



CITY OF CLEARWATER, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025



ON THE COVER

This year's budget cover highlights Clearwater's vibrant art program, featuring the recent unveiling of a striking sculpture at Clearwater Fire & Rescue Station 46. This installation is part of the city's ongoing efforts to enhance public spaces through art, reflecting Clearwater's coastal heritage and community spirit.

The sculpture, crafted by renowned artist Jim Gallucci, symbolizes the city's dedication to integrating artistic expressions into everyday life. This initiative supports Clearwater's broader mission to foster cultural enrichment and improve residents' quality of life.

The new 11,000-square-foot, state-of-the-art station at 546 Mandalay Ave., features the original fire poles and part of the façade from the previous station, originally opened in 1964.

Clearwater's commitment to art is evident in its collaborative approach, which involves input from city departments and community members. Clearwater aims to inspire creativity, strengthen community bonds, and celebrate its unique identity by showcasing art in public spaces.



**City of Clearwater, Florida
Annual Comprehensive Financial Report
for Fiscal Year Ended September 30, 2025**



Bruce Rector
Mayor

David Allbritton
Councilmember

Ryan Cotton
Councilmember

Mike Mannino
Councilmember

Lina Teixeira
Councilmember

Jennifer Poirrier
City Manager

Brian Jay Ravins
Finance Director

Prepared by: City of Clearwater Finance Department

City of Clearwater, Florida
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025

TABLE OF CONTENTS

INTRODUCTORY SECTION:

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

FINANCIAL SECTION:

Report of Independent Auditor.....	1
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	22
Statement of Activities.....	23
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	24
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund.....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Special Development Fund.....	29
Statement of Net Position – Proprietary Funds.....	30
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	34
Statement of Cash Flows – Proprietary Funds.....	38
Statement of Fiduciary Net Position – Fiduciary Funds.....	42
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	43
Notes to the Basic Financial Statements.....	44
Schedule of Changes in Net Pension Liability and Related Ratios - Employees’ Pension Plan.....	115
Schedule of Changes in Net Pension Liability and Related Ratios - Firefighters’ Relief and Pension Plan ..	116
Schedule of Contributions - Employees’ Pension Plan.....	117
Schedule of Contributions - Firefighters’ Relief and Pension Plan.....	118
Schedule of Investment Returns - Employees’ Pension Plan.....	119
Schedule of Investment Returns - Firefighters’ Relief and Pension Plan.....	120
Schedule of Changes in Total OPEB Liability.....	121
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds.....	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	128
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Downtown Community Redevelopment Agency Fund.....	130
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – North Greenwood Community Redevelopment Agency Fund.....	131
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Downtown Development Board Fund.....	132
Combining Statement of Net Position – Nonmajor Enterprise Funds.....	134
Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds.....	135
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	136

**City of Clearwater, Florida
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025**

TABLE OF CONTENTS (Continued)

Combining Statement of Net Position – Internal Service Funds	140
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	141
Combining Statement of Cash Flows – Internal Service Funds	142
Combining Statement of Fiduciary Net Position – Fiduciary Funds.....	146
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	147

STATISTICAL SECTION:

Introduction.....	149
Schedule 1 Net Position by Component.....	151
Schedule 2 Changes in Net Position	152
Schedule 2a Program Revenues by Function/Program.....	155
Schedule 3 Fund Balances of Governmental Funds	156
Schedule 4 Changes in Fund Balances of Governmental Funds	157
Schedule 5 Assessed Value and Estimated Actual Value of Taxable Property	158
Schedule 6 Direct and Overlapping Property Tax Rates	159
Schedule 7 Property Tax Levies and Collections.....	160
Schedule 8a Principal Real Property Taxpayers.....	161
Schedule 8b Principal Personal Property Taxpayers.....	162
Schedule 9 Ratios of Outstanding Debt by Type	163
Schedule 10 Ratios of General Bonded Debt Outstanding	164
Schedule 11 Direct and Overlapping Governmental Activities Debt	165
Schedule 12 Legal Debt Margin Information	166
Schedule 13 Pledged-Revenue Coverage	167
Schedule 14 Demographic and Economic Statistics.....	169
Schedule 15 Principal Employers	170
Schedule 16 Full-time Equivalent City Government Employees by Function/Program.....	171
Schedule 17 Operating Indicators by Function/Program	172
Schedule 18 Capital Asset Statistics by Function/Program	173

OTHER INFORMATION:

Continuing Disclosure – Gas System Revenue Refunding Bonds, Series 2013 and 2014.....	176
Continuing Disclosure – Water & Sewer Revenue Refunding Bonds, Series 2017, 2017B and 2020	181
Continuing Disclosure – Stormwater System Revenue Refunding Bonds, Series 2012	184
Continuing Disclosure – Non-Ad Valorem Revenue Bonds, Series 2022 (Imagine Clearwater).....	185
Fire Services Program	187

SINGLE AUDIT / GRANTS COMPLIANCE SECTION:

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 <i>Government Auditing Standards</i>	190
Report of Independent Auditor on Compliance for Each Major Federal Awards Program and State Financial Assistance Project, and on Internal Control over Compliance Required by the Uniform Guidance and on Chapter 10.550, <i>Rules of the Auditor General</i>	192
Schedule of Expenditures of Federal Awards and State Financial Assistance	195
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	197
Schedule of Findings and Questioned Costs.....	199
Corrective Action Plan	202
Summary of Prior Audit Findings.....	203
Independent Auditor’s Management Letter.....	204
Report of Independent Accountant on Compliance with Local Government Investment Policies.....	206

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CITY OF CLEARWATER

OFFICE OF THE CITY MANAGER

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TELEPHONE (727) 562-4040 FAX (727) 562-4052

March 31, 2026

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

The City of Clearwater Charter (Section 2.01(c)3), Florida Statutes, and various covenants relating to debt and pension obligations of the City require an annual audit of the financial statements of all funds of the City by a firm of licensed certified public accountants. These statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS). Pursuant to these requirements we hereby issue the annual comprehensive financial report of the City of Clearwater for the fiscal year ended September 30, 2025.

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

Cherry Bekaert, 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, 2025, 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, 2025, 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.

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.

Ryan Cotton, Councilmember
Mike Mannino, Councilmember

Bruce Rector, Mayor



David Allbritton, Councilmember
Lina Teixeira, Councilmember

"Equal Employment and Affirmative Action Employer"

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 Coast, 20 miles west of Tampa and 20 miles north of St. Petersburg. Clearwater is the county seat of Pinellas County and one of the largest cities in the Tampa Bay area. The Clearwater area offers a semitropical climate and 28 miles of beautiful beaches. Consequently, tourism is an important component of the economy. In addition to tourism and its related hospitality and service sectors, Clearwater enjoys a diversity of manufacturing businesses; professional, financial, and insurance service industries; high-tech companies; corporate headquarters; and a growing healthcare ecosystem.

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

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

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

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

The level of budgetary control established by the legislative body, the level on which expenditures may not legally exceed appropriations, is the individual fund. In accordance with provisions of Ordinance 5025-90 and with Section 2.519(4) of the Clearwater Code, the City Manager may transfer part or all of any unencumbered appropriation balance among programs within an individual 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.

After five consecutive years of decline in City taxable property values, we have now experienced thirteen consecutive years of increases: 3.3%, 6.0%, 6.6%, 7.4%, 8.3%, 9.6%, 6.7%, 6.8%, 5.4% 13.2%, 11.1%, 9.5%, and 4.5% increases for January 1, 2013 thru January 1, 2025 tax rolls, respectively.

The unemployment rate for the Tampa metro area at September 30, 2025 was 4.3% versus 3.6% at September 30, 2024. The national rate was 4.4% and the state unemployment rate was 3.9% as of September 30, 2025. The Tampa/St Petersburg/Clearwater metro area continues to benefit from an influx of new residents and businesses, as well as strong tourism. Local tourism has rebounded extremely well, due to a remarkably rapid

area recovery from the significant damages of Hurricane Helene, followed by additional damage from Hurricane Milton a couple weeks later. Spring break tourist season for 2026 is off to a very strong start!

Clearwater Beach remains one of the nation's most unique travel destinations. The City's Beach by Design Redevelopment Plan, anchored by Beach Walk, resulted in significant economic redevelopment on Clearwater Beach. Beach Walk is a winding beachside promenade that stretches from north to south beach and features lush landscaping, artistic touches, and clear views of the water line. It is a walkable destination that connects people to the beach, and nearby restaurants and shops. It is one of the reasons that Clearwater Beach was ranked the #1 beach in the United States and #6 in the world by TripAdvisor. The significant upgrading of the City's downtown waterfront Coachman Park, including a new amphitheater, further increases the attractiveness of Clearwater and the downtown area. Additionally a luxury apartment complex and hotel are both currently under construction adjacent to Coachman Park in the downtown area, and will help rejuvenate the downtown business district.

Long-term Financial Planning

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

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

Relevant Financial Policies

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

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

Major Initiatives

The City continues to proactively fund capital projects to support the City's five utility operations, which consist of Water and Sewer, Stormwater, Solid Waste, Recycling, and Gas Utility operations. A total of \$57.9 million is budgeted for utility capital projects for fiscal year 2026 with a total of \$1.478 billion budgeted over the next six years.

A major Water and Sewer Utility Fund initiative is the anticipated consolidation of wastewater treatment operations at the Northeast Water Reclamation Facility, combined with compliance measures related to Senate Bill 64 and the reduction of effluent discharges to surface waters. This work includes rerouting sanitary sewer flows, expanding and upgrading the Northeast Water Reclamation Facility, and constructing the associated lift station and force main infrastructure needed to support relocation and sanitary system consolidation. The total anticipated investment for this combined initiative is approximately \$614.4 million.

A second major water & sewer utility initiative is the systemwide renewal and replacement of aging water piping, water treatment facilities, wastewater infrastructure, water reclamation treatment facilities, and reclaimed water infrastructure to maintain reliability and support long-term service delivery. This initiative is led by

our various point repair contracts and engineering programs. This ongoing investment addresses critical rehabilitation and replacement needs across the utility system and represents an anticipated total cost of approximately \$620.5 million.

Downtown Clearwater is experiencing a period of rebirth due to the long-anticipated waterfront redevelopment and grand re-opening, of Coachman Park during the Summer of 2023. This included the opening of a waterfront amphitheater, The BayCare Sound, with 4,000 covered seats and a lawn seating area for 5,000 more.

Immediately adjacent to Coachman Park construction is underway on a 158-room Hilton hotel, construction of approximately 400 luxury apartments, new dining and retail options, new event and green space, and a new 397-space City parking garage. These additions are expected to promote strong economic redevelopment of the downtown area. Finally, in addition to the downtown and beach areas, U.S. Highway 19 – a major north-south corridor through the heart of the city – is experiencing rapid redevelopment.

Construction of Clearwater Gardens in the downtown area, providing 81 housing units for low to moderate income households, was completed with occupancy beginning in October 2025. The project utilized Low Income Housing Tax Credits (LIHTC), Clearwater Community Redevelopment Agency (CRA), City of Clearwater, and Pinellas County funding sources.

The City has partnered with Sunrise Affordable Housing Group to assist them with their acquisition of Indigo Apartments in the downtown area, and to preserve all 208 units as affordable housing for at least 50 years. One hundred percent of the units will be reserved for low-to-moderate income residents. Three million dollars in City and CRA loans support the project.

Finally, the relocation of Pinellas County government to a new County Government Center, expected to complete construction in 2029, will provide a unique opportunity for large scale redevelopment of a number of prime properties in the downtown Clearwater area. The City and County are working collaboratively to market the multi-site property disposition as a high-value investment opportunity with generational redevelopment impact.

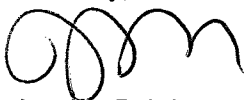
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended September 30, 2024. This was the 46th consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

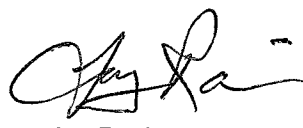
In addition, the City received the GFOA's Distinguished Budget Presentation Award for the fiscal year 2025 Budget document, the 39th consecutive year that this award has been received. In order to qualify, the City's Budget document was judged to be proficient in several categories including as a policy document, a financial plan, an operations guide, and a communications device.

We wish to thank the many members of the Citywide Audit Team, which is composed of individuals in the Finance Department and other financial staff throughout the City, for their professionalism and dedication in producing this report. A special thank you goes to Monica Mitchell, Assistant Finance Director, for her leadership in completion of this report. Sincere appreciation is also extended to the City's external auditors, Cherry Bekaert, 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,



Jennifer Poirier
City Manager



Jay Ravins
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

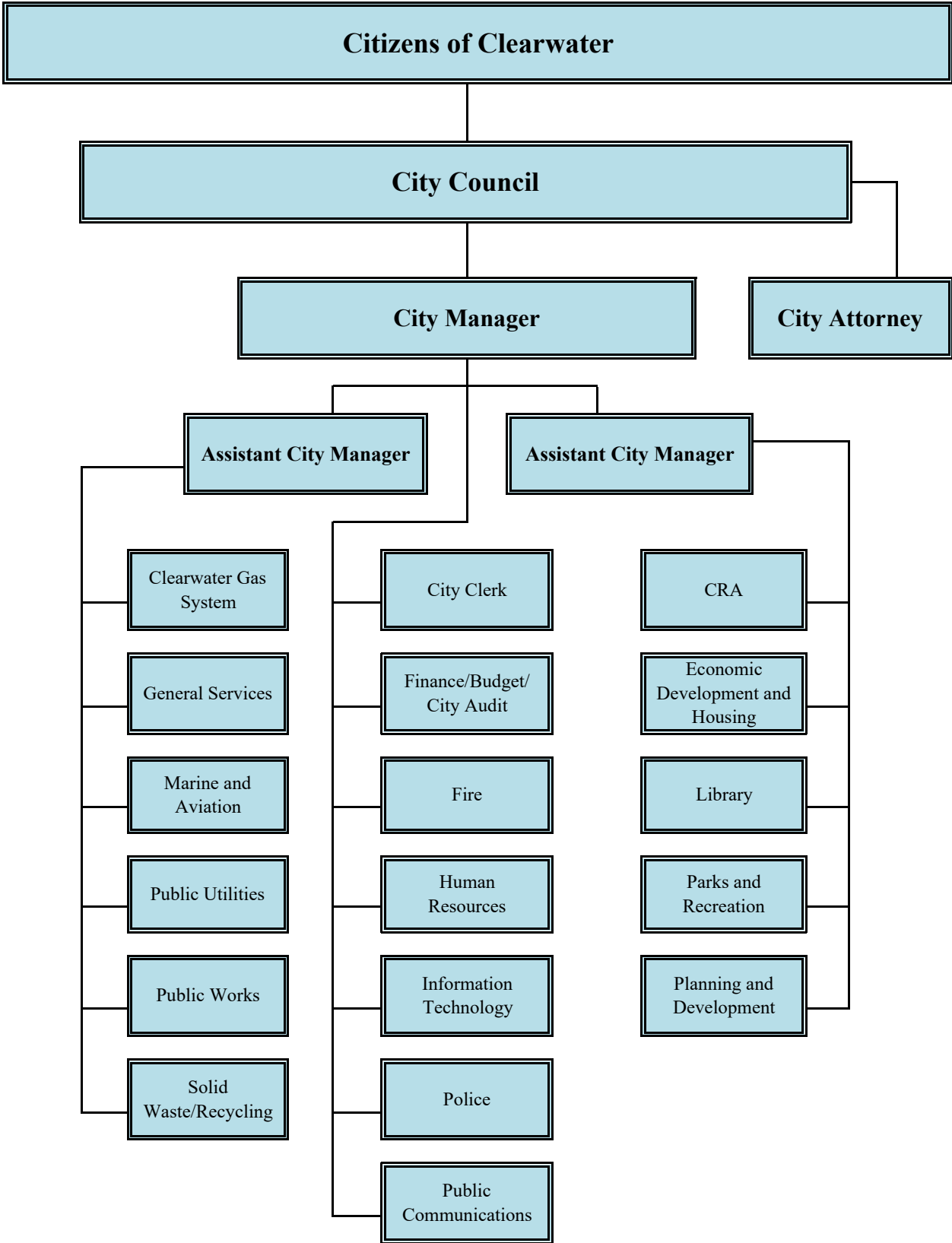
**City of Clearwater
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO



Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinions

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, 2025, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City’s nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds presented as supplementary information in the accompanying combining and individual fund statements as of and for the year ended September 30, 2025, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Special Development Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds of the City as of September 30, 2025, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note IV.H. to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Accordingly, the net position has been restated as of October 1, 2024. Our opinion was not modified with respect to this matter.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.550, Rules of the Auditor General is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, statistical and other information sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Tampa, Florida
March 31, 2026

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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, 2025. *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 2025 by \$1.4 billion (*net position*). Of this amount, \$531.1 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$50.7 million, or 3.6%, from the prior year's net position, as restated. Net position for governmental activities increased by \$57.6 million, or 8.6%, while the business-type net position decreased by \$6.9 million, or 0.95%.
- Governmental net position increased by \$57.6 million in fiscal 2025, versus an increase of \$40.5 million in fiscal 2024. An increase of \$14.2 million in governmental program expenses, most significantly in the general government, public safety and transportation programs, combined with an increase in governmental program revenues of \$11.5 million, resulted in an increase in net program expenses of \$2.6 million. Total general revenues for governmental activities increased by \$4.4 million, or 2.5%, primarily due to a \$9.2 million, or 9.5%, increase in property taxes resulting from higher taxable property values, offset by a decrease of \$8.0 million (37.4%) in investment earnings resulting from a decrease in market valuation of the City's investment portfolio and corresponding increase in unrealized losses, partially offset by an increase in interest rates. Also contributing to the increase was an increase of \$1.8 million (9.4%) in utility taxes due to increased billings, as well as an increase of \$987 thousand in miscellaneous revenues. Net transfers to governmental activities increased \$15.3 million (303.0%), primarily due to an increase in the annual dividend paid by the Gas Utility Enterprise Fund to the General Fund, increases in the PILOT paid from the enterprise funds to the General Fund, and increases in transfers from the enterprise funds to the Garage Internal Service Fund for the purchase of vehicles.
- Business-type net position decreased \$6.9 million in fiscal 2025, versus an increase of \$55.1 million in fiscal 2024. Net program revenues from business-type activities, before investment earnings and transfers, decreased \$38.2 million, or 116.6%, to reflect net program expenses of \$5.5 million, primarily due to an increase in program expenses of \$43.4 million, or 22.9%, combined with a decrease in charges for services of \$681 thousand, or 0.3%, and an increase in grants and contributions of \$5.9 million, or 256.4%. The decrease in charges for services of \$681 thousand consists of an increase of \$1.5 million (1.3%) in the Water & Sewer Utility due to scheduled rate increases; a decrease of \$945 thousand (2.3%) in the Gas Utility due to the sale of the liquid propane operation in mid-2024, an increase of \$1.5 million (5.0%) in the Solid Waste Utility due to scheduled rate increases, an increase of \$1.6 million (8.9%) in the Stormwater Utility due to scheduled rate increases, an increase of \$1.5 million (93.6%) in the Recycling Utility due to restoration of customer billings following a six-month suspension in 2024 due to reduced service levels, a decrease of \$4.9 million (72.9%) in the Marine Fund due to hurricane and construction closures, a decrease of \$1.1 million (10.4%) in the Parking Fund due to closure of the beach parking lots for several months following the hurricanes, and an increase of \$171 thousand in the Clearwater Harbor Marina Fund due to a rate increase and an increase in transient boaters due to closure of the Beach Marina. The increase to operating grants and contributions of \$6.4 million is due primarily to an advance received from FEMA for debris removal following the hurricanes, which was recognized in the Solid Waste Utility. General revenues decreased \$8.5 million due to a decrease in investment earnings resulting from a decrease in market valuation of the City's investment portfolio and corresponding increase in unrealized losses, partially offset by an increase in interest rates. Net transfers to governmental activities increased \$15.3 million (303.0%), primarily due to an increase in the annual dividend paid by the Gas Utility Enterprise Fund to the General Fund, increases in the PILOT paid from the enterprise funds to the General Fund, and increases in transfers from the enterprise funds to the Garage Internal Service Fund for the purchase of vehicles.

- As of September 30, 2025, the City's governmental funds reported combined ending fund balances of \$216.1 million, an increase of \$10.4 million, or 5.1%, in comparison with the prior year's fund balance. Of this amount, \$75.1 million (or 34.7%) is *available for spending* at the government's discretion (*unassigned fund balance*).
- As of September 30, 2025, unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of *fund balance*) for the General Fund was \$75.8 million, or 40.7% of total fiscal 2025 General Fund expenditures.
- Total outstanding long-term liabilities decreased \$8.5 million from the prior year, primarily due to a decrease in bonds payable and direct placement bank loans of \$9.1 million due to scheduled principal payments, a decrease in financed purchases of \$1.6 million due to final payment of outstanding loan, a decrease in the liability for other postemployment benefits of \$266 thousand, a decrease in lease liabilities of \$702 thousand, and a decrease in subscription software liabilities of \$477 thousand; offset by an increase in compensated absences of \$2.8 million and an increase in claims payable of \$728 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.

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 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 because 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) and the Clearwater Downtown Development Board (DDB). These entities, though legally separate, are reported as part of the *primary government* as a *blended* component units because the City Council serves as their governing boards and City management has operational responsibility for them.

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

Annual appropriated budgets are adopted for the General Fund, the Special Development Special Revenue Fund, both Community Redevelopment Agency Special Revenue Funds, and the Downtown Development Board 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 24-29 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 operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the City's building maintenance, custodial services, self-insurance program, risk management program, employee group insurance, vehicle acquisition and maintenance, and various support activities including data processing, telecommunications, and postal services. All of the City's internal service funds predominantly benefit governmental activities and consequently have been aggregated and included within *governmental activities* in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 30-41 of this report.

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

The City of Clearwater maintains two different types of fiduciary funds. *Pension trust funds* are used to report resources held in trust for retirees and beneficiaries covered by the City's pension plans. A *custodial fund* is used to report resources held by the City in a custodial capacity for individuals and private organizations.

The fiduciary fund statements can be found on pages 42-43 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 44-113 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 115-121 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 123-147 of this report.

Government-Wide Financial Analysis

The total net position of the City increased in both fiscal 2024 and fiscal 2025. 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.44 billion at the close of the fiscal year ended September 30, 2025. This represents an increase of \$50.7 million from the September 30, 2024 net position of \$1.39 billion, 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	
	2025	2024 Restated	2025	2024 Restated	2025	2024 Restated
	Assets					
Current and other assets	\$ 488,706,081	\$ 455,672,353	\$ 468,518,065	\$ 488,832,311	\$ 957,224,146	\$ 944,504,664
Capital and right to use assets	405,350,362	370,907,706	433,739,004	414,005,972	839,089,366	784,913,678
Total assets	894,056,443	826,580,059	902,257,069	902,838,283	1,796,313,512	1,729,418,342
Deferred Outflows of Resources	35,193,411	23,755,914	10,849,689	9,964,861	46,043,100	33,720,775
Liabilities						
Current and other liabilities	26,865,598	17,785,381	46,553,334	32,886,292	73,418,932	50,671,673
Long-term debt outstanding:						
Due within one year	17,614,432	28,469,425	5,116,173	7,945,050	22,730,605	36,414,475
Due in more than one year	72,709,543	62,324,153	121,023,018	126,439,913	193,732,561	188,764,066
Total liabilities	117,189,573	108,578,959	172,692,525	167,271,255	289,882,098	275,850,214
Deferred Inflows of Resources	85,324,864	72,606,371	22,665,630	20,914,258	107,990,494	93,520,629
Net position						
Net investment in capital assets	360,434,119	325,616,791	309,982,525	290,478,958	670,416,644	616,095,749
Restricted	208,110,709	184,277,159	34,868,240	30,447,292	242,978,949	214,724,451
Unrestricted	158,190,589	159,256,693	372,897,838	403,691,381	531,088,427	562,948,074
Total net position	\$ 726,735,417	\$ 669,150,643	\$ 717,748,603	\$ 724,617,631	\$ 1,444,484,020	\$ 1,393,768,274

A large portion of the City's net position (\$670.4 million or 46.4%) represents its net investment in capital assets (e.g., land, infrastructure, land improvements, buildings, equipment, and right-to-use assets, less any related outstanding debt used to acquire those assets). The City uses these capital and right-to-use assets to provide services to citizens, and consequently these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves will not be used to liquidate these liabilities.

There was an increase of \$34.8 million (10.7%) in *net investment in capital assets* for governmental activities versus the previous year. The increase was due to a net increase of \$34.4 million in governmental capital and right-to-use assets for the current fiscal year along with a decrease in bonds payable of \$914 thousand due to scheduled principal payments, a decrease in financed purchases of \$1.5 million due to final payment of outstanding loan, a decrease of \$702 thousand in the lease liability, and a decrease of \$477 thousand in the subscription liability; offset by an increase of \$3.2 million in capital related accounts and contracts payable. The net increase in governmental capital and right-to-use assets of \$34.4 million resulted from capital asset additions of \$63.5 million offset by depreciation expense of \$27.1 million, and net capital asset retirements of \$970 thousand, in addition to a decrease in right-to-use lease assets of \$712 thousand, net of accumulated amortization, and a decrease in right-to-use subscription assets of \$274 thousand, net of accumulated amortization.

Net investment in capital assets for business-type activities increased by \$19.5 million (6.7%) versus the previous year due to a net increase in business-type capital assets of \$19.7 million, a decrease in bonds payable of \$8.2 million due to scheduled principal payments, a decrease of \$145 thousand in financed purchases versus the prior year; partially offset by a \$7.7 million increase in capital-related accounts and contracts payable and \$784 thousand decrease in bond refunding deferred outflows. The net increase in business-type capital assets of \$19.7 million resulted from capital asset additions of \$41.2 million, offset by depreciation expense of \$21.1 million and net capital asset retirements totaling \$337 thousand.

An additional portion of the City's net position (\$243.0 million or 16.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$531.1 million or 36.8%) 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, 2025, and September 30, 2024:

City of Clearwater, Florida - Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 65,903,266	\$ 54,150,129	\$ 219,798,708	\$ 220,480,010	\$ 285,701,974	\$ 274,630,139
Operating grants and contributions	13,329,852	15,902,513	6,367,313	-	19,697,165	15,902,513
Capital grants and contributions	3,717,557	1,349,494	1,801,976	2,292,205	5,519,533	3,641,699
General revenues:						
Property taxes	105,205,937	96,047,249	-	-	105,205,937	96,047,249
Sales taxes	26,763,152	26,368,517	-	-	26,763,152	26,368,517
Utility taxes	21,324,082	19,489,071	-	-	21,324,082	19,489,071
Communications services taxes	4,491,848	4,504,832	-	-	4,491,848	4,504,832
Local business tax	2,106,793	2,125,618	-	-	2,106,793	2,125,618
Local option gas tax	1,426,633	1,440,896	-	-	1,426,633	1,440,896
State revenue sharing	5,377,315	5,358,740	-	-	5,377,315	5,358,740
Other	14,512,820	21,510,679	18,904,473	27,393,674	33,417,293	48,904,353
Total revenues	<u>264,159,255</u>	<u>248,247,738</u>	<u>246,872,470</u>	<u>250,165,889</u>	<u>511,031,725</u>	<u>498,413,627</u>
Expenses						
General Government	29,591,781	23,229,875	-	-	29,591,781	23,229,875
Public Safety	104,505,475	96,292,688	-	-	104,505,475	96,292,688
Physical Environment	3,687,085	2,843,431	-	-	3,687,085	2,843,431
Transportation	18,025,473	14,507,517	-	-	18,025,473	14,507,517
Economic Environment	8,120,615	11,583,968	-	-	8,120,615	11,583,968
Human Services	985,456	2,109,160	-	-	985,456	2,109,160
Culture and Recreation	60,149,247	60,273,014	-	-	60,149,247	60,273,014
Interest on Long-term Debt	1,831,152	1,906,133	-	-	1,831,152	1,906,133
Water and Sewer Utility	-	-	119,724,050	105,361,710	119,724,050	105,361,710
Gas Utility	-	-	36,810,647	30,567,951	36,810,647	30,567,951
Solid Waste Utility	-	-	37,645,827	22,800,078	37,645,827	22,800,078
Stormwater Utility	-	-	15,540,992	12,941,644	15,540,992	12,941,644
Recycling Utility	-	-	3,721,337	3,490,856	3,721,337	3,490,856
Other	-	-	19,976,842	14,828,124	19,976,842	14,828,124
Total expenses	<u>226,896,284</u>	<u>212,745,786</u>	<u>233,419,695</u>	<u>189,990,363</u>	<u>460,315,979</u>	<u>402,736,149</u>
Increase in net position before transfers	37,262,971	35,501,952	13,452,775	60,175,526	50,715,746	95,677,478
Transfers	20,321,803	5,042,587	(20,321,803)	(5,042,587)	-	-
Increase in net position	<u>57,584,774</u>	<u>40,544,539</u>	<u>(6,869,028)</u>	<u>55,132,939</u>	<u>50,715,746</u>	<u>95,677,478</u>
Net position - beginning (restated)	669,150,643	639,994,956	724,617,631	673,118,138	1,393,768,274	1,313,113,094
Total net position - ending	<u>\$ 726,735,417</u>	<u>\$ 680,539,495</u>	<u>\$ 717,748,603</u>	<u>\$ 728,251,077</u>	<u>\$ 1,444,484,020</u>	<u>\$ 1,408,790,572</u>

Governmental Activities

Net position of governmental activities increased by \$57.6 million from \$669.1 million, as restated, to \$726.7 million as of September 30, 2025. This represents an increase of 8.6% in net position for governmental activities.

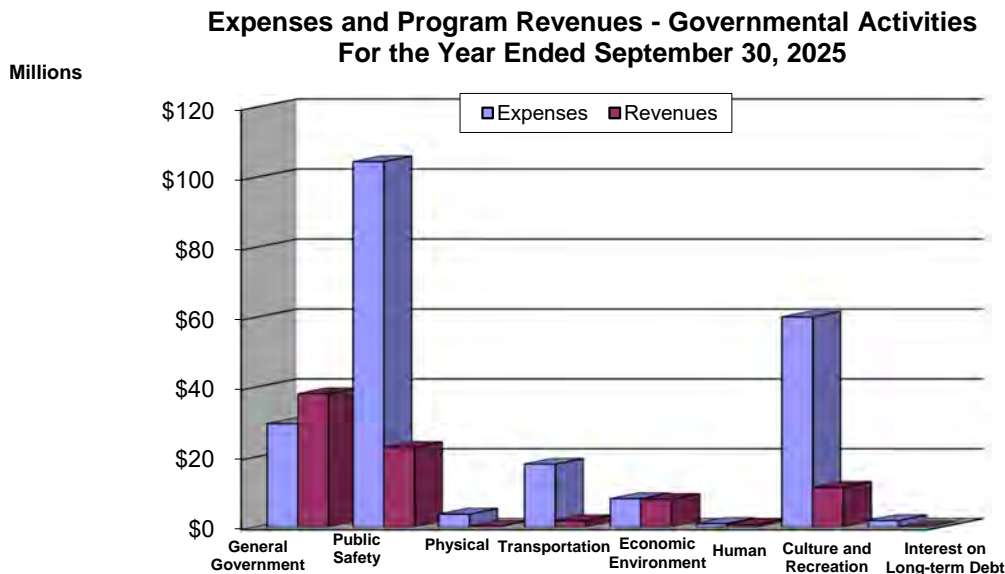
Total expenses for governmental activities increased by \$14.1 million, or 6.7%, versus the prior year. The most significant increases were experienced in the general government program (\$6.4 million), the public safety program (\$8.2 million), and the transportation program (\$3.5 million), offset by decreases in the economic environment program (\$3.5 million)

and the human services program (\$1.1 million) due to ARPA-related grant programs in fiscal 2024. The general government increase was primarily due to renovations to the MSB Building, the public safety increase was primarily due to wage increases resulting from new collective bargaining agreements as well as hurricane response costs, and the transportation increase was due to the City’s aggressive repair and maintenance program for streets and sidewalks as well as traffic signal upgrades.

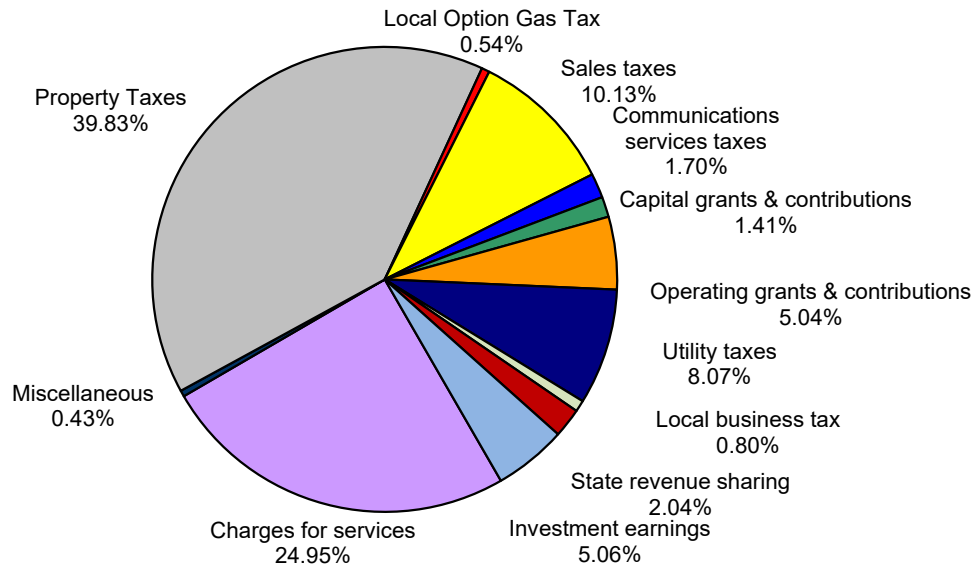
Total program revenues for governmental activities increased by \$11.5 million, or 16.2%, versus the prior year. The increase was primarily due to the proceeds from the sale of the Harborview Center land to a developer for \$8.9 million, as well as the donation of the Armory property valued at \$3.0 million from the State of Florida.

Total general revenues for governmental activities increased by \$4.4 million, or 2.5%, primarily due to a \$9.2 million, or 9.5%, increase in property taxes resulting from higher taxable property values, offset by a decrease of \$8.0 million (37.4%) in investment earnings due to a decrease in market valuation of the City’s investment portfolio and corresponding increase in unrealized losses, partially offset by an increase in interest rates. Because the millage rate did not change from the previous year, the increase in property taxes is primarily due to an increase in taxable property values of approximately 9.6%, from \$16.9 billion to \$18.5 billion, including new construction. The bulk of this increase (\$1.2 billion) is related to increases in current values, while the value of new construction and annexations totals \$413.6 million.

The cost of all governmental activities this year was \$226.9 million. This reflects an increase of \$14.2 million, or 6.7%, from the fiscal 2024 total of \$212.7 million, as discussed above. However, as shown on the *Statement of Activities*, the amount that the City’s taxpayers ultimately financed for fiscal 2025 activities totaled \$143.9 million, because some of the cost was paid for by those who directly benefited from the programs (\$65.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$17.0 million). This total of \$143.9 million is \$2.6 million, or 1.8%, more than the fiscal 2024 amount financed from program revenues.



**Revenues by Sources - Governmental Activities
For the Year Ended September 30, 2025**



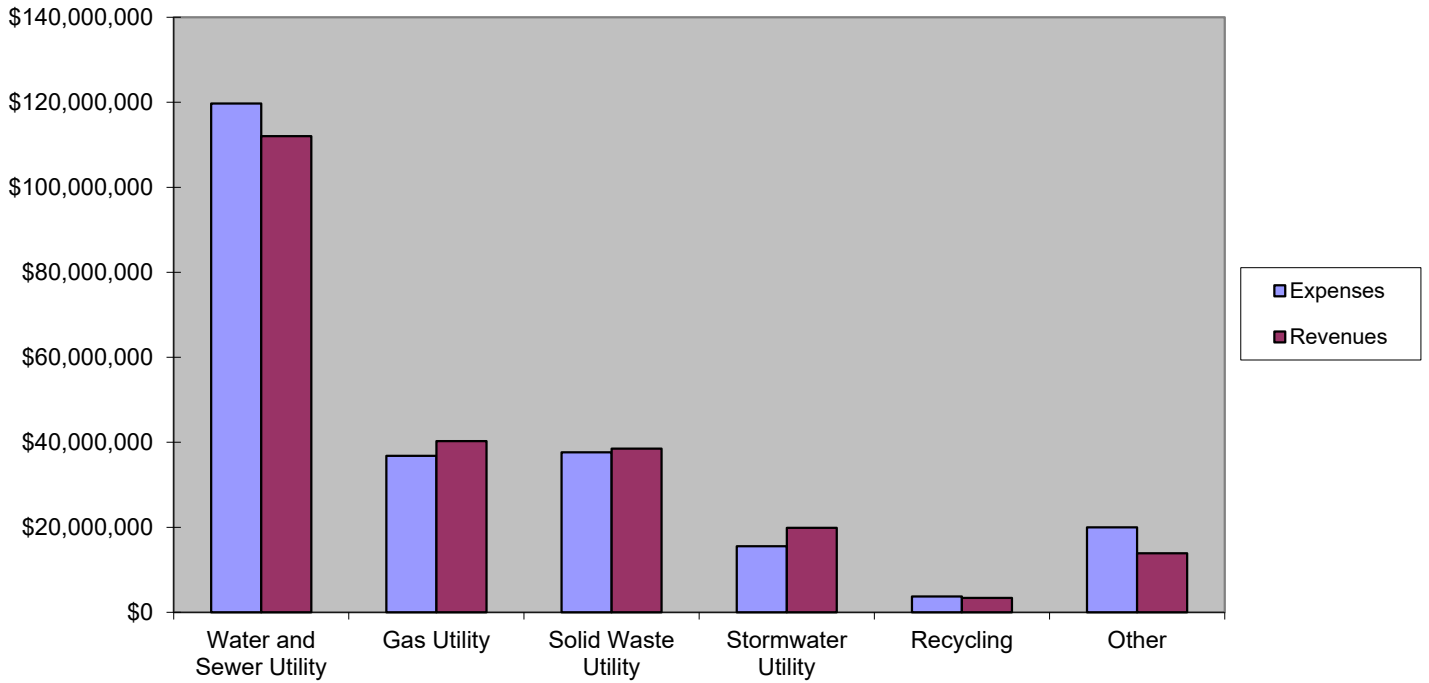
Business-type Activities

Net position for business-type activities decreased by \$6.9 million, from \$724.6 million at September 30, 2024 (as restated), to \$717.7 million as of September 30, 2025. This represents a decrease of 0.95% in net position for business-type activities. Net revenue from business-type activities, before investment earnings and transfers, decreased from \$32.8 million for fiscal 2024 to a net expense of \$5.4 million for fiscal 2025. This \$38.2 million, or 116.6%, decrease was primarily the result of an increase in program expenses of \$43.4 million, or 22.9%, and a decrease in charges for services of \$681 thousand, or 0.3%, offset by an increase in grants and contributions of \$5.9 million, or 256.4%.

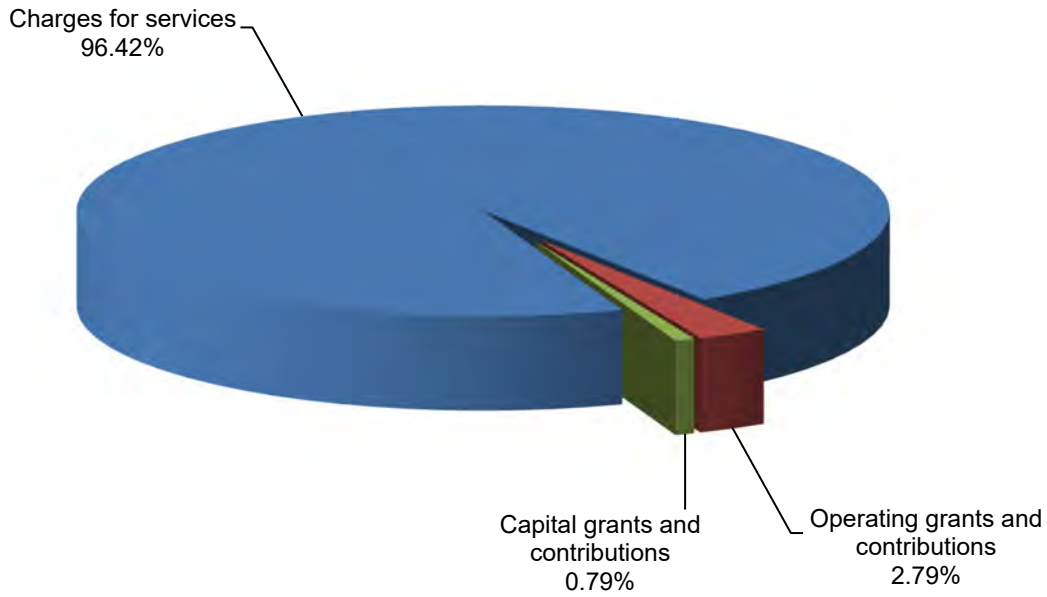
Total program revenues for business-type activities increased by \$5.2 million, or 2.3%, to \$228.0 million versus the prior year total of \$222.8 million, due to a decrease of \$681 thousand (0.3%) in charges for services consisting of an increase of \$1.5 million (1.3%) in the Water & Sewer Utility due to scheduled rate increases; a decrease of \$945 thousand (2.3%) in the Gas Utility due to the sale of the liquid propane operation in mid-2024, an increase of \$1.5 million (5.0%) in the Solid Waste Utility due to scheduled rate increases, an increase of \$1.6 million (8.9%) in the Stormwater Utility due to scheduled rate increases, an increase of \$1.5 million (93.6%) in the Recycling Utility due to restoration of customer billings following a six-month suspension in 2024 due to reduced service levels, a decrease of \$4.9 million (72.9%) in the Marine Fund due to hurricane and construction closures, a decrease of \$1.1 million (10.4%) in the Parking Fund due to closure of the beach parking lots for several months following the hurricanes, and an increase of \$171 thousand in the Clearwater Harbor Marina Fund due to a rate increase and an increase in transient boaters due to closure of the Beach Marina, combined with an increase in grants and contributions of \$5.9 million, primarily due to an advance received from FEMA for debris removal following the hurricanes, which was recognized in the Solid Waste Utility.

Total expenses for business-type activities increased by \$43.4 million, or 22.9%, from \$190.0 million in fiscal year 2024 to \$233.4 million for fiscal 2025. While most programs City-wide experienced higher operating expenses in fiscal 2025 due to increased payroll costs resulting from additional FTE's, general wage increases realized by the classification and compensation study approved in mid-2024, and overtime worked following the hurricanes, other significant increases in business-type activities occurred in the Water & Sewer Utility consisting of \$4.9 million in professional fees due to increased utilization of outside engineering and project management for unanticipated projects including storm damages, and an increase of \$7.4 million in repairs and maintenance due to aging infrastructure and storm damages; in the Solid Waste Utility consisting of \$12.0 million for debris removal and monitoring and rental of additional garbage trucks following the hurricanes; in the Stormwater Utility consisting of \$2.6 million for repairs and maintenance due to an increase in maintenance activity, as well as \$184 thousand for the purchase of rented stormwater pumps on North Beach that were damaged during Hurricane Helene; and \$6.7 million in the Parking Fund due to parking lot repairs and replacement of parking pay stations damaged by Hurricane Helene, as well as a \$5 million contribution to a developer towards additional downtown parking.

**Expenses and Program Revenue - Business-type Activities
For the Year Ended September 30, 2025**



**Revenues by Source - Business-type Activities
For the Year Ended September 30, 2025**



Financial Analysis of the City's Funds

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

Governmental Funds

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

The City's governmental funds for the year ended September 30, 2025, reflect a combined *fund balance* of \$216.1 million versus \$205.7 million for the prior year, an increase of \$10.4 million. A total of \$75.1 million, or 34.7%, represents *unassigned fund balance* available for spending at the government's discretion. The remainder of the fund balance is classified as *assigned* (\$7.2 million or 3.3%) to indicate that it is intended to be used for specific purposes supported by management's intent; *committed* (\$62.1 million or 28.7%) to indicate that it can be used only for the specific purposes determined by a formal vote of the City Council; *restricted* (\$71.7 million or 33.2%) to indicate that it can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation; or *nonspendable* (\$51 thousand or 0.02%) 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. Fund balance increased from \$75.8 million to \$75.9 million, an increase of \$128 thousand or 0.17% during the current fiscal year, versus an increase of \$14.1 million for fiscal 2024. Expenditures increased \$11.0 million (6.3%) primarily due to increased payroll costs resulting from the addition of 6.3 FTE's as well as general wage increases realized by the classification and compensation study approved in mid-2024 and overtime worked following the hurricanes, the impact of inflation on operating costs, and internal service cost increases across all departments, including significant information technology and insurance increases. Total revenues increased by \$9.6 million, or 4.8% for fiscal 2025. Significant revenue increases included \$8.7 million (9.6%) in property taxes due to higher taxable property values, and \$1.6 million (125.8%) in miscellaneous revenues due to the accrual of insurance proceeds for lost revenues at Pier 60 following the hurricanes, offset by a decrease of \$3.1 million (33.4%) in investment earnings due to decreased market valuation of the City's investment portfolio and the corresponding increase in unrealized losses, offset in part by higher interest rates. Transfers in decreased \$2.8 million (15.2%) primarily due to the return of \$3.0 million from the Capital Improvement Fund for the New City Hall project in fiscal 2024. Transfers out increased \$8.7 million (29.8%) primarily due to increased transfers to the Capital Improvement Fund for project activity in fiscal 2025 (\$11.7 million), offset by a \$3.0 million transfer to the North Greenwood CRA Capital Improvement Fund to fund and establish projects in the new CRA district in fiscal 2024.

The fund balance of the Special Development Fund increased from \$5.2 million to \$7.2 million, an increase of \$2.0 million, or 39.1%, during the current fiscal year versus a decrease of \$7.8 million for fiscal 2024. Total revenues increased \$136 thousand, or 0.6%. Property tax revenues increased \$434 thousand (9.5%) due to increased property values, the Infrastructure Sales Tax (Penny for Pinellas) increased \$364 thousand (2.2%) due to increased consumer spending activity, and impact fees increased \$209 thousand (50.3%) due to increased building permit activity resulting from post-hurricane rebuilding and new development in the downtown area. Investment earnings decreased \$857 thousand (52.0%) due to decreased market valuation of the City's investment portfolio and the corresponding increase in unrealized losses, offset in part by higher interest rates. Transfers out decreased \$9.7 million, or 29.5%, due to decreased transfers to the Capital Improvement Fund for project activity.

Fund balance in the Special Programs Fund decreased from \$18.8 million to \$12.7 million, a decrease of \$6.1 million or 32.7% during the current fiscal year versus a decrease of \$4.1 million for fiscal 2024. Revenues decreased \$3.8 million, or 42.9%, primarily in the intergovernmental revenue category (\$2.1 million or 63.0%) resulting from decreased federal revenues from CDBG and FEMA totaling \$2.3 million, offset by increased local revenues from the Juvenile Welfare Board (\$74 thousand) for youth recreation programs and from PSTA (\$100 thousand) for expansion of the Clearwater Ferry service. Investment earnings decreased \$1.4 million due to decreased market valuation of the City's investment portfolio and the corresponding increase in unrealized losses, offset in part by higher interest rates. Expenditures increased \$1.4 million, or 13.1%, versus the prior fiscal year. Expenditures increased \$387 thousand (121.6%) in the general government program primarily due to the electric feasibility study; \$4.9 million (133.6%) in the public safety program due to hurricane

response, and \$85 thousand in the culture and recreation program due to an increase in funding for special events. There was also a decrease of \$10 thousand (27.6%) in the physical environment program due to decreased activity in the tree replacement program, a decrease of \$2.9 million (75.2%) in the economic environment program due to decreased ARPA-related grant activity, a decrease of \$944 thousand (48.3%) in the human services program due to decreased ARPA-related grant activity, and a decrease of \$172 thousand (48.2%) in capital outlay due to land purchased for redevelopment in fiscal 2024. Transfers in increased \$71 thousand (6.6%) due to an increase of \$281 thousand from the SHIP Local Housing Assistance Trust Fund for mortgage loans offset by a decrease of \$210 thousand from the General Fund for various special programs. Transfers out decreased \$3.1 million (83.8%), primarily due to a one-time transfer of \$3.2 million of ARPA-related revenues to the Capital Improvement Fund in fiscal 2024.

The fund balance for the Capital Improvement Fund increased from \$80.7 million to \$90.9 million during the current fiscal year. This increase of \$10.2 million, or 12.7%, is primarily the result of current year capital project funding received from other funds in excess of current year expenditures. This is typical volatility for the Capital Improvement Fund due to timing differences between project funding and project spending.

Proprietary Funds

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

The Water and Sewer Utility Fund realized a \$4.2 million decrease in net position versus a \$13.6 million increase for the prior year. Operating revenues increased by \$1.5 million, or 1.3%, while operating expenses increased \$14.4 million, or 14.30%. This resulted in a net decrease in operating income of \$12.9 million, from operating income of \$9.0 million in fiscal 2024 to an operating loss of \$3.9 million in 2025. The increase in operating revenues was primarily the result of a 3.0% rate increase effective October 1, 2024. Significant increases in operating expenses were a \$1.4 million, or 9.5%, increase in payroll costs resulting from the addition of 4 FTE's, general wage increases realized by the classification and compensation study approved in mid-2024, and overtime worked following the hurricanes; an increase of \$4.9 million, or 49.2%, in professional fees due to increased utilization of outside engineering and project management for unanticipated projects including storm damages, and an increase of \$7.4 million, or 23.5%, in repairs and maintenance due to aging infrastructure and storm damages. Nonoperating revenue decreased by \$4.7 million (49.5%), from a net revenue of \$9.5 million for fiscal 2024 to a net revenue of \$4.8 million for 2025. This decrease was primarily due to decreased investment earnings of \$4.9 million (35.1%) resulting from decreased market valuation of the City's investment portfolio and the corresponding increase in unrealized losses, offset in part by higher interest rates. Additionally, capital grants and contributions decreased by \$475 thousand, or 35.6%, primarily due to a decrease in contributions from the City of Safety Harbor for improvements at the Northeast Wastewater Treatment Plant of \$364 thousand, decreased contributions from developers and property owners of \$325 thousand due to a slowdown in new construction and septic to sewer conversions as the focus shifted to post-hurricane rebuilding, a reversal of \$137 thousand in funding for Hurricane Hermine (2016) that was deobligated by FEMA during 2025, offset by funding of \$351 thousand received from FEMA in 2025 for Hurricanes Helene and Milton. Transfers out decreased \$353 thousand (5.5%) due to an increase of \$204 thousand (3.6%) in the PILOT paid to the General Fund, offset by a decrease of \$557 thousand (312.4%) transferred to the Garage Fund for the purchase of vehicles.

The Gas Utility Fund realized an increase of \$633 thousand in net position versus an increase of \$8.5 million for the prior year. Operating revenues decreased by \$945 thousand (2.3%) from the prior year, while operating expenses increased by \$2.6 million (7.6%). This resulted in a net decrease in operating income of \$3.6 million from \$6.9 million in 2024 to \$3.3 million in 2025. Operating revenues decreased primarily due to revenues eliminated by the sale of the liquid propane operation in April 2024, offset by increased natural gas commodity prices. The increase in operating expenses was primarily due to an increase in purchases for resale of \$1.7 million (13.1%) resulting from increased natural gas commodity prices, as well as an increase in payroll costs of \$711 thousand (11.2%) resulting from general wage increases realized by the classification and compensation study approved in mid-2024 and overtime worked following the hurricanes. Nonoperating revenue decreased \$4.3 million, from a net revenue of \$6.0 million for fiscal 2024 to a net revenue of \$1.7 million for 2025. This decrease is due primarily to proceeds from the sale of the liquid propane operation to Suburban Propane for \$4.2 million during fiscal 2024, as well as decreased investment earnings of \$623 thousand (28.1%) resulting from decreased market valuation of the City's investment portfolio and the corresponding increase in unrealized losses, offset in part by higher interest rates. Transfers out increased \$22 thousand due to an increase of \$11 thousand paid to the Garage Fund for the purchase of vehicles and \$100 thousand transferred to the Aviation Fund for an emergency generator, offset by a decrease of \$89 thousand in the annual dividend paid to the General Fund.

The Solid Waste & Recycling Utility Fund realized a \$430 thousand decrease in net position versus a \$7.9 million increase in the prior year. Operating revenues increased by \$3.1 million, or 9.5%, while operating expenses increased \$14.2 million (54.9%), resulting in a decrease of \$11.1 million in operating income. The increase in operating revenues was primarily due to a rate increase of 3.75% effective October 1, 2024, as well as an increase in recycling revenues as customer billings were suspended for six months in 2024 due to a reduction in service levels. The most significant increases in operating expenses were an increase in payroll costs of \$1.0 million (11.8%) due to general wage increases realized by the classification and compensation study approved in mid-2024 and overtime worked following the hurricanes, as well as an increase of \$12.0 million for debris removal and monitoring, and rental of additional garbage trucks following the hurricanes. Nonoperating revenue increased by \$5.4 million (168.3%), from a net revenue of \$3.2 million for 2024 to \$8.6 million in fiscal 2025. This is primarily due to a \$6.4 million advance received from FEMA for debris removal following the hurricanes, offset by decreased investment earnings of \$959 thousand (28.9%) resulting from decreased market valuation of the City's investment portfolio and the corresponding increase in unrealized losses, offset in part by higher interest rates. Transfers out increased \$2.6 million (140.1%) primarily due to an increase of \$59 thousand in the PILOT paid to the General Fund, a transfer of \$854 thousand to the Capital Improvement Fund for the Phillip Jones Park Renovation project to fund the closure plan for the Harbor Drive Fill Area, and an increase of \$1.7 million paid to the Garage Fund for the purchase of vehicles.

The Stormwater Utility Fund realized an increase in net position of \$3.0 million versus a prior year increase of \$6.2 million. Operating revenues increased by \$1.6 million, or 8.9%, while operating expenses increased \$2.6 million, or 20.8%, resulting in a decrease of \$986 thousand, or 17.6%, in operating income. The increase in operating revenues was primarily due to a rate increase of 8% effective October 1, 2024. Operating expenses increased primarily due to an increase of \$297 thousand (8.9%) in payroll costs resulting from the addition of 1 FTE, general wage increases realized by the classification and compensation study approved in mid-2024, and overtime worked following the hurricanes; \$1.8 million (113.3%) in repairs and maintenance due to an increase in maintenance activity, as well as \$184 thousand for the purchase of rented stormwater pumps on North Beach that were damaged during Hurricane Helene. Nonoperating revenue decreased from a net revenue of \$2.8 million for fiscal 2024 to \$2.0 million for 2025. The decrease was due primarily to decreased investment earnings of \$842 thousand (26.9%) resulting from decreased market valuation of the City's investment portfolio and the corresponding increase in unrealized losses, offset in part by higher interest rates. Transfers out increased \$1.3 million (58.7%) due to an increase of \$15 thousand in the PILOT paid to the General Fund along with an increase of \$1.3 million paid to the Garage Fund for the purchase of vehicles.

Unrestricted net position and changes in net position of the proprietary funds for fiscal years 2025 and 2024:

Fund	Unrestricted Net Position		Change in Net Position	
	2025	2024	2025	2024
Water and Sewer Utility	\$ 180,895,738	\$ 191,942,811	\$ (4,201,670)	\$ 13,561,341
Gas Utility	33,336,891	38,175,360	632,925	8,529,918
Solid Waste & Recycling Utility	51,162,723	51,712,557	(429,738)	7,896,904
Stormwater Utility	56,660,117	52,906,487	3,029,217	6,160,588
Other funds	57,127,019	76,946,197	(4,399,703)	19,561,159
Totals	<u>\$ 379,182,488</u>	<u>\$ 411,683,412</u>	<u>\$ (5,368,969)</u>	<u>\$ 55,709,910</u>

General Fund Budgetary Highlights

During fiscal 2025, the original adopted budget projected \$203.3 million in revenues, \$194.6 million in expenditures, \$17.0 million in other financing uses, and appropriation of \$8.3 million in fund balance for a balanced budget. The final amended budget reflected an increase in the appropriation of fund balance to \$13.5 million, primarily due to a \$4.4 million budget amendment to fund the Fraternal Order of Police (FOP) and the International Association of Fire Fighters (IAFF) collective bargaining agreements.

The final amended budget for General Fund expenditures reflected a net increase of \$2.1 million, or 1.1%, from the original adopted budget. Key elements of this increase were as follows:

- First Quarter Budget Amendments included an increase of \$2,562,242 to fund public safety bargaining agreements; and a decrease to police overtime of \$44,000 to be transferred to the Special Programs Fund for policing costs at the Sea-Blues festival;

- Mid-Year Budget Amendments included a decrease to parks and recreation salaries of \$114,228 to be transferred to the Capital Improvement Fund for the Missouri Avenue Medians project; and an increase of \$37,614 to fund the purchase of police flashlights and accessories;
- Third Quarter Budget Amendments included an increase to the city attorney budget of \$70,000 to fund vacation sellbacks for various staff (\$20,000), maintenance contracts for case management subscription (\$20,000), pre-suit legal expenses (\$25,000) and implementation of the Filevine system; an increase of \$450,000 to the fire department for emergency overtime expenses during the hurricane storm response and for retirement payouts to long-term employees; an increase of \$382,985 to the police and fire supplemental pension plans funded by state taxes; a decrease of \$500,000 to the Pier 60 inventory budget due to long-term closure of the facility from hurricane damage; and a reduction to the parks and recreation budget of \$800,000 to be transferred to the Capital Improvement Fund for the Landscape Renovation and Repairs project.

Final budgeted revenues reflect a net decrease of \$118,907 from the original adopted budget. Key elements of this decrease were as follows:

- A mid-year budget amendment to increase intergovernmental revenue \$37,614 to recognize grant revenue from the Department of Justice to fund the purchase of police flashlights and accessories.
- Third quarter amendments providing a net decrease to revenue of \$156,521 included an increase to property tax revenue of \$288,208 to reflect actual collections to date; a decrease to utility tax revenue of \$125,000 to decrease electric utility taxes \$175,000 and increase propane utility taxes \$50,000 to bring the budget in line with anticipated receipts for the year; a decrease to franchise fees of \$796,000 to decrease electric franchise fees \$700,000 and gas franchise fees \$96,000 to bring the budget in line with anticipated receipts for the year; an increase to other permits and fees of \$578,460 to increase permit revenues \$522,460 and forfeited permit fees \$56,000 to bring the budget in line with anticipated receipts for the year; an increase of \$94,655 to intergovernmental revenue to increase state revenue sharing \$277,320, decrease local half-cent sales tax \$700,000, increase public safety supplemental pension revenue \$382,985, decrease fire tax \$252,080 and increase EMS tax \$386,430 to bring the budget in line with anticipated receipts; a decrease to charges for services of \$1,941,000 due to the forced closure of Pier 60 following Hurricane Helene; an increase to fines and forfeitures of \$320,870 to decrease code enforcement fines \$80,000 and increase red light camera fines \$400,870 to bring the budget in line with anticipated receipts; an increase to miscellaneous revenues of \$1,423,286 to increase beach rental contracts \$128,290, increase ticket sales \$131,480, increase general revenue \$115,000 to bring the budget in line with actual receipts, and increase insurance recoveries \$1,048,516 for lost revenues due to damages at Pier 60 caused by Hurricane Helene.

Final budgeted “transfers in” from other funds reflect an increase of \$1.3 million or 8.4%, from the original adopted budget as follows:

- A transfer of \$1,264,959 from the Gas Utility Fund for the annual dividend payment.

Final budgeted “transfers out” to other funds reflect an increase of \$4.3 million, or 13.5%, from the original adopted budget as follows:

- A transfer of \$2,020,000 to the Capital Improvement Fund for the Drew Street project to fund modifications and improvements to the Drew Street corridor;
- A transfer of \$861,000 to the Capital Improvement Fund for the MSB Renovations project to completion;
- A transfer of \$44,000 to the Special Programs Fund for the Special Events program to fund policing costs at the Sea-Blues Festival;
- A transfer of \$114,228 to the Capital Improvement Fund for the Missouri Avenue Medians project;
- A transfer of \$490,000 to the Capital Improvement Fund for the Fire Boat Replacement project to fund the purchase of a new fire boat and trailer; and
- A transfer of \$800,000 to the Capital Improvement Fund to create the Landscape Renovations and Repairs project to fund the replacement of damaged landscaping and irrigation on Memorial Causeway and Clearwater Beach from Hurricane Helene.

Total actual revenues for the General Fund for fiscal 2025 were \$4.9 million, or 2.4%, greater than final budgeted revenues. The increase was primarily due to \$2.8 million in investment earnings in excess of final budget due to higher interest rates and greater cash balances than anticipated; \$1.2 million in utility and communications services taxes due to greater receipts than anticipated; and \$864 thousand in intergovernmental revenues due to greater receipts than anticipated.

Fiscal 2025 actual expenditures for the General Fund were \$10.1 million, or 5.2%, less than final budgeted expenditures, due to budget savings across most City departments for fiscal 2025, primarily salary savings from vacancies and turnover.

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. *Right-to-use assets* include leased buildings and machinery and equipment, as well as right-to-use software subscriptions. As of September 30, 2025, the City reported capital assets and right-to-use assets totaling \$839,089,366 (net of accumulated depreciation and amortization).

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Capital assets:						
Land	\$ 94,607	\$ 92,686	\$ 30,733	\$ 30,650	\$ 125,340	\$ 123,336
Buildings	140,351	135,683	52,413	54,255	192,764	189,938
Improvements other than buildings	62,568	62,311	276,932	287,364	339,500	349,675
Machinery and equipment	40,369	26,569	6,274	6,967	46,643	33,536
Infrastructure	30,657	35,005	-	-	30,657	35,005
Construction in progress	28,791	9,791	66,233	34,228	95,024	44,019
Total capital assets, net	397,343	362,045	432,585	413,464	829,928	775,509
Right-to-use assets:						
Lease buildings	1,001	1,538	-	-	1,001	1,538
Lease machinery and equipment	822	997	-	-	822	997
Subscription software	5,924	6,198	-	-	5,924	6,198
Subscription software work in progress	260	130	1,154	542	1,414	-
Total right-to-use assets, net	8,007	8,863	1,154	542	9,161	8,733
Total capital and right-to-use assets, net	\$ 405,350	\$ 370,908	\$ 433,739	\$ 414,006	\$ 839,089	\$ 784,242

* Net of accumulated depreciation and amortization

Net capital and right-to-use assets for the City's *governmental activities* increased from \$370.9 million to \$405.3 million, reflecting an increase of \$34.4 million for the current fiscal year. Capital asset fiscal 2025 additions of \$63.5 million were offset by depreciation expense of \$27.1 million, and net capital asset retirements totaling approximately \$970 thousand. Right-to-use lease assets decreased \$712 thousand due to current year additions of \$472 thousand offset by \$1.0 million in current year amortization, and early retirement of a leased building in the amount of \$178 thousand. Right-to-use subscription assets decreased by \$274 thousand due to current year additions of \$2.6 million offset by \$2.9 million in current year amortization. Major fiscal 2025 completed governmental capital projects include Fire Station 47 (\$9.4 million), the Cleveland Street Mercado (\$1.4 million), solar panels on various city buildings (\$1.1 million), and playground improvements at McKay Park (\$1.8 million).

Net capital assets for the City's *business-type activities* increased from \$414.0 million to \$433.7 million, reflecting an increase of \$19.7 million for the current fiscal year. Capital asset additions of \$41.2 million were offset by depreciation expense of \$21.1 million, and net capital asset retirements totaling \$337 thousand. Major fiscal 2025 completed business-type capital projects include upgrades to the Marshall Street Wastewater Treatment Plant (\$65 thousand), refurbishment of the solid waste tipping floor (\$480 thousand), and the purchase of two pontoon boats for the Clearwater Ferry service (\$930 thousand).

Additional information on the City's capital assets can be found in Note III.D., and information on right-to-use assets can be found in Note III.E. and Note III.F. of the notes to the financial statements.

Long-term debt and other long-term liabilities

The City's total long-term liabilities decreased from \$230.1 million (as restated) to \$221.6 million, a decrease of \$8.5 million, or 3.7%. Long-term liabilities for governmental activities decreased by \$896 thousand, or 0.98%, while long-term liabilities for business-type activities decreased by \$7.6 million or 5.5%. Key factors contributing to these changes included:

- The decrease in long-term liabilities of \$896 thousand for governmental activities is primarily due to a decrease in bonds payable of \$914 thousand resulting from scheduled principal payments, a decrease in financed purchases of \$1.5 million due to final payment of outstanding loan, a decrease in the liability for other postemployment benefits of \$189 thousand, a decrease lease liabilities of \$702 thousand, and a decrease in subscription liabilities of \$477 thousand; offset by an increase in the liability for compensated absences of \$2.1 million and an increase in claims payable of \$728 thousand due to claims experience.
- The decrease in long-term liabilities of \$7.6 million for business-type activities is primarily due to a reduction in total bonds payable of \$8.2 million resulting from scheduled principal payments, a decrease in financed purchases of \$145 thousand due to final payment of outstanding loan, and a decrease of \$77 thousand in the liability for other postemployment benefits; offset by an increase of \$732 thousand in the liability for compensated absences.
- The City's bonds payable as of September 30, 2025, consists entirely of revenue bonds and direct placement bank loans (secured solely by specified revenue sources) with no general obligation debt or special assessment debt outstanding. Governmental activities revenue bonds totaled \$32.8 million while revenue bonds and direct placement bank loans for business-type activities totaled \$118.9 million.

The City's Charter limits indebtedness to 20% of the assessed valuation of non-exempt real estate. The current debt limitation is approximately \$4.3 billion, which is significantly in excess of the City's applicable indebtedness of approximately \$138.0 million, consisting of bonds payable less applicable debt service reserves, at September 30, 2025.

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

Economic Factors and Year 2026 Budgets and Rates

Factors considered in preparing the City of Clearwater's budget for fiscal year 2026 included:

- Taxable property values for 2025 have increased by approximately 4.7%, from \$18.5 billion to \$19.3 billion, including new construction. The bulk of this increase (\$834.68 million) is related to increases in current real estate values, while the value of new construction and annexations totals \$35.28 million. While still recovering from the 2024 hurricane impacts, Clearwater's taxable values have experienced another year of growth. This is due in part to the diverse geography of the City, as well as the strong real estate market in the Tampa Bay area. Clearwater residents that qualify for homestead will recognize the Save Our Homes cap which limits the increase in assessed value to a cap of 2.9%, below the actual growth in the real estate market. The approved millage rate of 5.8850 mills for fiscal year 2026 is the same as in the prior year. The millage was decreased by 0.07 mills in fiscal year 2023.
- Total full-time equivalent (FTE) positions for 2025/26 are budgeted at 1,891.6 FTEs for all City operations, a net decrease of 12.3 FTEs from the 2024/25 amended budget. In the General Fund, FTE's are budgeted at 1,161.4, a decrease of 12.3 FTE's from the prior year. All other funds total 730.2 FTEs, the same as fiscal year 2024/25.
- The actuary report for the Employees' Pension Plan as of January 1, 2025, indicates that a minimum required City contribution of \$7.32 million, equivalent to 6.15% of total covered payroll, is required for fiscal year 2025/26. However, the pension plan ordinance requires a minimum contribution of 7% of covered payroll, which equates to \$8.34 million. This is a decrease of approximately \$7.89 million from the City's fiscal year 2024/25 required final contribution of \$16.23 million. This decrease is primarily due to the change in the actuarial funding method from the Entry Age Normal Cost method to the Aggregate Cost method.
- For fiscal year 2025/26, the cost of medical care for employees is budgeted at \$25.53 million across all City operations, including an estimated 5.3% increase. Included in this total is \$1.84 million to fund the operating costs

of the employee health clinic. The budgeted cost for medical care to the General Fund is estimated at \$15.78 million, an increase of \$675,682, or 4.5%, over the current budget. Total cost for health insurance, to include coverage of dependents and retirees, is estimated at \$29.14 million, which is budgeted in the Central Insurance Fund. Revenues from payroll deductions are budgeted to offset this expense.

- The water and sewer utility completed a revenue sufficiency analysis in June 2025, which recommended 8.0% increases to rates (domestic water, lawn water, wastewater collection and reclaimed water) annually each October 1st through 2029. A gas utility rate study was completed in December 2023, which projected the financial position of the Gas Fund through 2028 and a cost-of-service analysis for each of the various classes of customers served. A new rate structure was established, which was approved by City Council to be effective February 1, 2024. A solid waste and recycling rate study update was completed in August 2024, increasing rates 3.75% annually for residential and commercial collection in addition to roll-off and recycling, through fiscal year 2029. The stormwater utility completed a revenue sufficiency analysis in June 2024, which recommended an annual increase of 8% for five consecutive years ending in fiscal year 2029.
- **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, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 292,625,209	\$ 395,015,803	\$ 687,641,012
Receivables (net)	20,337,620	27,093,653	47,431,273
Internal balances	9,832,292	(9,832,292)	-
Due from other governments	8,983,759	1,042,527	10,026,286
Prepaid items	5,037,478	486,479	5,523,957
Inventories	522,383	4,553,881	5,076,264
Restricted assets:			
Cash and investments	-	27,527,979	27,527,979
Net pension asset	151,367,340	22,630,035	173,997,375
Capital assets, net:			
Land	94,607,114	30,733,357	125,340,471
Buildings	140,350,712	52,413,566	192,764,278
Improvements other than buildings	62,567,233	276,932,457	339,499,690
Machinery and equipment	40,369,273	6,273,431	46,642,704
Infrastructure	30,657,465	-	30,657,465
Construction in progress	28,791,218	66,232,593	95,023,811
Intangible right-to-use subscription software assets in progress	260,000	1,153,600	1,413,600
Intangible right-to-use lease assets, net of accumulated amortization	1,822,852	-	1,822,852
Intangible right-to-use subscription software assets, net of accumulated amortization	5,924,495	-	5,924,495
Total assets	<u>894,056,443</u>	<u>902,257,069</u>	<u>1,796,313,512</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - bond refunding	-	5,537,486	5,537,486
Deferred outflows - pension	35,193,411	5,312,203	40,505,614
Total deferred outflows of resources	<u>35,193,411</u>	<u>10,849,689</u>	<u>46,043,100</u>
LIABILITIES			
Accounts payable and other current liabilities	21,603,329	23,108,145	44,711,474
Accrued liabilities	3,706,243	1,156,026	4,862,269
Accrued interest payable	753,774	357,594	1,111,368
Due to other governments	650,468	-	650,468
Deposits	5,300	58,637	63,937
Unearned revenue and liens	146,484	-	146,484
Payable from restricted assets:			
Construction contracts payable	-	5,639,822	5,639,822
Accrued interest payable	-	1,492,572	1,492,572
Customer deposits	-	9,655,955	9,655,955
Bonds payable	-	5,084,583	5,084,583
Non-current liabilities due within one year:			
Compensated absences	8,797,064	2,237,860	11,034,924
Other postemployment benefits	742,004	302,896	1,044,900
Lease liability	881,994	-	881,994
Subscription software liability	1,467,258	-	1,467,258
Bonds payable	890,000	2,575,417	3,465,417
Claims payable	4,836,112	-	4,836,112
Long-term debt and liabilities:			
Compensated absences	16,360,648	4,161,941	20,522,589
Other postemployment benefits	13,714,190	5,598,306	19,312,496
Lease liability	1,034,862	-	1,034,862
Subscription software liability	3,068,792	-	3,068,792
Bonds payable	31,943,832	111,262,771	143,206,603
Claims payable	6,587,219	-	6,587,219
Total liabilities	<u>117,189,573</u>	<u>172,692,525</u>	<u>289,882,098</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - business tax receipts	1,588,062	-	1,588,062
Deferred inflows - pension	75,444,355	11,385,224	86,829,579
Deferred inflows - other postemployment benefits	6,815,386	2,782,128	9,597,514
Deferred inflows - leases	1,477,061	8,498,278	9,975,339
Total deferred inflows of resources	<u>85,324,864</u>	<u>22,665,630</u>	<u>107,990,494</u>
NET POSITION			
Net investment in capital assets	360,434,119	309,982,525	670,416,644
Restricted for:			
Capital projects	48,909,264	-	48,909,264
Debt service	986,113	7,944,152	8,930,265
Renewal and replacement	-	300,000	300,000
Grant programs	6,847,992	-	6,847,992
Impact fees	-	3,979,735	3,979,735
Stormwater system fees	-	14,318	14,318
Pensions	151,367,340	22,630,035	173,997,375
Unrestricted	158,190,589	372,897,838	531,088,427
Total net position	<u>\$ 726,735,417</u>	<u>\$ 717,748,603</u>	<u>\$ 1,444,484,020</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, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 29,591,781	\$ 37,956,912	\$ 197,848	\$ -	\$ 8,562,979	\$ -	\$ 8,562,979
Public safety	104,505,475	17,150,422	5,619,864	-	(81,735,189)	-	(81,735,189)
Physical environment	3,687,085	171,446	-	13,888	(3,501,751)	-	(3,501,751)
Transportation	18,025,473	179,344	989,773	670,359	(16,185,997)	-	(16,185,997)
Economic environment	8,120,615	817,704	4,121,754	3,000,000	(181,157)	-	(181,157)
Human services	985,456	-	668,052	-	(317,404)	-	(317,404)
Culture and recreation	60,149,247	9,627,438	1,732,561	33,310	(48,755,938)	-	(48,755,938)
Interest on long-term debt	1,831,152	-	-	-	(1,831,152)	-	(1,831,152)
Total governmental activities	<u>226,896,284</u>	<u>65,903,266</u>	<u>13,329,852</u>	<u>3,717,557</u>	<u>(143,945,609)</u>	<u>-</u>	<u>(143,945,609)</u>
Business-type activities:							
Water & Sewer Utility	119,724,050	111,186,581	-	860,738	-	(7,676,731)	(7,676,731)
Gas Utility	36,810,647	40,267,284	-	-	-	3,456,637	3,456,637
Solid Waste Utility	37,645,827	32,321,302	6,196,158	-	-	871,633	871,633
Stormwater Utility	15,540,992	19,828,146	-	44,776	-	4,331,930	4,331,930
Recycling Utility	3,721,337	3,200,953	170,199	-	-	(350,185)	(350,185)
Marine	3,493,848	1,823,343	-	384,313	-	(1,286,192)	(1,286,192)
Aviation	318,814	164,160	-	421,780	-	267,126	267,126
Parking System	14,439,172	9,813,688	-	-	-	(4,625,484)	(4,625,484)
Clearwater Harbor Marina	1,725,008	1,193,251	-	91,325	-	(440,432)	(440,432)
Total business-type activities	<u>233,419,695</u>	<u>219,798,708</u>	<u>6,366,357</u>	<u>1,802,932</u>	<u>-</u>	<u>(5,451,698)</u>	<u>(5,451,698)</u>
Total primary government	<u>\$ 460,315,979</u>	<u>\$ 285,701,974</u>	<u>\$ 19,696,209</u>	<u>\$ 5,520,489</u>	<u>(143,945,609)</u>	<u>(5,451,698)</u>	<u>(149,397,307)</u>
General revenues:							
Taxes:							
Property taxes					105,205,937	-	105,205,937
Sales taxes					26,763,152	-	26,763,152
Utility taxes					21,324,082	-	21,324,082
Communications services taxes					4,491,848	-	4,491,848
Local business tax					2,106,793	-	2,106,793
Local option gas tax					1,426,633	-	1,426,633
Intergovernmental:							
State revenue sharing - unrestricted					5,377,315	-	5,377,315
Investment earnings (loss)					13,363,491	18,904,473	32,267,964
Miscellaneous					1,149,329	-	1,149,329
Transfers					20,321,803	(20,321,803)	-
Total general revenues and transfers					<u>201,530,383</u>	<u>(1,417,330)</u>	<u>200,113,053</u>
Change in net position					<u>57,584,774</u>	<u>(6,869,028)</u>	<u>50,715,746</u>
Net position - beginning (as previously reported)					680,539,495	728,251,077	1,408,790,572
Implementation of new accounting standard (see Note IV.H.)					(11,388,852)	(3,633,446)	(15,022,298)
Net position - beginning (restated)					<u>669,150,643</u>	<u>724,617,631</u>	<u>1,393,768,274</u>
Net position - ending					<u>\$ 726,735,417</u>	<u>\$ 717,748,603</u>	<u>\$ 1,444,484,020</u>

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

**City of Clearwater, Florida
Balance Sheet
Governmental Funds
September 30, 2025**

	General Fund	Special Development Fund	Special Programs Fund	Capital Improvement Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS						
Cash and investments	\$ 77,543,054	\$ 3,300,418	\$ 12,285,060	\$ 73,288,997	\$ 24,849,727	\$ 191,267,256
Receivables (net where applicable, of allowances for estimated uncollectible amounts):						
Accrued interest	434,024	124,903	44,360	10,839	76,836	690,962
Accounts and contracts	433,366	-	-	-	-	433,366
Mortgages, notes and other loans	-	-	4,690,944	-	9,031,942	13,722,886
Property taxes	96,545	8,286	-	-	-	104,831
Utility taxes	1,607,496	-	-	-	-	1,607,496
Franchise fees	1,157,350	-	-	-	-	1,157,350
Leases	1,737,718	-	-	-	-	1,737,718
Other	227,098	-	12,813	-	-	239,911
Due from other funds	1,048,516	-	-	7,901,450	-	8,949,966
Due from other funds (deficit in pooled cash)	-	-	-	8,619	-	8,619
Due from other governmental entities - grants	-	-	65,113	-	-	65,113
Due from other governmental entities - other	3,001,882	4,322,285	265,361	1,281,042	2,997	8,873,567
Inventories, at cost	49,488	-	-	-	-	49,488
Prepaid items	1,517	-	-	-	-	1,517
Advances to other funds	-	-	325,440	20,041,284	48,000	20,414,724
Total assets	<u>\$ 87,338,054</u>	<u>\$ 7,755,892</u>	<u>\$ 17,689,091</u>	<u>\$ 102,532,231</u>	<u>\$ 34,009,502</u>	<u>\$ 249,324,770</u>
LIABILITIES						
Accounts and contracts payable	\$ 2,192,715	\$ -	\$ 536,943	\$ 11,594,560	\$ 209,875	\$ 14,534,093
Accrued payroll	3,282,320	-	65,362	-	-	3,347,682
Due to other funds	628,357	-	10,399	-	-	638,756
Due to other funds (deficit in pooled cash)	-	-	-	-	8,619	8,619
Due to other governments	68,615	581,853	-	-	-	650,468
Deposits	5,300	-	-	-	-	5,300
Unearned revenue	164,515	-	146,484	-	-	310,999
Advances from other funds	1,641,453	-	33,009	-	373,440	2,047,902
Total liabilities	<u>7,983,275</u>	<u>581,853</u>	<u>792,197</u>	<u>11,594,560</u>	<u>591,934</u>	<u>21,543,819</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - business tax receipts	1,588,062	-	-	-	-	1,588,062
Deferred inflows - unavailable property tax revenues	96,545	8,286	-	-	-	104,831
Deferred inflows - unavailable code enforcement lien revenues	294,163	-	-	-	-	294,163
Deferred inflows - unavailable mortgage note revenues	-	-	4,230,929	-	3,931,942	8,162,871
Deferred inflows - unavailable intergovernmental revenues	-	-	11,310	-	-	11,310
Deferred inflows - leases	1,477,061	-	-	-	-	1,477,061
Total deferred inflows of resources	<u>3,455,831</u>	<u>8,286</u>	<u>4,242,239</u>	<u>-</u>	<u>3,931,942</u>	<u>11,638,298</u>
FUND BALANCES						
Nonspendable	51,005	-	-	-	-	51,005
Restricted	-	4,226,485	6,085,609	31,927,128	29,485,626	71,724,848
Committed	-	-	3,104,152	59,010,543	-	62,114,695
Assigned	771,947	2,939,268	3,464,894	-	-	7,176,109
Unassigned	75,075,996	-	-	-	-	75,075,996
Total fund balances	<u>75,898,948</u>	<u>7,165,753</u>	<u>12,654,655</u>	<u>90,937,671</u>	<u>29,485,626</u>	<u>216,142,653</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 87,338,054</u>	<u>\$ 7,755,892</u>	<u>\$ 17,689,091</u>	<u>\$ 102,532,231</u>	<u>\$ 34,009,502</u>	<u>\$ 249,324,770</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, 2025

Total fund balances of governmental funds as adjusted	\$ 216,142,653
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets totals \$797,246,896 and the accumulated depreciation totals \$399,643,881.	397,603,015
Intangible right-to-use assets used in governmental activities are not financial resources and therefore are not recognized in the funds:	
Lease assets and subscription software assets	15,231,914
Accumulated amortization of lease assets and subscription software assets	(7,484,567)
Unavailable revenues that are not available as financial resources in the current period and therefore are not recognized in the funds:	
Deferred inflows - mortgage notes	\$ 8,162,871
Deferred inflows - intergovernmental revenues	11,310
Accrued property taxes	104,831
Accrued liens	433,301
Accrued permit fees	25,377
	8,737,690
The net pension asset related to governmental activities does not represent financial resources and is not reported in the funds.	151,367,340
Deferred outflows relating to deferred amounts on bond refundings, pensions, and OPEB are not financial resources and, therefore, are not reported in the funds	35,193,411
Deferred inflows relating to pensions and other postemployment benefits are not current liabilities or financial uses and, therefore, are not reported in the funds	(82,259,741)
Accrued pollution remediation obligation expenses are not financial uses and, therefore, are not reported in the funds.	(89,981)
Accrued general long-term debt, lease and subscription interest expenses are not financial uses and, therefore, are not reported in the funds.	(711,576)
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	107,867,252
Less: Capital assets included in total governmental capital assets above	(40,268,906)
Less: Lease assets included in total governmental capital assets above	(955,983)
Less: Subscription software assets included in total governmental capital assets above	(4,088,232)
Less: Net pension asset included in total governmental net pension asset above	(7,499,944)
Less: Deferred outflows included in total governmental above	(1,760,546)
Add: Deferred inflows included in total governmental above	4,591,331
Add: Claims payable included in total governmental below	11,423,331
Add: Lease liabilities included in total governmental below	1,014,697
Add: Subscription software liabilities included in total governmental below	2,566,252
Add: Compensated absences included in total governmental below	2,419,020
Add: Other postemployment benefits included in total governmental below	1,735,265
Less: Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	6,284,651
	83,328,188
Lease interest revenues are not recognized in the current period because the resources are not available and, therefore, are not reported in the funds.	1,046
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	(31,795,000)
Add: Issuance premium (to be amortized as a reduction of interest expense)	(1,038,832)
Claims payable	(11,423,331)
Lease liabilities	(1,916,856)
Subscription software liabilities	(4,536,050)
Other postemployment benefits	(14,456,194)
Compensated absences	(25,157,712)
	(90,323,975)
Total net position of governmental activities	\$ 726,735,417

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, 2025

	<u>General Fund</u>	<u>Special Development Fund</u>	<u>Special Programs Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Property	\$ 99,692,452	\$ 4,989,070	\$ -	\$ -	\$ 499,972	\$ 105,181,494
Sales	-	17,231,923	-	-	-	17,231,923
Utility	21,324,082	-	-	-	-	21,324,082
Communications services	4,491,848	-	-	-	-	4,491,848
Other taxes	2,106,793	1,426,633	-	-	-	3,533,426
Total taxes	<u>127,615,175</u>	<u>23,647,626</u>	<u>-</u>	<u>-</u>	<u>499,972</u>	<u>151,762,773</u>
Franchise fees	12,097,397	-	-	-	-	12,097,397
Licenses, permits, and fees	3,910,583	625,889	-	-	-	4,536,472
Intergovernmental:						
Federal	37,614	-	448,076	-	-	485,690
State	19,375,530	-	138,462	197,848	1,055,948	20,767,788
Local	13,914,542	-	674,584	1,816,363	3,068,256	19,473,745
Total intergovernmental	<u>33,327,686</u>	<u>-</u>	<u>1,261,122</u>	<u>2,014,211</u>	<u>4,124,204</u>	<u>40,727,223</u>
Charges for services	16,462,097	-	2,349,226	-	-	18,811,323
Fines and forfeitures	1,636,609	-	383,984	-	-	2,020,593
Investment earnings (loss):						
Interest	4,281,209	730,304	224,522	409,633	855,203	6,500,871
Net appreciation (depreciation) in fair value	1,857,756	60,329	519,492	-	231,094	2,668,671
Total investment earnings (loss)	<u>6,138,965</u>	<u>790,633</u>	<u>744,014</u>	<u>409,633</u>	<u>1,086,297</u>	<u>9,169,542</u>
Rents and leases	4,031,785	-	-	-	-	4,031,785
Miscellaneous	2,827,507	-	353,317	293,410	170,807	3,645,041
Total revenues	<u>208,047,804</u>	<u>25,064,148</u>	<u>5,091,663</u>	<u>2,717,254</u>	<u>5,881,280</u>	<u>246,802,149</u>
EXPENDITURES						
Current:						
General government	20,535,928	-	704,849	8,195,992	-	29,436,769
Public safety	106,481,202	-	8,534,132	1,021,816	-	116,037,150
Physical environment	2,608,578	-	27,485	1,023,271	-	3,659,334
Transportation	7,611,156	-	-	6,249,842	-	13,860,998
Economic environment	2,743,262	-	940,929	-	3,377,167	7,061,358
Human services	-	-	1,009,286	-	-	1,009,286
Culture and recreation	45,453,053	-	385,218	3,848,014	-	49,686,285
Debt service:						
Principal	894,216	-	-	-	941,264	1,835,480
Interest & fiscal charges	153,590	-	-	-	1,454,120	1,607,710
Capital outlay	-	-	184,773	34,761,171	82,221	35,028,165
Total expenditures	<u>186,480,985</u>	<u>-</u>	<u>11,786,672</u>	<u>55,100,106</u>	<u>5,854,772</u>	<u>259,222,535</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,566,819</u>	<u>25,064,148</u>	<u>(6,695,009)</u>	<u>(52,382,852)</u>	<u>26,508</u>	<u>(12,420,386)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	15,848,882	-	1,148,926	55,678,596	15,530,586	88,206,990
Transfers out	(38,080,536)	(23,050,090)	(594,667)	(2,165,142)	(11,328,831)	(75,219,266)
Proceeds from the sale of capital assets	-	-	-	9,089,802	-	9,089,802
Issuance of debt for subscription software obligations	792,998	-	-	-	-	792,998
Total other financing sources (uses)	<u>(21,438,656)</u>	<u>(23,050,090)</u>	<u>554,259</u>	<u>62,603,256</u>	<u>4,201,755</u>	<u>22,870,524</u>
Net change in fund balances	128,163	2,014,058	(6,140,750)	10,220,404	4,228,263	10,450,138
Fund balances - beginning	<u>75,770,785</u>	<u>5,151,695</u>	<u>18,795,405</u>	<u>80,717,267</u>	<u>25,257,363</u>	<u>205,692,515</u>
Fund balances - ending	<u>\$ 75,898,948</u>	<u>\$ 7,165,753</u>	<u>\$ 12,654,655</u>	<u>\$ 90,937,671</u>	<u>\$ 29,485,626</u>	<u>\$ 216,142,653</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, 2025

Net change in fund balances - total governmental funds		\$ 10,450,138
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	\$ 35,073,709	
Less current year depreciation	(16,742,787)	
Lease asset retirement	(178,208)	
Expenditures for lease assets and subscription software assets	792,998	
Amortization of lease assets and subscription software assets	<u>(749,429)</u>	
		18,196,283
The net book value of capital asset dispositions is reported in the Statement of Activities but does not require the use of current financial resources and therefore is not reported in the funds.		
		(947,006)
The issuance of long-term debt provides current financial resources to governmental funds; however issuance of long-term debt increases long-term liabilities in the Statement of Net Position. In the current year these amounts are:		
Proceeds from subscription software obligations		(792,998)
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		10,846,061
Current year change in deferred inflows		(11,485,953)
Repayment and retirement of long term debt principal is an expenditure in the governmental funds; however, the repayment reduces long-term liabilities in the Statement of Net Position. Current year amounts are:		
Revenue bond principal payments	845,000	
Lease liability principal payments	264,745	
Lease liability principal retirement	194,951	
Subscription software liability principal payments	629,471	
Financed purchase principal payments	<u>96,264</u>	
		2,030,431
Net pension asset is not a current financial resource and consequently is not reported in the funds; however, it is an asset in the Statement of Net Position.		
Current year change in the net pension asset		19,526,125
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 postemployment benefits		215,849
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	(1,969,272)	
Amortization of bond discounts and premiums	69,183	
Current year change in pollution remediation obligation	70,702	
Current year change in accrued interest expense	<u>26,635</u>	
		(1,802,752)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Current year change in accrued property taxes receivable		24,443
Current year change in accrued liens receivable		9,988
Current year change in accrued lease interest receivable		(673)
Current year change in accrued permit fees		1,200
Current year receipt of donated land and building		3,000,000
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:		
Current year change in net position for internal service funds	6,813,578	
Less pass-back to enterprise funds	<u>(1,500,060)</u>	
		8,313,638
Total change in net position of governmental activities		<u>\$ 57,584,774</u>

City of Clearwater, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 99,346,030	\$ 99,634,238	\$ 99,692,452	\$ 58,214
Utility taxes	20,693,870	20,568,870	21,324,082	755,212
Communications services	4,060,000	4,060,000	4,491,848	431,848
Other taxes	2,100,000	2,100,000	2,106,793	6,793
Total taxes	<u>126,199,900</u>	<u>126,363,108</u>	<u>127,615,175</u>	<u>1,252,067</u>
Franchise fees	12,600,000	11,804,000	12,097,397	293,397
Licenses, permits, and fees	3,332,500	3,910,960	3,910,583	(377)
Intergovernmental:				
Federal	-	37,614	37,614	-
State	18,855,160	18,815,465	19,375,530	560,065
Local	13,475,850	13,610,200	13,914,542	304,342
Total intergovernmental	<u>32,331,010</u>	<u>32,463,279</u>	<u>33,327,686</u>	<u>864,407</u>
Charges for services	18,479,320	16,538,320	16,462,097	(76,223)
Fines and forfeitures	1,441,000	1,761,870	1,636,609	(125,261)
Investment earnings (loss):				
Interest	3,350,000	3,350,000	4,281,209	931,209
Net appreciation (depreciation) in fair value	-	-	1,857,756	1,857,756
Total investment earnings (loss)	<u>3,350,000</u>	<u>3,350,000</u>	<u>6,138,965</u>	<u>2,788,965</u>
Rents and leases	4,442,540	4,570,830	4,031,785	(539,045)
Miscellaneous	1,099,800	2,394,796	2,827,507	432,711
Total revenues	<u>203,276,070</u>	<u>203,157,163</u>	<u>208,047,804</u>	<u>4,890,641</u>
EXPENDITURES				
General government				
City Council	626,684	626,684	591,855	34,829
City Manager's Office	1,350,116	1,350,116	1,201,923	148,193
City Attorney's Office	2,790,947	2,860,947	2,989,677	(128,730)
Official Records & Legislative Services	1,384,574	1,384,574	1,218,812	165,762
Public Communications	2,224,207	2,224,207	1,822,964	401,243
Finance	3,574,985	3,574,985	3,488,189	86,796
Human Resources	2,416,584	2,416,584	2,004,925	411,659
Non-Departmental	10,634,613	6,284,613	3,820,155	2,464,458
Public Works	1,476,582	1,476,581	1,067,248	409,333
Planning	1,989,731	2,039,731	1,993,970	45,761
City Auditor's Office	507,056	507,056	336,210	170,846
Total general government	<u>28,976,079</u>	<u>24,746,078</u>	<u>20,535,928</u>	<u>4,210,150</u>
Public safety				
Police	57,874,470	62,207,357	61,005,199	1,202,158
Fire	35,368,949	38,774,903	38,334,813	440,090
Development & Neighborhood Services	7,244,346	7,194,346	6,850,317	344,029
Public Works	303,286	303,286	290,873	12,413
Total public safety	<u>100,791,051</u>	<u>108,479,892</u>	<u>106,481,202</u>	<u>1,998,690</u>
Physical environment				
Public Works	2,763,617	2,763,617	2,608,578	155,039
Total physical environment	<u>2,763,617</u>	<u>2,763,617</u>	<u>2,608,578</u>	<u>155,039</u>
Transportation				
Public Works	7,236,071	7,236,071	6,449,891	786,180
Parks and Recreation	827,044	827,044	661,896	165,148
Public Utilities	512,130	512,130	499,369	12,761
Total transportation	<u>8,575,245</u>	<u>8,575,245</u>	<u>7,611,156</u>	<u>964,089</u>
Economic environment				
CRA Administration	1,060,401	1,060,401	883,527	176,874
Economic Development	2,400,886	2,400,886	1,859,735	541,151
Total economic environment	<u>3,461,287</u>	<u>3,461,287</u>	<u>2,743,262</u>	<u>718,025</u>
Culture and recreation				
Parks and Recreation	37,139,153	36,241,261	34,026,120	2,215,141
Library	9,971,432	9,971,432	9,628,835	342,597
Public Works	1,175,233	1,175,233	1,127,132	48,101
Marine	1,726,478	1,210,142	670,966	539,176
Total culture and recreation	<u>50,012,296</u>	<u>48,598,068</u>	<u>45,453,053</u>	<u>3,145,015</u>
Debt service:				
Principal	-	-	894,216	(894,216)
Interest & fiscal charges	-	-	153,590	(153,590)
Total expenditures	<u>194,579,575</u>	<u>196,624,187</u>	<u>186,480,985</u>	<u>10,143,202</u>
Excess (deficiency) of revenues over (under) expenditures	8,696,495	6,532,976	21,566,819	(5,252,561)
OTHER FINANCING SOURCES (USES)				
Transfers in	15,030,410	16,295,369	15,848,882	(446,487)
Transfers out	(32,026,906)	(36,356,134)	(38,080,536)	(1,724,402)
Issuance of debt for subscription software obligations	-	-	792,998	792,998
Total other financing sources (uses)	<u>(16,996,496)</u>	<u>(20,060,765)</u>	<u>(21,438,656)</u>	<u>(1,377,891)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(8,300,001)	(13,527,789)	128,163	(6,630,452)
Fund balances - beginning	75,770,785	75,770,785	75,770,785	-
Fund balances - ending	<u>\$ 67,470,784</u>	<u>\$ 62,242,996</u>	<u>\$ 75,898,948</u>	<u>\$ (6,630,452)</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, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 4,963,330	\$ 4,986,928	\$ 4,989,070	\$ 2,142
Sales	16,585,900	16,585,900	17,231,923	646,023
Other taxes	1,427,150	1,427,150	1,426,633	(517)
Total taxes	<u>22,976,380</u>	<u>22,999,978</u>	<u>23,647,626</u>	<u>647,648</u>
Licenses, permits, and fees	250,000	608,788	625,889	17,101
Investment earnings (loss):				
Interest	385,000	685,000	730,304	45,304
Net appreciation (depreciation) in fair value	-	-	60,329	60,329
Total investment earnings (loss)	<u>385,000</u>	<u>685,000</u>	<u>790,633</u>	<u>105,633</u>
Total revenues	<u>23,611,380</u>	<u>24,293,766</u>	<u>25,064,148</u>	<u>770,382</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>23,611,380</u>	<u>24,293,766</u>	<u>25,064,148</u>	<u>770,382</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(20,323,090)</u>	<u>(23,050,090)</u>	<u>(23,050,090)</u>	<u>-</u>
Total other financing sources (uses)	<u>(20,323,090)</u>	<u>(23,050,090)</u>	<u>(23,050,090)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,288,290	1,243,676	2,014,058	770,382
Fund balances - beginning	<u>5,151,695</u>	<u>5,151,695</u>	<u>5,151,695</u>	<u>-</u>
Fund balances - ending	<u>\$ 8,439,985</u>	<u>\$ 6,395,371</u>	<u>\$ 7,165,753</u>	<u>\$ 770,382</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, 2025

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
ASSETS			
Current assets:			
Cash and investments	\$ 186,485,793	\$ 33,132,652	\$ 56,901,874
Accrued interest receivable	640,905	115,697	176,712
Accounts and contracts receivable:			
Billed	4,614,111	1,121,372	1,488,567
Unbilled charges estimated	4,289,300	1,739,200	1,149,200
	<u>8,903,411</u>	<u>2,860,572</u>	<u>2,637,767</u>
Less: Allowance for uncollectable accounts	<u>(18,063)</u>	<u>(2,429)</u>	<u>(6,922)</u>
Total receivables, net	<u>8,885,348</u>	<u>2,858,143</u>	<u>2,630,845</u>
Lease receivables	241,393	-	-
Other receivables	36,428	19,605	43,005
Due from other funds	-	-	-
Due from other governments	682,822	11,427	-
Inventories, at cost	1,779,521	2,705,896	-
Prepaid expenses and other assets	141,539	344,940	-
Total current assets - unrestricted	<u>198,893,749</u>	<u>39,188,360</u>	<u>59,752,436</u>
Current assets - restricted:			
Restricted cash and investments	<u>15,620,301</u>	<u>3,728,142</u>	<u>1,450,755</u>
Total current assets - restricted	<u>15,620,301</u>	<u>3,728,142</u>	<u>1,450,755</u>
Total current assets	<u>214,514,050</u>	<u>42,916,502</u>	<u>61,203,191</u>
Noncurrent assets:			
Restricted:			
Restricted cash and investments	3,979,735	300,000	-
Advances to other funds	-	-	-
Net pension asset	9,303,814	3,753,991	5,075,955
Capital assets:			
Land and other nondepreciable assets	39,019,466	1,668,389	2,173,286
Capital assets, net of accumulated depreciation	158,247,862	105,150,476	17,273,401
Intangible right-to-use lease assets, net of accumulated amortization	-	-	-
Intangible right-to-use subscription software assets, net of accumulated amortization	-	-	-
Total noncurrent assets	<u>210,550,877</u>	<u>110,872,856</u>	<u>24,522,642</u>
Total assets	<u>425,064,927</u>	<u>153,789,358</u>	<u>85,725,833</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - bond refunding	5,422,391	20,565	-
Deferred outflows - pension	<u>2,183,989</u>	<u>881,217</u>	<u>1,191,536</u>
Total deferred outflows of resources	<u>7,606,380</u>	<u>901,782</u>	<u>1,191,536</u>

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

Activities Funds			Governmental
Stormwater Utility	Other Funds	Total	Activities - Internal Service Funds
\$ 57,410,312	\$ 61,085,172	\$ 395,015,803	\$ 101,357,953
174,268	227,721	1,335,303	291,997
822,683	-	8,046,733	-
1,768,600	-	8,946,300	-
2,591,283	-	16,993,033	-
(4,261)	-	(31,675)	-
2,587,022	-	16,961,358	-
-	8,452,201	8,693,594	-
4,360	-	103,398	350,057
-	-	-	370,102
44,776	303,502	1,042,527	45,079
-	68,464	4,553,881	472,895
-	-	486,479	5,035,961
60,220,738	70,137,060	428,192,343	107,924,044
1,073,734	-	21,872,932	-
1,073,734	-	21,872,932	-
61,294,472	70,137,060	450,065,275	107,924,044
1,375,312	-	5,655,047	-
-	-	-	766,501
2,179,621	2,316,654	22,630,035	7,499,944
26,513,811	28,744,598	98,119,550	3,414,597
38,883,604	16,064,111	335,619,454	36,854,309
-	-	-	955,983
-	-	-	4,088,232
68,952,348	47,125,363	462,024,086	53,579,566
130,246,820	117,262,423	912,089,361	161,503,610
94,530	-	5,537,486	-
511,647	543,814	5,312,203	1,760,546
606,177	543,814	10,849,689	1,760,546

(Continued)

City of Clearwater, Florida
Statement of Net Position
Proprietary Funds
September 30, 2025

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
LIABILITIES			
Current liabilities:			
Accounts and contracts payable	8,955,492	2,370,612	619,411
Accrued payroll	444,488	221,403	240,254
Accrued interest payable	171,753	133,972	51,869
Deposits	-	-	-
Current portion of long-term liabilities:			
Compensated absences	903,599	528,302	394,849
Other postemployment benefits	110,864	49,946	72,328
Bonds payable	799,167	1,691,250	-
Lease liabilities	-	-	-
Subscription software liabilities	-	-	-
Due to other funds	105,837	-	842,609
Claims payable	-	-	-
Total current liabilities (payable from current assets)	<u>11,491,200</u>	<u>4,995,485</u>	<u>2,221,320</u>
Current liabilities (payable from restricted assets):			
Construction contracts payable	5,639,822	-	-
Accrued interest payable	1,345,523	8,315	-
Current portion of long-term liabilities, bonds payable	3,995,833	153,750	-
Customer deposits	4,639,123	3,566,077	1,450,755
Total current liabilities (payable from restricted assets)	<u>15,620,301</u>	<u>3,728,142</u>	<u>1,450,755</u>
Total current liabilities	<u>27,111,501</u>	<u>8,723,627</u>	<u>3,672,075</u>
Noncurrent liabilities:			
Compensated absences	1,680,500	982,528	734,336
Other postemployment benefits	2,049,056	923,138	1,336,811
Bonds payable (net of unamortized premiums/discounts)	100,639,333	2,040,000	-
Lease liabilities	-	-	-
Subscription software liabilities	-	-	-
Advances from other funds	213,885	-	2,327,096
Claims payable	-	-	-
Total noncurrent liabilities	<u>104,582,774</u>	<u>3,945,666</u>	<u>4,398,243</u>
Total liabilities	<u>131,694,275</u>	<u>12,669,293</u>	<u>8,070,318</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	4,680,770	1,888,642	2,553,725
Deferred inflows - other postemployment benefits	1,018,296	458,761	664,340
Deferred inflows - leases	233,347	-	-
Total deferred inflows of resources	<u>5,932,413</u>	<u>2,347,403</u>	<u>3,218,065</u>
NET POSITION			
Net investment in capital assets	95,523,976	102,129,812	19,390,308
Restricted for:			
Revenue bond debt service and sinking fund requirements	5,341,356	153,750	-
Revenue bond renewal and replacement requirements	-	300,000	-
Water and sewer impact fees	3,979,735	-	-
Stormwater system fees	-	-	-
Pensions	9,303,814	3,753,991	5,075,955
Unrestricted	180,895,738	33,336,891	51,162,723
Total net position	<u>\$ 295,044,619</u>	<u>\$ 139,674,444</u>	<u>\$ 75,628,986</u>

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

Activities Funds			Governmental
Stormwater Utility	Other Funds	Total	Activities - Internal Service Funds
1,397,375	9,765,255	23,108,145	6,979,256
103,535	146,346	1,156,026	358,561
-	-	357,594	42,198
-	58,637	58,637	-
176,120	234,990	2,237,860	845,875
28,536	41,222	302,896	89,067
85,000	-	2,575,417	-
-	-	-	627,903
-	-	-	899,417
-	13,027	961,473	7,719,839
-	-	-	4,836,112
<u>1,790,566</u>	<u>10,259,477</u>	<u>30,758,048</u>	<u>22,398,228</u>
-	-	5,639,822	-
138,734	-	1,492,572	-
935,000	-	5,084,583	-
-	-	9,655,955	-
<u>1,073,734</u>	<u>-</u>	<u>21,872,932</u>	<u>-</u>
<u>2,864,300</u>	<u>10,259,477</u>	<u>52,630,980</u>	<u>22,398,228</u>
327,546	437,031	4,161,941	1,573,145
527,424	761,877	5,598,306	1,646,198
8,583,438	-	111,262,771	-
-	-	-	386,794
-	-	-	1,666,835
-	45,188	2,586,169	16,547,154
-	-	-	6,587,219
<u>9,438,408</u>	<u>1,244,096</u>	<u>123,609,187</u>	<u>28,407,345</u>
<u>12,302,708</u>	<u>11,503,573</u>	<u>176,240,167</u>	<u>50,805,573</u>
1,096,572	1,165,515	11,385,224	3,773,239
262,108	378,623	2,782,128	818,092
-	8,264,931	8,498,278	-
<u>1,358,680</u>	<u>9,809,069</u>	<u>22,665,630</u>	<u>4,591,331</u>
55,888,507	37,049,922	309,982,525	39,591,811
2,449,046	-	7,944,152	-
-	-	300,000	-
-	-	3,979,735	-
14,318	-	14,318	-
2,179,621	2,316,654	22,630,035	7,499,944
<u>56,660,117</u>	<u>57,127,019</u>	<u>379,182,488</u>	<u>60,775,497</u>
<u>\$ 117,191,609</u>	<u>\$ 96,493,595</u>	<u>724,033,253</u>	<u>\$ 107,867,252</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds		(6,284,651)	
Net position of business-type activities		<u>\$ 717,748,602</u>	

City of Clearwater, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2025

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
Operating revenues:			
Sales to customers	\$ 110,094,111	\$ 37,584,126	\$ 34,681,089
Service charges to customers	471,137	1,778,757	-
User charges to customers	-	-	-
Billings to departments	-	-	-
Rentals	90,096	-	479,195
Other	531,237	904,401	361,971
Total operating revenues	<u>111,186,581</u>	<u>40,267,284</u>	<u>35,522,255</u>
Operating expenses:			
Personal services	16,683,317	7,092,236	9,784,960
Purchases for resale	7,186,742	14,583,712	-
Operating materials and supplies	8,178,135	909,805	549,407
Transportation	1,825,885	504,486	5,351,058
Utility service	4,072,176	225,569	163,893
Dumping charges	3,758	-	6,127,573
Depreciation	11,269,398	4,296,773	1,166,653
Amortization of intangible right-to-use lease assets	-	-	-
Amortization of intangible right-to-use subscription software assets	-	-	-
Interfund administrative charges	7,244,750	3,286,450	2,157,800
Other current charges:			
Professional fees	14,778,967	882,208	1,238,364
Advertising and marketing	34,875	623,689	3,481
Communications	171,079	87,091	84,205
Printing and binding	13,017	19,845	31,240
Insurance	2,429,780	721,130	413,750
Repairs and maintenance	38,620,853	332,918	12,170,985
Rentals	401,436	13,338	282,130
Miscellaneous	457,684	344,330	189,124
Data processing charges	1,689,550	913,510	358,200
Taxes	-	2,142,782	12,686
Total other current charges	<u>58,597,241</u>	<u>6,080,841</u>	<u>14,784,165</u>
Total operating expenses	<u>115,061,402</u>	<u>36,979,872</u>	<u>40,085,509</u>
Operating income (loss)	<u>(3,874,821)</u>	<u>3,287,412</u>	<u>(4,563,254)</u>

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

Activities Funds			Governmental
Stormwater	Other		Activities -
Utility	Funds	Total	Internal Service
			Funds
\$ 19,642,048	\$ 8,411,286	\$ 210,412,660	\$ -
-	-	2,249,894	-
-	151,591	151,591	-
-	-	-	80,609,371
-	2,839,231	3,408,522	64,619
186,098	1,592,334	3,576,041	9,396,629
<u>19,828,146</u>	<u>12,994,442</u>	<u>219,798,708</u>	<u>90,070,619</u>
3,786,595	4,842,527	42,189,635	13,244,465
-	63,727	21,834,181	5,870,477
299,555	723,728	10,660,630	2,734,124
669,677	108,635	8,459,741	237,858
83,657	584,655	5,129,950	429,267
123,380	-	6,254,711	-
3,575,563	810,224	21,118,611	10,375,240
-	-	-	728,321
-	-	-	2,431,404
1,553,450	2,716,540	16,958,990	397,731
676,124	1,312,066	18,887,729	17,282,851
402	2,612	665,059	-
26,709	45,400	414,484	1,227,260
391	4,576	69,069	28,721
122,670	209,360	3,896,690	37,609,116
3,447,723	2,182,998	56,755,477	1,695,545
138,714	25,197	860,815	258,770
292,925	938,468	2,222,531	434,196
412,560	360,320	3,734,140	1,007,420
-	30,212	2,185,680	26,683
<u>5,118,218</u>	<u>5,111,209</u>	<u>89,691,674</u>	<u>59,570,562</u>
<u>15,210,095</u>	<u>14,961,245</u>	<u>222,298,123</u>	<u>96,019,449</u>
4,618,051	(1,966,803)	(2,499,415)	(5,948,830)

(Continued)

City of Clearwater, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2025

	Water and Sewer Utility	Gas Utility	Business-type Enterprise Solid Waste & Recycling Utility
Nonoperating revenues (expenses):			
Investment earnings (loss):			
Interest	5,608,043	1,011,038	1,553,539
Net appreciation (depreciation) in fair value	3,505,842	580,887	802,890
Total investment earnings (loss)	<u>9,113,885</u>	<u>1,591,925</u>	<u>2,356,429</u>
Interest expense	(4,285,980)	(317,561)	(97,303)
Grants	-	-	6,366,357
Gain (loss) on disposal of capital assets	-	454,580	(39,806)
Contribution to developers	-	-	-
Total nonoperating revenue (expenses)	<u>4,827,905</u>	<u>1,728,944</u>	<u>8,585,677</u>
Income (loss) before contributions and transfers	953,084	5,016,356	4,022,423
Capital grants and contributions	860,738	-	-
Transfers in	-	-	-
Transfers out	(6,015,492)	(4,383,431)	(4,452,161)
Change in net position	<u>(4,201,670)</u>	<u>632,925</u>	<u>(429,738)</u>
Net position - beginning (as previously reported)	300,561,890	139,781,656	76,596,199
Implementation of new accounting standard (see Note IV.H.)	(1,315,601)	(740,137)	(537,475)
Net position - beginning (restated)	<u>299,246,289</u>	<u>139,041,519</u>	<u>76,058,724</u>
 Total net position - ending	 <u>\$ 295,044,619</u>	 <u>\$ 139,674,444</u>	 <u>\$ 75,628,986</u>

Change in Net Position of Proprietary Funds

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

Change in net position of business-type activities (page 23)

Activities Funds			Governmental Activities - Internal Service Funds
Stormwater Utility	Other Funds	Total	
1,542,359	2,029,121	11,744,100	2,579,531
742,119	1,528,635	7,160,373	1,629,693
<u>2,284,478</u>	<u>3,557,756</u>	<u>18,904,473</u>	<u>4,209,224</u>
(315,760)	(593)	(5,017,197)	(460,260)
-	-	6,366,357	-
-	(19,089)	395,685	1,272,685
-	(5,000,000)	(5,000,000)	-
<u>1,968,718</u>	<u>(1,461,926)</u>	<u>15,649,318</u>	<u>5,021,649</u>
6,586,769	(3,428,729)	13,149,903	(927,181)
44,776	897,418	1,802,932	406,679
-	115,000	115,000	10,375,600
(3,602,328)	(1,983,392)	(20,436,804)	(3,041,520)
<u>3,029,217</u>	<u>(4,399,703)</u>	<u>(5,368,969)</u>	<u>6,813,578</u>
114,415,152	101,254,765	732,609,662	102,281,563
<u>(252,760)</u>	<u>(361,467)</u>	<u>(3,207,440)</u>	<u>(1,227,889)</u>
114,162,392	100,893,298	729,402,222	101,053,674
<u>\$ 117,191,609</u>	<u>\$ 96,493,595</u>	<u>\$ 724,033,253</u>	<u>\$ 107,867,252</u>
		\$ (5,368,969)	
		<u>(1,500,060)</u>	
		<u>\$ (6,869,029)</u>	

City of Clearwater, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2025

	Business-type Enterprise		
	Water and Sewer Utility	Gas Utility	Solid Waste & Recycling Utility
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 112,231,678	\$ 40,060,500	\$ 35,664,406
Cash received from other funds	-	-	-
Cash payments to suppliers	(68,299,592)	(17,852,806)	(20,522,994)
Cash payments to employees	(17,932,627)	(7,875,625)	(10,065,700)
Cash payments to other funds	(14,507,122)	(5,866,734)	(8,646,219)
Net cash provided (used) by operating activities	<u>11,492,337</u>	<u>8,465,335</u>	<u>(3,570,507)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	-
Transfers to other funds	(6,015,492)	(4,383,431)	(4,452,161)
Receipt of cash on loans to/from other funds	150,060	-	1,818,631
Payment of cash on loans to/from other funds	(75,609)	-	(491,707)
Cash received from granting agencies	-	-	6,366,357
Contribution to developers	-	-	-
Net cash provided (used) by noncapital financing activities	<u>(5,941,041)</u>	<u>(4,383,431)</u>	<u>3,241,120</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on debt	(4,770,303)	(1,800,000)	-
Interest paid	(4,354,360)	(317,847)	(106,692)
Acquisition of capital assets	(9,058,267)	(7,058,779)	(429,572)
Proceeds from sale of capital assets	-	723,735	-
Capital contributed by:			
Other governmental entities	226,360	-	-
Property owners	13,904	-	-
Developers	249,869	-	-
Other sources	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(17,692,797)</u>	<u>(8,452,891)</u>	<u>(536,264)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	9,132,742	1,591,516	2,349,618
Net cash provided (used) by investing activities	<u>9,132,742</u>	<u>1,591,516</u>	<u>2,349,618</u>
Net increase (decrease) in cash and cash equivalents	(3,008,759)	(2,779,471)	1,483,967
Cash and cash equivalents at beginning of year	209,094,588	39,940,265	56,868,662
Cash and cash equivalents at end of year	<u>\$ 206,085,829</u>	<u>\$ 37,160,794</u>	<u>\$ 58,352,629</u>
Cash and cash equivalents classified as:			
Cash and investments	\$ 186,485,793	\$ 33,132,652	\$ 56,901,874
Restricted cash and investments	19,600,036	4,028,142	1,450,755
Total cash and cash equivalents	<u>\$ 206,085,829</u>	<u>\$ 37,160,794</u>	<u>\$ 58,352,629</u>

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

Activities Funds			Governmental
Stormwater Utility	Other Funds	Total	Activities - Internal Service Funds
\$ 19,616,734	\$ 12,893,740	\$ 220,467,058	\$ -
-	-	-	89,782,441
(4,574,449)	2,816,923	(108,432,918)	(64,223,633)
(4,304,891)	(5,025,784)	(45,204,627)	(14,126,077)
<u>(2,841,120)</u>	<u>(3,632,754)</u>	<u>(35,493,949)</u>	<u>(1,775,087)</u>
<u>7,896,274</u>	<u>7,052,125</u>	<u>31,335,564</u>	<u>9,657,644</u>
-	115,000	115,000	10,375,600
(3,602,328)	(1,983,392)	(20,436,804)	(3,041,520)
-	42,668	2,011,359	14,346,098
-	(4,893)	(572,209)	(3,921,343)
-	-	6,366,357	-
-	(5,000,000)	(5,000,000)	-
<u>(3,602,328)</u>	<u>(6,830,617)</u>	<u>(17,516,297)</u>	<u>17,758,835</u>
(985,000)	-	(7,555,303)	(1,353,040)
(347,739)	(593)	(5,127,231)	(468,330)
(960,638)	(22,540,986)	(40,048,242)	(28,634,875)
-	8,850	732,585	1,295,985
-	1,325,676	1,552,036	361,600
-	-	13,904	-
-	-	249,869	-
-	75,029	75,029	-
<u>(2,293,377)</u>	<u>(21,132,024)</u>	<u>(50,107,353)</u>	<u>(28,798,660)</u>
2,274,118	3,592,445	18,940,439	4,220,195
<u>2,274,118</u>	<u>3,592,445</u>	<u>18,940,439</u>	<u>4,220,195</u>
4,274,687	(17,318,071)	(17,347,647)	2,838,014
<u>55,584,671</u>	<u>78,403,243</u>	<u>439,891,429</u>	<u>98,519,939</u>
<u>\$ 59,859,358</u>	<u>\$ 61,085,172</u>	<u>\$ 422,543,782</u>	<u>\$ 101,357,953</u>
\$ 57,410,312	\$ 61,085,172	\$ 395,015,803	\$ 101,357,953
<u>2,449,046</u>	<u>-</u>	<u>27,527,979</u>	<u>-</u>
<u>\$ 59,859,358</u>	<u>\$ 61,085,172</u>	<u>\$ 422,543,782</u>	<u>\$ 101,357,953</u>

(Continued)

City of Clearwater, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2025

	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)	\$ (3,874,821)	\$ 3,287,412	\$ (4,563,254)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	11,269,398	4,296,773	1,166,653
Amortization of intangible right-to-use lease assets	-	-	-
Amortization of intangible right-to-use subscription software assets	-	-	-
Capitalized labor and materials	(66,681)	(822,094)	-
Change in assets, deferred outflows, liabilities and deferred inflows:			
(Increase) decrease in accounts receivable	381,446	(184,331)	66,741
(Increase) decrease in lease receivables	(241,393)	-	-
(Increase) decrease in due from other governments	665,308	(1,614)	-
(Increase) decrease in inventory	(95,511)	1,362,876	-
(Increase) decrease in prepaid expenses	411,417	(660)	-
(Increase) decrease in net pension asset	(1,619,275)	(259,012)	(266,302)
(Increase) decrease in deferred outflows	(764,955)	(235,767)	(302,842)
Increase (decrease) in accounts and contracts payable	4,000,658	647,804	(35,317)
Increase (decrease) in accrued payroll	289,053	255,987	150,116
Increase (decrease) in deposits	36,891	(20,839)	75,410
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in other postemployment benefits	(4,528)	(21,593)	(31,626)
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in net pension liability	-	-	-
Increase (decrease) in deferred inflows	1,105,330	160,393	169,914
Total adjustments	<u>15,367,158</u>	<u>5,177,923</u>	<u>992,747</u>
Net cash provided by operating activities	<u>\$ 11,492,337</u>	<u>\$ 8,465,335</u>	<u>\$ (3,570,507)</u>
Non-cash investing, capital and financing activities:			
Contributions from developers	\$ 250,570	\$ -	\$ -
Contributions from property owners	-	-	-
Additions to intangible right-to-use lease assets	-	-	-
Additions to intangible right-to-use subscription software assets	-	-	-
Capital-related accounts payable and retainage payable	1,731,410	824,618	56,379

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

Activities Funds			Governmental
Stormwater Utility	Other Funds	Total	Activities - Internal Service Funds
\$ 4,618,051	\$ (1,966,803)	\$ (2,499,415)	\$ (5,948,830)
3,575,563	810,224	21,118,611	10,375,240
-	-	-	728,321
-	-	-	2,431,404
-	-	(888,775)	-
(211,412)	22,414	74,858	(288,178)
-	(31,575)	(272,968)	-
-	-	663,694	-
-	(3,266)	1,264,099	44,426
-	-	410,757	(281,475)
(505,927)	(263,937)	(2,914,453)	(1,166,273)
(202,042)	(163,238)	(1,668,844)	(591,436)
432,368	8,495,929	13,541,442	2,429,832
(76,795)	128,561	746,922	171,283
-	(6,234)	85,228	-
-	-	-	-
(1,496)	(17,721)	(76,964)	26,600
-	-	-	1,048,516
-	-	-	-
267,964	47,771	1,751,372	678,214
<u>3,278,223</u>	<u>9,018,928</u>	<u>33,834,979</u>	<u>15,606,474</u>
<u>\$ 7,896,274</u>	<u>\$ 7,052,125</u>	<u>\$ 31,335,564</u>	<u>\$ 9,657,644</u>

\$ -	\$ -	\$ 250,570	\$ -
-	956	956	-
-	-	-	472,256
-	-	-	1,966,284
-	7,758,787	10,371,194	2,140,361

City of Clearwater, Florida
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2025

	Pension Trust Funds	Custodial Fund
ASSETS		
Cash and investments	\$ 1,786,324	\$ 193,464
Receivables:		
Interest and dividends	4,519,811	-
Unsettled investment sales	1,707,345	-
Securities lending earnings	39,016	-
Total receivables	6,266,172	-
Managed investment accounts, at fair value:		
Cash and cash equivalents	27,061,410	-
Government bonds	82,523,873	-
Index linked government bonds	1,385,758	-
Agency bonds	11,113,740	-
Municipal bonds	12,562,408	-
Domestic corporate bonds	92,007,706	-
Corporate convertible bonds	411,603	-
International equity securities	122,275,478	-
Domestic stocks	380,227,591	-
Mortgage backed bonds	125,255,305	-
Government issued commercial mortgage backed bonds	14,241,125	-
Non-government commercial mortgage backed	3,186,697	-
Asset backed securities	33,003,721	-
Domestic equity mutual funds	334,178,429	-
International equity mutual funds	19,595,881	-
Infrastructure	106,803,311	-
Real estate	113,877,400	-
Total managed investment accounts	1,479,711,436	-
Securities lending collateral	151,395,531	-
Total assets	1,639,159,463	193,464
LIABILITIES		
Accounts payable	830,435	-
Unsettled investment purchases	2,870,617	-
Other payables	711,779	-
Obligations under securities lending	151,395,531	-
Total liabilities	155,808,362	-
NET POSITION		
Restricted for:		
Pensions	1,483,351,101	-
Individuals and organizations	-	193,464
Total net position	\$ 1,483,351,101	\$ 193,464

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, 2025

	Pension Trust Funds	Custodial Fund
ADDITIONS		
Contributions:		
Employer	\$ 15,211,192	\$ -
Employer - state tax	3,312,985	-
Employees	10,924,519	-
Employees - buybacks	106,636	-
Individuals, organizations and other governments	-	107,182
Total contributions	29,555,332	107,182
Investment earnings (loss):		
Net increase (decrease) in fair value of investments	116,446,696	-
Interest, dividends and other	24,174,567	-
Securities lending income	6,079,622	-
Total investment earnings (loss)	146,700,885	-
Less investment costs:		
Investment management / custodian fees	7,925,299	-
Securities lending costs	5,572,346	-
Net investment earnings (loss)	133,203,240	-
Total additions	162,758,572	107,182
DEDUCTIONS		
Benefits	72,015,875	-
Refunds and transfers to other systems	1,568,089	-
Administrative expenses	396,959	-
Payments to individuals, organizations and other governments	-	102,400
Total deductions and administrative expenses	73,980,923	102,400
Net increase (decrease) in fiduciary net position	88,777,649	4,782
Fiduciary net position - beginning	1,394,573,452	188,682
Fiduciary net position - ending	\$ 1,483,351,101	\$ 193,464

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, 2025

Note I – Summary of Significant Accounting Policies

The City of Clearwater was first incorporated in 1915 and reestablished in 1923 as a municipal corporation by Chapter 9710, Special Laws of Florida, 1923, as amended. The city is a Florida municipal corporation governed by a five-member City Council including a mayor-council member. The City has an estimated population of 118,327 and is located in the four-county Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (MSA), which has an estimated population of 3,403,788.

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

I.A. Financial Reporting Entity

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

Blended Component Unit – Clearwater Community Redevelopment Agency: Component units that meet the criteria for blended presentation are reported in a manner similar to that of the primary government itself. Accordingly, throughout this report, data presented for the primary government includes data of the following blended component unit. The Clearwater Community Redevelopment Agency (CRA) is a dependent special district created by Resolution 81-67 and Ordinance 2779-82 by authority of Chapter 163, Part III, of the Florida Statutes. Although it is legally separate, it 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 per Resolution 81-68, and City management has operational responsibility for the CRA. Therefore, financial statements for the Downtown CRA and the North Greenwood CRA are included in the City's Annual Comprehensive Financial Report as governmental non-major special revenue funds and governmental non-major capital projects funds. In accordance with Chapter 163.387(8), Florida Statutes, and Rule 10.556, Rules of the Auditor General, separate audited financial statements of the CRA are available from the City of Clearwater Finance Department.

Blended Component Unit – Downtown Development Board: The Downtown Development Board (DDB) is a dependent special district created by Special Act by authority of Chapter 189.031, Florida Statutes. The DDB levies ad valorem taxes (0.9700 mills for fiscal 2025) on downtown properties, and is not financially dependent upon the City.

On February 15, 2024, City Council adopted Ordinance No. 9744-24 amending the governance structure of the Clearwater Downtown Development Board in order to create strategic alignment and more efficient operations involving the City, the Clearwater Community Redevelopment Agency and the Clearwater Downtown Development Board. The ordinance provided that beginning April 1, 2024, the five members of the City Council shall, as an additional duty in public office, also serve as voting members of the Clearwater Downtown Development Board. The Mayor shall serve as the Chairperson of the Board. In addition, the City Council shall appoint or reappoint two citizens to serve as Board members alongside the five City Council members. The two citizen Board members shall either reside within the District, have a principal place of business or employment within the District, or own real property in the District, and shall serve a term of three years. As a result of this change in governance, the Downtown Development Board is included in the City's Annual Comprehensive Financial Report as a governmental non-major special revenue fund. Separate audited financial statements of the DDB for the fiscal year ended September 30, 2025 were not issued.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Related Organization – Clearwater Housing Authority (CHA): CHA is a dependent special district created by General Law by authority of Chapter 421, Part I, Florida Statutes. As a public housing authority, CHA receives primary funding from the Federal Department of Housing and Urban Development (HUD). The City Council appoints the governing board; however, the City Council is not able to impose its will on the CHA, nor does the City have any responsibility for the budget, debt, financing deficits, or fiscal management of CHA. Consequently, it is not a component unit of the City of Clearwater. Separate audited financial statements of the CHA as of March 31, 2025 are available from CHA.

Jointly governed organization – Florida Gas Utility: The City of Clearwater is a member of the Florida Gas Utility (FGU), a non-profit municipal public entity created for the primary purpose of reducing the costs of purchased gas for its members. FGU is a public body corporate and politic pursuant to Section 163.01, Florida Statutes (the Florida Interlocal Cooperation Act), as amended, and the Interlocal Agreement, dated September 1, 1989, which was subsequently amended by the Amended Interlocal Agreement on June 1, 1992, amended and restated by the Amended and Restated Interlocal Agreement, dated July 1, 1996, then amended and restated by the Second Amended and Restated Interlocal Agreement, dated July 27, 1999, and then amended and restated by the Third Amended and Restated Interlocal Agreement dated March 25, 2011 (the Interlocal Agreement), executed and delivered among FGU and its members, which include municipalities, municipal utilities, and an interlocal agreement consisting of such entities. Due to the diverse needs of municipal utility systems, FGU established itself as a project-oriented agency. Under this structure, each member has the option to participate in a project. FGU has the authority to, among other things, plan, finance, acquire, construct, manage, operate, deliver, service, utilize, own, broker, exchange, and distribute natural gas, or other energy and energy services, pursuant to the Interlocal Agreement. Consequently, it is not a component unit of the City of Clearwater. As of September 30, 2025, FGU has 26 members. Separate audited financial statements of FGU as of September 30, 2025, 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 the nonfiduciary activities of the primary government and its component units using the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City. Net position is defined as the residual of all other elements presented in a statement of financial position. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Changes in net position may serve as an indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Taxes and other items not properly included among program revenues are reported instead as general revenues. All revenues and expenses are reported as soon as the underlying transaction has occurred, regardless of when cash is received or paid.

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

I.B.2. Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. An emphasis is on the major funds in either the governmental or business-type categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds (by category) are summarized into a single column.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

The City reports the following major enterprise funds:

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

The Stormwater Utility 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 of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Additionally, the City reports the following fund types:

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

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

The custodial fund accounts for the receipt, custody, and expenditure of monies held temporarily in an agency capacity for

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

other parties. The custodial fund holds the cash balance for the Treasurer's Escrow Fund, which includes amounts held by the City in an escrow capacity for various parties.

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

I.C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liabilities are 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 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 available if they are collected within 90 days of fiscal year-end. Expenditures generally are recorded when liabilities are incurred, as with 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 measurable and available only when cash is received by the City.

I.D. Statements of Cash Flows

For purposes of the statements of cash flows, investments with an original maturity of three months or less are considered to meet the definition of cash equivalents. The majority of investments in which the City's proprietary funds have equity are held by the City's consolidated pool of cash and investments. Since fund equities in this cash management pool have the general characteristics of demand deposits in that additional funds may be deposited at any time, and funds may be withdrawn at any time without prior notice or penalty, each fund's equity account is considered a cash equivalent regardless of the maturities of investments held by the pool.

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

I.E.1. Deposits, Pooled Cash, and Investments

Cash and investments are presented on the balance sheet in the basic financial statements at fair value in accordance with Generally Accepted Accounting Principles.

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Since fund equities in this cash management pool have the general characteristics of demand deposits in that additional funds may be deposited at any time and funds may be withdrawn at any time without prior notice or penalty, each fund's equity in pooled cash account is considered a cash equivalent, regardless of the maturity 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 a short-term interfund payable to the Capital Improvement Fund. The Capital Improvement Fund is the fund selected by management to reflect the offsetting interfund receivables in such cases.

The City Charter and the current Investment Policy, adopted by the City Council on September 9, 2010, authorize consolidated cash pool investments in the following: direct federal government obligations; federal agencies and instrumentalities; SEC registered money market funds with the highest credit quality rating; interest bearing time deposits or savings accounts in qualified public depositories; debt issued by the State of Florida or any political subdivision thereof including pools; securities of open-end or closed-end management-type investment companies as defined in the policy; collateralized repurchase agreements and reverse repurchase agreements; local government investment pools per Section 163.01, Florida Statutes; and commercial paper of prime quality as defined in the policy. All investments are reported at fair value.

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

Under the City's Investment Policy, a performance measurement standard has been established. The performance measure chosen is a weighted average of the overnight interest rate; and three-month, six-month, one-year, three-year, five-year, and ten-year Treasury rates, respectively. For the fiscal year ended September 30, 2025, the performance measure weighted average was 4.16%. The actual pooled cash earnings performance before bank charges was 2.78%.

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

I.E.2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable less than 60 days are included in the trade accounts receivable allowance for uncollectible accounts at the five-year average loss experience rate of 2.09%. Trade accounts receivable in excess of 60 days are reserved at 25%. 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 2020 thru 2024), and 100% of the receivable attributable to fiscal years 2019 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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

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 a deferred inflow in the appropriate fund.

All delinquent property taxes, except those levied specifically for the restricted purposes of financing activities accounted for in the Special Development Fund are recorded in the General Fund. Property tax revenues are recognized in the General Fund and the required transfers to the appropriate debt service or pension fund are recorded as 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 City's tax rate of 5.8850 mills for the year ended September 30, 2025 was reduced from 5.9550 mills in fiscal 2023.

Property taxes levied by the Downtown Development Board (DDB) are recognized in the Downtown Development Board non-major special revenue fund. The DDB's tax rate of .9700 mills for the year ended September 30, 2025 was increased from .9651 in fiscal 2018.

Water, gas, 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. Stormwater revenues are billed according to Equivalent Residential Units (ERU's). There is no unbilled component of stormwater revenues as of September 30th.

I.E.3. Inventories and Prepaid Items

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

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

I.E.4. Restricted Assets

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

I.E.5. Capital and Intangible Right-to-use 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, and the proprietary fund types in the fund financial statements. Capital assets, as defined by the City, are assets with an initial individual cost of more than \$10,000 (amount not rounded) and useful life greater than one year. Individual assets that cost less than \$10,000, but that operate as part of a network system, may be capitalized in the aggregate, using the

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

group method. Additionally, higher thresholds for capitalization apply to the following categories: land improvements, \$50,000; buildings, building improvements, and utility systems, \$100,000; and infrastructure, \$500,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. When City crews contribute to the completion of a capital asset, time and materials are capitalized to the project cost.

Intangible right-to-use lease assets, which include buildings and equipment, are amortized on a straight-line basis over the life of the related lease.

Intangible right-to-use subscription assets, which include computer software, are amortized on a straight-line basis over the life of the related subscription.

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

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

I.E.6. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick leave “caps” vary depending upon an employee’s bargaining unit, hire date, etc., but generally employees may accumulate vacation time not exceeding 342 hours and sick leave not exceeding 1664, 1560 or 1040 hours, depending on employee classification. 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 832 hours for an employee with a 1,664 hour cap). The costs of paid time off accrued as a liability for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash. The compensated absences liability also includes other salary-related costs incrementally associated with the payment of compensated absences such as the City’s share of Social Security and Medicare taxes. The current portion of compensated absences is the amount estimated to be used in the following year. For governmental activities, compensated absences are liquidated within the same governmental funds where the employee vacation and/or sick leave was earned.

I.E.7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method per GASB Statement No. 62. Bonds payable are reported net of the applicable unamortized bond premium or discount. Bond issuance costs are expended when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I.E.8. Deferred Outflows/Inflows of Resources

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

Similarly, in addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets 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 and other post-employment benefits (OPEB) in the government-wide and all enterprise and internal service fund statements. Deferred inflows related to business tax receipts are reported in both the government-wide and governmental fund statements, while deferred inflows related to property taxes, code enforcement liens, mortgage notes, and intergovernmental revenues are reported in the governmental fund financial statements, but not the government-wide statements, when the receivable is recorded but the revenue is not available.

Deferred outflows related to deferred amounts on bond refundings are reported in the Water and Sewer Utility, Gas Utility and Stormwater Utility funds, as well as in the government-wide statements. These amounts represent the difference between the reacquisition price and the net carrying amount of the old debt, which is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Changes in total pension liability arising from the differences between expected and actual experience, changes of assumption of future economic and demographic factors and the net difference between projected and actual earnings on pension plan investments are recognized as deferred outflows of resources or deferred inflows of resources and are reported in all enterprise and internal service funds, as well as in the government-wide statements. Changes between expected and actual experience and changes of assumptions are recognized in pension expense over a closed period equal to the average of the expected remaining service lives of all active and inactive employees, while the difference between projected and actual earnings is recognized in pension expense over a closed five-year period.

Differences between expected and actual experience and changes in assumptions related to OPEB are recognized as deferred outflows of resources or deferred inflows of resources and are reported in all enterprise and internal service funds, as well as in the government-wide statements, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees), determined as of the beginning of the measurement period. As of October 1, 2024, the beginning of the current measurement period, the average of the expected remaining services lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period was 7.1 years.

Deferred inflows related to leases in which the City is the lessor are recorded in the General Fund, Water and Sewer Utility Fund, Marine Operations Fund, Aviation Operations Fund, and the government-wide statements. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable at inception of the lease, and is recognized as revenue in a systematic and rational manner over the term of the lease.

Deferred inflows related to business tax receipts are recorded in the General Fund and the government-wide statements in an amount equal to annual renewals received July 1-September 30 that are applicable to the fiscal year beginning October 1.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

I.E.9. Net Position Flow Assumption

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

I.E.10. Fund Balance Flow Assumption

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

I.E.11. Fund Balance Policies

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

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

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

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

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

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

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Stabilization Arrangement. As of September 30, 2025, the City Council has not established a separate revenue stabilization reserve for the General Fund. A reserve of \$75,000 has been established for the Downtown Development Board special revenue fund.

I.E.12. Use of Estimates

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

I.F. Adoption of New GASB Pronouncements

During the fiscal year ended September 30, 2025, the City implemented the following GASB pronouncements:

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Implementation of this statement as of September 30, 2024 required a restatement of beginning net position, resulting in a decrease of \$15,022,298 as described in Note IV.H.

GASB Statement No. 102, *Certain Risk Disclosures*. Issued in December 2023, this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The City implemented in fiscal year 2025 and the pronouncement did not have any impact on additional disclosures.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. Issued in September 2024, this Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34, including intangible right-to-use lease assets recorded in accordance with Statement No. 87, *Leases*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and Statement No. 96, *Subscription-Based Information Technology Arrangements*. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale, including (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The additional required disclosures are included in Note III.D.

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, the Downtown CRA special revenue fund, the North Greenwood CRA special revenue fund, and the Downtown Development Board (DDB) special revenue fund. These budgets are adopted on a basis consistent with GAAP, and appropriations lapse at year-end. The annual budgets for the Community Redevelopment Agency (CRA) funds are adopted by the trustees of that agency in accordance with state law. The level of budgetary control is the total fund.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

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 individual fund, provided such action does not result in the discontinuance of a program. Such transfers must be included in the next budget review presented to the City Council. Upon detailed written request by the City Manager, the City Council may by ordinance transfer part or all of any unencumbered appropriation balance from one fund to another.

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

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

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

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

Note III – Detailed Notes on All Funds

III.A. Deposits and Investments

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

Fair Value and Net Asset Value

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

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

securities classified in Level 3 of the fair value hierarchy, when applicable, are securities whose stated market price is unobservable by the marketplace; often these securities are priced by the issuer or industry groups.

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

Deposits

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

Pooled Cash and Investments

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

The City utilizes an overnight repurchase agreement, or “sweep account” with Wells Fargo. The City authorizes the bank to “sweep” the City’s operating account into the Allspring Treasury Plus Money Market Fund overnight on a daily basis. This money market sweep account only invests in United States Treasury Bills, Treasury Notes, US government agencies, and repurchase agreements overcollateralized at 102% by treasuries and agencies. The next day the same account is credited for the principal amount of the previous day’s sweep. As such, the balance is included as part of the deposit total for purposes of financial statement presentation. The outstanding balance in the Wells Fargo sweep Allspring Treasury Plus Money Market Fund at September 30, 2025 totaled \$77,773,314.

Pooled cash and investments as of September 30, 2025 are classified in the accompanying financial statements as follows:

<u>Statement of net position</u>	<u>9/30/2025</u>
Primary Government:	
Cash and investments	\$ 687,641,012
Restricted cash and investments	27,527,979
Fiduciary Funds:	
Cash and investments	1,979,788
Total pooled cash and investments	\$ 717,148,779

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

<u>Pooled Cash and Investments</u>	<u>Carrying Amount</u>	<u>% of Portfolio</u>	<u>Investment Maturities in Years</u>			<u>Moody's Rating</u>
			<u>Less than 1</u>	<u>1-3 Years</u>	<u>More than 3</u>	
Cash and cash equivalents:						
Cash on hand	\$ 28,171	0.00%				N/A
Time / interest bearing / sweep accounts	75,462,106	10.52%				N/A
Total cash and cash equivalents	75,490,277					
Investments:						
Local Government Investment Pools:						
Florida Safe Investment Pool	36,190,356	5.05%	\$ 36,190,356	\$ -	\$ -	AAAm
Florida Cooperative Liquid Assets Securities System	99,893,908	13.93%	99,893,908	-	-	AAAm
Total Local Government Investment Pools	136,084,264		136,084,264	-	-	
Treasuries						
Treasuries	4,987,500	0.70%	-	4,987,500	-	N/A
U.S. Agencies:						
Federal Home Loan Bank (FHLB)	313,798,768	43.75%	103,297,083	117,568,309	92,933,376	Aa1
Federal National Mortgage Assn (FNMA)	19,862,599	2.77%	19,862,599	-	-	Aa1
Federal Farm Credit Bank (FFCB)	81,428,679	11.35%	27,337,439	34,019,976	20,071,264	Aa1
Federal Agricultural Loan Mortgage Corp (FAMCA)	30,094,359	4.20%	-	10,064,144	20,030,215	Aa1
Federal Home Loan Mortgage Corp (FHLMC)	10,022,408	1.40%	-	-	10,022,408	Aa1
Total U.S. Agencies	455,206,813		150,497,121	161,652,429	143,057,263	
Mortgage backed securities	45,104,501	6.29%	470,433	7,571,709	37,062,359	Aa1
Asset backed securities	275,424	0.04%	-	-	275,424	Aa1
Total investments	641,658,502		\$ 287,051,818	\$ 174,211,638	\$ 180,395,046	
Total pooled cash and investments	\$ 717,148,779	100.00%				

Interest Rate Risk – Pooled Cash and Investments:

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

Credit Risk – Pooled Cash and Investments:

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

Concentration of Credit Risk – Pooled Cash and Investments:

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Custodial Credit Risk – Pooled Cash and Investments:

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

Fair Value and Net Asset Value Measurement:

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

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

The City has the following recurring fair value and net asset value measurements as of September 30, 2025:

(in thousands)	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Treasuries	\$ 4,988	\$ 4,988	\$ -	\$ -
U.S. Agencies	455,207	-	455,207	-
Mortgage backed securities	45,105	-	45,105	-
Asset backed securities	275	-	275	-
Total investments measured at fair value	<u>505,575</u>	<u>\$ 4,988</u>	<u>\$ 500,587</u>	<u>\$ -</u>
Investments measured at net asset value:				
Florida Safe Investment Pool	36,190			
Florida Cooperative Liquid Assets Securities System	99,894			
Total investments measured at net asset value	<u>136,084</u>			
Total pooled cash investments	<u>\$ 641,659</u>			

The Florida Surplus Asset Fund Trust (FL SAFE) and the Florida Cooperative Liquid Assets Securities System (FLCLASS) are independent local government investment pools created under the laws of Florida to provide eligible units of local government with investment vehicles to pool their surplus funds. FL SAFE and FLCLASS investment pools are Stable Net

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Asset Value investment pools rated AAAM by Standard & Poors. The investment advisor and administrator for the FL SAFE investment pool is Chandler Asset Management, Inc. and the investment advisor and administrator for the FLCLASS investment pool is PTMA Financial Solutions.

The two local government investment pools, Florida Surplus Asset Fund Trust (FL SAFE) and Florida Cooperative Liquid Assets Securities System (FLCLASS), have no unfunded commitments and both provide same day or next day redemption. The investment strategies of both prioritize safety of principal and liquidity over return, consistent with the City's investment strategy, investing in high-quality short-term investments.

Pension Plan Assets

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

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Employees' Pension Plan

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

<u>Employees' Pension Plan Cash and Investments</u>	<u>Carrying Amount</u>	<u>% of Portfolio</u>	<u>Weighted avg maturity (years)</u>	<u>Moody's Rating</u>
<u>Cash and cash equivalents:</u>				
Cash in bank	\$ 1,192,814	0.08%	N/A	N/A
Cash in managed investment accounts	<u>25,057,608</u>	1.75%	N/A	N/A
Total cash and cash equivalents	<u>26,250,422</u>			
<u>Investments:</u>				
Government bonds	78,918,115	5.52%	14.6	Aa
Government bonds	1,783,454	0.12%		Baa
Index linked government bonds	1,385,758	0.10%	28.2	Aa
Government agency bonds	5,815,205	0.41%		AGY
Government agency bonds	807,409	0.06%	15.9	Aa
Government agency bonds	2,489,699	0.17%		B
Municipal bonds	5,384,392	0.38%		Aa
Municipal bonds	6,641,720	0.46%	16.9	A
Municipal bonds	503,255	0.04%		NR
Domestic corporate bonds	451,701	0.03%		Aaa
Domestic corporate bonds	1,125,384	0.08%		Aa
Domestic corporate bonds	25,901,199	1.81%		A
Domestic corporate bonds	54,978,913	3.85%	11.3	Baa
Domestic corporate bonds	2,981,841	0.21%		Ba
Domestic corporate bonds	4,532,665	0.32%		NR
Corporate convertible bonds	411,603	0.03%	24.3	NR
Asset backed securities	3,909,647	0.27%		AGY
Asset backed securities	7,825,003	0.55%		Aaa
Asset backed securities	1,247,790	0.09%	22.9	A
Asset backed securities	20,021,281	1.40%		NR
Commercial mortgage-backed	4,857,772	0.34%		Aaa
Commercial mortgage-backed	741,962	0.05%		Aa
Commercial mortgage-backed	588,983	0.04%	18.4	Baa
Commercial mortgage-backed	8,052,408	0.56%		NR
Other / Rights / Warrants	1,606	0.00%	N/A	NR
Domestic stocks	375,563,041	26.30%	N/A	N/A
International equity securities	121,651,123	8.51%	N/A	N/A
Government mortgage backed bonds	123,003,830	8.61%		AGY
Government mortgage backed bonds	18,608	0.00%	26.8	Aa
Non-government commercial mortgage backed bonds	3,186,697	0.22%	32.7	NR
International equity mutual funds	16,770,952	1.17%	N/A	N/A
Domestic equity mutual funds	304,811,494	21.34%	N/A	N/A
Infrastructure	106,803,311	7.48%	N/A	N/A
Real Estate	109,339,915	7.65%	N/A	N/A
Total investments	<u>1,402,507,736</u>			
Total cash and investments	<u>\$ 1,428,758,158</u>	100.00%		

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Interest Rate Risk – Employees’ Pension Plan:

As a means of limiting exposure to fair value losses arising from rising interest rates, the Employees’ Pension Plan investment policy limits the investment in fixed income investments to no more than 40% of the portfolio. There are no limits related to weighted average maturities due to the long-term nature of pension plan investing.

Credit Risk – Employees’ Pension Plan:

The Employees’ Pension Plan investment policy limits credit risk by restricting equity investments to corporations that are listed on one of the national or international stock exchanges. Additionally, fixed income corporate bonds must carry an “investment grade” rating as established by one of the nationally recognized rating agencies. As of September 30, 2025, the Plan had \$2,981,841 invested in domestic corporate bonds and \$2,489,699 invested in agency bonds that had fallen below investment grade (Ba1 and lower) as the result of investment downgrades, as indicated on the previous table. The respective money managers notified the Plan administrators of the downgrades and the planned courses of action related to these securities on a timely basis, consistent with the policy’s individual manager guidelines.

Concentration of Credit Risk – Employees’ Pension Plan:

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

Custodial Credit Risk – Employees’ Pension Plan:

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

Foreign Currency Risk – Employees’ Pension Plan:

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

The Pension Plan's exposure to foreign currency risk as of September 30, 2025 is as follows:

<u>Investment</u>	<u>Currency</u>	<u>Fair Value</u>
Common stock	Euro currency	\$ 13,291,449
Common stock	Japanese yen	6,906,319
Common stock	British pound sterling	5,708,693
Common stock	Swiss franc	2,319,545
Common stock	Hong Kong dollar	1,117,965
Common stock	Austrian dollar	1,028,501
Common stock	Swedish krona	908,261
Common stock	Norwegian krone	892,782
Common stock	Singapore dollar	623,306
Common stock	South Korean won	490,346
Common stock	Canadian dollar	387,799
Common stock	Danish krone	206,242
Total		<u>\$ 33,881,208</u>

All of the City's foreign currency exposure resides with a single international equity money manager, Thompson, Siegel & Walmsley, and is primarily invested in foreign common stock.

Fair Value and Net Asset Value Measurement:

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

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

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

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

The Employees' Pension Plan has the following recurring fair value and net asset value measurements as of September 30, 2025:

(in thousands)	<u>Carrying Amount</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Undetermined</u>
Investments measured at fair value:					
Government bonds	\$ 80,702	\$ -	\$ 80,702	\$ -	\$ -
Index linked government bonds	1,386	-	1,386	-	-
Agency bonds	9,112	-	9,112	-	-
Municipal bonds	12,530	-	12,530	-	-
Domestic corporate bonds	89,972	-	89,972	-	-
Corporate convertible bonds	412	-	412	-	-
Asset backed securities	33,004	-	33,004	-	-
Domestic stocks	375,563	375,563	-	-	-
International equity securities	121,651	121,651	-	-	-
Mortgage backed bonds	123,022	-	123,022	-	-
Government issued mortgage backed bonds	14,241	-	14,241	-	-
Non-government commercial mortgage backed	3,187	-	2,574	-	613
Total investments measured at fair value	<u>864,782</u>	<u>\$ 497,214</u>	<u>\$ 366,955</u>	<u>\$ -</u>	<u>\$ 613</u>
Investments measured at net asset value:					
International equity mutual funds	16,771				
Domestic equity mutual funds	304,812				
Infrastructure	106,803				
Real Estate	109,340				
Total investments measured at net asset value	<u>537,726</u>				
Total Employees' Pension Plan investments	<u>\$ 1,402,508</u>				

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Net Asset Value Investments (in thousands):

Money Manager	Value	Unfunded Commitments	Investment Strategy	Redemption Restrictions
Dimensional	\$16,771	\$ -	Emerging markets equity collective investment trust seeking long term capital appreciation by investing at least 80% of net assets in equity securities of companies located in emerging market countries.	None
Northern Trust	71,897	-	Collective large cap value index fund seeking to approximate the risk and return characteristics of the Russell 1000 Value Index.	None
Northern Trust	232,915	-	Collective large cap growth index fund seeking to approximate the risk and return characteristics of the Russell 1000 Growth Index.	None
Multi-Employer Property Trust	51,958	-	An open-end commingled real estate equity fund organized as a bank collective trust. Strategy to create top-quality, core, income-producing assets through development, rehab, or acquisition and repositioning of undervalued assets.	Quarterly redemptions with 45 days notice.
Molpus Woodlands Group Funds III & IV	12,170	1,255	Limited Partnership providing income through acquisition, holding, and distribution of timberland.	No redemption due to Limited Partnership term of up to 14 years, ending 10/22/2027.
Hancock Timberland XI LP	7,859	559	Limited Partnership providing income through acquisition, holding, and distribution of timberland	No redemption due to Limited Partnership. Two-year wind-up period begins 12/31/2025 and ends 12/31/2027.
IFM Infrastructure	106,803	-	Limited Partnership investing in a diversified portfolio of global infrastructure assets, favoring proprietary investment opportunities over competitive bidding processes.	Quarterly redemptions with 90 days notice; manager's best efforts within 36 months of end of quarter.
USAA U.S. Government Buildings	22,580	-	Core plus real estate strategy for acquisition and build-to-suit development of high quality assets leased to agencies of the U.S. Federal and State Governments.	Quarterly redemptions with 60 days notice.
Intercontinental U.S. Real Estate Investment Trust	14,773	-	Primarily investing in high-quality core and core plus properties for stable predictable cash flow and opportunity for capital appreciation. To a lesser degree, additional enhanced-core and value properties to further enhance diversification and return.	Quarterly redemptions with 60 days notice.
	<u>\$ 537,726</u>	<u>\$ 1,814</u>		

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Firefighters' Relief and Pension Plan

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

	<u>Carrying</u> <u>Amount</u>	<u>% of</u> <u>Portfolio</u>	<u>Weighted avg</u> <u>maturity (years)</u>	<u>Moody's</u> <u>Rating</u>
<u>Cash and cash equivalents:</u>				
Cash in bank	\$ 582,973	22.56%	N/A	N/A
Total cash and cash equivalents	<u>582,973</u>			
<u>Investments:</u>				
Agency Bond - Federal Home Loan Bank (FHLB)	<u>2,001,427</u>	77.44%	4.85	Aa
Total investments	<u>2,001,427</u>			
Total managed cash and investments	<u>\$ 2,584,400</u>	100.00%		

Interest Rate Risk – Firefighters' Relief and Pension Plan:

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

Credit Risk – Firefighters' Relief and Pension Plan:

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

Custodial Credit Risk – Firefighters' Relief and Pension Plan:

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

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

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

Foreign Currency Risk – Firefighters' Relief and Pension Plan:

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Fair Value Measurement:

The Firefighters' Relief and Pension Plan has the following recurring fair value measurements as of September 30, 2025:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Federal agency securities	\$ 2,001,427	\$ -	\$ 2,001,427	\$ -

Police Supplemental Pension Plan

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

	<u>Carrying Amount</u>	<u>% of Portfolio</u>	<u>Weighted avg maturity (years)</u>	<u>Moody's Rating</u>
<u>Cash and cash equivalents:</u>				
Cash in bank	\$ 10,537	0.04%	N/A	N/A
Cash in managed investment accounts	835,203	3.55%	N/A	N/A
Total cash and cash equivalents	<u>845,740</u>			
<u>Investments:</u>				
Domestic equity mutual funds	20,460,786	87.06%	N/A	N/R
International equity mutual funds	1,160,531	4.94%	N/A	N/R
Real estate	1,035,508	4.41%	N/A	N/R
Total investments	<u>22,656,825</u>			
Total managed cash and investments	<u>\$ 23,502,565</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 less than 135% of the duration of the Bloomberg Barclay's Intermediate Aggregate Bond Index.

Credit Risk – Police Supplemental Pension Plan:

The Police Supplemental Pension Plan investment policy limits credit risk by restricting equity investments to securities that are fully and easily negotiable. Investments in corporations whose stock has been publicly traded for less than one year are limited to 15% at cost value of the equity portfolio. Investment in equity securities whose market capitalization is less than \$10 billion dollars shall be limited to 25% of the total equity portfolio. Exchange traded funds (ETF's) or Exchange Traded Notes (ETN's) may not exceed 10% at cost value of any equity manager's portfolio. Investments in real estate shall not exceed 25% (at market valuation) of the value of the total fund assets. Investments in absolute or real return strategies shall not exceed 25% of the value of the total fund assets. The average credit quality of the bond portfolio shall be "A" or higher, and those securities rated below "BBB" shall not exceed 15% of the entire fixed income portfolio.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Concentration of Credit Risk – Police Supplemental Pension Plan:

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

Custodial Credit Risk – Police Supplemental Pension Plan:

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

Foreign Currency Risk – Police Supplemental Pension Plan:

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

Fair Value Measurement:

The Police Supplemental Pension Plan has the following recurring fair value measurements as of September 30, 2025:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Domestic equity mutual funds	\$ 20,460,786	\$ 20,460,786	\$ -	\$ -
International equity mutual funds	1,160,531	1,160,531	-	-
Real estate	1,035,508	-	-	1,035,508
	<u>\$ 22,656,825</u>	<u>\$ 21,621,317</u>	<u>\$ -</u>	<u>\$ 1,035,508</u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Firefighters' Supplemental Pension Plan

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

	<u>Carrying Amount</u>	<u>% of Portfolio</u>	<u>Weighted avg maturity (years)</u>	<u>Moody's Rating</u>
<u>Cash and cash equivalents:</u>				
Cash in managed investment accounts	\$ 1,168,599	4.38%	N/A	N/A
Total cash and cash equivalents	<u>1,168,599</u>			
<u>Investments:</u>				
Government bonds	1,822,304	6.84%	5.1	Aa1
Municipal bonds	33,041	0.12%	3.2	A2
Domestic corporate bonds	694,384	2.61%	4.9	A1/A2/A3
Domestic corporate bonds	1,238,320	4.65%		Baa1/Baa2
Domestic corporate bonds	53,423	0.20%		WR
Domestic corporate bonds	48,270	0.18%	N/A	N/R
International equity securities	624,355	2.34%	N/A	N/R
Domestic stocks	4,664,550	17.50%	N/A	N/R
Mortgage backed bonds	2,232,867	8.38%	16.1	N/R
Domestic equity mutual funds	8,906,149	33.42%	N/A	N/R
International equity mutual funds	1,664,398	6.24%	N/A	N/R
Real estate	3,501,977	13.14%	N/A	N/R
Total investments	<u>25,484,038</u>			
Total managed cash and investments	<u>\$ 26,652,637</u>	100.00%		

Interest Rate Risk – Firefighters' Supplemental Pension Plan:

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

Credit Risk – Firefighters' Supplemental Pension Plan:

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

Concentration of Credit Risk – Firefighters' Supplemental Pension Plan:

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Custodial Credit Risk – Firefighters’ Supplemental Pension Plan:

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

Foreign Currency Risk – Firefighters’ Supplemental Pension Plan:

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

Fair Value Measurement:

The Firefighters’ Supplemental Pension Plan has adopted the provisions of GASB Statement No. 72 and fully disclosed in the notes to the financial statements the fair value hierarchy and the methods of valuing the related investments as required under generally accepted accounting principles. The Plan has the following recurring fair value measurements as of September 30, 2025:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Government bonds	\$ 1,822,304	\$ 195,914	\$ 1,626,390	\$ -
Municipal bonds	33,041	-	33,041	-
Domestic corporate bonds	2,034,397	-	2,034,397	-
International equity securities	624,355	624,355	-	-
Domestic stocks	4,664,550	4,664,550	-	-
Mortgage backed bonds	2,232,867	-	2,232,867	-
Domestic equity mutual funds	8,906,149	8,906,149	-	-
International equity mutual funds	1,664,398	-	-	1,664,398
Real estate	3,501,977	-	-	3,501,977
	<u>\$ 25,484,038</u>	<u>\$ 14,390,968</u>	<u>\$ 5,926,695</u>	<u>\$ 5,166,375</u>

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 \$13,722,886 are reported on the Governmental Funds Balance Sheet, net of an allowance for uncollectible accounts in the amount of \$13,115,814. The gross receivable of \$26,838,700 includes \$7,112,315 of long-term loans receivable that are not expected to be collected within the next fiscal year. Mortgage notes receivable and the related payment history are reviewed individually on an annual basis to determine collectability for allowance and bad debt determinations.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

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>Leases</u>	<u>Notes</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 1,769	\$ 1,157	\$ 435	\$ 433	\$ 1,738	\$ -	\$ 227	\$ 5,759
Special Development Fund	34	-	125	-	-	-	-	159
Special Programs Fund	-	-	44	-	-	11,997	13	12,054
Capital Improvement Fund	-	-	11	-	-	-	-	11
Non-major governmental funds	-	-	77	-	-	14,842	-	14,919
Internal service funds	-	-	292	-	-	-	350	642
Total governmental	1,803	1,157	984	433	1,738	26,839	590	33,544
Less: Allowance for uncollectable accounts	(90)	-	-	-	-	(13,116)	-	(13,206)
Net governmental receivables	<u>\$ 1,713</u>	<u>\$ 1,157</u>	<u>\$ 984</u>	<u>\$ 433</u>	<u>\$ 1,738</u>	<u>\$ 13,723</u>	<u>\$ 590</u>	<u>\$ 20,338</u>
Water and Sewer Utility Fund	\$ -	\$ -	\$ 641	\$ 8,903	\$ 242	\$ -	\$ 36	\$ 9,822
Gas Utility Fund	-	-	115	2,861	-	-	20	2,996
Solid Waste and Recycling Utility Fund	-	-	177	2,638	-	-	43	2,858
Stormwater Utility Fund	-	-	174	2,591	-	-	4	2,769
Non-major enterprise funds	-	-	228	-	8,452	-	-	8,680
Total business-type	-	-	1,335	16,993	8,694	-	103	27,125
Less: Allowance for uncollectable accounts	-	-	-	(31)	-	-	-	(31)
Net business-type receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,335</u>	<u>\$ 16,962</u>	<u>\$ 8,694</u>	<u>\$ -</u>	<u>\$ 103</u>	<u>\$ 27,094</u>

III.C. Lease Receivables

The City, as a lessor, has entered into the following lease agreements:

Fields, Inc. d/b/a Barefoot Beach House leases the premises on Clearwater Beach at 332 South Gulfview Blvd. to operate a food and beach accessory concession and restroom complex. The lease expires February 28, 2027. There are no further renewals available. Monthly fixed base rent payments of \$10,000 are received in the General Fund, as well as additional rent which varies based on gross sales. A lump sum payment of \$50,000 payable January 1, 2026 is also required. A lease receivable of \$215,515 and a deferred inflow of \$202,397 are recorded in the General Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 3.159%.

Alexandra of Clearwater Beach, Inc. leases the premises on Clearwater Beach at 10 Pier 60 Drive to operate a food and beach accessory concession and restroom complex. The lease expires February 28, 2027. There are no further renewals available. Fixed base rent of \$60,000 is due annually on March 1st, in addition to fixed monthly rent of \$10,000 and additional rent which varies based on gross sales. A lease receivable of \$218,347 and a deferred inflow of \$241,862 are recorded in the General Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 1.090%.

Clearwater Community Sailing Association, Inc. leases the premises on Clearwater Beach (3,658 square feet of real property and improvements) at 1001 Gulf Blvd., known as the Clearwater Community Sailing Center, and two additional tracts of land. The lease commenced March 1, 2024 and expires February 28, 2029. There are no renewals available. Monthly base rent of \$2,100 is received in the General Fund, and is subject to increase 5% annually on March 1st. A lease receivable of \$89,931 and a deferred inflow of \$85,217 are recorded in the General Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 2.432%.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Clearwater Golf Club, LLC leases the golf course located at 525 Betty Lane North, known as the Clearwater Country Club. The lease expires April 30, 2041. There are no renewals available. In lieu of rent, the Club at its sole expense will perform the renovations and construction stated in the agreement, valued at approximately \$1.2 million, during the five-year period ending April 30, 2027. A lease receivable of \$1,155,993 (present value of the required improvements using a discount rate of 2.36%) and a deferred inflow of \$884,267 are recorded in the General Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 2.36%.

Martin Luther King, Jr. Neighborhood Family Center, Inc. leases 530 square feet of office space at the North Greenwood Aquatics and Recreation Complex located at 900 North Martin Luther King, Jr. Avenue. The lease expires September 30, 2026 if not renewed for an additional five-year term. Quarterly rent of \$5,000 is received in the General Fund, and may be adjusted for the renewal term, if exercised, to reflect applicable changes in the use of the premises or the cost of operating the facility. A lease receivable of \$19,864 and a deferred inflow of \$24,313 are recorded in the General Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 1.090%.

Clearwater Golf Associates, Inc. leases a golf course located at 1875 Airport Road, known as The Landings Golf Club of Clearwater. The lease expires February 28, 2029. There are no renewals available. Quarterly fixed rent of \$3,000 is received in the General Fund, as well as 3% of gross revenues in excess of \$1.1 million annually. A lease receivable of \$38,068 and a deferred inflow of \$39,005 are recorded in the General Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 1.390%.

A portion of the water tower premises at 3200 SR-580 and McMullen Booth Road (5,525 square feet) is leased to Crown Castle (formerly GTE Mobilnet of Tampa, Inc.) for location of a cell tower and related equipment. The lease terminates on July 31, 2030 if not renewed for additional five-year terms through 2040. Annual lease payments are received in the Water and Sewer Utility Fund. A lease receivable of \$241,393 and a deferred inflow of \$233,347 are recorded in the Water and Sewer Utility Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 2.698%.

Forty-three commercial boat slips at the Clearwater Beach Marina and one slip at Island Estates are generally leased to various parties for a term of five years. There is no renewal option. Termination dates range from April 30, 2026 to June 6, 2029. Monthly lease payments ranging from \$573.48 to \$2,561.27, based on the passenger capacity and number of vessels in the slip, are received in the Marine Operations Fund. The City Manager is authorized to adjust vessel slip rent increases or decreases up to ten percent annually, based on surveys of rates charged by other municipal and local area marinas. Current rates reflect the most recent increase on May 1, 2022; however, City Council has approved an increase to \$23.65 per foot per month effective February 1, 2026. A lease receivable of \$491,985 and a deferred inflow of \$512,001 are recorded in the Marine Operations Enterprise Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate ranges from 0.632% to 3.305% for these leases.

Clearwater Angler, LLC d/b/a The Bait Shop leases the building at 45 Causeway Blvd., located at the Clearwater Beach Marina. The lease terminates on September 30, 2027 if the renewal options are not exercised. Monthly lease payments of \$3,150, increasing 3% to \$3,245 on October 1, 2025, are received in the Marine Operations Fund. A lease receivable of \$155,245 and a deferred inflow of \$151,492 are recorded in the Marine Operations Enterprise Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 2.331%.

Suite #104 of the Clearwater Beach Marina headquarters located at 25 Causeway Blvd. is leased to Pirate's Pantry, Inc. The lease terminates on September 30, 2027 if the renewal options are not exercised. Monthly lease payments of \$755 increasing 3% to \$778 on October 1, 2025, are received in the Marine Operations Fund. A lease receivable of \$37,231 and a deferred inflow of \$36,331 are recorded in the Marine Operations Enterprise Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 2.331%.

Suite #106 of the Clearwater Beach Marina headquarters located at 25 Causeway Blvd. is leased to Thomas C. Wolkowsky, Patricia A. Wolkowsky and Olivia O. Wolkowsky d/b/a Marina Beach Shoppe. The lease terminates on September 30, 2027

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

if the renewal options are not exercised. Monthly lease payments of \$2,837, increasing 3% to \$2,922 on October 1, 2025, are received in the Marine Operations Fund. A lease receivable of \$139,813 and a deferred inflow of \$136,434 are recorded in the Marine Operations Enterprise Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 2.331%.

Suite #108 of the Clearwater Beach Marina headquarters located at 25 Causeway Blvd. is leased to Marina Cantina, LLC d/b/a Cool Cookie. The lease expires September 30, 2034. There are no renewal options. Monthly lease payments of \$5,039, increasing 3% to \$5,190 on October 1, 2025, are received in the Marine Operations Fund. A lease receivable of \$560,494 and a deferred inflow of \$535,391 are recorded in the Marine Operations Enterprise Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 2.61%.

Suite #109 of the Clearwater Beach Marina headquarters located at 25 Causeway Blvd. is leased to Harbor Barber and Beauty Salon, Inc. The lease terminates on September 30, 2027 if the renewal options are not exercised. Monthly lease payments of \$773, increasing 3% to \$796 on October 1, 2025, are received in the Marine Operations Fund. A lease receivable of \$37,815 and a deferred inflow of \$36,955 are recorded in the Marine Operations Enterprise Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 2.331%.

Suite #103 and Suite #105 as well as the entire second floor of the Clearwater Beach Marina headquarters located at 25 Causeway Blvd., is leased to Marina Cantina, LLC for use as restaurant space (10,141 of interior space and 15,578 square feet of exterior/seasonal patio space). The lease terminates on September 30, 2027 if the renewal options are not exercised. Monthly lease payments of \$16,902 are received in the Marine Operations Fund. A lease receivable of \$400,447 and a deferred inflow of \$398,139 are recorded in the Marine Operations Enterprise Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 1.24%.

The premises (land and building) located at 37 Causeway Blvd. is leased to Clearwater Beach Seafood, Inc. for use as Crabby's Dockside Restaurant. The lease terminates on March 31, 2047. There is no renewal option. Current monthly fixed base rent of \$14,250 is received in the Marine Operations Fund, as well as a percentage rent that varies according to food and alcohol sales. The base rent is adjusted annually on May 1st, the greater of 2% or the percentage increase in the PPI for the previous twelve months. A lease receivable of \$2,430,233 and a deferred inflow of \$2,356,138 are recorded in the Marine Operations Enterprise Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 1.97%.

Clearwater Marine Aquarium leases Island Estates boat slips 1-20, for a term of five years expiring on May 31, 2026. There is no renewal option; however, a new agreement may be negotiated at the termination of the current agreement. Consideration in lieu of rent consists of \$137,000 of investments and upgrades to the slips to be completed by May 31, 2026. A lease receivable of \$130,369 and a deferred inflow of \$130,369 are recorded in the Marine Operations Enterprise Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 1.090%.

The Clearwater Airpark, a public-use airport located at 1000 N. Hercules Avenue, is leased to FlyUSA PV, LLC for thirty years, ending on February 28, 2053. The agreement provides for five subsequent five-year renewals subject to mutual agreement. Current monthly rent of \$21,239 is received in the Aviation Operations Enterprise Fund. Monthly rent is adjusted annually by the higher of 3% or the increase in the CPI-U based on the twelve-month period ending two months prior to the effective date of the increase. Beginning in the eleventh year, the monthly rent shall experience a one-time increase of \$25,000 per month. A lease receivable of \$4,068,569 and a deferred inflow of \$3,971,681 are recorded in the Aviation Operations Enterprise Fund and the government-wide statements as of September 30, 2025. The City's incremental borrowing rate is 3.833%.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

III.D. Capital Assets

Capital asset activity for the year ended September 30, 2025:

Governmental Activities	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Non-depreciable capital assets:					
Land	\$ 92,685,754	\$ 2,848,560	\$ (927,200)	\$ -	\$ 94,607,114
Construction in progress	9,790,609	32,824,097	(13,823,488)	-	28,791,218
SBITA work in progress	130,000	130,000	-	-	260,000
Total non-depreciable capital assets	<u>102,606,363</u>	<u>35,802,657</u>	<u>(14,750,688)</u>	<u>-</u>	<u>123,658,332</u>
Depreciable capital assets:					
Buildings	241,497,597	12,452,770	-	-	253,950,367
Improvements other than buildings	99,631,171	4,352,350	-	-	103,983,521
Machinery and equipment	128,389,379	24,704,324	(7,818,661)	6,044	145,281,086
Infrastructure	170,345,390	28,200	-	-	170,373,590
Total depreciable capital assets	<u>639,863,537</u>	<u>41,537,644</u>	<u>(7,818,661)</u>	<u>6,044</u>	<u>673,588,564</u>
Less accumulated depreciation for:					
Buildings	(105,814,614)	(7,785,041)	-	-	(113,599,655)
Improvements other than buildings	(37,319,734)	(4,096,554)	-	-	(41,416,288)
Machinery and equipment	(101,820,518)	(10,860,806)	7,775,555	(6,044)	(104,911,813)
Infrastructure	(135,340,499)	(4,375,626)	-	-	(139,716,125)
Total accumulated depreciation	<u>(380,295,365)</u>	<u>(27,118,027)</u>	<u>7,775,555</u>	<u>(6,044)</u>	<u>(399,643,881)</u>
Net depreciable capital assets	<u>259,568,172</u>	<u>14,419,617</u>	<u>(43,106)</u>	<u>-</u>	<u>273,944,683</u>
Capital assets, net of accumulated depreciation	<u>362,174,535</u>	<u>50,222,274</u>	<u>(14,793,794)</u>	<u>-</u>	<u>397,603,015</u>
Intangible right-to-use lease assets:					
Buildings	2,452,245	-	(359,159)	-	2,093,086
Machinery and equipment	1,810,805	472,256	(395,675)	-	1,887,386
Total intangible right-to-use lease assets being amortized	<u>4,263,050</u>	<u>472,256</u>	<u>(754,834)</u>	<u>-</u>	<u>3,980,472</u>
Less accumulated amortization for:					
Buildings	(913,922)	(358,743)	180,951	-	(1,091,714)
Machinery and equipment	(813,962)	(647,619)	395,675	-	(1,065,906)
Total accumulated amortization	<u>(1,727,884)</u>	<u>(1,006,362)</u>	<u>576,626</u>	<u>-</u>	<u>(2,157,620)</u>
Intangible right-to-use lease assets, net of accumulated amortization	<u>2,535,166</u>	<u>(534,106)</u>	<u>(178,208)</u>	<u>-</u>	<u>1,822,852</u>
Intangible right-to-use subscription assets:					
Software	9,316,900	2,629,282	(694,740)	-	11,251,442
Total intangible right-to-use subscription assets being amortized	<u>9,316,900</u>	<u>2,629,282</u>	<u>(694,740)</u>	<u>-</u>	<u>11,251,442</u>
Less accumulated amortization for:					
Software	(3,118,895)	(2,902,792)	694,740	-	(5,326,947)
Total accumulated amortization	<u>(3,118,895)</u>	<u>(2,902,792)</u>	<u>694,740</u>	<u>-</u>	<u>(5,326,947)</u>
Intangible right-to-use subscription assets, net of accumulated amortization	<u>6,198,005</u>	<u>(273,510)</u>	<u>-</u>	<u>-</u>	<u>5,924,495</u>
Total Governmental Activities Capital Assets, net	<u>\$ 370,907,706</u>	<u>\$ 49,414,658</u>	<u>\$ (14,972,002)</u>	<u>\$ -</u>	<u>\$ 405,350,362</u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Business-type activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Non-depreciable capital assets:					
Land	\$ 30,649,872	\$ 352,640	\$ (269,155)	\$ -	\$ 30,733,357
Construction in progress	34,228,507	35,613,670	(3,609,584)	-	66,232,593
SBITA work in progress	541,660	611,940	-	-	1,153,600
Total non-depreciable capital assets	<u>65,420,039</u>	<u>36,578,250</u>	<u>(3,878,739)</u>	<u>-</u>	<u>98,119,550</u>
Depreciable capital assets:					
Buildings	77,101,445	480,149	-	-	77,581,594
Improvements other than buildings	753,076,881	6,595,734	-	-	759,672,615
Machinery and equipment	21,883,690	1,143,994	(877,844)	(6,044)	22,143,796
Total depreciable capital assets	<u>852,062,016</u>	<u>8,219,877</u>	<u>(877,844)</u>	<u>(6,044)</u>	<u>859,398,005</u>
Less accumulated depreciation for:					
Buildings	(22,846,748)	(2,321,280)	-	-	(25,168,028)
Improvements other than buildings	(465,712,677)	(17,027,481)	-	-	(482,740,158)
Machinery and equipment	(14,916,658)	(1,769,850)	810,099	6,044	(15,870,365)
Total accumulated depreciation	<u>(503,476,083)</u>	<u>(21,118,611)</u>	<u>810,099</u>	<u>6,044</u>	<u>(523,778,551)</u>
Net depreciable capital assets	<u>348,585,933</u>	<u>(12,898,734)</u>	<u>(67,745)</u>	<u>-</u>	<u>335,619,454</u>
Total Business-type Activities Capital Assets, net	<u>\$ 414,005,972</u>	<u>\$ 23,679,516</u>	<u>\$ (3,946,484)</u>	<u>\$ -</u>	<u>\$ 433,739,004</u>

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

	Depreciation of <u>capital assets</u>	Amortization of <u>lease assets</u>	Amortization of <u>subscription assets</u>
Governmental activities:			
General government	\$ 721,584	\$ 253,924	\$ 28,038
Public safety	2,204,126	24,117	435,779
Transportation, including depreciation on infrastructure assets	4,191,244	-	-
Economic environment	109,559	-	7,571
Culture and recreation	9,516,274	-	-
Capital assets held by governmental internal service funds are charged to the various functions based on their usage of assets	10,375,240	728,321	2,431,404
	<u>\$ 27,118,027</u>	<u>\$ 1,006,362</u>	<u>\$ 2,902,792</u>
Business-type activities:			
Water and sewer utility	\$ 11,269,398	\$ -	\$ -
Gas utility	4,296,773	-	-
Solid waste and recycling utility	1,166,653	-	-
Stormwater utility	3,575,563	-	-
Marine operations	104,686	-	-
Aviation operations	150,499	-	-
Parking system operations	164,900	-	-
Clearwater Harbor Marina operations	390,139	-	-
	<u>\$ 21,118,611</u>	<u>\$ -</u>	<u>\$ -</u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

The following capital assets held for sale at year end are included in the appropriate major class of capital asset in governmental activities:

- Vehicles and equipment with a historical cost of \$9,024,123 and a book value of \$8,948,648 were declared surplus by City Council and held for sale by auction pending arrival of the replacement assets;
- Two parcels of land with a historical cost of \$17,048 were advertised for sale to the adjacent property owners to be integrated into the currently-owned properties as they are uneconomic remainders with no development potential as stand-alone parcels; and
- Seven parcels of land with a historical cost of \$373,614 were advertised for sale as residential properties in the North Greenwood Community Redevelopment District. These parcels are most suitable for detached dwellings (single family homes) or small-scale attached dwellings (duplexes, triplexes, etc.) and should be used for the creation of workforce or affordable housing.

III.E. Intangible Right-to-use Lease Assets

The City is a lessee of the following intangible right-to-use lease assets:

The City leases the 6th floor (13,024 square feet) of One Clearwater Tower located at 600 Cleveland Street for use as a temporary City Hall. The lease expires on January 31, 2029. Monthly lease payments of \$22,249, increasing to \$22,911 on February 1, 2026, are paid from the General Fund. The City has recorded a lease liability in the government-wide statements in the amount of \$902,159 as well as an intangible right-to-use lease asset in the amount of \$866,869, net of accumulated amortization, as of September 30, 2025. The City's incremental borrowing rate is 2.312%.

The City leases Suite 400 (3,719 square feet) in the Powell Professional Center located at 401 Corbett Street for use as an employee health clinic. The lease terminates on May 31, 2027. There are no renewal options. Monthly lease payments of \$7,023, increasing to \$7,233 on June 1, 2026, are paid from the Central Insurance Fund. The City has recorded a lease liability in the Central Insurance Internal Service Fund and the government-wide statements in the amount of \$139,303 as well as an intangible right-to-use lease asset in the amount of \$134,503, net of accumulated amortization, as of September 30, 2025. The City's incremental borrowing rate is 2.975%.

The City leases various computer equipment from Hewlett-Packard Financial Services Company for terms of 36 months. There are ten leases outstanding with termination dates ranging from October 31, 2025 to November 30, 2028. There are no renewal options. Quarterly lease payments ranging from \$5,391 to \$34,195 are paid from the Administrative Services Fund. The City has recorded a lease liability in the Administrative Services Internal Service Fund and the government-wide statements in the amount of \$875,394 as well as an intangible right-to-use lease asset in the amount of \$821,480, net of accumulated amortization, as of September 30, 2025. The City's incremental borrowing rate ranges from 2.321% to 3.764% for these leases.

The City does not report any intangible right-to-use lease assets in the proprietary fund statements or business-type activities in the government-wide statements.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Future payments on intangible right-to-use lease assets are as follows:

	Principal	Interest	Total
2026	\$ 881,994	\$ 39,143	\$ 921,137
2027	572,991	18,339	591,330
2028	359,730	6,783	366,513
2029	102,141	498	102,639
	<u>\$ 1,916,856</u>	<u>\$ 64,763</u>	<u>\$ 1,981,619</u>

III.F. Intangible Right-to-use Subscription Assets

The City subscribes to software applications utilized for law enforcement, debt/lease/subscription management, legal case management, and media monitoring and analysis. Expiration dates range from April 30, 2027 to July 14, 2030. Annual payments of \$691,758 for fiscal 2025 were paid from the General Fund. The City has recorded a subscription liability in the government-wide statements in the amount of \$1,969,798 as well as an intangible right-to-use subscription asset in the amount of \$1,836,263, net of accumulated amortization, as of September 30, 2025. The City's incremental borrowing rate ranges from 2.837% to 3.451% for these for these subscriptions.

The City subscribes to software applications utilized for budget development, bid management, land management/building permits/code enforcement, cyber defense and response, fuel management, agenda management, Microsoft Office and related cloud applications, learning management, and financial and human capital management. Expiration dates range from December 31, 2025 to May 31, 2030. Annual payments of \$2,533,567 for fiscal 2025 were paid from the Administrative Services Fund. The City has recorded a subscription liability in the Administrative Services Internal Service Fund and the government-wide statements in the amount of \$2,506,648 as well as an intangible right-to-use subscription asset in the amount of \$4,015,853, net of accumulated amortization, as of September 30, 2025. The City's incremental borrowing rate ranges from 2.3633% to 3.2687% for these subscriptions.

The City subscribes to a software application utilized for claims management. The agreement expires on June 30, 2028. The annual payment of \$30,387 for fiscal 2025 was paid from the Central Insurance Fund. The City has recorded a subscription liability in the Central Insurance Internal Service Fund and the government-wide statements in the amount of \$59,604 as well as an intangible right-to-use subscription asset in the amount of \$72,379, net of accumulated amortization, as of September 30, 2025. The City's incremental borrowing rate is 3.3313% for this subscription.

The City is in the process of implementing an asset management system. Project costs incurred as of September 30, 2025 of \$260,000 and \$1,153,600 are recorded as work in progress (included in other nondepreciable assets) in the Administrative Services Internal Service Fund and the Water and Sewer Utility Enterprise Fund, respectively, as well as in the government-wide statements.

The City does not report any intangible right-to-use subscription assets in the proprietary fund statements or business-type activities in the government-wide statements.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Future payments on intangible right-to-use subscription assets are as follows:

	Principal	Interest	Total
2026	\$ 1,467,258	\$ 139,593	\$ 1,606,851
2027	1,360,640	94,770	1,455,410
2028	1,255,605	52,433	1,308,038
2029	452,547	13,054	465,601
	<u>\$ 4,536,050</u>	<u>\$ 299,850</u>	<u>\$ 4,835,900</u>

III.G. Construction Commitments

As of September 30, 2025, material outstanding construction commitments were as follows:

<u>Project</u>	<u>Fund</u>	<u>Construction Commitments Outstanding</u>
Beach Marina Replacement	Marine Operations Enterprise Fund	\$ 21,272,090
City Hall	Capital Improvement Fund	14,136,374
Long Center Renovations	Capital Improvement Fund	8,677,639
Northeast Water Reclamation Facility Improvements	Water & Sewer Utility Enterprise Fund	3,687,200
Municipal Services Building Renovation	Capital Improvement Fund	2,231,133
Annual Sidewalk Repairs	Capital Improvement Fund	1,800,000
Annual Stormwater Repairs	Stormwater Utility Enterprise Fund	1,620,541
Pierce Street Lift Station	Water & Sewer Utility Fund	1,057,568
State Street Park Improvements	Capital Improvement Fund	916,604
Island Estates Water Main	Water & Sewer Utility Fund	576,015
Total Construction Commitments		<u>\$ 55,975,164</u>

III.H. Interfund Receivables, Payables, and Transfers

III.H.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, 2025, as interfund loans from the Capital Improvement Fund, which was selected by management for this purpose. This reclassification results in a corresponding reduction in the cash equity in the Capital Improvement Fund, offset by an increase in interfund receivables.

As of September 30, 2025, the North Greenwood CRA special revenue fund had a cash pool deficit in the amount of \$8,619.

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Fund	Due from Other Funds	Due to Other Funds	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 1,048,516	\$ 628,357	\$ -	\$ 1,641,453
Special Revenue Funds:				
Special Programs Fund	-	10,399	325,440	33,009
Downtown CRA Fund	-	-	-	373,440
North Greenwood CRA Fund	-	8,619	-	-
Downtown Development Board Fund	-	-	48,000	-
Capital Projects Fund:				
Capital Improvement Fund	7,910,069	-	20,041,284	-
Enterprise Funds:				
Water & Sewer Utility Fund	-	105,837	-	213,885
Solid Waste & Recycling Utility Fund	-	842,609	-	2,327,096
Marine Operations Fund	-	9,031	-	27,850
Clearwater Harbor Marina Fund	-	3,996	-	17,338
Internal Service Funds:				
Garage Fund	-	6,000,858	-	16,196,064
Administrative Services Fund	-	663,316	-	351,090
General Services Fund	-	7,149	-	-
Central Insurance Fund	370,102	1,048,516	766,501	-
	<u>\$ 9,328,687</u>	<u>\$ 9,328,687</u>	<u>\$ 21,181,225</u>	<u>\$ 21,181,225</u>

Descriptions of interfund loans as of September 30, 2025:

On September 22, 2003, the Downtown Development Board (DDB) entered into an interlocal agreement with the Community Redevelopment Agency (CRA). Under the terms of this agreement, the DDB agreed to loan the CRA \$48,000 to purchase property. The unsecured loan is not subject to interest and will be repaid to the DDB upon subsequent sale of the property. If the property is resold for an amount greater than the original purchase price, the DDB will receive a proportionate share (3.85%) of the profit. If the property sells for less than the original purchase price, then the DDB will be reimbursed the entire principal amount of the loan. Because the first principal payment is not due within one year, this loan is classified as an advance.

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

An internal loan from the Central Insurance Fund to the Solid Waste & Recycling Utility Fund in the amount of \$3.5 million, approved November 16, 2017, to partially fund the construction of a Solid Waste Transfer Station. This loan provides for 10 equal payments of \$396,812, including interest at 2.35%, beginning September 30, 2019 and ending September 30, 2028. The current portion of this loan (\$370,102) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$766,501) is classified as an advance.

An internal loan July 1, 2021 from the Capital Improvement Fund to the General Fund in the amount of \$174,984 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$36,054, including interest at 1.00%,

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

beginning July 1, 2022 and ending July 1, 2026. The balance of this loan (\$35,697) is due within one year and is therefore classified as due to/due from other funds.

An internal loan July 1, 2021 from the Capital Improvement Fund to the Solid Waste & Recycling Utility Fund in the amount of \$518,874 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$106,909, including interest at 1.00%, beginning July 1, 2022 and ending July 1, 2026. The balance of this loan (\$105,850) is due within one year and is therefore classified as due to/due from other funds.

An internal loan July 1, 2021 from the Capital Improvement Fund to the General Services Fund in the amount of \$35,046 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$7,221, including interest at 1.00%, beginning July 1, 2022 and ending July 1, 2026. The balance of this loan (\$7,149) is due within one year and is therefore classified as due to/due from other funds.

An internal loan July 1, 2021 from the Capital Improvement Fund to the Garage Fund in the amount of \$5,140,518 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$1,059,151, including interest at 1.00%, beginning July 1, 2022 and ending July 1, 2026. The balance of this loan (\$1,048,666) is due within one year and is therefore classified as due to/due from other funds.

An internal loan August 1, 2022 from the Capital Improvement Fund to the General Fund in the amount of \$384,674 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$83,516, including interest at 2.80%, beginning August 1, 2023 and ending August 1, 2027. The current portion of this loan (\$79,028) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$81,242) is classified as an advance.

An internal loan August 1, 2022 from the Capital Improvement Fund to the Water & Sewer Utility Fund in the amount of \$351,081 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$76,223, including interest at 2.80%, beginning August 1, 2023 and ending August 1, 2027. The current portion of this loan (\$72,128) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$74,147) is classified as an advance.

An internal loan August 1, 2022 from the Capital Improvement Fund to the Garage Fund in the amount of \$3,729,841 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$809,783, including interest at 2.80%, beginning August 1, 2023 and ending August 1, 2027. The current portion of this loan (\$766,271) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$787,726) is classified as an advance.

An internal loan September 30, 2023 from the Capital Improvement Fund to the General Fund in the amount of \$798,954 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$173,958, including interest at 2.9%, beginning September 30, 2024 and ending September 30, 2028. The current portion of this loan (\$159,661) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$333,345) is classified as an advance.

An internal loan September 30, 2023 from the Capital Improvement Fund to the Marine Operations Fund in the amount of \$25,197 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$5,486, including interest at 2.9%, beginning September 30, 2024 and ending September 30, 2028. The current portion of this loan (\$5,035) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$10,512) is classified as an advance.

An internal loan September 30, 2023 from the Capital Improvement Fund to the Administrative Services Fund in the amount of \$1,375,405 to fund the purchase of computers and network equipment. This loan provides for 3 equal payments of \$484,846, including interest at 2.85%, beginning September 30, 2024 and ending September 30, 2026. The balance of this loan (\$471,410) is due within one year and is therefore classified as due to/due from other funds.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

An internal loan September 30, 2023 from the Capital Improvement Fund to the Administrative Services Fund in the amount of \$55,096 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$11,996, including interest at 2.9%, beginning September 30, 2024 and ending September 30, 2028. The current portion of this loan (\$11,010) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$22,988) is classified as an advance.

An internal loan September 30, 2023 from the Capital Improvement Fund to the Garage Fund in the amount of \$3,867,828 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$842,148, including interest at 2.9%, beginning September 30, 2024 and ending September 30, 2028. The current portion of this loan (\$772,934) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$1,613,763) is classified as an advance.

An internal loan September 30, 2024 from the Capital Improvement Fund to the General Fund in the amount of \$1,365,408 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$296,867, including interest at 2.85%, beginning September 30, 2025 and ending September 30, 2029. The current portion of this loan (\$265,305) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$842,150) is classified as an advance.

An internal loan September 30, 2024 from the Capital Improvement Fund to the Special Programs Fund in the amount of \$53,519 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$11,636, including interest at 2.85%, beginning September 30, 2025 and ending September 30, 2029. The current portion of this loan (\$10,399) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$33,009) is classified as an advance.

An internal loan September 30, 2024 from the Capital Improvement Fund to the Water & Sewer Utility Fund in the amount of \$28,835 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$6,269, including interest at 2.85%, beginning September 30, 2025 and ending September 30, 2029. The current portion of this loan (\$5,602) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$17,785) is classified as an advance.

An internal loan September 30, 2024 from the Capital Improvement Fund to the Solid Waste & Recycling Utility Fund in the amount of \$133,922 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$29,117, including interest at 2.85%, beginning September 30, 2025 and ending September 30, 2029. The current portion of this loan (\$26,021) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$82,600) is classified as an advance.

An internal loan September 30, 2024 from the Capital Improvement Fund to the Administrative Services Fund in the amount of \$143,832 to fund the purchase of computers and network equipment. This loan provides for 3 equal payments of \$50,653, including interest at 2.8%, beginning September 30, 2025 and ending September 30, 2029. The current portion of this loan (\$47,932) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$49,274) is classified as an advance.

An internal loan September 30, 2024 from the Capital Improvement Fund to the Garage Fund in the amount of \$4,481,508 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$974,370, including interest at 2.85%, beginning September 30, 2025 and ending September 30, 2029. The current portion of this loan (\$870,776) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$2,764,084) is classified as an advance.

An internal loan September 30, 2025 from the Capital Improvement Fund to the General Fund in the amount of \$473,382 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$104,193, including interest at 3.28%, beginning September 30, 2026 and ending September 30, 2030. The current portion of this loan (\$88,666) is due

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$384,716) is classified as an advance.

An internal loan September 30, 2025 from the Capital Improvement Fund to the Water & Sewer Utility Fund in the amount of \$150,060 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$33,029, including interest at 3.28%, beginning September 30, 2026 and ending September 30, 2030. The current portion of this loan (\$28,107) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$121,953) is classified as an advance.

An internal loan September 30, 2025 from the Capital Improvement Fund to the Solid Waste & Recycling Utility Fund in the amount of \$1,818,631 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$400,287, including interest at 3.28 %, beginning September 30, 2026 and ending September 30, 2030. The current portion of this loan (\$340,636) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$1,477,995) is classified as an advance.

An internal loan September 30, 2025 from the Capital Improvement Fund to the Marine Operations Fund in the amount of \$21,334 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$4,696, including interest at 3.28%, beginning September 30, 2026 and ending September 30, 2030. The current portion of this loan (\$3,996) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$17,338) is classified as an advance.

An internal loan September 30, 2025 from the Capital Improvement Fund to the Clearwater Harbor Marina Fund in the amount of \$21,334 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$4,696, including interest at 3.28%, beginning September 30, 2026 and ending September 30, 2030. The current portion of this loan (\$3,996) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$17,338) is classified as an advance.

An internal loan September 30, 2025 from the Capital Improvement Fund to the Administrative Services Fund in the amount of \$411,792 to fund the purchase of computers and network equipment. This loan provides for 3 equal payments of \$146,141, including interest at 3.2%, beginning September 30, 2026 and ending September 30, 2028. The current portion of this loan (\$132,964) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$278,828) is classified as an advance.

An internal loan September 30, 2025 from the Capital Improvement Fund to the Garage Fund in the amount of \$13,572,702 to fund the purchase of vehicles and other equipment. This loan provides for 5 equal payments of \$2,987,396, including interest at 3.28%, beginning September 30, 2026 and ending September 30, 2030. The current portion of this loan (\$2,542,211) is due within one year and is therefore classified as due to/due from other funds, while the long-term portion (\$11,030,491) is classified as an advance.

Other interfund payables and receivables:

A loan from the Capital Improvement Fund to the North Greenwood CRA special revenue fund in the amount of \$8,619 to cover a cash pool deficit is due within one year and is therefore classified as due to/due from other funds.

An insurance recovery due from the Central Insurance internal service fund to the General Fund in the amount of \$1,048,516 for lost revenues at Pier 60 caused by Hurricane Helene is due within one year and is therefore classified as due to/due from other funds.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

III.H.2. Interfund Transfers

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

Other non-routine interfund transfers occurring during the current fiscal year included:

- \$2,020,000 transferred from the General Fund to the Capital Improvement Fund for the Drew Street project to fund modifications and improvements to the Drew Street corridor;
- \$861,000 transferred from the General Fund and \$500,000 transferred from the Administrative Services Fund to the Capital Improvement Fund to fund the MSB Renovation project to completion;
- \$854,000 transferred from the Solid Waste and Recycling Fund to the Capital Improvement Fund for the Phillip Jones Park Renovation project to fund the closure plan for the Harbor Drive Fill Area;
- \$490,000 transferred from the General Fund to the Capital Improvement Fund for the Fire Boat Replacement project to fund the purchase of a new fire boat and trailer;
- \$4,000,000 transferred from the Stormwater Fund to the Capital Improvement Fund for the Stormwater Pipe Systems Improvement project;
- \$6,000,000 transferred from the Parking Fund to the Capital Improvement Fund to return funding from the Downtown Parking Garage project; and
- \$1,264,959 transferred from the Gas Utility Fund to the General Fund for the annual dividend payment.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Interfund transfers for the year ended September 30, 2025 consisted of the following:

Transfers to General Fund from:	
Special Programs Fund	\$ 258,867
Water & Sewer Utility Enterprise Fund	5,837,300
Gas Utility Enterprise Fund	4,264,959
Solid Waste & Recycling Utility Enterprise Fund	1,779,530
Stormwater Utility Enterprise Fund	966,540
Nonmajor governmental funds	1,230,961
Nonmajor enterprise funds	1,510,725
Total	<u>15,848,882</u>
Transfers to Special Programs Fund from:	
General Fund	787,900
Nonmajor governmental funds	361,026
Total	<u>1,148,926</u>
Transfers to Capital Improvement Fund from:	
General Fund	28,157,988
Special Development Fund	23,050,090
Special Programs Fund	144,998
Solid Waste & Recycling Utility Enterprise Fund	854,000
Nonmajor enterprise funds	430,000
Internal service funds	3,041,520
Total	<u>55,678,596</u>
Transfers to Nonmajor governmental funds from:	
General Fund	5,783,742
Capital Improvement Fund	10,000
Nonmajor governmental funds	9,736,844
Total	<u>15,530,586</u>
Transfer to Nonmajor enterprise funds from:	
General Fund	15,000
Gas Utility Enterprise Fund	100,000
Total	<u>115,000</u>
Transfers to Internal service funds from:	
General Fund	3,335,906
Capital Improvement Fund	2,155,142
Special Programs Fund	190,802
Water & Sewer Utility Enterprise Fund	178,192
Gas Utility Enterprise Fund	18,472
Solid Waste & Recycling Utility Enterprise Fund	1,818,631
Stormwater Utility Enterprise Fund	2,635,788
Nonmajor enterprise funds	42,667
Total	<u>10,375,600</u>
Total interfund transfers	<u>\$ 98,697,590</u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

III.I. Long-term Debt

III.I.1. Bonds Payable

<p>\$14,810,000 Revenue Bonds (Spring Training Facility), Series 2002; issued to finance a portion of the cost 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 \$365,000 on March 1, 2026; interest at 5.375%; 5.375% term bonds in the amount of \$1,420,000 due March 1, 2027; and 5.375% term bonds in the amount of \$1,750,000 due March 1, 2031.</p>	<p>\$2,500,000</p>
<p>\$30,000,000 Non-Ad Valorem Revenue Bonds (Imagine Clearwater Improvements), Series 2022; issued to finance and/or reimburse a portion of the cost of acquisition, construction and equipping of the Imagine Clearwater Project; serial bonds due in annual installments of \$525,000 on October 1, 2025 to \$1,165,000 due at October 1, 2042; interest at 4.00% to 5.00%; 4.125% term bonds in the amount of \$3,785,000 due October 1, 2045; 4.125% term bonds in the amount of \$4,280,000 due October 1, 2048; 4.125% term bonds in the amount of \$3,155,000 due October 1, 2050; and 4.125% term bonds in the amount of \$3,420,000 due October 1, 2052.</p>	<p style="border-top: 1px solid black;">29,295,000</p>
<p>Total revenue bonds for governmental activities</p>	<p style="border-top: 1px solid black; border-bottom: 3px double black;">31,795,000</p>
<p>\$69,270,000 Water and Sewer Revenue Refunding Bonds, Series 2017; issued to refund and redeem the outstanding principal of the City's Water and Sewer Revenue Bonds, Series 2009A, maturing on and after December 1, 2020; term bonds due in annual installments of \$850,000 on December 1, 2025, to \$9,265,000 on December 1, 2039; interest at 3.50% to 5.00%.</p>	<p>65,595,000</p>
<p>\$29,080,000 Water and Sewer Revenue Refunding Bond, Series 2017B; a direct placement bank loan issued to refund and redeem the outstanding principal of the City's Water and Sewer Revenue Refunding Bonds, Series 2011, maturing on and after December 1, 2022; term bonds due in annual installments of \$2,455,000 on December 1, 2025, to \$2,895,000 on December 1, 2032; interest at 2.40%.</p>	<p>21,355,000</p>
<p>\$20,430,000 Water and Sewer Revenue Refunding Bonds, Series 2020: issued to refund and redeem the outstanding principal of the City's Water and Sewer Revenue Refunding Bond, Series 2014, a direct placement bank loan, maturing on and after December 1, 2020; serial bonds due in annual installments of \$1,490,000 on December 1, 2025, to \$2,060,000 on December 1, 2032; interest at 5.00%.</p>	<p>14,135,000</p>
<p>\$7,365,000 Gas System Revenue Refunding Bond, Series 2013; a direct placement bank loan issued to current refund the City's callable Gas System Revenue Refunding Bonds, Series 2004, maturing after September 1, 2013; term bonds with final annual installment of \$1,520,000 due on September 1, 2026; interest at 2.41%.</p>	<p>1,520,000</p>
<p>\$5,405,000 Gas System Revenue Refunding Bond, Series 2014; a direct placement bank loan issued to current refund the City's callable Gas System Revenue Refunding Bonds, Series 2005, maturing after September 1, 2014; term bonds due in annual installments of \$325,000 on September 1, 2026, to \$2,040,000 on September 1, 2027; interest at 2.67%.</p>	<p>2,365,000</p>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

\$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 \$1,020,000 on November 1, 2025, to \$1,350,000 on November 1, 2032, interest at 3.00% to 4.00%.	9,435,000
Total revenue bonds and direct placement bank loans for business-type activities	114,405,000
Total bonds payable	\$146,200,000

III.I.2. Restrictive Covenants and Collateral Requirements

The Revenue Bonds (Spring Training Facility), Series 2002, are special, limited obligations of the City, payable solely from and secured by a lien upon and pledge of the (i) payments received by the City from the State of Florida pursuant to Section 212.20, Florida Statutes (State payments); and (ii) payments received by the City from Pinellas County, Florida pursuant to the Interlocal Agreement dated December 1, 2000 (County payments). The pledge of the State Payments and County Payments does not constitute a lien upon any property of the City. Furthermore, neither the City, Pinellas County, the State of Florida, nor any political subdivision thereof has pledged its faith or credit or taxing power to the payment of the bonds. However, the City has pledged, per a municipal bond insurance debt service agreement, to supplement State and County payments with non-ad valorem City revenues, if necessary, to pay debt service.

The Non-Ad Valorem Revenue Bonds (Imagine Clearwater Improvements), Series 2022, are limited obligations of the City, payable solely from non-ad valorem revenues of the City and secured by a covenant to budget and appropriate funds sufficient for the payment of principal and interest and certain other required payments in each fiscal year. The pledge of non-ad valorem revenues does not constitute a lien upon any property of the City, nor do the bonds constitute a general indebtedness of the City.

The Water and Sewer Revenue Refunding Bonds, Series 2017, Series 2017B and Series 2020, are limited obligations of the City payable solely from and secured by a lien upon and pledge of the net revenues of the City's water and sewer system (System). The pledge of the System's net revenues does not constitute a lien upon any property of the City. The covenants of the ordinances authorizing the bonds include, among other things, an obligation of the City to fix and maintain such rates, and collect such fees, rentals and other charges for the services and facilities of the System and revise the same from time to time whenever necessary, which will provide gross revenues in each fiscal year sufficient to pay the cost of operation and maintenance of the system; one hundred fifteen percent (115%) of the bond service requirement becoming due in such fiscal year on the outstanding bonds; plus one hundred percent (100%) of all reserve and other payments required to be made pursuant to the ordinances authorizing the bonds. The City further covenants that such rates, fees, rentals and other charges will not be reduced so as to render them insufficient to provide gross revenues for such purpose.

The Gas System Revenue Refunding Bonds, Series 2013 and Series 2014, are limited obligations of the City payable solely from and secured by a lien upon and pledge of the net revenues of the City's gas system (System). The pledge of the System's net revenues does not constitute a lien upon any property of the City. The covenants of the ordinances authorizing the bonds include, among other things, an obligation of the City to fix, establish, revise from time to time whenever necessary, maintain and collect always, such fees, rates, rentals and other charges for the use of the product, services and facilities of the System which will always provide revenues in each year sufficient to pay, and out of such funds pay, 100% of the cost of operations and maintenance of the System in such year and all reserve and other payments provided for in the ordinances authorizing the bonds, along with one hundred twenty five percent (125%) of the bond service requirement due in such year on all outstanding bonds.

The Stormwater Revenue Refunding Bonds, Series 2012, 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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

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

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

Year Ending September 30	Governmental Activities		Business-type Activities			
	Revenue Bonds		Revenue Bonds		Direct Placement Bank Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 890,000	\$ 1,408,366	\$ 3,360,000	\$ 3,778,113	\$ 4,300,000	\$ 582,838
2027	935,000	1,361,334	3,520,000	3,621,913	4,550,000	477,948
2028	980,000	1,311,978	3,670,000	3,458,363	2,575,000	362,460
2029	1,030,000	1,260,172	3,845,000	3,286,094	2,635,000	299,940
2030	4,435,000	5,548,738	24,430,000	13,519,363	11,180,000	544,680
2031-2035	4,485,000	4,503,250	41,075,000	6,197,375	-	-
2036-2040	5,610,000	3,376,519	9,265,000	185,300	-	-
2041-2045	6,855,000	2,107,491	-	-	-	-
2046-2050	6,575,000	569,022	-	-	-	-
Totals	<u>\$ 31,795,000</u>	<u>\$ 21,446,870</u>	<u>\$ 89,165,000</u>	<u>\$ 34,046,521</u>	<u>\$ 25,240,000</u>	<u>\$ 2,267,866</u>

III.I.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 \$2,923,013. Principal and interest paid for the current year and total revenue received were \$408,647 and \$520,869, respectively.

Non-Ad Valorem Revenues: The City has covenanted and agreed to appropriate in its annual budget, by amendment if necessary, sufficient amounts of non-ad valorem revenues for payment of the principal and interest and to make certain other payments as required, for each fiscal year in which the Non-Ad Valorem Revenue Bonds (Imagine Clearwater Improvements) Series 2022, remain outstanding. Proceeds from the bonds provided financing for the cost of acquisition, construction or equipping of the Imagine Clearwater Project and to pay related costs of issuance of the Series 2022 bonds. 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 \$50,318,856. Principal and interest paid for the current year (\$1,809,425) required 1.28% of total pledged revenue (\$140,997,479).

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

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:

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

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

\$20.4 million Water and Sewer Revenue Refunding bonds issued January 2020. Proceeds from the bonds provided financing to refund and redeem the outstanding principal maturing on or after December 1, 2020 of the City's Water and Sewer Revenue Refunding bond, Series 2014, a direct placement bank loan. The bonds are payable solely from the Water and Sewer Utility net revenues and are payable through December 2032.

Annual principal and interest payments on the bonds are expected to require less than 85 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$135,845,745. Principal and interest paid for the current year (\$8,746,060) required 52.98% of total net revenue (\$16,508,462).

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

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

Annual principal and interest payments on the bonds are expected to require less than 60 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$10,834,394. Principal and interest paid for the current year (\$1,332,738) required 12.72% of total net revenue (\$10,478,092).

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

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

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

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 \$4,039,246. Principal and interest paid for the current year (\$1,943,977) required 21.19% of total net revenue (\$9,176,110).

III.I.4. Changes in Long-term Liabilities

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:	\$ 32,640,000	\$ -	\$ (845,000)	\$ 31,795,000	\$ 890,000
Add (subtract) deferred amounts:					
For issuance premiums (discounts)	1,108,015	-	(69,183)	1,038,832	-
Net bonds payable	<u>33,748,015</u>	<u>-</u>	<u>(914,183)</u>	<u>32,833,832</u>	<u>890,000</u>
Financed purchases (a)	1,449,304	-	(1,449,304)	-	-
Compensated absences*	23,048,753	2,108,959	-	25,157,712	8,797,064
Other postemployment benefits	14,645,443	1,940,475	(2,129,724)	14,456,194	742,004
Lease liability	2,619,166	472,255	(1,174,565)	1,916,856	881,994
Subscription liability	5,013,141	2,629,282	(3,106,373)	4,536,050	1,467,258
Claims payable (b)	10,695,762	30,038,201	(29,310,632)	11,423,331	4,836,112
Governmental activity					
Long-term liabilities	<u>\$ 91,219,584</u>	<u>\$ 37,189,172</u>	<u>\$ (38,084,781)</u>	<u>\$ 90,323,975</u>	<u>\$ 17,614,432</u>
Business-type activities:					
Bonds payable:					
Revenue bonds payable	\$ 92,380,000	\$ -	\$ (3,215,000)	\$ 89,165,000	\$ 3,360,000
Less deferred amounts:					
For issuance premiums (discounts)	5,285,222	-	(747,650)	4,537,572	-
Net revenue bonds payable	<u>97,665,222</u>	<u>-</u>	<u>(3,962,650)</u>	<u>93,702,572</u>	<u>3,360,000</u>
Direct placement bank loans (c)	29,435,000	-	(4,195,000)	25,240,000	4,300,000
Less deferred amounts:					
For issuance premiums (discounts)	(25,122)	-	5,321	(19,801)	-
Net direct placement bank loans	<u>29,409,878</u>	<u>-</u>	<u>(4,189,679)</u>	<u>25,220,199</u>	<u>4,300,000</u>
Total bonds payable	<u>127,075,100</u>	<u>-</u>	<u>(8,152,329)</u>	<u>118,922,771</u>	<u>7,660,000</u>
Financed purchases (a)	145,303	-	(145,303)	-	-
Compensated absences*	5,667,472	732,329	-	6,399,801	2,237,860
Other postemployment benefits	5,978,166	789,155	(866,119)	5,901,202	302,896
Business-type activity					
Long-term liabilities	<u>\$ 138,866,041</u>	<u>\$ 1,521,484</u>	<u>\$ (9,163,751)</u>	<u>\$ 131,223,774</u>	<u>\$ 10,200,756</u>

* The change in the compensated absences liability is presented as a net change. The beginning balance is restated for the implementation of GASB Statement No. 101.

(a) Financed purchase agreements (direct borrowings):

On February 1, 2019, City Council approved a Master Lease Purchase Agreement with SunTrust Equipment Finance and Leasing Corp. (now Truist Equipment Finance Corp.) to provide a line of credit in the amount of \$36,650,000 to finance the acquisition of vehicles and equipment from October 1, 2018 through September 30, 2023. Since the agreement expired at the end of fiscal 2023, there was no remaining line of credit after that date, and the final quarterly payment was made on September 30, 2025.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

The reduction in financed purchases of \$1,449,304 for governmental activities includes \$1,353,040 for internal service funds and \$96,264 for governmental funds.

- (b) The Central Insurance Fund, an internal service fund, accrues for estimated claims and pays claims for all departments.
- (c) Direct placement bank loans outstanding include:
 \$1,520,000 for Gas System Revenue Refunding Bond, Series 2013, issued by STI Institutional & Governmental, Inc. Net revenues derived by the City from the operation of the respective utility system are pledged as security for the loans. In the event of default as defined in the City's bond ordinance, the default rate of interest shall be the lesser of the maximum rate permitted by law or 18%. There are no termination or acceleration provisions that have finance-related consequences.

\$2,365,000 for Gas System Revenue Refunding Bond, Series 2014, issued by TD Bank, N.A. Net revenues derived by the City from the operations of the respective utility systems are pledged as security for the loans. In the event of default as defined by the City's bond ordinance, the default rate of interest shall be Prime Rate plus 4%. There are no termination or acceleration provisions that have finance-related consequences.

\$21,355,000 for Water and Sewer Revenue Refunding Bond, Series 2017B, issued by Raymond James Capital Funding, Inc. Net revenues derived by the City from the operation of the City's water and sewer utility are pledged as security for the loan. In the event of default as defined by the City's bond ordinance, the default rate of interest shall be the greater of (a) Prime Rate plus 3%, (b) the Federal Funds Rate plus 5%, or (c) 7% per annum. There are no termination or acceleration provisions that have finance-related consequences.

III.J. Restricted Assets

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

III.J.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 as of September 30, 2025, are:

Cash and Investments	\$3,979,735
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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 as of September 30, 2025:

Water and Sewer Revenue Bonds Debt Service:

Cash and Investments	5,341,356
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Water and Sewer Revenue Bonds Renewals and Replacements:

Cash and Investments	5,639,822
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Assets of the Water and Sewer Utility Fund representing Customers' Deposits and therefore restricted, consisting entirely of Cash and Investments as of September 30, 2025	<u>4,639,123</u>
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Total restricted assets – Water and Sewer Utility Fund	<u>\$19,600,036</u>
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City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

III.J.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 as of September 30, 2025:

Gas System Revenue Bonds

Debt Service:

Cash and Investments \$ 162,065

Renewals and Replacements:

Cash and Investments 300,000

Assets of the Gas Utility Fund representing Customers' Deposits as of September 30, 2025:

Cash and Investments 3,566,077

Total restricted assets – Gas Utility Fund \$ 4,028,142

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

Restricted assets in the Solid Waste & Recycling Utility Fund represent customer deposits in the amount of \$1,450,755 as of September 30, 2025, consisting entirely of Cash and Investments.

III.J.4. Stormwater Utility Fund

Assets restricted under the provisions of the ordinances for the issuance of revenue bonds consisted of the following as of September 30, 2025:

Stormwater Revenue Refunding Bonds – Series 2012

Debt Service: Cash and Investments \$2,449,046

Total restricted assets – Stormwater Utility Fund \$2,449,046

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

III.K. Fund Balance Classification

	General Fund	Special Development Fund	Special Programs Fund	Capital Improvement Fund	Non-Major Governmental Funds
Non Spendable:					
Inventories	\$ 49,488	\$ -	\$ -	\$ -	\$ -
Prepaid items	1,517	-	-	-	-
Restricted for:					
General government	-	-	-	13,726,538	-
Public safety	-	-	-	282,669	-
Physical environment	-	21,612	1,235,632	2,350,407	-
Transportation	-	2,196,852	-	6,262,242	-
Economic environment	-	-	2,952,538	-	27,787,937
Human services	-	-	537,366	-	-
Culture and recreation	-	2,008,021	1,360,073	9,305,272	1,697,689
Committed to:					
General government	-	-	1,896,525	12,377,527	-
Public safety	-	-	-	633,707	-
Physical environment	-	-	-	4,898,041	-
Transportation	-	-	100,000	35,715,624	-
Economic environment	-	-	987,733	-	-
Human services	-	-	35,667	415,792	-
Culture and recreation	-	-	84,227	4,969,852	-
Assigned to:					
General government	150,498	-	600,437	-	-
Public safety	341,660	-	-	-	-
Physical environment	-	-	226,658	-	-
Transportation	127,549	46,123	31,660	-	-
Economic environment	10,287	-	1,967,455	-	-
Human services	5,561	-	181,421	-	-
Culture and recreation	136,392	302,810	457,263	-	-
Infrastructure capital projects	-	2,590,335	-	-	-
Unassigned	<u>75,075,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u><u>\$ 75,898,948</u></u>	<u><u>\$ 7,165,753</u></u>	<u><u>\$ 12,654,655</u></u>	<u><u>\$ 90,937,671</u></u>	<u><u>\$ 29,485,626</u></u>

General Fund assigned fund balance (\$771,947) relates to encumbrances.

In the Special Development Fund, restricted amounts relate to physical environment restrictions for drainage fees (\$21,612); transportation restrictions for sidewalk fees (\$376,190), transportation impact fees (\$1,801,960), and local option gas tax (\$18,702); and culture and recreation restrictions for recreation impact fees (\$2,008,021). Assigned amounts relate to the portion of property tax revenues that is set aside in the budget process to provide funding for road maintenance projects (\$46,123), interest earned on recreation impact fees (\$302,810), and interest earned on infrastructure sales tax balances (\$2,590,335).

In the Special Programs Fund, restricted amounts relate physical environment restrictions for tree replacements (\$1,235,632); economic environment restrictions for economic development programs (\$23,557), brownfield site

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

remediation (\$721,682), and affordable housing programs (\$2,207,299); human services restrictions for youth programming (\$450,186) and opioid settlements (\$87,180); and culture and recreation restrictions for library programs (\$1,320,539) and youth recreation programs (\$39,534). Committed amounts relate to general government commitments to the electronic plan submittal program (\$139,073), the Nagano Sister City program (\$142,442), the lien foreclosure program (\$698,439), the planning studies fund (\$631,243), an electric utility feasibility study (\$85,328), and an evaluation of surplus property (\$200,000); commitments to transportation for the Clearwater Ferry partnership with PSTA (\$100,000); commitments to economic environment for economic development programs (\$249,185), the North Greenwood CRA (\$106,312), affordable housing programs (\$407,236), and the Amplify Clearwater sublease agreement (\$225,000); commitments to human services for grant programs (\$35,667); and commitments to culture and recreation for special events (\$84,227). Assigned amounts relate to affordable housing programs (\$1,345,554) and interest earned on all program balances (\$2,119,340).

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

In the non-major governmental funds, restricted amounts include economic environment restrictions for affordable housing (\$779,577) and community redevelopment (\$27,008,360); and culture and recreation restrictions for debt service (\$1,697,689).

Note IV - Other Information

IV.A. Risk Management

The City is self-insured within certain parameters for losses arising from claims for general liability, auto liability, police professional liability, public official's liability, property damage, and workers' compensation. Insurance coverage has been maintained by the City to pay for or indemnify the City for losses in excess of certain specific retentions and up to specified maximum limits in the case of claims for liability, property damage, and workers' compensation. The liability excess coverage is \$5,000,000 per occurrence (\$10,000,000 aggregate) with self-insured retention of \$500,000. There is workers' compensation coverage to the statutory limit, with self-insured retention of \$600,000. The property damage excess coverage is \$100 million per occurrence, except \$50 million for the perils of Named Storm (per occurrence), Flood (annual aggregate) and Earth Movement (annual aggregate) after either a \$100,000 self-insured retention for perils other than a named storm or 5% self-insured retention for named storm and High Hazard Flood with a \$100,000 minimum. Settled claims have not exceeded excess coverage in any of the past three years.

On October 17, 2012, City Council authorized a partial self-insured funding arrangement with Cigna for health insurance effective for the plan year beginning January 1, 2013. Per this arrangement, the City is self-insured for medical and pharmacy claims up to \$250,000 per person per year. The City has purchased stop loss insurance from Cigna which covers 50% of individual claims for any amount of the claim between the amounts of \$250,000 and \$350,000 and covers 100% of individual claims for any amount of the claim exceeding the amount of \$350,000 per person per year. In accordance with the fully insured arrangement between the City and Cigna prior to January 1, 2013, the City has no liability for health insurance claims incurred prior to this date. The City estimates a liability for health insurance claims incurred but not yet paid as of September 30, 2025 in the amount of \$1,318,512.

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 as of September 30, 2025, 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, 2025

Changes in the claims liability amounts in fiscal years 2025 and 2024 were:

	Self Insurance
Claims liability balance at September 30, 2023	\$ 11,788,315
Current year claims and changes in estimates	28,842,035
Claims paid	(29,934,588)
Claims liability balance at September 30, 2024	10,695,762
Current year claims and changes in estimates	30,038,201
Claims paid	(29,310,632)
Claims liability balance at September 30, 2025	\$ 11,423,331

IV.B. Employee Retirement Systems and Pension Plans

IV.B.1. Defined Benefit Pension Plans

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

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

Detailed information about each plan's fiduciary net position is available on pages 115-120 and pages 146-147 of this Annual Comprehensive Financial Report. Neither of these plans issues a stand-alone financial report.

The **Employees' Pension Plan** is authorized by and operates under the provisions of Sections 2.391 through 2.428 of the Municipal Code of the City of Clearwater. Sections 2.391 through 2.401 apply to those participants who attained a vested benefit and terminated employment prior to January 1, 2013. Sections 2.410 through 2.428 apply to those participants who are actively employed by the City of Clearwater as of or after January 1, 2013. Plan provisions have been duly approved as required by the voters in referendums.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Since the last valuation, there has been no change in the inflation rate, the rate of salary increase, or the investment return rate. These assumptions were established following the Experience Investigation for the Five Years Ended December 31, 2022, dated September 29, 2023. The mortality assumption is mandated by Chapter 112.63, Florida Statutes. Additionally, as of January 1, 2025, the Board of Trustees has elected to change the funding method from the Entry Age Normal Cost Method to the Aggregate Cost Method. This method change will decrease the estimated required contribution for fiscal 2026 by \$10,026,318, or 8.41% of covered payroll (before reflecting the 7% required contribution). The funding ratio remains the same.

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, 2025, the membership of the Employees' Pension Plan was as follows:

	Employees' Pension Plan
Retirees and beneficiaries currently receiving benefits	1,572
Terminated employees entitled to benefits but not yet receiving them	91
Active employees	1,523
Total number of participants	3,186

Benefits provided. For all hazardous duty participants and those non-hazardous duty participants hired before January 1, 2013, the normal retirement benefit is a monthly benefit equal to 2.75% of average monthly compensation for the highest five of the final ten years of service multiplied by the number of years of service to date of retirement. For non-hazardous duty participants hired after January 1, 2013, the multiplier is 2% for years of service through October 1, 2022 and 2.5% for years of service after October 1, 2022. For non-hazardous duty participants hired after October 1, 2022, the multiplier is 2.5% of average monthly compensation.

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 5 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.

Hazardous duty participants have an early retirement upon the completion of 10 years of service and attainment of age 50; however, there is a 3% reduction for each year below the age of 55, up to a maximum 15% reduction.

The plan provides for an annual cost of living adjustment (COLA) of up to 1.5% for benefits accrued prior to January 1, 2013. For non-hazardous duty participants, there is a five-year delay until the COLA is applied to benefits accrued after January 1, 2013. For hazardous duty police officers actively employed on or after January 1, 2020, there is a COLA of 1.5% on all benefits accrued after January 1, 2013. For hazardous duty firefighters actively employed on or after October 1, 2022, there is a COLA of 1.5% on all benefits accrued after January 1, 2013. For all non-grandfathered hazardous duty participants (not eligible for normal retirement on January 1, 2013), there will be a five-year delay (after the retirement date) until the COLA is applied to benefits accrued after January 1, 2013.

The plan also provides for disability and death benefits, vesting after completion of 10 years of service for hazardous duty participants and 5 years of service for non-hazardous duty participants, and the refund of employee contributions in the event

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

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 employees' compensation per the ordinance governing the plan.

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

Investment policy. The Employees' Pension Plan Statement of Investment Objectives and Guidelines was adopted by the Pension Trustees on December 19, 2023 to include requirements per Section 112.662, Florida Statutes. The investment policy requires an annual review by the Pension Investment Committee with a recommendation to the Pension Trustees to confirm or revise. The following was the Trustees' adopted asset allocation policy as of September 30, 2025:

Asset Class	Target Allocation
Core Fixed Income	28.00%
Global Equity	5.00%
U.S. Large Cap Equities	26.00%
U.S Mid Cap Equities	7.00%
U.S. Small Cap Equities	6.00%
International Equities	10.00%
Emerging Markets Equities	3.00%
Private Real Estate and REITS	15.00%
	100.00%

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

Concentrations. As of September 30, 2025, 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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Rate of return. For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on investments of the Employees' Pension Plan, net of pension plan investment expense, was 9.74%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability (asset). The components of the net pension liability (asset) of the City for the Employees' Pension Plan as of September 30, 2025, were as follows:

Total pension liability	\$ 1,257,951,215
Plan fiduciary net position	1,430,505,499
City's net pension liability (asset)	<u>\$ (172,554,284)</u>
Plan fiduciary net position as a percentage of the total pension liability	113.72%

The changes in the net pension liability (asset) of the City for the Employees' Pension Plan for the year ending September 30, 2025 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at 9/30/2024	\$ 1,196,649,368	\$ 1,345,688,598	\$ (149,039,230)
Changes for the year:			
Service cost	25,580,465	-	25,580,465
Interest	77,187,235	-	77,187,235
Benefit changes	-	-	-
Differences between expected and actual experience	4,723,408	-	4,723,408
Assumption changes	23,278,564	-	23,278,564
Contributions - employer	-	15,211,192	(15,211,192)
Contributions - employee	-	11,031,155	(11,031,155)
Contributions - state tax	-	12,000	(12,000)
Net investment income	-	128,369,498	(128,369,498)
Benefit payments, including refunds of employee contributions	(69,467,825)	(69,467,825)	-
Administrative expense	-	(339,119)	339,119
Net changes	61,301,847	84,816,901	(23,515,054)
Balances at 9/30/2025	\$ 1,257,951,215	\$ 1,430,505,499	\$ (172,554,284)

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2025 (Valuation Date), using the following actuarial assumptions, applied to September 30, 2025 (Measurement Date):

Inflation	2.40%
Salary increases	Hazardous Duty Firefighters - 4.40% to 7.75%, including 2.40% inflation, based on merit and seniority Hazardous Duty Police Officers - 3.75% to 9.00%, including 2.40% inflation, based on merit and seniority Non-Hazardous Duty - 3.50% to 8.00%, including 2.40% inflation, based on merit and seniority
Investment rate of return	6.50% net of investment expense

The actuarial assumptions used in the January 1, 2025 valuation were based on the results of an Experience Investigation for the Five Years Ended December 31, 2022, dated September 29, 2023.

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, 2025, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Fixed Income	2.20%
Global Equity	4.80%
U.S. Large Cap Equities	5.55%
U.S. Mid Cap Equities	5.30%
U.S. Small Cap Equities	4.80%
International Equities	5.05%
Emerging Markets Equities	4.80%
Private Real Estate and REITS	6.80%

Discount rate. A single discount rate of 6.50% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 6.50%. 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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the Employee Pension Plan's net pension liability (asset), calculated using a single discount rate of 6.50%, as well as what the plan's net pension liability (asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher.

1% Decrease 5.50%	Discount Rate Assumption 6.50%	1% Increase 7.50%
\$ (12,161,623)	\$ (172,554,284)	\$ (304,823,048)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended September 30, 2025, the City recognized pension expense of \$(5,301,425) for the Employees' Pension Plan. When combined with the Firefighters' Relief and Pension Plan's pension expense of \$(63,286), the City recognized \$(5,364,711) of pension expense for fiscal 2025. As of September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 20,845,545	\$ 63,529	\$ 20,782,016
Changes in assumptions	19,660,069	-	19,660,069
Net differences between projected and actual earnings on pension plan investments	-	86,748,923	(86,748,923)
Total	\$ 40,505,614	\$ 86,812,452	\$ (46,306,838)

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:	
2026	\$ 23,435,313
2027	(36,187,602)
2028	(29,262,018)
2029	(4,292,531)
2030	-
Thereafter	-
	\$ (46,306,838)

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.

Management of the Firefighters' Relief and Pension Plan rests with the Board of Trustees, which consists of the Mayor, the Fire Chief and three members of the Fire Department, which can be either active or retired members of the Firefighters' Relief and Pension Plan, as stipulated in Chapter 2008-287, Laws of Florida. In the event that no member of the plan is

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

available to stand for election, then a current firefighter of the department below the rank of chief who is willing to serve shall be placed on the ballot. If no one is available to stand for election, or if no one is available to participate in the voting, then members of the Board of Trustees will be appointed by the City Council from membership of the City Council.

Plan membership/Employees covered by benefit terms. As of the most recent actuarial valuation date, October 1, 2025, the membership of the Firefighters' Relief and Pension Plan was as follows:

	Firefighters' Relief and Pension Plan
Retirees and beneficiaries currently receiving benefits	9
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	-
Total number of participants	9

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 were 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. There were no contributions to the plan, as it is a fully funded plan with no active participants. 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 approved by the Board of Trustees on December 12, 2023 to include requirements per Section 112.662, Florida Statutes. It must be reviewed annually by the Board of Trustees. The following was the adopted asset allocation policy as of September 30, 2024:

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

Concentrations. As of September 30, 2025, 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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Rate of return. For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on investments of the Firefighters' Relief and Pension Plan, net of pension plan investment expense, was 3.35%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability (asset). The components of the net pension liability (asset) of the City for the Firefighters' Relief and Pension Plan as of September 30, 2025, were as follows:

Total pension liability	\$ 1,157,482
Plan fiduciary net position	2,600,573
City's net pension liability (asset)	<u>\$ (1,443,091)</u>
Plan fiduciary net position as a percentage of the total pension liability	224.68%

The changes in the net pension liability (asset) of the City for the Firefighters' Relief and Pension Plan for the year ending September 30, 2025 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at 9/30/2024	\$ 1,354,177	\$ 2,705,472	\$ (1,351,295)
Changes for the year:			
Service cost	-	-	-
Interest	31,722	74,873	(43,151)
Differences between expected and actual experience	(51,395)	-	(51,395)
Assumption changes	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(177,022)	(177,022)	-
Administrative expense	-	(2,750)	2,750
Net changes	<u>(196,695)</u>	<u>(104,899)</u>	<u>(91,796)</u>
Balances at 9/30/2025	<u>\$ 1,157,482</u>	<u>\$ 2,600,573</u>	<u>\$ (1,443,091)</u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2024 (Valuation Date), using the following actuarial assumptions, applied to September 30, 2025 (Measurement Date):

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

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

For non-disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year; for disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Disabled Retiree Mortality Table (80% general employee rates plus 20% public safety employee rates), with full generational improvements in mortality using Scale MP-2018.

Long-term expected rate of return. Because the Firefighters' Relief and Pension Plan is limited to investments in fixed income securities and pooled cash, the long-term expected rate of return will approximate the discount rate of 2.50%.

Discount rate. A discount rate of 2.50% was used to measure the total pension liability. The discount rate was based on the actuary's expectation of future yields and consideration of the City's projection of future weighted yield based on current asset holdings.

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the Firefighters' Relief and Pension Plan's net pension liability (asset), calculated using a discount rate of 2.50%, as well as what the plan's net pension liability (asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher.

1% Decrease 1.50%	Discount Rate Assumption 2.50%	1% Increase 3.50%
\$ (1,382,205)	\$ (1,443,091)	\$ (1,498,296)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended September 30, 2025, the City recognized pension expense of \$(63,286) for the Firefighters' Relief and Pension Plan. When combined with the Employees' Pension Plan's pension expense of \$(5,301,425), the City recognized \$(5,364,711) pension expense for fiscal 2025. As of September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Net differences between projected and actual earnings on pension plan investments	\$ -	\$ 17,127	\$ (17,127)
Total	\$ -	\$ 17,127	\$ (17,127)

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

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

<u>Year ended September 30:</u>	
2026	\$ 19,043
2027	(16,232)
2028	(19,938)
2029	-
2030	-
Thereafter	-
	<u>\$ (17,127)</u>

IV.B.2. Police Supplemental Pension Fund

A supplemental defined contribution pension plan exists for all eligible policemen, which is funded by earmarked revenues received from the State and is administered by the Board of the Police Supplemental Pension Plan. The revenues received from the State are allocated among eligible police officers based on the number of days employed as Clearwater Police Officers. These revenues received from the State of Florida “on-behalf” of the City’s employees, which comprise the plan contributions, totaled \$1,631,686 for the year ended September 30, 2025, and are obtained from an eighty-five one hundredths of one percent (0.85%) excise tax on the gross receipts from premiums collected on casualty insurance policies covering property within the City’s corporate limits. These monies were recognized as General Fund revenues and General Fund police department expenditures in the current year. The current year contributions represent 6.19% of covered employees’ gross payroll. The fair value of cash and investments as of September 30, 2025, totaled \$23,492,028.

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

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

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, 2025, the gross payroll of the covered officers was \$26,367,817; the City's total gross payroll for the same period was \$141,905,527.

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.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

IV.B. 3. Firefighters' Supplemental Pension Fund

A supplemental defined contribution pension plan exists for all eligible firefighters, which is funded by earmarked revenues received from the State and is administered by the Board of the Clearwater Firefighters' Supplemental Pension Plan. The revenues received from the State are allocated among eligible firefighters based on the number of days worked during the previous year. These revenues received from the State of Florida "on-behalf" of the City's employees, which comprise the plan contributions, amounted to \$1,669,299 for the year ended September 30, 2025, and are obtained from a one and eighty-five one hundredths percent (1.85%) excise tax on the gross receipts from premiums collected on property insurance policies covering property within the City's corporate limits. These monies were recognized as General Fund revenues and General Fund fire department expenditures in the current year. The current year contributions represent 7.72% of covered employees' gross payroll. The fair value of cash and investments as of September 30, 2025, totaled \$26,652,637.

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

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

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

For the fiscal year ended September 30, 2025, the gross payroll of covered firefighters was \$21,622,132; the City's total gross payroll for the same period was \$141,905,527.

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

IV.B.4. Pension Plan Financial Statements

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Statement of Fiduciary Net Position:

	Defined Benefit		Defined Contribution		Total
	Pension Trust Funds		Pension Trust Funds		
	Employees'	Firefighters'	Police	Firefighters'	
	Pension Fund	Relief and Pension Fund	Supplemental Pension Fund	Supplemental Pension Fund	Trust Funds
ASSETS					
Cash and cash equivalents	\$ 1,192,814	\$ 582,973	\$ 10,537	\$ -	\$ 1,786,324
Receivables:					-
Interest and dividends	4,413,811	16,173	38,263	51,564	4,519,811
Unsettled investment sales	1,707,345	-	-	-	1,707,345
Securities lending earnings	39,016	-	-	-	39,016
Total receivables	<u>6,160,172</u>	<u>16,173</u>	<u>38,263</u>	<u>51,564</u>	<u>6,266,172</u>
Managed investment accounts, at fair value:					
Cash and cash equivalents	25,057,608	-	835,203	1,168,599	27,061,410
Government bonds	80,701,569	-	-	1,822,304	82,523,873
Index linked government bonds	1,385,758	-	-	-	1,385,758
Agency bonds	9,112,313	2,001,427	-	-	11,113,740
Municipal bonds	12,529,367	-	-	33,041	12,562,408
Domestic corporate bonds	89,973,309	-	-	2,034,397	92,007,706
Corporate convertible bonds	411,603	-	-	-	411,603
International equity securities	121,651,123	-	-	624,355	122,275,478
Domestic stocks	375,563,041	-	-	4,664,550	380,227,591
Mortgage backed bonds	123,022,438	-	-	2,232,867	125,255,305
Government issued commercial mortgage backed bonds	14,241,125	-	-	-	14,241,125
Non-government commercial mortgage backed bonds	3,186,697	-	-	-	3,186,697
Asset backed securities	33,003,721	-	-	-	33,003,721
Domestic equity mutual funds	304,811,494	-	20,460,786	8,906,149	334,178,429
International equity mutual funds	16,770,952	-	1,160,531	1,664,398	19,595,881
Infrastructure	106,803,311	-	-	-	106,803,311
Real estate	109,339,915	-	1,035,508	3,501,977	113,877,400
Total managed investment accounts	<u>1,427,565,344</u>	<u>2,001,427</u>	<u>23,492,028</u>	<u>26,652,637</u>	<u>1,479,711,436</u>
Securities lending collateral	151,395,531	-	-	-	151,395,531
Total assets	<u>1,586,313,861</u>	<u>2,600,573</u>	<u>23,540,828</u>	<u>26,704,201</u>	<u>1,639,159,463</u>
LIABILITIES					
Accounts payable	830,435	-	-	-	830,435
Unsettled investment purchases	2,870,617	-	-	-	2,870,617
Other payables	711,779	-	-	-	711,779
Obligations under securities lending	151,395,531	-	-	-	151,395,531
Total liabilities	<u>155,808,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,808,362</u>
NET POSITION					
Restricted for:					
Pensions	1,430,505,499	2,600,573	23,540,828	26,704,201	1,483,351,101
Total net position	<u>\$ 1,430,505,499</u>	<u>\$ 2,600,573</u>	<u>\$ 23,540,828</u>	<u>\$ 26,704,201</u>	<u>\$ 1,483,351,101</u>

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Statement of Changes in Fiduciary Net Position:

	Defined Benefit Pension Trust Funds		Defined Contribution Pension Trust Funds		Total Pension Trust Funds
	Employees' Pension Fund	Firefighters' Relief and Pension Fund	Police Supplemental Pension Fund	Firefighters' Supplemental Pension Fund	
ADDITIONS					
Contributions:					
Employer	\$ 15,211,192	\$ -	\$ -	\$ -	\$ 15,211,192
Employer - state tax	12,000	-	1,631,686	1,669,299	3,312,985
Employees	10,924,519	-	-	-	10,924,519
Employees - buybacks	106,636	-	-	-	106,636
Total contributions	26,254,347	-	1,631,686	1,669,299	29,555,332
Investment earnings (loss):					
Net increase (decrease) in fair value of investments	112,867,710	(21,414)	2,194,028	1,406,372	116,446,696
Interest, dividends and other	22,766,195	96,287	379,550	932,535	24,174,567
Securities lending income	6,079,622	-	-	-	6,079,622
Total investment earnings (loss)	141,713,527	74,873	2,573,578	2,338,907	146,700,885
Less investment costs:					
Investment management/custodian fees	7,771,683	-	32,441	121,175	7,925,299
Securities lending costs	5,572,346	-	-	-	5,572,346
Net investment earnings (loss)	128,369,498	74,873	2,541,137	2,217,732	133,203,240
Total additions	154,623,845	74,873	4,172,823	3,887,031	162,758,572
DEDUCTIONS					
Benefits	67,899,736	177,022	2,249,708	1,689,409	72,015,875
Refunds and transfers to other systems	1,568,089	-	-	-	1,568,089
Administrative expenses	339,119	2,750	20,325	34,765	396,959
Total deductions	69,806,944	179,772	2,270,033	1,724,174	73,980,923
Net increase (decrease) in fiduciary net position	84,816,901	(104,899)	1,902,790	2,162,857	88,777,649
Fiduciary net position - beginning	1,345,688,598	2,705,472	21,638,038	24,541,344	1,394,573,452
Fiduciary net position - ending	\$ 1,430,505,499	\$ 2,600,573	\$ 23,540,828	\$ 26,704,201	\$ 1,483,351,101

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

IV.B.5. 401(a) Defined Contribution Plan

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

MissionSquare Retirement, the trustee for the defined annuity, offers participants a variety of investment options.

The City's total gross payroll for the fiscal year ended September 30, 2025 was \$141,905,527. The Plan members' payroll for the same period totaled \$6,689,409. The City's contribution, per the above contribution rates, totaled \$584,376.

IV.B.6. Deferred Compensation Plan

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

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

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

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

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

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Employees covered by benefit terms. As of September 30, 2025 (measurement date), the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	536
Inactive plan members entitled to but not yet receiving benefits	91
Active plan members	1,622
Total plan members	2,249

Total OPEB Liability. The City's total OPEB liability of \$20,357,396 was measured as of September 30, 2025 and was determined by an actuarial valuation as of January 1, 2024. The Total OPEB Liability was rolled forward 21 months from the Valuation Date to the Measurement Date using standard actuarial techniques.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Inflation	2.50%
Discount rate	4.90%
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00%.

The discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The municipal bond rate based on the daily rate closest to but not later than the measurement date of the Bond Buyer "20-Bond GO Index" is 4.90%.

Mortality rates are the same as used in the July 1, 2023 actuarial valuation of the Florida Retirement System for non-K-12 Instructional Regular Class and Special Risk Class members. These rates were taken from adjusted Pub-2010 mortality tables published by the Society of Actuaries with generational mortality improvements using Scale MP-2018. Adjustments to referenced tables are based on the results of a statewide experience study covering the period 2013 through 2018.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

The changes in the total OPEB liability for the measurement year ending September 30, 2025 were as follows:

	Total OPEB Liability
Balance at 9/30/2024	\$ 20,623,609
Changes for the year:	
Service cost	1,874,400
Interest	855,230
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions and other inputs	(2,083,823)
Benefit payments	(912,020)
Net changes	(266,213)
Balance at 9/30/2025	\$ 20,357,396

Changes in assumptions and other inputs reflect a change in the discount rate from 3.88% at the beginning of the measurement period to 4.90% at the end of the measurement period; the rates of salary increases, retirement, withdrawal, and disability were updated based on the experience study dated September 29, 2023, for the five years ended December 31, 2022, performed for the City's pension plan; per capita costs and premiums were updated based on information provided; and the healthcare cost trend assumption was updated.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the City's total OPEB liability calculated using a discount rate of 4.90%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher.

1% Decrease 3.90%	Discount Rate Assumption 4.90%	1% Increase 5.90%
\$ 22,317,940	\$ 20,357,396	\$ 18,576,285

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the City's total OPEB liability calculated using the current healthcare cost trend rate assumption based on the Getzen Model of 6.00% and gradually decreasing to an ultimate trend rate of 4.00%, as well as what the City's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher.

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ 17,734,745	\$ 20,357,396	\$ 23,564,432

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended September 30, 2025, the City recognized OPEB expense of (\$658,362). As of September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 6,102,343	\$ (6,102,343)
Changes in assumptions and other inputs	-	3,495,171	(3,495,171)
Total	<u>\$ -</u>	<u>\$ 9,597,514</u>	<u>\$ (9,597,514)</u>

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

<u>Year ended September 30:</u>	
2026	\$ (2,641,697)
2027	(2,054,451)
2028	(2,040,247)
2029	(1,202,441)
2030	(1,040,218)
Thereafter	(618,460)
	<u>\$ (9,597,514)</u>

IV.D. Securities Lending Transactions

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

Non-cash collateral cannot be pledged or sold unless the borrower defaults. All securities loans can be terminated on demand by either the lender or the borrower. The average term for the pension plan's loans as of September 30, 2025 was 109 days. Cash open collateral is invested in a short-term investment pool, the Northern Trust Collective SL Core Short Term Investment Fund (CORECOLL), which had an interest sensitivity of 19 days as of September 30, 2025.

There were no significant violations of legal or contractual provisions, nor any borrower or lending agent default losses known to the securities lending agent. The Plan did not impose any restrictions on the amount of loans made by Northern Trust during fiscal year 2025.

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

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

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

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

Security Type	Securities Collateralized by Cash	
	Loaned Securities	Cash Collateral
U.S. Equity	\$ 75,227,485	\$ 77,172,650
U.S. Corporate Fixed	10,496,603	10,746,411
U.S. Government Fixed	60,719,713	62,002,601
U.S. Agencies	876,991	896,053
Global Equities	548,943	577,816
Total	\$ 147,869,735	\$ 151,395,531

On the statement of fiduciary net position, a securities lending asset of \$151,395,531 was reported that represents the fair value of the investments made with cash collateral as of September 30, 2025. In addition, a securities lending obligation of \$151,395,531 was reported that represents the collateral that the City is required to maintain to cover the fair value of the loaned securities.

IV.E. Contingencies and Commitments

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. As of September 30, 2024, accruals totaled \$163,991, consisting of \$160,682 for the Harbor Drive Fill Area site and \$3,309 for assessment and remediation at the Gas Plant site. (see the Soil and groundwater contamination site note below).

During fiscal year 2025 there were \$880,699 of increases to contractual commitments, and reductions/payments totaled \$923,026. As of September 30, 2025, accruals totaled \$121,664, consisting of \$82,633 for the Harbor Drive Fill Area site, \$7,348 for the new City Hall site, and \$31,683 for the Gas Plant site.

In addition to the three sites above for which accruals exist, the City has 15 other sites that have known contamination from petroleum products, metals, arsenic, chlorine or coal tar. Seven of these sites are on the State of Florida Petroleum Clean-up Program. When any of these seven sites will be scheduled for cleanup cannot be determined at this time. They are under monitoring plans or are awaiting responses from the FDEP on data submitted by the City. Any additional cleanup costs for these sites cannot be estimated at this time.

Two sites previously listed were transferred to PSTA for the construction of a new downtown bus station, and the site of the current bus station was acquired by the City for future development. This site, located at 525 Park Street, carries an estimated remediation cost of \$75,000 when the location is vacated upon completion of the new downtown bus station.

Remediation of the former fill area at Phillip Jones Ballfield is complete and the site is currently under monitoring and maintenance; however, this site remains on the list as it includes the Harbor Drive Fill Area. Remediation for the Harbor Drive fill area was performed in fiscal 2025 and closure documents have been submitted to FDEP.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Soil and groundwater contamination site

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

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

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

By letter dated April 19, 2004, FDEP directed the City to install two additional monitoring wells within the source area on site to delineate the vertical extent of groundwater impacts. The City and FDEP previously discussed the potential harm to the underlying aquifer that may result from the installation of monitoring wells through a source area and the underlying clay confining unit during a meeting with FDEP held on November 29, 2003. Based on the advice of its environmental consultant and other specialists consulted concerning this issue, the City has consistently maintained that the installation of the additional monitoring wells requested by FDEP will likely provide a pathway for the migration of impacts into the aquifer underlying the clay confining unit that is otherwise not presently impacted by the former operations of the MGP based on existing perimeter monitoring well data. The City responded to the FDEP by letter dated April 29, 2004, requesting that FDEP advise the City whether the directive to install the additional vertical extent wells was deemed by FDEP to be final agency action that would otherwise be subject to review in an administrative proceeding. The City's April 29, 2004 response included a request for an extension of time to file an administrative proceeding in the event that FDEP deemed the April 19, 2004 FDEP communication to be final agency action.

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

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

In May 2010, CGS issued a Request for Proposal (RFP) to prepare a Feasibility Study, for DEP approval, that would offer a long-term corrective action plan for the gas plant site. Arcadis, Inc. was selected to conduct the Feasibility Study; however, two months into the project the City's environmental legal counsel recommended an alternate method of site remediation.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

They proposed that the City work with the University of Waterloo (Canada) to treat the contaminated soils with sodium persulfate, a chemical oxidant, which would stop the off-site groundwater impacts that were experienced on the Pinellas County Health Department site. Chemical oxidation is accepted as a very effective method of dealing with Manufactured Gas Plant residuals. This project was approved by the City Council in January 2011, and was scheduled to last approximately 6 years at an estimated cost of \$600,000.

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

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

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

CGS underwent site redevelopment between 2018 and 2020, resulting in an upgraded campus for CGS operations. Post-redevelopment groundwater monitoring has been performed at the site since 2021, including installation of new onsite groundwater monitoring wells to replace wells that were abandoned or damaged during redevelopment, and installation of on- and off-site wells to complete delineation of dissolved phase groundwater impacts relative to the site. The City's contractor, Geosyntec, prepared and submitted a Natural Attenuation Monitoring Plan (NAMP) to FDEP on the City's behalf in May 2023 and outlined a water sampling schedule to show plume stability. Water sampling was conducted in October 2023 and results were submitted to FDEP. In December 2024, Geosyntec submitted a Site Rehabilitation Completion Report (SRCR) and a Remedial Action Plan (RAP), which included an Engineering Control Monitoring Plan proposing no further action. This report is currently under review by FDEP. Full site closure is anticipated in fiscal year 2026.

Benefits of closing the site under the Brownfield Program include liability projections to the City as set forth in F.S. Section 376.82(2)(a) and the opportunity for the City to obtain voluntary cleanup tax credits ("VCTC") for the cost of constructing the impervious cap and completion of site closure activities. For eligible costs recovered by the City through VCTC's, the City is able to then sell the VCTC's on the market. Such sales typically net 80-90% recovery for municipalities taking similar actions. The City was awarded \$744,076 in tax credits for calendar years 2017-2020. The City issued Bid #44-21 to sell the tax credit certificates issued by FDEP. Fallbrook Tax Credits LLC submitted the highest bid of \$0.9112 on the dollar, which yielded \$678,002 from the sale of the tax certificates.

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

From 1993 through September 30, 2025, the City spent \$1,932,000 on MGP assessment activities, which includes both environmental consultant and legal fees.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

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, 2024, the rate, which is set by the Pinellas County Board of County Commissioners (BOCC), was \$4.7415 per 1,000 gallons. The rate effective October 1, 2025 is \$4.9786 per 1,000 gallons. The cost of water purchased from the County during fiscal years 2024 and 2025 was \$9,053,849 and \$7,186,647 respectively. Although customer demand is relatively stable, the City’s reliance on purchased water varies with projects and plant issues.

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. As of September 30, 2025, encumbrances expected to be honored upon performance by the vendor in the coming year were:

General Fund	\$ 771,947
Special Programs Fund	1,361,339
Capital Improvement Fund	46,409,573
Nonmajor governmental funds	2,754,469
	\$ 51,297,328

Tax Abatements

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

For the fiscal year ending September 30, 2025, the City abated real and tangible personal property taxes totaling \$140,330 under this program, consisting of the following agreement:

A Business Maintenance and Continued Performance Agreement with Instrument Transformers, Inc. dated March 10, 2014 and amended February 11, 2016, for the creation of 143 new jobs and the investment of \$49 million in the expansion of the Clearwater facility, including the purchase or lease of new equipment. This agreement, which commenced in fiscal 2017, grants an exemption of ad valorem taxes of 75 percent for ten years. In the event of default, Instrument Transformers, Inc. will be subject to the taxes exempted plus annual interest at the maximum rate allowed by law. Tax abatements since inception total \$1,137,864.

City of Clearwater, Florida
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

IV.F. Pending Litigation

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

IV.G. Conduit Debt

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

<u>Description / Purpose</u>	<u>Original Issue Amount</u>	<u>Amount Outstanding at 9/30/24</u>	<u>Amount Outstanding at 9/30/25</u>
Drew Gardens Refunding Bonds / residential rental facility	\$ 3,425,000	\$ 425,000	\$ 195,000

The City issued Mortgage Revenue Refunding Bonds, Series 1992A (FHA Insured Mortgage Loan – Drew Gardens Project), dated August 1, 1992, in the amount of \$3,425,000, to provide a portion of the money required to refund a prior issue of the bonds of the Issuer that were issued to provide money to make a mortgage loan insured by the Federal Housing Administration pursuant to Section 221(d)(4) of the National Housing Act of 1934, as amended, to pay the cost of acquiring, constructing, improving and equipping a 180-unit multifamily residential rental housing facility owned by Drew Gardens Associates, Ltd., a Florida limited partnership, and to pay certain costs of the refunding. The bonds are payable solely from and secured by a lien upon and a pledge of the pledged revenues, consisting mainly of the bond proceeds. No additional commitments were extended by the City. As of September 30, 2025, the bonds have an aggregate outstanding principal amount payable of \$195,000. The bonds do not constitute a debt, liability, or obligation of the City of Clearwater, the State of Florida, or any political subdivision thereof and, accordingly, have not been reported in the accompanying financial statements.

IV.H. Restatements

The City implemented GASB Statement No. 101, *Compensated Absences*, during fiscal year 2025, requiring a restatement of net position as of September 30, 2024. This change in accounting principle resulted in a decrease in beginning net position of \$15,022,298.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning net position, as previously reported	\$680,539,495	\$728,251,077	\$1,408,790,572
Change in accounting principle	<u>(11,388,852)</u>	<u>(3,633,446)</u>	<u>(15,022,298)</u>
Beginning net position, as restated	<u>\$669,150,643</u>	<u>\$724,617,631</u>	<u>\$1,393,768,274</u>

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	\$ 25,580,465	\$ 22,781,423	\$ 19,874,939	18,718,516	\$ 18,412,162	\$ 16,934,015	\$ 15,240,018	\$ 15,065,668	14,770,113	\$ 15,173,452
Interest on the Total Pension Liability	77,187,235	73,902,449	70,094,980	68,447,973	68,636,343	66,061,748	65,042,520	62,567,359	61,050,474	58,870,815
Benefit Changes	-	-	11,732,652	-	-	6,428,217	-	-	-	-
Difference between Expected and Actual Experience	4,723,408	17,973,793	17,713,076	(345,877)	166,476	5,473,272	(6,533,554)	6,780,611	(8,071,653)	6,832,090
Assumption Changes	23,278,564	349,185	-	6,156,036	(16,344,158)	11,877,993	25,495,302	-	381,755	(4,748,597)
Benefit Payments	(67,899,736)	(63,804,511)	(61,062,860)	(57,321,813)	(56,274,207)	(50,966,931)	(49,687,426)	(46,860,103)	(44,490,793)	(42,069,828)
Refunds	(1,568,089)	(1,269,107)	(1,354,890)	(1,772,430)	(1,222,375)	(1,177,456)	(1,017,365)	(892,181)	(1,366,008)	(1,060,187)
Net Change in Total Pension Liability	61,301,847	49,933,232	56,997,897	33,882,405	13,374,241	54,630,858	48,539,495	36,661,354	22,273,888	32,997,745
Total Pension Liability - Beginning	1,196,649,368	1,146,716,136	1,089,718,239	1,055,835,834	1,042,461,593	987,830,735	939,291,240	902,629,886	880,355,998	847,358,253
Total Pension Liability - Ending (a)	\$ 1,257,951,215	\$ 1,196,649,368	\$ 1,146,716,136	\$ 1,089,718,239	\$ 1,055,835,834	\$ 1,042,461,593	\$ 987,830,735	\$ 939,291,240	\$ 902,629,886	\$ 880,355,998
Plan Fiduciary Net Position										
Contributions - Employer	\$ 15,211,192	\$ 14,203,472	\$ 12,659,053	11,912,374	\$ 11,917,353	10,364,100	\$ 10,901,645	\$ 10,650,462	11,898,912	\$ 13,178,874
Contributions - Employer (from State)	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Contributions - Employee	11,031,155	9,721,164	8,941,002	8,591,715	8,013,951	7,925,645	7,326,649	7,127,965	7,004,943	6,706,567
Net Investment Income	128,369,498	223,353,546	122,246,393	(204,174,834)	231,147,434	102,588,458	53,143,676	93,775,837	102,284,783	88,501,532
Benefit Payments	(67,899,736)	(63,804,511)	(61,062,860)	(57,321,813)	(56,274,207)	(50,966,931)	(49,687,426)	(46,860,103)	(44,490,793)	(42,069,828)
Refunds	(1,568,089)	(1,269,107)	(1,354,890)	(1,772,430)	(1,222,375)	(1,177,456)	(1,017,365)	(892,181)	(1,366,008)	(1,060,187)
Administrative Expense	(339,119)	(352,172)	(355,225)	(322,664)	(340,629)	(288,079)	(335,282)	(343,115)	(295,301)	(297,984)
Net Change in Plan Fiduciary Net Position	84,816,901	181,864,392	81,085,473	(243,075,652)	193,253,527	68,457,737	20,343,897	63,470,865	75,048,536	64,970,974
Plan Fiduciary Net Position - Beginning	1,345,688,598	1,163,824,206	1,082,738,733	1,325,814,385	1,132,560,858	1,064,103,121	1,043,759,224	980,288,359	905,239,823	840,268,849
Plan Fiduciary Net Position - Ending (b)	\$ 1,430,505,499	\$ 1,345,688,598	\$ 1,163,824,206	\$ 1,082,738,733	\$ 1,325,814,385	\$ 1,132,560,858	\$ 1,064,103,121	\$ 1,043,759,224	\$ 980,288,359	\$ 905,239,823
Net Pension Liability/(Asset) - Beginning	\$ (149,039,230)	\$ (17,108,070)	\$ 6,979,506	(269,978,551)	\$ (90,099,265)	\$ (76,272,386)	(104,467,984)	\$ (77,658,473)	\$ (24,883,825)	\$ 7,089,404
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ (172,554,284)	\$ (149,039,230)	(17,108,070)	6,979,506	\$ (269,978,551)	\$ (90,099,265)	(76,272,386)	(104,467,984)	(77,658,473)	(24,883,825)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability/(Asset)	113.72%	112.45%	101.49%	99.36%	125.57%	108.64%	107.72%	111.12%	108.60%	102.83%
Covered Payroll	\$ 119,421,912	\$ 110,571,974	\$ 101,349,015	97,193,423	\$ 90,810,283	\$ 89,845,375	\$ 82,998,580	80,852,451	79,558,524	\$ 76,942,048
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-144.49%	-134.79%	-16.88%	7.18%	-297.30%	-100.28%	-91.90%	-129.21%	-97.61%	-32.34%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Interest	\$ 31,722	\$ 33,430	\$ 38,084	\$ 40,834	\$ 51,167	\$ 52,304	\$ 72,699	\$ 84,902	\$ 90,635	\$ 99,691
Difference between Expected and Actual Experience	(51,395)	76,365	(8,654)	67,373	(17,191)	80,335	(141,190)	(205,912)	76,981	(296,507)
Assumption Changes	-	-	-	-	(215,006)	(55,554)	-	-	-	208,676
Benefit Payments	(177,022)	(192,615)	(215,950)	(227,768)	(245,126)	(262,649)	(285,762)	(332,638)	(365,154)	(423,458)
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	<u>(196,695)</u>	<u>(82,820)</u>	<u>(186,520)</u>	<u>(119,561)</u>	<u>(426,156)</u>	<u>(185,564)</u>	<u>(354,253)</u>	<u>(453,648)</u>	<u>(197,538)</u>	<u>(411,598)</u>
Total Pension Liability - Beginning	<u>1,354,177</u>	<u>1,436,997</u>	<u>1,623,517</u>	<u>1,743,078</u>	<u>2,169,234</u>	<u>2,354,798</u>	<u>2,709,051</u>	<u>3,162,699</u>	<u>3,360,237</u>	<u>3,771,835</u>
Total Pension Liability - Ending (a)	<u>\$ 1,157,482</u>	<u>\$ 1,354,177</u>	<u>\$ 1,436,997</u>	<u>\$ 1,623,517</u>	<u>\$ 1,743,078</u>	<u>\$ 2,169,234</u>	<u>\$ 2,354,798</u>	<u>\$ 2,709,051</u>	<u>\$ 3,162,699</u>	<u>\$ 3,360,237</u>
Plan Fiduciary Net Position										
Net Investment Income	\$ 74,873	\$ 147,174	\$ 61,022	\$ (98,130)	\$ 14,512	\$ 147,975	\$ 319,636	\$ 59,255	\$ (149,322)	\$ 171,674
Benefit Payments	(177,022)	(192,615)	(215,950)	(227,768)	(245,126)	(262,649)	(285,762)	(332,638)	(365,154)	(423,458)
Administrative Expense	(2,750)	(2,750)	(4,125)	(8,870)	(3,000)	(2,500)	(2,500)	(2,500)	(3,500)	(2,758)
Net Change in Plan Fiduciary Net Position	<u>(104,899)</u>	<u>(48,191)</u>	<u>(159,053)</u>	<u>(334,768)</u>	<u>(233,614)</u>	<u>(117,174)</u>	<u>31,374</u>	<u>(275,883)</u>	<u>(517,976)</u>	<u>(254,542)</u>
Plan Fiduciary Net Position - Beginning	<u>2,705,472</u>	<u>2,753,663</u>	<u>2,912,716</u>	<u>3,247,484</u>	<u>3,481,098</u>	<u>3,598,272</u>	<u>3,566,898</u>	<u>3,842,781</u>	<u>4,360,757</u>	<u>4,615,299</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,600,573</u>	<u>\$ 2,705,472</u>	<u>\$ 2,753,663</u>	<u>\$ 2,912,716</u>	<u>\$ 3,247,484</u>	<u>\$ 3,481,098</u>	<u>\$ 3,598,272</u>	<u>\$ 3,566,898</u>	<u>\$ 3,842,781</u>	<u>\$ 4,360,757</u>
Net Pension Liability/(Asset) - Beginning	\$ (1,351,295)	\$ (1,316,666)	\$ (1,289,199)	\$ (1,504,406)	\$ (1,311,864)	\$ (1,243,474)	\$ (857,847)	\$ (680,082)	\$ (1,000,520)	\$ (843,464)
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ (1,443,091)	\$ (1,351,295)	\$ (1,316,666)	\$ (1,289,199)	\$ (1,504,406)	\$ (1,311,864)	\$ (1,243,474)	\$ (857,847)	\$ (680,082)	\$ (1,000,520)
Plan Fiduciary Net Position as a Percentage of										
Total Pension Liability/(Asset)	224.68%	199.79%	191.63%	179.41%	186.31%	160.48%	152.81%	131.67%	121.50%	129.78%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of										
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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
2016	\$ 8,767,703	\$ 13,190,874	\$ (4,423,171)	\$ 76,942,048	17.14%
2017	\$ 8,944,103	\$ 11,910,912	\$ (2,966,809)	\$ 79,558,524	14.97%
2018	\$ 8,659,427	\$ 10,662,462	\$ (2,003,035)	\$ 80,852,451	13.19%
2019	\$ 8,813,297	\$ 10,913,645	\$ (2,100,348)	\$ 82,998,580	13.15%
2020	\$ 9,720,956	\$ 10,376,100	\$ (655,144)	\$ 89,845,375	11.55%
2021	\$ 11,534,013	\$ 11,929,353	\$ (395,340)	\$ 90,810,283	13.14%
2022	\$ 11,412,994	\$ 11,924,374	\$ (511,380)	\$ 97,193,423	12.27%
2023	\$ 12,799,094	\$ 12,671,053	\$ 128,041	\$ 101,349,015	12.50%
2024	\$ 13,550,484	\$ 14,215,472	\$ (664,988)	\$ 110,571,974	12.86%
2025	\$ 16,244,745	\$ 15,223,192	\$ 1,021,553	\$ 119,421,912	12.75%

¹ A portion of the plan's credit balance was applied to meet the remainder of the actuarially determined contribution for the fiscal years ending September 30, 2023 and September 30, 2025.

Notes to Schedule of Contributions

Valuation Date:

January 1, 2024

Notes:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	25 years (longest remaining period); 10 years (single equivalent period)
Asset Valuation Method	5-year smoothed market; 20% corridor
Inflation	2.40%
Salary Increases	3.50% to 9.00% depending on classification and service; including inflation
Investment Rate of Return	6.50%
Retirement Age	Experience-based table of rates that are specific to the employment classification and type of eligibility condition.

Mortality

Hazardous Duty Employees: PUB-2010 Headcount Weighted Safety Healthy Employee Mortality Table (for pre-retirement mortality) and the PUB-2010 Headcount Weighted Safety Healthy Retiree Mortality Table (for post-retirement mortality), with separate rates for males and females and ages set forward one year, with mortality improvements projected to all future years after 2010 using Scale MP-2018. For males, the base mortality rates for both pre-retirement and post-retirement mortality are based on the Below Median Healthy tables. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in the July 1, 2023 valuation, as mandated by Chapter 112.63, Florida Statutes.

Nonhazardous Duty Employees: PUB-2010 Headcount Weighted General Below-Median Employee Mortality Table (for pre-retirement mortality) and the PUB-2010 Headcount Weighted General Below-Median Healthy Retiree Mortality Table (for post-retirement mortality), with separate rates for males and females and mortality improvements projected to all future years after 2010 using Scale MP-2018. For males, the base mortality rates are set back one year. These are the same rates used for Regular Class (other than K-12 School Instructional Personnel) members of the Florida Retirement System (FRS) in the July 1, 2023 valuation, as mandated by Chapter 112.63, Florida Statutes.

Other Information:

Notes

Since the prior valuation as of January 1, 2023, the assumed rates of salary increase, retirement, withdrawal, and disability were revised based on a 5-year

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

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

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

Notes to Schedule of Contributions

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

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

Employees' Pension Plan
Schedule of Investment Returns

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	9.74%	19.35%	11.47%	-15.65%	20.61%	9.73%	5.11%	9.69%	11.28%	10.63%

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

Firefighters' Relief and Pension Plan
Schedule of Investment Returns

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	3.35%	4.17%	1.45%	0.58%	2.48%	5.06%	6.52%	1.82%	4.68%	4.55%

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 1,874,400	\$ 1,672,642	\$ 1,698,573	\$ 2,412,125	\$ 2,213,247	\$ 2,282,038	\$ 1,677,797	\$ 1,731,394
Interest	855,230	1,173,208	1,063,683	645,528	662,501	953,389	1,086,906	974,551
Changes of benefit terms	-	36,283	-	-	-	28,595	-	-
Difference between expected and actual experience	-	(4,896,063)	-	(5,128,309)	-	(4,646,689)	-	-
Changes of assumptions and other inputs	(2,083,823)	(572,816)	(545,424)	(1,481,029)	(120,728)	(4,692,393)	4,006,356	(1,029,325)
Benefit payments	(912,020)	(912,524)	(1,139,984)	(912,692)	(1,022,036)	(1,048,358)	(1,122,335)	(1,054,805)
Net Change in Total OPEB Liability	(266,213)	(3,499,270)	1,066,848	(4,464,377)	1,732,984	(7,123,418)	5,648,714	621,815
Total OPEB Liability - Beginning	20,623,609	24,122,879	23,056,031	27,520,408	25,787,424	32,910,842	27,262,128	26,640,313
Total OPEB Liability - Ending	\$ 20,357,396	\$ 20,623,609	\$ 24,122,879	\$ 23,056,031	\$ 27,520,408	\$ 25,787,424	\$ 32,910,842	\$ 27,262,128
Estimated covered-employee payroll	\$ 136,674,447	\$ 125,786,564	\$ 115,695,892	\$ 110,228,154	\$ 101,205,829	\$ 99,272,204	\$ 95,520,530	\$ 92,964,945
Total OPEB liability as a percentage of covered-employee payroll	14.89%	16.40%	20.85%	20.92%	27.19%	25.98%	34.45%	29.33%

Notes to Schedule:

Valuation Date: January 1, 2024
Measurement Date: September 30, 2025

Roll Forward Procedures: The Total OPEB Liability was rolled forward 21 months from the Valuation Date to the Measurement Date using standard actuarial techniques.

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	4.90%
Salary Increases	Salary increase rates used in the January 1, 2024 actuarial valuation of the City of Clearwater Employees' Pension Plan.
Retirement Age	Retirement rates used in the January 1, 2024 actuarial valuation of the City of Clearwater Employees' Pension Plan.
Mortality	Mortality rates are the same as used in the July 1, 2023 actuarial valuation of the Florida Retirement System for non-K-12 Instructional Regular Class and Special Risk Class members. These rates were taken from adjusted PUB-2010 mortality tables published by the Society of Actuaries with generational mortality improvements using Scale MP-2018. Adjustments to referenced tables are based on the results of a statewide experience study covering the period 2013 to 2018.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00%.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in the per capita health costs.
Other Information:	The following assumption change has been reflected in the Schedule of Changes in the Total OPEB Liability for the measurement period ending September 30, 2025: - The discount rate was changed from 3.88% as of the beginning of the measurement period to 4.960% as of September 30, 2025. There were no benefit changes during the year. Data unavailable prior to 2018.

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

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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.

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

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

Downtown Development Board Fund – to account for receipt, custody, and expenditure of property taxes levied and collected in the DDB special district.

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.

Non-Ad Valorem Revenue Bonds – to account for the advance monthly accumulation of resources by transfer of General Revenues from the General Fund 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.

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

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

**City of Clearwater, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025**

	Special Revenue Funds					Total
	Downtown CRA	North Greenwood CRA	Downtown Development Board	SHIP Local Housing Assistance Trust	Pinellas County Local Housing Assistance Trust	
	CRA	CRA	Board	Trust	Trust	
ASSETS						
Cash and investments	\$ 318,250	\$ -	\$ 920,652	\$ 697,288	\$ 110,959	\$ 2,047,149
Receivables:						
Accrued interest	60,119	8,664	2,589	3,558	349	75,279
Mortgage notes	5,100,000	-	-	3,792,102	139,840	9,031,942
Due from other governments - other	-	-	2,997	-	-	2,997
Advances to other funds	-	-	48,000	-	-	48,000
Total assets	<u>\$ 5,478,369</u>	<u>\$ 8,664</u>	<u>\$ 974,238</u>	<u>\$ 4,492,948</u>	<u>\$ 251,148</u>	<u>\$ 11,205,367</u>
LIABILITIES						
Accounts and contracts payable	\$ 2,429	\$ 45	\$ 8,323	\$ 32,577	\$ -	\$ 43,374
Due to other funds (deficit in pooled cash)	-	8,619	-	-	-	8,619
Advances from other funds	373,440	-	-	-	-	373,440
Total liabilities	<u>375,869</u>	<u>8,664</u>	<u>8,323</u>	<u>32,577</u>	<u>-</u>	<u>425,433</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - mortgage notes	-	-	-	3,792,102	139,840	3,931,942
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,792,102</u>	<u>139,840</u>	<u>3,931,942</u>
FUND BALANCES						
Restricted	5,102,500	-	965,915	668,269	111,308	6,847,992
Total fund balances	<u>5,102,500</u>	<u>-</u>	<u>965,915</u>	<u>668,269</u>	<u>111,308</u>	<u>6,847,992</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,478,369</u>	<u>\$ 8,664</u>	<u>\$ 974,238</u>	<u>\$ 4,492,948</u>	<u>\$ 251,148</u>	<u>\$ 11,205,367</u>

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

Debt Service Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
Notes and Mortgages	Spring Training Facility Revenue Bonds	Non-Ad Valorem Revenue Bonds	Total	Downtown CRA	North Greenwood CRA	Total	
\$ -	\$ 522,669	\$ 1,173,463	\$ 1,696,132	\$ 17,132,924	\$ 3,973,522	\$ 21,106,446	\$ 24,849,727
-	1,557	-	1,557	-	-	-	76,836
-	-	-	-	-	-	-	9,031,942
-	-	-	-	-	-	-	2,997
-	-	-	-	-	-	-	48,000
<u>\$ -</u>	<u>\$ 524,226</u>	<u>\$ 1,173,463</u>	<u>\$ 1,697,689</u>	<u>\$ 17,132,924</u>	<u>\$ 3,973,522</u>	<u>\$ 21,106,446</u>	<u>\$ 34,009,502</u>
\$ -	\$ -	\$ -	\$ -	\$ 150,788	\$ 15,713	\$ 166,501	\$ 209,875
-	-	-	-	-	-	-	8,619
-	-	-	-	-	-	-	373,440
-	-	-	-	150,788	15,713	166,501	591,934
-	-	-	-	-	-	-	3,931,942
-	-	-	-	-	-	-	3,931,942
-	524,226	1,173,463	1,697,689	16,982,136	3,957,809	20,939,945	29,485,626
-	524,226	1,173,463	1,697,689	16,982,136	3,957,809	20,939,945	29,485,626
<u>\$ -</u>	<u>\$ 524,226</u>	<u>\$ 1,173,463</u>	<u>\$ 1,697,689</u>	<u>\$ 17,132,924</u>	<u>\$ 3,973,522</u>	<u>\$ 21,106,446</u>	<u>\$ 34,009,502</u>

City of Clearwater, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2025

	Special Revenue Funds					Total
	Downtown CRA	North Greenwood CRA	Downtown Development Board	SHIP Local Housing Assistance Trust	Pinellas County Local Housing Assistance Trust	
REVENUES						
Taxes:						
Property	\$ -	\$ -	499,972	\$ -	\$ -	499,972
Intergovernmental:						
State	-	-	-	555,944	-	555,944
Local	2,692,656	374,290	-	-	1,310	3,068,256
Investment earnings (loss):						
Interest	506,327	109,066	23,061	39,293	5,337	683,084
Net appreciation (depreciation) in fair value	266,785	(74,205)	11,788	18,276	1,239	223,883
Total investment earnings (loss)	773,112	34,861	34,849	57,569	6,576	906,967
Miscellaneous	-	-	2,949	-	-	2,949
Total revenues	<u>3,465,768</u>	<u>409,151</u>	<u>537,770</u>	<u>613,513</u>	<u>7,886</u>	<u>5,034,088</u>
EXPENDITURES						
Current:						
Economic environment	61,273	1,988	342,724	268,610	-	674,595
Debt service:						
Principal	-	-	-	-	-	-
Interest & fiscal charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>61,273</u>	<u>1,988</u>	<u>342,724</u>	<u>268,610</u>	<u>-</u>	<u>674,595</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,404,495</u>	<u>407,163</u>	<u>195,046</u>	<u>344,903</u>	<u>7,886</u>	<u>4,359,493</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	5,860,196	475,913	379,275	-	-	6,715,384
Transfers out	(7,266,141)	(883,076)	(466,584)	(426,026)	-	(9,041,827)
Total other financing sources (uses)	<u>(1,405,945)</u>	<u>(407,163)</u>	<u>(87,309)</u>	<u>(426,026)</u>	<u>-</u>	<u>(2,326,443)</u>
Net change in fund balances	1,998,550	-	107,737	(81,123)	7,886	2,033,050
Fund balances - beginning	3,103,950	-	858,178	749,392	103,422	4,814,942
Fund balances - ending	<u>\$ 5,102,500</u>	<u>\$ -</u>	<u>\$ 965,915</u>	<u>\$ 668,269</u>	<u>\$ 111,308</u>	<u>\$ 6,847,992</u>

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

Debt Service Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
Notes and Mortgages	Spring Training Facility Revenue Bonds	Non-Ad Valorem Revenue Bonds	Total	Downtown CRA	North Greenwood CRA	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	499,972
-	500,004	-	500,004	-	-	-	1,055,948
-	-	-	-	-	-	-	3,068,256
-	13,654	-	13,654	-	158,465	158,465	855,203
-	7,211	-	7,211	-	-	-	231,094
-	20,865	-	20,865	-	158,465	158,465	1,086,297
-	-	-	-	167,858	-	167,858	170,807
-	520,869	-	520,869	167,858	158,465	326,323	5,881,280
-	-	-	-	2,408,962	293,610	2,702,572	3,377,167
96,264	345,000	500,000	941,264	-	-	-	941,264
598	144,097	1,309,425	1,454,120	-	-	-	1,454,120
-	-	-	-	82,221	-	82,221	82,221
96,862	489,097	1,809,425	2,395,384	2,491,183	293,610	2,784,793	5,854,772
(96,862)	31,772	(1,809,425)	(1,874,515)	(2,323,325)	(135,145)	(2,458,470)	26,508
96,862	-	1,821,925	1,918,787	6,144,154	752,261	6,896,415	15,530,586
-	-	-	-	(2,282,434)	(4,570)	(2,287,004)	(11,328,831)
96,862	-	1,821,925	1,918,787	3,861,720	747,691	4,609,411	4,201,755
-	31,772	12,500	44,272	1,538,395	612,546	2,150,941	4,228,263
-	492,454	1,160,963	1,653,417	15,443,741	3,345,263	18,789,004	25,257,363
\$ -	\$ 524,226	\$ 1,173,463	\$ 1,697,689	\$ 16,982,136	\$ 3,957,809	\$ 20,939,945	\$ 29,485,626

City of Clearwater, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (GAAP Basis)
Downtown Community Redevelopment Agency
For the Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental - Local	\$ 2,779,393	\$ 2,692,656	\$ 2,692,656	\$ -
Investment earnings (loss):				
Interest	300,000	467,783	506,327	38,544
Net appreciation (depreciation) in fair value	-	-	266,785	266,785
Total investment earnings (loss)	<u>300,000</u>	<u>467,783</u>	<u>773,112</u>	<u>305,329</u>
Total revenues	<u>3,079,393</u>	<u>3,160,439</u>	<u>3,465,768</u>	<u>305,329</u>
EXPENDITURES				
Current - Economic environment	<u>364,650</u>	<u>364,650</u>	<u>61,273</u>	<u>303,377</u>
Total expenditures	<u>364,650</u>	<u>364,650</u>	<u>61,273</u>	<u>303,377</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,714,743</u>	<u>2,795,789</u>	<u>3,404,495</u>	<u>608,706</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,865,621	3,860,196	5,860,196	2,000,000
Transfers out	<u>(6,580,364)</u>	<u>(6,655,985)</u>	<u>(7,266,141)</u>	<u>(610,156)</u>
Total other financing sources (uses)	<u>(2,714,743)</u>	<u>(2,795,789)</u>	<u>(1,405,945)</u>	<u>1,389,844</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	1,998,550	1,998,550
Fund balances - beginning	<u>3,103,950</u>	<u>3,103,950</u>	<u>3,103,950</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,103,950</u>	<u>\$ 3,103,950</u>	<u>\$ 5,102,500</u>	<u>\$ 1,998,550</u>

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

City of Clearwater, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (GAAP Basis)
North Greenwood Community Redevelopment Agency
For the Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental - Local	\$ 387,226	\$ 374,290	\$ 374,290	\$ -
Investment earnings (loss):				
Interest	-	67,603	109,066	41,463
Net appreciation (depreciation) in fair value	-	-	(74,205)	(74,205)
Total investment earnings (loss)	-	67,603	34,861	(32,742)
Total revenues	<u>387,226</u>	<u>441,893</u>	<u>409,151</u>	<u>(32,742)</u>
EXPENDITURES				
Current - Economic environment	<u>71,074</u>	<u>69,417</u>	<u>1,988</u>	<u>67,429</u>
Total expenditures	<u>71,074</u>	<u>69,417</u>	<u>1,988</u>	<u>67,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>316,152</u>	<u>372,476</u>	<u>407,163</u>	<u>34,687</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	473,000	471,343	475,913	4,570
Transfers out	(789,152)	(843,819)	(883,076)	(39,257)
Total other financing sources (uses)	<u>(316,152)</u>	<u>(372,476)</u>	<u>(407,163)</u>	<u>(34,687)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

City of Clearwater, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (GAAP Basis)
Downtown Development Board
For the Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 493,093	\$ 499,439	\$ 499,972	\$ 533
Investment earnings (loss):				
Interest	500	9,417	23,061	13,644
Net appreciation (depreciation) in fair value	-	-	11,788	11,788
Total investment earnings (loss)	<u>500</u>	<u>9,417</u>	<u>34,849</u>	<u>25,432</u>
Miscellaneous	<u>500</u>	<u>500</u>	<u>2,949</u>	<u>2,449</u>
Total revenues	<u>494,093</u>	<u>509,356</u>	<u>537,770</u>	<u>28,414</u>
EXPENDITURES				
Current - Economic environment	<u>919,093</u>	<u>847,047</u>	<u>342,724</u>	<u>504,323</u>
Total expenditures	<u>919,093</u>	<u>847,047</u>	<u>342,724</u>	<u>504,323</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(425,000)</u>	<u>(337,691)</u>	<u>195,046</u>	<u>532,737</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	381,027	379,275	379,275	-
Transfers out	<u>(381,027)</u>	<u>(466,584)</u>	<u>(466,584)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(87,309)</u>	<u>(87,309)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(425,000)	(425,000)	107,737	532,737
Fund balances - beginning (as previously reported)	858,178	858,178	858,178	-
Adjustments and restatements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning (restated)	<u>858,178</u>	<u>858,178</u>	<u>858,178</u>	<u>-</u>
Fund balances - ending	<u>\$ 433,178</u>	<u>\$ 433,178</u>	<u>\$ 965,915</u>	<u>\$ 532,737</u>

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

Nonmajor Enterprise Funds

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

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

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

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

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

City of Clearwater, Florida
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2025

	<u>Marine Operations</u>	<u>Aviation Operations</u>	<u>Parking System</u>	<u>Clearwater Harbor Marina</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and investments	\$ 17,355,799	\$ 1,170,284	\$ 40,023,319	\$ 2,535,770	\$ 61,085,172
Accrued interest receivable	78,509	15,966	125,529	7,717	227,721
Lease receivables	4,383,632	4,068,569	-	-	8,452,201
Due from other governments	-	55,911	-	247,591	303,502
Inventories, at cost	68,464	-	-	-	68,464
Total current assets	<u>21,886,404</u>	<u>5,310,730</u>	<u>40,148,848</u>	<u>2,791,078</u>	<u>70,137,060</u>
Noncurrent assets:					
Net pension asset	649,334	4,993	1,373,259	289,068	2,316,654
Capital assets:					
Land and other nondepreciable assets	23,759,199	2,011,736	2,708,481	265,182	28,744,598
Capital assets, net of accumulated depreciation	1,074,647	3,578,249	1,109,501	10,301,714	16,064,111
Total noncurrent assets	<u>25,483,180</u>	<u>5,594,978</u>	<u>5,191,241</u>	<u>10,855,964</u>	<u>47,125,363</u>
Total assets	<u>47,369,584</u>	<u>10,905,708</u>	<u>45,340,089</u>	<u>13,647,042</u>	<u>117,262,423</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pension	152,426	1,172	322,360	67,856	543,814
Total deferred outflows of resources	<u>152,426</u>	<u>1,172</u>	<u>322,360</u>	<u>67,856</u>	<u>543,814</u>
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	8,878,199	36,252	589,595	261,209	9,765,255
Accrued payroll	38,090	925	90,906	16,425	146,346
Deposits	19,017	-	-	39,620	58,637
Current portion of long-term liabilities:					
Compensated absences	86,113	-	124,956	23,921	234,990
Other postemployment benefits	10,533	115	25,360	5,214	41,222
Due to other funds	9,031	-	-	3,996	13,027
Total current liabilities	<u>9,040,983</u>	<u>37,292</u>	<u>830,817</u>	<u>350,385</u>	<u>10,259,477</u>
Noncurrent liabilities:					
Compensated absences	160,152	-	232,390	44,489	437,031
Other postemployment benefits	194,670	2,124	468,714	96,369	761,877
Advances from other funds	27,850	-	-	17,338	45,188
Total noncurrent liabilities	<u>382,672</u>	<u>2,124</u>	<u>701,104</u>	<u>158,196</u>	<u>1,244,096</u>
Total liabilities	<u>9,423,655</u>	<u>39,416</u>	<u>1,531,921</u>	<u>508,581</u>	<u>11,503,573</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pension	326,682	2,512	690,890	145,431	1,165,515
Deferred inflows - other postemployment benefits	96,743	1,056	232,932	47,892	378,623
Deferred inflows - leases	4,293,250	3,971,681	-	-	8,264,931
Total deferred inflows of resources	<u>4,716,675</u>	<u>3,975,249</u>	<u>923,822</u>	<u>193,323</u>	<u>9,809,069</u>
NET POSITION					
Net investment in capital assets	17,109,484	5,560,121	3,817,982	10,562,335	37,049,922
Restricted for:					
Pensions	649,334	4,993	1,373,259	289,068	2,316,654
Unrestricted	15,622,862	1,327,101	38,015,465	2,161,591	57,127,019
Total net position	<u>\$ 33,381,680</u>	<u>\$ 6,892,215</u>	<u>\$ 43,206,706</u>	<u>\$ 13,012,994</u>	<u>\$ 96,493,595</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, 2025

	<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	\$ 50,844	\$ -	\$ 8,358,288	\$ 2,154	\$ 8,411,286
User charges to customers	133,097	-	-	18,494	151,591
Rentals	1,503,077	164,105	-	1,172,049	2,839,231
Other	136,325	55	1,455,400	554	1,592,334
Total operating revenues	<u>1,823,343</u>	<u>164,160</u>	<u>9,813,688</u>	<u>1,193,251</u>	<u>12,994,442</u>
Operating expenses:					
Personal services	1,404,999	32,329	2,840,163	565,036	4,842,527
Purchases for resale	62,449	-	-	1,278	63,727
Operating materials and supplies	157,411	8,053	487,406	70,858	723,728
Transportation	24,348	3,496	79,384	1,407	108,635
Utility service	388,898	-	88,432	107,325	584,655
Depreciation	104,686	150,499	164,900	390,139	810,224
Interfund administrative charges	289,200	11,610	2,370,950	44,780	2,716,540
Other current charges:					
Professional fees	470,074	61,078	664,702	116,212	1,312,066
Advertising and marketing	1,888	160	247	317	2,612
Communications	19,021	590	23,473	2,316	45,400
Printing and binding	684	-	3,892	-	4,576
Insurance	89,980	17,910	74,390	27,080	209,360
Repairs and maintenance	327,503	25,097	1,514,048	316,350	2,182,998
Rentals	8	-	25,189	-	25,197
Miscellaneous	42,994	2,197	843,130	50,147	938,468
Data processing charges	117,320	8,180	194,610	40,210	360,320
Taxes	30,212	-	-	-	30,212
Total other current charges	<u>1,099,684</u>	<u>115,212</u>	<u>3,343,681</u>	<u>552,632</u>	<u>5,111,209</u>
Total operating expenses	<u>3,531,675</u>	<u>321,199</u>	<u>9,374,916</u>	<u>1,733,455</u>	<u>14,961,245</u>
Operating income (loss)	<u>(1,708,332)</u>	<u>(157,039)</u>	<u>438,772</u>	<u>(540,204)</u>	<u>(1,966,803)</u>
Nonoperating revenues (expenses):					
Investment earnings (loss):					
Interest	692,843	183,891	1,086,404	65,983	2,029,121
Net appreciation (depreciation) in fair value	650,565	14,029	801,165	62,876	1,528,635
Total investment earnings (loss)	<u>1,343,408</u>	<u>197,920</u>	<u>1,887,569</u>	<u>128,859</u>	<u>3,557,756</u>
Interest expense	(593)	-	-	-	(593)
Gain (loss) on disposal of capital assets	-	-	(19,089)	-	(19,089)
Contribution to developers	-	-	(5,000,000)	-	(5,000,000)
Total nonoperating revenue (expenses)	<u>1,342,815</u>	<u>197,920</u>	<u>(3,131,520)</u>	<u>128,859</u>	<u>(1,461,926)</u>
Income (loss) before contributions and transfers	<u>(365,517)</u>	<u>40,881</u>	<u>(2,692,748)</u>	<u>(411,345)</u>	<u>(3,428,729)</u>
Capital grants and contributions	384,313	421,780	-	91,325	897,418
Transfers in	15,000	100,000	-	-	115,000
Transfers out	(599,763)	(14,790)	(1,295,815)	(73,024)	(1,983,392)
Change in net position	<u>(565,967)</u>	<u>547,871</u>	<u>(3,988,563)</u>	<u>(393,044)</u>	<u>(4,399,703)</u>
Net position - beginning (as previously recorded)	34,060,615	6,344,344	47,401,940	13,447,866	101,254,765
Implementation of new accounting standard (see Note IV.H.)	<u>(112,968)</u>	<u>-</u>	<u>(206,671)</u>	<u>(41,828)</u>	<u>(361,467)</u>
Net position - beginning (as restated)	<u>33,947,647</u>	<u>6,344,344</u>	<u>47,195,269</u>	<u>13,406,038</u>	<u>100,893,298</u>
Net position - ending	<u>\$ 33,381,680</u>	<u>\$ 6,892,215</u>	<u>\$ 43,206,706</u>	<u>\$ 13,012,994</u>	<u>\$ 96,493,595</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, 2025

	Marine Operations	Aviation Operations	Parking System	Clearwater Harbor Marina	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 1,792,765	\$ 101,628	\$ 9,813,688	\$ 1,185,659	\$ 12,893,740
Cash payments to suppliers	6,379,129	(130,958)	(3,032,501)	(398,747)	2,816,923
Cash payments to employees	(1,469,601)	(34,453)	(2,908,743)	(612,987)	(5,025,784)
Cash payments to other funds	(562,610)	(41,954)	(2,895,072)	(133,118)	(3,632,754)
Net cash provided by (used) operating activities	<u>6,139,683</u>	<u>(105,737)</u>	<u>977,372</u>	<u>40,807</u>	<u>7,052,125</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	15,000	100,000	-	-	115,000
Transfers to other funds	(599,763)	(14,790)	(1,295,815)	(73,024)	(1,983,392)
Receipt of cash on loans to/from other funds	21,334	-	-	21,334	42,668
Payment of cash on loans to/from other funds	(4,893)	-	-	-	(4,893)
Contribution to developers	-	-	(5,000,000)	-	(5,000,000)
Net cash provided (used) by noncapital financing activities	<u>(568,322)</u>	<u>85,210</u>	<u>(6,295,815)</u>	<u>(51,690)</u>	<u>(6,830,617)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest paid	(593)	-	-	-	(593)
Acquisition of capital assets	(20,811,607)	(380,359)	(1,267,373)	(81,647)	(22,540,986)
Proceeds from sale of capital assets	-	-	8,850	-	8,850
Capital contributed by other governmental entities	900,071	425,605	-	-	1,325,676
Capital contributed by other sources	-	75,029	-	-	75,029
Net cash provided (used) by capital and related financing activities	<u>(19,912,129)</u>	<u>120,275</u>	<u>(1,258,523)</u>	<u>(81,647)</u>	<u>(21,132,024)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	1,364,074	198,108	1,899,661	130,602	3,592,445
Net cash provided (used) by investing activities	<u>1,364,074</u>	<u>198,108</u>	<u>1,899,661</u>	<u>130,602</u>	<u>3,592,445</u>
Net increase (decrease) in cash and cash equivalents	(12,976,694)	297,856	(4,677,305)	38,072	(17,318,071)
Cash and cash equivalents at beginning of year	30,332,493	872,428	44,700,624	2,497,698	78,403,243
Cash and cash equivalents at end of year	<u>\$ 17,355,799</u>	<u>\$ 1,170,284</u>	<u>\$ 40,023,319</u>	<u>\$ 2,535,770</u>	<u>\$ 61,085,172</u>
Cash and cash equivalents classified as:					
Cash and investments	\$ 17,355,799	\$ 1,170,284	\$ 40,023,319	\$ 2,535,770	\$ 61,085,172
Total cash and cash equivalents	<u>\$ 17,355,799</u>	<u>\$ 1,170,284</u>	<u>\$ 40,023,319</u>	<u>\$ 2,535,770</u>	<u>\$ 61,085,172</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, 2025

	<u>Marine Operations</u>	<u>Aviation Operations</u>	<u>Parking System</u>	<u>Clearwater Harbor Marina</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (1,708,332)	\$ (157,039)	\$ 438,772	\$ (540,204)	\$ (1,966,803)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	104,686	150,499	164,900	390,139	810,224
Change in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) decrease in accounts receivable	22,414	-	-	-	22,414
(Increase) decrease in lease receivables	(113,907)	82,332	-	-	(31,575)
(Increase) decrease in inventory	(3,266)	-	-	-	(3,266)
(Increase) decrease in prepaid expenses	-	-	-	-	-
(Increase) decrease in net pension asset	(122,327)	(727)	(102,851)	(38,032)	(263,937)
(Increase) decrease in deferred outflows	(54,752)	(371)	(86,884)	(21,231)	(163,238)
Increase (decrease) in accounts and contracts payable	7,841,775	(34,541)	442,280	246,415	8,495,929
Increase (decrease) in accrued payroll	48,683	252	69,930	9,696	128,561
Increase (decrease) in deposits	1,358	-	-	(7,592)	(6,234)
Increase (decrease) in other postemployment benefits	(208)	(1,061)	(4,399)	(12,053)	(17,721)
Increase (decrease) in deferred inflows	123,559	(145,081)	55,624	13,669	47,771
Total adjustments	<u>7,848,015</u>	<u>51,302</u>	<u>538,600</u>	<u>581,011</u>	<u>9,018,928</u>
Net cash provided by operating activities	<u>\$ 6,139,683</u>	<u>\$ (105,737)</u>	<u>\$ 977,372</u>	<u>\$ 40,807</u>	<u>\$ 7,052,125</u>
Non-cash investing, capital and financing activities:					
Contributions from property owners	\$ 956	\$ -	\$ -	\$ -	\$ 956
Capital-related accounts payable and retainage payable	7,724,362	29,864	-	4,561	7,758,787

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

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Internal Service Funds

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

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

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

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

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

City of Clearwater, Florida
Combining Statement of Net Position
Internal Service Funds
September 30, 2025

	<u>Garage</u>	<u>Administrative Services</u>	<u>General Services</u>	<u>Central Insurance</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and investments	\$ 12,756,133	\$ 23,188,746	\$ 15,869,450	\$ 49,543,624	\$ 101,357,953
Accrued interest receivable	22,603	67,729	60,046	141,619	291,997
Other receivables	70,766	-	1,065	278,226	350,057
Due from other funds	-	-	-	370,102	370,102
Due from other governments	45,079	-	-	-	45,079
Inventories, at cost	472,895	-	-	-	472,895
Prepaid expenses and other assets	-	120	-	5,035,841	5,035,961
Total current assets	<u>13,367,476</u>	<u>23,256,595</u>	<u>15,930,561</u>	<u>55,369,412</u>	<u>107,924,044</u>
Noncurrent assets:					
Advances to other funds	-	-	-	766,501	766,501
Net pension asset	1,563,956	4,218,315	1,469,811	247,862	7,499,944
Capital assets:					
Land and other nondepreciable assets	1,855,341	1,559,256	-	-	3,414,597
Capital assets, net of accumulated depreciation	35,291,466	1,531,200	31,643	-	36,854,309
Intangible right-to-use lease assets, net of accumulated amortization	-	821,480	-	134,503	955,983
Intangible right-to use subscription software assets, net of accumulated amortization	-	4,015,853	-	72,379	4,088,232
Total noncurrent assets	<u>38,710,763</u>	<u>12,146,104</u>	<u>1,501,454</u>	<u>1,221,245</u>	<u>53,579,566</u>
Total assets	<u>52,078,239</u>	<u>35,402,699</u>	<u>17,432,015</u>	<u>56,590,657</u>	<u>161,503,610</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pension	367,125	990,213	345,025	58,183	1,760,546
Total deferred outflows of resources	<u>367,125</u>	<u>990,213</u>	<u>345,025</u>	<u>58,183</u>	<u>1,760,546</u>
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	2,620,206	1,534,991	1,296,838	1,527,221	6,979,256
Accrued payroll	72,522	194,896	73,881	17,262	358,561
Accrued interest payable	9,874	31,464	18	842	42,198
Current portion of long-term liabilities:					
Compensated absences	130,784	581,783	109,972	23,336	845,875
Other postemployment benefits	20,856	44,889	19,759	3,563	89,067
Lease liability	-	545,827	-	82,076	627,903
Subscription software liability	-	870,408	-	29,009	899,417
Due to other funds	6,000,858	663,316	7,149	1,048,516	7,719,839
Claims payable	-	-	-	4,836,112	4,836,112
Total current liabilities (payable from current assets)	<u>8,855,100</u>	<u>4,467,574</u>	<u>1,507,617</u>	<u>7,567,937</u>	<u>22,398,228</u>
Noncurrent liabilities:					
Compensated absences	243,229	1,081,992	204,525	43,399	1,573,145
Other postemployment benefits	385,478	829,665	365,199	65,856	1,646,198
Lease liability	-	329,567	-	57,227	386,794
Subscription software liability	-	1,636,240	-	30,595	1,666,835
Advances from other funds	16,196,064	351,090	-	-	16,547,154
Claims payable	-	-	-	6,587,219	6,587,219
Total noncurrent liabilities	<u>16,824,771</u>	<u>4,228,554</u>	<u>569,724</u>	<u>6,784,296</u>	<u>28,407,345</u>
Total liabilities	<u>25,679,871</u>	<u>8,696,128</u>	<u>2,077,341</u>	<u>14,352,233</u>	<u>50,805,573</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pension	786,830	2,122,244	739,465	124,700	3,773,239
Deferred inflows - other postemployment benefits	191,566	412,309	181,489	32,728	818,092
Total deferred inflows of resources	<u>978,396</u>	<u>2,534,553</u>	<u>920,954</u>	<u>157,428</u>	<u>4,591,331</u>
NET POSITION					
Net investment in capital assets	35,101,266	4,450,927	31,643	7,975	39,591,811
Restricted for:					
Pensions	1,563,956	4,218,315	1,469,811	247,862	7,499,944
Unrestricted	(10,878,125)	16,492,989	13,277,291	41,883,342	60,775,497
Total net position	<u>\$ 25,787,097</u>	<u>\$ 25,162,231</u>	<u>\$ 14,778,745</u>	<u>\$ 42,139,179</u>	<u>\$ 107,867,252</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, 2025

	<u>Garage</u>	<u>Administrative Services</u>	<u>General Services</u>	<u>Central Insurance</u>	<u>Total</u>
Operating revenues:					
Billings to departments	\$ 15,774,922	\$ 19,416,915	\$ 8,161,710	\$ 37,255,824	\$ 80,609,371
Rentals	64,619	-	-	-	64,619
Other	55,637	-	13,193	9,327,799	9,396,629
Total operating revenues	<u>15,895,178</u>	<u>19,416,915</u>	<u>8,174,903</u>	<u>46,583,623</u>	<u>90,070,619</u>
Operating expenses:					
Personal services	2,755,431	6,977,451	2,889,596	621,987	13,244,465
Purchases for resale	5,870,477	-	-	-	5,870,477
Operating materials and supplies	396,152	1,310,250	802,772	224,950	2,734,124
Transportation	809	68,187	168,862	-	237,858
Utility service	121,515	-	301,822	5,930	429,267
Depreciation	9,499,244	860,147	15,849	-	10,375,240
Amortization of intangible right-to-use lease assets	-	647,619	-	80,702	728,321
Amortization of intangible right-to-use subscription software assets	-	2,407,256	-	24,148	2,431,404
Interfund administrative charges	393,731	4,000	-	-	397,731
Other current charges:					
Professional fees	1,090,188	3,563,080	8,441,579	4,188,004	17,282,851
Communications	33,428	1,151,049	36,033	6,750	1,227,260
Printing and binding	22	26,391	66	2,242	28,721
Insurance:					
Premiums	50,440	40,870	223,800	7,255,805	7,570,915
Claims incurred	-	-	-	30,038,201	30,038,201
Repairs and maintenance	183,885	408,209	1,039,101	64,350	1,695,545
Rentals	20,654	104,873	133,006	237	258,770
Miscellaneous	65,863	274,617	57,771	35,945	434,196
Data processing charges	269,530	446,940	245,890	45,060	1,007,420
Taxes	18,126	-	-	8,557	26,683
Total other current charges	<u>1,732,136</u>	<u>6,016,029</u>	<u>10,177,246</u>	<u>41,645,151</u>	<u>59,570,562</u>
Total operating expenses	<u>20,769,495</u>	<u>18,290,939</u>	<u>14,356,147</u>	<u>42,602,868</u>	<u>96,019,449</u>
Operating income (loss)	<u>(4,874,317)</u>	<u>1,125,976</u>	<u>(6,181,244)</u>	<u>3,980,755</u>	<u>(5,948,830)</u>
Nonoperating revenues (expenses)					
Investment earnings (loss):					
Interest	168,678	597,632	520,537	1,292,684	2,579,531
Net appreciation (depreciation) in fair value	405,639	332,562	295,864	595,628	1,629,693
Total investment earnings (loss)	<u>574,317</u>	<u>930,194</u>	<u>816,401</u>	<u>1,888,312</u>	<u>4,209,224</u>
Interest expense	(306,481)	(145,771)	(125)	(7,883)	(460,260)
Gain (loss) on disposal of capital assets	1,272,685	-	-	-	1,272,685
Total nonoperating revenue (expenses)	<u>1,540,521</u>	<u>784,423</u>	<u>816,276</u>	<u>1,880,429</u>	<u>5,021,649</u>
Income (loss) before contributions and transfers	<u>(3,333,796)</u>	<u>1,910,399</u>	<u>(5,364,968)</u>	<u>5,861,184</u>	<u>(927,181)</u>
Capital grants and contributions	45,079	361,600	-	-	406,679
Transfers in	6,875,600	-	3,500,000	-	10,375,600
Transfers out	-	(500,000)	(2,365,000)	(176,520)	(3,041,520)
Change in net position	<u>3,586,883</u>	<u>1,771,999</u>	<u>(4,229,968)</u>	<u>5,684,664</u>	<u>6,813,578</u>
Net position - beginning (as previously reported)	22,444,897	24,198,499	19,157,514	36,480,653	102,281,563
Implementation of new accounting standard (see Note IV.H.)	(244,683)	(808,267)	(148,801)	(26,138)	(1,227,889)
Net position - beginning (restated)	<u>22,200,214</u>	<u>23,390,232</u>	<u>19,008,713</u>	<u>36,454,515</u>	<u>101,053,674</u>
Net position - ending	<u>\$ 25,787,097</u>	<u>\$ 25,162,231</u>	<u>\$ 14,778,745</u>	<u>\$ 42,139,179</u>	<u>\$ 107,867,252</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, 2025

	<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	\$ 15,874,437	\$ 19,416,915	\$ 8,183,165	\$ 46,307,924	\$ 89,782,441
Cash payments to suppliers	(5,863,721)	(6,842,446)	(10,158,048)	(41,359,418)	(64,223,633)
Cash payments to employees	(2,971,492)	(7,365,360)	(3,126,698)	(662,527)	(14,126,077)
Cash payments (to) from other funds	(1,108,487)	(901,319)	(693,579)	928,298	(1,775,087)
Net cash provided (used) by operating activities	<u>5,930,737</u>	<u>4,307,790</u>	<u>(5,795,160)</u>	<u>5,214,277</u>	<u>9,657,644</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	6,875,600	-	3,500,000	-	10,375,600
Transfers to other funds	-	(500,000)	(2,365,000)	(176,520)	(3,041,520)
Receipt of cash on loans to/from other funds	13,572,702	411,792	-	361,604	14,346,098
Payment of cash on loans to/from other funds	(3,381,480)	(532,785)	(7,078)	-	(3,921,343)
Net cash provided (used) by noncapital financing activities	<u>17,066,822</u>	<u>(620,993)</u>	<u>1,127,922</u>	<u>185,084</u>	<u>17,758,835</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on debt	(1,353,040)	-	-	-	(1,353,040)
Interest paid	(313,038)	(146,846)	(143)	(8,303)	(468,330)
Acquisition of capital assets	(24,199,542)	(4,304,718)	(25,895)	(104,720)	(28,634,875)
Proceeds from sale of capital assets	1,295,985	-	-	-	1,295,985
Capital contributed by:					
Other governmental entities	-	361,600	-	-	361,600
Net cash provided (used) by capital and related financing activities	<u>(24,569,635)</u>	<u>(4,089,964)</u>	<u>(26,038)</u>	<u>(113,023)</u>	<u>(28,798,660)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	595,666	929,406	815,777	1,879,346	4,220,195
Net cash provided (used) by investing activities	<u>595,666</u>	<u>929,406</u>	<u>815,777</u>	<u>1,879,346</u>	<u>4,220,195</u>
Net increase (decrease) in cash and cash equivalents	(976,410)	526,239	(3,877,499)	7,165,684	2,838,014
Cash and cash equivalents at beginning of year	<u>13,732,543</u>	<u>22,662,507</u>	<u>19,746,949</u>	<u>42,377,940</u>	<u>98,519,939</u>
Cash and cash equivalents at end of year	<u>\$ 12,756,133</u>	<u>\$ 23,188,746</u>	<u>\$ 15,869,450</u>	<u>\$ 49,543,624</u>	<u>\$ 101,357,953</u>
Cash and cash equivalents classified as:					
Cash and investments	<u>\$ 12,756,133</u>	<u>\$ 23,188,746</u>	<u>\$ 15,869,450</u>	<u>\$ 49,543,624</u>	<u>\$ 101,357,953</u>
Total cash and cash equivalents	<u>\$ 12,756,133</u>	<u>\$ 23,188,746</u>	<u>\$ 15,869,450</u>	<u>\$ 49,543,624</u>	<u>\$ 101,357,953</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, 2025

	<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)	\$ (4,874,317)	\$ 1,125,976	\$ (6,181,244)	\$ 3,980,755	\$ (5,948,830)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	9,499,244	860,147	15,849	-	10,375,240
Amortization of intangible right-to-use lease assets	-	647,619	-	80,702	728,321
Amortization of intangible right-to-use subscription software assets	-	2,407,256	-	24,148	2,431,404
Change in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) decrease in accounts receivable	(20,741)	-	8,262	(275,699)	(288,178)
(Increase) decrease in inventory	44,426	-	-	-	44,426
(Increase) decrease in prepaid expenses	-	520	-	(281,995)	(281,475)
(Increase) decrease in net pension asset	(146,769)	(670,898)	(286,671)	(61,935)	(1,166,273)
(Increase) decrease in deferred outflows	(105,461)	(335,938)	(126,305)	(23,732)	(591,436)
Increase (decrease) in accounts and contracts payable	1,498,186	(345,819)	599,075	678,390	2,429,832
Increase (decrease) in accrued payroll	(73,507)	228,627	632	15,531	171,283
Increase (decrease) in other postemployment benefits	12,836	2,175	13,321	(1,732)	26,600
Increase (decrease) in due to other funds	-	-	-	1,048,516	1,048,516
Increase (decrease) in deferred inflows	96,840	388,125	161,921	31,328	678,214
Total adjustments	<u>10,805,054</u>	<u>3,181,814</u>	<u>386,084</u>	<u>1,233,522</u>	<u>15,606,474</u>
Net cash provided (used) by operating activities	<u>\$ 5,930,737</u>	<u>\$ 4,307,790</u>	<u>\$ (5,795,160)</u>	<u>\$ 5,214,277</u>	<u>\$ 9,657,644</u>
Non-cash investing, capital and financing activities:					
Additions to intangible right-to-use lease assets	\$ -	\$ 472,256	\$ -	\$ -	\$ 472,256
Additions to intangible right-to-use subscription software assets	-	1,966,284	-	-	1,966,284
Capital-related accounts payable and retainage payable	2,045,541	94,820	-	-	2,140,361

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

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Fiduciary Funds

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

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

Firefighters' Relief and Pension Fund - to account for the financial operation and condition of the Firefighters' Relief and Pension Plan, closed to new members in 1962, and containing 12 retired members with no active members. The Plan was fully funded effective with fiscal year 2007.

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

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

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

City of Clearwater, Florida
Combining Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2025

	Defined Benefit Pension Trust Funds		Defined Contribution Pension Trust Funds		Total Pension Trust Funds	Custodial Fund
	Employees' Pension Fund	Firefighters' Relief and Pension Fund	Police Supplemental Pension Fund	Firefighters' Supplemental Pension Fund		
ASSETS						
Cash and cash equivalents	\$ 1,192,814	\$ 582,973	\$ 10,537	\$ -	\$ 1,786,324	\$ 193,464
Receivables:						
Interest and dividends	4,413,811	16,173	38,263	51,564	4,519,811	-
Unsettled investment sales	1,707,345	-	-	-	1,707,345	-
Securities lending earnings	39,016	-	-	-	39,016	-
Total receivables	<u>6,160,172</u>	<u>16,173</u>	<u>38,263</u>	<u>51,564</u>	<u>6,266,172</u>	<u>-</u>
Managed investment accounts, at fair value:						
Cash and cash equivalents	25,057,608	-	835,203	1,168,599	27,061,410	-
Government bonds	80,701,569	-	-	1,822,304	82,523,873	-
Index linked government bonds	1,385,758	-	-	-	1,385,758	-
Agency bonds	9,112,313	2,001,427	-	-	11,113,740	-
Municipal bonds	12,529,367	-	-	33,041	12,562,408	-
Domestic corporate bonds	89,973,309	-	-	2,034,397	92,007,706	-
Corporate convertible bonds	411,603	-	-	-	411,603	-
International equity securities	121,651,123	-	-	624,355	122,275,478	-
Domestic stocks	375,563,041	-	-	4,664,550	380,227,591	-
Mortgage backed bonds	123,022,438	-	-	2,232,867	125,255,305	-
Government issued commercial mortgage backed bonds	14,241,125	-	-	-	14,241,125	-
Non-government commercial mortgage backed bonds	3,186,697	-	-	-	3,186,697	-
Asset backed securities	33,003,721	-	-	-	33,003,721	-
Domestic equity mutual funds	304,811,494	-	20,460,786	8,906,149	334,178,429	-
International equity mutual funds	16,770,952	-	1,160,531	1,664,398	19,595,881	-
Infrastructure	106,803,311	-	-	-	106,803,311	-
Real estate	<u>109,339,915</u>	<u>-</u>	<u>1,035,508</u>	<u>3,501,977</u>	<u>113,877,400</u>	<u>-</u>
Total managed investment accounts	<u>1,427,565,344</u>	<u>2,001,427</u>	<u>23,492,028</u>	<u>26,652,637</u>	<u>1,479,711,436</u>	<u>-</u>
Securities lending collateral	<u>151,395,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,395,531</u>	<u>-</u>
Total assets	<u>1,586,313,861</u>	<u>2,600,573</u>	<u>23,540,828</u>	<u>26,704,201</u>	<u>1,639,159,463</u>	<u>193,464</u>
LIABILITIES						
Accounts payable	830,435	-	-	-	830,435	-
Unsettled investment purchases	2,870,617	-	-	-	2,870,617	-
Other payables	711,779	-	-	-	711,779	-
Obligations under securities lending	<u>151,395,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,395,531</u>	<u>-</u>
Total liabilities	<u>155,808,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,808,362</u>	<u>-</u>
NET POSITION						
Restricted for:						
Pensions	1,430,505,499	2,600,573	23,540,828	26,704,201	1,483,351,101	-
Individuals and organizations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,464</u>
Total net position	<u>\$ 1,430,505,499</u>	<u>\$ 2,600,573</u>	<u>\$ 23,540,828</u>	<u>\$ 26,704,201</u>	<u>\$ 1,483,351,101</u>	<u>\$ 193,464</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, 2025

	Defined Benefit Pension Trust Funds		Defined Contribution Pension Trust Funds		Total Pension Trust Funds	Custodial Fund
	Employees'	Firefighters'	Police	Firefighters'		
	Pension Fund	Relief and Pension Fund	Supplemental Pension Fund	Supplemental Pension Fund		
ADDITIONS						
Contributions:						
Employer	\$ 15,211,192	\$ -	\$ -	\$ -	\$ 15,211,192	\$ -
Employer - state tax	12,000	-	1,631,686	1,669,299	3,312,985	-
Employees	10,924,519	-	-	-	10,924,519	-
Employees - buybacks	106,636	-	-	-	106,636	-
Individuals, organizations and other governments	-	-	-	-	-	107,182
Total contributions	<u>26,254,347</u>	<u>-</u>	<u>1,631,686</u>	<u>1,669,299</u>	<u>29,555,332</u>	<u>107,182</u>
Investment earnings (loss):						
Net increase (decrease) in fair value of investments	112,867,710	(21,414)	2,194,028	1,406,372	116,446,696	-
Interest, dividends and other	22,766,195	96,287	379,550	932,535	24,174,567	-
Securities lending income	6,079,622	-	-	-	6,079,622	-
Total investment earnings (loss)	<u>141,713,527</u>	<u>74,873</u>	<u>2,573,578</u>	<u>2,338,907</u>	<u>146,700,885</u>	<u>-</u>
Less investment costs:						
Investment management / custodian fees	7,771,683	-	32,441	121,175	7,925,299	-
Securities lending costs	5,572,346	-	-	-	5,572,346	-
Net investment earnings (loss)	<u>128,369,498</u>	<u>74,873</u>	<u>2,541,137</u>	<u>2,217,732</u>	<u>133,203,240</u>	<u>-</u>
Total additions	<u>154,623,845</u>	<u>74,873</u>	<u>4,172,823</u>	<u>3,887,031</u>	<u>162,758,572</u>	<u>107,182</u>
DEDUCTIONS						
Benefits	67,899,736	177,022	2,249,708	1,689,409	72,015,875	-
Refunds and transfers to other systems	1,568,089	-	-	-	1,568,089	-
Administrative expenses	339,119	2,750	20,325	34,765	396,959	-
Payments to individuals, organizations and other governments	-	-	-	-	-	102,400
Total deductions and administrative expenses	<u>69,806,944</u>	<u>179,772</u>	<u>2,270,033</u>	<u>1,724,174</u>	<u>73,980,923</u>	<u>102,400</u>
Net increase (decrease) in fiduciary net position	<u>84,816,901</u>	<u>(104,899)</u>	<u>1,902,790</u>	<u>2,162,857</u>	<u>88,777,649</u>	<u>4,782</u>
Fiduciary net position - beginning	1,345,688,598	2,705,472	21,638,038	24,541,344	1,394,573,452	188,682
Fiduciary net position - ending	<u>\$ 1,430,505,499</u>	<u>\$ 2,600,573</u>	<u>\$ 23,540,828</u>	<u>\$ 26,704,201</u>	<u>\$ 1,483,351,101</u>	<u>\$ 193,464</u>

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

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CITY OF CLEARWATER, FLORIDA

STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

CITY OF CLEARWATER, FLORIDA

STATISTICAL SECTION (CONTINUED)

Economic and Demographic Information

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

Schedule 14	Demographic and Economic Statistics
Schedule 15	Principal Employers

Operating Information

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

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

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

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>Primary Government</u>										
Governmental activities										
Net investment in capital assets	\$ 263,810	\$ 271,834	\$ 256,608	\$ 267,703	\$ 271,011	\$ 283,538	\$ 296,599	\$ 328,830	\$ 325,617	\$ 360,434
Restricted	52,936	119,003	145,996	129,078	136,164	295,044	53,555	66,417	184,277	208,111
Unrestricted	128,785	72,595	57,072	102,030	132,181	48,583	291,427	245,564	170,646	158,190
Total governmental activities net position	<u>\$ 445,531</u>	<u>\$ 463,432</u>	<u>\$ 459,676</u>	<u>\$ 498,811</u>	<u>\$ 539,356</u>	<u>\$ 627,165</u>	<u>\$ 641,581</u>	<u>\$ 640,811</u>	<u>\$ 680,540</u>	<u>\$ 726,735</u>
Business-type activities										
Net investment in capital assets	\$ 231,591	\$ 254,503	\$ 250,410	\$ 284,905 ^a	\$ 292,925	\$ 285,264	\$ 284,557	\$ 289,246	\$ 290,479	\$ 309,983
Restricted	36,803	47,946	54,034	36,271	36,576	48,861	11,608	13,888	30,447	34,868
Unrestricted	194,997	183,726	194,547	225,022 ^a	260,807	291,320	330,029	369,984	407,325	372,898
Total business-type activities net position	<u>\$ 463,391</u>	<u>\$ 486,175</u>	<u>\$ 498,991</u>	<u>\$ 546,198</u>	<u>\$ 590,308</u>	<u>\$ 625,445</u>	<u>\$ 626,194</u>	<u>\$ 673,118</u>	<u>\$ 728,251</u>	<u>\$ 717,749</u>
Primary government										
Net investment in capital assets	\$ 495,401	\$ 526,337	\$ 507,018	\$ 552,608	\$ 563,936	\$ 568,802	\$ 581,156	\$ 618,076	\$ 616,096	\$ 670,417
Restricted	89,739	166,949	200,030	165,349	172,740	343,905	65,163	80,305	214,724	242,979
Unrestricted	323,782	256,321	251,619	327,052	392,988	339,903	621,456	615,548	577,971	531,088
Total primary government net position	<u>\$ 908,922</u>	<u>\$ 949,607</u>	<u>\$ 958,667</u>	<u>\$ 1,045,009</u>	<u>\$ 1,129,664</u>	<u>\$1,252,610</u>	<u>\$1,267,775</u>	<u>\$ 1,313,929</u>	<u>\$1,408,791</u>	<u>\$1,444,484</u>

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

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

Page 1 of 3

Expenses	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Governmental activities:										
General government	\$ 13,488	\$ 14,876	\$ 18,323	\$ 15,982	\$ 13,110	\$ 12,020	\$ 14,810	\$ 20,434	\$ 23,230	\$ 29,592
Public safety	71,718	66,795	67,737	71,645	72,720	37,949	96,123	121,526	96,293	104,506
Physical environment	4,142	3,993	4,055	551	5,934	3,077	4,245	1,940	2,843	3,687
Transportation	14,532	14,339	17,020	15,957	12,424	12,247	18,497	19,600	14,508	18,025
Economic environment	4,019	5,305	6,205	7,671	7,298	4,545	4,861	6,496	11,584	8,121
Human services	526	455	462	574	598	505	746	2,163	2,109	985
Culture and recreation	36,894	36,497	50,485	45,595	36,528	38,751	47,192	53,120	60,273	60,149
Interest on long-term debt	740	748	745	808	617	528	1,215	1,770	1,906	1,831
Total governmental activities expenses	<u>146,059</u>	<u>143,008</u>	<u>165,032</u>	<u>158,783</u>	<u>149,229</u>	<u>109,622</u>	<u>187,689</u>	<u>227,049</u>	<u>212,746</u>	<u>226,896</u>
Business-type activities:										
Water and sewer utility	64,866	73,253	82,197	68,458	66,362	72,634	88,561	94,447	105,361	119,724
Gas utility	29,195	30,716	35,569	35,553	32,671	37,233	43,643	37,731	30,568	36,811
Solid waste utility	17,989	17,626	17,053	19,328	18,580	22,062	22,090	23,279	22,800	37,646
Stormwater utility	13,664	13,148	14,550	11,730	12,308	13,384	11,875	12,109	12,942	15,541
Recycling utility	2,958	2,864	3,042	1,594	2,675	3,282	3,164	3,810	3,491	3,721
Marine	3,476	3,781	4,119	4,212	3,677	4,548	6,187	5,648	5,426	3,494
Aviation	415	470	640	502	486	518	538	478	339	319
Parking system	4,097	4,379	4,817	5,054	5,732	5,832	5,031	7,761	7,749	14,439
Clearwater Harbor Marina	848	823	895	919	947	1,125	1,141	1,259	1,314	1,725
Total business-type activities expenses	<u>137,508</u>	<u>147,060</u>	<u>162,882</u>	<u>147,350</u>	<u>143,438</u>	<u>160,618</u>	<u>182,230</u>	<u>186,522</u>	<u>189,990</u>	<u>233,420</u>
Total primary government expenses	<u>\$ 283,567</u>	<u>\$ 290,068</u>	<u>\$ 327,914</u>	<u>\$ 306,133</u>	<u>\$ 292,667</u>	<u>\$ 270,240</u>	<u>\$ 369,919</u>	<u>\$ 413,571</u>	<u>\$ 402,736</u>	<u>\$ 460,316</u>

Notes:

Fiscal year 2021 decrease in governmental activities expenses partially due to significant increase in net pension asset and related decrease in pension expense.

Fiscal year 2022 increase in governmental activities expense partially due to elimination of net pension asset and related increase in pension expense, due to investment market downturn.

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

Page 2 of 3

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Program revenues										
Charges for services:										
General government	\$ 23,030	\$ 23,380	\$ 24,391	\$ 26,013	\$ 25,869	\$ 25,752	\$ 26,543	\$ 29,116	\$ 27,202	\$ 37,957
Public safety	11,952	11,788	11,318	11,769	12,739	13,858	13,695	14,022	15,298	17,150
Physical environment	137	67	237	120	65	83	33	32	194	172
Transportation	150	157	127	182	175	157	160	136	232	179
Economic environment	105	105	312	165	149	124	1,323	133	122	818
Culture and recreation	7,751	8,336	8,384	8,892	6,401	6,421	9,073	11,213	11,102	9,627
Operating grants and contributions	6,236	7,012	7,456	8,630	6,925	12,540	31,435	11,427	15,903	13,330
Capital grants and contributions	2,642	3,894	7,146	6,257	2,519	2,595	1,821	3,709	1,349	3,718
Total governmental activities program revenues	<u>52,003</u>	<u>54,739</u>	<u>59,371</u>	<u>62,028</u>	<u>54,842</u>	<u>61,530</u>	<u>84,083</u>	<u>69,788</u>	<u>71,402</u>	<u>82,951</u>
Business-type activities:										
Charges for services:										
Water and sewer utility	75,203	81,514	83,994	87,242	91,069	96,837	102,430	106,133	109,709	111,187
Gas utility	38,598	40,602	45,120	45,762	42,785	43,034	47,355	47,172	41,212	40,267
Solid waste utility	21,602	22,492	23,234	24,504	24,646	26,501	28,028	29,481	30,774	32,321
Stormwater utility	17,854	18,512	18,397	18,503	17,248	17,435	17,300	17,573	18,200	19,828
Recycling utility	2,390	2,546	2,316	2,444	2,710	3,032	3,251	2,874	1,653	3,201
Marine	4,054	4,444	5,065	5,284	4,885	5,896	7,090	6,881	6,739	1,824
Aviation	291	311	317	323	333	314	335	269	224	164
Parking system	6,638	7,027	6,348	7,128	7,653	10,721	10,963	11,155	10,947	9,814
Clearwater Harbor Marina	717	799	804	850	872	893	971	940	1,022	1,193
Operating grants and contributions	208	83	83	664	166	83	84	49	-	6,366
Capital grants and contributions	3,487	3,564	3,785	3,973	1,764	2,546	5,183	2,559	2,292	1,803
Total business-type activities program revenues	<u>171,042</u>	<u>181,894</u>	<u>189,463</u>	<u>196,677</u>	<u>194,131</u>	<u>207,292</u>	<u>222,990</u>	<u>225,086</u>	<u>222,772</u>	<u>227,968</u>
Total primary government program revenues	<u>\$ 223,045</u>	<u>\$ 236,633</u>	<u>\$ 248,834</u>	<u>\$ 258,705</u>	<u>\$ 248,973</u>	<u>\$ 268,822</u>	<u>\$307,073</u>	<u>\$ 294,874</u>	<u>\$294,174</u>	<u>\$310,919</u>

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

Page 3 of 3

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Net (Expenses) / Revenue										
Governmental activities	\$ (92,924)	\$ (87,041)	\$ (104,252)	\$ (94,877)	\$ (92,294)	\$ (48,092)	\$ (103,605)	\$ (157,262)	\$ (141,344)	\$ (143,945)
Business-type activities	<u>33,534</u>	<u>34,834</u>	<u>26,581</u>	<u>49,327</u>	<u>50,693</u>	<u>46,674</u>	<u>40,759</u>	<u>38,563</u>	<u>32,782</u>	<u>(5,452)</u>
Total primary government net (expense) / revenue	<u>\$ (59,390)</u>	<u>\$ (52,207)</u>	<u>\$ (77,671)</u>	<u>\$ (45,550)</u>	<u>\$ (41,601)</u>	<u>\$ (1,418)</u>	<u>\$ (62,846)</u>	<u>\$ (118,699)</u>	<u>\$ (108,562)</u>	<u>\$ (149,397)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 43,580	\$ 46,853	\$ 50,610	\$ 64,050	\$ 68,614	\$ 73,093	\$ 76,821	\$ 86,168	\$ 96,047	\$ 105,206
Sales taxes	17,595	18,009	19,015	19,839	19,311	22,842	26,167	26,876	26,368	26,763
Utility taxes	14,518	14,835	15,544	16,449	17,166	17,746	18,467	19,945	19,489	21,324
Communications services taxes	4,618	4,512	4,721	4,371	4,369	4,175	4,190	4,559	4,505	4,492
Local business tax ^b	662 ^a	1,913	1,956	2,077	2,028	2,127	2,067	2,082	2,126	2,107
Local option gas tax ^b	1,532	1,546	1,536	1,526	1,382	1,439	1,461	1,483	1,441	1,427
Intergovernmental:										
State revenue sharing ^b	3,520	3,707	3,826	3,969	3,694	4,274	5,339	5,584	5,359	5,377
Investment earnings	2,285	698	(136)	8,617	4,550	(642)	(25,822) ^c	9,640	21,348	13,364
Miscellaneous	108	36	100	182	94	304	114	146	163	1,149
Transfers	<u>9,069</u>	<u>12,831</u>	<u>10,341</u>	<u>12,932</u>	<u>11,631</u>	<u>10,543</u>	<u>9,217</u>	<u>9</u>	<u>5,042</u>	<u>20,322</u>
Total governmental activities	<u>97,487</u>	<u>104,940</u>	<u>107,513</u>	<u>134,012</u>	<u>132,839</u>	<u>135,901</u>	<u>118,021</u>	<u>156,492</u>	<u>181,888</u>	<u>201,531</u>
Business-type activities:										
Investment earnings	2,715	783	(350)	10,811	5,047	(994)	(30,793) ^c	7,888	27,393	18,904
Transfers	<u>(9,069)</u>	<u>(12,831)</u>	<u>(10,341)</u>	<u>(12,932)</u>	<u>(11,631)</u>	<u>(10,543)</u>	<u>(9,217)</u>	<u>(9)</u>	<u>(5,042)</u>	<u>(20,322)</u>
Total business-type activities	<u>(6,354)</u>	<u>(12,048)</u>	<u>(10,691)</u>	<u>(2,121)</u>	<u>(6,584)</u>	<u>(11,537)</u>	<u>(40,010)</u>	<u>7,879</u>	<u>22,351</u>	<u>(1,418)</u>
Total primary government	<u>\$ 91,133</u>	<u>\$ 92,892</u>	<u>\$ 96,822</u>	<u>\$ 131,891</u>	<u>\$ 126,255</u>	<u>\$ 124,364</u>	<u>\$ 78,011</u>	<u>\$ 164,371</u>	<u>\$ 204,239</u>	<u>\$ 200,113</u>
Change in Net Position										
Governmental activities	\$ 4,563	\$ 17,899	\$ 3,261	\$ 39,135	\$ 40,545	\$ 87,809	\$ 14,416	\$ (770)	\$ 40,544	\$ 57,585
Business-type activities	<u>27,180</u>	<u>22,786</u>	<u>15,890</u>	<u>47,206</u>	<u>44,109</u>	<u>35,137</u>	<u>749</u>	<u>46,442</u>	<u>55,133</u>	<u>(6,869)</u>
Total primary government change in net position	<u>\$ 31,743</u>	<u>\$ 40,685</u>	<u>\$ 19,151</u>	<u>\$ 86,341</u>	<u>\$ 84,654</u>	<u>\$ 122,946</u>	<u>\$ 15,165</u>	<u>\$ 45,672</u>	<u>\$ 95,677</u>	<u>\$ 50,716</u>

Notes:

^a Reduction in Local Business Tax in 2016 is due to the deferral of receipts for following fiscal year renewals received during July, August and September.^b Amounts previously reported as "Other Taxes" in fiscal years 2016-2019 have been separately itemized.^c Fiscal 2022 decrease in investment earnings due to a large unrealized current year loss on investments resulting from a significant increase in interest rates during fiscal 2022.

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

(accrual basis of accounting, in thousands of dollars)

Function/Program	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Governmental activities:										
General government	\$ 23,030	\$ 23,432	\$ 24,398	\$ 26,298	\$ 25,869	\$ 25,877	\$ 49,027	\$ 29,116	\$ 27,201	\$ 38,155
Public safety	15,439	14,778	14,455	16,363	15,547	19,693	16,484	17,610	20,702	22,770
Physical environment	986	1,538	1,729	1,690	415	329	394	135	204	185
Transportation	927	1,312	2,889	1,759	1,007	1,397	1,665	1,405	1,510	1,840
Economic environment	1,426	2,014	1,725	1,315	1,327	4,386	4,781	5,279	8,113	7,940
Human services	333	368	431	400	421	347	391	627	797	668
Culture and recreation	9,862	11,297	13,744	14,203	10,256	9,501	11,341	15,616	12,875	11,393
Subtotal governmental activities	<u>52,003</u>	<u>54,739</u>	<u>59,371</u>	<u>62,028</u>	<u>54,842</u>	<u>61,530</u>	<u>84,083</u>	<u>69,788</u>	<u>71,402</u>	<u>82,951</u>
Business-type activities:										
Water and sewer utility	77,312	82,531	86,706	89,115	92,057	98,541	107,296	108,646	111,045	112,047
Gas utility	38,598	40,602	45,120	45,762	42,785	43,034	47,355	47,172	41,212	40,267
Solid waste utility	21,727	22,492	23,234	25,166	24,646	26,501	28,028	29,481	30,774	38,518
Stormwater utility	19,029	21,053	19,358	20,575	17,907	17,519	17,300	17,573	18,200	19,873
Recycling utility	2,473	2,629	2,399	2,444	2,876	3,115	3,335	2,874	1,653	3,371
Marine	4,055	4,447	5,070	5,286	4,885	5,896	7,090	6,930	7,256	2,208
Aviation	377	314	424	351	450	1,072	652	315	495	586
Parking system	6,704	7,027	6,348	7,128	7,653	10,721	10,963	11,155	10,947	9,814
Clearwater Harbor Marina	767	799	804	850	872	893	971	940	1,190	1,284
Subtotal business-type activities	<u>171,042</u>	<u>181,894</u>	<u>189,463</u>	<u>196,677</u>	<u>194,131</u>	<u>207,292</u>	<u>222,990</u>	<u>225,086</u>	<u>222,772</u>	<u>227,968</u>
Total primary government	<u>\$ 223,045</u>	<u>\$ 236,633</u>	<u>\$ 248,834</u>	<u>\$ 258,705</u>	<u>\$ 248,973</u>	<u>\$ 268,822</u>	<u>\$ 307,073</u>	<u>\$ 294,874</u>	<u>\$ 294,174</u>	<u>\$ 310,919</u>

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Fund:										
Nonspendable	\$ 59	\$ 62	\$ 76	\$ 49	\$ 64	\$ 46	\$ 84	\$ 101	\$ 51	\$ 51
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	352	232	436	452	338	630	737	752	665	772
Unassigned	<u>33,243</u>	<u>28,276</u>	<u>27,176</u>	<u>38,168</u>	<u>48,933</u>	<u>67,749</u>	<u>58,465</u>	<u>60,804</u>	<u>75,055</u>	<u>75,076</u>
Total General Fund	<u>\$ 33,654</u>	<u>\$ 28,570</u>	<u>\$ 27,688</u>	<u>\$ 38,669</u>	<u>\$ 49,335</u>	<u>\$ 68,425</u>	<u>\$ 59,286</u>	<u>\$ 61,657</u>	<u>\$ 75,771</u>	<u>\$ 75,899</u>
All Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ 10	\$ 192	\$ -	\$ -	\$ 12,273	\$ -	\$ -
Restricted	52,936	58,681	67,328	76,094	72,163	76,215	88,455	69,767	73,135	71,725
Committed	22,360	22,132	19,829	19,661	25,539	24,597	45,806	34,333	53,773	62,115
Assigned	7,475	7,094	3,043	5,828	6,921	9,400	609	2,903	3,014	6,404
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 82,771</u>	<u>\$ 87,907</u>	<u>\$ 90,200</u>	<u>\$ 101,593</u>	<u>\$ 104,815</u>	<u>\$ 110,212</u>	<u>\$ 134,870</u>	<u>\$ 119,276</u>	<u>\$ 129,922</u>	<u>\$ 140,244</u>

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

Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Governmental Funds:										
Property taxes	\$ 43,614	\$ 46,852	\$ 50,710	\$ 64,050 ^a	\$ 68,522	\$ 73,096	\$ 76,856	\$ 86,167	\$ 96,021	\$ 105,182
Sales taxes	10,715	11,014	11,670	12,278	12,087	14,296	16,586	16,876	16,868	17,232
Utility taxes	14,518	14,835	15,544	16,449	17,166	17,746	18,467	19,945	19,489	21,324
Communications services taxes	4,618	4,512	4,721	4,371	4,368	4,175	4,190	4,559	4,505	4,492
Other taxes	2,194	3,459	3,493	3,603	3,409	3,566	3,527	3,565	3,567	3,533
Franchise fees	9,311	9,394	9,992	10,643	10,312	10,355	10,787	13,049	11,823	12,097
Licenses, permits, and fees	3,339	3,893	3,748	3,995	4,439	5,265	6,419	4,483	4,045	4,536
Intergovernmental revenues	28,293	30,236	34,277	34,770	29,730	36,442	56,637	39,846	40,714	40,727
Charges for services	16,536	17,304	17,381	17,719	15,461	17,106	18,265	19,815	19,915	18,811
Fines and forfeitures	2,116	1,727	2,165	2,605	2,321	2,308	2,387	1,938	2,001	2,021
Investment earnings (loss)	1,486	460	194	5,292 ^b	2,963	(387) ^c	(18,025) ^e	7,427	14,544	9,170
Rents and leases	-	-	-	-	2,048 ^d	-	2,538	3,030	4,076	4,032
Miscellaneous	3,714	4,051	4,499	4,289	3,592	1,137	1,496	3,038	1,962	3,645
Total revenues	140,454	147,737	158,394	180,064	174,370	187,153	200,130	223,738	239,530	246,802
Expenditures										
Total Governmental Funds:										
Current:										
General government	12,917	16,277	17,250	17,521	12,648	13,248	14,514	19,743	21,693	29,437
Public safety	69,575	71,752	74,486	74,164	78,002	81,172	87,269	94,959	102,771	116,037
Physical environment	3,594	4,185	4,403	3,488	3,938	3,644	4,003	1,804	2,835	3,659
Transportation	9,554	9,626	9,629	9,956	8,453	8,427	14,019	14,800	11,504	13,861
Economic environment	3,473	4,826	4,106	4,831	6,602	4,711	4,758	6,329	9,971	7,061
Human services	525	466	490	594	634	595	728	2,125	2,121	1,009
Culture and recreation	31,279	33,868	43,030	40,080	34,971	35,218	38,899	42,102	50,554	49,686
Debt service:										
Principal	979	1,088	1,271	1,486	1,508	1,617	1,347	1,287	1,235	1,836
Interest & fiscal charges	459	414	380	348	308	260	222	1,187	1,568	1,608
Bond issuance costs	-	-	-	-	-	-	482	-	-	-
Capital outlay	12,062	13,015	8,921	12,068	15,916	19,029	51,822	49,445	10,840	35,028
Total expenditures	144,417	155,517	163,966	164,536	162,980	167,921	218,063	233,781	215,092	259,222
Excess (deficiency) of revenues over (under) expenditures	(3,963)	(7,780)	(5,572)	15,528	11,390	19,232	(17,933)	(10,043)	24,438	(12,420)
Other Financing Sources (Uses)										
Total Governmental Funds:										
Transfers in	32,824	45,413	49,202	45,697	47,307	45,071	103,139	70,324	76,431	88,207
Transfers out	(25,074)	(38,658)	(43,895)	(40,396)	(42,979)	(40,354)	(102,303)	(75,585)	(78,448)	(75,219)
Proceeds from sale of capital assets	314	-	-	1,545	1,746	537	635	211	1,372	9,089
Issuance of debt for lease obligations	-	-	-	-	-	-	755	1,540	-	-
Issuance of debt for subscription software obligations	-	-	-	-	-	-	-	330	1,783	793
Other long term debt issued	968	1,077	1,677	-	964	-	31,226	-	-	-
Total other financing sources (uses)	9,032	7,832	6,984	6,846	7,038	5,254	33,452	(3,180)	1,138	22,870
Extraordinary Item:										
BP Oil settlement proceeds	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ 5,069	\$ 52	\$ 1,412	\$ 22,374	\$ 18,428	\$ 24,486	\$ 15,519	\$ (13,223)	\$ 25,576	\$ 10,450
Debt service as a percentage of noncapital expenditures	1.1%	1.1%	1.1%	1.2%	1.2%	1.3%	0.9%	1.3%	1.4%	1.5%

Notes:

^a The increase in 2019 investment earnings was due to an unrealized gain in market value as of September 30, 2019 as well as an increase in the average balance of cash and investments.

^b The increase in 2019 property taxes was due to an increase in the millage rate from 5.155 to 5.955 as well as an increase in property values.

^c The decrease in 2021 investment earnings was due to a decrease interest rates as well as an unrealized loss in market value as of September 30, 2021 .

^d Rents and leases were separated from Miscellaneous Revenues in fiscal year 2021.

^e The decrease in 2022 investment earnings was due to an unrealized loss in market value as of September 30, 2022 due to rising interest rates.

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

Fiscal Year	Assessed Value ^a						Less:		Total Taxable Assessed Value	Total Direct Tax Rate ^c	Estimated Actual Taxable Value	Assessed Value as % of Actual Value
	Residential Property	Commercial Property	Industrial Property	Government and Institutional Property	Personal Property	Other Property	Homestead Assessment Cap Differential ^b	Less: Tax Exempt Property				
2016	\$ 8,606,077	\$ 2,248,376	\$ 161,628	\$ 1,167,103	\$ 659,302	\$ 116,457	\$ 1,447,451	\$ 2,762,807	\$ 8,748,685	5.1550	\$ 10,292,571	85.0%
2017	9,309,714	2,416,458	181,646	1,170,702	653,678	116,714	1,655,985	2,792,826	9,400,101	5.1550	11,058,942	85.0%
2018	10,027,947	2,634,890	191,916	1,199,559	753,946	112,055	1,835,694	2,903,688	10,180,931	5.1550	11,977,566	85.0%
2019	10,929,070	2,924,352	193,383	1,229,391	1,097,973	130,025	2,022,246	3,322,023	11,159,925	5.9550	13,129,324	85.0%
2020	11,645,166	3,133,808	201,106	1,289,515	1,043,462	142,185	2,150,286	3,392,403	11,912,553	5.9550	14,014,768	85.0%
2021	12,416,788	3,258,784	220,657	1,399,614	1,119,370	161,319	2,244,667	3,613,906	12,717,959	5.9550	14,962,305	85.0%
2022	13,737,120	3,209,249	245,906	1,572,209	933,816	172,180	2,864,425	3,604,655	13,401,400	5.9550	15,766,353	85.0%
2023	17,750,873	3,750,153	274,103	1,757,218	958,385	193,414	5,668,813	3,842,942	15,172,391	5.8850	17,849,872	85.0%
2024	20,130,679	4,092,380	334,507	1,877,994	1,010,551	202,742	6,712,297	4,085,547	16,851,009	5.8850	19,824,716	85.0%
2025	21,432,352	4,347,226	349,804	1,948,160	1,037,131	216,108	6,591,021	4,284,762	18,454,998	5.8850	21,711,762	85.0%

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

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

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

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

Fiscal Year	City Direct Rates		Overlapping Rates					Downtown Development Board ^a
	Operating	Total Direct	Pinellas County	Pinellas County Schools	Pinellas Transit District	Emergency Medical Services	Other Districts	
2016	5.1550	5.1550	5.3377	7.7700	0.7305	0.9158	1.2629	0.9651
2017	5.1550	5.1550	5.3377	7.3180	0.7500	0.9158	1.2448	0.9651
2018	5.1550	5.1550	5.3590	7.0090	0.7500	0.9158	1.2262	0.9700
2019	5.9550	5.9550	5.3590	6.7270	0.7500	0.9158	1.2086	0.9700
2020	5.9550	5.9550	5.3950	6.5840	0.7500	0.9158	1.1932	0.9700
2021	5.9550	5.9550	5.3590	6.4270	0.7500	0.9158	1.1800	0.9700
2022	5.9550	5.9550	5.2092	6.3250	0.7500	0.9158	1.1666	0.9700
2023	5.8850	5.8850	4.8188	5.9630	0.7500	0.8775	1.0978	0.9700
2024	5.8850	5.8850	4.8111	5.9380	0.7500	0.8418	1.0503 ^b	0.9700
2025	5.8850	5.8850	4.6660	5.8220	0.7342	0.8050	1.0359	0.9700

Source: Pinellas County Tax Collector

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

^b "Other" includes Pinellas County Planning Council 0.0200; Juvenile Welfare Board 0.8250; SW Florida Water Management District 0.1909.

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
2016	\$ 45,099,493	\$ 43,545,722	96.55%	\$ 54,148	\$ 43,599,870	96.67%
2017	48,457,539	46,762,216	96.50%	46,946	46,809,162	96.60%
2018	52,482,716	50,620,131	96.45%	39,028	50,659,159	96.53%
2019	66,457,374	64,014,536	96.32%	106,944	64,121,480	96.49%
2020	70,939,266	68,396,543	96.42%	50,870	68,447,413	96.49%
2021	75,735,461	73,035,751	96.44%	39,469	73,075,220	96.49%
2022	79,805,351	76,777,645	96.21%	10,780	76,788,425	96.22%
2023	89,289,531	86,129,520	96.46%	9,981	86,139,501	96.47%
2024	99,168,200	95,517,338	96.32%	3,964	95,521,302	96.32%
2025	108,607,675	104,669,216	96.37%	-	104,669,216	96.37%

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.

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

	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Taxpayer						
REAL PROPERTY						
WYNDHAM VACATION RESORTS INC	\$ 136,800,000	1	0.77%			
JEMB POCONO LLC	122,000,000	2	0.68%			
JOHN S TAYLOR PROPERTIES LLC	119,775,000	3	0.67%	\$ 53,000,490	3	0.64%
GULFVIEW BLVD OWNER LLC	98,043,554	4	0.55%			
US HWY 19N FL PARTNERS LLC	95,650,000	5	0.54%			
COUNTRYSIDE MALL LLC	91,685,000	6	0.51%			
CLEARMAR LLC	87,250,000	7	0.49%			
P E F P SOLARIS KEY LLC	85,700,000	8	0.48%			
G R P F LLC	85,425,000	9	0.48%			
BAYSIDE ARBORS XII LLC (1)	84,683,925	10	0.47%	40,608,925	8	0.49%
BELLWETHER PROP FLA				146,375,938	1	1.76%
301 S GULFVIEW LLC				63,385,746	2	0.76%
GRAND RESERVE BORROWER LLC				42,000,000	4	0.51%
SANDPEARL RESORT LLC				41,779,017	5	0.50%
SAND KEY ASSOC LTD PARTNERSHIP				41,500,000	6	0.50%
CENTRO NP CLEARWATER MALL LLC				40,935,911	7	0.49%
NWP CLEARWATER HOLDINGS LLC				30,540,000	9	0.37%
BR CLEARWATER DST				28,400,000	10	0.34%
Total	<u>\$1,007,012,479</u>		<u>5.64%</u>	<u>\$ 528,526,027</u>		<u>6.36%</u>

Notes:

(1) Bayside Arbors XII LLC was listed as ZOM Bayside Arbors LLC in 2016.

Source: Pinellas County Property Appraiser

Schedule 8b

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

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
PERSONAL PROPERTY						
DUKE ENERGY FLORIDA	\$ 120,710,607	1	19.74%	\$ 87,814,898	1	19.66%
FRONTIER FLORIDA LLC (1)	31,129,245	2	5.09%	23,453,699	2	5.25%
SPECTRUM SUNSHINE STATE LLC (2)	21,716,017	3	3.55%	14,113,025	3	3.16%
INSTRUMENT TRANSFORMERS INC	13,624,166	4	2.23%	8,380,576	4	1.88%
BAUSCH & LOMB INC	11,952,503	5	1.95%	8,347,210	5	1.87%
MONIN INC	10,511,518	6	1.72%	6,652,987	8	1.49%
JW MARRIOTT CLEARWATER BEACH RESORT & SPA	9,755,815	7	1.60%			
PUBLIX SUPER MARKET	8,118,559	8	1.33%	7,647,230	6	1.71%
SHERATON SAND KEY	7,278,228	9	1.19%			
AEROSONIC CORP	7,094,385	10	1.16%			
FLORIDA GAS TRANSMISSION				7,146,405	7	1.60%
WOW! INTERNET, CABLE & PHONE				6,183,318	9	1.38%
HYATT REGENCY CLEARWATER BEACH				5,097,339	10	1.14%
Total	<u>\$ 241,891,043</u>		<u>39.56%</u>	<u>\$ 174,836,687</u>		<u>39.14%</u>

Notes:

- (1) Frontier Florida LLC was listed as Verizon Florida LLC in 2016.
- (2) Spectrum Sunshine State LLC was listed as Bright House Networks LLC in 2016.

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
	Spring Training Facility Intergovernmental Revenue Bonds	Non-Ad Valorem Revenue Bonds	Financed Purchases	Lease Liabilities	Subscription Liabilities	Water/Sewer Revenue Bonds	Gas Revenue Bonds	Stormwater Revenue Bonds	Financed Purchases				
2016	\$ 7,717	\$ -	\$ 18,035	\$ -	\$ -	\$ 152,866	\$ 11,563	\$ 33,257	\$ 437	\$ 223,875	4.08%	\$ 1,992	
2017	7,014	-	21,241	-	-	150,862	10,555	31,680	1,141	222,493	3.81%	1,956	
2018	6,273	-	25,211	-	-	143,377	9,905	30,057	1,150	215,973	3.49%	1,868	
2019	5,498	-	17,470	-	-	135,694	9,245	28,377	838	197,122	3.02%	1,691	
2020	4,681	-	19,901	-	-	130,676	8,570	22,776	1,338	187,942	2.63%	1,592	
2021	3,826	-	12,787	-	-	126,027	7,875	21,354	893	172,762	2.23%	1,467	
2022	3,521	31,210	7,380	1,356	-	121,070	7,165	12,561	533	184,796	2.27%	1,550	
2023	3,203	31,146	3,515	2,649	3,746	115,971	6,430	11,618	319	178,597	2.03%	1,502	
2024	2,871	30,877	1,449	2,619	5,013	110,757	5,685	10,633	145	170,049	1.84%	1,435	
2025	2,519	30,315	-	1,917	4,536	105,434	3,885	9,603	-	158,209	*	1,337	

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

^a See Schedule 14 for personal income and population data.

* Data not available.

Schedule 10

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

General Bonded Debt Outstanding					
Fiscal Year	General Obligation Bonds	Non-Ad Valorem Revenue Bonds	Total	Percentage of Actual Taxable Value of Property (a)	Per Capita (b)
2016	\$ -	\$ -	\$ -	-	\$ -
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	30,000	30,000	0.22%	252
2023	-	30,000	30,000	0.20%	252
2024	-	29,795	29,795	0.18%	252
2025	-	29,295	29,295	0.16%	248

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.

City of Clearwater, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2025
(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 Capital Leases	27,162	13.6%	3,707
Pinellas County Government SBITA's	11,386	13.6%	1,554
Pinellas County School District Certificates of Participation	116,321	13.6%	15,874
Pinellas County School District Capital Leases	1,637	13.6%	<u>223</u>
Subtotal, overlapping debt			21,358
City direct debt			<u>39,287</u>
Total direct and overlapping debt			<u><u>\$ 60,645</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.

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

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

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

Schedule 12

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

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as Percentage of Debt Limit</u>
2016	\$ 2,170,214	\$ 199,317	\$ 1,970,897	9.18%
2017	2,307,618	199,611	2,108,007	8.65%
2018	2,466,049	193,379	2,272,670	7.84%
2019	2,676,718	182,710	2,494,008	6.83%
2020	2,852,238	170,515	2,681,723	5.98%
2021	3,042,407	155,808	2,886,599	5.12%
2022	3,214,295	169,392	3,044,903	5.27%
2023	3,611,227	159,041	3,452,186	4.40%
2024	3,985,035	149,489	3,835,546	3.75%
2025	4,340,359	138,024	4,202,335	3.18%

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed valuation of all real property		\$	21,701,796
Debt Limit (20% of assessed valuation per City Charter)			4,340,359
Debt applicable to limit:			
Bonds payable	\$	146,200	
Less: Amount set aside for repayment of bonded debt		<u>(8,176)</u>	
			<u>138,024</u>
Legal debt margin		\$	<u><u>4,202,335</u></u>

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

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

Page 1 of 2

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
Spring Training Facility Revenue Bonds ^(a)						
2016	\$ 1,095	\$ -	\$ 1,095	\$ 660	\$ 413	1.02
2017	1,090	-	1,090	685	380	1.02
2018	1,084	-	1,084	725	343	1.01
2019	1,121	-	1,121	760	303	1.05
2020	1,101	-	1,101	805	261	1.03
2021	743	-	743	845	220	0.70
2022	459	-	459	295	195	0.94
2023	514	-	514	310	179	1.05
2024	532	-	532	325	162	1.09
2025	521	-	521	345	144	1.07

(a) Pledged revenues for the Spring Training Facility Revenue Bonds include payments received from the State of Florida pursuant to Section 212.20, Florida Statutes, and payments from Pinellas County through February 2021 pursuant to an interlocal agreement dated December 1, 2000 along with related interest earnings.

Non-Ad Valorem Revenue Bonds

There are no pledged revenues for the Non-Ad Valorem Revenue Bonds. The City covenanted and agreed to budget and appropriate amounts from Non-Ad Valorem Revenues sufficient to pay principal and interest when due. Such covenant to budget and appropriate does not create any lien of pledge of such Non-Ad Valorem Revenues.

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

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage	Maximum Coverage ^(a)
				Principal	Interest		
Water & Sewer Utility Revenue Bonds							
2016	\$ 76,164	\$ 42,131	\$ 34,033	\$ 6,375	\$ 7,260	2.50	
2017	81,897	50,177	31,720	6,660	5,974	2.51	
2018	83,739	46,484	37,255	6,985	5,181	3.06	
2019	91,903	50,060	41,843	7,300	5,043	3.39	
2020	93,603	53,539	40,064	4,190	4,723	4.50	
2021	96,355	53,490	42,865	3,735	4,812	5.02	
2022	85,443	69,729	15,714	4,120	4,625	1.80	
2023	111,511	77,487	34,024	4,310	4,446	3.89	
2024	123,751	89,243	34,508	4,470	4,287	3.94	
2025	120,301	103,792	16,509	4,625	4,121	1.89	
Gas Utility Revenue Bonds							
2016	\$ 39,142	\$ 26,591	\$ 12,551	\$ 995	\$ 328	9.49	5.99
2017	40,773	27,927	12,846	1,000	297	9.90	6.13
2018	45,119	30,307	14,812	650	266	16.17	7.07
2019	47,496	32,353	15,143	660	250	16.64	7.23
2020	43,382	28,972	14,410	675	234	15.85	6.88
2021	42,914	32,576	10,338	695	217	11.34	4.94
2022	44,759	38,932	5,827	710	199	6.41	2.78
2023	47,881	33,059	14,822	735	181	16.18	7.08
2024	43,427	30,142	13,285	745	163	14.63	6.34
2025	41,859	32,683	9,176	1,800	144	4.72	4.38
Stormwater Utility Revenue Bonds							
2016	\$ 18,360	\$ 9,537	\$ 8,823	\$ 1,455	\$ 1,079	3.48	
2017	18,685	9,042	9,643	1,500	1,039	3.80	
2018	18,451	7,844	10,607	1,550	991	4.17	
2019	21,181	7,672	13,509	1,610	937	5.30	
2020	17,947	8,052	9,895	5,535 ^(b)	840	1.55	
2021	17,084	8,579	8,505	1,360	743	4.04	
2022	13,547	7,244	6,303	8,735 ^(c)	583	0.68	
2023	18,700	8,106	10,594	890	429	8.03	
2024	21,326	9,001	12,325	935	386	9.33	
2025	22,112	11,634	10,478	985	348	7.86	

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

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

^(c) Principal payment in 2022 includes an additional principal payment in the amount of \$7,885,000 on November 1, 2021 to redeem all outstanding principal on the 2013 Stormwater Revenue Refunding Bond, a direct placement bank loan.

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

Year	Population (a)	Personal Income (thousands of dollars)	Per Capita Personal Income (b)	Median Age (c)	School Enrollment (d)	Unemployment Rate (e)
2016	112,387	\$ 5,493,252	\$ 48,878	47.4	14,000	4.7%
2017	113,723	5,845,931	51,405	47.6	13,652	3.9%
2018	115,589	6,193,027	53,578	47.8	13,207	3.3%
2019	116,585	6,528,993	56,002	48.1	12,523	2.9%
2020	118,017	7,157,141	60,645	48.4	12,013	5.7%
2021	117,800	7,752,771	65,813	48.5	11,897	4.3%
2022	119,208	8,139,999	68,284	48.8	11,735	2.5%
2023	118,904	8,807,576	74,073	49.4	11,416	3.3%
2024	118,463	9,250,539	78,088	49.2	10,915	3.6%
2025	118,327	*	*	*	10,207	4.3%

(a) Population data for the City of Clearwater is from the University of Florida, Bureau of Economic and Business Research, published April 1st of each year.

(b) Per capita personal income data for Pinellas County for 2016-2025 is from the Florida Office of Economic and Demographic Research.

(c) Median age data for Pinellas County for 2016-2025 is from the U.S. Census Bureau.

(d) School enrollment data for public schools located within the City of Clearwater is from the Pinellas County School District.

(e) Unemployment data for the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area for September of each year is from the Bureau of Labor Statistics.

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

* Data not available.

Schedule 15

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

Employer	2025 ^b			2016		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Baycare (including all hospitals and subsidiaries)	15,755	1	3.13%			
Pinellas County School Board (district office and schools)	13,210	2	2.63%	10,713	1	2.30%
Publix (including pharmacy and liquor stores)	7,575	3	1.51%			
Pinellas County Government ^c	5,798	4	1.15%			
U.S. Dept. of Veterans Administration (including VA district office and healthcare system)	5,124	5	1.02%			
Walmart (including Sam's Club and Walmart Neighborhood Grocery Stores)	4,676	6	0.93%			
Raymond James Financial (all subsidiaries)	4,600	7	0.92%	2,800	5	0.60%
Johns Hopkins All Children's Hospital (all subsidiaries)	3,865	8	0.77%	3,250	4	0.70%
City of St. Petersburg	3,855	9	0.77%	3,372	3	0.72%
HCA Florida Healthcare (including all hospitals and subsidiaries)	3,631	10	0.72%			
Pinellas County Sheriff				2,684	6	0.58%
Morton Plant Hospital				2,625	7	0.56%
St. Petersburg College				2,367	8	0.51%
Mease Hospital				2,150	9	0.46%
Home Shopping Network				2,150	10	0.46%
Total Employment	502,553			465,339		

^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. Baycare and HCA provided directly.

^c Includes employees in the Pinellas County Unified Personnel System and the Pinellas County Sheriff.

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

Function/Program	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General government	287.3	295.9	298.8	301.3	301.3	301.8	307.8	315.3	321.0	328.3
Public safety:										
Fire	201.0	204.0	204.0	205.0	204.0	204.0	204.0	205.0	208.0	208.0
Police	362.5	367.5	373.3	373.3	374.3	375.3	375.3	387.3	396.3	398.3
Physical environment	21.0	21.0	21.0	21.0	21.0	21.0	21.0	9.0 ^a	8.0	7.0
Transportation	34.0	35.0	35.0	35.0	36.0	36.0	36.0	62.0 ^a	65.0	69.0
Economic environment	12.0	10.4	11.0	11.0	11.0	11.0	12.0	12.5	13.5	13.5
Culture and recreation:										
Library	81.4	82.3	85.1	84.0	84.0	83.6	83.3	83.3	83.3	82.9
Parks & Rec	209.7	219.0	241.4	240.9	240.9	243.4	245.4	249.8	244.7	245.0
Water & Sewer Utility	187.0	188.0	196.0	196.0	196.0	196.0	196.0	198.0	198.0	202.0
Gas Utility	92.0	104.0	110.0	110.0	110.0	110.0	110.0	97.0	91.0	91.0
Solid Waste Utility	111.5	111.5	111.5	111.5	111.5	111.5	112.5	110.5	111.8	111.8
Stormwater Utility	52.0	52.0	52.0	52.0	52.0	52.0	52.0	51.0	51.0	52.0
Recycling	22.0	22.0	22.0	22.0	22.0	22.0	21.0	21.0	20.0	20.0
Marine	27.7	28.3	18.6	18.9	18.9	15.6	15.6	18.5	18.8	19.2
Clearwater Harbor Marina	6.7	6.7	6.7	6.3	6.5	8.8	8.8	9.1	10.4	9.5
Aviation	1.4	1.4	1.4	1.6	1.6	2.6	2.6	2.9	0.3	0.2
Parking System	35.8	41.3	44.8	44.8	45.6	45.4	45.4	45.6	45.6	46.2
Total	<u>1,745.0</u>	<u>1,790.3</u>	<u>1,832.6</u>	<u>1,834.6</u>	<u>1,836.6</u>	<u>1,840.0</u>	<u>1,848.7</u>	<u>1,877.8</u>	<u>1,886.7</u>	<u>1,903.9</u>

Source: City of Clearwater Office of Management and Budget

^a Reorganization and creation of a Public Works Department.

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

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function/Program											
General government:											
Planning	Commercial building permits issued	1,706	1,757	1,902	2,425	1,931	1,886	1,939	1,561	1,243	2,682
	Residential building permits issued	6,987	9,134	8,702	8,856	8,536	9,141	9,096	8,779	9,487	10,058
Public safety:											
Police	Average officer training hours	115	150	194	170	82	121	145	135	143	144
	Total volunteer training hours	1034	58	679	209	144	34	107	2	31	74
Fire	Percentage of fire responses under 7.5 minutes	91%	89%	89%	89%	82%	79%	82%	84%	85%	89%
Physical environment	Square feet of sidewalks repaired/constructed	36,694	48,075	39,335	41,268	33,658	28,250	20,843	21,376	20,675	19,549
Transportation	Miles of roadway resurfaced	15.89	6.2	16.88	17.66	12	11.4	2.47	10.54	4.24	15.92
Economic environment	Code enforcement cases brought to compliance	4,736	4,771	4,642	4,561	5,187	4,947	3,733	3,889	4,075	4,081
Human services	City employees that mentor in area schools	16	13	17	20	0	19	9	0	4	6
Culture and recreation:											
Library system	Library visits	562,387	522,014	582,315	625,411	389,063	280,977	372,527	431,168	305,726	378,822
	Circulation	869,469	891,597	857,232	865,987	742,493	694,440	692,288	711,218	596,253	586,018
Parks and recreation	Recreation center visitations	714,657	689,750	708,562	718,261	386,282	307,880	498,551	508,677	587,027	625,341
	Athletic program visitations	1,093,090	1,104,126	916,355	1,054,200	859,860	877,982	978,996	1,177,709	1,181,855	969,517
Water and Sewer Utility:											
	Water customers	44,743	45,275	45,486	45,587	45,760	46,087	46,203	46,213	46,197	46,125
	Volume of water pumped (million gallons/day)	11.7	11.9	11.4	11.2	11.9	11.7	11.9	12.1	12.1	12.1
	Sewer customers	33,763	33,947	34,111	34,183	34,442	34,654	34,712	34,724	34,834	34,732
	Miles of sewers cleaned	160	251	161	109	138	136	94	121	127	144
Gas Utility:	Number of customers	20,076	21,146	22,702	24,503	26,277	27,997	29,521	30,946	31,842	32,184
Solid Waste Utility:	Solid waste tonnage collected and disposed	124,917	123,425	122,890	127,008	118,461	124,233	122,566	118,077	113,170	116,113
Stormwater Utility:	Number of equivalent residential units	102,798	103,742	104,105	104,621	105,161	105,581	105,589	106,416	106,676	108,351
Recycling Utility:	Marketable tons recycled	13,467	13,438	11,503	4,169	3,275	3,843	3,623	8,627	11,327	10,905

* **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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Public safety:										
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Police										
Stations	7	7	6	6	6	6	6	5	5	5
Transportation:										
Paved streets (miles)	322	322	324	327	327	324	329	324	324	324
Culture and recreation:										
Library system										
Volumes in collection (thousands)	519	528	469	473	439	428	455	452	449	438
Parks and recreation										
Parks acreage	1457	1457	1457	1457	1457	1875	1875	1774	1782	1782
Recreational paths (miles)	22	22	22	22	22	19	19	19	19	19
Playgrounds	27	26	26	26	26	27	27	27	27	27
Baseball and softball fields	32	32	32	32	32	34	34	34	34	34
Soccer and football fields	20	21	21	21	21	18	16	17	17	18
Recreation centers	5	5	6	6	6	6	6	6	6	6
Water & Sewer Utility :										
Water mains (miles)	587.75	584.6	582.63	586.14	595.72	586.42	587.69	588.02	589.86	589.19
Sanitary sewer mains (miles)	368.98	370.2	370.0	370.44	372.14	372.15	372.3	372.11	372.35	372.35
Daily treatment capacity (millions of gallons)	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5
Gas Utility :										
Gas mains (miles)	908	930	965	994	1,021	1,056	1,075	1,085	1,102	1,113
Stormwater Utility:										
Stormwater mains (miles)	153.74	153.99	154.59	154.12	155.47	156.49	157.55	157.4	158.84	159.2
Marine:										
Boat slips	189	189	189	190	198	198	198	198	154 ^c	198
Clearwater Harbor Marina:										
Boat slips	126	126	126	126	127	127	127	127	127	127
Aviation:										
Airpark spaces	177	177	177	177	174	174	174	174	174	174
Parking system:										
Parking spaces	2302	2345	2462	3073	3108	3004	2580 ^a	2815 ^b	2754 ^d	2785

^a Decrease in parking spaces due to temporary closure of lot 11 for Imagine Clearwater construction, as well as the sale of spaces in the North Beach Parking Garage.

^b Increase in parking spaces due to reopening of lot 11 with additional spaces, as well as additional spaces on Drew Street and the 300 block of Cleveland Street.

^c Decrease of 44 boat slips destroyed by Hurricane Helene in September 2024.

^d Decrease in parking spaces due to closure of lot 25.

Sources: Various city departments

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

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Other Information

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

The System:

Rates, Fees and Charges

CGS Energy an enterprise utility by the City of Clearwater is not subject to regulation by any State agency in establishing or revising its rates. The rate structure for customers receiving firm natural gas service consists of three distinct groups of charges:

- (1) the Purchased Gas Adjustment (PGA) rate;
- (2) rate riders including the Energy Conservation Adjustment (ECA), the Usage and Inflation Adjustment (UIA), and the regulatory imposition adjustment (RIA); and
- (3) the base rates.

The PGA rate is the mechanism by which CGS Energy recovers the cost of natural gas it purchases and distributes to its customers. The ECA is designed to recover costs associated with energy conservation and demand management. The UIA is designed to mitigate operational and financial risk associated with fluctuations in demand and inflationary cost increases. The RIA is designed to recover the cost of regulatory imposed programs. The base rates (customer and commodity charges) effectively recover all other costs of distributing natural gas to customers.

The current rate structure in effect at September 30, 2025 is based on a Natural Gas Rate Study completed in December 2023, and adopted by Ordinance 9739-23 to be effective for all gas bills and services rendered on or after February 1, 2024. The PGA was decreased 5.6 cents per therm, the ECA was decreased 0.8 cents per therm, the RIA was decreased 0.6 cents per therm, and the UIA was decreased 5.0 cents per therm, while the Non-Fuel Energy charge (NFE) was increased 12.0 cents per therm. All rate adjustments were designed to be revenue neutral, ensuring financial stability without generating excess revenue.

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 CGS. In addition to the above rate changes, all customers served under contract rates as of January 31, 2024 were allowed to remain on their existing contracts until the next expiration date, at which time the contract was automatically discontinued, and the customer was moved to the applicable standard rate unless a new contract was executed. As of September 30, 2025, contract rates applied to 144 customer accounts impacting 4% of total revenues.



CGS ENERGY
NATURAL GAS RATE BILLING FACTORS
 August 1, 2025 - September 30, 2025
 BASED ON APPROVED GAS ADJUSTMENT FACTORS

	Firm Natural Gas Rate Schedules											SL	SL w/M& Relight	NGV (Non-Res)	Interr. NG Rate IS		Contract NG Rate CNS
	RS	SMF	MMF	LMF	SGS	MGS	LGS	RAC	GAC	LAC	NSS (Non-Res)				IS	CNS	
Applicable Annual Therm Range or Other Rate Determinant	NA (1 - 3 Units)	NA (4 + Units)	NA (4 + Units)	NA (4 + Units)	0 - 17,999	18,000- 99,999	100,000 & up	NA (1 - 3 Units)	NA (0 - 149 tons)	NA (150 tons & +)	NA	NA	NA	NA	100,000 & up	NA	
Monthly Customer Charge (For Central Pasco Territory)	\$16.00 (\$24.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	Rate Suspended Reserved for Future Use	Rate Suspended Reserved for Future Use	Rate Suspended Reserved for Future Use	\$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	\$0.56	\$0.56	\$0.56	\$0.56	\$0.50	\$0.46	\$0.42	NA	NA	NA	\$0.26	\$0.41	By Contract	\$0.44	\$0.28	By Contract	
Energy Conservation Adj. (ECA)	0.07	0.07	0.07	0.07	0.07	0.07	0.07	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Regulatory Imposition Adj. (RIA)	0.02	0.02	0.02	0.02	0.02	0.02	0.02	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Usage & Inflation Adj. (UIA)	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.12</u>	<u>0.12</u>	<u>0.12</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	\$0.71	\$0.67	\$0.63		NA	NA	\$0.26	\$0.41	By Contract	\$0.44	\$0.28	By Contract	
Purchased Gas Adjustment (PGA)	<u>0.69</u>	<u>0.69</u>	<u>0.69</u>	<u>0.69</u>	<u>0.69</u>	<u>0.69</u>	<u>0.69</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>0.69</u>	<u>0.69</u>	<u>By Contract</u>	<u>0.69</u>	<u>0.60</u>	<u>0.60</u>	
Total Energy Charge/Therm	1.39	1.39	1.39	1.39	1.40	1.36	1.32	NA	NA	NA	0.95	1.10	By Contract	1.13	0.88	0.60	
Minimum Monthly Bill (For Central Pasco Territory)	\$16.00 (\$24.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	\$25.00 (\$40.00)	\$40.00 (\$70.00)	\$95.00 (\$160.00)	NA	NA	NA	\$20.00 (\$30.00) + FAC	\$20.00 (\$30.00) + FAC	By Contract (By Contract) + FAC	\$50.00 (\$75.00) + FAC	\$250.00 (\$400.00) + Non-Fuel Therm Rate for Contract # of Therms	+ Non-Fuel Customer Charge + Non-Fuel Therm Rate for Contract # of Therms	
<u>Utility Tax Note:</u>																	
Fuel Rate per Therm 10/01/1973	\$0.069	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	NA	NA	NA	\$0.000	\$0.000	\$0.000	\$0.000	\$0.055	\$0.000	
Non-Utility Taxable Fuel/Therm	\$0.621	\$0.690	\$0.690	\$0.690	\$0.690	\$0.690	\$0.690	NA	NA	NA	\$0.690	\$0.690	\$0.000	\$0.690	\$0.545	\$0.600	
<u>BTU FACTOR = THERMS/100 CUBIC FEET (CCF)</u>																	
	<u>10/2024</u>	<u>11/2024</u>	<u>12/2024</u>	<u>01/2025</u>	<u>02/2025</u>	<u>03/2025</u>	<u>04/2025</u>	<u>05/2025</u>	<u>06/2025</u>	<u>07/2025</u>	<u>08/2025</u>	<u>09/2025</u>	FY 24/25 Avg.				
Firm & Interruptible Service Rates	1.029	1.027	1.026	1.024	1.026	1.026	1.026	1.023	1.022	1.023	1.023		1.025				

177

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

GAS SUPPLY

On August 1, 1990, the Federal Energy Regulatory Commission (FERC) deregulated the natural gas pipeline industry. This allows other natural gas suppliers and local distribution companies, like the City of Clearwater, to transport gas over the Florida Gas Transmission (FGT) pipelines as opposed to purchasing natural gas supply from only FGT.

The two natural gas transmission companies that serve within the State of Florida are Florida Gas Transmission (FGT) and Gulfstream. Currently FGT is the sole provider of transportation service to the City. Florida Gas Transmission is a natural gas pipeline which brings gas from Texas, Louisiana, Mississippi, and Alabama into Florida. The pipeline is owned 50% by Energy Transfer Partners (Owner/Operator) and 50% by Kinder Morgan Partnership, each respectively representing units in Citrus Corporation.

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 26.

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

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

Table 1 Breakdown of Transportation Capacity

Contract Period	Phase II (FTS-1) MMBtu Per Day 2/01/17 - 1/31/27	Phase III (FTS-2) MMBtu Per Day 3/01/2025-2/28/2027	Total MMBtu Per Day
October	170,438	41,788	212,226
Nov-Mar	1,543,069	268,931	1,812,000
April	216,570	53,430	270,000
May-Sept	711,756	206,244	918,000
Total Annual	2,641,833	570,393	3,212,226

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

Service Area

CGS Energy is owned and operated as an enterprise utility by the City of Clearwater. CGS Energy operates over 1,100 miles of underground gas mains and handles the supply and distribution of natural gas throughout northern Pinellas County and western Pasco County. As a “full service” gas utility, CGS Energy 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 Energy for safety.

CGS Energy has been serving customers in the Clearwater area for 102 years (since 1924) 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 Energy discontinued manufacturing gas and began receiving piped natural gas from Florida Gas Transmission.

CGS Energy serves over 32,000 customers in a 330 square mile service territory, which includes 16 municipalities in addition to Clearwater 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 the Pinellas beach communities south to Redington Beach, with one customer served in Madeira Beach as an exception to the Territory Agreement with Peoples Gas. 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 Energy service territory extends 42.3 miles from the southwestern-most to the northwestern-most points.

CGS Energy 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 the homes and businesses in our service area, with special focus on the residential customers who make up approximately 90% of our customer base.

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

As of September 30, 2025 the System's active natural gas customers were located as shown in the following table:

<u>Location</u>	<u>Meters</u>	<u>Percentage</u>
Belleair	674	2.09%
Belleair Beach	311	0.97%
Belleair Bluffs	65	0.20%
Belleair Shores	32	0.10%
Clearwater	7,978	24.79%
Dunedin	1,765	5.48%
Indian Rocks Beach	279	0.87%
Indian Shores	163	0.51%
Largo	1,268	3.94%
Madeira Beach	1	0.00%
New Port Richey	94	0.29%
North Redington Beach	105	0.33%
Oldsmar	169	0.53%
Port Richey	18	0.06%
Redington Beach	225	0.70%
Redington Shores	127	0.39%
Safety Harbor	803	2.50%
Tarpon Springs	1,718	5.34%
Unincorporated Areas Pasco	7,447	23.14%
Central Pasco	5,201	16.16%
Unincorporated Areas Pinellas	3,741	11.62%
Total	<u>32,184</u>	<u>100.00%</u>

The following table shows the five largest interruptible customers by peak monthly consumption and the percent of the System's revenues derived from such customers during the 12 months ending September 30, 2025.

<u>Customer Name</u>	<u>Peak Monthly Therms</u>	<u>% of Gross Revenues</u>
Morton Plan Hospital	116,766.8	1.96%
Mease Hospital & Clinic	159,136.9	1.93%
Ajax Paving Industries	167,716.7	1.84%
CNG Filling Station Compression Resale Gas	98,802.5	1.73%
MI Metals, Inc.	67,771.0	1.38%

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, 2025:

	<u>Average No. Customers</u>	<u>Gas Volume</u>	<u>Gas Sales</u>
Interruptible (including CNG Station)	19	28.72%	14.58%
Residential	29,546	21.53%	38.68%
Commercial (excluding CNG Station)	2,619	49.75%	46.74%
	<u>Therms</u>	<u>Revenues</u>	
Interruptible (including CNG Station)	7,497,745.1	\$ 4,799,302	
Residential	5,620,770.6	12,733,469	
Commercial (excluding CNG Station)	12,988,270.6	15,384,408	
Totals	<u>26,106,786.3</u>	<u>\$ 32,917,179</u>	

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

Historical Financial Information

Water System:

Source and Volume of Water Pumped

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

FY	City Wells	County	Total
2021	6.7	5	11.7
2022	6.8	5.1	11.9
2023	7.3	4.8	12.1
2024	6.7	5.4	12.1
2025	7.9	4.2	12.1

Historical Growth in Number of Water Customers

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

FY	Potable Water Service Customers	Reclaimed Water Service Customers	Total Water Service Customers
2021	38,244	7,843	46,087
2022	38,320	7,883	46,203
2023	38,306	7,907	46,213
2024	38,283	7,914	46,197
2025	38,258	7,867	46,125

Ten Largest Water Customers
Fiscal Year Ending September 30, 2025

Name of User	Water Used (in 100 Cubic Feet)	Revenues Produced
1. CITY OF CLEARWATER	103,006	\$ 1,455,259
2. CHURCH OF SCIENTOLOGY	76,777	1,286,170
3. MORTON PLANT HOSPITAL	54,272	1,216,901
4. PINELLAS COUNTY SCHOOLS	34,797	600,848
5. THE SANDPEARL RESORT	30,474	391,282
6. JEMB POCONO LLC	23,133	331,943
7. PINELLAS COUNTY GOVERNMENT	8,351	328,451
8. THE GENESIS APARTMENT LLC	22,741	262,183
9. CLPF BAY COVE LLC	22,091	247,807
10. BW CW HOSPITALITY LLC	21,518	240,979
	<u>397,160</u>	<u>\$ 6,361,823</u>

Reclaimed Water System:

Year	Average Daily Flow MGD
2021	5.5
2022	5.8
2023	5.6
2024	3.6
2025	3.4

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

Sewer System:

Average Sewage Flow and Historical Growth in Number of Sewer Customers

(as of September of the year indicated)

Year	Flow in MGD	Sewer Customers
2021	12.2	34,654
2022	12.0	34,712
2023	12.6	34,724
2024	12.8	34,834
2025	13.1	34,732

Ten Largest Sewer Customers
Fiscal Year Ending September 30, 2025

Name of User	Sewer Used (in 100 Cubic Feet)	Revenues Produced
1. MORTON PLANT HOSPITAL	78,023	\$ 1,054,104
2. CHURCH OF SCIENTOLOGY	59,516	1,041,225
3. CITY OF CLEARWATER	34,797	854,972
4. PINELLAS COUNTY SCHOOLS	26,034	698,068
5. THE SANDPEAR RESORT	24,723	439,990
6. JEMB POCONO LLC	23,134	334,086
7. PINELLAS COUNTY GOVERNMENT	22,836	330,300
8. CCRC REGENCY OAKS, LLC	22,741	314,823
9. THE GENESIS APARTMENT LLC	22,425	304,469
10. CP CLEARWATER LLC	21,518	300,001
	335,747	\$ 5,672,038

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 2025 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 2017, 2017B and 2020

Residential and Nonresidential Water Rates	October 1, <u>2021</u>	October 1, <u>2022</u>	October 1, <u>2023</u>	October 1, <u>2024</u>	October 1, <u>2025</u>
<u>Size of Meter</u>					
Minimum - Under 1 inch	\$ 25.05	\$ 25.80	\$ 26.58	\$ 27.39	\$ 28.20
1 inch	58.45	60.20	62.02	63.91	65.80
1.5 inch	835.00	860.00	886.00	913.00	940.00
2 inch	1,945.55	2,003.80	2,064.38	2,127.29	2,190.20
3 or 2 inch manifold	2,997.65	3,087.40	3,180.74	3,277.67	3,374.60
4 inch	5,769.85	5,942.60	6,122.26	6,308.83	6,495.40
6 inch	14,821.25	15,265.00	15,726.50	16,205.75	16,685.00
8 inch	25,050.00	25,800.00	26,580.00	27,390.00	28,200.00

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

Rates for Irrigation (Lawn) Meters	October 1, <u>2021</u>	October 1, <u>2022</u>	October 1, <u>2023</u>	October 1, <u>2024</u>	October 1, <u>2025</u>
<u>Size of Meter</u>					
Minimum - Under 1 inch	\$ 8.94	\$ 9.21	\$ 9.48	\$ 9.77	\$ 10.06
1 inch	26.82	27.62	28.45	29.31	30.19
1.5 inch	134.20	138.23	142.37	146.64	151.04
2 inch	375.78	387.05	398.67	410.62	422.94
3 or 2 inch manifold	742.58	764.86	787.80	811.44	835.78
4 inch	1,431.50	1,474.45	1,518.68	1,564.24	1,611.17
6 inch	4,321.34	4,450.98	4,584.51	4,722.04	4,863.71

Sewer Rates	October 1, <u>2021</u>	October 1, <u>2022</u>	October 1, <u>2023</u>	October 1, <u>2024</u>	October 1, <u>2025</u>
<u>Size of Meter</u>					
Minimum - Under 1 inch	\$ 34.50	\$ 35.55	\$ 36.60	\$ 37.71	\$ 38.85
1 inch	80.50	82.95	85.40	87.99	90.65
1.5 inch	1,150.00	1,185.00	1,220.00	1,257.00	1,295.00
2 inch	2,679.50	2,761.05	2,842.60	2,928.81	3,017.35
3 or 2 inch manifold	4,128.50	4,254.15	4,379.80	4,512.63	4,649.05
4 inch	7,946.50	8,188.35	8,430.20	8,685.87	8,948.45
6 inch	20,412.50	21,033.75	21,655.00	22,311.75	22,986.25
8 inch	34,500.00	35,550.00	36,600.00	37,710.00	38,850.00
Per 1,000 gallons of water used over the allowed minimum	11.50	11.85	12.20	12.57	12.95

Additional Indebtedness

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

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

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:

October 1, 1998	4.00	October 1, 2012	13.40
October 1, 1999	4.17	October 1, 2013	13.77
October 1, 2000	4.35	October 1, 2014	14.15
October 1, 2001	4.54	October 1, 2015	14.33
January 1, 2002	6.13	October 1, 2016	14.51
October 1, 2002	7.16	October 1, 2017	14.58
October 1, 2003	8.01	October 1, 2018	14.65
October 1, 2004	8.65	October 1, 2019	13.40
October 1, 2005	9.35	October 1, 2020	13.40
October 1, 2006	9.71	October 1, 2021	13.40
October 1, 2007	10.51	October 1, 2022	13.64
October 1, 2008	11.14	October 1, 2023	13.87
October 1, 2009	11.80	October 1, 2024	14.98
October 1, 2010	12.51	October 1, 2025	16.18

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>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Net Operating Revenues (Excluding Depreciation)	\$ 8,669,978	\$ 10,056,468	\$ 9,466,692	\$ 9,198,753	\$ 8,193,614
Interest Income and other					
Non-operating Revenues (Expenses)	(164,421)	(3,753,234)	1,127,274	3,126,501	2,284,478
Total Net Revenues	\$ 8,505,557	\$ 6,303,234	\$ 10,593,966	\$ 12,325,254	\$ 10,478,092
Maximum Annual Debt Service	\$ 2,175,028	\$ 1,375,312	\$ 1,375,312	\$ 1,375,312	\$ 1,375,312
Coverage	3.91	4.58	7.70	8.96	7.62

City of Clearwater, Florida
Continuing Disclosure - Non-Ad Valorem Revenue Bonds, Series 2022

	Historical Non-Ad Valorem Revenues				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Taxes					
Electric Utility Taxes (Public Service Tax)	\$ 12,712,884	\$ 13,177,949	\$ 14,484,638	\$ 14,098,647	\$ 15,756,557
Water Utility Taxes (Public Service Tax)	4,246,078	4,497,067	4,678,161	4,607,670	4,765,481
Gas/Propane Utility Taxes (Public Service Tax)	786,621	792,079	782,045	782,755	802,045
Communications Services Taxes	4,174,817	4,190,145	4,558,837	4,504,832	4,491,848
Local Business Tax	2,127,380	2,066,475	2,082,520	2,125,618	2,106,793
Local Option Gas Tax ⁽¹⁾	1,438,852	1,460,864	1,483,005	1,440,896	1,426,633
Intergovernmental Revenues					
Infrastructure Sales Surtax ⁽²⁾	14,296,517	16,585,888	16,875,895	16,867,719	17,231,923
Half-Cent Sales Tax	8,545,241	9,581,538	10,000,390	9,500,798	9,531,229
State Revenue Sharing	4,274,388	5,339,006	5,583,615	5,358,740	5,377,315
County Fire Protection Tax ⁽³⁾	2,347,737	2,485,600	2,457,962	2,760,900	2,847,918
County EMS Tax ⁽⁴⁾	6,920,226	6,549,680	7,011,751	7,607,891	9,186,432
Other Intergovernmental ⁽⁵⁾	2,059,830	2,361,645	2,532,401	2,926,518	3,034,194
Permits and Fees					
Electric Franchise Fees	9,792,097	10,165,857	12,429,446	11,297,173	11,593,442
Gas Franchise Fees	563,190	621,152	619,290	525,933	503,955
Other Licenses and Permits	5,264,834	6,418,933	4,483,295	4,045,085	4,536,472
Charges for Services					
General Governmental	10,658,514	10,090,583	11,562,558	11,264,534	12,281,033
Public Safety	545,259	554,372	322,714	238,256	2,627,656
Physical Environment	45,825	36,930	37,016	35,052	37,628
Transportation	169,080	65,196	66,172	85,604	100,190
Culture and Recreation	4,241,205	5,600,062	5,822,324	6,120,113	3,764,815
Other					
Enterprise Fund Transfers ⁽⁶⁾	11,471,726	10,163,054	11,094,546	14,264,425	14,359,054
Rents and Leases	2,048,323	2,538,288	3,030,129	4,075,707	4,031,785
Fines and Forfeitures	1,688,182	1,607,344	1,426,817	1,539,610	1,636,609
Miscellaneous	604,174	(8,618,051) ⁽⁸⁾	4,873,050	10,485,544	8,966,472
Total Sources of Non-Ad Valorem Revenues⁽⁷⁾	\$ 111,022,980	\$ 108,331,656	\$ 128,298,577	\$ 136,560,020	\$ 140,997,479

Source: City of Clearwater, Florida

(1) Revenues derived from the Local Option Gas Tax may only be used for transportation operations and maintenance. As such, local option gas tax funds are not available to pay debt service on the Series 2022 Bonds.

(2) A portion of Infrastructure Sales Surtax funds are restricted legally or by City Council policy to be used for specific capital improvement projects, and thus may only be used with respect to certain capital projects after a special public hearing is held. Thus, a special public hearing would be required for the City's Infrastructure Sales Surtax Revenues to be available to pay debt service on the Series 2022 Bonds. The current Infrastructure Sales Surtax will expire on December 31, 2029, which is prior to the expiration of the Series 2022 Bonds.

(3) The County Fire Protection Tax funds are revenues from the County that are reimbursed to the City for provision of fire services to the unincorporated areas within the designated Clearwater Fire District. County Fire Protection Tax funds are restricted legally for such purposes and may not be used to pay debt service on the Series 2022 Bonds.

(4) The County Emergency Medical Services ("EMS") Tax funds are revenues from the County that are reimbursed to the City for provision of EMS services to the unincorporated areas within the designated Clearwater Fire District. County EMS Tax funds are restricted legally for such purposes and may not be used to pay debt service on the Series 2022 Bonds.

(5) Other Intergovernmental Revenues are derived from a number of sources including Florida Department of Transportation reimbursements for traffic signals and street lighting, mobile home licenses, alcoholic beverage licenses, firefighters' supplemental compensation, rebates on municipal vehicle fuel, the Pinellas Library Cooperative, County traffic signal reimbursements, and other reimbursements from the County for the use of Fire and EMS vehicles in the Clearwater Fire District.

(6) The Enterprise Fund Transfers revenue include the total amount of transfers from each enterprise fund (with the exception of the Gas Fund) to the General Fund calculated at 5.5% of gross revenues in the prior fiscal year; the annual dividend transferred from the Gas Fund to the General Fund; and net parking fine revenues transferred from the Parking enterprise fund to the General Fund.

(7) May not add due to rounding.

(8) Negative miscellaneous revenues for fiscal year 2022 are due to a large unrealized investment loss at 9/30/2022 due to a significant increase in interest rates.

City of Clearwater, Florida
Continuing Disclosure - Non-Ad Valorem Revenue Bonds, Series 2022

Changes in Fund Balances of Governmental Funds
(modified accrual basis of accounting, in thousands of dollars)

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Revenues					
Total Governmental Funds:					
Property taxes	\$ 73,096	\$ 76,856	\$ 86,167	\$ 96,021	\$ 105,181
Sales taxes	14,296	16,586	16,876	16,868	17,232
Utility taxes	17,746	18,467	19,667	19,489	21,324
Communications services taxes	4,175	4,190	4,559	4,505	4,492
Other taxes	3,566	3,527	3,566	3,566	3,533
Franchise fees	10,355	10,787	13,326	11,823	12,097
Licenses, permits, and fees	5,265	6,419	4,483	4,045	4,537
Intergovernmental revenues	36,442	56,637	39,846	40,714	40,727
Charges for services	17,106	18,265	19,815	19,915	18,811
Fines and forfeitures	2,308	2,387	1,938	2,001	2,021
Investment earnings	(387) ⁽¹⁾	(18,025) ⁽¹⁾	7,359	14,544	9,170
Miscellaneous	3,185	4,034	6,136	6,038	7,677
Total Revenues	<u>187,153</u>	<u>200,130</u>	<u>223,738</u>	<u>239,529</u>	<u>246,802</u>
Expenditures					
Total Governmental Funds:					
Current:					
General government	13,248	14,514	19,743	21,693	29,437
Public safety	81,172	87,269	94,959	102,771	116,037
Physical environment	3,644	4,003	1,804	2,835	3,659
Transportation	8,427	14,019	14,800	11,504	13,861
Economic environment	4,711	4,758	6,329	9,971	7,061
Human services	595	728	2,125	2,121	1,009
Culture and recreation	35,218	38,899	42,102	50,554	49,686
Debt service:					
Principal	1,617	1,347	1,287	1,235	1,836
Interest and issuance costs	260	704	1,187	1,568	1,608
Capital outlay:	19,029	51,822 ⁽²⁾	49,445 ⁽²⁾	10,840	35,028
Total Expenditures	<u>167,921</u>	<u>218,063</u>	<u>233,781</u>	<u>215,092</u>	<u>259,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,232</u>	<u>(17,933)</u>	<u>(10,043)</u>	<u>24,437</u>	<u>(12,420)</u>
Other Financing Sources (Uses)					
Total Governmental Funds:					
Transfers in	45,071	103,139	70,324	76,734	88,207
Transfers out	(40,354)	(102,302)	(75,586)	(78,750)	(75,220)
Proceeds from sale of capital assets	537	634	211	1,372	9,090
Proceeds from lease obligations	-	755	1,541	-	-
Proceeds from subscription obligations	-	-	330	1,783	793
Other long term debt issued	-	31,226 ⁽³⁾	-	-	-
Total other financing sources (uses)	<u>5,254</u>	<u>33,452</u>	<u>(3,180)</u>	<u>1,139</u>	<u>22,870</u>
Net Change in Fund Balances	<u>24,486</u>	<u>15,519</u>	<u>(13,223)</u>	<u>25,576</u>	<u>10,450</u>
Debt service as a percentage of noncapital expenditures	1.3%	1.2%	1.3%	1.4%	1.5%

Source: City of Clearwater, Florida Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2025.

- (1) The decreases in 2021 and 2022 investment earnings was primarily due to unrealized losses in market value at September 30, 2021 and September 30, 2022, caused by increases in interest rates.
- (2) The increase in capital outlay expenditures in 2022 and 2023 was primarily due to expenditures for the Imagine Clearwater waterfront park and amphitheater project.
- (3) The large increase in other long term debt issued for fiscal year 2022 was due to issuance of the Series 2022 Non-ad Valorem revenue bonds.

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

Pursuant to agreements between the City of Clearwater, the Pinellas County Fire Authority and the Pinellas County Emergency Medical Services Authority, the City has provided fire and emergency medical services to the respective authorities. With respect to fire services, the services are provided for the benefit of properties located outside the corporate limits of the City, but within a designated service area. Emergency medical services are provided for the benefit of persons residing both inside and outside the corporate limits of the City, based on the Authority's nearest unit dispatch policy.

With respect to the Fire Services Program, a budget was prepared by Fire Department personnel covering proposed expenditures for fiscal year ending September 30, 2025, 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, 2025 are summarized below.

Total Revenue Received from Pinellas County Fire Protection Authority	\$ 2,847,918
Total Fire Service Expenditures for Fiscal Year Ended September 30, 2025	\$ 3,161,764

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

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Single Audit / Grants Compliance

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 31, 2026. We have also audited the financial statements of each of the City's nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds presented as supplementary information in the accompanying combining and individual fund statements as of and for the year ended September 30, 2025, as listed in the table of contents. The report also included an emphasis of matter paragraph pertaining to the restatement of net position as a result of the implementation of Government Accounting Standards Board Statement No. 101, *Compensated Absences*. Our report was not modified with respect to that matter.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

Report of 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 Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Tampa, Florida
March 31, 2026

Report of Independent Auditor on Compliance for Each Major Federal Program and State Financial Assistance Project, and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General

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

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

Opinion on Each Major Federal Program and State Financial Assistance Project

We have audited the City of Clearwater, Florida's (the "City") compliance with the types of compliance requirements described in the OMB Compliance Supplement and the requirements described in the Florida Department of Financial Services, *State Projects Compliance Supplement* that could have direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2025. The City's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"); and Chapter 10.550, Rules of the Auditor General, *Florida Single Audit Act Audits – Local Governmental Entity Audits*. Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state financial assistance project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs and state financial assistance projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state financial assistance project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Tampa, Florida
March 31, 2026

City of Clearwater, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects
For the Year Ended September 30, 2025

Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing Number ALN	Grant I.D. Number	Federal Share of Expenditures	Transfers to Subrecipients
FEDERAL AWARDS				
U.S. Department of Housing and Urban Development:				
COVID 19 - Community Development Block Grant - Entitlement - 2020	14.218	B-20-MW-12-0002	\$ 95,151	\$ 87,899
Community Development Block Grant - Entitlement - 2021	14.218	B-21-MC-12-0002	7,597	4,837
Community Development Block Grant - Entitlement - 2022	14.218	B-22-MC-12-0002	18,244	17,163
Community Development Block Grant - Entitlement - 2021-Program Income	14.218	B-21-MC-12-0002	9,707	-
Community Development Block Grant - Entitlement - 2022-Program Income	14.218	B-22-MC-12-0002	578,725	-
Community Development Block Grant - Entitlement - 2023	14.218	B-23-MC-12-0002	135,678	122,832
Community Development Block Grant - Entitlement - 2024	14.218	B-24-MC-12-0002	356,944	176,216
Total Community Development Block Grants/Entitlement Grants Cluster			<u>1,202,046</u>	<u>408,947</u>
Home Investment Partnerships Program	14.239	M-17-MC-12-0230	208,826	-
Home Investment Partnerships Program	14.239	M-18-MC-12-0230	66,028	-
Home Investment Partnerships Program	14.239	M-21-MC-12-0230	5,187	-
Home Investment Partnerships Program	14.239	M-22-MC-12-0230	67,021	-
Home Investment Partnerships Program	14.239	M-23-MC-12-0230	183,740	103,842
Home Investment Partnerships Program	14.239	M-24-MC-12-0230	138,722	-
Home Investment Partnerships Program	14.239	M-21-MP-12-0230	5,696	-
Home Investment Partnerships Program	14.239	Program Income	1,285,391	1,650
Total Home Investment Partnerships Program			<u>1,960,611</u>	<u>105,492</u>
Total U.S. Department of Housing and Urban Development			<u>3,162,657</u>	<u>514,439</u>
U.S. Department of Justice:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-24-GG-05000-JAGX	37,614	-
Total U.S. Department of Justice			<u>37,614</u>	<u>-</u>
U.S. Department of Transportation:				
Passed through Florida Dept of Transportation:				
Highway Planning and Construction Cluster	20.205	G2X22	25,315	-
Total U.S. Department of Transportation			<u>25,315</u>	<u>-</u>
National Endowment of the Arts:				
Promotion of the Arts	45.024	1930515-62-24	30,000	-
Total National Endowment of the Arts			<u>30,000</u>	<u>-</u>
U.S. Department of Homeland Security:				
Passed through the Florida Division of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Hurricane Hermine	(118,094)	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Hurricane Irma	(91,769)	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Hurricane Ian	86,518	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Hurricane Idalia	61,036	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Hurricane Debby	352,834	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Hurricane Helene	41,301	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Hurricane Milton	6,205,816	-
Total U.S. Department of Homeland Security			<u>6,537,642</u>	<u>-</u>
U.S. Department of Energy:				
EECBG - Energy Efficiency and Conservative Block Grant	81.128		133,477	-
Total U.S. Department of Energy			<u>133,477</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 9,926,705</u>	<u>\$ 514,439</u>

City of Clearwater, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects - Continued
For the Year Ended September 30, 2025

State Grantor / Pass-through Grantor / Program Title	CSFA Number	Grant I.D. Number	State Share of Expenditures (a)	Transfers to Subrecipients
STATE FINANCIAL ASSISTANCE				
Florida Housing Finance Corporation:				
State Housing Initiative Partnership Program (SHIP)	40.901	N/A	\$ 2,179,455	\$ 41,975
Total Florida Housing Finance Corporation			2,179,455	41,975
Florida Department of Transportation:				
Aviation Grant Program (Terminal Building Design)	55.004	FPN: 452861-1-94-01 Contract Number G2I04	172,827	-
Aviation Grant Program (Parking Lot Expansion & Rehabilitation)	55.004	FPN: 453898-1-94-01 Contract Number:G2092	33,999	-
Aviation Grant Program (Apron Relayment)	55.004	FPN: 446805-1-94-01 Contract Number G2H31	70,745	-
Aviation Grant Program (Land Survey & Geotechnical Assessment)	55.004	FPN: 453895-1-94-01 Contract Number:G2086	4,000	-
Aviation Grant Program (Removal of Vegetation for GPS Approach)	55.004	FPN: 454284-1-94-01 Contract Number:G2S67	39,787	-
Aviation Grant Program (Emergency Generator)	55.004	FPN: 456506-1-94-01 Contract Number:G3A98	20,800	-
Aviation Grant Program (Install Rotating Beacon)	55.004	FPN: 454606-1-94-01 Contract Number:G3901	5,262	-
Total Aviation Grant Program			347,420	-
FDOT Transportation Alternative Program (TAPS) FY2023 TAPS-LA Grant (FDOT I2V Deployment - CAV/Pedestrian Warning System)	55.038	FPN: 451403-1-58-01 Contract Number:ASW13	361,600	-
Florida Department of Transportation/Public Transit Service Development Program (Purchase of Ferry Vessels)	55.039	FPN: 453243-1-94-01 Contract Number:G2S84	383,357	-
Total Florida Department of Transportation			1,092,377	-
Florida Department of Economic Opportunity:				
Economic Development Partnerships	40.040	N/A	489,097	-
Total Florida Department of Economic Opportunity			489,097	-
Florida Department of Law Enforcement:				
Assist with Investigative Operations (ESST)	71.01	Z4011	1,622	-
FDLE Drone Replacement Program	71.092	3X026	7,222	-
Total Florida Department of Law Enforcement			8,844	-
Total State Financial Assistance			\$ 3,769,773	\$ 41,975
Total Expenditures of Federal Awards and State Financial Assistance Projects			\$ 13,696,478	\$ 556,414

City of Clearwater, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended September 30, 2025

NOTE 1 – Basis of Presentation

Reporting Entity:

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance Projects (“Schedule”) presents the activity of all federal financial and state grant activity projects of the City of Clearwater, Florida (the “City”). Federal and state financial assistance received directly from federal and state agencies, and federal financial assistance passed through other governmental agencies are included on the schedules. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Chapter 10.550.

NOTE 2 – Basis of Accounting

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

NOTE 3 – ALN/CSFA Numbers

ALN numbers represent Assistance Listing Numbers and apply only to federal awards. CSFA numbers represent Catalog of State Financial Assistance and apply only to state financial assistance.

NOTE 4 – Loans Receivable Outstanding

The current year additions related to the loans are included in the Schedule of Expenditures of Federal Awards and State Financial Assistance Projects. The following loan balances were outstanding, net of \$12,816,868 allowance for uncollectable accounts, as of September 30, 2025:

14.218	Community Development Block Grant	\$ 1,852,781
14.239	Home Investment Partnership Program	2,838,163
40.901	State Housing Initiative Partnership	<u>3,792,102</u>
		<u>\$ 8,483,046</u>

NOTE 5 – Indirect Cost Rate

The City did not utilize the 15% de minimis indirect cost rates for reimbursement of grant expenditures for the fiscal year ended September 30, 2025.

City of Clearwater, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance Projects
For the Year Ended September 30, 2025

NOTE 6 – Other Matters

Disaster Grants – Public Assistance (Presidentially Declared Disaster):

After a Presidentialy Declared Disaster, the Federal Emergency Management Agency (FEMA) provides a Public Assistance Grant to reimburse eligible costs associated with emergency response, debris removal, and eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The Federal Government reimburses in the form of cost-shared grants.

During fiscal 2025, FEMA approved \$6,747,505 of eligible expenditures that were incurred in prior years and included in the Schedule.

Negative amounts are listed for Hurricane Hermine and Hurricane Irma which represent amounts deobligated during the year ended September 30, 2025. The (\$118,094) reported for Hurricane Hermine is the correction of an overstatement of expenditures on the fiscal year 2017 Schedule of Expenditures of Federal Awards (SEFA), while the (\$91,769) reported for Hurricane Irma is the correction of an overstatement of SEFA expenditures for fiscal year 2021.

National Endowment of the Arts: Expenditures of \$30,000 incurred in a prior year are recorded on the Schedule of Expenditures of Federal Awards.

FDOT Transportation Alternative Program: Expenditures of \$361,600 incurred in a prior year are recorded on the Schedule of Expenditures of State Awards.

FDLE Drone Replacement Program: Expenditures of \$7,222 incurred in a prior year are recorded on the Schedule of Expenditures of State Awards.

CITY OF CLEARWATER, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2025

Part I—Summary of auditor’s results

Financial Statement Section

Type of report the auditor issued on whether the financial statements audited were in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified not considered to be material weakness(es)? x yes none reported

Noncompliance material to financial statements noted yes x no

Federal Awards Programs and State Financial Assistance Projects Section

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified not considered to be material weakness(es)? yes x none reported

Type of auditor's report on compliance for major federal and state programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes x no

Any audit findings disclosed that are required to be reported in accordance with 10.550? yes x no

Identification of major federal programs and state financial assistance projects:

Federal programs:

ALN Numbers	Name of Program or Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

State financial assistance projects:

CSFA Numbers	Name of Project
40.901	State Housing Initiatives Partnership Program

CITY OF CLEARWATER, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2025

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

Dollar threshold used to determine

Type A programs:

Federal programs

\$ 1,000,000

State projects

\$ 750,000

Auditee qualified as low-risk auditee

for federal purposes?

_____ yes x no

Part II—Schedule of financial statement findings

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

Significant Deficiency: Finding Number: 2025-001 Grant Revenue Recognition

Condition: For hurricane Hermine in August 2016 and hurricane Irma in August and September 2017, the City incurred recovery costs of \$137,776 and \$96,867 which were subsequently offset by insurance proceeds.

Criteria: According to FEMA policy, insurance is considered the primary source of funding for recovery and eligible costs will be reduced by the amount of actual or anticipated insurance proceeds.

Cause: The City's accounting procedures did not align with federal requirements for FEMA grant reporting. Management and accounting personnel did not have clear policies and procedures for when to recognize and report FEMA related expenditures, leading to premature recognition on the financial statements and the schedule of federal awards (“SEFA”).

Effect: This caused the September 30, 2017 SEFA to be overstated by \$118,094 and the September 30, 2021 SEFA to be overstated by \$91,769. \$137,776 of revenue and a related receivable was improperly recorded during the year ended September 30, 2019 in the Water & Sewer Fund. \$96,867 of revenue and a related receivable was improperly recorded during the year ended September 30, 2021 in the Special Programs Special Revenue Fund. An entry was made in the current year to write off the receivable of \$137,776 in the Water & Sewer Fund and \$96,867 in the Special Programs Special Revenue Fund.

Recommendation: The City should develop and implement formal, written accounting policies and procedures for recognizing and reporting FEMA Public Assistance expenditures. The new procedures should ensure costs reported as FEMA expenditures do not include costs covered by insurance proceeds.

Management’s Response: See attached Corrective Action Plan

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

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported in accordance with 2 CFR 200.516(a).

CITY OF CLEARWATER, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2025

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

FINANCE DEPARTMENT, POST OFFICE BOX 4748, CLEARWATER, FLORIDA 33758-4748
MUNICIPAL SERVICES BUILDING, 100 SOUTH MYRTLE AVENUE, CLEARWATER, FLORIDA 33756
TELEPHONE (727) 562-4530

Corrective Action Plan for the City of Clearwater, Florida for Fiscal Year 2025

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

Finding Number 2025-001 – Significant Deficiency: Grant Revenue Recognition

Corrective Action Plan: Management will develop and implement formal, written accounting policies and procedures for recognizing FEMA Public Assistance expenditures to ensure costs reported do not include costs covered by insurance proceeds.

Responsible Party: Jay Ravins, Finance Director

Anticipated Date of Completion: June 1, 2026

Ryan Cotton, Councilmember
Mike Mannino, Councilmember

Bruce Rector, Mayor



David Allbritton, Councilmember
Lina Teixeira, Councilmember

"Equal Employment and Affirmative Action Employer"

CITY OF CLEARWATER, FLORIDA
SUMMARY OF PRIOR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2025

Finding 2024-001: Material Weakness – Preparation of the Schedule of Federal Awards and State Financial Assistance

Finding: The schedule of expenditures of federal awards and state assistance was overstated by approximately \$1,400,000.

Status: Implemented.

Finding 2024-004: Significant Deficiency – Financial Reporting

Finding: The City was awarded grant funding from the U.S. Department of HUD for the construction of the Imagine Clearwater project. As of September 30, 2023, the City recognized \$1,493,242 in revenue. It was subsequently determined that the eligibility requirement per the award agreement to obtain an environmental review prior to incurring expenditures was not met in the previous year.

Status: Implemented.

Finding 2024-002: Significant Deficiency – ALN 14.218 – Reporting

Finding: The City did not report required information about subawards made under Assistance Listing No. 14.218 to the Federal Funding Accounting and Transparency Act of 2006 (“FFATA”) Subaward Reporting System (FSRS) as required by FFATA within the timeline required for one subaward.

Status: Implemented.

Finding 2024-003: Significant Deficiency – ALN 14.218 – Special Tests and Provisions – Wage Rate Requirements

Finding: The City did not consistently obtain the required certified payrolls from contractors and subcontractor on a weekly basis for each week contract work was performed, as required by 2 CFR Section 5.5(3)(ii)(A).

Status: Implemented.

Independent Auditor's Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the City of Clearwater, Florida (the "City"), as of and for the year ended September 30, 2025, and have issued our report thereon dated March 31, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("Uniform Guidance"); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Report of Independent Auditor on Compliance for Each Major Federal Program and State Assistance Project and on Internal Control over Compliance Required by Uniform Guidance and Chapter 10.550, *Rules of the Auditor General of the State of Florida*; Schedule of Findings and Questioned Costs; and Report of Independent Accountant on Compliance with Local Government Investment Policies, regarding compliance in accordance with Chapter 10.550, Rules of the Auditor General. Disclosure in those reports and schedule, which are dated March 31, 2026, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City did not operate a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, within the City's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information (unaudited)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the Downtown Development Board reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as \$-0-.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as \$-0-.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$-0-.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$57,379.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as \$-0-.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as \$504,323.

Additional Matters

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

Purpose of this Letter

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

Cherry Bekaert LLP

Tampa, Florida
March 31, 2026

**Report of Independent Accountant on Compliance
with Local Government Investment Policies**

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

We have examined the City of Clearwater, Florida's (the "City") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2025. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2025.

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

Cherry Bekaert LLP

Tampa, Florida
March 31, 2026