

**CITY OF HALLANDALE BEACH, FLORIDA**

**COMPLIANCE REPORTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

**CITY OF HALLANDALE BEACH, FLORIDA**  
**COMPLIANCE REPORTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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**CITY OF HALLANDALE BEACH, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

| Federal Grantor/Pass-through<br>Grantor/Program Title  | Federal<br>CFDA<br>Number | Grant<br>Identification<br>Number | Total<br>Expenditures | Passed<br>Through to<br>Subrecipients |
|--|---------------------------|-----------------------------------|-----------------------|---------------------------------------|
| <b><u>U.S. Department of Housing and Urban Development</u></b>   |                           |                                   |                       |                                       |
| <b>(Passed through Broward County Community Development Division)</b>  |                           |                                   |                       |                                       |
| Community Development Block Grants - Entitlement Cluster   |                           |                                   |                       |                                       |
| 43rd Year CDBG - Friends of the Hepburn Center   |                           |                                   |                       |                                       |
| After School Tutorial Enrichment Program   | 14.218                    | NA                                | \$ 91,121             | \$ -                                  |
| 42nd Year CDBG - Public Works Improvement Project  | 14.218                    | NA                                | 109,842               | -                                     |
| <b>Total U.S. Department of Housing and Urban Development</b>  |                           |                                   | <u>200,963</u>        | <u>-</u>                              |
| <b><u>U.S. Department of Justice</u></b>   |                           |                                   |                       |                                       |
| Direct:  |                           |                                   |                       |                                       |
| Bulletproof Vest Partnership Program 2016  | 16.607                    | NA                                | 6,323                 | -                                     |
| Bulletproof Vest Partnership Program 2017  | 16.607                    | NA                                | 105                   | -                                     |
| Federal Equitable Sharing Program  | 16.922                    | FL0060400                         | 202,560               | -                                     |
| Subtotal direct programs   |                           |                                   | <u>208,988</u>        | <u>-</u>                              |
| <b>(Passed through Broward County Sheriff's Office)</b>  |                           |                                   |                       |                                       |
| Edward Byrne Memorial Justice Assistance Grant 2015  | 16.738                    | 2015-DJ-BX-1021                   | 14,691                | -                                     |
| Edward Byrne Memorial Justice Assistance Grant 2016  | 16.738                    | 2016-DJ-BX-0574                   | 17,613                | -                                     |
| Subtotal indirect programs   |                           |                                   | <u>32,304</u>         | <u>-</u>                              |
| <b>Total U.S. Department of Justice</b>  |                           |                                   | <u>241,292</u>        | <u>-</u>                              |
| <b><u>U.S. Department of Treasury</u></b>  |                           |                                   |                       |                                       |
| Federal Equitable Sharing Program  | 21.016                    | FL0060400                         | 4,776                 | -                                     |
| <b>Total U.S. Department of Treasury</b>   |                           |                                   | <u>4,776</u>          | <u>-</u>                              |
| <b><u>U.S. Department of Transportation</u></b>  |                           |                                   |                       |                                       |
| <b>(Passed through the Florida Department of Transportation)</b>   |                           |                                   |                       |                                       |
| USF High Visibility Enforcement - Pedestrian and Bicycle Safety<br>(Highway Planning and Construction Cluster)           | 20.205                    | G0023                             | 12,461                | -                                     |
| <b>Total U.S. Department of Transportation</b>   |                           |                                   | <u>12,461</u>         | <u>-</u>                              |
| <b><u>U.S. Department of Health and Human Services</u></b>   |                           |                                   |                       |                                       |
| <b>(Passed through Florida Department of Health and Rehabilitative Services)</b>   |                           |                                   |                       |                                       |
| Area-wide Council on Aging of Broward County, Inc.: Special<br>Programs for the Aging, Title III, part B - Aging Cluster | 93.044                    | JA118-78-2018                     | 44,372                | -                                     |
| Programs for the Aging, Title III, part B - Aging Cluster  | 93.044                    | JA117-78-2017                     | 26,173                | -                                     |
| <b>Total U.S. Department of Health and Human Services</b>  |                           |                                   | <u>70,545</u>         | <u>-</u>                              |
| <b><u>U.S. Department of Homeland Security</u></b>   |                           |                                   |                       |                                       |
| Direct:  |                           |                                   |                       |                                       |
| Assistance to Firefighters (noncash award)   | 97.044                    | EMW-2016-FR-00316                 | 70,000                | -                                     |
| Assistance to Firefighters - Fire prevention and Safety Grant  | 97.044                    | EMW-2016-FP-00772                 | 12,858                | -                                     |
| Subtotal direct programs   |                           |                                   | <u>82,858</u>         | <u>-</u>                              |
| <b>(Passed through Broward County EFSP Board)</b>  |                           |                                   |                       |                                       |
| Emergency Food & Shelter National Board Program-Phase 34   | 97.024                    | NA                                | 2,946                 | -                                     |
| <b>(Passed through the State of Florida Division of Emergency Management)</b>  |                           |                                   |                       |                                       |
| Hazard Mitigation - Northeast Drainage Project   | 97.039                    | 17-HM-3B-11-16-02-213             | 391,031               | -                                     |
| Subtotal indirect programs   |                           |                                   | <u>393,977</u>        | <u>-</u>                              |
| <b>Total U.S. Department of Homeland Security</b>  |                           |                                   | <u>476,835</u>        | <u>-</u>                              |
| <b>Total Expenditures of Federal Awards</b>  |                           |                                   | <u>\$ 1,006,872</u>   | <u>\$ -</u>                           |

See accompanying notes to schedule of expenditures of federal awards.

# CITY OF HALLANDALE BEACH, FLORIDA

## NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

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### **NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Hallandale Beach, Florida (the "City") under programs of the federal government for the year ended September 30, 2018. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, they are not intended to and do not present the financial position, changes in net position or cash flows of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements. All awards received directly from federal and state agencies, as well as amounts passed through other government agencies are included in the accompanying schedule of expenditures of federal awards.

### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on 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 Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, except for the Equitable Sharing programs for Justice and Treasury which follow, *Guide to Equitable Sharing for Foreign Countries and Federal, State, and Local Law Enforcement Agencies*. Pass-through entity identifying numbers are presented where available.

### **NOTE 3. INDIRECT COST RATE**

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**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**

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**To the Honorable Mayor, City Commission  
and City Manager  
Hallandale Beach, Florida**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hallandale Beach, Florida (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 31, 2019. Our report includes a reference to other auditors who audited the financial statements of the Police Officers and Firefighters' Personnel Retirement Trust, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or on compliance and other matters that are reported separately by those auditors. Our report also includes reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, as of October 1, 2017.

**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 purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

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**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'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 and related corrective action plan. 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 City'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.

Bradenton, Florida  
May 31, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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**To the Honorable Mayor, City Commission  
and City Manager  
Hallandale Beach, Florida**

**Report on Compliance for Each Major Federal Program**

We have audited the City of Hallandale Beach, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB 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, 2018. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

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 for the year ended September 30, 2018.

**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 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 to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

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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. 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 31, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Bradenton, Florida  
May 31, 2019

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION I  
SUMMARY OF AUDIT RESULTS

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:  
Material weaknesses identified?  Yes  No

Significant deficiencies identified not considered  
to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal Control over major programs:  
Material weaknesses identified?  Yes  No

Significant deficiencies identified not considered  
to be material weaknesses?  Yes  None reported

Type of auditor's report issued on compliance for  
major federal programs and state financial assistance Unmodified

Any audit findings disclosed that are required to  
be reported in accordance with the Uniform Guidance?  Yes  No

Identification of major federal program:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u>                                 |
|--------------------|---|
| 97.039             | <b>U.S. Department of Homeland Security</b><br>Hazard Mitigation Grants   |
| 97.044             | <b>U.S. Department of Homeland Security</b><br>Assistance to Firefighters |

Dollar threshold used to distinguish between  
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

**CITY OF HALLANDALE BEACH, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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**SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**2018-001      Governmental Fixed Assets**

|                                |  |
|--------------------------------|--|
| Criteria                       | Prudent policies include a formal closing process with supervisory Finance Department personnel who are responsible for the review of transactions and balances recorded. This includes evaluating construction projects in process, as well as completed construction projects, to ensure that all costs incurred to place the asset into service are properly capitalized in accordance with generally accepted accounting principles. |
| Condition/Context              | During the course of our audit procedures over capital assets for the fiscal year ended September 30, 2018, management indicated that there were items that should have been capitalized as part of construction projects in prior fiscal years that had not been reported. This resulted in a current year adjustment to correct governmental capital asset account balances.   |
| Cause                          | In prior years, the City failed to properly evaluate construction projects to ensure that all costs related to placing the asset into service were properly accounted for and capitalized.   |
| Effect                         | An adjustment was required to be recorded in the City's governmental activities to increase the capital asset balances.  |
| Recommendation                 | We recommend that the City establish a process in which it evaluates construction projects to ensure that all costs incurred to place the asset in service are captured and properly recorded on at least an annual basis.   |
| Views of Responsible Officials | The City concurs with the auditor's findings and recommendations for establishing a process to evaluate construction projects that ensures that all costs incurred are properly recorded on a timely basis. See corrective action plan for additional information.   |

**SECTION III  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

**CITY OF HALLANDALE BEACH, FLORIDA**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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**STATUS OF PRIOR YEAR AUDIT FINDINGS**

**2017-001      Financial Close and Reporting**

Criteria                      Prudent policies include a formal closing process with supervisory finance department personnel who are responsible for the review of transactions and balances recorded. This includes implementing a year-end closing checklist assigning responsibility for completing the procedures to specific City personnel. Timeliness of closing procedures is crucial to providing accurate financial information including interim and year-end financial statements.

Condition                    During the course of our audit procedures for the fiscal year ended September 30, 2017, there were auditor adjusting journal entries required to correct account balances. These entries are noted below:

- Record debt service payment for the 2007A bonds as a reduction of cash and an increase in expense.
- Record adjustments to the CRA loan receivables and reclassifications between revenue and expenditure accounts to properly reflect the September 30, 2017, balances.

Status                         Resolved.

**2017-002      Noncompliance with Florida Statute 218.415, Local Government Investment Policies**

Criteria                      Florida Statute 218.415 states, investment activity by a unit of local government must be consistent with a written investment plan adopted by the governing body.

Condition/Cause            As a result of the implementation of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, investments related to the City's Professional/Management Retirement Plan's (the Plan) excess benefit plan are required to be reported as assets of the City and not in the Plan's pension trust fund. Approximately \$6,800,000 was invested in domestic and international equity investment funds, which are not in compliance with the City's investment policy.

Status                         Resolved.



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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**To the Honorable Mayor, City Commission  
and City Manager  
Hallandale Beach, Florida**

### **Report on the Financial Statements**

We have audited the financial statements of the City of Hallandale Beach, Florida (the "City"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 31, 2019. We did not audit the financial statements of the Police Officers' and Firefighters' Personnel Retirement Trust which represents 66% of the assets, 67% of the net position, and 57% of the revenues of the City's aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Officers' and Firefighters' Personnel Retirement Trust is based solely on the report of the other auditors.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

### **Other Reporting Requirements**

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*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 31, 2019, 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. The City has made these disclosures within the notes to the financial statements.

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**Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate 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.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did have a recommendation to improve financial management noted as item MLC 2018-001 in Appendix A.

**Special District Component Units**

Section 10.554(1)(i)5.d, *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), *Florida Statutes*. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), *Florida Statutes*.

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Mayor and Members of City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Bradenton, Florida  
May 31, 2019

**CITY OF HALLANDALE BEACH, FLORIDA**  
**APPENDIX A – CURRENT YEAR RECOMMENDATIONS**  
**TO IMPROVE FINANCIAL MANAGEMENT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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**MLC 2018-001 – Operating Account Bank Reconciliation**

Observation

During our testing of the City's operating cash account, which is pooled across most all City funds, we noted that the bank reconciliation was not finalized in a timely manner and was not provided to us for audit until late May 2019. Additionally, we noted a reconciling item in the amount of approximately \$291,000 that was not supported by proper documentation. This resulted in a proposed and passed audit adjustment in the City's current financial statements.

Recommendation

We noted that the difference mentioned above related to fiscal year 2013 and is currently being investigated by finance staff to determine the appropriate course of action. We however, recommend the City complete its bank reconciliations in a timely manner and ensure that all reconciling items are supported by adequate documentation. Differences should be investigated immediately and adjustments/corrections made timely to ensure accurate financial information is being provided to the City Commission on a monthly basis.

Views of Responsible Officials and Planned Corrective Actions

The City concurs with the observation and recommendation above. The reconciling item was caused by a correcting journal entry relating to fiscal year 2013. City staff is currently investigating the difference to clear the item and expects to have it corrected in fiscal year 2019.



## INDEPENDENT ACCOUNTANT'S REPORT

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**To the Honorable Mayor, City Commission  
and City Manager  
Hallandale Beach, Florida**

We have examined the City of Hallandale Beach, Florida's (the "City") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2018. Management of the City 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.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Bradenton, Florida  
May 31, 2019



## **CORRECTIVE ACTION PLAN** **May 31, 2019**

The City of Hallandale Beach respectfully submits the following corrective action plan for the year ended September 30, 2018.

### **CORRECTIVE ACTION PLAN** **2CFR § 200.511(c)**

#### **Finding 2018-001: Governmental Fixed Assets**

EMIL LOPEZ  
Finance Director

The City concurs with the auditor's findings and recommendations for establishing a process to evaluate construction projects that ensures that all costs incurred are properly recorded on a timely basis.

During fiscal year 2018, various internal control deficiencies were identified by management relating to the capital assets reporting process. As a result, finance staff evaluated all completed and ongoing construction projects to identify any unrecorded transactions. This resulted in a correction of approximately \$2.2 million in unrecorded capital assets primarily consisting of prior year capital related expenditures charged to noncapital accounts.

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Joy D. Adams  
Mayor

Sabrina Javellana  
Vice Mayor

Mike Butler  
Commissioner

Michele Lazarow  
Commissioner

Anabelle Lima-Taub  
Commissioner

In addition, the City recently hired a new Controller in March 2019 with the skills, knowledge and experience to continue the Finance Department's dedicated effort to improve internal control over capital assets reporting. The Controller has been tasked with updating the City's current fixed asset policies, improve current standard operating procedures, implementing the changes across City departments and transitioning the process to an accountant position that is currently vacant. The improved process will include stronger internal controls over acquiring and safeguarding capital assets, depreciating capital assets, disposing of capital assets, maintaining an accurate and complete capital assets subledger, and assessing assets for impairment.

The Administration is committed to establishing and maintaining effective controls of the City's financial activities and providing accurate financial information. We anticipate internal control deficiencies over capital assets reporting to be fully corrected for fiscal year ending September 30, 2019 as we are in the process of developing additional policies and procedures during the current fiscal year.

**Anticipated Completion Date: September 2019**

#### **Person(s) Responsible:**

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