

# **City of Hollywood, 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, 2015

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RSM US LLP

**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**

The Honorable Mayor and the Members of the City Commission  
City of Hollywood, 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 Hollywood, Florida (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 29, 2016, which included an emphasis of matter paragraph for the adoption of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, effective July 1, 2014. Our report also includes a reference to other auditors who audited the financial statements of the City of Hollywood Firefighters' Pension System and the City of Hollywood Police Officers Retirement System (collectively the Plans), 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. The financial statements of the Plans were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with the Plans.

***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.

*RSM US LLP*

Fort Lauderdale, Florida  
April 29, 2016

**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***

**Independent Auditor's Report**

The Honorable Mayor and the Members of the City Commission  
City of Hollywood, Florida

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

We have audited City of Hollywood, 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 projects for the year ended September 30, 2015. The City's major federal programs and state projects 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 projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the 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 projects for the year ended September 30, 2015.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 and State Financial Assistance as Required by OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General***

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, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements. We issued our report thereon dated April 29, 2016, which contained unmodified opinions on those financial statements and included an emphasis of matter paragraph for the adoption of GASB Statements No. 68 and 71. Our report also included a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis, as required OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*, 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 and State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM US LLP*

Fort Lauderdale, Florida  
June 20, 2016, except for our report on the  
Schedule of Expenditures of Federal Awards  
and State Financial Assistance for which the  
date is April 29, 2016.

City of Hollywood, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2015

Federal/State Agency/Pass-Through Entity Federal Program/State Project	CFDA Number	Grant/Contract Number	Expenditures	Awards to Subrecipients
<b>Federal Awards</b>				
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grant – Year XXXV	14.218	B-08-MC-12-0009	\$ 561	\$ -
Community Development Block Grant – Year XXXVI	14.218	B-09-MC-12-0009	2,270	-
Community Development Block Grant – Year XXXVIII	14.218	B-11-MC-12-0009	5,612	-
Community Development Block Grant – Year XXXIX	14.218	B-12-MC-12-0009	940	-
Community Development Block Grant – Year XXXX	14.218	B-13-MC-12-0009	66,848	-
Community Development Block Grant – Year XXXXI	14.218	B-14-MC-12-0009	1,105,990	73,327
Neighborhood Stabilization Program – HERA	14.218	B-08-MN-12-0010	565,960	-
Neighborhood Stabilization Program	14.218	B-11-MN-12-0010	703	-
<b>Total Community Development Block Grants</b>			<b>1,748,884</b>	<b>73,327</b>
HOME Investment Partnership Program Grant	14.239	M11-MC-12-0227	130,154	-
HOME Investment Partnership Program Grant	14.239	M12-MC-12-0227	161,304	-
HOME Investment Partnership Program Grant	14.239	M13-MC-12-0227	82,321	-
HOME Investment Partnership Program Grant	14.239	M14-MC-12-0227	39,707	-
<b>Total HOME Investment Partnership Program Grants</b>			<b>413,486</b>	<b>-</b>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>2,162,370</b>	<b>73,327</b>
U.S. Department of Justice				
Direct Programs:				
COPS Hiring Program	16.710	2010-UM-WX-0069	85,427	-
Indirect Programs:				
Passed Through Broward County Sheriff's Office:				
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-0394	38,332	-
Passed Through the Florida Office of the Attorney General:				
Victims of Crime Act Grant	16.575	V069-14007	55,859	-
<b>Total U.S. Department of Justice</b>			<b>179,618</b>	<b>-</b>
U.S. Department of Justice/U.S. Department of Treasury				
Direct Programs:				
Federal Equitable Sharing Program	16.922	N/A	425,960	-
<b>Total U.S. Department of Justice/U.S. Department of Treasury</b>			<b>425,960</b>	<b>-</b>

(Continued)

**City of Hollywood, Florida**

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
Year Ended September 30, 2015**

Federal/State Agency/Pass-Through Entity Federal Program/State Project	CFDA Number	Grant/Contract Number	Expenditures	Awards to Subrecipients
U.S. Department of Homeland Security				
Indirect Programs:				
Passed-Through the State of Florida Department of Financial Services:				
Homeland Security – Assistance to Firefighters Grant	97.044	EMW-2012-FO-05765	\$ 3,276	\$ -
Indirect Programs:				
Passed-Through the City of Miami:				
Urban Area Security Initiative Grant	97.067	14-DS-L2-11-23-02-413	121,984	-
<b>Total Urban Area Security Grants</b>			<u>121,984</u>	<u>-</u>
<b>Total U.S. Department of Homeland Security</b>			<u>125,260</u>	<u>-</u>
U.S. Department of Environmental Protection Agency				
Indirect Programs:				
Passed-Through Florida Department of Environmental Protection Agency:				
Capitalization Grants for State Revolving Funds	66.468	DW060410	1,355,274	-
Capitalization Grants for State Revolving Funds	66.458	WW060450	3,499,897	-
Capitalization Grants for State Revolving Funds	66.458	WW060430	837,406	-
<b>Total Capitalization Grants for State Revolving Funds</b>			<u>4,337,303</u>	<u>-</u>
<b>Total U.S. Department of Environmental Protection Agency</b>			<u>5,692,577</u>	<u>-</u>
U.S. Department of Health and Human Services				
Indirect Programs:				
Passed-Through Florida Department of Health:				
Preventative Health and Health Services Block Grant – Water Fluoridation	93.991	COHD1	21,816	-
<b>Total U.S. Department of Health and Human Services</b>			<u>21,816</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 8,607,601</u>	<u>\$ 73,327</u>

(Continued)

**City of Hollywood, Florida**

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
Year Ended September 30, 2015**

Federal/State Agency/Pass-Through Entity Federal Program/State Project	CSFA Number	Grant/Contract Number	Expenditures
<b>State Projects</b>			
Department of Community Affairs – Housing Finance Corporation			
Direct Programs:			
State Housing Initiatives Partnership Program Grant – FY2012-2013	52.901	225001	\$ 90,991
State Housing Initiatives Partnership Program Grant – FY2013-2014	52.901	225001	210,455
State Housing Initiatives Partnership Program Grant – FY2014-2015	52.901	225001	<u>19,875</u>
<b>Total Department of Community Affairs – Housing Finance Corporation</b>			<u><u>321,321</u></u>
Department of Elder Affairs			
Direct Programs:			
Fred Lippman Multipurpose Center Elderly Grant	65.009	JL114-29-2015	217,611
Fred Lippman Multipurpose Center Elderly Grant	65.009	JL115-29-2016	<u>5,184</u>
<b>Total Department of Elder Affairs</b>			<u><u>222,795</u></u>
Department of Environmental Protection			
Direct Programs:			
Capitalization Grants for State Revolving Funds	37.077	WW594390	<u>77,022</u>
<b>Total Department of Environmental Protection</b>			<u><u>77,022</u></u>
Department of State			
Direct Programs:			
Hollywood Arts Park Experience Series Grant	45.062	15.5.300.358	<u>25,000</u>
<b>Total Department of State</b>			<u><u>25,000</u></u>
<b>Total Expenditures of State Financial Assistance</b>			<u><u>\$ 646,138</u></u>

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

## City of Hollywood, Florida

### Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Year Ended September 30, 2015

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#### 1. General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the expenditure activity of all federal awards and state projects of the City of Hollywood, Florida (the "City") for the year ended September 30, 2015. The information in the Schedule is presented in accordance with the requirements of 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 net positions or cash flows of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as amounts passed through other government agencies are included in the accompanying Schedule.

#### 2. Basis of Presentation

The accompanying Schedule includes expenditures of all federal programs and state projects awarded to the City which had activity for the fiscal year ended September 30, 2015. The Schedule has been prepared on the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis for grants accounted for in 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 reimbursements.

**City of Hollywood, Florida**

**Schedule of Findings and Questioned Costs  
Federal Award Programs and State Projects  
Year Ended September 30, 2015**

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**Section I - Summary of 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	_____ No
Noncompliance material to financial statements noted?	_____ Yes	_____ X	_____ No

Federal Awards

Internal control over major program:

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
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Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.239	HOME Investment Partnership Program Grant
16.922	Federal Equitable Sharing Program
66.458	Capitalization Grants for State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?	_____ x	_____ Yes	_____ No
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(Continued)

**City of Hollywood, Florida**

**Schedule of Findings and Questioned Costs  
Federal Award Programs and State Projects (Continued)  
Year Ended September 30, 2015**

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

State Financial Assistance

Internal control over major projects:

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 projects:

Unmodified

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

_____ Yes	_____ X _____ No
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Identification of major projects:

CSFA Number(s)

37.077  
52.901

Name of State Program

Capitalization Grants for State Revolving Funds  
State Housing Initiatives Partnership Program Grant

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

\$193,841

**City of Hollywood, Florida**

**Schedule of Findings and Questioned Costs  
Federal Award Programs and State Projects (Continued)  
Year Ended September 30, 2015**

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**Section II – Financial Statement Findings**

A. Internal Control

None reported

B. Compliance

None reported

**Section III – Federal Award and State Financial Assistance Findings**

A. Internal Control over Compliance

None reported

B. Compliance

None reported

**City of Hollywood, Florida**

**Schedule of Prior Audit Findings  
Federal Award Programs and State Projects  
Year Ended September 30, 2015**

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**Section I – Findings Required to be Reported in Accordance with Generally Accepted Governmental Accounting Standards**

A. Internal Control

None noted.

B. Compliance Findings

None noted.

**Section II –State Awards Findings and Questioned Costs**

A. Internal Control over Compliance

**IC 2013–02 and IC 2014-01 Period of Availability**

**State Housing Initiatives Partnership (SHIP) Program – CSFA No. 52.901**

Current Year's Status: Corrected.

B. Compliance

**CF 2013–02 and CF 2014-01 Period of Availability**

**State Housing Initiatives Partnership (SHIP) Program – CSFA No. 52.901**

Current Year's Status: Corrected.