

City of Pompano Beach, Florida

Single Audit Reports in Accordance with
OMB Circular A-133 and Chapter 10.550, *Rules of
the Auditor General of the State of Florida*

Year Ended September 30, 2013

City of Pompano Beach, Florida

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

To the Honorable Mayor and Members of the
City Commission
City of Pompano Beach, 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 Pompano Beach, Florida (the City), as of and for the year ended September 30, 2013, 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 25, 2014. Our report includes a reference to other auditors who audited the financial statements of the Pompano Beach Police and Firefighters' Retirement System and the City of Pompano Beach General Employees' Retirement System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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.

McGladrey LLP

Fort Lauderdale, Florida
March 25, 2014



**Independent Auditor's Report on Compliance for Each Major
Federal Program and State Project; Report on Internal Control
Over Compliance; and Report on the Schedule of Expenditures of
Federal Awards and State Financial Assistance Required
by OMB Circular A-133 and Chapter 10.550, Rules of the Florida Auditor General**

To the Honorable Mayor and Members of the
City Commission
City of Pompano Beach, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited City of Pompano Beach, Florida's (the City) compliance with the types of compliance requirements described in the *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 each of the City's major federal programs and state project for the year ended September 30, 2013. The City's major federal programs and state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state project for the year ended September 30, 2013.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 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 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, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and State Financial Assistance

We have audited the financial statements of the City as of and for the year ended September 30, 2013, and have issued our report thereon dated March 25, 2014, which contained an unmodified opinion on those financial statements. Our report included a reference to other auditors. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

McGladrey LLP

Fort Lauderdale, Florida
March 25, 2014

City of Pompano Beach, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance
Fiscal Year Ended September 30, 2013

Federal/State Agency, Pass Through Entity Federal Program/State Project	CFDA CSFA No.	Contractor/ Grant No.	Expenditures	Pass through to Sub recipients
Federal Awards				
U.S. Department of Housing and Urban Development:				
Community Development Block Grants – Entitlement Grants Cluster				
Direct assistance:				
Community Development Block Grant	14.218	B-10-MC-12-0026 through B-11-MC-12-0026	\$ 1,232,556	\$ 109,000
Community Development Block Grant NSP (1)	14.218	B-08-MN-12-0024	985,755	-
Total Community Development Block Grants - Entitlement Grants Cluster			2,218,311	109,000
Direct assistance:				
Home Investment Partnership Program	14.239	M-09-MC-12-0229 through M-11-MC-12-0229	1,212,736	183,783
Neighborhood Stabilization Program NSP (3)	14.264	B-11-MN-12-0024	669,519	-
Total U.S. Department of Housing and Urban Development			4,100,566	292,783
U.S. Department of Justice (DOJ)				
Direct assistance:				
Federal Equitable Sharing Program	16.922	GR54939	353	-
Community Oriented Policing Services (COPS) Cops Hiring Program	16.710	2011-UM-WX-0040	616,251	-
Total U.S. Department of Justice			616,604	-

(Continued)

City of Pompano Beach, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance, continued
 Fiscal Year Ended September 30, 2013

Federal/State Agency, Pass Through Entity Federal Program/State Project	CFDA CSFA No.	Contractor/ Grant No.	Expenditures	Pass through to Sub recipients
U.S. Department of Homeland Security, FEMA:				
Pass through Broward County Urban Area Security Initiative 2009	97.067	09-DS-48-11-16-02-448	\$ 96,384	\$ -
Pass through Broward County Urban Area Security Initiative 2010	97.067	11-DS-A1-11-16-02-487	51,462	-
Total U.S. Department of Homeland Security, FEMA			<u>147,846</u>	<u>-</u>
U.S. Department of Agriculture:				
Pass through Florida Department of Education Summer Food Service Program	10.559	04-0984	43,717	-
Federal Aviation Authority				
Aviation Grants -Airport Improvement Program	20.106	3-12-0066-001-2012	1,470,601	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,379,334</u>	<u>\$ 292,783</u>
State of Florida:				
Florida Housing Finance Corporation State Housing Initiative Partnership Program	52.901	SHIP 11,12,13	\$ 111,281	\$ -
State of Florida:				
Florida Department of Environmental Protection Voluntary Cleanup Tax Credits	37.056	VCTC #291 & 292	527,189	-
State of Florida:				
Florida Department of Transportation: Aviation Development Grants	55.004	AQ001 423985-1-94-01	81,700	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 720,170</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

City of Pompano Beach, Florida

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2013**

Note 1. General and Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal programs and state awards of the City of Pompano Beach, Florida (the "City") for the year ended September 30, 2013. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the accompanying Schedule. The information in this schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance/net position or cash flows, where applicable, of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

Note 2. Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. 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 the Rules of the Department of Financial Services, State of Florida.

City of Pompano Beach, Florida

**Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2013**

I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ X No
Significant deficiency(ies) identified?	_____ Yes	_____ X None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	_____ X No
Significant deficiency(ies) identified?	_____ Yes	_____ X None Reported

Type of auditor's report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ Yes	_____ X No

Identification of major programs:

The programs tested as major were as follows:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218 / 14.253	Community Development Block Grants Cluster
20.106	Aviation Grants – Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:	\$	300,000
Auditee qualified as low-risk auditee?	_____ X Yes	_____ No

(Continued)

City of Pompano Beach, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2013

Section I - Summary of Auditor's Results (Continued)

State Financial Assistance

Internal control over major projects:

Material weakness(es) identified?	<u> </u> Yes	<u> X</u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X</u> None Reported

Type of auditor's report issued on compliance for major projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Florida Auditor General*?

<u> </u> Yes	<u> X</u> No
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Identification of major project:

The project tested as major is as follows:

CSFA Number(s)
37.056

Name of State Program
Voluntary Cleanup Tax Credits

Dollar threshold used to distinguish between type A and type B projects:

\$300,000

The City of Pompano Beach, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2013

Section II – Financial Statements Findings

A. Internal Control

None reported.

B. Compliance

None reported.

Section III – Federal Awards Findings and Questioned Costs

A. Internal Control over Compliance

None reported.

B. Compliance

None reported.

Section IV – State Financial Assistance Findings and Questioned Costs

A. Internal Control over Compliance

None reported.

B. Compliance

None reported.

City of Pompano Beach, Florida

**Summary Schedule of Prior Year's Audit Findings
Fiscal Year Ended September 30, 2013**

No findings were noted for the year ended September 30, 2012.