



**CLEARWATER COMMUNITY
REDEVELOPMENT AGENCY
Audit Executive Summary**

MAY 8, 2026



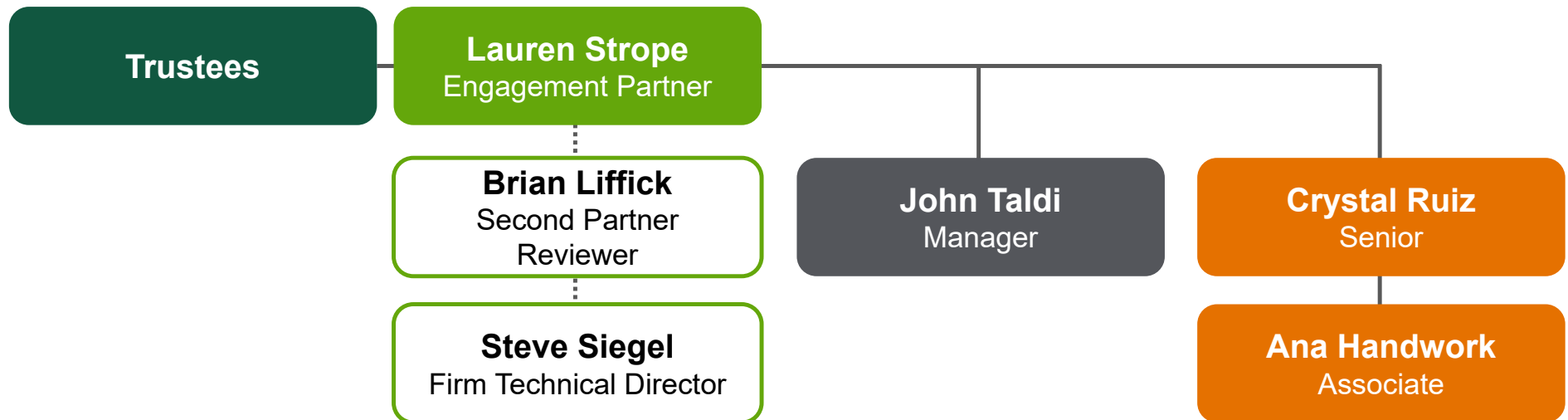
Agenda

- ▶ Client Service Team
- ▶ Results of the Audit
- ▶ Internal Control Communication
- ▶ Finding 2025-001 – Material Weakness
- ▶ Corrected and Uncorrected Misstatements
- ▶ Qualitative Aspects of Accounting Practices
- ▶ Independence Considerations
- ▶ Other Required Communications
- ▶ Other Matters
- ▶ Upcoming Financial Reporting Changes

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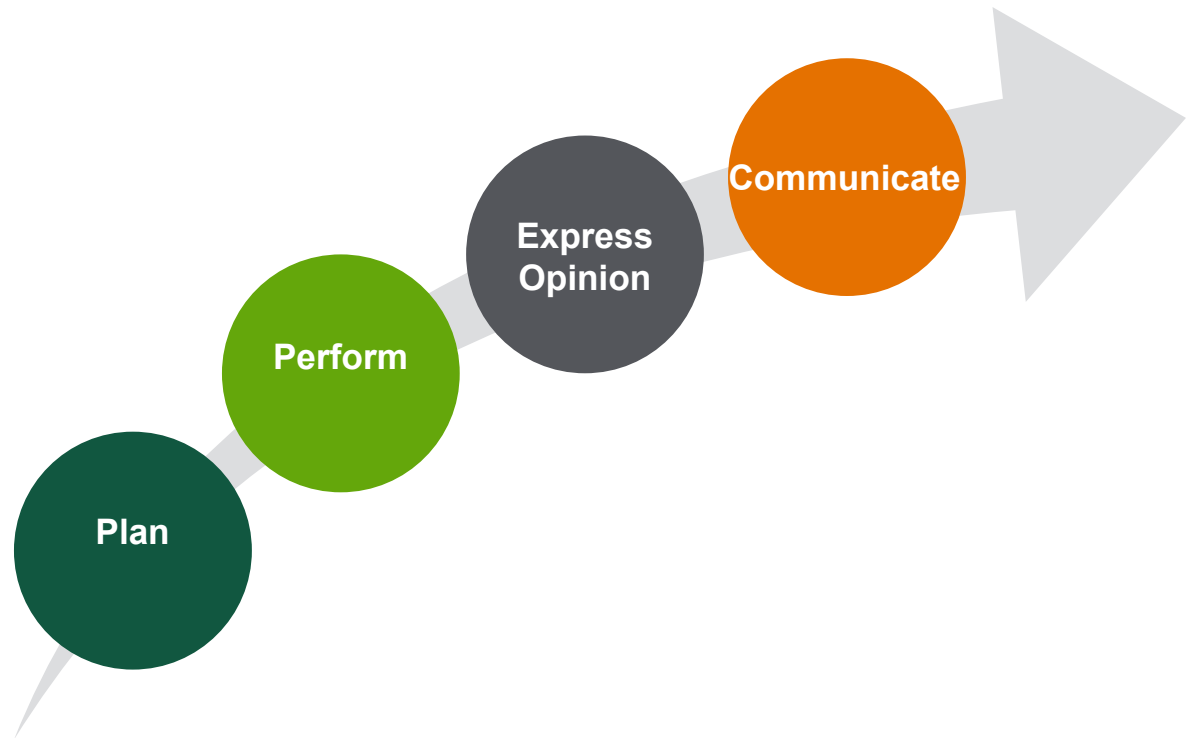
Client Service Team



Results of the Audit

We have audited the financial statements of Clearwater Community Redevelopment Agency (the “Agency”) for the year ended September 30, 2025, and we have issued our report thereon dated May 8, 2026, in accordance with generally accepted auditing standards and *Government Auditing Standards*. We have issued an unmodified opinion on the financial statements

We also issued a no comment management letter under Chapter 10.550 Rules of the Auditor General and an unmodified opinion on the compliance with investment and CRA policy examination.



Internal Control Communication

In planning and performing our audit, we considered internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

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.



Internal Communication

Material Weakness

- ▶ 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 Agency's financial statements will not be prevented, or detected and corrected, on a timely basis.

Significant Deficiency

- ▶ A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We reported one material weakness.



Finding 2025-001 – Material Weakness

Criteria

- ▶ Yearly, Clearwater Redevelopment Agency's (the "Agency") Finance Department must produce financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). A sound financial reporting and close process includes proper oversight and review of annual adjustments, such those related to capital assets..

Condition/Effect

- ▶ During the preparation of the financial statements, staff noted that a donation of three capital asset from the City of Clearwater, Florida to the Agency was not properly reported in the Agency's financial records. The asset had an acquisition cost of \$350,418 and would have been depreciated \$5,367 during the year ended September 30, 2024 if properly capitalized. This caused the Agency's September 30, 2024 net position to be understated by \$345,051.

Cause and Recommendation

- ▶ Cause – In discussion with management, it was determined that this error was the result of the assets being purchased directly by City funds before being donated to the CRA.
- ▶ Recommendation – It is our recommendation that the reconciliation of the CRA's capital asset rollforward include a comparison to the Pinellas County Property Appraiser's website to ensure all real property owned by the CRA is appropriately reflected in the CRA financial statements.



Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Corrected Misstatements

- ▶ There was an increase of prior year net position and capital assets in the amount of \$345,051.



Corrected and Uncorrected Misstatements

Uncorrected Misstatements

▶ None noted.

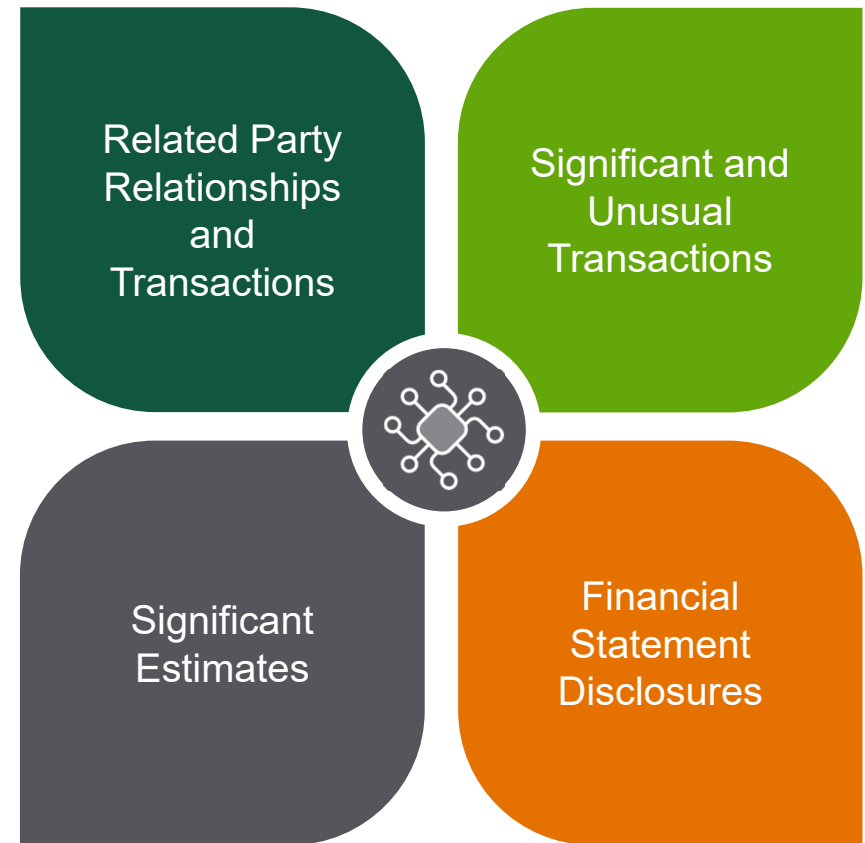


Qualitative Aspects of Accounting Practices

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

As described in Note 2, the Agency adopted Government Accounting Standards Board (“GASB”) Statement 102, *Certain Risk Disclosures*, and GASB Statement 104, *Disclosure of Certain Capital Assets* effective October 1, 2024.

We noted no inappropriate accounting policies or practices.

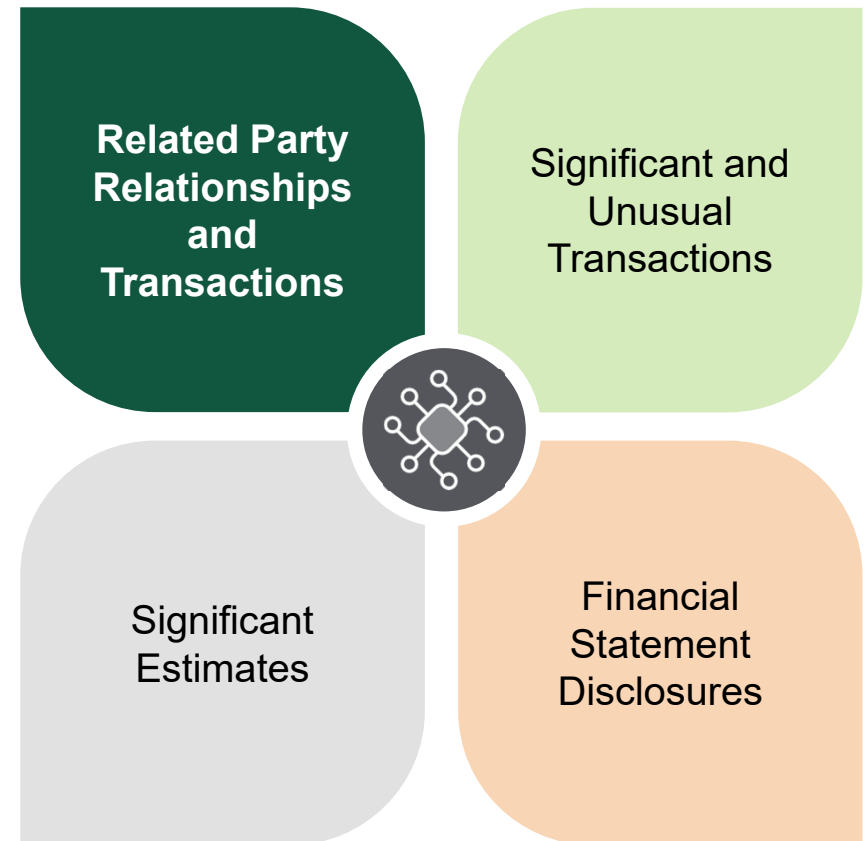


Qualitative Aspects of Accounting Practices

As part of our audit, we evaluated the Agency's identification of, accounting for, and disclosure of the Agency's relationships and transactions with related parties as required by professional standards.

We noted none of the following:

- Related parties or related party relationships or transactions that were previously undisclosed to us;
- Significant related party transactions that have not been approved in accordance with the Agency's policies or procedures or for which exceptions to the Agency's policies or procedures were granted;
- Significant related party transactions that appeared to lack a business purpose;
- Noncompliance with applicable laws or regulations prohibiting or restricting specific types of related party transactions; and
- Difficulties in identifying the party that ultimately controls the Agency.

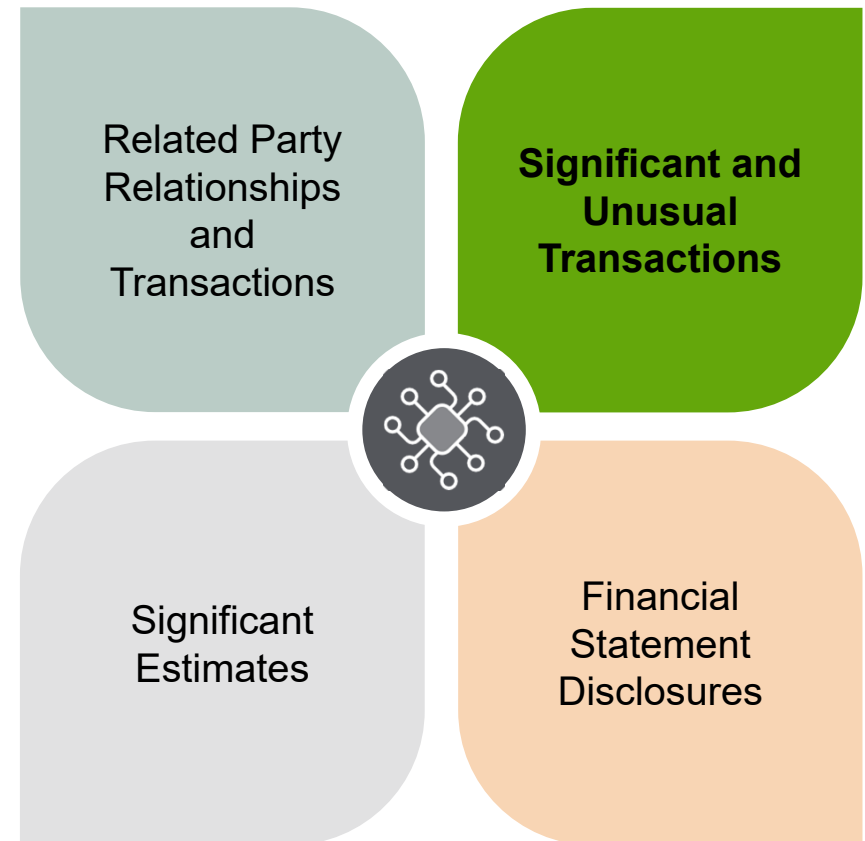


Qualitative Aspects of Accounting Practices

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

For purposes of this presentation, professional standards define significant unusual transactions as transactions that are outside the normal course of business for the Agency or that otherwise appear to be unusual due to their timing, size, or nature.

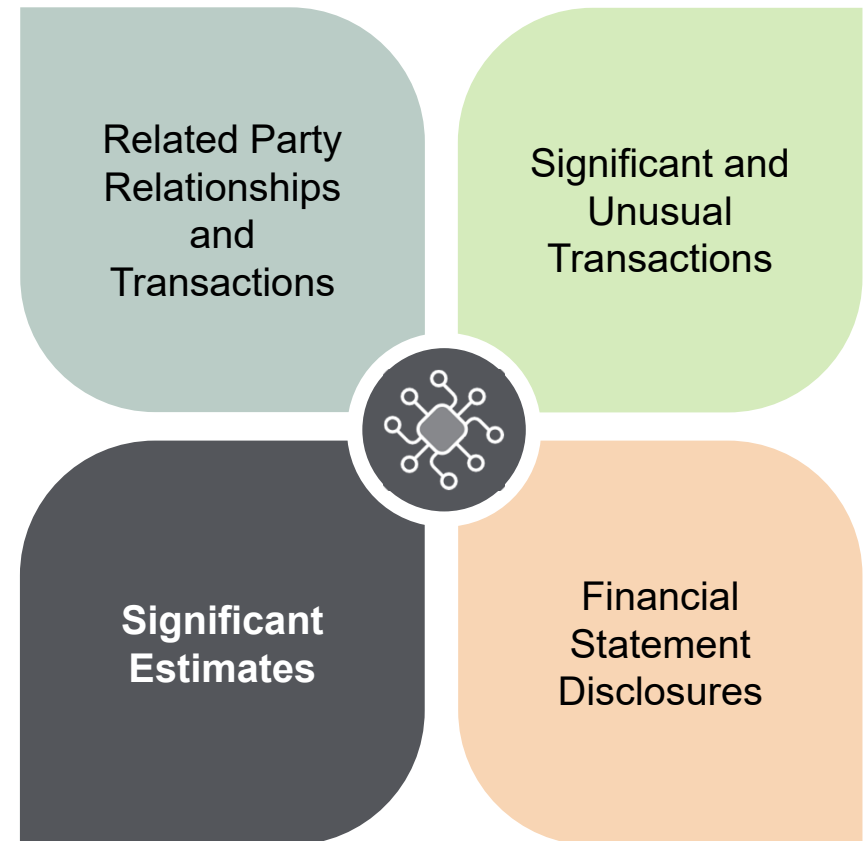
There were no significant or usual transactions during the year ended September 30, 2025. All transactions appear to have been recognized in the proper period with respect to this activity.



Qualitative Aspects of Accounting Practices

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Some of the estimates affecting the financial statements were:

- Management's estimate of the useful lives of capital assets is based on the historical experience with such assets.
- Management's estimate of the allowance for doubtful accounts receivable and notes receivable is based on an analysis of historical collection trends, current customer relations, credit sales levels, industry factors, and current and anticipated economic conditions.

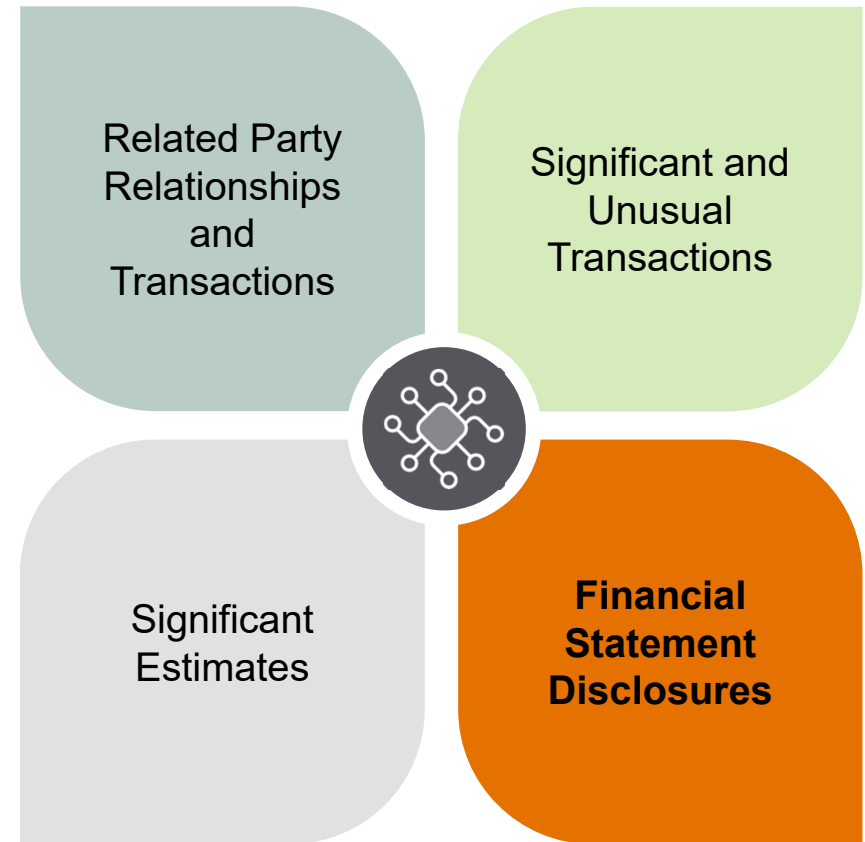


Qualitative Aspects of Accounting Practices

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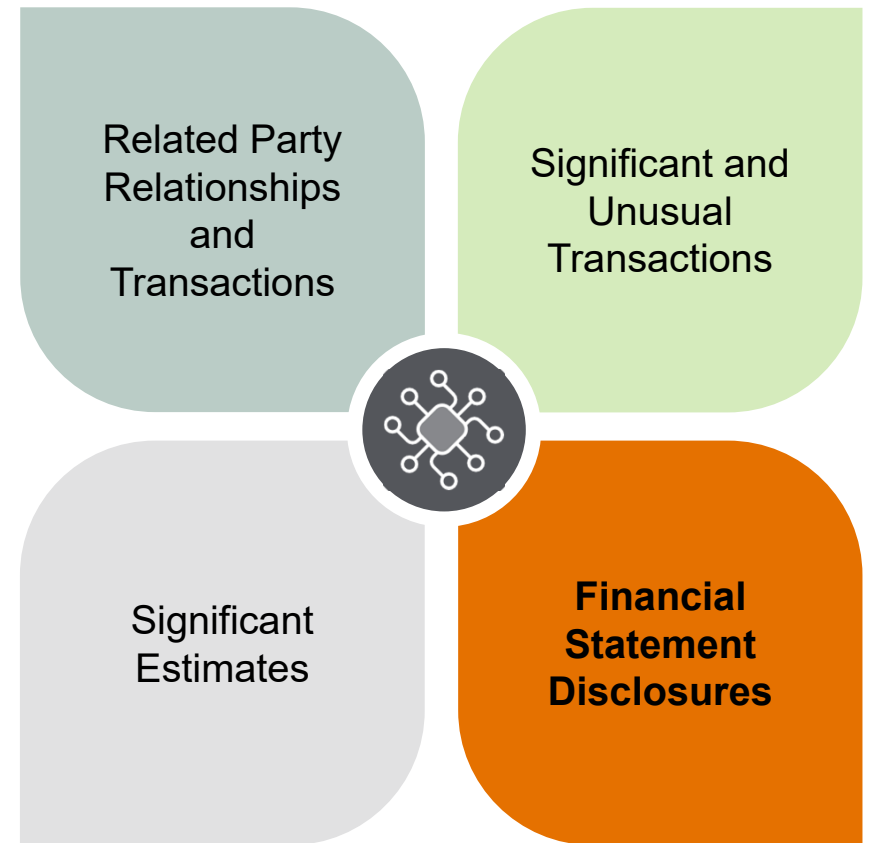
- Management's estimate of the fair value of investments is based on values established by active markets, or when no active markets are present, it is based on the net asset value established by an independent third party.

We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.



Qualitative Aspects of Accounting Practices

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



Independence Considerations

Nonattest Services

- ▶ For all nonattest services we perform, you are responsible for designating a competent employee to oversee the services, make any management decisions, perform any management functions related to the services, evaluate the adequacy of the services, and accept overall responsibility for the results of the services.



Independence Conclusion

- ▶ We are not aware of any other circumstances or relationships that create threats to auditor independence.
- ▶ We are independent of the Agency and have met our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.



Other Required Communications

Difficulties Encountered

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

Disagreements with Management

Includes disagreements on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Auditor Consultations

We noted no matters that are difficult or contentious for which the auditor consulted outside the engagement team.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 8, 2026.



Other Required Communications

Management Consultations

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. To our knowledge, there were no such consultations with other accountants.

Other Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Fraud and Illegal Acts

As of the date of this presentation, no fraud, illegal acts, or violations of laws and regulations noted.

Going Concern

No events or conditions noted that indicate substantial doubt about the Agency’s ability to continue as a going concern.



Upcoming Financial Reporting Changes

These standards will be effective for the Agency in the upcoming years and may have a significant impact on the Agency's financial reporting.

We would be happy to discuss with management the potential impacts on the Agency's financial statements and how we may be able to assist in the implementation efforts.

- ▶ *GASB Statement 103, Financial Reporting Model Improvements*
- ▶ *GASB Statement 105, Subsequent Events*



Questions

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