

CITY OF MIAMI BEACH, FLORIDA
SINGLE AUDIT REPORT IN ACCORDANCE WITH
OMB CIRCULAR A-133
For the Year Ended September 30, 2015

PREPARED BY
THE FINANCE DEPARTMENT

CITY OF MIAMI BEACH, FLORIDA
SINGLE AUDIT
For the Year Ended September 30, 2015

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and City Commissioners
City of Miami 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, 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. Our report includes a reference to other auditors who audited the financial statements of the City of Miami Beach Florida Employees' Retirement Plan, 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 and compliance and other matters that are reported on separately by those other auditors. Our report also includes a reference to other auditors who audited the financial statements of the City Pension Fund for Firefighters and Police Officers, as described in our report on the City's financial statements. The financial statements of the City Pension Fund for Firefighters and Police Officers were not audited in accordance with *Government Auditing Standards*.

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 City'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 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*.

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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, flowing style.

Crowe Horwath LLP

Miami, Florida
April 29, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND STATE FINANCIAL ASSISTANCE 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 AUDITOR GENERAL

The Honorable Mayor and City Commissioners
City of Miami Beach, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited the City of Miami Beach, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the *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 financial assistance project for the year ended September 30, 2015. The City's major federal programs and state financial assistance project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state financial assistance project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133, and Chapter 10.550, *Rules of the 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 and state financial assistance 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 financial assistance project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and State Financial Assistance 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 financial assistance project 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 and state financial assistance 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 financial assistance 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 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 financial assistance 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 financial assistance 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 financial assistance 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 Auditor General*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida, 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. 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 and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, *Rules of the 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 expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



Crowe Horwath LLP

Miami, Florida
April 29, 2016

CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2015

Federal Grantor/Pass-Through Entity Program Title	Federal CFDA Number	Grant/ Contract Number	Expenditures
Federal Grants			
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs			
Community Development Block Grant/Entitlement Grants	14.218	B-13-MC-12-0014	\$ 1,158,575
Community Development Block Grant/Entitlement Grants (NSP3)	14.218	B-11-MN-12-0039	711,670
			<u>1,870,245</u>
Home Investment Partnership Program	14.239	M-13-MC-12-0012	879,337
Economic Development Initiative - Special Project, Neighborhood Initiative and Miscellaneous Grants (EDI)	14.251	B-08-SP-FL-0543	119,743
Pass-through Department of Community Affairs			
Community Development Block Grants - Neighborhood Stabilization Program	14.228	10DB-4X-11-23-02-F16	201,802
Pass-through Dept. of Community Affairs - Pass Through - Miami Dade County Supportive Housing Program	14.235	FL0177L4D001205 and FL0177L4D001306	65,423
			<u>3,136,550</u>
Total U.S. Department of Housing and Urban Development			
<u>U.S. Department of Justice</u>			
Direct Program			
National Institute of Justice			
Federal Equitable Sharing Agreement	16.000	FL-0130700	617,623
Edward Byrne Memorial Justice Assistance Grant Program - JAG Program (FY2012)	16.738	2012-DJ-BX-0123	19,606
Edward Byrne Memorial Justice Assistance Grant Program - JAG (FY2013)	16.738	2013-DJ-BX-0450	4,724
Pass-Through State of Florida/Miami Dade County			
Edward Byrne Memorial Justice Assistance Grant Program Cluster - Criminal Justice Records Improvement	16.738	N/A	11,427
			<u>35,757</u>
Pass-Through State of Florida/Office of the Attorney General			
Crime Victim Assistance - VOCA	16.575	V14027	71,131
			<u>724,511</u>
Total U.S. Department of Justice			
<u>U.S. Department of Transportation</u>			
Pass-Through State of Florida			
Florida Department of Transportation			
Highway Planning and Construction Middle Beach Recreational Corridor Phase 2	20.205	APT97	92,080
Highway Planning and Construction-Venetian Causeway	20.205	APG95	10,349
Highway Planning and Construction-West Avenue Bridge	20.205	APJ33	4,186
Pass-Through Florida Department of Transportation			
Highway Planning and Construction - Pedestrian and Bicycle Safety Environment	20.205	TWO #945-001/BDV25	91,457
			<u>198,072</u>
Total U.S. Department of Transportation			

(Continued on next page)

CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2015

Federal Grantor/Pass-Through Entity Program Title	Federal CFDA Number	Grant/ Contract Number	Expenditures
<u>U.S. Department of Homeland Security</u>			
Pass-Through United Way of Miami-Dade Emergency Food and Shelter National Board Program-EFS Phase 31	97.024	159400-076	\$ 17,515
Florida Division of Emergency Management Pass-Through City of Miami Homeland Security Grant Program - Urban Areas Security Initiative 2013	97.067	14DS-C5-11-23-02-212	96,903
Homeland Security Grant Program - Urban Areas Security Initiative 2014	97.067	15DS-P8-11-23-02-453	18,500
			<u>115,403</u>
Pass-Through State of Florida Pre-Disaster Mitigation Grant - Talmudic University	97.047	13DM-24-1 1-23-02-281	583,407
Total U.S. Department of Homeland Security			<u>716,325</u>
<u>U.S. Department of Agriculture and Consumer Services</u>			
Cooperative Forestry Assistance	10.664	N/A	<u>15,000</u>
Total U.S. Department of Agriculture and Consumer Services			<u>15,000</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,790,458</u></u>
State Project/Pass-Through Entity Program Title	State CSFA Number	Grant/ Contract Number	Expenditures
<u>State Grants</u>			
<u>State of Florida Department of Environmental Protection</u>			
Statewide Surface Water Restoration and Wastewater Projects (Clean Water State Revolving Loan Agreement)	37.077	SW131300	\$ 941,775
Total State of Florida Department of Environmental Protection			<u>941,775</u>
<u>State of Florida Department of Health</u>			
Pass-Through Miami-Dade County Emergency Prev/Prep/Response-EMS County Grants	64.005	C-0013	20,349
Total State of Florida Department of Health			<u>20,349</u>
<u>State of Florida Housing Finance Corporation</u>			
State Housing Initiatives Partnership (SHIP) Program	52.901	N/A	2,713
Total State of Florida Housing Finance Corporation			<u>2,713</u>
Total Expenditures of State Awards			<u><u>\$ 964,837</u></u>

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

CITY OF MIAMI BEACH, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
September 30, 2015

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 financial assistance project of the City of Miami Beach, Florida (the "City") for the year ended September 30, 2015. The City's reporting entity is defined in Note 1 of the City's basic financial statements. All federal awards and state financial assistance project 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 and State Financial Assistance and 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 *Department of Financial Services' State financial assistance 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 assets or cash flows of the City.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. Amounts are recognized following the cost principles contained in OMB Circular A-122, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

3. SUB-RECIPIENT AWARDS

Of the federal awards presented in the Schedule, the City provided the following amounts to subrecipients:

<u>Name of Program</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Federal		
Community Development Block Grant	14.218	\$ 390,621
Community Development Block Grant – Home Program	14.239	833,295
Pre-Disaster Mitigation Grant – Talmudic University	97.047	<u>583,407</u>
Total Federal		<u>\$ 1,807,323</u>

4. NON-CASH AND FEDERAL INSURANCE

There were no non-cash awards or Federal insurance maintained in the current year.

CITY MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2015

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None

CITY MIAMI BEACH, FLORIDA
SCHEDULE OF PRIOR YEAR FINDINGS
September 30, 2015

Prior Year Findings and Questioned Costs

Internal Control Over Compliance – Federal Awards

Finding #	Finding Title	Status	Explanation
IC 2014-001	Cash Management	Corrected	

Compliance Findings – Federal Awards

Finding #	Finding Title	Status	Explanation
CF 2014-002	Activities Allowed or Unallowed and Allowable Costs/Cost Principles	Corrected	