

**Single Audit /  
Grants Compliance**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clearwater, Florida (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 28, 2016. That report recognizes that the City implemented new accounting standards effective October 1, 2014. We have also audited the financial statements of each of the City's nonmajor governmental funds, nonmajor enterprise funds, internal service and fiduciary funds presented as supplementary information in the accompanying combining and individual fund statements as of and for the year ended September 30, 2015, as listed in the table of contents. That report recognizes that the City implemented new accounting standards effective October 1, 2014.

**Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency, 2015-001 described in the accompanying schedule of findings and questioned costs to be a material weakness.

### **Compliance and Other Matters**

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

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

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Tampa, Florida  
March 28, 2016

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

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

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program and State Financial Assistance Project***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs and state financial assistance projects for the year ended September 30, 2015.

## Report on Internal Control over Compliance

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

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

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

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

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

Tampa, Florida  
March 28, 2016

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

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

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

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

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

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

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

(a) Funded with State grants and aids appropriations.

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

NOTE 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance Projects presents the activity of all federal financial and state grant activity projects of the City of Clearwater, Florida (the “City”). Federal and state financial assistance received directly from federal and state agencies, and federal financial assistance passed through other governmental agencies are included on the schedules. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*.

NOTE 2 – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance Projects is presented using the accrual basis of accounting, depending on the type of fund in which the grant is recorded, as described in Note 1.C. to the City’s basic financial statements.

NOTE 3 – CFDA/CSFA Numbers

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

NOTE 4 – Subrecipients

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

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

NOTE 5 – Loans Outstanding

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

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

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

YEAR ENDED SEPTEMBER 30, 2015

**Part I—Summary of auditor’s results**

**Financial Statement Section**

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

**Federal Awards Programs and State Projects Section**

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

Identification of major federal programs and state projects:

Federal programs:	
CFDA Numbers	Name of Program or Cluster
14.239	Home Investment Partnerships Program

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

**CITY OF CLEARWATER, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

YEAR ENDED SEPTEMBER 30, 2015

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

Dollar threshold used to determine Type A programs:

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

Auditee qualified as low-risk auditee for federal purposes?

  x   yes             no

**Part II—Schedule of financial statement findings**

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

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

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

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

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

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

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

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

**CITY OF CLEARWATER, FLORIDA**

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

*YEAR ENDED SEPTEMBER 30, 2015*

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

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

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

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

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

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

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

*YEAR ENDED SEPTEMBER 30, 2015*

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

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

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

## Independent Auditor's Management Letter

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

### Report on the Financial Statements

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

### Auditor's Responsibility

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

### Other Reports

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

### Prior Audit Findings

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

### Official Title and Legal Authority

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

### Financial Condition

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

**Annual Financial Report**

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

**Deepwater Horizon Oil Spill**

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

**Other Matters**

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

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

**Purpose of this Letter**

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

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

Tampa, Florida  
March 28, 2016

## **Report of Independent Accountant on Compliance with Local Government Investment Policies**

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

### **Report on Compliance**

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

### **Scope**

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

### **Opinion**

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



Tampa, Florida  
March 28, 2016

**City of Clearwater, Florida**  
*Schedule of Receipts and Expenditures of Funds Related to the  
 Deepwater Horizon Oil Spill  
 For the Fiscal Year Ended September 30, 2015*

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

Note: This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. The City did not receive funds that were considered Federal funds or State financial assistance related to the Deepwater Horizon Oil Spill.