenues and Pier 60 concession souvenirs; a decrease of \$50 thousand in court fine revenue from Pinellas County to bring the budget in line with anticipated annual receipts; and an increase of \$6.8 million in miscellaneous revenues to recognize an increase of \$270 thousand to beach and rental revenues to bring the budget in line with anticipated receipts; and an increase of \$6,480,352 representing the settlement from BP Oil for the Deepwater Horizon oil spill.

Final budgeted "transfers in" from other funds reflect a \$2.1 million, or 23.9%, increase from the original budget primarily due to:

- A transfer of \$2,138,538 from the Gas Fund representing an increase in the computed annual gas dividend payment for fiscal year 2013/14;
- The return of General Fund revenues in the amount of \$32,029 from the Capital Improvement Fund for the following capital projects which were closed out upon completion: Ladder Truck Equipment, Rescue Squad Replacement and Training Facility Concrete Pad Repairs.

Final budgeted “transfers out” reflect a \$4.6 million, or 104.3%, increase from the original budget primarily due to:

- A transfer of \$1,500 to the Special Programs Fund to provide funding for the United Way campaign activities;
- A transfer of \$776,214 to the Capital Improvement Fund for the Bright House Field Repairs project;
- A transfer of \$275,000 to the Special Programs Fund to provide funding for Special Events;
- A transfer of \$500,000 to the Special Programs Fund to provide funding for ULI Report Implementation;
- A transfer of \$100,000 to the Capital Improvement Fund for the Joe DiMaggio Sports Complex project;
- A transfer of \$810,000 to the Capital Improvement Fund for the Pinellas New Mains & Service Lines project;
- A transfer of \$40,000 to the Gas Fund to offset the cost of the fireworks display;
- A transfer of \$237,870 to reimburse the Stormwater Fund for surplus land at Prospect Lake;
- A transfer of \$650,000 to the Capital Improvement Fund for the Centennial Monument project;
- A transfer of \$25,000 to the Capital Improvement Fund for the Countryside Renovation project;
- A transfer of \$198,000 to the Capital Improvement Fund for the Jack Russell Demolition & Refurbishment project;
- A transfer of \$25,000 to the Capital Improvement Fund for the Joe DiMaggio Multi-Purpose Field Renovations project;
- A transfer of \$50,000 to the Capital Improvement Fund for the U.S. 19 Wayfinding project;
- A transfer of \$50,000 to the Special Programs Fund for the Strategic Direction Action Plan to fund the branding consultant contract;
- A transfer of \$250,000 to the Capital Improvement Fund for the Crest Lake Park Veterans War Memorial project;
- A transfer of \$335,000 to the Capital Improvement Fund for the Pier 60 and Beach Walk Repairs and Improvements project;
- A transfer of \$190,000 to the Capital Improvement Fund for the Missouri Avenue Median Beautification project;
- A transfer of \$75,000 to the Capital Improvement Fund for the Sailing Center Upgrades and Improvements project; and
- A transfer of \$28,250 to the Special Programs Fund for the Nagano Sister City program to fund the cost of the Nagano trip.

Total actual revenues for the General Fund for fiscal 2015 were \$1.4 million, or 1.3%, greater than final budgeted revenues. Contributing to this surplus of actual revenues versus final budgeted revenues are a surplus of \$755,358 (53.8%) in Miscellaneous Revenue, a surplus of \$542,490 (4.4%) in Intergovernmental Revenue received from the State, and a surplus of \$243,072 (24.7%) in Fines and Forfeitures.

Fiscal 2015 actual expenditures for the General Fund were \$2.3 million (2.0%) less than final budgeted expenditures, primarily due to budget savings across most City departments for fiscal 2015.

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, 2015, the City had investments in capital assets totaling \$714,218,556 (net of accumulated depreciation).

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 77,306	\$ 76,787	\$ 29,950	\$ 30,509	\$ 107,256	\$ 107,296
Buildings	105,741	91,486	26,455	6,397	132,196	97,883
Improvements other than buildings	19,251	16,818	353,044	338,756	372,295	355,574
Machinery and equipment	22,246	17,397	9,963	2,491	32,209	19,888
Infrastructure	58,081	62,278	-	-	58,081	62,278
Construction in progress	2,739	15,433	9,442	46,365	12,181	61,798
Total	<u>\$ 285,364</u>	<u>\$ 280,199</u>	<u>\$ 428,854</u>	<u>\$ 424,518</u>	<u>\$ 714,218</u>	<u>\$ 704,717</u>

* Net of accumulated depreciation

Net capital assets for the City's *governmental activities* increased from \$280.2 million to \$285.4 million, reflecting an increase of \$5.2 million for the current fiscal year. Capital asset additions of \$22.7 million were offset by depreciation expense of \$17.4 million and net capital asset retirements totaling approximately \$105 thousand. Major fiscal 2015 completed governmental capital projects included \$9.7 million for the construction of Fire Station #45, \$3.0 million for renovations at the Sid Lickton Complex, \$895 thousand for construction of the Countryside Library and \$626 thousand for Wood Valley Traffic Calming.

Net capital assets for the City's *business-type activities* increased from \$424.5 million to \$428.8 million, reflecting an increase of \$4.3 million for the current fiscal year. Capital asset additions of \$24.4 million were offset by depreciation expense of \$20.1 million. Major fiscal 2015 completed business-type capital projects included \$32.2 million for Reverse Osmosis Plant #2 Expansion, \$2.4 million for various stormwater projects and \$2.3 million for the sanitary sewer extensions.

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

The City's total long-term debt increased from \$220.6 million to \$269.8 million, an increase of \$49.2 million or 22.9%. Long-term debt for governmental activities increased by \$44.0 million, or 41.6%, while long-term debt for business-type activities increased by \$5.2 million or 2.5%. Key factors contributing to these changes included:

- The increase in long-term debt for governmental activities is primarily due to an increase in the net pension liability of \$39.0 million due to negative investment returns during fiscal 2015 per the implementation of GASB Statement No. 68; increased accruals for lease purchase contracts of \$4.8 million; as well as increased accruals for compensated absences and other postemployment benefits, offset by a decrease in claims payable; and principal payment of \$635 thousand on the Spring Training Facility Revenue Bonds.
- The decrease in long-term debt for business-type activities is primarily due to an increase in the net pension liability of \$12.1 million due to negative investment returns during fiscal 2015 per the implementation of GASB Statement No. 68; increased accruals for other post-employment benefits and compensated absences, offset by a decrease in lease purchase contracts; and approximately \$8.2 million of scheduled bond principal payments offset by a \$1.1 million increase in revenue bonds payable due to the issuance of the 2014 Water & Sewer Revenue Refunding Bonds to redeem the 2006 Water & Sewer Revenue Bonds.

The City's bonded debt as of September 30, 2015, consists entirely of revenue bonds (secured solely by specified revenue sources) with no general obligation debt or special assessment debt outstanding. Governmental activities revenue bonds totaled \$8.3 million while business-type activities totaled \$204.7 million.

The City's Charter limits indebtedness to 20% of the assessed valuation of non-exempt real estate. The current debt limitation is approximately \$2.1 billion, which is significantly in excess of the City's applicable indebtedness of approximately \$205 million at September 30, 2015.

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 2016 Budgets and Rates

Factors considered in preparing the City of Clearwater's budget for fiscal year 2016 included:

- An increase of 6.5% in property values, from \$8.2 billion to \$8.7 billion. This is the third increase in valuations that the City has recognized in seven years. City taxable values are still approximately 22% below peak values of 2007.
- The approved millage rate of 5.1550 mills for fiscal year 2016 is the same millage rate as the City's rate for the last seven fiscal years.
- A net increase of 37.3 full-time equivalent positions City-wide to a total of 1,746.9 FTE's. 19.8 positions were added to the General Fund, 15 positions were added in the utility and enterprise funds, 1.5 positions were added in the internal services funds, and 1 position was added in the Special Programs Fund.
- A decrease of \$2 million in the actuarially required contribution to the Employees' Pension Plan, from \$10.8 million, or 14.53% of covered payroll, for fiscal 2015 to \$8.8 million, or 11.66% of covered payroll, for fiscal 2016. The approved budget plans for a contribution rate of 17%, which will provide for the actuarially required contribution of 11.66% as well as restore approximately \$5 million to the credit balance to prepare us for future economic challenges.
- An increase in employee medical insurance costs of \$2.2 million to a total of \$16.2 million across all City operations. This increase includes a projected 10% increase in claims costs based on preliminary estimates, as well as \$1.4 million to offset the cost of the Employee Health Clinic.
- Budgeted Water and Sewer utility revenues for 2016 reflect a 4.5% rate increase effective October 1, 2015, per a rate study adopted in August 2011. Fiscal 2016 budgeted Stormwater utility revenues reflect a 1.25% rate increase effective October 1, 2015, per a rate study adopted in September 2015. Budgeted revenue for the Solid Waste & Recycling Utility reflect an increase of 3.75% based upon a new rate structure that was approved in August 2015. There are no planned rate increases for the Gas Utility.

Contacting the City's Financial Management

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

Basic Financial Statements

City of Clearwater, Florida
Statement of Net Position
September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 164,367,718	\$ 150,763,508	\$ 315,131,226
Receivables (net)	8,357,346	14,521,030	22,878,376
Internal balances	(446,462)	446,462	-
Due from other governments	4,270,592	1,437,009	5,707,601
Prepaid items	1,746,918	4,844	1,751,762
Inventories	469,770	2,808,904	3,278,674
Restricted assets:			
Cash and investments	-	55,444,752	55,444,752
Due from other governments	-	425,741	425,741
Net pension asset	843,464	-	843,464
Land held for resale	3,338,752	-	3,338,752
Capital assets:			
Land	77,306,091	29,950,296	107,256,387
Buildings	105,740,821	26,455,200	132,196,021
Improvements other than buildings	19,251,265	353,044,436	372,295,701
Machinery and equipment	22,246,000	9,962,768	32,208,768
Infrastructure	58,080,565	-	58,080,565
Construction in progress	2,739,518	9,441,596	12,181,114
Total assets	<u>468,312,358</u>	<u>654,706,546</u>	<u>1,123,018,904</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on refunding	-	4,993,977	4,993,977
Deferred outflows on pension	39,089,379	12,067,363	51,156,742
Total deferred outflows of resources	<u>39,089,379</u>	<u>17,061,340</u>	<u>56,150,719</u>
LIABILITIES			
Accounts payable and other current liabilities	6,222,670	8,485,008	14,707,678
Accrued liabilities	2,238,513	692,358	2,930,871
Accrued interest payable	35,492	31,341	66,833
Due to other governments	460,624	-	460,624
Deposits	5,300	87,010	92,310
Unearned revenue and liens	446,639	44,856	491,495
Payable from restricted assets:			
Construction contracts payable	-	363,560	363,560
Accrued interest payable	-	2,956,109	2,956,109
Customers deposits	-	7,047,884	7,047,884
Non-current liabilities due within one year:			
Compensated absences	4,379,741	1,126,380	5,506,121
Capital lease purchases payable	4,197,598	128,533	4,326,131
Revenue bonds payable	660,000	8,825,000	9,485,000
Claims payable	2,208,800	-	2,208,800
Long-term debt and liabilities:			
Unearned revenue	-	187,113	187,113
Compensated absences	3,353,174	862,367	4,215,541
Other postemployment benefits	9,526,791	4,065,044	13,591,835
Capital lease purchases payable	9,835,654	150,440	9,986,094
Revenue bonds payable	7,736,728	198,173,629	205,910,357
Claims payable	7,333,850	-	7,333,850
Net pension liability	5,417,086	1,672,318	7,089,404
Total liabilities	<u>64,058,660</u>	<u>234,898,950</u>	<u>298,957,610</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pension	2,137,165	659,768	2,796,933
NET POSITION			
Net investment in capital assets	262,934,280	226,570,671	489,504,951
Restricted for:			
Capital projects	41,343,124	9,300,000	50,643,124
Debt service	621,681	21,739,553	22,361,234
Renewal and replacement	-	12,706,758	12,706,758
Land held for resale	3,338,752	-	3,338,752
Grant programs	11,935,674	-	11,935,674
Impact fees	-	1,756,629	1,756,629
Unrestricted	121,032,401	164,135,557	285,167,958
Total net position	<u>\$ 441,205,912</u>	<u>\$ 436,209,168</u>	<u>\$ 877,415,080</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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 16,818,382	\$ 23,668,141	\$ 28	\$ -	\$ 6,849,787	\$ -	\$ 6,849,787
Public safety	99,055,781	10,593,056	2,607,860	-	(85,854,865)	-	(85,854,865)
Physical environment	3,272,642	195,963	0	1,114,689	(1,961,990)	-	(1,961,990)
Transportation	19,366,261	327,266	253,449	443,678	(18,341,868)	-	(18,341,868)
Economic environment	4,895,166	108,790	1,604,071	-	(3,182,305)	-	(3,182,305)
Human services	248,666	-	349,978	-	101,312	-	101,312
Culture and recreation	40,782,817	7,103,420	2,077,178	767,818	(30,834,401)	-	(30,834,401)
Interest on long-term debt	689,625	-	-	-	(689,625)	-	(689,625)
Total governmental activities	<u>185,129,340</u>	<u>41,996,636</u>	<u>6,892,564</u>	<u>2,326,185</u>	<u>(133,913,955)</u>	<u>-</u>	<u>(133,913,955)</u>
Business-type activities:							
Water & Sewer Utility	69,550,196	70,848,171	-	3,297,792	-	4,595,767	4,595,767
Gas Utility	33,352,144	41,143,023	-	-	-	7,790,879	7,790,879
Solid Waste Utility	22,485,705	20,401,272	-	-	-	(2,084,433)	(2,084,433)
Stormwater Utility	16,109,960	17,162,161	-	642,265	-	1,694,466	1,694,466
Recycling Utility	2,455,229	2,260,309	-	-	-	(194,920)	(194,920)
Marine	4,182,055	4,352,206	-	5,090	-	175,241	175,241
Aviation	398,988	282,456	-	716,801	-	600,269	600,269
Parking System	4,724,273	6,214,928	-	-	-	1,490,655	1,490,655
Clearwater Harbor Marina	910,548	664,201	50,000	-	-	(196,347)	(196,347)
Total business-type activities	<u>154,169,098</u>	<u>163,328,727</u>	<u>50,000</u>	<u>4,661,948</u>	<u>-</u>	<u>13,871,577</u>	<u>13,871,577</u>
Total primary government	<u>\$ 339,298,438</u>	<u>\$ 205,325,363</u>	<u>\$ 6,942,564</u>	<u>\$ 6,988,133</u>	<u>(133,913,955)</u>	<u>13,871,577</u>	<u>(120,042,378)</u>
General revenues:							
Taxes:							
Property taxes					40,925,422	-	40,925,422
Sales taxes					16,833,401	-	16,833,401
Utility taxes					14,094,447	-	14,094,447
Communications services taxes					4,918,612	-	4,918,612
Other taxes					7,969,124	-	7,969,124
Investment earnings (loss)					3,278,594	4,086,503	7,365,097
Miscellaneous					25,508	-	25,508
Transfers					9,330,079	(9,330,079)	-
Total general revenues and transfers					<u>97,375,187</u>	<u>(5,243,576)</u>	<u>92,131,611</u>
Change in net position before extraordinary item					(36,538,768)	8,628,001	(27,910,767)
Extraordinary Item - BP Oil settlement proceeds					6,480,352	-	6,480,352
Change in net position					(30,058,416)	8,628,001	(21,430,415)
Net position - beginning (as previously reported)					406,841,428	404,312,255	811,153,683
Prior period restatements (See Note IV.J.)					64,422,900	23,268,912	87,691,812
Net position--beginning (restated)					<u>471,264,328</u>	<u>427,581,167</u>	<u>898,845,495</u>
Net position--ending					<u>\$ 441,205,912</u>	<u>\$ 436,209,168</u>	<u>\$ 877,415,080</u>

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

City of Clearwater, Florida
Balance Sheet
Governmental Funds
September 30, 2015

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Development</u> <u>Fund</u>	<u>Capital</u> <u>Improvement</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u> <u>Governmental</u> <u>Funds</u>
ASSETS					
Cash and investments	\$ 31,172,646	\$ 6,423,593	\$ 49,951,225	\$ 20,077,633	\$ 107,625,097
Receivables (net where applicable, of allowances for estimated uncollectible amounts):					
Accrued interest	123,987	161,679	1,183	65,951	352,800
Accounts and contracts	385,091	-	-	-	385,091
Mortgages, notes and other loans	-	-	-	5,072,390	5,072,390
Property taxes	127,292	7,857	-	-	135,149
Utility taxes	1,008,873	-	-	-	1,008,873
Franchise fees	928,867	-	-	-	928,867
Other	249,318	-	1,968	8,148	259,434
Due from other governmental entities - grants	-	-	-	124,592	124,592
Due from other governmental entities - other	1,993,032	1,924,764	-	228,204	4,146,000
Land held for resale	-	-	-	3,338,752	3,338,752
Inventories, at cost	40,535	-	-	-	40,535
Advances to other funds	-	-	-	325,440	325,440
Total assets	<u>\$ 36,029,641</u>	<u>\$ 8,517,893</u>	<u>\$ 49,978,912</u>	<u>\$ 29,241,110</u>	<u>\$ 123,767,556</u>
LIABILITIES					
Accounts and contracts payable	\$ 1,350,896	\$ -	\$ 1,491,308	\$ 432,945	\$ 3,275,149
Accrued payroll	1,928,014	-	-	36,708	1,964,722
Due to other funds	-	-	670,838	316,667	987,505
Due to other funds (deficit in pooled cash)	-	-	-	24,536	24,536
Due to other governmental entities	82,652	329,073	-	48,899	460,624
Deposits	5,300	-	-	-	5,300
Construction escrows	-	-	-	3,383	3,383
Unearned revenue	635,818	7,857	-	-	643,675
Advances from other funds	-	-	748,663	958,773	1,707,436
Total liabilities	<u>4,002,680</u>	<u>336,930</u>	<u>2,910,809</u>	<u>1,821,911</u>	<u>9,072,330</u>
FUND BALANCES (DEFICITS)					
Nonspendable inventories and prepaid items	40,535	-	-	-	40,535
Restricted	-	3,112,122	31,986,905	22,140,204	57,239,231
Committed	-	253,297	16,304,582	3,609,753	20,167,632
Assigned	446,809	4,815,544	-	2,999,108	8,261,461
Unassigned	31,539,617	-	(1,223,384)	(1,329,866)	28,986,367
Total fund balances	<u>32,026,961</u>	<u>8,180,963</u>	<u>47,068,103</u>	<u>27,419,199</u>	<u>114,695,226</u>
Total liabilities and fund balances	<u>\$ 36,029,641</u>	<u>\$ 8,517,893</u>	<u>\$ 49,978,912</u>	<u>\$ 29,241,110</u>	<u>\$ 123,767,556</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, 2015

Total fund balances of governmental funds		\$ 114,695,226
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds. The cost of the assets totals \$528,762,251 and the accumulated depreciation totals \$243,397,991		285,364,260
Other assets are prepaid or are not available as financial resources and, therefore, are deferred in the funds:		
Accrued property taxes	135,149	
Accrued liens	385,127	
Accrued permit fees	<u>123,398</u>	
		643,674
The net pension asset related to governmental activities does not represent financial resources and is not reported in the funds.		843,464
Deferred outflows are not current assets or financial resources and, therefore, are not reported in the funds		39,089,379
Deferred inflows are not current liabilities or financial uses and, therefore, are not reported in the funds		(2,137,165)
Accrued pollution remediation obligation expenses are not financial uses and, therefore, are not reported in the funds.		(244,125)
Accrued general long-term debt interest expenses are not financial uses and, therefore, are not reported in the funds.		(35,492)
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	58,693,869	
Less: Capital assets included in total governmental capital assets above	(22,359,363)	
Less: Deferred outflows included in total governmental above	(4,131,930)	
Add: Deferred inflows included in total governmental above	225,908	
Add: Capital lease purchases payable included in total governmental below	13,661,787	
Add: Compensated absences included in total governmental below	696,067	
Add: Other post-employment benefits included in total governmental below	1,201,247	
Add: Net pension liability included in total governmental below	572,611	
Less: Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(466,733)</u>	
		48,093,463
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	(8,255,000)	
Add: Issuance premium (to be amortized as a reduction of interest expense)	(141,728)	
Capital lease purchases payable	(14,033,252)	
Other post-employment benefits	(9,526,791)	
Compensated absences	(7,732,915)	
Net pension liability	<u>(5,417,086)</u>	
		(45,106,772)
Total net position of governmental activities		<u><u>\$ 441,205,912</u></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, 2015

	General Fund	Special Development Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 38,969,608	\$ 1,949,511	\$ -	\$ -	\$ 40,919,119
Sales	-	10,187,514	-	-	10,187,514
Utility	14,094,447	-	-	-	14,094,447
Communications services	4,918,612	-	-	-	4,918,612
Other taxes	2,028,722	1,490,308	-	-	3,519,030
Total taxes	<u>60,011,389</u>	<u>13,627,333</u>	<u>-</u>	<u>-</u>	<u>73,638,722</u>
Franchise fees	9,872,948	-	-	-	9,872,948
Licenses, permits, and fees	3,048,774	1,359,064	-	-	4,407,838
Intergovernmental:					
Federal	-	-	-	1,408,884	1,408,884
State	12,882,719	-	440,240	1,184,151	14,507,110
Local	8,367,414	1,341,676	-	1,948,057	11,657,147
Total intergovernmental	<u>21,250,133</u>	<u>1,341,676</u>	<u>440,240</u>	<u>4,541,092</u>	<u>27,573,141</u>
Charges for services	14,466,100	-	-	1,364,328	15,830,428
Fines and forfeitures	1,227,072	-	-	410,576	1,637,648
Investment earnings	687,608	1,007,291	7,179	458,197	2,160,275
Miscellaneous	2,160,358	-	651,000	1,074,116	3,885,474
Total revenues	<u>112,724,382</u>	<u>17,335,364</u>	<u>1,098,419</u>	<u>7,848,309</u>	<u>139,006,474</u>
EXPENDITURES					
Current:					
General government	12,572,373	-	386,195	200,282	13,158,850
Public safety	64,563,604	-	305,909	2,016,005	66,885,518
Physical environment	2,993,345	-	83,476	81,440	3,158,261
Transportation	5,980,339	-	3,944,647	-	9,924,986
Economic environment	1,677,918	-	-	2,314,976	3,992,894
Human services	-	-	-	223,207	223,207
Culture and recreation	25,896,951	-	809,824	1,631,755	28,338,530
Debt service:					
Principal	-	-	-	928,476	928,476
Interest & fiscal charges	-	-	30,438	470,768	501,206
Capital outlay	-	-	12,075,113	56,751	12,131,864
Total expenditures	<u>113,684,530</u>	<u>-</u>	<u>17,635,602</u>	<u>7,923,660</u>	<u>139,243,792</u>
Excess (deficiency) of revenues over / (under) expenditures	<u>(960,148)</u>	<u>17,335,364</u>	<u>(16,537,183)</u>	<u>(75,351)</u>	<u>(237,318)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	11,074,299	1,097,283	21,802,527	5,412,158	39,386,267
Transfers out	(8,982,251)	(16,138,213)	(1,514,687)	(4,554,593)	(31,189,744)
Other long-term debt issued	-	-	81,779	-	81,779
Total other financing sources (uses)	<u>2,092,048</u>	<u>(15,040,930)</u>	<u>20,369,619</u>	<u>857,565</u>	<u>8,278,302</u>
Net change in fund balances before extraordinary item	<u>1,131,900</u>	<u>2,294,434</u>	<u>3,832,436</u>	<u>782,214</u>	<u>8,040,984</u>
EXTRAORDINARY ITEM					
BP Oil settlement proceeds	<u>6,480,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,480,352</u>
Net change in fund balances	<u>7,612,252</u>	<u>2,294,434</u>	<u>3,832,436</u>	<u>782,214</u>	<u>14,521,336</u>
Fund balances - beginning (as previously reported)	24,414,709	5,886,529	43,235,667	39,020,894	112,557,799
Prior period adjustment (See Note IV.L.)	-	-	-	(12,383,909)	(12,383,909)
Fund balances - beginning (restated)	24,414,709	5,886,529	43,235,667	26,636,985	100,173,890
Fund balances - ending	<u>\$ 32,026,961</u>	<u>\$ 8,180,963</u>	<u>\$ 47,068,103</u>	<u>\$ 27,419,199</u>	<u>\$ 114,695,226</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, 2015

Net change in fund balances - total governmental funds \$ 14,521,336

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	\$ 11,765,863	
Less current year depreciation	<u>(11,745,809)</u>	
		20,054

In the Statement of Activities the loss on disposition of capital assets is reported. The loss is not a use of current resources and thus is not reported in the funds. (88,340)

Loan proceeds provide current financial resources to governmental funds; however issuing debt increases long-term liabilities in the Statement of Net Position. In the current year these amounts are:

Capital lease proceeds		(81,779)
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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		(8,739,364)
Current year change in deferred inflows		502,962

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	635,000	
Capital lease principal payments	<u>293,476</u>	
		928,476

Net pension asset is not current financial resources and consequently is not reported in the funds. However it is a asset in the Statement of Net Position.

Current year change in the net pension asset		(219,059)
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Net pension liability 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 net pension liability		(34,905,368)
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Liability for other post-employment benefits (OPEB) does not require the use of current financial resources and consequently is not reported in the funds. However it is a liability in the Statement of Net Position.

Current year change in the liability for other post-employment benefits		(1,039,832)
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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	(547,268)	
Amortization of bond discounts and premiums	21,232	
Current year change in pollution remediation obligation	2,227	
Current year change in accrued interest expense	<u>2,117</u>	
		(521,692)

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 property taxes receivable		6,303
Current year change in liens receivable		2,664
Current year change in permit fees receivable		28,800
Current year change in accrued intergovernmental revenues		(931,779)

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.

		458,202
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Total change in net position of governmental activities		<u>\$ (30,058,416)</u>
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The notes to the financial statements are an integral part of this statement.

City of Clearwater, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				Positive (Negative)
Taxes:				
Property	\$ 38,779,620	\$ 38,944,350	\$ 38,969,608	\$ 25,258
Utility taxes	14,182,400	14,182,400	14,094,447	(87,953)
Communications services	5,469,780	4,919,780	4,918,612	(1,168)
Other taxes	2,135,000	2,135,000	2,028,722	(106,278)
Total taxes	<u>60,566,800</u>	<u>60,181,530</u>	<u>60,011,389</u>	<u>(170,141)</u>
Franchise fees	10,090,000	10,090,000	9,872,948	(217,052)
Licenses, permits, and fees	2,220,500	2,880,500	3,048,774	168,274
Intergovernmental:				
State	10,248,730	12,340,229	12,882,719	542,490
Local	<u>8,408,380</u>	<u>8,674,160</u>	<u>8,367,414</u>	<u>(306,746)</u>
Total intergovernmental	<u>18,657,110</u>	<u>21,014,389</u>	<u>21,250,133</u>	<u>235,744</u>
Charges for services	14,085,540	14,231,040	14,466,100	235,060
Fines and forfeitures	1,034,000	984,000	1,227,072	243,072
Investment earnings	512,500	512,500	687,608	175,108
Miscellaneous	<u>1,135,000</u>	<u>1,405,000</u>	<u>2,160,358</u>	<u>755,358</u>
Total revenues	<u>108,301,450</u>	<u>111,298,959</u>	<u>112,724,382</u>	<u>1,425,423</u>
EXPENDITURES				
General government				
City Council	275,880	277,040	269,473	7,567
City Manager's Office	1,091,940	1,126,937	1,104,321	22,616
City Attorney's Office	1,629,360	1,653,821	1,383,816	270,005
Official Records & Legislative Services	1,002,630	1,025,675	987,960	37,715
Public Communications	1,012,470	975,550	985,958	(10,408)
Finance	2,387,300	2,496,860	2,364,998	131,862
Human Resources	1,056,010	1,068,780	1,049,099	19,681
Non-Departmental	2,543,210	2,568,210	2,606,505	(38,295)
Engineering	57,659	58,864	55,967	2,897
Planning	1,481,600	1,455,690	1,467,558	(11,868)
City Auditor's Office	<u>196,560</u>	<u>200,060</u>	<u>199,486</u>	<u>574</u>
Total general government	<u>12,734,619</u>	<u>12,907,487</u>	<u>12,475,141</u>	<u>432,346</u>
Public safety				
Police	36,609,711	37,691,985	36,895,324	796,661
Fire	23,421,610	24,617,585	24,086,863	530,722
Development & Neighborhood Services	<u>3,398,130</u>	<u>3,521,805</u>	<u>3,449,874</u>	<u>71,931</u>
Total public safety	<u>63,429,451</u>	<u>65,831,375</u>	<u>64,432,061</u>	<u>1,399,314</u>
Physical environment				
Engineering	2,565,834	2,619,444	2,490,529	128,915
Parks and Recreation	<u>575,220</u>	<u>586,200</u>	<u>580,449</u>	<u>5,751</u>
Total physical environment	<u>3,141,054</u>	<u>3,205,644</u>	<u>3,070,978</u>	<u>134,666</u>
Transportation				
Engineering	4,740,966	4,782,428	4,663,238	119,190
Parks and Recreation	<u>1,304,440</u>	<u>1,324,570</u>	<u>1,223,355</u>	<u>101,215</u>
Total transportation	<u>6,045,406</u>	<u>6,106,998</u>	<u>5,886,593</u>	<u>220,405</u>
Economic environment				
Economic Development	<u>1,609,830</u>	<u>1,675,545</u>	<u>1,663,052</u>	<u>12,493</u>
Total economic environment	<u>1,609,830</u>	<u>1,675,545</u>	<u>1,663,052</u>	<u>12,493</u>
Culture and recreation				
Parks and Recreation	19,380,590	19,426,610	19,340,624	85,986
Library	5,391,810	5,502,200	5,480,430	21,770
Marine	<u>850,720</u>	<u>892,970</u>	<u>889,058</u>	<u>3,912</u>
Total culture and recreation	<u>25,623,120</u>	<u>25,821,780</u>	<u>25,710,112</u>	<u>111,668</u>
Total expenditures (budgetary basis)	<u>112,583,480</u>	<u>115,548,829</u>	<u>113,237,937</u>	<u>2,310,892</u>
Excess (deficiency) of revenues over expenditures (budgetary basis)	<u>(4,282,030)</u>	<u>(4,249,870)</u>	<u>(513,555)</u>	<u>3,736,315</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,071,110	11,241,677	11,074,299	(167,378)
Transfers out	<u>(4,425,070)</u>	<u>(9,041,904)</u>	<u>(8,982,251)</u>	<u>59,653</u>
Total other financing sources (uses) (budgetary basis)	<u>4,646,040</u>	<u>2,199,773</u>	<u>2,092,048</u>	<u>(107,725)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis) before extraordinary item	364,010	(2,050,097)	1,578,493	3,628,590
EXTRAORDINARY ITEM				
BP Oil settlement proceeds	<u>-</u>	<u>6,480,352</u>	<u>6,480,352</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	364,010	4,430,255	8,058,845	3,628,590
Encumbered purchase orders, beginning of year	-	-	(893,402)	(893,402)
Encumbered purchase orders, end of year	<u>-</u>	<u>-</u>	<u>446,809</u>	<u>446,809</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	364,010	4,430,255	7,612,252	3,181,997
Fund balances - beginning	<u>24,414,709</u>	<u>24,414,709</u>	<u>24,414,709</u>	<u>-</u>
Fund balances - ending	<u>\$ 24,778,719</u>	<u>\$ 28,844,964</u>	<u>\$ 32,026,961</u>	<u>\$ 3,181,997</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes:				
Property	\$ 1,920,480	\$ 1,948,250	\$ 1,949,511	\$ 1,261
Sales	9,453,580	9,453,580	10,187,514	733,934
Other taxes	1,424,090	1,424,090	1,490,308	66,218
Total taxes	<u>12,798,150</u>	<u>12,825,920</u>	<u>13,627,333</u>	<u>801,413</u>
Licenses, permits, and fees	221,180	1,049,520	1,359,064	309,544
Intergovernmental:				
Local	-	-	1,341,676	1,341,676
Investment earnings	35,000	524,310	1,007,291	482,981
Total revenues	<u>13,054,330</u>	<u>14,399,750</u>	<u>17,335,364</u>	<u>2,935,614</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>13,054,330</u>	<u>14,399,750</u>	<u>17,335,364</u>	<u>2,935,614</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,097,284	1,097,284
Transfers out	<u>(14,719,960)</u>	<u>(14,985,394)</u>	<u>(16,138,214)</u>	<u>(1,152,820)</u>
Total other financing sources (uses)	<u>(14,719,960)</u>	<u>(14,985,394)</u>	<u>(15,040,930)</u>	<u>(55,536)</u>
Excess / (Deficiency) of revenues and other sources over expenditures and other uses	(1,665,630)	(585,644)	2,294,434	2,880,078
Fund balances - beginning	<u>5,886,529</u>	<u>5,886,529</u>	<u>5,886,529</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,220,899</u>	<u>\$ 5,300,885</u>	<u>\$ 8,180,963</u>	<u>\$ 2,880,078</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, 2015

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
ASSETS			
Current assets:			
Cash and investments	\$ 37,929,997	\$ 38,206,640	\$ 31,794,946
Accrued interest receivable	235,006	130,140	113,006
Accounts and contracts receivable:			
Billed	3,829,926	1,051,895	1,130,355
Unbilled charges estimated	2,686,600	1,722,800	850,292
	6,516,526	2,774,695	1,980,647
Less: Allowance for uncollectable accounts	(110,759)	(42,822)	(28,826)
Total receivables, net	6,405,767	2,731,873	1,951,821
Other receivables	70,840	137,565	-
Due from other funds	-	-	-
Due from other governmental entities	853,101	103,061	-
Inventories, at cost	784,060	1,990,066	-
Prepaid expenses and other assets	4,404	-	440
Total current assets - unrestricted	46,283,175	43,299,345	33,860,213
Current assets - restricted:			
Restricted cash and investments	10,910,856	2,901,943	1,065,879
Due from other governmental entities	425,741	-	-
Total current assets - restricted	11,336,597	2,901,943	1,065,879
Total current assets	57,619,772	46,201,288	34,926,092
Noncurrent assets:			
Restricted:			
Restricted cash and investments	27,798,460	300,000	-
Other receivables	187,113	-	-
Advances to other funds	-	-	-
Capital assets:			
Land and other nondepreciable assets	8,046,813	354,684	1,094,865
Capital assets, net of accumulated depreciation	267,067,907	56,019,352	1,761,437
Total noncurrent assets	303,100,293	56,674,036	2,856,302
Total assets	360,720,065	102,875,324	37,782,394
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	2,892,448	734,636	-
Deferred outflows on pension	4,574,947	2,345,025	3,043,826
Total deferred outflows of resources	7,467,395	3,079,661	3,043,826

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

Activities Funds			Activities - Internal Service Funds	
Stormwater Utility	Other Funds	Total		
\$ 29,096,129	\$ 13,735,796	\$ 150,763,508	\$ 56,742,621	
100,243	74,877	653,272	176,254	
936,893	31,844	6,980,913	-	
1,438,000	-	6,697,692	-	
2,374,893	31,844	13,678,605	-	
(23,958)	-	(206,365)	-	
2,350,935	31,844	13,472,240	-	
-	-	208,405	38,488	
-	-	-	1,099,430	
43,966	436,881	1,437,009	-	
-	34,778	2,808,904	429,235	
-	-	4,844	1,746,918	
31,591,273	14,314,176	169,348,182	60,232,946	
1,375,313	9,300,000	25,553,991	-	
-	-	425,741	-	
1,375,313	9,300,000	25,979,732	-	
32,966,586	23,614,176	195,327,914	60,232,946	
1,792,301	-	29,890,761	-	
-	-	187,113	-	
-	-	-	1,473,650	
24,252,300	5,643,230	39,391,892	729,591	
48,524,787	16,088,921	389,462,404	21,629,772	
74,569,388	21,732,151	458,932,170	23,833,013	
107,535,974	45,346,327	654,260,084	84,065,959	
1,366,893	-	4,993,977	-	
1,315,751	787,814	12,067,363	4,131,930	
2,682,644	787,814	17,061,340	4,131,930	

(Continued)

City of Clearwater, Florida
Statement of Net Position
Proprietary Funds
September 30, 2015

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
LIABILITIES			
Current liabilities:			
Accounts and contracts payable	4,718,227	2,164,703	540,500
Accrued payroll	257,437	131,093	155,497
Accrued interest payable	13,865	12,667	4,809
Deposits	-	-	-
Unearned revenue and liens	-	-	-
Current portion of long-term liabilities:			
Compensated absences	399,613	319,914	189,655
Revenue bonds	1,062,500	912,083	-
Capital lease purchases payable	57,484	-	-
Due to other funds	-	-	-
Claims payable	-	-	-
Total current liabilities (payable from current assets)	<u>6,509,126</u>	<u>3,540,460</u>	<u>890,461</u>
Current liabilities (payable from restricted assets):			
Construction contracts payable	363,560	-	-
Accrued interest payable	2,469,522	28,036	-
Current portion of long-term liabilities, revenue bonds	5,312,500	82,917	-
Customer deposits	3,191,015	2,790,990	1,065,879
Total current liabilities payable from restricted assets	<u>11,336,597</u>	<u>2,901,943</u>	<u>1,065,879</u>
Total current liabilities	<u>17,845,723</u>	<u>6,442,403</u>	<u>1,956,340</u>
Noncurrent liabilities:			
Compensated absences	305,947	244,930	145,202
Other postemployment benefits	1,462,889	691,688	1,061,386
Revenue bonds (net of unamortized premiums/discounts)	153,266,502	11,570,705	-
Capital lease purchases payable	119,524	-	-
Unearned revenue	187,113	-	-
Advances from other funds	-	-	-
Claims payable	-	-	-
Net pension liability	634,006	324,978	421,819
Total non-current liabilities	<u>155,975,981</u>	<u>12,832,301</u>	<u>1,628,407</u>
Total liabilities	<u>173,821,704</u>	<u>19,274,704</u>	<u>3,584,747</u>
DEFERRED INFLOWS			
Deferred inflows on pension	250,129	128,211	166,418
Total deferred inflows of resources	<u>250,129</u>	<u>128,211</u>	<u>166,418</u>
NET POSITION			
Net investment in capital assets	118,188,658	44,542,967	2,856,302
Restricted for:			
Revenue bond debt service and sinking fund requirements	18,947,573	82,917	-
Revenue bond renewal and replacement requirements	12,406,758	300,000	-
Water and sewer impact fees	1,756,629	-	-
Developer agreements	-	-	-
Unrestricted	42,816,009	41,626,186	34,218,753
Total net position	<u>\$ 194,115,627</u>	<u>\$ 86,552,070</u>	<u>\$ 37,075,055</u>

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

Activities Funds			Activities - Internal Service Funds
Stormwater Utility	Other Funds	Total	
669,995	391,583	8,485,008	2,700,012
68,416	79,915	692,358	273,791
-	-	31,341	-
-	87,010	87,010	-
-	44,856	44,856	446,639
116,931	100,267	1,126,380	394,235
121,250	-	2,095,833	-
71,049	-	128,533	3,956,424
-	20,271	20,271	91,654
-	-	-	2,208,800
<u>1,047,641</u>	<u>723,902</u>	<u>12,711,590</u>	<u>10,071,555</u>
-	-	363,560	-
458,551	-	2,956,109	-
1,333,750	-	6,729,167	-
-	-	7,047,884	-
<u>1,792,301</u>	<u>-</u>	<u>17,096,720</u>	<u>-</u>
<u>2,839,942</u>	<u>723,902</u>	<u>29,808,310</u>	<u>10,071,555</u>
89,523	76,765	862,367	301,832
389,542	459,539	4,065,044	1,201,247
33,336,422	-	198,173,629	-
30,916	-	150,440	9,705,363
-	-	187,113	-
-	-	-	91,654
-	-	-	7,333,850
<u>182,339</u>	<u>109,176</u>	<u>1,672,318</u>	<u>572,611</u>
<u>34,028,742</u>	<u>645,480</u>	<u>205,110,911</u>	<u>19,206,557</u>
<u>36,868,684</u>	<u>1,369,382</u>	<u>234,919,221</u>	<u>29,278,112</u>
71,937	43,073	659,768	225,908
<u>71,937</u>	<u>43,073</u>	<u>659,768</u>	<u>225,908</u>
39,250,593	21,732,151	226,570,671	8,697,576
2,709,063	-	21,739,553	-
-	-	12,706,758	-
-	-	1,756,629	-
-	9,300,000	9,300,000	-
<u>31,318,341</u>	<u>13,689,535</u>	<u>163,668,824</u>	<u>49,996,293</u>
<u>\$ 73,277,997</u>	<u>\$ 44,721,686</u>	<u>435,742,435</u>	<u>\$ 58,693,869</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds		466,733	
Net position of business-type activities		<u>\$ 436,209,168</u>	

City of Clearwater, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2015

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
Operating revenues:			
Sales to customers	\$ 70,084,906	\$ 38,674,009	\$ 20,203,438
Service charges to customers	488,791	2,010,614	96,904
User charges to customers	-	-	1,817,701
Billings to departments	-	-	-
Rentals	-	-	-
Other	-	-	-
Total operating revenues	<u>70,573,697</u>	<u>40,684,623</u>	<u>22,118,043</u>
Operating expenses:			
Personal services	17,097,951	8,261,558	11,407,235
Purchases for resale	7,176,114	12,953,822	13,885
Operating materials and supplies	3,340,456	818,978	443,390
Transportation	1,138,213	552,557	4,820,143
Utility service	2,947,554	123,449	110,009
Dumping charges	2,269	-	4,217,810
Depreciation	13,855,405	2,143,057	349,545
Interfund administrative charges	5,870,736	2,433,060	1,495,644
Other current charges:			
Professional fees	1,778,619	878,984	390,421
Advertising	59,644	1,066,028	70,808
Communications	107,902	135,218	44,292
Printing and binding	12,923	21,971	6,843
Insurance	718,776	276,654	388,188
Repairs and maintenance	6,378,044	200,184	83,229
Rentals	17,749	7,004	6,679
Miscellaneous	426,377	338,052	84,942
Data processing charges	607,176	443,796	240,684
Taxes	-	1,895,429	-
Total other current charges	<u>10,107,210</u>	<u>5,263,320</u>	<u>1,316,086</u>
Total operating expenses	<u>61,535,908</u>	<u>32,549,801</u>	<u>24,173,747</u>
Operating income	<u>9,037,789</u>	<u>8,134,822</u>	<u>(2,055,704)</u>

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

Activities Funds			Governmental Activities - Internal Service Funds	
Stormwater Utility	Other Funds	Total		
\$ 17,367,722	\$ 8,520,334	\$ 154,850,409	\$ -	
77,763	-	2,674,072	-	
-	227,482	2,045,183	-	
-	-	-	48,605,812	
-	2,543,889	2,543,889	-	
-	-	-	133,700	
<u>17,445,485</u>	<u>11,291,705</u>	<u>162,113,553</u>	<u>48,739,512</u>	
4,701,896	3,679,105	45,147,745	14,812,323	
-	1,928,508	22,072,329	4,234,170	
438,257	283,942	5,325,023	890,229	
1,037,216	104,975	7,653,104	173,824	
24,818	394,071	3,599,901	529,196	
169,294	-	4,389,373	-	
2,915,457	814,722	20,078,186	5,654,687	
1,959,912	1,351,476	13,110,828	293,112	
387,616	410,414	3,846,054	4,415,777	
4,347	14,856	1,215,683	-	
17,440	37,396	342,248	1,120,767	
1,004	7,815	50,556	18,541	
91,704	90,624	1,565,946	16,092,140	
2,410,288	495,270	9,567,015	3,457,837	
1,788	27,754	60,974	495,125	
61,247	441,500	1,352,118	429,916	
222,372	94,632	1,608,660	535,296	
-	766	1,896,195	11,709	
<u>3,197,806</u>	<u>1,621,027</u>	<u>21,505,449</u>	<u>26,577,108</u>	
<u>14,444,656</u>	<u>10,177,826</u>	<u>142,881,938</u>	<u>53,164,649</u>	
<u>3,000,829</u>	<u>1,113,879</u>	<u>19,231,615</u>	<u>(4,425,137)</u>	

(Continued)

City of Clearwater, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2015

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
Nonoperating revenues (expenses):			
Investment earnings	1,455,231	817,940	710,101
Interest expense	(7,277,456)	(446,115)	(5,909)
Bond issuance costs	(76,332)	-	-
Gain on exchange of capital assets	-	-	-
Loss on exchange of capital assets	-	-	-
Other	274,474	458,400	543,538
Total nonoperating revenue (expenses)	<u>(5,624,083)</u>	<u>830,225</u>	<u>1,247,730</u>
Income (loss) before contributions and transfers	3,413,706	8,965,047	(807,974)
Capital grants and contributions	3,297,792	-	-
Transfers in	-	850,000	-
Transfers out	<u>(3,742,651)</u>	<u>(3,854,100)</u>	<u>(1,209,671)</u>
Change in net position	2,968,847	5,960,947	(2,017,645)
Total net position - beginning (as previously reported)	182,381,891	76,115,199	33,268,156
Prior period restatements (Note IV.J.)	<u>8,764,889</u>	<u>4,475,924</u>	<u>5,824,544</u>
Total net position - beginning (restated)	191,146,780	80,591,123	39,092,700
Total net position - ending	<u>\$ 194,115,627</u>	<u>\$ 86,552,070</u>	<u>\$ 37,075,055</u>

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

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

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

Activities Funds			Governmental Activities - Internal Service Funds
Stormwater Utility	Other Funds	Total	
629,850	473,381	4,086,503	1,161,403
(1,148,865)	(590)	(8,878,935)	(230,213)
-	-	(76,332)	-
	-	-	544,272
(275,455)	-	(275,455)	(59,012)
(283,324)	272,086	1,265,174	276,895
(1,077,794)	744,877	(3,879,045)	1,693,345
1,923,035	1,858,756	15,352,570	(2,731,792)
642,265	721,891	4,661,948	-
539,173	25,000	1,414,173	1,133,556
(897,720)	(1,040,110)	(10,744,252)	-
2,206,753	1,565,537	10,684,439	(1,598,236)
68,416,922	41,606,916		52,155,597
2,654,322	1,549,233		8,136,508
71,071,244	43,156,149		60,292,105
\$ 73,277,997	\$ 44,721,686		\$ 58,693,869
		(2,056,438)	
		\$ 8,628,001	

City of Clearwater, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2015

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 70,385,410	\$ 40,991,886	\$ 22,070,317
Cash received from other funds	-	-	-
Cash payments to suppliers	(21,564,541)	(18,087,830)	(5,297,995)
Cash payments to employees	(11,284,446)	(5,941,118)	(7,512,016)
Cash payments to other funds	(9,020,526)	(3,668,806)	(6,944,719)
Other revenues	274,474	458,400	543,538
Net cash provided by operating activities	28,790,371	13,752,532	2,859,125
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	850,000	-
Transfers to other funds	(3,742,651)	(3,854,100)	(1,209,671)
Receipt of cash on loans to/from other funds	-	-	-
Payment of cash on loans to/from other funds	-	-	-
Net cash provided (used) by noncapital financing activities	(3,742,651)	(3,004,100)	(1,209,671)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on debt	(32,167,760)	(824,919)	(31,855)
Interest paid	(7,702,529)	(443,969)	(4,609)
Acquisition of capital assets	(13,645,907)	(5,364,109)	(252,067)
Sale of capital assets	-	-	-
Proceeds from issuance of debt	26,325,628	-	-
Payment of bond issue costs	(76,332)	-	-
Capital contributed by:			
Other governmental entities	8,956,274	-	-
Property owners	16,479	-	-
Developers	713,426	-	-
Net cash provided (used) by capital and related financing activities	(17,580,721)	(6,632,997)	(288,531)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	1,515,171	817,658	706,972
Net cash provided by investing activities	1,515,171	817,658	706,972
Net increase in cash and cash equivalents	8,982,170	4,933,093	2,067,895
Cash and cash equivalents at beginning of year	67,657,143	36,475,490	30,792,930
Cash and cash equivalents at end of year	\$ 76,639,313	\$ 41,408,583	\$ 32,860,825
Cash and cash equivalents classified as:			
Cash and investments	\$ 37,929,997	\$ 38,206,640	\$ 31,794,946
Restricted cash and investments	38,709,316	3,201,943	1,065,879
Total cash and cash equivalents	\$ 76,639,313	\$ 41,408,583	\$ 32,860,825

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

Activities Funds			Governmental Activities - Internal Service Funds
Stormwater Utility	Other Funds	Total	
\$ 17,333,169	\$ 11,278,238	\$ 162,059,020	\$ -
-	-	-	48,735,518
(3,434,150)	(3,581,106)	(51,965,622)	(29,779,381)
(3,030,079)	(2,621,196)	(30,388,855)	(9,720,594)
(3,341,973)	(1,774,925)	(24,750,949)	(1,608,632)
17,979	272,086	1,566,477	212,886
7,544,946	3,573,097	56,520,071	7,839,797
539,173	25,000	1,414,173	1,133,556
(897,720)	(1,040,110)	(10,744,252)	-
-	-	-	4,661,638
-	(20,271)	(20,271)	(91,653)
(358,547)	(1,035,381)	(9,350,350)	5,703,541
(1,474,487)	-	(34,499,021)	(3,248,380)
(1,025,088)	(590)	(9,176,785)	(230,213)
(1,887,172)	(908,667)	(22,057,922)	(10,888,501)
-	-	-	485,485
-	-	26,325,628	8,233,473
-	-	(76,332)	-
877,582	3,865	9,837,721	-
-	-	16,479	-
-	342,322	1,055,748	-
(3,509,165)	(563,070)	(28,574,484)	(5,648,136)
626,921	467,017	4,133,739	1,158,643
626,921	467,017	4,133,739	1,158,643
4,304,155	2,441,663	22,728,976	9,053,845
27,959,588	20,594,133	183,479,284	47,688,776
\$ 32,263,743	\$ 23,035,796	\$ 206,208,260	\$ 56,742,621
\$ 29,096,129	\$ 13,735,796	\$ 150,763,508	\$ 56,742,621
3,167,614	9,300,000	55,444,752	-
\$ 32,263,743	\$ 23,035,796	\$ 206,208,260	\$ 56,742,621

(Continued)

City of Clearwater, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2015

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 9,037,789	\$ 8,134,822	\$ (2,055,704)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Other nonoperating revenue	274,474	458,400	543,538
Depreciation	13,855,405	2,143,057	349,545
Capitalized labor	(164,940)	(850,360)	-
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(351,585)	222,227	(37,840)
(Increase) decrease in amount due from other governments	(508,843)	(103,061)	-
(Increase) decrease in inventory	(77,669)	(29,579)	-
(Increase) decrease in prepaid expenses	(4)	-	(440)
Increase (decrease) in accounts and contracts payable	623,879	640,524	174,693
Increase (decrease) in deposits payable	163,298	93,256	(9,886)
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in net pension liability	4,568,132	2,341,531	3,039,291
Increase (decrease) in accrued payroll	25,564	38,047	18,078
Increase (decrease) in other postemployment benefits	266,958	111,152	120,688
(Increase) decrease in deferred outflows	1,143,737	586,256	760,956
Increase (decrease) in deferred inflows	(65,824)	(33,740)	(43,794)
Total adjustments	<u>19,752,582</u>	<u>5,617,710</u>	<u>4,914,829</u>
Net cash provided by operating activities	<u>\$ 28,790,371</u>	<u>\$ 13,752,532</u>	<u>\$ 2,859,125</u>
Non-cash investing, capital and financing activities:			
Contributions from developers	\$ 162,267	\$ -	\$ -

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

Activities Funds			Governmental Activities - Internal Service Funds
Stormwater Utility	Other Funds	Total	
\$ 3,000,829	\$ 1,113,879	\$ 19,231,615	\$ (4,425,137)
17,979	272,086	1,566,477	276,895
2,915,457	814,722	20,078,186	5,654,687
-	-	(1,015,300)	-
(112,316)	(5,755)	(285,269)	(4,198)
-	-	(611,904)	-
-	40,286	(66,962)	101,719
-	-	(444)	(67,734)
51,180	287,682	1,777,958	1,275,641
-	(12,798)	233,870	-
-	5,086	5,086	(63,805)
1,313,791	786,640	12,049,385	4,125,774
1,151	8,607	91,447	(120,539)
46,868	77,044	622,710	112,962
328,938	196,953	3,016,840	1,032,982
(18,931)	(11,335)	(173,624)	(59,450)
<u>4,544,117</u>	<u>2,459,218</u>	<u>37,288,456</u>	<u>12,264,934</u>
\$ <u>7,544,946</u>	\$ <u>3,573,097</u>	\$ <u>56,520,071</u>	\$ <u>7,839,797</u>
\$ -	\$ -	\$ 162,267	\$ -

City of Clearwater, Florida
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2015

	Pension Trust Funds	Agency Fund
ASSETS		
Cash and investments	\$ 3,126,811	\$ 1,612,594
Managed investment accounts, at fair value:		
Cash and cash equivalents	21,307,942	-
Government bonds	75,308,848	-
Index linked government bonds	2,024,881	-
Agency bonds	6,809,064	-
Domestic corporate bonds	96,045,642	-
International equity securities	69,637,663	-
Domestic stocks	398,321,107	-
Mortgage backed bonds	67,280,842	-
Asset backed securities	8,083,271	-
Other/Rights/Warrants	184,045	-
Domestic equity mutual funds	46,362,735	-
International equity mutual funds	37,345,061	-
Real estate	59,090,421	-
Total managed investment accounts	887,801,522	-
Securities lending collateral	196,139,408	-
Receivables:		
Interest and dividends	2,566,950	303
Unsettled investment sales	4,793,812	-
Securities lending earnings receivable	27,041	-
Due from others	15,028	-
Total receivables	7,402,831	303
Total assets	1,094,470,572	1,612,897
LIABILITIES		
Accounts payable	921,265	-
Unsettled investment purchases	17,813,801	-
Obligations under securities lending	196,139,408	-
Other miscellaneous payables:		
Downtown Development Board	-	99,499
Special purpose funds	-	7,833
Other	-	1,505,565
Total miscellaneous payables	-	1,612,897
Total liabilities	214,874,474	1,612,897
FIDUCIARY NET POSITION		
Restricted for pensions	879,596,098	-
Total fiduciary net position	\$ 879,596,098	\$ -

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, 2015

	Pension Trust Funds
ADDITIONS	
Contributions:	
Contributions from employer	\$ 14,923,098
Contributions from employer - state tax	2,092,231
Contributions from employees	6,483,666
Total contributions	<u>23,498,995</u>
Investment income:	
Net (depreciation) in fair value of investments	(18,828,394)
Interest	9,623,278
Dividends	9,625,834
	<u>420,718</u>
Less investment expenses:	
Investment management / custodian fees	<u>(5,224,747)</u>
Net income from investing activities	<u>(4,804,029)</u>
Securities lending income:	
Gross earnings	603,784
Rebate received	29,839
Bank fees	<u>(221,545)</u>
Net income from securities lending	<u>412,078</u>
Total additions	<u>19,107,044</u>
DEDUCTIONS	
Benefits and withdrawal payments:	
Benefits	42,148,396
Withdrawal payments	1,000,827
Total benefits and withdrawal payments	<u>43,149,223</u>
Income before administrative expenses	(24,042,179)
Administrative expenses	<u>(343,916)</u>
Net decrease	<u>(24,386,095)</u>
Fiduciary net position restricted for pensions	
Fiduciary net position - beginning - as previously reported	905,213,472
Correction of an error (See Note IV.K.)	(1,231,279)
Fiduciary net position - beginning - as restated	<u>903,982,193</u>
Fiduciary net position - ending	<u><u>\$ 879,596,098</u></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, 2015

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 110,679 and is located in the four-county Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (MSA), which has an estimated population of 2,934,941.

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 considered to be financially accountable. The City has adhered to the standards set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61, in reporting the primary government (including blended component units), the reporting entity, and related organizations.

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

Related Organization – Clearwater Housing Authority (CHA): CHA is a public housing authority created by City Resolution 69-5 (1969), under Section 421.04 of the Florida Statutes. CHA receives primary funding from the Federal Department of Housing and Urban Development (HUD). The City Council appoints the governing board, however the City Council is not able to impose its will on the CHA, nor does the City have any responsibility for the budget, debt, financing deficits, or fiscal management of CHA. Consequently it is not a component unit of the City of Clearwater. Separate audited financial statements of CHA as of March 31, 2015 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 (0.9651 mills for fiscal 2015) 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, 2015, 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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Act), as amended, and the Interlocal Agreement, dated September 1, 1989, which was subsequently amended by the Amended Interlocal Agreement on June 1, 1992, amended and restated by the Amended and Restated Interlocal 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 whether or not 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, 2015, FGU has 22 members. Separate audited financial statements of FGU as of September 30, 2015, 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 of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources of the City. Net position is defined as the residual off 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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

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.

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. Prior to fiscal 2015, the Recycling Utility was reported separately as a nonmajor enterprise fund.

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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

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.

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. Assets, Liabilities, and Net position or Fund Balance

I.D.1. Deposits, pooled cash, 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 funds have equity 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 also funds may be withdrawn at any time without prior notice or penalty, each fund's equity account is considered a cash equivalent regardless of the maturities of investments held by the pool.

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 has an agreement with its depository bank to provide that all excess cash is swept daily and automatically into an overnight money market account which pays interest at the federal funds rate, with no requirement for a minimum compensating balance. The federal funds rate was 0.07% at September 30, 2015. This account is collateralized through the State of Florida Public Deposits Program.

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

including pools; securities of open-end or closed-end management-type investment companies as defined in the policy; collateralized repurchase agreements and reverse repurchase agreements; local government investment pools per Section 163.01, Florida Statutes; and commercial paper of prime quality as defined in the policy. All investments are reported at fair value.

The City utilizes a very conservative investment philosophy when it invests its pooled cash funds in that the return of the principal is more important than the return on the principal. The City does not actively trade its portfolio and generally holds investments until maturity. Through the use of a ladder approach to maturities and by 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, 2015, the performance measure weighted average was 0.64%. The actual pooled cash earnings performance before bank charges was 1.49%.

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.D.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 2.77%. 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 2010 thru 2014), and 100% of the receivable attributable to fiscal years 2009 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 revenue 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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

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

The City is permitted by State law to levy ten mills without referendum. Additional millage not subject to the ten mill limitation is authorized if approved by referendum, for a period not to exceed two years. The tax rate of 5.1550 mills for the year ended September 30, 2015 was the same rate that was levied for the five preceding fiscal years.

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

I.D.3. Inventories, prepaid items and land held for resale

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Land held for resale is intended to be sold and not to be used for City purposes. It is classified as a current asset and is recorded at acquisition cost, including costs incurred for pollution remediation, where applicable.

I.D.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; Gas Utility and Solid Waste & Recycling Utility restricted customer deposits; and 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.

I.D.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). 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 estimated fair 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by business-type activities during the current fiscal year was \$8,878,935.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Interest expense amounts were netted against related project interest earnings of \$0, \$0, and \$0, respectively, to arrive at net capitalized interest of \$273,304, \$79,105 and \$35,526 for water & sewer, gas, and stormwater system projects, respectively.

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.D.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.D.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 expended when incurred.

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

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

In addition to assets, the statement of financial 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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until that time. The City reports deferred outflows related to bond refundings and pensions.

Similarly, in addition to liabilities, the statement of financial 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 reports deferred inflows related to pensions.

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

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

I.D.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.D.10. Fund balance flow assumption

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

I.D.11. Fund balance policies

The fund balance of governmental funds is reported in various classifications that comprise a hierarchy based primarily on the extent to which the government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. Each classification of fund balance is based on the relative strength of the constraints that control how specific amounts can be spent.

The order of spending follows the same hierarchy. Restricted resources are applied first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

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

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

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

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

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

Stabilization arrangement. As of September 30, 2015, the City Council has not established a revenue stabilization reserve.

I.D.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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

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. Appropriations for open encumbered purchase orders at year-end in the General Fund do not lapse, but rather continue until liquidated or otherwise cancelled by City Council action. For the General Fund budgetary comparison statements, actual expenditures have been adjusted to include end-of-year encumbrances and to exclude beginning-of-year encumbrances, in order to provide a meaningful comparison. Except for the treatment of encumbrances and certain transactions relating to interfund loans, the General Fund Budget is adopted on a basis consistent with GAAP, and all non-encumbered 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.

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.

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 also funds may be withdrawn at any time without prior notice or penalty, each fund's equity account is considered a cash-equivalent regardless of the maturities of investments held by the

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

pool. Funds with deficit (overdraft) positions within the consolidated pool report the deficits as interfund payables to the City's Capital Improvement Fund.

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)(D)(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.

Cash and investments as of September 30, 2015 are classified in the accompanying financial statements as follows:

<u>Statement of net position</u>	<u>09/30/15</u>
Primary Government:	
Cash and investments	\$ 315,131,226
Restricted cash and investments	55,444,752
Fiduciary Funds:	
Cash and investments-agency fund	<u>1,612,594</u>
Total cash and investments	<u><u>\$ 372,188,572</u></u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

<u>Pooled Cash and Investments</u>	Carrying	% of	Investment Maturities in Years			Moody's
	<u>Amount</u>	<u>Portfolio</u>	<u>Less than 1</u>	<u>1-3 Years</u>	<u>More than 3</u>	<u>Rating</u>
<u>Cash and cash equivalents:</u>						
Cash on hand	\$ 47,370	0.01%				N/A
Money Markets	14,492,776	3.89%				N/A
Total cash and cash equivalents	14,540,146					
<u>Investments:</u>						
Local Government Investment Pools:						Standard & <u>Poor's Rating</u>
Florida Safe Investment Pool	5,000,658	1.34%	5,000,658	-	-	AAAm
Florida Local Government Investment Trust						
Short Term Bonds	56,083,548	15.08%	-	56,083,548	-	AAAf
	61,084,206		5,000,658	56,083,548	-	
						Moody's <u>Rating</u>
Treasuries	2,134,987	0.57%	-	1,063,997	1,070,990	N/A
U.S. Agencies:						
Federal Home Loan Bank (FHLB)	82,044,001	22.04%	7,505,713	45,371,772	29,166,516	Aaa
Federal National Mortgage Assn (FNMA)	29,518,388	7.93%	-	18,051,272	11,467,116	Aaa
Federal Farm Credit Bank (FFCB)	27,064,705	7.27%	9,513,952	12,535,125	5,015,628	Aaa
Government National Mortgage Assn (GNMA)	13,505,682	3.63%	5,266,083	8,239,599	-	Aaa
Federal Home Loan Mortgage Corp (FHLMC)	39,085,003	10.50%	-	33,075,596	6,009,407	Aaa
Federal Home Loan Mortgage Corp Zeroes	4,681,550	1.26%	2,999,730	-	1,681,820	Aaa
Other Government Sponsored Agencies	4,031,747	1.08%	-	3,858,827	172,920	Aaa
Federal National Mortgage Assn (FNMA) Zeroes	8,819,465	2.37%	-	-	8,819,465	Aaa
Farmer Mac (FAMCA)	4,017,436	1.08%	2,001,170	2,016,266	-	Aaa
Small Business Administration (SBA)	4,161,653	1.12%	385,697	3,428,534	347,422	Aaa
Tennessee Valley Authority (TVA) Zeroes	2,525,395	0.68%	-	-	2,525,395	Aaa
Total U.S. Agencies	219,455,025		27,672,345	126,576,991	65,205,689	
Municipal bonds	24,714,193	6.64%	7,043,798	12,668,050	5,002,345	Aa1/Aa2/Aa3
Municipal bonds	14,413,427	3.87%	5,710,189	6,693,010	2,010,228	A1/A2/A3
Municipal bonds	2,478,116	0.67%	954,329	1,523,787	-	NR
Total municipal bonds	41,605,736		13,708,316	20,884,847	7,012,573	
Asset Backed Bonds	22,465,622	6.04%	4,944,649	10,724,877	6,796,096	Aaa
Collateralized mortgage obligations	10,902,850	2.93%	7,270,562	3,632,288	-	Aaa
Total investments	357,648,426		58,596,530	218,966,548	80,085,348	
Total pooled cash and investments	\$ 372,188,572	100.00%				

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

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 for several issuers exceeded 5% as disclosed in the preceding table, though none exceeded the 40% limit per the policy.

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)(D)(1) for a discussion of allowable investments under the pension plans.

Investments are reported at fair value 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, 2015

Employees Pension Plan

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

<u>Employees' Pension Plan Cash and Investments</u>	<u>Carrying Amount</u>	<u>% of Portfolio</u>	<u>Weighted avg maturity (years)</u>	<u>Moody's Rating</u>
<u>Cash and cash equivalents:</u>				
Cash and cash equivalents - pooled cash	\$ 664,633	0.08%	N/A	N/A
Cash in managed investment accounts	20,079,929	2.36%	N/A	N/A
Total cash and cash equivalents	20,744,562			
<u>Investments:</u>				
Government bonds	68,345,827	8.02%	5.6	Aaa
Government bonds	5,794,757	0.68%		A
Government bonds	187,000	0.02%		Baa
Index linked treasuries	2,024,881	0.24%	21.8	Aaa
U.S. agencies	1,868,598	0.22%	14.1	AGY
U.S. agencies	2,240,665	0.26%		Aaa
U.S. agencies	568,200	0.07%		A
Domestic corporate bonds	300,470	0.04%	10.5	Aaa
Domestic corporate bonds	2,448,460	0.29%		Aa
Domestic corporate bonds	21,466,122	2.52%		A
Domestic corporate bonds	61,204,564	7.19%		Baa
Domestic corporate bonds	3,693,436	0.43%		Ba
Domestic corporate bonds	492,813	0.06%		Caa
Domestic corporate bonds	3,826,822	0.45%		NR
Asset backed bonds	201,119	0.02%	6.1	AGY
Asset backed bonds	2,348,297	0.28%		Aaa
Asset backed bonds	24,558	0.00%		Baa
Asset backed bonds	5,509,297	0.65%		NR
Other/Rights/Warrants	184,045	0.02%	N/A	NR
Domestic stocks	385,095,014	45.21%	N/A	N/A
International equity securities	68,841,663	8.08%	N/A	N/A
Mortgage backed bonds	65,547,750	7.70%	22.2	AGY
Mortgage backed bonds	101,577	0.01%		Aaa
Mortgage backed bonds	174,399	0.02%		NR
International equity mutual funds	34,071,336	4.00%	N/A	N/A
Domestic equity mutual funds	37,540,241	4.41%	N/A	N/A
Real Estate/Timber	56,847,854	6.67%	N/A	N/A
Total investments	830,949,765			
Total cash and investments	\$ 851,694,327	100.00%		

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Interest Rate Risk – Employees’ Pension Plan:

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

Credit Risk – Employees’ Pension Plan:

The Employees’ Pension Plan investment policy limits credit risk by restricting equity investments to corporations that are listed on one of the national or international stock exchanges. Additionally, fixed income corporate bonds must carry an “investment grade” rating as established by one of the nationally recognized rating agencies. At September 30, 2015, the Plan had \$8,013,071 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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Foreign Currency Risk – Employees’ Pension Plan:

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

<u>Investment</u>	<u>Currency</u>	<u>Fair Value</u>	<u>Investment</u>	<u>Currency</u>	<u>Fair Value</u>
Common Stock	Euro	\$ 12,414,582	Common Stock	Uae Dirham	\$ 529,843
Common Stock	Japanese Yen	8,484,809	Common Stock	Kuwaiti dinar	508,583
Common Stock	British Pound Sterling	7,646,966	Common Stock	Egyptian Pound	504,903
Common Stock	Hong Kong Dollar	3,394,075	Common Stock	Colombian Peso	496,108
Common Stock	Chinese Yuan	3,048,375	Common Stock	Jordanian Dinar	291,480
Common Stock	Indian Rupee	2,177,568	Common Stock	Saudi Riyal	284,291
Common Stock	Swiss Franc	2,155,870	Common Stock	Bahraini Dinar	272,332
Common Stock	South Korean Won	2,083,264	Common Stock	Sri Lankan Rupee	272,026
Common Stock	South African Rand	2,029,051	Common Stock	Nigeria Naira	270,969
Common Stock	Mexican Peso	2,061,726	Common Stock	Argentine Peso	265,825
Common Stock	New Taiwan Dollar	2,038,158	Common Stock	Pakistan Rupee	261,736
Common Stock	New Russian Ruble	2,108,767	Common Stock	Moroccan Dirham	260,646
Common Stock	Brazilian Real	1,725,714	Common Stock	Kenyan Shilling	260,169
Common Stock	Swedish Krona	1,544,529	Common Stock	Omani Rial	259,078
Common Stock	Norwegian Krone	1,455,866	Common Stock	Mauritian Rupee	254,786
Common Stock	Singapore Dollar	1,127,124	Common Stock	Danish Krone	253,058
Common Stock	Turkish Lira	1,106,773	Common Stock	Bangladesh Taka	252,741
Common Stock	Malaysian Ringgit	1,084,656	Common Stock	Vietnamese Dong	250,118
Common Stock	Polish Zloty	1,059,505	Common Stock	Croatian Kuna	246,234
Common Stock	Chilean Peso	1,022,822	Common Stock	Romanian leu	245,518
Common Stock	Phillipine Peso	1,014,935	Common Stock	Kazakhstan Tenge	201,362
Common Stock	Thailand Baht	1,007,907	Common Stock	Tunisain Dinar	102,964
Common Stock	Indonesian Rupiah	1,000,970	Common Stock	Lebanese Pounds	93,321
Common Stock	Czech Koruna	922,991	Common Stock	Botswana Pula	65,315
Common Stock	Canadian Dollar	842,115	Common Stock	Panama Balboa	63,918
Common Stock	Australian Dollar	667,802	Common Stock	Ukraine Hryvnia	48,722
Common Stock	Hungarian Forint	564,767	Common Stock	Ghana Cedi	25,894
Common Stock	Peruvian Nouveau Sol	532,671	Common Stock	Estonian Kroon	20,102
Common Stock	Qatari Rial	536,884	Common Stock	Bulgarian Lev	2,930
			Total		<u><u>\$ 73,726,214</u></u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Firefighters' Relief and Pension Plan

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

	<u>Carrying Amount</u>	<u>% of Portfolio</u>	<u>Weighted avg maturity (years)</u>	<u>Moody's Rating</u>
<u>Cash and cash equivalents:</u>				
Cash and cash equivalents	\$ 2,452,915	53.50%	N/A	N/A
Total cash and cash equivalents	<u>2,452,915</u>			
<u>Investments:</u>				
U.S. agency - Farmer Mac (FAMCA)	1,174,992	25.63%	8.63	Aaa
U.S. agency - Federal Home Loan Bank (FHLB)	956,609	20.87%	11.88	Aaa
Total investments	<u>2,131,601</u>			
Total managed cash and investments	<u>\$ 4,584,516</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 limits the target investment in fixed income investments to no more than 70% of the portfolio. There are no limits related to weighted average maturities due to the long-term nature of pension plan investing.

Credit Risk – Firefighters' Relief and Pension Plan:

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

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

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

Foreign Currency Risk – Firefighters' Relief and Pension Plan:

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Police Supplemental Pension Plan

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

	Carrying Amount	% of Portfolio	Weighted avg maturity (years)	Moody's Rating
<u>Cash and cash equivalents:</u>				
Cash in bank	\$ 9,263	0.05%	N/A	N/A
Cash in managed investment accounts	807,131	4.54%	N/A	N/A
Total cash and cash equivalents	<u>816,394</u>			
<u>Investments:</u>				
International equity securities	661,258	3.72%	N/A	N/R
Domestic stocks	9,594,426	53.97%	N/A	N/R
Domestic equity mutual funds	4,568,761	25.70%	N/A	N/R
International equity mutual funds	2,136,885	12.02%	N/A	N/R
Total investments	<u>16,961,330</u>			
Total managed cash and investments	<u>\$ 17,777,724</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 under the laws of the United States, any state, or organized territory of the United States or District of Columbia provided the corporation meets the standards set forth in section 185.06(1)(b), Florida Statutes as amended from time to time. Finally, the investment policy requires that investment managers dispose of any issue that has been downgraded below "BBB" as soon as is economically feasible.

Concentration of Credit Risk – Police Supplemental Pension Plan:

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

Foreign Currency Risk – Police Supplemental Pension Plan:

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Firefighters Supplemental Pension Plan

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

	Carrying Amount	% of Portfolio	Weighted avg maturity (years)	Moody's Rating
<u>Cash and cash equivalents:</u>				
Cash in managed investment accounts	\$ 420,882	2.49%	N/A	N/A
Total cash and cash equivalents	<u>420,882</u>			
<u>Investments:</u>				
U.S. Treasury obligations	553,940	3.28%	16.80	Aaa
Municipal obligations	224,297	1.33%	3.50	A1/A2/A3
Municipal obligations	137,653	0.82%		Aa1/Aa2/Aa3
Municipal obligations	35,133	0.21%		Baa1
Municipal obligations	30,241	0.18%		N/R
Domestic corporate bonds	1,201,135	7.12%	8.20	A1/A2/A3
Domestic corporate bonds	239,291	1.42%		Aaa/Aa2/Aa3
Domestic corporate bonds	25,250	0.15%		B1/B2/B3
Domestic corporate bonds	1,041,571	6.17%		Baa1/Baa2/Baa3
Domestic corporate bonds	105,708	0.63%	N/A	N/R
International equity securities	134,742	0.80%		N/R
Domestic stocks	3,631,667	21.53%	N/A	N/R
Mortgage backed bonds	1,457,116	8.64%	12.1	N/R
Domestic equity mutual funds	4,253,733	25.20%	N/A	N/R
International equity mutual funds	1,136,840	6.74%	N/A	N/R
Real estate	2,242,567	13.29%	N/A	N/R
Total investments	<u>16,450,884</u>			
Total managed cash and investments	<u>\$ 16,871,766</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 Barclay's Capital Aggregate Bond Index.

Credit Risk – Firefighters Supplemental Pension Plan:

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

Concentration of Credit Risk – Firefighters Supplemental Pension Plan:

The Firefighters Supplemental Pension Plan investment policy limits concentration of credit risk by limiting the investment in common stock or capital stock of any one issuing company within an investment manager's portfolio to 5% of the portfolio. Similarly, no more than 5% of a fixed income investment manager's portfolio may be invested in the securities of

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

any single corporate issuer per the plan investment policy. Finally, investments in collateralized mortgage obligations are limited to 25% of the market value of the investment manager's total portfolio.

Foreign Currency Risk – Firefighters Supplemental Pension Plan:

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

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 \$5,072,390 are reported on the Governmental Funds Balance Sheet net of an allowance for uncollectible accounts in the amount of \$13,414,180. The gross receivable of \$18,486,570 includes \$17,796,014 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:

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

	<u>Taxes</u>	<u>Franchise Fees</u>	<u>Interest</u>	<u>Accounts and Contracts</u>	<u>Notes</u>	<u>Other</u>	<u>Total</u>
General fund	\$ 1,483	\$ 929	\$ 124	\$ 385	\$ -	\$ 249	\$ 3,170
Special Development	50	-	162	-	-	-	212
Capital Improvement	-	-	1	-	-	2	3
Non-major governmental funds	-	-	66	-	18,486	8	18,560
Internal service funds	-	-	176	-	-	39	215
Total governmental	1,533	929	529	385	18,486	298	22,160
Less: Allowance for uncollectable accounts	(389)	-	-	-	(13,414)	-	(13,803)
Net governmental receivables	<u>\$ 1,144</u>	<u>\$ 929</u>	<u>\$ 529</u>	<u>\$ 385</u>	<u>\$ 5,072</u>	<u>\$ 298</u>	<u>\$ 8,357</u>
Water and Sewer Utility	\$ -	\$ -	\$ 235	\$ 6,516	\$ -	\$ 258	\$ 7,009
Gas Utility	-	-	130	2,775	-	138	3,043
Solid Waste Utility	-	-	113	1,980	-	-	2,093
Stormwater Utility	-	-	100	2,375	-	-	2,475
Non-major enterprise funds	-	-	75	32	-	-	107
Total business-type	-	-	653	13,678	-	396	14,727
Less: Allowance for uncollectable accounts	-	-	-	(206)	-	-	(206)
Net business-type receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 653</u>	<u>\$ 13,472</u>	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ 14,521</u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

III.C. Capital assets

Capital asset activity for the year ended September 30, 2015:

	Beginning Balance	Increases	Decreases	Transfers / Reclassifications	Ending Balance
Governmental Activities:					
Non-depreciable capital assets:					
Land	\$ 76,787,171	\$ 518,920	\$ -	\$ -	\$ 77,306,091
Construction in progress	15,432,742	1,848,798	(14,542,022)	-	2,739,518
Total non-depreciable capital assets	92,219,913	2,367,718	(14,542,022)	-	80,045,609
Depreciable capital assets:					
Buildings	152,821,063	19,144,844	-	-	171,965,907
Improvements other than buildings	33,266,351	3,806,748	-	-	37,073,099
Machinery and equipment	83,576,099	11,249,898	(3,426,328)	(7,995)	91,391,674
Infrastructure	147,642,463	643,499	-	-	148,285,962
Total depreciable capital assets	417,305,976	34,844,989	(3,426,328)	(7,995)	448,716,642
Less accumulated depreciation for:					
Buildings	(61,335,321)	(4,889,765)	-	-	(66,225,086)
Improvements other than buildings	(16,448,082)	(1,373,752)	-	-	(17,821,834)
Machinery and equipment	(66,178,798)	(6,296,312)	3,321,441	7,995	(69,145,674)
Infrastructure	(85,364,730)	(4,840,667)	-	-	(90,205,397)
Total accumulated depreciation	(229,326,931)	(17,400,496)	3,321,441	7,995	(243,397,991)
Net depreciable capital assets	187,979,045	17,444,493	(104,887)	-	205,318,651
Net governmental activities capital assets	\$ 280,198,958	\$ 19,812,211	\$ (14,646,909)	\$ -	\$ 285,364,260
Business-type activities:					
Non-depreciable capital assets:					
Land	\$ 30,509,054	\$ 18,000	\$ (576,758)	\$ -	\$ 29,950,296
Construction in progress	46,364,998	4,939,078	(41,862,480)	-	9,441,596
Total non-depreciable capital assets	76,874,052	4,957,078	(42,439,238)	-	39,391,892
Depreciable capital assets:					
Buildings	13,671,516	20,498,567	-	-	34,170,083
Improvements other than buildings	598,030,187	33,230,634	-	-	631,260,821
Machinery and equipment	10,150,440	8,167,676	(83,797)	7,995	18,242,314
Total depreciable capital assets	621,852,143	61,896,877	(83,797)	7,995	683,673,218
Less accumulated depreciation for:					
Buildings	(7,274,869)	(440,014)	-	-	(7,714,883)
Improvements other than buildings	(259,209,940)	(19,006,445)	-	-	(278,216,385)
Machinery and equipment	(7,723,621)	(631,727)	83,797	(7,995)	(8,279,546)
Total accumulated depreciation	(274,208,430)	(20,078,186)	83,797	(7,995)	(294,210,814)
Net depreciable capital assets	347,643,713	41,818,691	-	-	389,462,404
Net business-type activities capital assets	\$ 424,517,765	\$ 46,775,769	\$ (42,439,238)	\$ -	\$ 428,854,296

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

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

Governmental activities:	
General government	\$ 660,666
Public safety	844,406
Physical environment	21,172
Transportation, including depreciation on infrastructure assets	4,941,570
Economic environment	525,748
Culture and recreation	4,752,247
Capital assets held by governmental internal service funds are charged to the various functions based on their usage of assets	5,654,687
	<u><u>\$ 17,400,496</u></u>
Business-type activities:	
Water and sewer utility	\$ 13,855,405
Gas utility	2,143,057
Solid waste and recycling utility	349,545
Stormwater utility	2,915,457
Marine operations	67,623
Aviation operations	178,830
Parking system operations	238,406
Clearwater Harbor Marina operations	329,863
	<u><u>\$ 20,078,186</u></u>

Construction commitments

At September 30, 2015, material outstanding construction commitments were as follows:

<u>Project</u>	<u>Fund</u>	<u>Construction Commitments Outstanding</u>
Sanitary Sewer Extensions	Water & Sewer Utility Enterprise Fund	\$ 4,482,024
Island Estates Bridge Replacements	Capital Improvement Fund	3,180,409
Street Resurfacing	Capital Improvement Fund	2,500,864
Jeffords Street Outfall	Stormwater Utility Enterprise Fund	1,370,754
Resident Initiated Reclaimed Water Distribution Project	Water & Sewer Utility Enterprise Fund	1,122,561
Northeast Water Reclamation Facility Clarifiers Rehab	Water & Sewer Utility Enterprise Fund	821,476
Bayshore Trail	Capital Improvement Fund	725,400
East Water Reclamation Facility Effluent Filters Rehab	Water & Sewer Utility Enterprise Fund	609,193
Total Construction Commitments		<u><u>\$ 14,812,681</u></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, 2015, 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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

As of September 30, 2015, the Community Redevelopment Agency fund reported a cash pool deficit of \$24,536.

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.

Fund	Due from Other Funds	Due to Other Funds	Advances to Other Funds	Advances from Other Funds
Special Revenue Funds:				
Special Programs	\$ -	\$ -	\$ 325,440	\$ -
Community Redevelopment Agency	-	341,203	-	958,773
Capital Project Fund:				
Capital Improvement	24,536	670,838	-	748,663
Enterprise Fund:				
Aviation Operations	-	20,271	-	-
Internal Service Funds:				
Administrative Services	-	91,654	-	91,654
Central Insurance	1,099,430	-	1,473,650	-
	<u>\$ 1,123,966</u>	<u>\$ 1,123,966</u>	<u>\$ 1,799,090</u>	<u>\$ 1,799,090</u>

Descriptions of interfund loans as of September 30, 2015:

An internal ten-year loan from the Central Insurance Fund to the Administrative Services Fund for purchase and installation of fiber optic cable and termination equipment. The loan provides for ten annual payments of \$91,654 plus interest at the cash-pool rate, due on September 30 of each year. The loan commenced September 30, 2003 with the first annual principal payment due September 30, 2008, the year that the infrastructure project was completed. The current portion (\$91,654) is classified as due to/from other funds, while the long-term portion (\$91,654) is classified as an advance.

An internal five-year loan from the Central Insurance Fund to the Aviation Operations enterprise fund, for the construction of a new multi- plane hangar, in the amount of \$101,357. The loan provides for five annual payments of \$20,271 plus interest at the cash-pool rate, due on September 30 of each year. The loan commenced April 2, 2008, with the first principal payment due September 30, 2012, the year that construction was completed. Because the final principal payment (\$20,271) is due within one year, this loan is classified as due to/from other funds.

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

An internal loan from the Central Insurance Fund to the Community Redevelopment Agency special revenue fund in the amount of \$1,900,000 to underwrite the acquisition, closing costs and site demolition costs related to the acquisition of the Economy Inn and surrounding properties in the East Gateway area for redevelopment purposes. This loan, which commenced on September 9, 2010, provides for interest-only payments at the cash-pool rate through fiscal year 2012, and

City of Clearwater, Florida
Notes to the Basic Financial Statements
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level debt service (principal and interest) from fiscal year 2013 through fiscal year 2018. The current portion of this loan (\$316,667) is classified as due to/due from other funds, while the long-term portion (\$633,333) is classified as an advance.

An internal loan in the amount of \$3,432,015 from the Central Insurance Fund to the Capital Improvement Fund for the construction of a new Fire Station #45. This loan, which commenced on October 4, 2012, provides for interest at the cash pool rate and payment of principal and interest from infrastructure sales tax ("Penny for Pinellas") revenues beginning in fiscal 2013. The current portion of this loan (\$670,838) is classified as due to/due from other funds, while the long-term portion (\$748,663) is classified as an advance.

III.D.2. Interfund transfers

Interfund transfers for the year ended September 30, 2015 consisted of the following:

Transfers to General Fund from:	
Water & Sewer Utility Enterprise Fund	\$ 3,583,728
Gas Utility Enterprise Fund	3,838,538
Solid Waste & Recycling Utility Enterprise Fund	1,189,176
Stormwater Utility Enterprise Fund	897,720
Capital Improvement Fund	32,029
Nonmajor governmental funds	883,816
Nonmajor enterprise funds	649,292
Total	<u>11,074,299</u>
Transfers to Capital Improvements Fund from:	
General Fund	5,654,314
Special Development Fund	16,113,213
Nonmajor governmental funds	35,000
Total	<u>21,802,527</u>
Transfer to Gas Utility Enterprise Fund from:	
General Fund	<u>850,000</u>
Transfers to Stormwater Utility Fund from:	
General Fund	237,870
Nonmajor governmental funds	301,303
Total	<u>539,173</u>
Transfers to Special Development Fund from:	
Capital Improvement Fund	706,465
Nonmajor enterprise funds	390,818
Total	<u>1,097,283</u>
Transfer to Nonmajor enterprise funds from:	
Special Development Fund	<u>25,000</u>
Transfers to Nonmajor governmental funds from:	
General Fund	2,224,634
Nonmajor governmental funds	3,187,524
Total	<u>5,412,158</u>
Transfers to Internal service funds from:	
General Fund	15,433
Capital Improvement Fund	776,193
Water & Sewer Utility Enterprise Fund	158,923
Gas Utility Enterprise Fund	15,562
Solid Waste & Recycling Utility Enterprise Fund	20,495
Nonmajor governmental funds	146,950
Total	<u>1,133,556</u>
Total interfund transfers	<u><u>\$ 41,933,996</u></u>

City of Clearwater, Florida
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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 \$2.1 million from the Gas Fund to the General Fund representing an increase in the computed annual gas dividend payment for fiscal year 2013/14; the return of \$32 thousand from the Capital Improvement Fund to the General Fund for various closed out capital projects (Ladder Truck Equipment, Rescue Squad Replacement and Training Facility Concrete Pad Repairs); \$238 thousand from the General Fund and \$301 thousand from the Community Redevelopment Agency Fund to the Stormwater Fund to recognizing reimbursement for surplus land at Prospect Lake; \$40 thousand from the General Fund to the Gas Fund to offset the cost of the fireworks display; \$1 million from the Solid Waste & Recycling Fund to the Capital Improvement Fund for the Transfer Station Rebuild project; \$1 million from the Solid Waste & Recycling Fund to the Capital Improvement Fund for the Recycling Processing Center Expansion and Upgrade project; \$250 thousand from the Special Development Fund to the Capital Improvement Fund for the Bicycle Path/Bridges project; \$250 thousand from the Special Development Fund to the Capital Improvement Fund for the Rehabilitation of Airpark Hangar D project; \$844 thousand from the Special Development Fund to the Capital Improvement Fund for park land acquisition; \$4,700 from the Capital Improvement Fund to the Special Development Fund representing the unused portion of funding for the 2014 property purchase from CSX Transportation; \$650 thousand from the General Fund to the Capital Improvement Fund for the Centennial Monument project; \$25 thousand from the General Fund to the Capital Improvement Fund for the Countryside Library Renovation project; \$249 thousand from the Special Development Fund to the Capital Improvement Fund for the Countryside Library Renovation project; \$3,528 from the Capital Improvement Fund to the Special Development Fund representing the unused portion of the Sid Lickton Complex Renovation project; \$250 thousand from the General Fund to the Capital Improvement Fund for the Crest Lake Park Veterans War Memorial project; \$335 thousand from the General Fund to the Capital Improvement Fund for the Pier 60 and Beach Walk Repairs and Improvement project; \$190 thousand from the General Fund to the Capital Improvement Fund for the Missouri Avenue Median Beautification project; \$75 thousand from the General Fund to the Capital Improvement Fund for the Sailing Center Upgrades and Improvements project; \$28 thousand from the General Fund to the Special Programs Fund for the Nagano Sister City program; \$703 thousand from the Capital Improvement Fund to the Special Development Fund representing the unused portion of the Downtown Streetscape Phase II project; and \$391 thousand from the Capital Improvement Fund to the Special Development Fund representing the unused portion of the Downtown Boat Slips project.

III.E. Leases

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

Capitalized equipment subject to lease purchase financing as of September 30, 2015:

	Governmental Activities	Business-type Activities
Equipment	\$ 21,668,274	\$ 793,278
Less: Accumulated Depreciation	(6,661,784)	(469,548)
Total	<u>\$ 15,006,490</u>	<u>\$ 323,730</u>

City of Clearwater, Florida
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The future minimum lease payments under capital lease purchase agreements are as follows as of September 30, 2015:

<u>Year Ending Sept. 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2016	\$ 4,465,398	\$ 133,658
2017	3,757,572	68,281
2018	2,988,941	32,728
2019	2,138,014	32,728
2020	1,296,091	21,780
	<u>14,646,016</u>	<u>289,175</u>
Deduction of the amount of imputed interest necessary to reduce net minimum lease payments to present value	(612,764)	(10,202)
	<u><u>\$ 14,033,252</u></u>	<u><u>\$ 278,973</u></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, 2015, totaled \$377,741.

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 \$660,000 due March 1, 2016, to \$295,000 due March 1, 2022, with maximum principal of \$845,000 due March 1, 2021; interest at 4.10% to 5.375%; 5.375% term bonds in the amount of \$1,730,000 due March 1, 2027; and 5.375% term bonds in the amount of \$1,750,000 due March 1, 2031.

\$8,255,000

Total revenue bonds for governmental activities

8,255,000

\$8,410,000 Water and Sewer Revenue Refunding Bonds, Series 2003; issued to refund and redeem on December 1, 2003, all of the City's Water and Sewer Refunding Revenue Bonds, Series 1993, maturing after December 1, 2003; serial bonds due in annual installments of \$230,000 at December 1, 2015, to \$260,000 due December 1, 2018, interest at 3.60% to 4.00%.

980,000

\$67,715,000 Water and Sewer Revenue Bonds, Series 2009A; issued to pay the costs of the design, acquisition, construction, or reconstruction of capital improvements to the City's water and sewer system; serial bonds due in annual installments of \$420,000 at December 1, 2019, to \$495,000 due December 1, 2023; interest at 4.375% to 5.00%; 5.125% term bonds in the amount of \$5,655,000 due December 1, 2032; and 5.25% term bonds in the amount of \$59,780,000 due December 1, 2039.

67,715,000

\$41,700,000 Water and Sewer Revenue Refunding Bonds, Series 2009B; issued to currently refund and redeem all of the outstanding principal amount of the City's Water and Sewer Refunding Revenue Bonds, Series 1998; serial bonds due in annual installments of \$4,430,000 at December 1, 2015 to \$5,150,000 due December 1, 2018; interest at 5.00%.

19,130,000

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\$47,025,000 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 \$1,545,000 at December 1, 2015, to \$2,000,000 due December 1, 2030, interest at 4.00% to 5.00%; 4.50% term bonds in the amount of \$6,850,000 due December 1, 2032.	42,800,000
\$27,520,000 Water and Sewer Revenue Refunding Bonds, Series 2014; issued to refund and redeem the outstanding principal of the City's Water and Sewer Revenue Bonds, Series 2006, maturing on and after December 1, 2019; term bonds due in annual installments of \$170,000 at December 1, 2015, to \$2,305,000 due December 1, 2032; interest at 3.18%.	27,520,000
\$3,700,000 Gas System Revenue Refunding Bonds, Series 2007; issued to refund and redeem on December 1, 2007, all of the outstanding principal amount of the City's Gas System Revenue Bonds, Series 1998; serial bonds due in equal annual installments of \$370,000 due September 1, 2016, through September 1, 2017; interest at 4.00%.	740,000
\$7,365,000 Gas System Revenue Refunding Bonds, Series 2013; 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 \$375,000 due September 1, 2016, to \$1,520,000 due September 1, 2026; interest at 2.41%.	6,650,000
\$5,405,000 Gas System Revenue Refunding Bonds, Series 2014; 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 \$250,000 due September 1, 2016, to \$2,040,000 due September 1, 2027; interest at 2.67%.	5,160,000
\$19,365,000 Stormwater System Revenue Refunding Bonds, Series 2012, issued to pay and redeem all of the Stormwater Revenue Bonds, Series 2002, currently outstanding; serial bonds due in annual installments of \$680,000 due November 1, 2015, to \$1,350,000 due November 1, 2032, interest at 2.00% to 5.00%.	17,580,000
\$11,025,000 Stormwater System Revenue Refunding Bonds, Series 2013; 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 \$480,000 due November 1, 2015, to \$780,000 due November 1, 2032; interest at 2.98%.	10,960,000
\$5,450,000 Stormwater System Revenue Refunding Bonds, Series 2014; issued to advance refund the City's callable Stormwater System Revenue Bonds, Series 2005, maturing after November 1, 2014; term bonds due in annual installments of \$295,000 due November 1, 2015, to \$435,000 due November 1, 2029; interest at 2.72%.	5,450,000
Total revenue bonds for business-type activities	<u>204,685,000</u>
Total revenue bonds	<u>\$212,940,000</u>

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

The Water and Sewer Revenue Bonds, Series 2009A; and the Water and Sewer Revenue Refunding Bonds, Series 2003, Series 2009B, Series 2011 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 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.

The Gas System Revenue Refunding Bonds, Series 2007, 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, Series 2013 and Series 2014 are limited obligations of the City payable solely from and secured by a lien upon and pledge of the net revenues of the City's stormwater management system (System). The pledge of the System's net revenues does not constitute a lien upon any property of the City. The covenants of the ordinances authorizing the bonds include, among other things, an obligation of the City to fix, revise from time to time whenever necessary, and maintain and collect always such fees, rates, rentals and other charges for use of the products, services, and facilities which will always provide net revenues in each year sufficient to pay one hundred fifteen percent (115%) of the bond service requirement becoming due in such fiscal year on the outstanding bonds. The City further covenants that such rates, fees, rentals and other charges will not be reduced so as to render them insufficient to provide revenues for such purpose. Additionally, the covenants of each of the above issues includes a "Reserve Requirement" equal to the lesser of: the Maximum Bond Service Requirement for any given year; 125% of the Average Annual Bond Service Requirement; or the largest amount as shall not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. A Reserve Fund has been funded for the Series 2012 Bonds.

City of Clearwater, Florida
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Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 660,000	\$ 412,376	\$ 8,825,000	\$ 8,666,869
2017	685,000	380,437	9,160,000	8,292,441
2018	725,000	342,543	9,185,000	7,885,770
2019	760,000	302,634	9,570,000	7,464,076
2020	805,000	260,574	6,155,000	7,142,574
2021-2025	2,120,000	897,930	35,480,000	31,945,959
2026-2030	2,030,000	410,381	41,425,000	24,567,177
2031-2035	470,000	12,631	40,005,000	16,430,792
2036-2040	-	-	44,880,000	6,137,250
2041-2045	-	-	-	-
Totals	<u>\$ 8,255,000</u>	<u>\$ 3,019,506</u>	<u>\$ 204,685,000</u>	<u>\$ 118,532,908</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 \$11,274,506. Principal and interest paid for the current year and total revenue received were \$1,073,606 and \$1,099,824 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:

\$8.4 million in Water & Sewer Revenue Refunding bonds issued in October 2003. Proceeds from the bonds provided financing to refund and redeem the City's then outstanding Water and Sewer Revenue Refunding Bonds, Series 1993. The bonds are payable solely from the Water and Sewer Utility net revenues and are payable through December 2018.

\$67.7 million in Water & Sewer Revenue bonds issued in May 2009. Proceeds from the bonds provided financing for the costs of design, acquisition, construction or reconstruction of capital improvements to the City's water and sewer system. The bonds are payable solely from the Water and Sewer Utility net revenues and are payable through December 2039.

\$41.7 million in Water and Sewer Revenue Refunding bonds issued in May 2009. Proceeds from the bonds provided financing to refund and redeem the City's then outstanding Water and Sewer Revenue Refunding Bonds, Series 1998. The bonds are payable solely from the Water and Sewer Utility net revenues and are payable through December 2018.

City of Clearwater, Florida
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\$47.0 million in Water and Sewer Revenue Refunding bonds issued in September 2011. Proceeds from the bonds provided financing to refund and redeem the outstanding principal maturing after December 1, 2011 of the City's Water and Sewer Revenue Bonds, Series 2002. The bonds are payable solely from the Water and Sewer Utility net revenues and are payable through December 2032.

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

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 \$263,486,931. Principal and interest paid for the current year (\$13,559,914) required 55.1% of total net revenue (\$24,622,899).

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

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

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

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

Annual principal and interest payments on the bonds are expected to require less than 60 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$44,748,264. Principal and interest paid for the current year (\$2,459,086) required 37.3% of total net revenue (\$6,594,115).

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:

\$3.7 million in Gas System Revenue Refunding Bonds issued in October 2007. Proceeds from the bonds provided financing to refund the outstanding principal of the City of Clearwater Gas System Revenue Bonds, Series 1998. The bonds are payable solely from the Gas System Utility net revenues and are payable through September 2017.

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

City of Clearwater, Florida
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For the Year Ended September 30, 2015

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

Annual principal and interest payments on the bonds are expected to require less than 60 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$14,982,713. Principal and interest paid for the current year (\$1,337,775) required 11.6% of total net revenue (\$11,554,219).

III.F.4. Advance refunding of bonds

On December 9, 2014, the City issued \$27,520,000 at par value of Water & Sewer Revenue Refunding Bonds, Series 2014, for the purpose of redeeming on December 1, 2015, \$26,430,000 principal of Water & Sewer Revenue Bonds, Series 2006, maturing on or after December 1, 2019. The net proceeds in the amount of \$27,590,897 (after payment of \$77,481 plus additional cash of \$148,378 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 \$3,162,339 and an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,242,720.

The outstanding principal of the refunded bonds at September 30, 2015 was \$26,430,000.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds payable	\$ 8,890,000	\$ -	\$ (635,000)	\$ 8,255,000	\$ 660,000
Add (subtract) deferred amounts:					
For issuance premiums (discounts)	162,960	-	(21,232)	141,728	-
Net revenue bonds payable	9,052,960	-	(656,232)	8,396,728	660,000
Net pension liability	-	39,031,142	(33,614,056)	5,417,086	-
Lease purchase contracts (a)	9,259,856	8,315,252	(3,541,856)	14,033,252	4,197,598
Compensated absences (b)	7,363,289	4,771,485	(4,401,859)	7,732,915	4,379,741
Other postemployment benefits (c)	8,373,997	2,211,002	(1,058,208)	9,526,791	-
Claims payable (d)	10,245,358	13,091,624	(13,794,332)	9,542,650	2,208,800
Governmental activity					
Long-term liabilities	\$ 44,295,460	\$ 67,420,505	\$ (57,066,543)	\$ 54,649,422	\$ 11,446,139
Business-type activities:					
Revenue bonds payable	\$ 211,835,000	\$ 27,520,000	\$ (34,670,000)	\$ 204,685,000	\$ 8,825,000
Less deferred amounts:					
For issuance premiums (discounts)	2,681,927	-	(368,298)	2,313,629	-
Net revenue bonds payable	214,516,927	27,520,000	(35,038,298)	206,998,629	8,825,000
Net pension liability	-	12,049,385	(10,377,067)	1,672,318	-
Lease purchase contracts (a)	296,549	155,355	(172,931)	278,973	128,533
Compensated absences (b)	1,913,053	1,207,761	(1,132,067)	1,988,747	1,126,380
Other postemployment benefits (c)	3,442,334	1,194,327	(571,617)	4,065,044	-
Unearned revenue	187,113	-	-	187,113	-
Business-type activity					
Long-term liabilities	\$ 220,355,976	\$ 42,126,828	\$ (47,291,980)	\$ 215,190,824	\$ 10,079,913

City of Clearwater, Florida
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- (a) Governmental activities lease purchase contract additions of \$8,315,252 includes \$8,233,473 attributable to internal service funds and \$81,779 attributable to governmental funds. The lease purchase contracts reduction of \$3,541,856 includes \$3,248,380 for internal service funds and \$293,476 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 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.

III.G. Restricted assets

Restricted assets are classified as current or noncurrent on the Statement of Net Position on the basis of 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, 2015, are:

Cash and Investments	\$1,756,629
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Assets of the Water and Sewer Utility Fund restricted under the provisions of the ordinances authorizing the issuance of Water and Sewer Revenue Bonds consisted of the following at September 30, 2015:

Water and Sewer Revenue Bonds Debt Service:

Cash and Investments	21,417,095
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Water and Sewer Revenue Bonds Renewals and Replacements:

Cash and Investments	12,344,577
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Due from Other Governmental Entities for advances to the Florida Department of Transportation for utility relocations related to improvements to State Road 590 west of Marilyn Street to east of Audrey Drive	425,741
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Assets of the Water and Sewer Utility Fund representing Customers' Deposits and therefore restricted, consisting entirely of Cash and Investments at September 30, 2015	<u>3,191,015</u>
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Total restricted assets – Water and Sewer Utility Fund	<u>\$39,135,057</u>
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City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

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, 2015:

Gas System Revenue Bonds

Debt Service:

Cash and Investments	\$ 110,953
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Renewals and Replacements:

Cash and Investments	300,000
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Assets of the Gas Utility Fund representing Customers' Deposits at September 30, 2015:

Cash and Investments	<u>2,790,990</u>
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Total restricted assets – Gas Utility Fund	<u><u>\$ 3,201,943</u></u>
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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 \$1,065,879 at September 30, 2015, and consisted 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, 2015:

Stormwater Revenue Refunding Bonds – Series 2012

Debt Service: Cash and Investments	\$2,259,344
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Stormwater Revenue Refunding Bonds – Series 2013

Debt Service: Cash and Investments	576,087
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Stormwater Revenue Refunding Bonds – Series 2014

Debt Service: Cash and Investments	<u>332,183</u>
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Total restricted assets – Stormwater Utility Fund	<u><u>\$ 3,167,614</u></u>
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III.G.5. Parking System Fund

Assets in the Parking System restricted under the provisions of a development agreement between L.O.M., Inc. and the City of Clearwater as of September 30, 2015:

Equity in Pooled Cash and Investments	\$ 9,300,000
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Total restricted assets – Parking System Fund	<u><u>\$ 9,300,000</u></u>
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City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

III.H. Fund Balances Classification

	General Fund	Special Development Fund	Capital Improvement Fund	Non-Major Governmental Funds
Non Spendable:				
Inventories	\$ 40,535	\$ -	\$ -	\$ -
Restricted for:				
General government	-	-	217,998	103,567
Public safety	-	-	6,596,131	2,029,204
Physical environment	-	18,083	672,053	1,170,890
Transportation	-	1,190,645	13,268,803	-
Economic environment	-	-	-	17,561,370
Human services	-	-	-	617,457
Culture and recreation	-	763,624	11,231,920	657,716
Debt service reserve	-	-	-	-
Infrastructure capital projects	-	1,139,770	-	-
Committed to:				
General government	-	-	4,452,294	309,030
Public safety	-	-	727,130	2,411,708
Physical environment	-	-	869,854	-
Transportation	-	253,297	6,098,159	-
Economic environment	-	-	-	713,599
Human services	-	-	-	5,882
Culture and recreation	-	-	4,157,145	169,534
Assigned to:				
General government	118,653	-	-	138,562
Public safety	85,886	-	-	1,491,387
Physical environment	-	-	-	393,219
Transportation	29,300	-	-	-
Economic environment	15,079	-	-	697,568
Human services	-	-	-	209,336
Culture and recreation	197,891	23,912	-	69,036
Infrastructure capital projects	-	4,791,632	-	-
Unassigned	31,539,617	-	(1,223,384)	(1,329,866)
Total Fund Balances	<u>\$ 32,026,961</u>	<u>\$ 8,180,963</u>	<u>\$ 47,068,103</u>	<u>\$ 27,419,199</u>

General Fund assigned fund balance (\$446,809) relates to encumbrances.

In the Special Development Fund, restricted amounts relate to collections from drainage fees (\$18,083), sidewalk fees (\$152,337), transportation impact fees (\$890,080), local option gas tax (\$148,228), recreation impact fees (\$763,624) and the local infrastructure sales tax (\$1,139,770). Committed amounts relate to the portion of property tax revenues that is set

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

aside in the budget process to provide funding for road maintenance projects (\$253,297). Assigned amounts relate to interest earned on recreation impact fees (\$23,912) and local infrastructure sales tax balances (\$4,791,632).

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

Significant restrictions in the non-major governmental funds include public safety restrictions for law enforcement programs (\$2,000,592) and EMS programs (\$28,612); and economic environment restrictions for economic development programs (\$781,425), low income housing (\$7,417,837) and community redevelopment (\$9,362,108). Significant commitments include commitments to public safety for police vehicles (\$153,221), emergency operations (\$2,184,981) and law enforcement programs (\$73,506). Assigned amounts relate to interest earned on program balances for general government (\$138,562), public safety (\$1,491,387), physical environment (\$393,219), economic environment (\$502,072), human services (\$209,336), and culture and recreation (\$69,036). Additional amounts assigned for economic environment purposes are for low income housing (\$173,414) and community redevelopment (\$22,082).

Note IV - Other Information

IV.A. Risk management

The City is self-insured within certain parameters for losses arising from claims for general liability, auto liability, police professional liability, public official's liability, property damage, and workers' compensation. Insurance coverage has been maintained by the City to pay for or indemnify the City for losses in excess of certain specific retentions and up to specified maximum limits in the case of claims for liability, property damage, and workers' compensation. The liability excess coverage is \$7,000,000 per occurrence (\$14,000,000 aggregate) with self-insured retention of \$500,000. There is workers' compensation coverage to the statutory limit, with self-insured retention of \$600,000. The property damage excess coverage is \$500,000 per occurrence after either a \$100,000 self-insured retention for perils other than a named storm or 5% self-insured retention for named storm with a \$500,000 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, 2015 in the amount of \$1,018,650.

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, 2015, 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, 2015

Changes in the claims liability amounts in fiscal years 2014 and 2015 were:

	Self Insurance
Balance at September 30, 2013	\$ 10,403,285
Current year claims and changes in estimates	12,280,379
Claims paid	<u>(12,438,306)</u>
Balance at September 30, 2014	10,245,358
Current year claims and changes in estimates	13,091,624
Claims paid	<u>(13,794,332)</u>
Balance at September 30, 2015	<u><u>\$ 9,542,650</u></u>

IV.B. 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 also funds may be withdrawn at any time without prior notice or penalty, each fund's equity account is considered a cash equivalent regardless of the maturities of investments held by the pool. Funds with deficit (overdraft) positions within the consolidated pool report the deficits as interfund payables to the City's Capital Improvement Fund.

IV.D. Employee retirement systems and pension plans

IV.D.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, 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 98-103 and pages 128-129 of this Comprehensive Annual Financial Report. Neither of these plans issues a stand-alone financial report.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

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. There were no changes to either the plan provisions or the actuarial assumptions during the plan year.

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, 2015, the membership of the Employees' Pension Plan was as follows:

	Employees' Pension Plan
Retirees and beneficiaries currently receiving benefits	1,125
Terminated employees entitled to benefits but not yet receiving them	69
Active employees	1,482
Total number of participants	<u>2,676</u>

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

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Investment policy. The Employees' Pension Plan investment policy was adopted by the Pension Trustees on December 13, 2011. The policy requires an annual review by the Pension Investment Committee with a recommendation to the Pension Trustees to confirm or revise. The following was the Trustees' adopted asset allocation policy as of September 30, 2015:

Asset Class	Target Allocation
Large Cap Growth	13.00%
Large Cap Value	14.00%
Mid Cap Growth	5.00%
Mid Cap Value	5.00%
Small Cap Growth	2.50%
Small Cap Value	2.50%
Intermediate Fixed	28.00%
International Equity	11.00%
Emerging Markets Equity	7.00%
Private Real Estate - Core	7.00%
US REITS	1.50%
Timber	3.50%
	<u>100.00%</u>

The Employees' Pension Plan has invested in real estate and timber 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.

Concentrations. As of September 30, 2015, 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, 2015, the annual money-weighted rate of return on investments of the Employees' Pension Plan, net of pension plan investment expense, was (0.03)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Net pension liability. The components of the net pension liability of the City for the Employees' Pension Plan at September 30, 2015, were as follows:

Total pension liability	\$ 847,358,253
Plan fiduciary net position	840,268,849
City's net pension liability	<u>\$ 7,089,404</u>
Plan fiduciary net position as a percentage of the total pension liability	99.16%

The changes in the net pension liability of the City for the Employees' Pension Plan for the year ending September 30, 2015 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at 9/30/14	<u>\$ 819,598,826</u>	<u>\$ 863,589,949</u>	<u>\$ (43,991,123)</u>
Changes for the year:			
Service cost	14,585,979	-	14,585,979
Interest	56,983,247	-	56,983,247
Differences between expected and actual experience	(3,532,969)	-	(3,532,969)
Contributions - employer	-	14,923,098	(14,923,098)
Contributions - employee	-	6,483,666	(6,483,666)
Contributions - state tax	-	12,000	(12,000)
Net investment income	-	(4,165,092)	4,165,092
Benefit payments, including refunds of employee contributions	(40,276,830)	(40,276,830)	-
Administrative expense	-	(297,942)	297,942
Net changes	<u>27,759,427</u>	<u>(23,321,100)</u>	<u>51,080,527</u>
Balances at 9/30/15	<u>\$ 847,358,253</u>	<u>\$ 840,268,849</u>	<u>\$ 7,089,404</u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2015 (Valuation Date), using the following actuarial assumptions, applied to September 30, 2015 (Measurement Date):

Inflation	2.50%
Salary increases	3.50% to 7.90% depending on service, including inflation
Investment rate of return	7.00% net of investment expense

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Mortality rates were based on the fully generational RP-2000 Combined Healthy Participant Mortality Tables for males and females. Mortality improvements are projected to all future years from the year 2000 using Scale BB.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an experience study of the 5-year period from January 1, 2007 to January 1, 2012. There were no benefit or assumption changes during the year.

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, 2015, these best estimates are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large Cap Growth	6.70%
Large Cap Value	6.60%
Mid Cap Growth	7.70%
Mid Cap Value	7.30%
Small Cap Growth	8.40%
Small Cap Value	8.00%
Intermediate Fixed	2.00%
International Equity	7.10%
Emerging Markets Equity	9.80%
Private Real Estate - Core	4.80%
US REITS	5.80%
Timber	4.70%

Discount rate. A single discount rate of 7.00% 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 7.00%. The projection of cash flows used to determine single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Employee Pension Plan's net pension liability, calculated using a single discount rate of 7.00%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher.

1% Decrease 6.00%	Discount Rate Assumption 7.00%	1% Increase 8.00%
\$ 117,815,456	\$ 7,089,404	\$ (83,780,938)

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended September 30, 2015, the City recognized pension expense of \$17,655,817 for the Employees' Pension Plan. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,796,933	\$ (2,796,933)
Net differences between projected and actual earnings on pension plan investments	51,156,742	-	51,156,742
Total	<u>\$ 51,156,742</u>	<u>\$ 2,796,933</u>	<u>\$ 48,359,809</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:		
2016	\$	12,053,151
2017		12,053,151
2018		12,053,151
2019		12,200,356
2020		-
Thereafter		-
	<u>\$</u>	<u>48,359,809</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, 2014, the Mortality Assumption for retired participants has changed from the 1994 Unisex Mortality Table projected to 2010 using Scale AA, to the RP2000 table projected to 2020 using Scale BB. There is no change to the tables used for disabled participants.

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. If no one is available to stand for election or 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, 2015, the membership of the Firefighters' Relief and Pension Plan was as follows:

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

	Firefighters' Relief and Pension Plan
Retirees and beneficiaries currently receiving benefits	22
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	-
Total number of participants	<u>22</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, 2015:

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

Concentrations. As of September 30, 2015, 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, 2015, the annual money-weighted rate of return on investments of the Firefighters' Relief and Pension Plan, net of pension plan investment expense, was 4.315 %. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

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, 2015, were as follows:

Total pension liability	\$ 3,771,835
Plan fiduciary net position	4,615,299
City's net pension liability	<u>\$ (843,464)</u>
Plan fiduciary net position as a percentage of the total pension liability	122.36%

The changes in the net pension liability of the City for the Firefighters' Relief and Pension Plan for the year ending September 30, 2015 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at 9/30/14	<u>\$ 3,797,780</u>	<u>\$ 4,860,303</u>	<u>\$ (1,062,523)</u>
Changes for the year:			
Service cost	-	-	-
Interest	100,650	-	100,650
Differences between expected and actual experience	114,258	-	114,258
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	199,776	(199,776)
Benefit payments, including refunds of employee contributions	(442,775)	(442,775)	-
Administrative expense	-	(2,005)	2,005
Other changes	201,922	-	201,922
Net changes	<u>(25,945)</u>	<u>(245,004)</u>	<u>219,059</u>
Balances at 9/30/15	<u>\$ 3,771,835</u>	<u>\$ 4,615,299</u>	<u>\$ (843,464)</u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2015 (Valuation Date), using the following actuarial assumptions, applied to September 30, 2015 (Measurement Date):

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Mortality rates were based on the RP2000 table projected to 2020 using Scale BB for retired participants. Mortality rates for disabled participants were based on PBGC Tables 3 and 4 for males and females, respectively. There is no projection of mortality improvement due to the small number of participants and their advanced age.

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

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

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

1% Decrease 2.00%	Discount Rate Assumption 3.00%	1% Increase 4.00%
\$ (642,860)	\$ (843,464)	\$ (1,027,253)

Pension expense. For the year ended September 30, 2015, the City recognized pension expense of \$0 for the Firefighters' Relief and Pension Plan.

IV.D.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 on the basis 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 \$908,419 for the year ended September 30, 2015, 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 4.95% of current year covered payroll. The fair value of cash and investments at September 30, 2015, totaled \$17,777,724.

The Police Supplemental Pension Fund is authorized by and operates under the provisions of Sections 2.471 through 2.480 of the Municipal Code of the City of Clearwater and Chapter 185 of Florida Statutes. Under the plan provisions, the total monies received during each fiscal year, after payment or provision for all costs and expenses of management and operation of the plan, are allocated to participants on the basis of 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

City of Clearwater, Florida
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For the Year Ended September 30, 2015

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 on the basis of 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, 2015, the payroll of the covered officers' was \$18,347,664; the City's total payroll for the same period was \$86,804,948.

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.D. 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 on the basis of days worked during the previous year. These revenues received from the State of Florida "on-behalf" of the City's employees, which comprise the plan contributions, amounted to \$1,171,812 in the year ended September 30, 2015, 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 contributions represent 9.0% of current year covered payroll. The fair value of cash and investments at September 30, 2015, totaled \$16,871,766.

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 on the basis of 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, 2015, the covered payroll was \$13,669,674; the City's total payroll for the same period was \$86,804,948.

IV.D.4. Pension Plan Financial Statements

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

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Statement of Fiduciary Net Position:

	Defined Benefit		Defined Contribution	
	Pension Trust Funds		Pension Trust Funds	
	Employees'	Firefighters'	Police	Firefighters
	Pension Fund	Relief and Pension Fund	Supplemental Pension Fund	Supplemental Pension Fund
ASSETS				
Cash and investments	\$ 664,633	\$ 2,452,915	\$ 9,263	\$ -
Managed investment accounts, at fair value:				
Cash and cash equivalents	20,079,929	-	807,131	420,882
Government bonds	74,327,584	-	-	981,264
Index linked government bonds	2,024,881	-	-	-
Agency bonds	4,677,463	2,131,601	-	-
Domestic corporate bonds	93,432,687	-	-	2,612,955
International equity securities	68,841,663	-	661,258	134,742
Domestic stocks	385,095,014	-	9,594,426	3,631,667
Mortgage backed bonds	65,823,726	-	-	1,457,116
Asset backed securities	8,083,271	-	-	-
Other/Rights/Warrants	184,045	-	-	-
Domestic equity mutual funds	37,540,241	-	4,568,761	4,253,733
International equity mutual fund	34,071,336	-	2,136,885	1,136,840
Real estate	56,847,854	-	-	2,242,567
Total managed investment accounts	851,029,694	2,131,601	17,768,461	16,871,766
Securities lending collateral	196,139,408	-	-	-
Receivables:				
Interest and dividends	2,473,707	30,783	10,199	52,261
Unsettled investment sales	4,793,812	-	-	-
Securities lending earnings	27,041	-	-	-
Due from others	15,028	-	-	-
Total receivables	7,309,588	30,783	10,199	52,261
Total assets	1,055,143,323	4,615,299	17,787,923	16,924,027
LIABILITIES				
Accounts payable	921,265	-	-	-
Unsettled investment purchases	17,813,801	-	-	-
Obligations under securities lending	196,139,408	-	-	-
Total liabilities	214,874,474	-	-	-
FIDUCIARY NET POSITION				
Net position restricted for pension benefits	\$ 840,268,849	\$ 4,615,299	\$ 17,787,923	\$ 16,924,027

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Statement of Changes in Fiduciary Net Position:

	Defined Benefit Pension Trust Funds		Defined Contribution Pension Trust Funds	
	Employees' Pension Fund	Firefighters' Relief and Pension Fund	Police Supplemental Pension Fund	Firefighters Supplemental Pension Fund
ADDITIONS				
Contributions:				
Contributions from employer	\$ 14,923,098	\$ -	\$ -	\$ -
Contributions from employer - state tax	12,000	-	908,419	1,171,812
Contributions from employees	6,483,666	-	-	-
Total contributions	21,418,764	-	908,419	1,171,812
Investment income (loss):				
Net appreciation in fair value of investments	(17,161,321)	91,553	(877,078)	(881,548)
Interest	9,301,014	108,223	531	213,510
Dividends	8,385,894	-	221,986	1,017,954
	525,587	199,776	(654,561)	349,916
Less investment expenses:				
Investment management / custodian fees	(5,102,757)	-	(22,589)	(99,401)
Net income from investing activities	(4,577,170)	199,776	(677,150)	250,515
Securities lending income:				
Gross earnings	603,784	-	-	-
Rebate received	29,839	-	-	-
Bank fees	(221,545)	-	-	-
Net income from securities lending	412,078	-	-	-
Total additions	17,253,672	199,776	231,269	1,422,327
DEDUCTIONS				
Benefits and withdrawal payments:				
Benefits	39,276,003	442,775	1,516,743	912,875
Withdrawal payments	1,000,827	-	-	-
Total benefits and withdrawal payments	40,276,830	442,775	1,516,743	912,875
Income (loss) before administrative expenses	(23,023,158)	(242,999)	(1,285,474)	509,452
Administrative expenses	(297,942)	(2,005)	(13,478)	(30,491)
Net increase (decrease)	(23,321,100)	(245,004)	(1,298,952)	478,961
Fiduciary net position restricted for pensions				
Fiduciary net position - beginning (as previously reported)	863,589,949	4,860,303	19,086,875	17,676,345
Correction of an error (See Note IV.K.)	-	-	-	(1,231,279)
Fiduciary net position - beginning (as restated)	863,589,949	4,860,303	19,086,875	16,445,066
Fiduciary net position - ending	\$ 840,268,849	\$ 4,615,299	\$ 17,787,923	\$ 16,924,027

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IV.D.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 payroll for the fiscal year ended September 30, 2015 was \$86,804,948. The Plan members' payroll for the same period totaled \$4,233,550. The City's contribution, per the above contribution rates, totaled \$363,538. The assets, reported at fair value based on quoted market prices, totaled \$6,982,489 at September 30, 2015.

IV.D.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.E. Post-employment Benefits Other Than Pension

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 of the Florida Statutes to provide retirees with the opportunity to participate in this Plan. 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. The City does not issue stand-alone financial statements for these programs.

Funding Policy - Contribution rates for the Plan are established on an annual basis by the City Council. Eligible retirees and their covered dependents receiving benefits contribute 100% of their premium costs for health insurance and 0% of the cost for the \$1,000 term life insurance. For the year ended September 30, 2015, the estimated retiree contributions for health insurance premiums totaled \$1,358,083. 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

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considered an “other post-employment benefit” (OPEB) obligation of the City. The City is currently funding this OPEB obligation on a pay-as-you-go basis. For the year ended September 30, 2015, the City estimated it subsidized \$1,611,464 of health care costs for retirees and their covered dependents, and \$18,361 of life insurance benefits for retirees.

Annual OPEB Cost and Net OPEB Obligation – The City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize unfunded liabilities of the plan over a period not to exceed thirty years.

The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation to the Plan, including both the implicit rate subsidy for health insurance and the term life insurance benefit:

Annual required contribution	\$ 3,446,429
Interest on net OPEB obligation	472,653
Adjustment to annual required contribution	<u>(513,753)</u>
Annual OPEB cost (expense)	3,405,329
Contributions made	<u>(1,629,825)</u>
Increase in net OPEB obligation	1,775,504
Net OPEB obligation - beginning of year	<u>11,816,331</u>
Net OPEB obligation - end of year	<u><u>\$ 13,591,835</u></u>

The actuarially determined contribution requirements for the City’s fiscal year ended September 30, 2015, are based on an actuarial valuation as of January 1, 2014, supplemented by an actuarial roll-forward to adjust the results to be applicable to the fiscal year ending September 30, 2015.

No trust or agency fund has been established for the plan and there were no adjustments to the annual required contribution or interest earnings.

The City’s annual required contribution, the employer contributions made to the plan, and the percentage of the annual required contribution that was contributed for the fiscal year ending September 30, 2015, are presented below:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Costs Contributed	Net OPEB Obligation
9/30/2013	\$ 2,935,226	44.05%	\$ 9,721,023
9/30/2014	\$ 3,298,390	36.47%	\$ 11,816,331
9/30/2015	\$ 3,405,329	47.86%	\$ 13,591,835

As of September 30, 2015, the accrued liability for benefits was \$34,091,536, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$72.7 million and the ratio of the unfunded actuarial liability (UAL) to covered payroll was 46.9%.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial

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valuations for other post-employment benefits involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and consequently actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

For the September 30, 2015 report, the entry age normal actuarial cost method was used, with an increasing normal cost pattern consistent with the salary increase assumptions. The Unfunded Actuarial Accrued Liability (UAAL) reflects a 23-year, closed level percent of expected payroll amortization method. The actuarial assumptions included a 4.0% investment rate of return and projected salary increases of 6.0%, which reflects the general wage inflation assumption of 2.5% in addition to merit and seniority increases of 3.5%. The rates for salary increases, rates of disability, rates of termination and rates of retirement are the same as used by the Pension Plan Actuary.

The actuarial valuation of the Plan as of January 1, 2014, reflected changes in actuarial assumptions and methods from the previous valuation as of January 1, 2012 as follows: the Health Care Cost Trend Rate decreased from 8.5% in 2012 to 8.0% in 2014, with planned decreases of ½% each subsequent year so that it is projected to reach the ultimate goal of 5% in 2021 rather than 2019. There were no changes to the Investment Discount Rate, Mortality Tables or Medicare Benefits.

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, who 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 fair value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral at 105% of the fair 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 plans loans at September 30, 2015 was 38 days. If a borrower fails to return the loaned security because of bankruptcy, insolvency, reorganization, liquidations, receivership, conservatorship, or a similar event, Northern Trust Company shall, at its expense, credit the City with the difference between the fair value of such loaned security and the fair value of the related collateral. At September 30, 2015, there was no failure by a borrower to return a loaned security.

Cash "open" collateral is invested in a short-term investment pool, the Core USA Collateral Section, which had an average weighted maturity of 38 days as of September 30, 2015. Cash collateral may also be invested separately in "term loans" in which investments match the loan term. These term loans may be terminated on demand by either the lender or the borrower.

There were no significant violations of legal or contractual provisions, nor any borrower or lending agent defaults 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 2015.

Northern Trust has indemnified the Plan for losses attributable to violations by the entity of the Standard of Care set out in the Agreement. Northern Trust has also indemnified the Plan for all losses as a result of borrower default and for any losses resulting from related collateral insufficiency. At year-end the Plan has no credit risk exposure to borrowers because the amounts the Plan owes the borrowers equal or exceed the amounts the borrowers owe the Plan and the lending agent indemnifies the Plan if the collateral is inadequate to repay the borrowers.

City of Clearwater, Florida
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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	\$ 144,184,644	\$ 145,834,197	\$ -	\$ -
U.S. Corporate Fixed	7,924,418	8,032,464	-	-
U.S. Government Fixed	40,936,631	41,673,939	-	-
Global Equities	573,348	598,808	-	-
Total	<u>\$ 193,619,041</u>	<u>\$ 196,139,408</u>	<u>\$ -</u>	<u>\$ -</u>

On the statement of fiduciary net position, a securities lending asset of \$196,139,408 was reported that represents the fair value of the investments made with cash collateral at September 30, 2015. In addition, a securities lending obligation of \$196,139,408 was reported that represents the collateral that the City is required to maintain to cover the fair value of the loaned securities.

IV.G. Contingencies and commitments

Loan Guarantee - PACT, Inc.

PACT, Inc. is a nonprofit corporation formed in 1978, for the purpose of financing, constructing, and operating a performing arts center. Per a Guaranty Agreement dated May 18, 2001, the City guaranteed \$1,000,000 on a \$5,000,000 mortgage note for PACT, Inc., used to refinance a previous mortgage with a similar City guarantee. 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.

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.

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, 2014, accruals totaled \$478,503 consisting of \$7,859 for removal of hydraulic lifts at various parcels which comprise the Prospect Lake Park site, \$6,250 in the Airpark Fund (a non-major proprietary fund) for contamination cleanup from a fuel spill, \$238,493 for the Harbor Drive Fill Area site which was a former landfill area, and \$225,901 for assessment and remediation at the Gas Plant site (see the Soil and groundwater contamination site note below).

During fiscal year 2015 net additions to estimates and contractual commitments totaled \$44,989 with payments totaling \$74,374. At September 30, 2015, accruals totaled \$449,118 consisting of \$232,574 for the Harbor Drive Fill Area site

City of Clearwater, Florida
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which was a former landfill area, \$11,551 for removal of hydraulic lifts at a recently acquired property on McMullen Booth Road, and \$204,993 for assessment and remediation at the Gas Plant site.

In addition to the above sites for which accruals exist, the City has 17 other sites that have known contamination from petroleum products, metals, arsenic, chlorine or coal tar. Ten of these sites are on the State of Florida Petroleum Clean-up Program. When any of these ten sites will be scheduled for cleanup cannot be determined at this time. The remaining seven sites 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 for which assessment and remedial planning remain.

On October 30, 2014, the Prospect Lake Park site was sold to Prospect Park Development, LLC. Construction began on 257 market-rate apartments in early 2015. The 6.85 acre site, adjacent to Prospect Lake Park, is located at the eastern end of the Cleveland Street business district. Since the City no longer owns this property, this site has been removed from the list.

On April 27, 2015, the FEDP issued a Site Rehabilitation Completion Order for the Clearwater Airpark site at 1000 North Hercules Avenue, which releases the City from any further obligation to conduct site rehabilitation at the facility for petroleum product contamination associated with discharge events that occurred in 2001 and 2002. Therefore, this site has been removed from the list.

Soil and groundwater contamination site

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

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

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

By letter dated April 19, 2004, FDEP directed the City to install two additional monitoring wells within the source area on site to delineate the vertical extent of groundwater impacts. The City and FDEP previously discussed the potential harm to the underlying aquifer that may result from the installation of monitoring wells through a source area and the underlying clay confining unit during a meeting with FDEP held on November 29, 2003. Based on the advice of its environmental consultant and other specialists consulted concerning this issue, the City has consistently maintained that the installation of the additional monitoring wells requested by FDEP will likely provide a pathway for the migration of impacts into the aquifer underlying the clay confining unit that is otherwise not presently impacted by the former operations of the MGP

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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. In the report it referenced the January 17, 2008 letter and reaffirmed FDEP's agreement to forego additional on-site vertical delineation if the City continues 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 Attorney recommended an alternate method of site remediation. He 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 are currently 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. The project is scheduled to last approximately 6 years at an estimated cost of \$600,000.

In addition, the City has pursued insurance claims under certain insurance policies covering the Property for the period of time 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 summary, the City has recovered \$787,500 on all of its outstanding insurance claims.

Expenses related to MGP assessment activities, which include both environmental consultant and outside attorney fees, were \$53,507 for fiscal 2015. From 1993 through September 30, 2015, the City spent a total of \$1,289,998.

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, 2014, the rate, which is set by the Pinellas County Board of County Commissioners (BOCC), was \$3.8557 per 1,000 gallons. The rate effective October 1, 2015 is \$3.9232 per 1,000 gallons. The cost of water purchased from the County during fiscal years 2014 and 2015 was \$10,009,342 and \$7,176,114 respectively.

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For the Year Ended September 30, 2015

Contractual Commitment – Parking System

Under the terms of a put agreement dated October 29, 2010, related to a development agreement between the City and L.O.M., Inc. (developer) for development of a condominium retail/commercial project including a parking garage, the City is obligated to purchase the parking garage component of the project for \$9,300,000 from the lender if the developer defaults under the terms of the financing agreement within five years of the project's completion on July 1, 2011. The City has segregated and restricted \$9.3 million of Parking System enterprise funds per the terms of this put agreement, which expires on June 30, 2016.

Contractual Commitment – Clearwater Marine Aquarium

In a special election held on November 5, 2013, Clearwater voters approved a referendum to amend the Clearwater City Charter to allow the City to negotiate and enter into a lease with the Clearwater Marine Aquarium, Inc. (CMA) for the construction, operation and maintenance of an aquarium for an initial term of 60 years on City owned property which includes the current Clearwater City Hall. Because the City and the CMA did to enter into a lease on or before June 15, 2015, the exemptions created by the charter amendment expired and have no further force or effect.

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, 2015, the amount of encumbrances expected to be honored upon performance by the vendor in the coming year were:

General fund	\$ 446,809
Capital Improvement fund	10,207,621
Nonmajor governmental funds	443,943
	<u>\$ 11,098,373</u>

IV.H. 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.I. Conduit debt

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

<u>Description / Purpose</u>	<u>Original Issue Amount</u>	<u>Amount Outstanding at 9/30/14</u>	<u>Amount Outstanding at 9/30/15</u>
Drew Gardens Refunding Bonds / residential rental facility	\$ 3,425,000	\$ 2,060,000	\$ 1,940,000

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

IV.J. Restatement of Prior Year Net Position

During the fiscal year ended September 30, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27, and GASB Statement No. 71, *Pension Transition Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68, for the Employees' Pension Plan and the Firefighters' Relief and Pension Plan. The objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. It requires the liability of employers to employees for defined benefit pension plans (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. In addition to establishing deferred inflows of resources and deferred outflows of resources as described in Note I.D.8., implementation of these statements resulted in the restatement of net position as of October 1, 2014, which increased the net position of governmental and business-type activities in the amounts of \$76,806,809 and \$23,268,912, respectively.

During the current year it was determined that an allowance for uncollectible accounts would be recorded for mortgage loans receivable to reflect the likelihood of payment, deferral or loan forgiveness associated with each type of loan. This resulted in a prior period adjustment to net position as of October 1, 2014, which decreased the net position of governmental activities in the amount of \$12,383,909.

	Governmental Activities	Business-Type Activities
Beginning net position, as previously reported	\$ 406,841,428	\$ 404,312,255
Net pension asset - Firefighters' Relief and Pension Plan	1,062,523	-
Net pension asset - Employees' Pension Plan	29,582,138	9,018,101
Deferred Outflows - Employees' Pension Plan	48,861,725	15,084,203
Deferred Inflows - Employees' Pension Plan	(2,699,577)	(833,392)
Restatements related to Pensions	<u>76,806,809</u>	<u>23,268,912</u>
Prior period adjustment related to mortgage receivables (See Note IV.L.)	<u>(12,383,909)</u>	<u>-</u>
Total restatements	<u>64,422,900</u>	<u>23,268,912</u>
Beginning net position, as restated	<u><u>\$ 471,264,328</u></u>	<u><u>\$ 427,581,167</u></u>

IV.K. Restatement - Correction of an Error

During the current year it was noted that an investment asset was incorrectly recorded twice due to a change in reporting by the custodian of the Firefighters Supplemental Defined Contribution Pension Trust Fund. As a result, the September 30, 2014 financial statements have been restated to properly reflect the correction of an error. The effects of this adjustment to the previously issued financial statements are as follows:

	Total Managed Investment Accounts	Net Appreciation (Depreciation) in Fair Value of Investments	Net Increase (Decrease) in Fiduciary Net Position	Fiduciary Net Position
Balances, as previously reported	\$ 17,616,341	\$ 1,862,588	\$ 2,626,098	\$ 17,676,345
Correction of error	(1,231,279)	(1,231,279)	(1,231,279)	(1,231,279)
Balances, as restated	<u><u>\$ 16,385,062</u></u>	<u><u>\$ 631,309</u></u>	<u><u>\$ 1,394,819</u></u>	<u><u>\$ 16,445,066</u></u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

IV.L. Prior Period Adjustment

During the current year it was determined that an allowance for uncollectible accounts would be recorded for 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) to reflect the likelihood of payment, deferral or loan forgiveness associated with each type of loan. This methodology was applied to mortgage loans receivable as of October 1, 2014, and recorded as a prior period adjustment as follows:

	Allowance for Uncollectable Accounts	Fund Balance
Balances, as previously reported:		
Special Programs Fund	\$ 202,321	\$ 22,764,449
SHIP Local Housing Assistance Trust Fund	209,062	7,068,127
Pinellas County Local Housing Assistance Trust Fund	-	896,506
	<u>411,383</u>	<u>30,729,082</u>
Prior period adjustments:		
Special Programs Fund	7,130,743	(7,130,743)
SHIP Local Housing Assistance Trust Fund	5,031,689	(5,031,689)
Pinellas County Local Housing Assistance Trust Fund	221,477	(221,477)
	<u>12,383,909</u>	<u>(12,383,909)</u>
Balances, as restated:		
Special Programs Fund	7,333,064	15,633,706
SHIP Local Housing Assistance Trust Fund	5,240,751	2,036,438
Pinellas County Local Housing Assistance Trust Fund	221,477	675,029
	<u>\$ 12,795,292</u>	<u>\$ 18,345,173</u>

IV.M. Extraordinary Item – Deepwater Horizon Oil Spill

In the time period 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. Because this event was infrequent in occurrence and would not be reasonably expected to recur in the foreseeable future, the proceeds are categorized as an Extraordinary Item on the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance as well as the Government-wide Statement of Activities.

IV.N. Subsequent Event

On November 18, 2015, City Council approved a Third Amendment to the lease between the City of Clearwater and Marina Cantina, LLC for the lease of 9,285 square feet of interior space and 11,237 square feet of exterior patio space for development of a destination restaurant at the Clearwater Marina. The amendment modifies the terms of the lease dated September 17, 2012, to provide reimbursement to the lessee for numerous unanticipated emergency repairs and upgrades to the marina building in the amount of \$409,606 that were not contemplated in the original lease and were incurred prior to September 30, 2015.

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

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

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ 14,585,979	14,670,375
Interest on the Total Pension Liability	56,983,247	55,622,257
Benefit Changes	-	-
Difference between Expected and Actual Experience	(3,532,969)	(11,230,163)
Assumption Changes	-	-
Benefit Payments	(39,276,003)	(37,118,458)
Refunds	(1,000,827)	(1,675,419)
Net Change in Total Pension Liability	<u>27,759,427</u>	<u>20,268,592</u>
Total Pension Liability - Beginning	819,598,826	799,330,234
Total Pension Liability - Ending (a)	<u>\$ 847,358,253</u>	<u>819,598,826</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 14,923,098	18,860,463
Contributions - Non-Employer Contributing Entity	12,000	12,000
Contributions - Employee	6,483,666	7,073,440
Net Investment Income	(4,165,092)	82,832,149
Benefit Payments	(39,276,003)	(37,118,458)
Refunds	(1,000,827)	(1,675,419)
Administrative Expense	(297,942)	(175,212)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>(23,321,100)</u>	<u>69,808,963</u>
Plan Fiduciary Net Position - Beginning	863,589,949	793,780,986
Plan Fiduciary Net Position - Ending (b)	<u>\$ 840,268,849</u>	<u>863,589,949</u>
Net Pension Liability/(Asset) - Beginning	(43,991,123)	5,549,248
Net Pension Liability/(Asset) - Ending (a) - (b)	7,089,404	(43,991,123)
Plan Fiduciary Net Position as a Percentage of		
Total Pension Liability	99.16%	105.37%
Covered Employee Payroll	76,767,125	75,629,669
Net Pension Liability as a Percentage of		
Covered Employee Payroll	9.23%	-58.17%

Notes to Schedule:

Data unavailable prior to 2014.

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

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

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ -	-
Interest on the Total Pension Liability	100,650	92,956
Benefit Changes	-	-
Difference between Expected and Actual Experience	114,258	(426,528)
Assumption Changes	201,922	-
Benefit Payments	(442,775)	(525,760)
Refunds		
Other	-	143,654
Net Change in Total Pension Liability	<u>(25,945)</u>	<u>(715,678)</u>
Total Pension Liability - Beginning	<u>3,797,780</u>	<u>4,513,458</u>
Total Pension Liability - Ending (a)	<u><u>\$ 3,771,835</u></u>	<u><u>3,797,780</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	-	-
Contributions - Non-Employer Contributing Entity	-	-
Contributions - Employee	-	-
Net Investment Income	199,776	169,627
Benefit Payments	(442,775)	(525,760)
Refunds	-	-
Administrative Expense	(2,005)	(5,808)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>(245,004)</u>	<u>(361,941)</u>
Plan Fiduciary Net Position - Beginning	<u>4,860,303</u>	<u>5,222,244</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 4,615,299</u></u>	<u><u>4,860,303</u></u>
Net Pension Liability/(Asset) - Beginning	(1,062,523)	(495,433)
Net Pension Liability/(Asset) - Ending (a) - (b)	(843,464)	(1,062,523)
Plan Fiduciary Net Position as a Percentage of		
Total Pension Liability	122.36%	127.98%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a Percentage of		
Covered Employee Payroll	N/A	N/A

Notes to Schedule:

Data unavailable prior to 2014.

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

Employees' Pension Plan
Schedule of Contributions

FY Ending September 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 10,803,098	\$ 14,935,098	\$ (4,132,000)	\$ 76,767,125	19.46%
2014	19,608,078	18,872,463 *	735,615	75,629,669	24.95%

* 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.

Notes to Schedule of Contributions

Valuation Date: January 1, 2015

Measurement Date: September 30, 2015

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	Frozen Entry Age
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	17 years
Asset Valuation Method	5-year smoothed market; 20% corridor
Inflation	2.50%
Salary Increases	3.50% to 7.90% depending on service; including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the employment classification and type of eligibility condition.
Mortality	RP-2000 Combined Healthy Participant Mortality Tables for males and females with future mortality improvements projected from 2000 to all future years by using Scale BB.

Other Information:

Notes: There were no benefit or assumption changes during the year. The above assumptions were last updated for the January 1, 2013 valuation pursuant to an experience study of the 5-year period from January 1, 2007 through January 1, 2012. Effective for the January 1, 2015 valuation, the actuarial cost method was changed from the Frozen Entry Age method to the Entry Age Normal method.

Data unavailable prior to 2014.

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

Firefighters' Relief and Pension Plan
Schedule of Contributions

FY Ending September 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ -	\$ -	\$ -	\$ -	0.00%
2014	-	-	-	-	0.00%

Note: Data unavailable prior to 2014.

Notes to Schedule of Contributions

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

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

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

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-0.03%	10.90%

Note: Data unavailable prior to 2014.

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

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

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	4.315%	3.902%

Note: Data unavailable prior to 2014.

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

Schedule of Employer Contributions:

Fiscal Year Ending	Annual Required Contribution	Estimated Contributions (1)	Percentage of ARC Contributed
September 30, 2008	\$ 2,415,000	\$ 618,900	25.63%
September 30, 2009	\$ 2,657,200	\$ 642,600	24.18%
September 30, 2010	\$ 2,676,849	\$ 1,226,290	45.81%
September 30, 2011	\$ 2,591,067	\$ 1,267,980	48.94%
September 30, 2012	\$ 2,634,280	\$ 1,168,342	44.35%
September 30, 2013	\$ 2,922,797	\$ 1,292,849	44.23%
September 30, 2014	\$ 3,314,592	\$ 1,203,082	36.30%
September 30, 2015	\$ 3,446,429	\$ 1,629,825	47.29%

(1) Since there is no funding, these are the estimated benefit payments.

Schedule of Funding Progress:

Actuarial Valuation Date (Biannual)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a) /c)
October 1, 2007 (1)	\$ -	\$ 23,215,500	\$ 23,215,500	0.00%	\$ 83,100,000	27.94%
January 1, 2010	\$ -	\$ 32,823,521	\$ 32,823,521	0.00%	\$ 80,987,124	40.53%
January 1, 2012	\$ -	\$ 30,721,086	\$ 30,721,086	0.00%	\$ 68,293,356	44.98%
January 1, 2014	\$ -	\$ 34,091,536	\$ 34,091,536	0.00%	\$ 70,649,261	48.25%

(1) Initial year of plan disclosure.

Significant changes affecting the presented trend information include: The actuarial valuation of the Plan as of January 1, 2014, reflected changes in actuarial assumptions and methods from the previous valuation as of January 1, 2012 as follows: The Health Care Cost Trend Rate decreased from 8.5% in 2012 to 8.0% in 2014, with planned decreases of ½% each subsequent year so that it is projected to reach the ultimate goal of 5% in 2021 rather than 2019. There were no changes to the Investment Discount Rate, Mortality Tables or Medicare Benefits.

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, 2015

Special Revenue Funds					
	Special Programs	Community Redevelopment Agency	SHIP Local Housing Assistance Trust	Pinellas County Local Housing Assistance Trust	Total
ASSETS					
Cash and investments	\$ 12,398,713	\$ -	\$ 412,310	\$ 370,065	\$ 13,181,088
Receivables:					
Accrued interest	39,730	21,323	1,756	1,195	64,004
Mortgage notes	3,097,706	-	1,696,291	278,393	5,072,390
Other	8,148	-	-	-	8,148
Due from other governments - grants	124,592	-	-	-	124,592
Due from other governments - other	228,204	-	-	-	228,204
Land held for resale	220,741	3,118,011	-	-	3,338,752
Advances to other funds	325,440	-	-	-	325,440
Total assets	<u>\$ 16,443,274</u>	<u>\$ 3,139,334</u>	<u>\$ 2,110,357</u>	<u>\$ 649,653</u>	<u>\$ 22,342,618</u>
LIABILITIES					
Accounts and contracts payable	\$ 409,674	\$ 3,213	\$ 9,426	\$ -	\$ 422,313
Accrued payroll	36,708	-	-	-	36,708
Due to other funds	-	316,667	-	-	316,667
Due to other funds (deficit in pooled cash)	-	24,536	-	-	24,536
Due to other governmental entities	899	48,000	-	-	48,899
Construction escrows	-	-	3,383	-	3,383
Advances from other funds	-	958,773	-	-	958,773
Total liabilities	<u>447,281</u>	<u>1,351,189</u>	<u>12,809</u>	<u>-</u>	<u>1,811,279</u>
FUND BALANCES					
Restricted	9,409,214	3,118,011	2,097,548	649,653	15,274,426
Committed	3,609,753	-	-	-	3,609,753
Assigned	2,977,026	-	-	-	2,977,026
Unassigned	-	(1,329,866)	-	-	(1,329,866)
Total fund balances	<u>15,995,993</u>	<u>1,788,145</u>	<u>2,097,548</u>	<u>649,653</u>	<u>20,531,339</u>
Total liabilities and fund balances	<u>\$ 16,443,274</u>	<u>\$ 3,139,334</u>	<u>\$ 2,110,357</u>	<u>\$ 649,653</u>	<u>\$ 22,342,618</u>

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

Debt Service Funds			Capital	
	Spring		Project	
	Training		Fund	Total
Notes	Facility		Community	Nonmajor
and	Revenue		Redevelopment	Governmental
Mortgages	Bonds	Total	Agency	Funds
\$ -	\$ 619,734	\$ 619,734	\$ 6,276,811	\$ 20,077,633
-	1,947	1,947	-	65,951
-	-	-	-	5,072,390
-	-	-	-	8,148
-	-	-	-	124,592
-	-	-	-	228,204
-	-	-	-	3,338,752
-	-	-	-	325,440
<u>\$ -</u>	<u>\$ 621,681</u>	<u>\$ 621,681</u>	<u>\$ 6,276,811</u>	<u>\$ 29,241,110</u>
\$ -	\$ -	\$ -	\$ 10,632	\$ 432,945
-	-	-	-	36,708
-	-	-	-	316,667
-	-	-	-	24,536
-	-	-	-	48,899
-	-	-	-	3,383
-	-	-	-	958,773
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,632</u>	<u>1,821,911</u>
-	621,681	621,681	6,244,097	22,140,204
-	-	-	-	3,609,753
-	-	-	22,082	2,999,108
-	-	-	-	(1,329,866)
<u>-</u>	<u>621,681</u>	<u>621,681</u>	<u>6,266,179</u>	<u>27,419,199</u>
<u>\$ -</u>	<u>\$ 621,681</u>	<u>\$ 621,681</u>	<u>\$ 6,276,811</u>	<u>\$ 29,241,110</u>

City of Clearwater, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2015

	Special Revenue Funds				
	Special Programs	Community Redevelopment Agency	SHIP Local Housing Assistance Trust	Pinellas County Local Housing Assistance Trust	Total
REVENUES					
Intergovernmental:					
Federal	\$ 1,408,884	\$ -	\$ -	\$ -	\$ 1,408,884
State	241,383	-	442,764	-	684,147
Local	350,978	1,009,429	-	-	1,360,407
Charges for services	1,364,328	-	-	-	1,364,328
Fines and forfeitures	410,576	-	-	-	410,576
Investment earnings	281,285	133,488	19,282	11,972	446,027
Miscellaneous	994,113	66,421	-	13,372	1,073,906
Total revenues	<u>5,051,547</u>	<u>1,209,338</u>	<u>462,046</u>	<u>25,344</u>	<u>6,748,275</u>
EXPENDITURES					
Current:					
General government	200,282	-	-	-	200,282
Public safety	2,016,005	-	-	-	2,016,005
Physical environment	81,440	-	-	-	81,440
Economic environment	1,443,348	774,766	57,160	-	2,275,274
Human services	223,207	-	-	-	223,207
Culture and recreation	1,631,755	-	-	-	1,631,755
Debt service:					
Principal	-	-	-	-	-
Interest & fiscal charges	-	18,445	-	-	18,445
Capital outlay	56,751	-	-	-	56,751
Total expenditures	<u>5,652,788</u>	<u>793,211</u>	<u>57,160</u>	<u>-</u>	<u>6,503,159</u>
Excess (deficiency) of revenues over / (under) expenditures	<u>(601,241)</u>	<u>416,127</u>	<u>404,886</u>	<u>25,344</u>	<u>245,116</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,403,988	1,160,102	-	-	2,564,090
Transfers out	(440,460)	(3,215,738)	(343,776)	(50,720)	(4,050,694)
Total other financing sources (uses)	<u>963,528</u>	<u>(2,055,636)</u>	<u>(343,776)</u>	<u>(50,720)</u>	<u>(1,486,604)</u>
Net change in fund balances	<u>362,287</u>	<u>(1,639,509)</u>	<u>61,110</u>	<u>(25,376)</u>	<u>(1,241,488)</u>
Fund balances - beginning (as previously reported)	22,764,449	3,427,654	7,068,127	896,506	34,156,736
Prior period adjustment (See Note IV.L.)	(7,130,743)	-	(5,031,689)	(221,477)	(12,383,909)
Fund balances - beginning (restated)	<u>15,633,706</u>	<u>3,427,654</u>	<u>2,036,438</u>	<u>675,029</u>	<u>21,772,827</u>
Fund balances - ending	<u>\$ 15,995,993</u>	<u>\$ 1,788,145</u>	<u>\$ 2,097,548</u>	<u>\$ 649,653</u>	<u>\$ 20,531,339</u>

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

Debt Service Funds			Capital	
	Spring		Project	
	Training		Fund	Total
Notes	Facility		Community	Nonmajor
and	Revenue		Redevelopment	Governmental
Mortgages	Bonds	Total	Agency	Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,408,884
-	500,004	500,004	-	1,184,151
-	587,650	587,650	-	1,948,057
-	-	-	-	1,364,328
-	-	-	-	410,576
	12,170	12,170	-	458,197
-	-	-	210	1,074,116
-	1,099,824	1,099,824	210	7,848,309
-	-	-	-	200,282
-	-	-	-	2,016,005
-	-	-	-	81,440
-	-	-	39,702	2,314,976
-	-	-	-	223,207
-	-	-	-	1,631,755
293,476	635,000	928,476	-	928,476
13,417	438,906	452,323	-	470,768
-	-	-	-	56,751
306,893	1,073,906	1,380,799	39,702	7,923,660
(306,893)	25,918	(280,975)	(39,492)	(75,351)
306,893	-	306,893	2,541,175	5,412,158
-	-	-	(503,899)	(4,554,593)
306,893	-	306,893	2,037,276	857,565
-	25,918	25,918	1,997,784	782,214
-	595,763	595,763	4,268,395	39,020,894
-	-	-	-	(12,383,909)
-	595,763	595,763	4,268,395	26,636,985
\$ -	\$ 621,681	\$ 621,681	\$ 6,266,179	\$ 27,419,199

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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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Intergovernmental - Local	\$ 1,035,016	\$ 1,009,429	\$ 1,009,429	\$ -
Investment earnings	50,000	75,129	133,488	58,359
Miscellaneous	<u>63,724</u>	<u>64,924</u>	<u>66,421</u>	<u>1,497</u>
Total revenues	<u>1,148,740</u>	<u>1,149,482</u>	<u>1,209,338</u>	<u>59,856</u>
EXPENDITURES				
Current - Economic environment	260,164	329,666	774,766	(445,100)
Debt Service - Interest & fiscal charges	<u>-</u>	<u>-</u>	<u>18,445</u>	<u>(18,445)</u>
Total expenditures	<u>260,164</u>	<u>329,666</u>	<u>793,211</u>	<u>(463,545)</u>
Excess of revenues over expenditures	<u>888,576</u>	<u>819,816</u>	<u>416,127</u>	<u>(403,689)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	854,967	824,991	1,160,102	335,111
Transfers out	<u>(1,743,543)</u>	<u>(1,946,110)</u>	<u>(3,215,738)</u>	<u>(1,269,628)</u>
Total other financing sources (uses)	<u>(888,576)</u>	<u>(1,121,119)</u>	<u>(2,055,636)</u>	<u>(934,517)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(301,303)	(1,639,509)	(1,338,206)
Fund balances - beginning	<u>3,427,654</u>	<u>3,427,654</u>	<u>3,427,654</u>	<u>-</u>
Fund balances - ending	\$ <u>3,427,654</u>	\$ <u>3,126,351</u>	\$ <u>1,788,145</u>	\$ <u>(1,338,206)</u>

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 airport 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, 2015

	<u>Marine</u> <u>Operations</u>	<u>Aviation</u> <u>Operations</u>	<u>Parking</u> <u>System</u>	<u>Clearwater</u> <u>Harbor Marina</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and investments	\$ 1,024,066	\$ 160,757	\$ 11,423,181	\$ 1,127,792	\$ 13,735,796
Accrued interest receivable	2,148	1,473	67,772	3,484	74,877
Accounts and contracts receivable				31,844	31,844
Due from other governmental entities	1,225	435,656	-	-	436,881
Inventories, at cost	34,778	-	-	-	34,778
Total current assets - unrestricted	<u>1,062,217</u>	<u>597,886</u>	<u>11,490,953</u>	<u>1,163,120</u>	<u>14,314,176</u>
Current assets - restricted:					
Restricted cash and investments	-	-	9,300,000	-	9,300,000
Total current assets - restricted	<u>-</u>	<u>-</u>	<u>9,300,000</u>	<u>-</u>	<u>9,300,000</u>
Total current assets	<u>1,062,217</u>	<u>597,886</u>	<u>20,790,953</u>	<u>1,163,120</u>	<u>23,614,176</u>
Noncurrent assets:					
Capital assets:					
Land and other nondepreciable assets	670,086	3,991,862	981,282	-	5,643,230
Capital assets, net of accumulated depreciation	181,794	1,680,185	2,698,945	11,527,997	16,088,921
Total noncurrent assets	<u>851,880</u>	<u>5,672,047</u>	<u>3,680,227</u>	<u>11,527,997</u>	<u>21,732,151</u>
Total assets	<u>1,914,097</u>	<u>6,269,933</u>	<u>24,471,180</u>	<u>12,691,117</u>	<u>45,346,327</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on pension	292,105	19,951	439,948	35,810	787,814
Total deferred outflows of resources	<u>292,105</u>	<u>19,951</u>	<u>439,948</u>	<u>35,810</u>	<u>787,814</u>
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	130,305	119,395	114,711	27,172	391,583
Accrued payroll	43,469	1,321	31,137	3,988	79,915
Deposits	40,714	-	4,378	41,918	87,010
Unearned revenue and liens	-	-	17,777	27,079	44,856
Current portion of long-term liabilities:					
Compensated absences	60,110	2,634	34,940	2,583	100,267
Due to other funds	-	20,271	-	-	20,271
Total current liabilities	<u>274,598</u>	<u>143,621</u>	<u>202,943</u>	<u>102,740</u>	<u>723,902</u>
Noncurrent liabilities:					
Compensated absences	46,021	2,016	26,750	1,978	76,765
Other postemployment benefits	135,918	11,145	267,895	44,581	459,539
Net pension liability	40,481	2,764	60,969	4,962	109,176
Total non-current liabilities	<u>222,420</u>	<u>15,925</u>	<u>355,614</u>	<u>51,521</u>	<u>645,480</u>
Total liabilities	<u>497,018</u>	<u>159,546</u>	<u>558,557</u>	<u>154,261</u>	<u>1,369,382</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows on pension	15,970	1,091	24,054	1,958	43,073
Total deferred inflows of resources	<u>15,970</u>	<u>1,091</u>	<u>24,054</u>	<u>1,958</u>	<u>43,073</u>
NET POSITION					
Net investment in capital assets	851,880	5,672,047	3,680,227	11,527,997	21,732,151
Restricted for:					
Developer agreement	-	-	9,300,000	-	9,300,000
Unrestricted	841,334	457,200	11,348,290	1,042,711	13,689,535
Total net position	<u>\$ 1,693,214</u>	<u>\$ 6,129,247</u>	<u>\$ 24,328,517</u>	<u>\$ 12,570,708</u>	<u>\$ 44,721,686</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, 2015

	<u>Marine Operations</u>	<u>Aviation Operations</u>	<u>Parking System</u>	<u>Clearwater Harbor Marina</u>	<u>Totals</u>
Operating revenues:					
Sales to customers	\$ 2,679,738	\$ 17,922	\$ 5,822,674	\$ -	\$ 8,520,334
User charges to customers	189,984	-	-	37,498	227,482
Rentals	<u>1,273,019</u>	<u>258,238</u>	<u>387,282</u>	<u>625,350</u>	<u>2,543,889</u>
Total operating revenues	<u>4,142,741</u>	<u>276,160</u>	<u>6,209,956</u>	<u>662,848</u>	<u>11,291,705</u>
Operating expenses:					
Personal services	1,351,079	84,784	2,017,441	225,801	3,679,105
Purchases for resale	1,928,088	-	-	420	1,928,508
Operating materials and supplies	105,282	10,244	113,773	54,643	283,942
Transportation	10,012	1,033	90,576	3,354	104,975
Utility service	231,047	44,575	48,702	69,747	394,071
Depreciation	67,623	178,830	238,406	329,863	814,722
Interfund administrative charges	192,912	53,964	961,152	143,448	1,351,476
Other current charges:					
Professional fees	64,657	14,010	304,255	27,492	410,414
Advertising	11,081	-	24	3,751	14,856
Communications	15,044	-	20,773	1,579	37,396
Printing and binding	-	-	7,815	-	7,815
Insurance	17,244	6,348	29,952	37,080	90,624
Repairs and maintenance	60,070	450	433,665	1,085	495,270
Rentals	1,870	-	25,884	-	27,754
Miscellaneous	81,363	1,355	353,611	5,171	441,500
Data processing charges	34,908	2,820	48,756	8,148	94,632
Taxes	<u>766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>766</u>
Total other current charges	<u>287,003</u>	<u>24,983</u>	<u>1,224,735</u>	<u>84,306</u>	<u>1,621,027</u>
Total operating expenses	<u>4,173,046</u>	<u>398,413</u>	<u>4,694,785</u>	<u>911,582</u>	<u>10,177,826</u>
Operating income (loss)	<u>(30,305)</u>	<u>(122,253)</u>	<u>1,515,171</u>	<u>(248,734)</u>	<u>1,113,879</u>
Nonoperating revenues (expenses):					
Investment earnings	13,907	9,539	427,802	22,133	473,381
Interest expense	-	(590)	-	-	(590)
Other	<u>209,465</u>	<u>6,296</u>	<u>4,972</u>	<u>51,353</u>	<u>272,086</u>
Total nonoperating revenue (expenses)	<u>223,372</u>	<u>15,245</u>	<u>432,774</u>	<u>73,486</u>	<u>744,877</u>
Income (loss) before contributions and transfers	193,067	(107,008)	1,947,945	(175,248)	1,858,756
Capital grants and contributions	5,090	716,801	-	-	721,891
Transfers in	-	25,000	-	-	25,000
Transfers out	<u>(232,992)</u>	<u>(14,364)</u>	<u>(371,348)</u>	<u>(421,406)</u>	<u>(1,040,110)</u>
Change in net position	<u>(34,835)</u>	<u>620,429</u>	<u>1,576,597</u>	<u>(596,654)</u>	<u>1,565,537</u>
Net position - beginning (as previously reported)	1,177,763	5,469,666	21,865,208	13,094,279	41,606,916
Prior period restatements (Note IV.J.)	<u>550,286</u>	<u>39,152</u>	<u>886,712</u>	<u>73,083</u>	<u>1,549,233</u>
Net position - beginning (restated)	1,728,049	5,508,818	22,751,920	13,167,362	43,156,149
Net position - ending	<u>\$ 1,693,214</u>	<u>\$ 6,129,247</u>	<u>\$ 24,328,517</u>	<u>\$ 12,570,708</u>	<u>\$ 44,721,686</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, 2015

	<u>Marine Operations</u>	<u>Aviation Operations</u>	<u>Parking System</u>	<u>Clearwater Harbor Marina</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 4,126,510	\$ 276,160	\$ 6,212,159	\$ 663,409	\$ 11,278,238
Cash payments to suppliers	(2,364,846)	42,225	(1,119,652)	(138,833)	(3,581,106)
Cash payments to employees	(972,788)	(58,893)	(1,414,791)	(174,724)	(2,621,196)
Cash payments to other funds	(296,487)	(64,165)	(1,220,665)	(193,608)	(1,774,925)
Other revenues	<u>209,465</u>	<u>6,296</u>	<u>4,972</u>	<u>51,353</u>	<u>272,086</u>
Net cash provided (used) by operating activities	<u>701,854</u>	<u>201,623</u>	<u>2,462,023</u>	<u>207,597</u>	<u>3,573,097</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	25,000	-	-	25,000
Transfers to other funds	(232,992)	(14,364)	(371,348)	(421,406)	(1,040,110)
Payment of cash on loans to/from other funds	<u>-</u>	<u>(20,271)</u>	<u>-</u>	<u>-</u>	<u>(20,271)</u>
Net cash (used) by noncapital financing activities	<u>(232,992)</u>	<u>(9,635)</u>	<u>(371,348)</u>	<u>(421,406)</u>	<u>(1,035,381)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest paid	-	(590)	-	-	(590)
Acquisition of capital assets	(14,803)	(773,530)	-	(120,334)	(908,667)
Capital contributed by other governmental entities	3,865	-	-	-	3,865
Capital contributed by developers	<u>-</u>	<u>342,322</u>	<u>-</u>	<u>-</u>	<u>342,322</u>
Net cash (used) by capital and related financing activities	<u>(10,938)</u>	<u>(431,798)</u>	<u>-</u>	<u>(120,334)</u>	<u>(563,070)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	<u>13,098</u>	<u>8,978</u>	<u>423,308</u>	<u>21,633</u>	<u>467,017</u>
Net cash provided by investing activities	<u>13,098</u>	<u>8,978</u>	<u>423,308</u>	<u>21,633</u>	<u>467,017</u>
Net increase (decrease) in cash and cash equivalents	471,022	(230,832)	2,513,983	(312,510)	2,441,663
Cash and cash equivalents at beginning of year	<u>553,044</u>	<u>391,589</u>	<u>18,209,198</u>	<u>1,440,302</u>	<u>20,594,133</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,024,066</u></u>	<u><u>\$ 160,757</u></u>	<u><u>\$ 20,723,181</u></u>	<u><u>\$ 1,127,792</u></u>	<u><u>\$ 23,035,796</u></u>
Cash and cash equivalents classified as:					
Cash and investments	\$ 1,024,066	\$ 160,757	\$ 11,423,181	\$ 1,127,792	\$ 13,735,796
Restricted cash and investments	<u>-</u>	<u>-</u>	<u>9,300,000</u>	<u>-</u>	<u>9,300,000</u>
Total cash and cash equivalents	<u><u>\$ 1,024,066</u></u>	<u><u>\$ 160,757</u></u>	<u><u>\$ 20,723,181</u></u>	<u><u>\$ 1,127,792</u></u>	<u><u>\$ 23,035,796</u></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, 2015

	<u>Marine Operations</u>	<u>Aviation Operations</u>	<u>Parking System</u>	<u>Clearwater Harbor Marina</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (30,305)	\$ (122,253)	\$ 1,515,171	\$ (248,734)	\$ 1,113,879
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Other nonoperating revenue	209,465	6,296	4,972	51,353	272,086
Depreciation	67,623	178,830	238,406	329,863	814,722
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	-	-	-	(5,755)	(5,755)
(Increase) decrease in inventory	40,286	-	-	-	40,286
Increase (decrease) in accounts and contracts payable	52,725	112,859	98,621	23,477	287,682
Increase (decrease) in deposits	(16,231)	-	1,809	1,624	(12,798)
Increase (decrease) in unearned revenue	-	-	394	4,692	5,086
Increase (decrease) in net pension liability	291,670	19,921	439,293	35,756	786,640
Increase (decrease) in accrued payroll	1,461	(68)	5,799	1,415	8,607
Increase (decrease) in other postemployment benefits	16,337	1,337	53,901	5,469	77,044
(Increase) decrease in deferred outflows	73,026	4,988	109,987	8,952	196,953
Increase (decrease) in deferred inflows	(4,203)	(287)	(6,330)	(515)	(11,335)
Total adjustments	<u>732,159</u>	<u>323,876</u>	<u>946,852</u>	<u>456,331</u>	<u>2,459,218</u>
Net cash provided (used) by operating activities	<u>\$ 701,854</u>	<u>\$ 201,623</u>	<u>\$ 2,462,023</u>	<u>\$ 207,597</u>	<u>\$ 3,573,097</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, 2015

	<u>Garage</u>	<u>Administrative Services</u>	<u>General Services</u>	<u>Central Insurance</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and investments	\$ 8,146,883	\$ 9,980,293	\$ 2,127,959	\$ 36,487,486	\$ 56,742,621
Accrued interest receivable	26,782	35,597	6,720	107,155	176,254
Other receivables	5,818	-	-	32,670	38,488
Due from other funds	-	-	-	1,099,430	1,099,430
Inventories, at cost	429,235	-	-	-	429,235
Prepaid expenses and other assets	-	444	-	1,746,474	1,746,918
Total current assets	<u>8,608,718</u>	<u>10,016,334</u>	<u>2,134,679</u>	<u>39,473,215</u>	<u>60,232,946</u>
Noncurrent assets:					
Advances to other funds	-	-	-	1,473,650	1,473,650
Capital assets:					
Land and other nondepreciable assets	729,591	-	-	-	729,591
Capital assets, net of accumulated depreciation	19,226,337	2,398,815	4,620	-	21,629,772
Total noncurrent assets	<u>19,955,928</u>	<u>2,398,815</u>	<u>4,620</u>	<u>1,473,650</u>	<u>23,833,013</u>
Total assets	<u>28,564,646</u>	<u>12,415,149</u>	<u>2,139,299</u>	<u>40,946,865</u>	<u>84,065,959</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on pension	<u>935,657</u>	<u>2,096,403</u>	<u>872,222</u>	<u>227,648</u>	<u>4,131,930</u>
Total deferred outflows of resources	<u>935,657</u>	<u>2,096,403</u>	<u>872,222</u>	<u>227,648</u>	<u>4,131,930</u>
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	2,085,451	222,003	165,906	226,652	2,700,012
Accrued payroll	69,581	145,736	41,767	16,707	273,791
Unearned revenue	446,639	-	-	-	446,639
Current portion of long-term liabilities:					
Compensated absences	60,494	247,722	71,776	14,243	394,235
Capital lease purchases payable	3,681,130	275,294	-	-	3,956,424
Due to other funds	-	91,654	-	-	91,654
Claims payable	-	-	-	2,208,800	2,208,800
Total current liabilities (payable from current assets)	<u>6,343,295</u>	<u>982,409</u>	<u>279,449</u>	<u>2,466,402</u>	<u>10,071,555</u>
Noncurrent liabilities:					
Compensated absences	46,314	189,659	54,955	10,904	301,832
Other postemployment benefits	270,342	606,604	256,750	67,551	1,201,247
Capital lease purchases payable	9,289,392	415,971	-	-	9,705,363
Advances from other funds	-	91,654	-	-	91,654
Claims payable	-	-	-	7,333,850	7,333,850
Net pension liability	129,665	290,524	120,874	31,548	572,611
Total noncurrent liabilities	<u>9,735,713</u>	<u>1,594,412</u>	<u>432,579</u>	<u>7,443,853</u>	<u>19,206,557</u>
Total liabilities	<u>16,079,008</u>	<u>2,576,821</u>	<u>712,028</u>	<u>9,910,255</u>	<u>29,278,112</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows on pension	<u>51,156</u>	<u>114,618</u>	<u>47,688</u>	<u>12,446</u>	<u>225,908</u>
Total deferred inflows of resources	<u>51,156</u>	<u>114,618</u>	<u>47,688</u>	<u>12,446</u>	<u>225,908</u>
NET POSITION					
Net investment in capital assets	6,985,406	1,707,550	4,620	-	8,697,576
Unrestricted	6,384,733	10,112,563	2,247,185	31,251,812	49,996,293
Total net position	<u>\$ 13,370,139</u>	<u>\$ 11,820,113</u>	<u>\$ 2,251,805</u>	<u>\$ 31,251,812</u>	<u>\$ 58,693,869</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, 2015

	<u>Garage</u>	<u>Administrative Services</u>	<u>General Services</u>	<u>Central Insurance</u>	<u>Total</u>
Operating revenues:					
Charges for services	\$ 12,312,064	\$ 9,994,032	\$ 4,533,360	\$ 21,766,356	\$ 48,605,812
Other	-	-	-	133,700	133,700
Total operating revenues	<u>12,312,064</u>	<u>9,994,032</u>	<u>4,533,360</u>	<u>21,900,056</u>	<u>48,739,512</u>
Operating expenses:					
Personal services	3,519,676	7,278,398	3,168,659	845,590	14,812,323
Purchases for resale	4,234,170	-	-	-	4,234,170
Operating materials and supplies	196,973	144,130	369,488	179,638	890,229
Transportation	2,286	81,838	79,897	9,803	173,824
Utility service	100,237	-	425,572	3,387	529,196
Depreciation	4,911,663	728,817	14,207	-	5,654,687
Interfund administrative charges	289,116	3,996	-	-	293,112
Other current charges:					
Professional fees	422,249	660,965	-	3,332,563	4,415,777
Communications	19,761	1,061,804	33,870	5,332	1,120,767
Printing and binding	501	17,980	60	-	18,541
Insurance:					
Premiums	60,192	15,444	38,592	2,886,288	3,000,516
Claims incurred	-	-	-	13,091,624	13,091,624
Repairs and maintenance	825,762	1,389,627	1,226,352	16,096	3,457,837
Rentals	38,405	389,832	17,648	49,240	495,125
Miscellaneous	32,772	70,936	57,992	268,216	429,916
Data processing charges	162,576	221,784	121,692	29,244	535,296
Taxes	11,709	-	-	-	11,709
Total other current charges	<u>1,573,927</u>	<u>3,828,372</u>	<u>1,496,206</u>	<u>19,678,603</u>	<u>26,577,108</u>
Total operating expenses	<u>14,828,048</u>	<u>12,065,551</u>	<u>5,554,029</u>	<u>20,717,021</u>	<u>53,164,649</u>
Operating income (loss)	<u>(2,515,984)</u>	<u>(2,071,519)</u>	<u>(1,020,669)</u>	<u>1,183,035</u>	<u>(4,425,137)</u>
Nonoperating revenues (expenses)					
Investment earnings	168,667	224,323	42,310	726,103	1,161,403
Interest expense	(208,216)	(21,997)	-	-	(230,213)
Gain on sale of capital assets	544,272	-	-	-	544,272
Loss on disposal of capital assets	(58,787)	(225)	-	-	(59,012)
Other	276,846	-	-	49	276,895
Total nonoperating revenue (expenses)	<u>722,782</u>	<u>202,101</u>	<u>42,310</u>	<u>726,152</u>	<u>1,693,345</u>
Income (loss) before contributions and transfers	<u>(1,793,202)</u>	<u>(1,869,418)</u>	<u>(978,359)</u>	<u>1,909,187</u>	<u>(2,731,792)</u>
Transfers in	<u>1,133,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,133,556</u>
	<u>1,133,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,133,556</u>
Change in net position	<u>(659,646)</u>	<u>(1,869,418)</u>	<u>(978,359)</u>	<u>1,909,187</u>	<u>(1,598,236)</u>
Net position - beginning (as previously reported)	12,191,455	9,631,421	1,450,074	28,882,647	52,155,597
Prior period restatements (See Note IV.J.)	<u>1,838,330</u>	<u>4,058,110</u>	<u>1,780,090</u>	<u>459,978</u>	<u>8,136,508</u>
Net position - beginning (restated)	14,029,785	13,689,531	3,230,164	29,342,625	60,292,105
Net position - ending	<u>\$ 13,370,139</u>	<u>\$ 11,820,113</u>	<u>\$ 2,251,805</u>	<u>\$ 31,251,812</u>	<u>\$ 58,693,869</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, 2015

	<u>Garage</u>	<u>Administrative Services</u>	<u>General Services</u>	<u>Central Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from other funds	\$ 12,312,064	\$ 9,994,032	\$ 4,533,360	\$ 21,896,062	\$ 48,735,518
Cash payments to suppliers	(4,025,035)	(3,380,397)	(1,961,178)	(20,412,771)	(29,779,381)
Cash payments to employees	(2,356,952)	(4,698,568)	(2,102,706)	(562,368)	(9,720,594)
Cash payments to other funds	(723,524)	(547,254)	(287,182)	(50,672)	(1,608,632)
Other revenues	<u>212,837</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>212,886</u>
Net cash provided (used) by operating activities	<u>5,419,390</u>	<u>1,367,813</u>	<u>182,294</u>	<u>870,300</u>	<u>7,839,797</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	1,133,556	-	-	-	1,133,556
Receipt of cash on loans to/from other funds				4,661,638	4,661,638
Payment of cash on loans to/from other funds	<u>-</u>	<u>(91,653)</u>	<u>-</u>	<u>-</u>	<u>(91,653)</u>
Net cash provided (used) by noncapital financing activities	<u>1,133,556</u>	<u>(91,653)</u>	<u>-</u>	<u>4,661,638</u>	<u>5,703,541</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on debt	(2,928,314)	(320,066)	-	-	(3,248,380)
Interest paid	(208,216)	(21,997)	-	-	(230,213)
Acquisition of capital assets	(10,564,834)	(323,667)	-	-	(10,888,501)
Sale of capital assets	485,485	-	-	-	485,485
Proceeds from issuance of debt	<u>7,896,262</u>	<u>337,211</u>	<u>-</u>	<u>-</u>	<u>8,233,473</u>
Net cash (used) by capital and related financing activities	<u>(5,319,617)</u>	<u>(328,519)</u>	<u>-</u>	<u>-</u>	<u>(5,648,136)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	<u>167,641</u>	<u>222,681</u>	<u>42,062</u>	<u>726,259</u>	<u>1,158,643</u>
Net cash provided by investing activities	<u>167,641</u>	<u>222,681</u>	<u>42,062</u>	<u>726,259</u>	<u>1,158,643</u>
Net increase in cash and cash equivalents	1,400,970	1,170,322	224,356	6,258,197	9,053,845
Cash and cash equivalents at beginning of year	<u>6,745,913</u>	<u>8,809,971</u>	<u>1,903,603</u>	<u>30,229,289</u>	<u>47,688,776</u>
Cash and cash equivalents at end of year	<u>\$ 8,146,883</u>	<u>\$ 9,980,293</u>	<u>\$ 2,127,959</u>	<u>\$ 36,487,486</u>	<u>\$ 56,742,621</u>
Cash and cash equivalents classified as:					
Cash and investments	<u>\$ 8,146,883</u>	<u>\$ 9,980,293</u>	<u>\$ 2,127,959</u>	<u>\$ 36,487,486</u>	<u>\$ 56,742,621</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, 2015

	<u>Garage</u>	<u>Administrative Services</u>	<u>General Services</u>	<u>Central Insurance</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (2,515,984)	\$ (2,071,519)	\$ (1,020,669)	1,183,035	\$ (4,425,137)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Other nonoperating revenue	276,846	-	-	49	276,895
Depreciation	4,911,663	728,817	14,207	-	5,654,687
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(204)	-	-	(3,994)	(4,198)
(Increase) decrease in inventory	101,719	-	-	-	101,719
(Increase) decrease in prepaid expenses	-	216	-	(67,950)	(67,734)
Increase (decrease) in accounts and contracts payable	1,546,431	130,469	122,803	(524,062)	1,275,641
Increase (decrease) in unearned revenue	(63,805)	-	-	-	(63,805)
Increase (decrease) in net pension liability	934,263	2,093,280	870,923	227,308	4,125,774
Increase (decrease) in accrued payroll	(24,588)	(80,366)	(6,322)	(9,263)	(120,539)
Increase (decrease) in other postemployment benefits	32,597	72,978	(4,155)	11,542	112,962
(Increase) decrease in deferred outflows	233,914	524,101	218,056	56,911	1,032,982
Increase (decrease) in deferred inflows	(13,462)	(30,163)	(12,549)	(3,276)	(59,450)
Total adjustments	<u>7,935,374</u>	<u>3,439,332</u>	<u>1,202,963</u>	<u>(312,735)</u>	<u>12,264,934</u>
Net cash provided (used) by operating activities	<u>\$ 5,419,390</u>	<u>\$ 1,367,813</u>	<u>\$ 182,294</u>	<u>\$ 870,300</u>	<u>\$ 7,839,797</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 22 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, 2015

	<u>Defined Benefit Pension Trust Funds</u>		<u>Defined Contribution Pension Trust Funds</u>		
	<u>Employees' Pension Fund</u>	<u>Firefighters' Relief and Pension Fund</u>	<u>Police Supplemental Pension Fund</u>	<u>Firefighters' Supplemental Pension Fund</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 664,633	\$ 2,452,915	\$ 9,263	\$ -	\$ 3,126,811
Managed investment accounts, at fair value:					
Cash and cash equivalents	20,079,929	-	807,131	420,882	21,307,942
Government bonds	74,327,584	-	-	981,264	75,308,848
Index linked government bonds	2,024,881	-	-	-	2,024,881
Agency bonds	4,677,463	2,131,601	-	-	6,809,064
Domestic corporate bonds	93,432,687	-	-	2,612,955	96,045,642
International equity securities	68,841,663	-	661,258	134,742	69,637,663
Domestic stocks	385,095,014	-	9,594,426	3,631,667	398,321,107
Mortgage backed bonds	65,823,726	-	-	1,457,116	67,280,842
Asset backed securities	8,083,271	-	-	-	8,083,271
Other/rights/warrants	184,045	-	-	-	184,045
Domestic equity mutual funds	37,540,241	-	4,568,761	4,253,733	46,362,735
International equity mutual funds	34,071,336	-	2,136,885	1,136,840	37,345,061
Real estate	<u>56,847,854</u>	<u>-</u>	<u>-</u>	<u>2,242,567</u>	<u>59,090,421</u>
Total managed investment accounts	<u>851,029,694</u>	<u>2,131,601</u>	<u>17,768,461</u>	<u>16,871,766</u>	<u>887,801,522</u>
Securities lending collateral	196,139,408	-	-	-	196,139,408
Receivables:					
Interest and dividends	2,473,707	30,783	10,199	52,261	2,566,950
Unsettled investment sales	4,793,812	-	-	-	4,793,812
Securities lending earnings	27,041	-	-	-	27,041
Due from others	<u>15,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,028</u>
Total receivables	<u>7,309,588</u>	<u>30,783</u>	<u>10,199</u>	<u>52,261</u>	<u>7,402,831</u>
Total assets	<u>1,055,143,323</u>	<u>4,615,299</u>	<u>17,787,923</u>	<u>16,924,027</u>	<u>1,094,470,572</u>
LIABILITIES					
Accounts payable	921,265	-	-	-	921,265
Unsettled investment purchases	17,813,801	-	-	-	17,813,801
Obligations under securities lending	<u>196,139,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,139,408</u>
Total liabilities	<u>214,874,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,874,474</u>
FIDUCIARY NET POSITION					
Net position restricted for pensions	<u>\$ 840,268,849</u>	<u>\$ 4,615,299</u>	<u>\$ 17,787,923</u>	<u>\$ 16,924,027</u>	<u>\$ 879,596,098</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, 2015

	Defined Benefit Pension Trust Funds		Defined Contribution Pension Trust Funds		
	Employees' Pension Fund	Firefighters' Relief and Pension Fund	Police Supplemental Pension Fund	Firefighters' Supplemental Pension Fund	Totals
ADDITIONS					
Contributions:					
Contributions from employer	\$ 14,923,098	\$ -	\$ -	\$ -	\$ 14,923,098
Contributions from employer - state tax	12,000	-	908,419	1,171,812	2,092,231
Contributions from employees	6,483,666	-	-	-	6,483,666
Total contributions	21,418,764	-	908,419	1,171,812	23,498,995
Investment income (loss):					
Net appreciation (depreciation) in fair value of investments	(17,161,321)	91,553	(877,078)	(881,548)	(18,828,394)
Interest	9,301,014	108,223	531	213,510	9,623,278
Dividends	8,385,894	-	221,986	1,017,954	9,625,834
Less investment expenses:					
Investment management/custodian fees	(5,102,757)	-	(22,589)	(99,401)	(5,224,747)
Net investment income (loss)	(4,577,170)	199,776	(677,150)	250,515	(4,804,029)
Securities lending income:					
Gross earnings	603,784	-	-	-	603,784
Rebate received	29,839	-	-	-	29,839
Bank fees	(221,545)	-	-	-	(221,545)
Net income from securities lending	412,078	-	-	-	412,078
Total additions	17,253,672	199,776	231,269	1,422,327	19,107,044
DEDUCTIONS					
Benefits and withdrawal payments:					
Benefits	39,276,003	442,775	1,516,743	912,875	42,148,396
Refunds	1,000,827	-	-	-	1,000,827
Total benefits and refunds	40,276,830	442,775	1,516,743	912,875	43,149,223
Income (loss) before administrative expenses	(23,023,158)	(242,999)	(1,285,474)	509,452	(24,042,179)
Less administrative expenses	(297,942)	(2,005)	(13,478)	(30,491)	(343,916)
Net increase (decrease)	(23,321,100)	(245,004)	(1,298,952)	478,961	(24,386,095)
Fiduciary net position restricted for pensions					
Fiduciary net position - beginning (as previously reported)	863,589,949	4,860,303	19,086,875	17,676,345	905,213,472
Correction of an error (See Note IV.K.)	-	-	-	(1,231,279)	(1,231,279)
Fiduciary net position - beginning (as restated)	863,589,949	4,860,303	19,086,875	16,445,066	903,982,193
Fiduciary net position - ending	\$ <u>840,268,849</u>	\$ <u>4,615,299</u>	\$ <u>17,787,923</u>	\$ <u>16,924,027</u>	\$ <u>879,596,098</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, 2015

	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2015</u>
<u>TREASURER'S ESCROW FUND</u>				
ASSETS				
Cash and investments	\$ 945,786	1,058,251	391,443	\$ 1,612,594
Accrued interest receivable	<u>275</u>	<u>408</u>	<u>380</u>	<u>303</u>
Total Assets	\$ <u><u>946,061</u></u>	<u><u>1,058,659</u></u>	<u><u>391,823</u></u>	\$ <u><u>1,612,897</u></u>
LIABILITIES				
Other miscellaneous payables:				
Downtown Development Board	\$ 90,444	398,343	389,288	\$ 99,499
Special purpose funds	7,833	-	-	7,833
Other	<u>847,784</u>	<u>660,316</u>	<u>2,535</u>	<u>1,505,565</u>
Total Liabilities	\$ <u><u>946,061</u></u>	<u><u>1,058,659</u></u>	<u><u>391,823</u></u>	\$ <u><u>1,612,897</u></u>

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

Supplemental Information

**City of Clearwater, Florida
Continuing Disclosure – Gas System Revenue Bonds
Series 2007, 2013 and 2014
Supplemental Information**

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, 2015, contract rates applied to an average of 182 customer accounts per month and impacted 7.0% 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 AUGUST 1, 2015 - SEPTEMBER 30, 2015 BASED ON APPROVED GAS ADJUSTMENT FACTORS

	Firm Natural Gas Rate Schedules												NGV (Non-Resl)	NSS (Non-Resl)	Interr. NG Rate IS	Contract NG Rate CNS
	RS	SMF	MMF	LMF	SGS	MGS	LGS	RAC	GAC	LAC	SL	SL w/M& Relight				
Applicable Annual Therm Range or Other Rate Determinant	NA (1 - 3 Units)	NA (4 + Units)	NA (4 + Units)	NA (4 + Units)	0 - 17,999	18,000- 99,999	100,000 & up	NA (1 - 3 Units)	NA (0 - 149 tons)	NA (150 tons & +)	NA	NA	NA	NA	100,000 & up	NA
Monthly Customer Charge (For Central Pasco Territory)	\$12.00 (\$20.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	\$12.00 (\$20.00) if not prev. billed	\$25.00 (\$40.00) if not prev. billed	\$40.00 (\$70.00) if not prev. billed	\$20.00 (\$30.00)	\$20.00 (\$30.00)	By Contract (By Contract)	\$50.00 (\$75.00)	\$250.00 \$400.00	By Contract (By Contract)
<u>Non-Fuel Energy Charge/Therm</u>																
Non-Fuel Energy Charge	\$0.44	\$0.44	\$0.44	\$0.44	\$0.42	\$0.38	\$0.34	\$0.20	\$0.15	\$0.10	\$0.20	\$0.35	By Contract	\$0.42	\$0.24	By Contract
Energy Conservation Adj. (ECA)	0.15	0.15	0.15	0.15	0.15	0.15	0.15	NA	NA	NA	NA	NA	NA	NA	NA	NA
Regulatory Imposition Adj. (RIA)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	NA	NA	NA	NA	NA	NA	NA	NA	NA
Usage & Inflation Adj. (UIA)	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.02</u>	<u>0.02</u>	<u>0.02</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>
Total Non-Fuel Energy Charge	\$0.70	\$0.70	\$0.70	\$0.70	\$0.69	\$0.65	\$0.61	\$0.20	\$0.15	\$0.10	\$0.20	\$0.35	By Contract	\$0.42	\$0.24	By Contract
Purchased Gas Adjustment (PGA)	<u>0.87</u>	<u>0.87</u>	<u>0.87</u>	<u>0.87</u>	<u>0.87</u>	<u>0.87</u>	<u>0.87</u>	<u>0.87</u>	<u>0.87</u>	<u>0.87</u>	<u>0.87</u>	<u>0.87</u>	<u>0.77</u>	<u>0.87</u>	<u>0.77</u>	<u>0.77</u>
Total Energy Charge/Therm	1.57	1.57	1.57	1.57	1.56	1.52	1.48	1.07	1.02	0.97	1.07	1.22	0.77	1.29	1.01	0.77
Minimum Monthly Bill (For Central Pasco Territory)	\$12.00 (\$20.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	\$12.00 (\$20.00) @ premise	\$25.00 (\$40.00) @ premise	\$40.00 (\$70.00) @ premise	\$20.00 (\$30.00) + FAC	\$20.00 (\$30.00) + FAC	By Contract (By Contract) + FAC	\$50.00 (\$75.00) + FAC	\$250.00 \$400.00 + Non-Fuel Ther Rate for Contrac # of Therms	Customer Charge + Non-Fuel Ther Rate for Contrac # of Therms
Compares to LP/Gallon Rate of	\$ 1.44 \$ 1.52	\$ 1.44 \$ 1.52	\$ 1.44 \$ 1.52	\$ 1.44 \$ 1.52	\$ 1.43 \$ 1.51	\$ 1.39 \$ 1.47	\$ 1.35 \$ 1.44	\$ 0.98 \$ 1.04	\$ 0.93 \$ 0.99	\$ 0.89 \$ 0.94	\$ 0.98 \$ 1.04	\$ 1.12 \$ 1.18	\$ 0.70 \$ 0.75	\$ 1.18 \$ 1.25	\$ 0.92 \$ 0.98	
Change from 9/2014 Therm Rate	\$ (0.18)	\$ (0.18)	\$ (0.18)	\$ (0.18)	\$ (0.15)	\$ (0.13)	\$ (0.11)	\$ (0.07)	\$ (0.07)	\$ (0.07)	\$ (0.07)	\$ (0.07)	\$ (0.08)	\$ (0.11)	\$ (0.12)	\$ (0.08)
% Change from 9/2014 Therm Rate	-8.0%	-8.0%	-8.0%	-8.0%	-7.0%	-6.2%	-5.4%	-3.7%	-3.8%	-3.9%	-3.7%	-3.5%	-4.5%	-5.1%	-6.9%	-5.5%
<u>Utility Tax Note:</u>																
Fuel Rate per Therm 10/01/1973	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.055	\$0.069
Non-Utility Taxable Fuel/Therm	\$0.801	\$0.801	\$0.801	\$0.801	\$0.801	\$0.801	\$0.801	\$0.801	\$0.801	\$0.801	\$0.801	\$0.801	\$0.701	\$0.801	\$0.715	\$0.701
<u>BTU FACTOR = THERMS/100 CUBIC FEET (CCF)</u>																
	<u>10/2014</u>	<u>11/2014</u>	<u>12/2014</u>	<u>01/2015</u>	<u>02/2015</u>	<u>03/2015</u>	<u>04/2015</u>	<u>05/2015</u>	<u>06/2015</u>	<u>07/2015</u>	<u>08/2015</u>	<u>09/2015</u>	FY 14/15 Avg.			
Firm Service Rates	1.047	1.048	1.048	1.051	1.053	1.047	1.045	1.046	1.044	1.044	1.045	1.045	1.047			
Interruptible Service Rates	1.026	1.028	1.027	1.030	1.032	1.026	1.025	1.025	1.024	1.024	1.024	1.024	1.026			

City of Clearwater, Florida
Continuing Disclosure - Gas System Revenue Bonds
Series 2007, 2013 and 2014
Supplemental Information

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 22 entities.

In addition, the City has entered into a Gas Supply & Transportation Agreement with Peoples Gas System (PGS), dated 12/02/04, to purchase natural gas to serve customers located in our Central Pasco territory, generally east of the Suncoast Parkway in Pasco County. The City received a letter from FGU Council, dated 8/31/04, granting the City permission to utilize TECO Peoples Gas as a third party gas supplier since FGU is unable and unwilling to provide gas to the City within the meaning of the provisions of Section 3 (a)(i) and (ii) of the ALL Requirements Gas Service Agreement between the City and FGU.

The City has two Firm Transportation Service agreements (FTS-1 & FTS-2) with FGT in order to deliver natural gas to the City's four gate stations. FGU is currently managing the City's Phase II (FTS-1) and Phase III (FTS-2) transportation capacity on a daily basis. Table 1 shows the breakdown of the City's annual gas supply entitlements with FGT. The total annual entitlement is 3,212,226 decatherms of natural gas transportation.

Table 1 Breakdown of Transportation Capacity

Contract Period	Phase II (FTS-1) MMBtu Per Day 2/01/07 - 1/31/17	Phase III (FTS-2) MMBtu Per Day 12/9/91 - 2/28/25	Total MMBtu Per Day
October	170,438	41,788	212,226
Nov-Mar	1,543,069	268,931	1,812,000
April	216,570	53,430	270,000
May-Sept	711,756	206,244	918,000
Total Annual	2,641,833	570,393	3,212,226

**City of Clearwater, Florida
Continuing Disclosure – Gas System Revenue Bonds
Series 2007, 2013 and 2014
Supplemental Information**

Service Area

The Clearwater Gas System (CGS) is owned and operated as an enterprise utility by the City of Clearwater. CGS operates over 884 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 92 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 20,719 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 88.84% of our customer base.

City of Clearwater, Florida
Continuing Disclosure - Gas System Revenue Bonds
Series 2007, 2013 and 2014
Supplemental Information

As of September 30, 2015 the System's active natural gas customers were located as shown in the following table:

Location	Meters	Percentage
Belleair	458	2.36%
Belleair Beach	200	1.03%
Belleair Bluffs	31	0.16%
Belleair Shores	30	0.15%
Clearwater	6,869	35.48%
Dunedin	1,177	6.08%
Indian Rocks Beach	118	0.61%
Indian Shores	90	0.46%
Largo	1,027	5.30%
New Port Richey	82	0.42%
North Redington Beach	36	0.19%
Oldsmar	127	0.66%
Port Richey	14	0.07%
Redington Beach	134	0.69%
Redington Shores	61	0.31%
Safety Harbor	609	3.14%
Tarpon Springs	1,566	8.09%
Unincorporated Areas Pasco	3,156	16.30%
Central Pasco	718	3.71%
Unincorporated Areas Pinellas	2,865	14.79%
Total	19,368	100.00%

The following table shows the five largest interruptible customers by peak monthly consumption and the percent of the System's revenues derived from such customers during the 12 months ending September 30, 2015:

Customer Name	Peak Monthly Therms	% of Gross Revenues
Morton Plant Hospital	143,595.4	2.90%
New Port Richey Hospital Inc.	174,329.2	2.76%
Ajax Paving Industries	81,540.7	2.33%
Metal Industries	73,592.6	1.67%
Angelica Textile Service	99,996.5	1.63%

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, 2015:

	Average No. Customers	Gas Volume	Gas Sales
Interruptible (including Gas Station)	16	31.30%	16.67%
Residential	17,073	13.98%	23.02%
Commercial (excluding Gas Station)	2,279	54.72%	60.31%
	Therms	Revenues	
Interruptible (including Gas Station)	7,601,595.2	\$ 5,743,111	
Residential	3,395,615.3	7,929,170	
Commercial (excluding Gas Station)	13,287,447.0	20,772,226	
Totals	24,284,657.5	\$ 34,444,507	

City of Clearwater, Florida
Continuing Disclosure – Water and Sewer Revenue Refunding Bonds
Series 2003, 2009B, 2011 and 2014; and Revenue Bonds Series 2009A
Supplementary Information

Historical Financial Information

Water System:

Source and Volume of Water Pumped

(in million gallons per day, averaged over the fiscal year)

<u>FY</u>	<u>City Wells</u>	<u>County</u>	<u>Total</u>
2011	4.946	6.371	11.317
2012	5.925	4.999	10.924
2013	5.414	5.555	10.969
2014	5.191	6.854	12.045
2015	5.093	5.542	10.635

Historical Growth in Number of Water Customers

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

<u>Year</u>	<u>Water Customers</u>
2011	41,391
2012	41,988
2013	43,500
2014	43,701
2015	44,236

Ten Largest Water Customers
Fiscal Year Ending September 30, 2015

<u>Name of User</u>	<u>Water Used (in 100 Cubic Feet)</u>	<u>Revenues Produced</u>
1. CITY OF CLEARWATER	71,562	\$ 878,383
2. CHURCH OF SCIENTOLOGY	116,184	709,207
3. MORTON PLANT HOSPITAL	64,091	466,543
4. PINELLAS COUNTY SCHOOLS	38,041	342,469
5. PINELLAS COUNTY GOVERNMENT	25,071	289,178
6. RH MACARTHUR PARK LLC	40,757	255,457
7. SANDPEARL RESORT LLC	34,072	207,950
8. CLEARWATER APARTMENTS I LP	32,709	188,551
9. 301 SOUTH GULFVIEW LLC	24,132	185,778
10. RADISSON BAYSIDE HOTEL	24,979	170,138
	<u>471,598</u>	<u>\$ 3,693,654</u>

Reclaimed Water System:

<u>Year</u>	<u>Average Daily Flow MGD</u>
2011	5.75
2012	6.67
2013	5.03
2014	5.27
2015	4.73

City of Clearwater, Florida
Continuing Disclosure – Water and Sewer Revenue Refunding Bonds
Series 2003, 2009B, 2011 and 2014; and Revenue Bonds Series 2009A
Supplementary Information

Sewer System:**Average Sewage Flow and Historical Growth in Number of Sewer Customers**

(as of September of the year indicated)

Year	Flow in MGD	Sewer Customers
2011	14.8	33,063
2012	14.5	33,093
2013	13.2	33,405
2014	12.3	33,564
2015	13.8	33,390

Ten Largest Sewer Customers
Fiscal Year Ending September 30, 2015

Name of User	Sewer Used (in 100 Cubic Feet)	Revenues Produced
1. CHURCH OF SCIENTOLOGY	89,139	\$ 610,830
2. CITY OF CLEARWATER	28,682	521,283
3. MORTON PLANT HOSPITAL	60,245	510,635
4. PINELLAS COUNTY SCHOOLS	37,532	457,922
5. RH MACARTHUR PARK LLC	40,757	260,353
6. SANDPEARL RESORT LLC	34,072	217,649
7. CLEARWATER APARTMENTS I LP	32,710	215,945
8. CP CLEARWATER, LLC	31,208	207,900
9. SHERATON SAND KEY	30,066	205,645
10. CLEARWATER HOUSING AUTHORITY	26,522	200,188
	<u>410,933</u>	<u>\$ 3,408,350</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 2015 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 2003, 2009B, 2011 and 2014; and Revenue Bonds Series 2009A
Supplementary Information

Residential and Nonresidential Water Rates		October 1, <u>2011</u>	October 1, <u>2012</u>	October 1, <u>2013</u>	October 1, <u>2014</u>	October 1, <u>2015</u>
<u>Size of Meter</u>						
Minimum -	Under 1 inch	\$ 16.30	\$ 17.03	\$ 17.80	\$ 18.60	\$ 19.44
	1 inch	38.04	39.75	41.54	43.41	45.36
	1.5 inch	543.40	567.85	593.40	620.10	648.00
	2 inch	1,266.12	1,323.10	1,382.64	1,444.86	1,509.88
	3 or 2 inch manifold	1,950.81	2,038.60	2,130.34	2,226.21	2,326.39
	4 inch	3,754.89	3,923.86	4,100.43	4,284.95	4,477.77
	6 inch	9,645.35	10,079.39	10,532.96	11,006.94	11,502.25
	8 inch	16,302.00	17,035.59	17,802.19	18,603.29	19,440.44

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

Rates for Irrigation (Lawn) Meters		October 1, <u>2011</u>	October 1, <u>2012</u>	October 1, <u>2013</u>	October 1, <u>2014</u>	October 1, <u>2015</u>
<u>Size of Meter</u>						
Minimum -	Under 1 inch	\$ 5.81	\$ 6.07	\$ 6.34	\$ 6.63	\$ 6.93
	1 inch	17.44	18.22	19.04	19.90	20.80
	1.5 inch	87.27	91.20	95.30	99.59	104.07
	2 inch	244.34	255.34	266.83	278.84	291.39
	3 or 2 inch manifold	482.86	504.59	527.30	551.03	575.83
	4 inch	930.84	972.73	1,016.50	1,062.24	1,110.04
	6 inch	2,809.97	2,936.42	3,068.56	3,206.65	3,350.95

Sewer Rates		October 1, <u>2011</u>	October 1, <u>2012</u>	October 1, <u>2013</u>	October 1, <u>2014</u>	October 1, <u>2015</u>
<u>Size of Meter</u>						
Minimum -	Under 1 inch	\$ 22.44	\$ 23.46	\$ 24.51	\$ 25.62	\$ 26.76
	1 inch	52.36	54.74	57.19	59.78	62.44
	1.5 inch	748.00	782.00	817.00	854.00	892.00
	2 inch	1,742.84	1,822.06	1,903.61	1,989.82	2,078.36
	3 or 2 inch manifold	2,685.32	2,807.38	2,933.03	3,065.86	3,202.28
	4 inch	5,168.68	5,403.62	5,645.47	5,901.14	6,163.72
	6 inch	13,277.00	13,880.50	14,501.75	15,158.50	15,833.00
	8 inch	22,440.00	23,460.00	24,510.00	25,620.00	26,760.00
Per 1,000 gallons of water used over the allowed minimum		7.48	7.82	8.17	8.54	8.92

Additional Indebtedness

No additional indebtedness was incurred for capital improvements to the water and sewer systems. Additional indebtedness in the amount of \$155,355 was incurred for the lease purchase of capital equipment.

City of Clearwater, Florida
Continuing Disclosure – Stormwater System Revenue Refunding Bonds
Series 2012, 2013 and 2014
Supplementary Information

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:

<u>Effective Date</u>	<u>Rate per ERU</u>	<u>Effective Date</u>	<u>Rate per ERU</u>
January 1, 1991	\$3.00	October 1, 2007	\$10.51
October 1, 1998	4.00	October 1, 2008	11.14
October 1, 1999	4.17	October 1, 2009	11.80
October 1, 2000	4.35	October 1, 2010	12.51
October 1, 2001	4.54	October 1, 2011	13.04
January 1, 2002	6.13	October 1, 2012	13.40
October 1, 2002	7.16	October 1, 2013	13.77
October 1, 2003	8.01	October 1, 2014	14.15
October 1, 2004	8.65	October 1, 2015	14.33
October 1, 2005	9.35	October 1, 2016	14.51
October 1, 2006	9.71		

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net Operating Revenues (Excluding Depreciation)	\$ 7,247,625	\$ 7,343,936	\$ 8,105,045	\$ 4,207,288	\$ 5,916,286
Interest Income and other					
Non-operating Revenues (Expenses)	491,645	530,796	(92,148)	495,462	677,829
Total Net Revenues	<u>\$ 7,739,270</u>	<u>\$ 7,874,732</u>	<u>\$ 8,012,897</u>	<u>\$ 4,702,750</u>	<u>\$ 6,594,115</u>
Maximum Annual Debt Service	\$ 2,889,994	\$ 2,693,144	\$ 2,608,421	\$ 2,568,762	\$ 2,568,762
Coverage	2.68	2.92	3.07	1.83	2.57

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

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, 2015, 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, 2015 are summarized below.

Total Revenue Received from Pinellas County Fire Protection Authority	\$ 2,132,259
Total Fire Service Expenditures for Fiscal Year Ended September 30, 2015	\$ 19,348,492

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

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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.

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

	Fiscal Year (amounts in thousands)									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Primary Government</u>										
Governmental activities										
Net investment in capital assets	\$ 182,474	\$ 205,079	\$ 218,384	\$ 240,550	\$ 249,043	\$ 257,542	\$ 249,742	\$ 252,661	\$ 261,886	\$ 262,934
Restricted	41,204	41,543	39,020	42,681	49,682	57,245	65,603	60,454	68,428	57,239
Unrestricted	100,234	108,262	114,247	103,556	93,283	79,955	80,208	82,369	76,528	121,033
Total governmental activities net position	<u>\$ 323,912</u>	<u>\$ 354,884</u>	<u>\$ 371,651</u>	<u>\$ 386,787</u>	<u>\$ 392,008</u>	<u>\$ 394,742</u>	<u>\$ 395,553</u>	<u>\$ 395,484</u>	<u>\$ 406,842</u>	<u>\$ 441,206</u>
Business-type activities										
Net investment in capital assets	\$ 156,728	\$ 164,246	\$ 170,735	\$ 158,129	\$ 165,704	\$ 159,913	\$ 163,316	\$ 180,324	\$ 214,175	\$ 226,571
Restricted	35,054	35,775	39,635	41,333	44,332	55,038	55,204	53,237	49,530	45,503
Unrestricted	77,435	84,021	83,681	120,461	126,204	136,067	151,693	153,761	140,607	164,135
Total business-type activities net position	<u>\$ 269,217</u>	<u>\$ 284,042</u>	<u>\$ 294,051</u>	<u>\$ 319,923</u>	<u>\$ 336,240</u>	<u>\$ 351,018</u>	<u>\$ 370,213</u>	<u>\$ 387,322</u>	<u>\$ 404,312</u>	<u>\$ 436,209</u>
Primary government										
Net investment in capital assets	\$ 339,202	\$ 369,325	\$ 389,119	\$ 398,679	\$ 414,747	\$ 417,455	\$ 413,058	\$ 432,985	\$ 476,061	\$ 489,505
Restricted	76,258	77,318	78,655	84,014	94,014	112,283	120,807	113,691	117,958	102,742
Unrestricted	177,669	192,283	197,928	224,017	219,487	216,022	231,901	236,130	217,135	285,168
Total primary government net position	<u>\$ 593,129</u>	<u>\$ 638,926</u>	<u>\$ 665,702</u>	<u>\$ 706,710</u>	<u>\$ 728,248</u>	<u>\$ 745,760</u>	<u>\$ 765,766</u>	<u>\$ 782,806</u>	<u>\$ 811,154</u>	<u>\$ 877,415</u>

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

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

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Expenses	Fiscal Year (amounts in thousands)									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:										
General government	\$ 13,203	\$ 13,169	\$ 14,342	\$ 13,515	\$ 15,966	\$ 16,183	\$ 14,230	\$ 13,496	\$ 15,018	\$ 16,818
Public safety	60,178	68,636	66,582	64,977	69,457	66,914	67,559	68,057	70,126	99,056
Physical environment	3,098	3,027	2,730	4,266	4,941	3,868	3,189	3,451	3,416	3,273
Transportation	13,898	13,694	12,322	9,595	13,760	13,275	13,432	12,954	11,129	19,366
Economic environment	3,321	3,142	4,534	3,924	4,155	3,113	2,240	3,035	2,517	4,895
Human services	444	448	440	402	97	182	186	104	137	249
Culture and recreation	32,636	32,872	37,688	28,740	30,610	30,606	32,814	32,213	33,051	40,783
Interest on long-term debt	2,373	2,248	1,998	1,850	1,446	1,217	709	698	727	689
Total governmental activities expenses	<u>129,151</u>	<u>137,236</u>	<u>140,636</u>	<u>127,269</u>	<u>140,432</u>	<u>135,358</u>	<u>134,359</u>	<u>134,008</u>	<u>136,121</u>	<u>185,129</u>
Business-type activities:										
Water and sewer utility	48,592	49,840	52,015	54,520	57,229	61,010	59,406	57,774	64,810	69,550
Gas utility	36,947	33,579	35,944	29,285	31,200	28,354	27,662	29,747	31,639	33,352
Solid waste utility	16,013	16,172	16,036	14,801	15,618	15,844	16,632	17,042	17,572	22,486
Stormwater utility	9,013	9,465	11,070	11,775	10,937	12,234	12,847	12,284	16,476	16,110
Recycling	2,579	2,895	3,207	2,518	2,759	2,954	2,855	4,056	3,094	2,455
Marine	4,303	4,366	4,696	4,025	3,868	4,136	4,168	4,214	4,378	4,182
Aviation	468	382	417	743	388	515	366	404	345	399
Parking system	3,976	3,427	3,521	3,752	4,302	3,867	4,200	3,730	3,637	4,724
Harborview Center	2,618	2,664	2,800	2,345	984	579	610	520	522	-
Clearwater Harbor Marina	-	-	23	474	473	657	726	676	779	911
Total business-type activities expenses	<u>124,509</u>	<u>122,790</u>	<u>129,729</u>	<u>124,238</u>	<u>127,758</u>	<u>130,150</u>	<u>129,472</u>	<u>130,447</u>	<u>143,252</u>	<u>154,169</u>
Total primary government expenses	<u>\$ 253,660</u>	<u>\$ 260,026</u>	<u>\$ 270,365</u>	<u>\$ 251,507</u>	<u>\$ 268,190</u>	<u>\$ 265,508</u>	<u>\$ 263,831</u>	<u>\$ 264,455</u>	<u>\$ 279,373</u>	<u>\$ 339,298</u>

Notes: The Harborview Center Fund was closed in FY 2014 and its operations transferred to the General Fund during the year ended September 30, 2014.
Fiscal years prior to 2015 are not restated for GASB-68.

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

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	Fiscal Year (amounts in thousands)											
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Program revenues												
Charges for services:												
General government ^{a b}	\$ 13,585	\$ 14,628	\$ 14,508	\$ 21,639	\$ 21,679	\$ 21,484	\$ 20,869	\$ 20,401	\$ 19,920	\$ 22,726	\$ 23,668	
Public safety	7,500	8,222	8,444	9,803	10,291	8,966	9,980	9,265	10,654	11,040	10,593	
Physical environment	119	150	123	91	249	331	147	77	174	150	196	
Transportation	163	235	261	194	397	857	852	885	738	454	327	
Economic environment	164	110	107	108	211	124	153	122	121	132	109	
Culture and recreation	4,753	5,296	5,574	5,318	5,334	5,174	5,491	5,474	5,973	6,855	7,103	
Operating grants and contributions	6,273	7,181	9,687	9,123	8,542	7,561	8,062	8,521	8,114	6,305	6,893	
Capital grants and contributions	15,058	3,405	11,748	7,632	3,169	1,315	2,766	845	437	2,391	2,326	
Total governmental activities program revenues	47,615	39,227	50,452	53,908	49,872	45,812	48,320	45,590	46,131	50,053	51,215	
Business-type activities:												
Charges for services:												
Water and sewer utility	45,306	49,159	50,381	52,111	53,965	55,801	59,810	62,012	65,292	67,141	70,848	
Gas utility	37,469	43,160	38,906	40,902	39,079	36,622	36,470	36,351	37,693	41,347	41,143	
Solid waste utility	16,541	16,816	17,301	17,512	17,847	18,422	19,205	19,462	19,504	19,966	20,401	
Stormwater utility	10,319	11,138	11,885	12,770	13,493	14,717	15,222	15,890	16,378	16,789	17,162	
Recycling	2,784	2,740	3,204	3,411	2,227	2,695	3,135	2,681	2,453	2,370	2,261	
Marine	3,721	4,075	4,323	4,798	4,031	4,064	4,387	4,181	4,331	4,643	4,352	
Aviation	205	213	224	227	216	332	237	257	261	268	283	
Parking system	4,752	4,981	4,655	4,166	5,007	4,358	4,677	4,890	4,994	5,159	6,215	
Harborview Center	1,646	1,842	1,846	2,032	1,641	440	51	209	48	50	-	
Clearwater Harbor Marina	-	-	-	-	50	44	325	467	559	619	664	
Operating grants and contributions	59	59	83	83	83	187	133	134	584	140	50	
Capital grants and contributions	6,138	6,639	6,382	1,086	2,609	11,060	5,290	7,469	6,250	13,590	4,662	
Total business-type activities program revenues	128,940	140,822	139,190	139,098	140,248	148,742	148,942	154,003	158,347	172,082	168,041	
Total primary government program revenues	\$ 176,555	\$ 180,049	\$ 189,642	\$ 193,006	\$ 190,120	\$ 194,554	\$ 197,262	\$ 199,593	\$ 204,478	\$ 222,135	\$ 219,256	

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

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	Fiscal Year (amounts in thousands)										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expenses) / Revenue											
Governmental activities	\$ (71,112)	\$ (89,924)	\$ (86,784)	\$ (86,728)	\$ (77,397)	\$ (94,620)	\$ (87,038)	\$ (88,770)	\$ (87,876)	\$ (86,068)	\$ (133,914)
Business-type activities	14,148	16,313	16,400	9,369	16,010	20,984	18,792	24,531	27,900	28,830	13,872
Total primary government net (expense) / revenue	<u>\$ (56,964)</u>	<u>\$ (73,611)</u>	<u>\$ (70,384)</u>	<u>\$ (77,359)</u>	<u>\$ (61,387)</u>	<u>\$ (73,636)</u>	<u>\$ (68,246)</u>	<u>\$ (64,239)</u>	<u>\$ (59,976)</u>	<u>\$ (57,238)</u>	<u>\$ (120,042)</u>
General Revenues and Other Changes in Net Position											
Governmental activities:											
Taxes											
Property	\$ 41,588	\$ 48,076	\$ 53,717	\$ 50,347	\$ 46,893	\$ 44,040	\$ 39,253	\$ 37,938	\$ 37,360	\$ 38,574	\$ 40,925
Sales	16,351	17,155	16,079	15,675	13,850	13,253	13,385	14,092	14,818	15,722	16,833
Franchise ^a	8,226	9,435	9,505	-	-	-	-	-	-	-	-
Utility	10,611	11,264	11,410	11,533	12,021	13,574	13,229	12,736	13,473	14,309	14,095
Communications services	6,883	6,854	6,784	7,316	6,398	6,107	5,852	5,871	5,470	5,061	4,919
Other taxes ^b	5,183	5,523	5,779	8,154	7,581	7,773	7,451	7,105	8,157	7,725	7,969
Investment earnings	2,648	5,352	7,402	5,837	8,635	5,015	2,965	2,758	(1,109)	2,596	3,279
Miscellaneous	151	396	131	437	113	128	125	101	134	28	26
Extraordinary item	-	-	-	-	-	-	-	-	-	-	6,480
Transfers	4,707	3,658	6,948	4,196	(2,958)	9,951	7,511	8,980	9,505	13,410	9,330
Total governmental activities	<u>96,348</u>	<u>107,713</u>	<u>117,755</u>	<u>103,495</u>	<u>92,533</u>	<u>99,841</u>	<u>89,771</u>	<u>89,581</u>	<u>87,808</u>	<u>97,425</u>	<u>103,856</u>
Business-type activities:											
Investment earnings	2,210	4,341	5,373	4,313	6,904	5,284	3,497	3,644	(1,287)	3,407	4,086
Transfers	(4,707)	(3,658)	(6,948)	(4,196)	2,958	(9,951)	(7,511)	(8,980)	(9,505)	(13,410)	(9,330)
Total business-type activities	<u>(2,497)</u>	<u>683</u>	<u>(1,575)</u>	<u>117</u>	<u>9,862</u>	<u>(4,667)</u>	<u>(4,014)</u>	<u>(5,336)</u>	<u>(10,792)</u>	<u>(10,003)</u>	<u>(5,244)</u>
Total primary government	<u>\$ 93,851</u>	<u>\$ 108,396</u>	<u>\$ 116,180</u>	<u>\$ 103,612</u>	<u>\$ 102,395</u>	<u>\$ 95,174</u>	<u>\$ 85,757</u>	<u>\$ 84,245</u>	<u>\$ 77,016</u>	<u>\$ 87,422</u>	<u>\$ 98,612</u>
Change in Net Position											
Governmental activities	\$ 25,236	\$ 17,789	\$ 30,971	\$ 16,767	\$ 15,136	\$ 5,221	\$ 2,733	\$ 811	\$ (68)	\$ 11,357	\$ (30,058)
Business-type activities	11,651	16,996	14,825	9,486	25,872	16,317	14,778	19,195	17,108	18,827	8,628
Total primary government change in net position	<u>\$ 36,887</u>	<u>\$ 34,785</u>	<u>\$ 45,796</u>	<u>\$ 26,253</u>	<u>\$ 41,008</u>	<u>\$ 21,538</u>	<u>\$ 17,511</u>	<u>\$ 20,006</u>	<u>\$ 17,040</u>	<u>\$ 30,184</u>	<u>\$ (21,430)</u>

^a Franchise fees reclassified from General Revenues to Charges for Services effective with fiscal 2008, per guidance from State of Florida, Department of Financial Services, Bureau of Local Government.

^b Occupational licenses reclassified from Charges for Services to Local Business Tax (Other Taxes) effective with fiscal 2008, per guidance from State of Florida, Department of Financial Services, Bureau of Local Government.

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

	Fiscal Year (amounts in thousands)									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function/Program										
Governmental activities:										
General government	\$ 14,697	\$ 14,514	\$ 21,640 ^b	\$ 21,681	\$ 21,512	\$ 21,533	\$ 20,418	\$ 19,920	\$ 22,728	\$ 23,668
Public safety	9,275	11,763	12,784	13,284	12,309	12,631	13,753	13,551	14,192	13,201
Physical environment	1,274	704	695	304	360	344	327	326	447	1,311
Transportation	2,300	10,491 ^a	6,628	1,852	2,024	2,651	1,436	1,284	885	1,024
Economic environment	2,708	3,298	2,844	3,327	1,982	2,444	1,687	2,988	1,828	1,713
Human services	-	-	-	-	-	211	180	147	-	350
Culture and recreation	8,973	9,682	9,317	9,424	7,625	8,506	7,789	7,915	9,973	9,948
Subtotal governmental activities	<u>39,227</u>	<u>50,452</u>	<u>53,908</u>	<u>49,872</u>	<u>45,812</u>	<u>48,320</u>	<u>45,590</u>	<u>46,131</u>	<u>50,053</u>	<u>51,215</u>
Business-type activities:										
Water and sewer utility	52,264	56,071	52,807	55,291	63,426	63,566	68,812	69,732	78,478	74,146
Gas utility	43,160	38,906	40,902	39,078	36,672	36,470	36,351	38,143	41,347	41,143
Solid waste utility	16,816	17,301	17,512	17,847	18,422	19,205	19,462	19,504	19,966	20,401
Stormwater utility	14,343	12,559	12,941	14,478	15,682	16,523	15,961	16,869	18,821	17,805
Recycling	2,799	3,287	3,493	2,310	2,779	3,218	2,764	2,536	2,453	2,261
Marine	4,128	4,323	4,810	4,031	4,064	4,387	4,259	4,334	4,658	4,357
Aviation	489	242	335	365	491	454	776	1,491	480	999
Parking system	4,981	4,655	4,266	5,157	4,364	4,677	4,890	4,994	5,159	6,215
Harborview Center	1,842	1,846	2,032	1,641	440	51	209	48	50	-
Clearwater Harbor Marina	-	-	-	50	2,402	391	518	696	670	714
Subtotal business-type activities	<u>140,822</u>	<u>139,190</u>	<u>139,098</u>	<u>140,248</u>	<u>148,742</u>	<u>148,942</u>	<u>154,002</u>	<u>158,347</u>	<u>172,082</u>	<u>168,041</u>
Total primary government	<u>\$ 180,049</u>	<u>\$ 189,642</u>	<u>\$ 193,006</u>	<u>\$ 190,120</u>	<u>\$ 194,554</u>	<u>\$ 197,262</u>	<u>\$ 199,592</u>	<u>\$ 204,478</u>	<u>\$ 222,135</u>	<u>\$ 219,256</u>

^a In 2007, the City received grants from the Florida Department of Transportation for construction of Beach Walk (\$3.8 million) and the Downtown Streetscape (\$2.6 million).

^b Franchise fees reclassified from General Revenues to Charges for Services effective with fiscal 2008, per guidance from State of Florida, Department of Financial Services, Bureau of Local Government.

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

		Fiscal Year (amounts in thousands)									
		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> ^b	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:											
Nonspendable	\$	-	\$ -	\$ -	\$ -	\$ -	\$ 24	\$ 25	\$ 37	\$ 33	\$ 40
Restricted		-	-	-	-	-	-	-	-	-	-
Committed		-	-	-	-	-	-	-	-	-	-
Assigned		-	-	-	-	-	856	1,043	588	894	447
Unassigned		-	-	-	-	-	23,081	22,034	21,664	23,488	31,540
Reserved		2,941	3,476	3,500	3,168	1,164	-	-	-	-	-
Unreserved		<u>21,479</u>	<u>23,580</u>	<u>17,564</u>	<u>19,171</u>	<u>22,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund	\$	<u><u>24,420</u></u>	<u><u>27,056</u></u>	<u><u>21,064</u></u>	<u><u>22,339</u></u>	<u><u>24,067</u></u>	<u><u>23,961</u></u>	<u><u>23,102</u></u>	<u><u>22,289</u></u>	<u><u>24,415</u></u>	<u><u>32,027</u></u>
All Other Governmental Funds:											
Nonspendable	\$	-	\$ -	\$ -	\$ -	\$ -	\$ 90	\$ 87	\$ 96	\$ -	\$ -
Restricted		-	-	-	-	-	61,991	65,645	60,493	68,427	57,239
Committed		-	-	-	-	-	17,131	17,346	27,322	19,374	20,167
Assigned		-	-	-	-	-	7,404	8,488	5,801	6,689	7,815
Unassigned		-	-	-	-	-	(1,921)	(2,119)	(3,917)	(6,347)	(2,553)
Reserved		35,363	48,722	36,641	37,259	29,970	-	-	-	-	-
Unreserved, reported in:											
Special revenue funds		19,608	18,656	16,426	16,899	13,944	-	-	-	-	-
Debt service funds		64	90	113	136	7,726	-	-	-	-	-
Capital project funds		<u>27,746</u>	<u>19,225</u>	<u>40,685</u> ^a	<u>36,757</u>	<u>36,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	\$	<u><u>82,781</u></u>	<u><u>86,693</u></u>	<u><u>93,865</u></u>	<u><u>91,051</u></u>	<u><u>87,880</u></u>	<u><u>84,695</u></u>	<u><u>89,447</u></u>	<u><u>89,795</u></u>	<u><u>88,143</u></u>	<u><u>82,668</u></u>

^a The fiscal 2008 unreserved fund balance increase for capital projects is due to funding of capital projects in advance of project expenditures.

^b GASB Statement No. 54 was implemented in 2011 and reflects new fund balance classification for 2011. The new classifications have not been restated for 2010 and prior.

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

	Fiscal Year (amounts in thousands)									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Total Governmental Funds:										
Property taxes	\$ 48,076	\$ 53,717	\$ 50,347	\$ 46,579	\$ 44,097	\$ 39,290	\$ 37,954	\$ 37,413	\$ 38,597	\$ 40,919
Sales taxes	10,705	9,931	9,863	8,574	7,987	7,929	8,393	8,868	9,465	10,188
Utility taxes	11,264	11,410	11,533	12,020	13,574	13,229	12,735	13,473	14,309	14,094
Communications services taxes	6,854	6,784	6,747	6,966	6,107	5,852	5,871	5,470	5,061	4,919
Other taxes	3,016	3,015	3,669	4,167	3,613	3,561	3,308	3,556	3,554	3,519
Franchise fees	9,435	9,505	9,254	10,204	10,540	9,994	9,603	9,164	9,877	9,873
Licenses, permits, and fees	4,780	4,441	2,719	1,918	1,766	2,364	2,117	2,187	3,292	4,408
Intergovernmental revenues	25,407	34,622	31,473	27,972	25,400	26,693	25,750	26,842	26,354	27,573
Charges for services	14,669	14,806	14,895	14,933	14,803	14,081	14,682	14,484	15,574	15,830
Fines and forfeitures	1,557	1,401	1,298	1,478	1,101	1,638	985	1,808	1,480	1,638
Investment earnings	3,784	5,400	4,101	5,768	3,360	1,937	1,719	(668) ^b	1,717	2,160
Miscellaneous	2,089	4,173	4,961	1,880	1,709	2,963	2,016	2,310	2,734	3,886
Total revenues	<u>141,636</u>	<u>159,205</u>	<u>150,860</u>	<u>142,459</u>	<u>134,057</u>	<u>129,531</u>	<u>125,133</u>	<u>124,907</u>	<u>132,014</u>	<u>139,007</u>
Expenditures										
Total Governmental Funds:										
Current:										
General government	12,590	13,357	14,170	13,633	15,676	15,042	12,764	12,520	14,391	13,159
Public safety	57,265	65,099	64,636	64,242	64,734	63,610	64,171	66,262	66,771	66,886
Physical environment	3,035	2,964	2,673	4,085	3,777	3,722	3,032	3,376	3,400	3,158
Transportation	10,267	11,162	9,950	7,768	9,128	8,536	8,332	7,522	7,787	9,925
Economic environment	3,324	3,175	4,213	3,166	3,089	2,773	2,470	3,256	2,544	3,993
Human services	442	453	437	405	100	180	182	104	137	223
Culture and recreation	28,544	29,939	30,317	27,114	25,883	25,198	27,028	26,567	27,557	28,339
Debt service:										
Principal	7,257	7,192	7,414	7,825	11,670	9,510	1,049	1,049	947	928
Interest & issuance costs	3,029 ^a	1,999	1,728	1,617	1,339	856	548	538	542	501
Capital outlay	9,834	24,126	21,970	22,312	10,145	9,165	8,860	13,318	16,098	12,132
Total expenditures	<u>135,587</u>	<u>159,466</u>	<u>157,508</u>	<u>152,167</u>	<u>145,541</u>	<u>138,592</u>	<u>128,436</u>	<u>134,512</u>	<u>140,174</u>	<u>139,244</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,049</u>	<u>(261)</u>	<u>(6,648)</u>	<u>(9,708)</u>	<u>(11,484)</u>	<u>(9,061)</u>	<u>(3,303)</u>	<u>(9,605)</u>	<u>(8,160)</u>	<u>(237)</u>
Other Financing Sources (Uses)										
Total Governmental Funds:										
Transfers in	35,258	47,334	42,481	38,956	52,481	34,908	31,373	35,813	34,453	39,386
Transfers out	(29,850)	(40,779)	(39,023)	(31,312)	(42,440)	(30,204)	(24,491)	(26,673)	(25,819)	(31,190)
Sale of capital assets	120	-	-	-	-	-	-	-	-	-
Land held for resale from general government	1,000	-	-	-	-	-	-	-	-	-
Long term debt issued	895	254	4,370	525	-	1,066	314	-	-	82
Total other financing sources (uses)	<u>7,423</u>	<u>6,809</u>	<u>7,828</u>	<u>8,169</u>	<u>10,041</u>	<u>5,770</u>	<u>7,196</u>	<u>9,140</u>	<u>8,634</u>	<u>8,278</u>
Extraordinary Item:										
BP Oil settlement proceeds	-	-	-	-	-	-	-	-	-	6,480
Net Change in Fund Balances	<u>\$ 13,472</u>	<u>\$ 6,548</u>	<u>\$ 1,180</u>	<u>\$ (1,539)</u>	<u>\$ (1,443)</u>	<u>\$ (3,291)</u>	<u>\$ 3,893</u>	<u>\$ (465)</u>	<u>\$ 474</u>	<u>\$ 14,521</u>
Debt service as a percentage of noncapital expenditures	8.5%	6.9%	6.8%	7.4%	9.6%	8.2%	1.3%	1.3%	1.3%	1.1%

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

^a The increase in fiscal 2006 interest and issuance costs is due to \$742 thousand of arbitrage rebate on the 2001 Infrastructure Sales Tax revenue bonds.

^b 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.

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

Fiscal Year	Assessed Value ^a						Less:	Less:	Total Taxable Assessed Value	Total Direct Tax Rate ^c	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property	Government and Institutional Property	Personal Property	Other Property	Homestead Assessment Cap Differential ^b					
2006	8,325,134	1,902,627	153,035	1,329,219	605,102	70,665	1,690,208	2,045,343	8,650,231	5.7530	10,176,742	85.0%
2007	10,967,910	2,294,492	178,987	1,499,434	637,308	67,478	2,767,035	2,222,329	10,656,245	5.2088	12,536,759	85.0%
2008	11,359,752	2,385,943	187,557	1,500,633	640,387	72,913	2,691,298	2,307,132	11,148,755	4.6777	13,116,182	85.0%
2009	9,965,589	2,353,563	192,940	1,586,882	645,460	89,686	1,721,773	2,951,357	10,160,990	4.7254	11,954,106	85.0%
2010	8,163,897	2,346,462	185,353	1,156,811	657,933	95,259	907,087	2,878,136	8,820,492	5.1550	10,377,049	85.0%
2011	7,069,236	2,043,813	162,529	999,884	630,044	112,864	472,793	2,679,167	7,866,410	5.1550	9,254,600	85.0%
2012	6,732,585	2,001,945	149,166	973,917	609,704	94,750	391,670	2,573,448	7,596,949	5.1550	8,937,587	85.0%
2013	6,496,278	2,043,952	140,377	1,017,944	593,746	114,615	290,989	2,623,699	7,492,224	5.1550	8,814,381	85.0%
2014	6,863,874	2,077,078	149,298	1,057,915	601,743	113,552	485,295	2,640,339	7,737,826	5.1550	9,103,325	85.0%
2015	7,713,777	2,145,212	156,487	1,117,973	631,798	113,591	959,433	2,714,945	8,204,460	5.1550	9,652,306	85.0%

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

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

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

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

Fiscal Year	City Direct Rates			Overlapping Rates					
	Operating	GOB Debt Service	Total Direct	Pinellas County	Pinellas County Schools	Pinellas Transit District	Emergency Medical Services	Other Districts	Downtown Development Board ^a
2006	5.7530	0.0000	5.7530	6.1410	8.3900	0.6377	0.6600	1.6555	1.0000
2007	5.2088	0.0000	5.2088	5.4700	8.2100	0.6074	0.6300	1.6378	1.0000
2008	4.6777	0.0000	4.6777	4.8730	7.7310	0.5601	0.5832	1.5121	0.9651
2009	4.7254	0.0000	4.7254	4.8730	8.0610	0.5601	0.5832	1.5551	0.9651
2010	5.1550	0.0000	5.1550	4.8730	8.3460	0.5601	0.5832	1.5106	0.9651
2011	5.1550	0.0000	5.1550	4.8730	8.3400	0.5601	0.5832	1.4410	0.9651
2012	5.1550	0.0000	5.1550	4.8730	8.3850	0.7305	0.8506	1.2390	0.9651
2013	5.1550	0.0000	5.1550	5.0727	8.3020	0.7305	0.9158	1.3034	0.9651
2014	5.1550	0.0000	5.1550	5.3377	8.0600	0.7305	0.9158	1.2959	0.9651
2015	5.1550	0.0000	5.1550	5.3377	7.8410	0.7305	0.9158	1.2799 ^b	0.9651

Source: Pinellas County Property Appraiser

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

^b "Other" includes Pinellas County Planning Council 0.0160; Juvenile Welfare Board 0.8981;
SW Florida Water Management District 0.3658.

Schedule 7

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 49,764,779	\$ 47,957,449	96.37	\$ 61,257	\$ 48,018,706	96.49
2007	55,506,248	53,668,684	96.69	159,385	53,828,069	96.98
2008	52,150,534	50,215,870	96.29	243,975	50,459,845	96.76
2009	48,014,740	46,405,161	96.65	218,343	46,623,504	97.10
2010	45,469,638	43,912,287	96.57	160,937	44,073,224	96.93
2011	40,551,363	39,163,100	96.58	51,026	39,214,126	96.70
2012	39,162,295	37,874,151	96.71	52,648	37,926,799	96.85
2013	38,622,438	37,298,959	96.57	36,821	37,335,780	96.67
2014	39,888,516	38,521,211	96.57	31,727	38,552,938	96.65
2015	42,294,009	40,832,366	96.54	-	40,832,366	96.54

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.

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

<u>Taxpayer</u> <u>REAL PROPERTY</u>	<u>2015</u>			<u>2006</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
BELLWETHER PROP FLA	\$ 142,630,438	1	1.84%	\$ 111,519,300	1	1.06%
301 SOUTH GULFVIEW LLC	62,540,609	2	0.80%			
JOHN S TAYLOR PROPERTIES LLC	48,253,900	3	0.62%	34,360,000	4	0.33%
STANDARD GRAND RESERVE LLC	41,551,200	4	0.53%			
SAND KEY ASSOC LTD PARTNERSHIP	40,841,700	5	0.53%	35,000,000	3	0.33%
CENTRO NP CLEARWATER MALL LLC	39,231,675	6	0.50%	43,895,800	2	0.42%
ZOM BAYSIDE ARBORS LTD	38,847,415	7	0.50%	25,350,900	10	0.24%
SANDPEARL RESORT LLC	38,161,389	8	0.49%			
NWP CLEARWATER HOLDINGS LLC	28,962,900	9	0.37%			
WEINGARTEN NOSTAT INC	27,535,000	10	0.35%	29,750,000	6	0.28%
GRAND VENEZIA BAYWATCH LP				25,912,300	8	0.25%
CALIFORNIA STATE TEACHERS				32,150,000	5	0.31%
ST JOE CO				27,850,000	7	0.26%
UNITED DOMINION RLTL TRUST				25,450,000	9	0.24%
Total	<u>\$ 508,556,226</u>		<u>6.54%</u>	<u>\$ 391,238,300</u>		<u>3.72%</u>

Source: Pinellas County Property Appraiser

Schedule 8b

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

<u>Taxpayer</u>	<u>2015</u>			<u>2006</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
<u>PERSONAL PROPERTY</u>						
DUKE ENERGY (1)	\$ 77,434,728	1	17.91%	\$ 62,479,630	1	12.66%
VERIZON FLORIDA LLC (2)	30,939,166	2	7.15%	50,406,660	2	10.21%
BRIGHT HOUSE NETWORKS LLC (3)	14,422,829	3	3.34%	14,603,830	3	2.96%
INSTRUMENT TRANSFORMERS	9,762,948	4	2.26%	3,902,270	7	0.79%
PUBLIX SUPER MARKET	8,346,711	5	1.93%			
FLORIDA GAS TRANSMISSION	7,787,632	6	1.80%			
MONIN INC	6,560,228	7	1.52%			
HYATT REGENCY CLEARWATER BEACH	5,550,113	8	1.28%			
WOW! INTERNET, CABLE & PHONE	5,489,616	9	1.27%			
MODEL SCREW PRODUCTS INC	5,338,444	10	1.23%			
BAUSCH & LOMB INC				10,368,830	4	2.10%
BURDINES INC				4,050,910	5	0.82%
GENERAL ELECTRIC CREDIT CO				3,996,230	6	0.81%
SHERATON SAND KEY				3,586,310	8	0.73%
MARRIOTT SUITES CLEARWATER				3,477,480	9	0.70%
TARGET #1820				3,242,640	10	0.66%
Total	<u>\$ 171,632,415</u>		<u>39.69%</u>	<u>\$ 160,114,790</u>		<u>32.44%</u>

Notes:

- (1) Duke Energy was formerly Progress Energy and Florida Power prior to that
(2) Verizon Florida, Inc. was formerly GTE
(3) Bright House Networks was formerly Time Warner Entertainment

Source: Pinellas County Property Appraiser

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

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	Public Service Tax Revenue <u>Bonds</u>	Sales Tax Revenue <u>Bonds</u>	Spring Training Facility Intergovernmental Revenue <u>Bonds</u>	Capital <u>Leases</u>		Water/Sewer Revenue <u>Bonds</u>	Gas Revenue <u>Bonds</u>	Stormwater Revenue <u>Bonds</u>	Public Service Tax Revenue <u>Bonds</u>	Capital <u>Leases</u>			
2006	\$ 9,885	\$ 24,955	\$ 13,245	\$ 11,047		\$ 141,524	\$ 26,930	\$ 44,830	\$ -	\$ 1,906	\$ 274,322	6.80%	2,480
2007	9,565	19,080	12,755	10,840		136,955	23,015	43,845	-	1,366	257,421	6.04%	2,330
2008	13,000	12,975	12,255	10,560		132,290	18,240	42,830	9,135	932	252,217	5.60%	2,288
2009	12,545	6,620	11,740	9,230		190,415	17,470	41,780	9,135	660	299,595	6.53%	2,726
2010	8,540	-	11,210	8,279		185,730	16,695	40,700	-	630	271,784	6.04%	2,524
2011	-	-	10,660	8,722		179,275	15,900	39,580	-	808	254,945	5.96%	2,365
2012	-	-	10,090	9,058		174,085	15,105	37,495	-	765	246,598	5.44%	2,285
2013	-	-	9,500	8,249		168,620	14,375	36,565	-	512	237,821	4.89%	2,181
2014			8,890	9,260		162,940	13,530	35,365	-	296	230,281	4.77%	2,106
2015	-	-	8,255	14,033		158,145	12,550	33,990		279	227,252	4.63%	2,053

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. These ratios are calculated using personal income from two fiscal years prior, as noted on Schedule 14.

Schedule 10

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

General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Public Service Tax Revenue Bonds	Sales Tax Revenue Bonds	Total	Percentage of Actual Taxable Value of Property (a)	Per Capita (b)
2006	\$ -	\$ 9,885	\$ 24,955	\$ 34,840	0.34%	315
2007	-	9,565	19,080	28,645	0.23%	259
2008	-	13,000	12,975	25,975	0.20%	236
2009	-	12,545	6,620	19,165	0.16%	174
2010	-	8,540	-	8,540	0.16%	79
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-

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, 2015
(amounts in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes	\$ -	n/a	\$ -
Other debt			
Pinellas County Government Notes	11,559	13.8%	1,590
Pinellas County Government Capital Leases	41	13.8%	6
Pinellas County School District State Bonds ^b	14,884	13.8%	2,047
Pinellas County School District Capital Leases	972	13.8%	<u>134</u>
Subtotal, overlapping debt			3,776
City direct debt			<u>22,288</u>
Total direct and overlapping debt			<u><u>\$ 26,064</u></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.

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

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

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

Schedule 12

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

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as Percentage of Debt Limit
2006	\$ 1,631,179	\$ 247,706	\$ 1,383,473	15.19
2007	2,028,832	230,639	1,798,193	11.37
2008	2,128,847	224,224	1,904,623	10.53
2009	1,942,045	271,594	1,670,451	13.98
2010	1,672,462	248,800	1,423,662	14.88
2011	1,982,900	232,771	1,750,129	11.74
2012	1,911,916	224,409	1,687,507	11.74
2013	1,904,237	215,753	1,688,484	11.33
2014	1,955,083	208,318	1,746,765	10.66
2015	2,057,302	204,926	1,852,376	9.96

Legal Debt Margin Calculation for Fiscal Year 2015:

Assessed valuation of non-exempt real estate	\$	10,286,509
Debt Limit (20% of assessed valuation per City Charter)		2,057,302
Debt applicable to limit:		
Revenue bonds	\$	212,940
Capital leases		14,312
Less: Amount set aside for repayment of bonded debt		(22,326)
		<u>204,926</u>
Legal debt margin	\$	<u>1,852,376</u>

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

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

Page 1 of 2

Fiscal Year	Gross Revenues	Less:	Net	Debt Service		Coverage
		Operating Expenses	Available Revenues	Principal	Interest	
Infrastructure Sales Tax Bonds ^(a)						
2006	\$ 10,704	\$ -	\$ 10,704	\$ 5,660	\$ 1,896 ^(a)	1.42
2007	9,931	-	9,931	5,875	889	1.47
2008	9,863	-	9,863	6,105	641	1.46
2009	8,574	-	8,574	6,355	397	1.27
2010	7,987	-	7,987	6,620	132	1.18
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
Spring Training Facility Bonds ^(b)						
2006	\$ 1,107	\$ -	\$ 1,107	\$ 475	\$ 603	1.03
2007	1,112	-	1,112	490	591	1.03
2008	1,107	-	1,107	500	577	1.03
2009	1,104	-	1,104	515	561	1.03
2010	1,105	-	1,105	530	544	1.03
2011	1,099	-	1,099	550	526	1.02
2012	1,098	-	1,098	570	507	1.02
2013	1,084	-	1,084	590	485	1.01
2014	1,097	-	1,097	610	463	1.02
2015	1,100	-	1,100	635	439	1.02
Public Service Tax/Improvement Revenue Bonds ^(c)						
2006	\$ 18,118	\$ -	\$ 18,118	\$ 385	\$ 473	21.12
2007	18,194	-	18,194	320	464	23.21
2008	18,280	-	18,280	330	450	23.44
2009	18,987	-	18,987	340	438	24.40
2010	19,680	-	19,680	355	425	25.23
2011	19,081	-	19,081	8,540 ^(d)	291	2.16
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-

(a) Pledged revenues for the Infrastructure Sales Tax Revenue Bonds include the City's share of revenues derived by Pinellas County, Florida, from the levy and collection of a one-cent discretionary infrastructure sales surtax pursuant to Section 212.055(2), Florida Statutes, as amended. Interest for 2006 includes arbitrage rebate of \$742,000.

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

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

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

Schedule 13 (continued)

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

Page 2 of 2

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage	Maximum Coverage ^(a)
				Principal	Interest		
Water & Sewer Utility Revenue Bonds							
2006	\$ 51,197	\$ 36,546	\$ 14,651	\$ 7,020	\$ 2,711	1.51	
2007	52,815	37,109	15,706	7,115	3,588	1.47	
2008	54,014	38,325	15,689	7,080	3,817	1.44	
2009	56,952	36,305	20,647	7,195	3,773	1.88	
2010	58,220	37,358	20,862	4,685	9,310	1.49	
2011	61,473	40,304	21,169	4,935	9,627	1.45	
2012	63,743	38,479	25,264	5,190	8,008	1.91	
2013	64,665	37,001	27,664	5,465	8,333	2.00	
2014	68,601	44,732	23,869	5,680	8,099	1.73	
2015	72,303	47,680	24,623	5,885	7,675	1.82	
Gas Utility Revenue Bonds							
2006	\$ 43,772	\$ 34,154	\$ 9,618	\$ 825	\$ 1,195	4.76	4.47
2007	39,756	30,483	9,273	855	1,162	4.60	4.31
2008	41,582	33,562	8,020	765	741	5.33	3.73
2009	39,992	26,813	13,179	770	730	8.79	6.13
2010	40,515	28,517	11,998	775	704	8.11	5.75
2011	37,021	25,934	11,087	795	678	7.53	5.16
2012	36,916	24,919	11,997	795	649	8.31	5.58
2013	37,922	27,159	10,763	825	502	8.11	5.01
2014	41,963	29,173	12,790	925	384	9.77	6.11
2015	41,961	30,407	11,554	980	358	8.64	5.52
Stormwater Utility Revenue Bonds							
2006	\$ 11,589	\$ 6,020	\$ 5,569	\$ 925	\$ 1,906	1.97	
2007	12,458	6,161	6,297	985	1,874	2.20	
2008	13,270	7,038	6,232	1,015	1,845	2.18	
2009	14,231	7,684	6,547	1,050	1,814	2.29	
2010	15,283	6,766	8,517	1,080	1,782	2.98	
2011	15,656	7,917	7,739	1,120	1,741	2.70	
2012	16,355	8,480	7,875	1,155	1,712	2.75	
2013	16,230	8,217	8,013	1,100	1,421	3.18	
2014	17,256	12,553	4,703	1,300	1,186	1.89	
2015	18,123	11,529	6,594	1,375	1,084	2.68	

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

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

Year	Population (a)	Personal Income (thousands of dollars)	Per Capita Personal Income (b)	Median Age (c)	School Enrollment (d)	Annual Average Unemployment Rate (e)
2006	110,602	\$ 4,033,655	\$ 36,470	44.2	15,696	2.9
2007	110,469	4,258,911	38,553	44.5	15,500	3.8
2008	110,251	4,502,761	40,841	44.5	15,482	5.5
2009	109,907	4,590,925	41,771	45.0	14,975	10.1
2010	107,685	4,500,372	41,792	45.3	14,704	12.4
2011	107,805	4,280,721	39,708	46.3	14,375	10.9
2012	107,906	4,534,965	42,027	46.5	14,210	8.7
2013	109,065	4,858,737	44,549	46.8	14,010	6.7
2014	109,340	4,822,769	44,108	47.0	14,160	6.2
2015	110,679	4,909,942	44,362	47.5	14,132	5.0

(a) Source is the University of Florida, Bureau of Economic and Business Research: April 1, 2015 estimate for current year and Florida Statistical Abstract for prior years.

(b) Data is from *per capita personal income* for Pinellas County for two years prior. Source is the University of Florida, Bureau of Economic and Business Research.

(c) Data is for Pinellas County for prior year. Source is the University of Florida, Bureau of Economic and Business Research.

(d) Source of data is the Pinellas County School District.

(e) Source for fiscal years 2005 to 2009 is the University of Florida, Bureau of Economic and Business Research, Florida Statistical Abstract, Annual Averages of the indicated fiscal year. Source for fiscal 2010 to 2015 is the US Dept of Labor, Bureau of Labor Statistics, Tampa Metro Area as of September 30.

Note: Data is the latest published annual data available for an unspecified point in each year, not specifically September 30.

Schedule 15

City of Clearwater, Florida Principal Employers^a Current Year and Nine Years Ago

Employer	2015 ^b			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Pinellas County School District	15,836	1	3.88%	17,658	1	3.67%
Bay Pines VA Medical Center	4,459	2	1.09%	2,759	7	0.57%
All Children's Hospital	3,200	3	0.78%	2,319	10	0.48%
City of St. Petersburg	3,165	4	0.78%	3,420	4	0.71%
Pinellas County Sheriff	2,732	5	0.67%			
Raymond James	2,650	6	0.65%	2,850	6	0.59%
Morton Plant Hospital	2,550	7	0.62%	2,439	8	0.51%
St. Petersburg College	2,413	8	0.59%			
Home Shopping Network	2,150	9	0.53%	2,439	9	0.51%
Mease Hospital	2,100	10	0.51%			
Pinellas County Board of County Commissioners				7,378	2	1.54%
Nielson Media Research				3,510	3	0.73%
Times Publishing				3,187	5	0.66%
Total Employment ^b	408,252			480,647		

^a Data is for Pinellas County. City data is not available.

^b Source: Florida Research and Economic Database and Pinellas County Department of Economic Development.

City of Clearwater, Florida
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government	307.5	322.0	327.3	321.6	346.6	326.6	316.5	317.0	312.1	312.0
Public safety:										
Fire	215.0	221.0	212.0	212.0	211.0	205.0	201.0	201.0	201.0	201.0
Police	407.9	407.9	393.9	389.9	370.9	344.0	342.5	343.5	345.5	345.0
Physical environment	38.7	38.7	34.0	33.5	28.5	27.5	17.5	17.0	17.0	17.0
Transportation	74.3	74.3	69.0	67.5	57.5	53.5	52.5	38.0	38.0	38.0
Economic environment	69.5	66.5	64.5	62.5	11.0	11.0	8.0	9.0	10.0	10.0
Human services	3.0	3.0	3.0	2.0	-	-	-	-	-	-
Culture and recreation:										
Library	94.9	93.9	88.4	78.3	73.2	73.2	73.6	73.6	73.6	74.4
Parks & Rec	239.8	240.8	221.8	203.7	191.1	184.1	184.7	197.2	199.2	200.9
Water & Sewer Utility	175.0	175.0	168.0	169.0	164.0	166.0	167.0	167.0	176.0	184.0
Gas Utility	90.0	90.0	90.0	84.0	77.0	77.0	79.0	83.0	83.0	87.0
Solid Waste Utility	112.0	112.0	112.0	112.0	112.0	112.0	112.2	112.2	111.5	111.5
Stormwater Utility	46.0	46.0	46.0	47.0	46.0	47.0	48.0	50.0	49.0	49.0
Recycling	22.5	22.5	22.5	22.3	22.3	22.3	22.3	22.3	22.0	22.0
Marine	32.6	18.1	18.6	18.8	17.1	16.1	17.1	17.1	17.1	17.1
Clearwater Harbor Marina					5.6	5.6	5.6	5.6	5.6	5.6
Aviation	1.9	1.9	1.9	1.7	1.4	1.4	1.4	1.4	1.4	1.4
Parking System	20.8	20.7	20.7	20.7	31.6	31.6	30.8	30.6	33.7	33.7
Total	1,951.4	1,954.3	1,893.6	1,846.5	1,766.8	1,703.9	1,679.7	1,685.5	1,695.7	1,709.6

Source: City of Clearwater Office of Management and Budget

Schedule 17
City of Clearwater, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended Sept 30:									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Planning										
Commercial building permits issued	1,858	2,009	1,639	1,349	1,365	1,400	1,803	2,065	1,988	1,854
Residential building permits issued	6,759	5,330	4,773	4,273	4,794	5,102	4,941	4,985	5,756	6,546
Public safety										
Police										
Average officer training hours	55	105	78	83	51	75	83	83	85	120
Total volunteer training hours	932	1,023	1,001	735	39	355	385	412	286	246
Fire										
Percentage of fire responses under 7.5 minutes	90%	91%	92%	96%	90%	92%	95%	91%	93%	93%
Physical environment										
Square feet of sidewalks repaired/constructed	48,458	88,028	64,201	47,076	53,157	45,169	45,416	28,036	23,651	35,611
Transportation										
Miles of roadway resurfaced	10	14	10	10	5	8	8	0	8	15
Economic environment										
Code enforcement cases brought to compliance	9,762	8,794	9,300	8,553	6,029	4,346	4,664	4,905	4,431	4,458
Human services										
City employees that mentor in area schools	38	34	24	20	22	18	20	25	6	5
Culture and recreation										
Library system										
Library visits	902,135	979,544	976,987	864,350	860,044	833,036	820,000	836,919	600,148	636,006
Circulation	1,193,637	1,121,480	1,181,184	1,161,059	1,147,428	1,087,976	1,058,038	1,099,988	1,019,984	987,430
Parks and recreation										
Recreation center visitations	623,500	967,817	1,050,782	868,445	724,769	759,807	738,577	719,393	517,378	696,094
Athletic program visitations	515,100	414,805	643,995	546,446	547,492	515,665	541,433	1,108,644	989,570	1,066,767
Water and Sewer Utility										
Water customers	40,467	40,407	40,131	39,935	39,971	41,391	41,988	43,500	43,704	46,424
Volume of water pumped (million gallons/day)	14.09	12.66	11.92	11.52	10.76	11.32	10.92	10.62	12.05	10.64
Sewer customers	33,279	33,255	33,146	33,084	33,041	33,063	33,093	33,405	33,564	33,390
Miles of sewers cleaned	166	16	89	176	208	215	230	229	197	172
Gas Utility										
Number of customers	19,035	19,470	19,527	19,527	19,581	19,807	20,029	20,313	20,719	21,049
Solid Waste Utility										
Solid waste tonnage collected and disposed	132,741	130,308	123,018	112,851	110,905	112,936	114,317	116,830	113,218	117,214
Stormwater Utility										
Number of equivalent residential units	97,297	98,513	97,986	98,436	99,536	100,125	100,461	98,195	100,629	101,663
Recycling Utility										
Marketable tons recycled	14,433	14,492	14,006	12,114	9,564	9,250	8,605	8,143	11,716	12,079

* **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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public safety										
Fire Stations	8	8	8	8	8	8	8	8	8	8
Police Stations	10	10	9	6	5	6	6	6	6	7
Transportation										
Paved streets (miles)	305	305	305	313	314	315	316	316	320	321
Culture and recreation										
Library system										
Volumes in collection (thousands)	565	590	601	606	606	601	598	581	582	564
Parks and recreation										
Parks acreage	1,400	1,400	1,400	1,400	1,427	1,427	1,427	1,427	1,453	1,455
Recreational paths (miles)	14	16	16	16	16	16	16	16	18	22
Playgrounds	33	33	29	29	29	27	27	27	27	27
Baseball and softball fields	35	35	32	32	32	32	32	34	32	32
Soccer and football fields	25	25	20	20	20	20	20	18	20	20
Recreation centers	7	7	7	7	6	5	5	5	5	5
Water & Sewer Utility										
Water mains (miles)	568	571	575	593	592	592	591	590	597	589
Sanitary sewer mains (miles)	365	368	362	362	363	363	363	363	364	364
Daily treatment capacity (millions of gallons)	29	29	29	29	29	29	29	29	29	29
Gas Utility										
Gas mains (miles)	786	816	814	821	826	830	843	849	862	884
Stormwater Utility										
Stormwater mains (miles)	148	156	146	148	148	148	150	150	151	153
Marine										
Boat slips	209	209	209	207	207	207	203	189	189	189
Clearwater Harbor Marina										
Boat slips	-	-	-	-	126	126	126	126	126	126
Aviation										
Airpark spaces	177	177	177	177	177	177	177	177	177	177
Parking system										
Parking spaces	3,636	3,322	3,382	3,497	3,297	2,475 ^a	2,460	2,319	2,232	2,312

^aThe decrease in parking spaces for fiscal 2011 was loss of Sand Key and a management decision to not charge for certain lots.

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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**Single Audit /
Grants Compliance**

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**Report of Independent Auditor on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government
Auditing Standards***

To the Honorable Mayor and City Councilmembers
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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 28, 2016. That report recognizes that the City implemented new accounting standards effective October 1, 2014. We have also audited the financial statements of each of the City's nonmajor governmental funds, nonmajor enterprise funds, internal service and fiduciary funds presented as supplementary information in the accompanying combining and individual fund statements as of and for the year ended September 30, 2015, as listed in the table of contents. That report recognizes that the City implemented new accounting standards effective October 1, 2014.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 *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. 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, 2015-001 described in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Clearwater, Florida's Response to Finding

The City's response to the finding 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 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.

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

Tampa, Florida
March 28, 2016

**Report of Independent Auditor on Compliance for Each Major Federal
Program and State Financial Assistance Project, and on Internal
Control over Compliance Required by OMB Circular A-133 and Chapter
10.550, Rules of the Auditor General**

To the Honorable Mayor and City Councilmembers
City of Clearwater, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited the City of Clearwater, Florida's (the "City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* and the requirements described in the Florida Department of Financial Services, *State Projects Compliance Supplement* that could have a direct and material effect on its major federal programs and state financial assistance projects for the year ended September 30, 2015. The City's major federal programs and state financial assistance projects are identified in the summary of the auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state assistance projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133, and Chapter 10.550, *Rules of the Auditor General*, 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 financial assistance project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Financial Assistance 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 its major federal programs and state financial assistance projects for the year ended September 30, 2015.

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 requirements that could have a direct and material effect on each major federal program and state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state financial assistance project and to test and report on internal controls over compliance in accordance with OMB Circular A-133 and Chapter 10.550, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 or state financial assistance project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

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

Tampa, Florida
March 28, 2016

City of Clearwater, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects
For the Year Ended September 30, 2015

Federal Grantor / Pass-through Grantor / Program Title	CFDA Number	Grant I.D. Number	Program/ Project #	FY 2015 Federal Share of Expenditures
FEDERAL AWARDS				
U.S. Department of Housing and Urban Development:				
Community Development Block Grant -Entitlement	14.218	B-13-MC-12-0002		\$ 613,348
	14.218	B-14-MC-12-0002		-
Community Development Block Grant -Entitlement/NSP3	14.218	B-11-MN-12-0031		-
	14.218	Program Income		46,145
	14.218			659,493
Home Investment Partnerships Program	14.239	M-11-MC-12-0230		10,106
	14.239	M-12-MC-12-0230		70,640
	14.239	M-13-MC-12-0230		290,091
	14.239	Program Income		677,603
	14.239			1,048,441
Total U.S. Department of Housing and Urban Development				1,707,934
U.S. Department of the Interior:				
Fish and Wildlife Service Passed through Florida Dept of Environmental Protection Clean Vessel Act Program Pumpout Pump & Maintenance	15.616	DEP Agreement MV149 CVA14-720	432-01371	5,090
National Park Service Passed through Florida Dept of Environmental Protection Outdoor Recreation_Acquisition, Development and Planning Moccasin Lake Nature Park Project	15.916	DEP LW625 12-00625	315-93648	0
Total U.S. Department of the Interior				5,090
U.S. Department of Justice:				
Federal Forfeiture Sharing	16.000	FL0520300	181-99387	136,940
National Institute of Justice Clearwater Cold Case Team Project 2014	16.56	2014-DN-BX-K086	181-99209	11,053
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0111	181-99206	58,177
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0136	181-99213	49,118
Total U.S. Department of Justice				255,288
U.S. Department of Transportation:				
Federal Highway Administration Passed through Florida Dept of Transportation: Highway Planning and Construction Federal-Aid Highway Program - HVE for Pedestrian & Bicycle Safety	20.205	TWO #945-001 Contract #BDV25	181-99208	91,548
Total U.S. Department of Transportation				91,548

City of Clearwater, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects
For the Year Ended September 30, 2015

Federal Grantor / Pass-through Grantor / Program Title	CFDA Number	Grant I.D. Number	Program/ Project #	FY 2015 Federal Share of Expenditures
U.S. Dept of Health & Human Services				
Centers for Disease and Control				
Passed through Pinellas County Health Department Partnerships to Improve Community Health	93.331		181-99869	10,642
Total U.S. Dept of Health & Human Services				10,642
Corporation For National and Community Services:				
Passed through FL Commission on Community Services AmeriCorps - 2014	94.006		181-99244	44,344
Passed through FL Commission on Community Services AmeriCorps - 2015	94.006		181-99212	88,736
Total Corporation for National and Community Services	94.006			133,080
Total Federal Financial Assistance				\$ 2,203,582

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Projects

City of Clearwater, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects
For the Year Ended September 30, 2015

State Grantor / Pass-through Grantor / Program Title	CSFA Number	Grant I.D. Number	Program/ Project #	FY 2015 State Share of Expenditures (a)
STATE FINANCIAL ASSISTANCE				
Florida Department of Environmental Protection:				
Statewide Surface Water Restoration and Wastewater Projects Clearwater Sanitary Sewer Expansion Program	37.039	DEP Agreement LP52090	315-96630	250,000
Total Florida Department of State				250,000
Florida Department of Community Affairs:				
Florida Housing Finance Corporation State Housing Initiative Partnership Program (SHIP)	52.901	N/A	Fund 191	569,100
Total Florida Department of Community Affairs				569,100
Florida Department of Transportation:				
Aviation Development Grants - Airpark Runway/Taxiway Extension and Rehabilitation	55.004	FPN:422554-1-94-01; Contract AQJ28	315-94871	96,189
Maintenance Hangar Rehabilitation	55.004	FPN:425922-1-94-01; Contract ARB47	315-94881	91,367
Rehabilitation of Hanger D	55.004	FPN:425922-1-94-01; Contract ARB48	315-94882	433,486
	55.004			621,042
Total Florida Department of Transportation				621,042
Florida Department of Revenue:				
Facilities for Retained Spring Training Franchise Phillies Stadium	73.016		213-334730	500,004
Total Florida Department of Revenue				500,004
Total State Financial Assistance				\$ 1,940,146
Total Expenditures of Federal Awards and State Financial Assistance Projects				\$ 4,143,728

(a) Funded with State grants and aids appropriations.

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Projects

City of Clearwater, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects
For the Year Ended September 30, 2015

NOTE 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance Projects 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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*.

NOTE 2 – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance Projects is presented using the accrual basis of accounting, depending on the type of fund in which the grant is recorded, as described in Note 1.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:

Program Title	Federal CFDA/ State CSFA	Amount Provided To Subrecipients
U.S. HUD Community Development Block Grant	14.218	\$ 359,090
U.S. HUD Home Investment Partnerships Program	14.239	\$ 739,309
Florida Housing Finance Corporation, State Housing Initiative Partnership Program	52.901	\$ 166,250

NOTE 5 – Loans Outstanding

The City had the following loan balances outstanding, net of \$13,206,322 allowance for uncollectable accounts, at September 30, 2015. The current year additions related to the loans are included in the Schedule of Federal Awards and State Financial Assistance.

14.218	Community Development Block Grant	\$ 870,255
14.239	Home Investment Partnership	2,227,451
52.901	State Housing Initiative Partnership	<u>1,696,291</u>
		<u>\$ 4,793,997</u>

CITY OF CLEARWATER, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2015

Part I—Summary of auditor's results

Financial Statement Section

Type of auditors' report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> x </u> yes	<u> </u> no
Significant deficiency(ies) identified not considered to be material weakness(es)?	<u> </u> yes	<u> x </u> none reported
Noncompliance material to financial statements noted	<u> </u> yes	<u> x </u> no

Federal Awards Programs and State Projects Section

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified not considered to be material weakness(es)?	<u> </u> yes	<u> x </u> none reported
Noncompliance material to federal awards noted?	<u> </u> yes	<u> x </u> no
Type of auditors' report on compliance for major federal programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 and Chapter 10.550		
	<u> </u> yes	<u> x </u> no

Identification of major federal programs and state projects:

<u>Federal programs:</u>	
CFDA Numbers	Name of Program or Cluster
14.239	Home Investment Partnerships Program

<u>State projects.</u>	
CSFA Numbers	Name of Project
37.039	Statewide Surface Water Restoration and Wastewater Projects
52.901	State Housing Initiatives Partnership Program
73.016	Facilities for New Professional Sports, Retained Professional Sports, or Retained Spring Training Franchise

CITY OF CLEARWATER, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2015

Part I—Summary of auditor’s results (continued)

Dollar threshold used to determine Type A programs:

Federal programs	\$ 300,000
State projects	\$ 300,000

Auditee qualified as low-risk auditee for federal purposes?

 x yes no

Part II—Schedule of financial statement findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Finding 2015-001: Material Weakness in Internal Controls over Financial Close and Reporting Process

Criteria: City of Clearwater, Florida (the “City”) is responsible for establishing and maintaining internal controls over their financial close reporting process.

Condition: An investment asset account within the Firefighters Supplemental Defined Contribution Pension Trust Fund (“Pension Trust Fund”) was recorded twice, resulting in an overstatement of the Pension Trust Fund balance for the year ending September 30, 2014.

Effect: The effect of the error in the Pension Trust Fund was a \$1,231,279 overstatement of total investments, net appreciation in the fair value of investments, net increase in fiduciary net position, and fiduciary net position for the year ending September 30, 2014.

Cause: Those in the City who are responsible for the creation of the comprehensive annual financial report (the “CAFR”) maintained spreadsheets for the Pension Trust Fund that consolidated the annual statements from the plan’s custodian, Salem Trust and a mutual fund not included in the custodian’s report, BNY Mellon’s TBC International Fund. During the year ending September 30, 2014, Salem Trust incorporated this mutual fund into their custodial report. City staff was not aware of this change in reporting (it was not reflected in the minutes of the quarterly Board meetings) and did not identify the addition of this mutual fund in the Salem Trust statement. BNY Mellon continued to provide separate statements. As a result, the City incorrectly recorded the asset twice as a result of lack of communication with the Fire Pension Board.

Recommendation: We recommend that the Board of the Firefighters Supplemental Pension Fund provide the Pension Trust Fund’s annual report to those in the City who are responsible for the preparation of the CAFR in a manner timely enough to allow for comparison between the two reports. We further recommend that the City obtain underlying investment statements during the financial close and reporting process to ensure that all investments are properly recorded.

Management’s Response: Management will ensure that the Pension Trust Fund’s annual report is received in advance of the completion of the CAFR so that the two reports can be compared and any differences reconciled prior to the filing of either report.

CITY OF CLEARWATER, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2015

Part III—Findings and questioned costs - major federal award programs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by OMB Circular A-133.

There were no findings required to be reported in accordance with OMB Circular A-133.

Part IV—Findings and questioned costs – major state financial assistance projects

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major state projects, as required to be reported by Chapter 10.550.

There were no findings required to be reported in accordance with Chapter 10.550.

CITY OF CLEARWATER, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2015

Finding 2014-01 - Grant Reconciliation of the Schedule of Federal Expenditures and State Financial Assistance (SEFA) to General Ledger

Finding: During fiscal year 2014, the City did not maintain adequate controls over the preparation of the SEFA. Certain grant programs were not fully reconciled with the general ledger balances. There were several federal and state grant expenditures that were not properly included on the SEFA and one federal grant that incorrectly included a match. Finally, they noted several grants where the expenditures were not recorded in the proper period.

Status/Corrective Action: The City enhanced its internal controls over the preparation of the SEFA by putting a system in place that included reconciliation from the SEFA to the expenditures captured at the department level on a timely basis.

Independent Auditor's Management Letter

To the Honorable Mayor and City Councilmembers
City of Clearwater, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Clearwater, Florida (the "City"), as of and for the year ended September 30, 2015, and have issued our report thereon dated March 28, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Report of Independent Auditor on compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General of the State of Florida*; Schedule of Findings and Questioned Costs; and Report of Independent Accountant on Compliance with Local Government Investment Policies, regarding compliance in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosure in those reports and schedule, which are dated March 28, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition

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

Pursuant to Sections 10.554(1)(i)5.c. 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.

Annual Financial Report

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

Deepwater Horizon Oil Spill

Section 10.556(10)(3), *Rules of the Auditor General*, requires a determination of the City's compliance with federal and state laws, rules, regulations, contracts or grant agreements related to the receipt and expenditure of funds related to the Deepwater Horizon Oil Spill. The City's Deepwater Horizon Oil Spill funds received are unrestricted and, therefore, do not have related compliance requirements.

Other Matters

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

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

Purpose of this Letter

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, *Rules of the Auditor General*. Accordingly, this management letter is not suitable for any other purpose.

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

Tampa, Florida
March 28, 2016

Report of Independent Accountant on Compliance with Local Government Investment Policies

To the Honorable Mayor and City Councilmembers
City of Clearwater, Florida

Report on Compliance

We have examined the City of Clearwater, Florida's (the "City"), compliance with the local government investment policy requirements of Sections 218.415, *Florida Statutes*, during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Scope

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

Opinion

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



Tampa, Florida
March 28, 2016

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, 2015

Source	Amount Received in the 2014-15 Fiscal Year	Amount Expended in the 2014-15 Fiscal Year
British Petroleum:		
Agreement No. Not Applicable	\$6,480,352	\$0

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.