

# City of Pompano Beach, Florida

Single Audit Reports in Accordance with  
OMB Circular A-133 and Management Letter in  
Accordance With the *Rules of the Auditor General  
of the State of Florida*

Fiscal Year Ended September 30, 2012

## Table of Contents

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Schedule of Expenditures of Federal Awards and State Financial Assistance	1 – 2
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	3
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 <i>Government Auditing Standards</i>	4 – 5
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards and State Financial Assistance	6 – 7
Schedule of Findings and Questioned Costs	8 – 9
Schedule of Prior Audit Findings	10
Management Letter Required By Chapter 10.550 of the Rules of the Auditor General of the State of Florida	11 – 12
Appendix A – Current Year's Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls	13
Appendix B – Status of Prior Year's Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls	14

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City of Pompano Beach, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Fiscal Year Ended September 30, 2012

Federal/State Agency, Pass Through Entity Federal Program/State Project	CFDA CSFA No.	Contractor/ Grant No.	Expenditures	Pass through to Sub recipients
<b>Federal Awards</b>				
U.S. Department of Housing and Urban Development:				
Community Development Block Grants – Entitlement Grants Cluster				
Direct assistance:				
Community Development Block Grant	14.218	B-09-MC-12-0026 through B-11-MC-12-0026	\$ 1,427,132	\$ 91,542
Community Development Block Grant NSP (1)	14.218	B-08-MN-12-0024	1,169,914	-
<b>Total Community Development Block Grants - Entitlement Grants Cluster</b>			2,597,046	91,542
Pass through Florida Department of Economic Opportunity:				
Pass through Broward County:				
2005 CDBG Disaster Recovery Initiative/FL DCA	14.228	08-DB-D3-11-16-01-A06	3,250	-
Direct assistance:				
Home Investment Partnership Program	14.239	M-08-MC-12-0229 through M-09-MC-12-0229	375,318	-
Homelessness Prevention and Rapid Re-Housing Program (HPRP)	ARRA 14.257	S-09-MY-12-0029	103,350	103,350
Neighborhood Stabilization Program NSP (3)	14.264	B-11-MN-12-0024	823,969	-
<b>Total U.S. Department of Housing and Urban Development</b>			3,902,933	194,892
U.S. Department of Justice (DOJ)				
Direct assistance:				
Federal Equitable Sharing Program	16.922	GR54939	39,813	-
Community Oriented Policing Services (COPS) Cops Hiring Program	16.710	2011-UM-WX-0040	328,226	-
<b>Total U.S. Department of Justice</b>			368,039	-

(Continued)

City of Pompano Beach, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance, continued  
Fiscal Year Ended September 30, 2012

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 Energy Direct assistance: Energy Efficiency and Conservation Block Grant Programs	ARRA 81.128	DE-SCOO2703	\$ 557,479	\$ -
U.S. Department of Homeland Security, <u>FEMA</u> Pass through Florida division of Emergency Management: Assistance to Firefighters Grants RESCUE BOAT	97.044	EMW-2011-FO-01922	46,400	-
Pass through Broward County: Urban Area Security Initiative 2009	97.067	09-DS-48-11-16-02-448	33,254	-
Federal Grant NIMS CEMP/COOP Urban Area Security Initiative 2010 - 2011	97.067	11-DS-32-11-16-02-017	35,933	-
Total Urban Area Security Initiative			69,187	-
<b>Total U.S. Department of Homeland Security, <u>FEMA</u></b>			115,587	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 4,944,038</b>	<b>\$ 194,892</b>
<b>State Financial Assistance</b>				
Florida Housing Finance Corporation State Housing Initiative Partnership Program	52.901	SHIP 08, 09,10	\$ 285,047	\$ -
Florida Department of Health County Grant Awards	64.005	11-OMETS-8151-01(01)	1,500	-
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<b>\$ 286,547</b>	<b>\$ -</b>

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  
Fiscal Year Ended September 30, 2012**

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**Note 1. 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 projects of the City of Pompano Beach, Florida (the "City") for the year ended September 30, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement. 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 assets 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. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on 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. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.



**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 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 3, 2013. Our report was modified to include a reference to other auditors. 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. Other auditors 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***

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

This report is intended solely for the information and use of the Honorable Mayor, members of the City Commission, management of the City, federal and state awarding agencies, pass-through entities and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey LLP*

Fort Lauderdale, Florida  
April 3, 2013



**Independent Auditor's Report  
on Compliance With Requirements That Could  
Have A Direct and Material Effect on Each Major  
Federal Program and on Internal Control Over  
Compliance in Accordance With OMB Circular  
A-133 and on the Schedule of Expenditures  
of Federal Awards and State Financial Assistance**

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

**Compliance**

We have audited the City of Pompano Beach, 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*, that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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*. Those standards and the OMB Circular A-133, 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 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

### ***Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A133, 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 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 will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### ***Schedule of Expenditures of Federal Awards and State Financial Assistance***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2012, and have issued our report thereon dated April 3, 2013, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the City's financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for the purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General of the State of Florida* 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 the 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.

This report is intended solely for the information and use of the Honorable Mayor, the members of the City Commission, management of the City, federal and state awarding agencies and pass-through entities and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey LLP*

Fort Lauderdale, Florida  
April 3, 2013

**The City of Pompano Beach, Florida**

**Schedule of Findings and Questioned Costs  
Fiscal Year Ended September 30, 2012**

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**I - Summary of Independent Auditor's Results**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ <u>X</u> None Reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No	

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ <u>X</u> None Reported	

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

	_____ Yes	_____ <u>X</u> No	
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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
14.239	Home Investment Partnership Program
14.257	Homeless Prevention and Rapid Re-housing Program (ARRA)
14.264	Neighborhood Stabilization Program 3
16.710	Community Oriented Policing Services Grant
81.128	Energy Efficiency and Conservation Block Grant 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)

**The City of Pompano Beach, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2012**

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**II – Financial Statements Findings**

None reported.

**III – Federal Awards Findings**

None reported.

**City of Pompano Beach, Florida**

**Summary Schedule of Prior Year's Audit Findings  
Fiscal Year Ended September 30, 2012**

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**2011-1 - Reporting**

**U.S. Department of Housing and Urban Development**

**Community Development Block Grant - Entitlement - ARRA (CFDA No. 14.253)**

**U.S. Department of Energy**

**Energy Efficiency and Conservation Block Grant – ARRA (CFDA 81.128)**

Audit Finding: The amount of funds received and expended on ARRA programs as reported in the City's financial records did not agree with the amount reported on FederalReporting.gov.

Corrective Action Taken: Corrective action taken.

**2011-2 - Reporting**

**U. S. Department of Homeland Security**

**Assistance to Firefighters Grant – CFDA 97.044**

Audit Finding: A report filed with the granting agency did not appear to contain evidence of supervisory review.

Corrective Action Taken: Corrective action taken.



**Management Letter Required By  
Chapter 10.550 of the Rules of the  
Auditor General of the State of Florida**

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

We have audited 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 fiscal year ended September 30, 2012 and have issued our report thereon dated April 3, 2013. Our report was modified to include a reference to other auditors.

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; and OMB Circular A-133 *Audits of States, Local Governments, and Non-profit Organizations*, and Chapter 10.550, *Rules of the Florida Auditor General*. We have issued our 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*, and Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards and State Financial Assistance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule which are dated April 3, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information which is not in the aforementioned auditor's reports or schedule:

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.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes, relating to local government investment policies.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements or fraud, illegal acts or abuse and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., *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. This information is disclosed in Note 1 of the City's financial statements.

Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity 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.

Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2012 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, 2012. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), *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.

Our management letter is intended solely for the information and use of the Honorable Mayor, members of the City Commission, management of the City, members of the Legislative Auditing Committee, members of the Florida Senate and the House of Representatives, the Florida Auditor General, federal and state awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey LLP*

Fort Lauderdale, Florida  
April 3, 2013

**City of Pompano Beach, Florida**

**Appendix A – Current Year’s Recommendations to Improve Financial Management,  
Accounting Procedures and Internal Controls  
Fiscal Year Ended September 30, 2012**

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None Noted

**City of Pompano Beach, Florida**

**Appendix B – Prior Year’s Recommendations to Improve Financial Management, Accounting  
Procedures and internal Controls  
Fiscal Year Ended September 30, 2012**

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None Noted