

CITY OF HOLLYWOOD, FLORIDA
COMPLIANCE REPORTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

CITY OF HOLLYWOOD, FLORIDA

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**INDEPENDENT AUDITORS' 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***

Honorable Mayor, City Commission and City Manager
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 fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 19, 2017. Our report includes a reference to other auditors who audited the financial statements of the City of Hollywood Firefighters' Pension System and 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 on internal control over financial reporting or compliance and other matters that are reported 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 non-compliance 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs, finding number 2016-001, to be a material weakness.

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. We consider the deficiencies in the accompanying Schedule of Findings and Questioned Costs, findings numbers 2016-002, 2016-003, 2016-004, and 2016-005 to be significant deficiencies.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 2016-006.

City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. 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 result 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.

Marcum LLP

Fort Lauderdale, FL
June 19, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA

Honorable Mayor, City Commission and City Manager
City of Hollywood, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Hollywood, Florida's (the City) compliance with the types of compliance requirements described in the *OMB 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 project for the fiscal year ended September 30, 2016. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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*, State of Florida. Those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General*, State of Florida require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state project for the fiscal year ended September 30, 2016.

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 the Uniform Guidance 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 project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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 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 the Uniform Guidance and Chapter 10.550 Rules of the 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 of Hollywood (the City) as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 19, 2017, which contained unmodified opinions on those financial statements. Our report includes reference to other auditors. 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 the Uniform Guidance 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 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.

Marcum LLP

Fort Lauderdale, FL
June 19, 2017

CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Federal/State Agency, Pass Through Entity Federal Program/State Project	CFDA CSFA No.	Contractor/ Grant No.	Total Expenditures	Total Transfers to Sub recipients
U.S. Department of Housing and Urban Development:				
Community Development Block Grant - Year XXXV	14.218	B-08-MC-12-0009	\$ 7,241	\$ -
Community Development Block Grant - Year XXXVIII	14.218	B-11-MC-12-0009	133	-
Community Development Block Grant - Year XXXIX	14.218	B-12-MC-12-0009	400	-
Community Development Block Grant - Year XXXX	14.218	B-13-MC-12-0009	38,826	-
Community Development Block Grant - Year XXXXI	14.218	B-14-MC-12-0009	3,811	-
Community Development Block Grant - Year XXXXII	14.218	B-15-MC-12-0009	1,006,479	74,833
			1,056,890	74,833
U.S. Department of Housing and Urban Development:				
Neighborhood Stabilization Program - HERA	14.218	B-08-MN-12-0010	341,420	-
Neighborhood Stabilization Program	14.218	B-11-MN-12-0010	177,314	-
			518,734	-
Total Community Development Block Grants - Entitlement Grants Cluster			1,575,624	74,833
U.S. Department of Housing and Urban Development:				
HOME Investment Partnership Program Grant	14.239	M11-MC-12-0227	4,357	-
HOME Investment Partnership Program Grant	14.239	M12-MC-12-0227	166,130	-
HOME Investment Partnership Program Grant	14.239	M13-MC-12-0227	86,097	-
HOME Investment Partnership Program Grant	14.239	M15-MC-12-0227	33,458	-
			290,042	-
U.S. Department of Housing and Urban Development:				
Community Development Block Grants Section 108 Loan Guarantees	14.248	B-97-MC-12-2009	1,742,000	-
Total U.S. Department of Housing and Urban Development			3,607,666	74,833
U.S. Department of Justice:				
Edward Byrne Memorial Justice Assistance Grant	16.738	2013-DJ-BX-0359	880	-
Victims of Crime Act Grant	16.575	V069-14007	55,529	-
Total U.S. Department of Justice			56,409	-
U.S. Department of Justice/U.S. Department of Treasury:				
Federal Equitable Sharing Program	16.922	N/A	364,598	-
Federal Equitable Sharing Program	21.000		537,815	-
Total U.S. Department of Justice/U.S. Department of Treasury			902,413	-
U.S. Department of Homeland Security:				
Urban Area Security Initiative Grant	97.067	15-DS-P8-11-23-02-453	119,780	-
Total U.S. Department of Homeland Security			119,780	-
U.S. Department of Environmental Protection Agency:				
Capitalization Grants for State Revolving Funds Cluster	66.458	WW060450	891,157	-
Capitalization Grants for State Revolving Funds Cluster	66.458	WW060430	18,498	-
Total U.S. Department of Environmental Protection Agency			909,655	-
Total Expenditures of Federal Awards			\$ 5,595,923	\$ 74,833

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

CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Federal/State Agency, Pass Through Entity Federal Program/State Project	CFDA CSFA No.	Contractor/ Grant No.	Total Expenditures	Total Transfers to Sub recipients
Department of Transportation:				
Public Service Transportation - Trolley Grant	55.012	ARD59 / 43497318401	\$ 73,155	\$ -
Total Florida Department of Transportation			73,155	-
Department of Community Affairs - Housing Finance Corporation:				
State Housing Initiatives Partnership Program Grant - FY2013-2014	40.901	225001	317,397	-
State Housing Initiatives Partnership Program Grant - FY2014-2015	40.901	225001	220,415	-
State Housing Initiatives Partnership Program Grant - FY2015-2016	40.901	225001	34,537	-
Total Florida Department of Community Affairs - Housing Finance Corporation			572,349	-
Department of Elder Affairs:				
Fred Lippman Multipurpose Center Elderly Grant	65.009	JL115-29-2016	228,000	-
Fred Lippman Multipurpose Center Elderly Grant	65.009	JL116-29-2017	-	-
Total Florida Department of Elder Affairs			228,000	-
Department of State:				
Historic Preservation Small Matching Grant	45.031	S1640	22,733	-
Total Department of State			22,733	-
Total Expenditures of State Financial Assistance			\$ 896,237	\$ -

See 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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of the City of Hollywood, Florida (the City) under programs of the federal government and the State of Florida for the fiscal year ended September 30, 2016. The information in this Schedule is presented in accordance with the 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. 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 position/fund balance or cash flows of the City.

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, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, 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 a reimbursement, or the equitable sharing programs for the Departments of Justice and Treasury which follow the *Guide to Equitable Sharing for State and Local Law Enforcement Agencies*. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 – OUTSTANDING LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

On July 19, 2002, the City received a \$5,585,000 loan commitment from the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee Program. As of September 30, 2016, the outstanding loan balance is \$1,442,000.

CITY OF HOLLYWOOD, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: *Unmodified Opinion*

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified not considered to be material weakness? X Yes None reported

Non-compliance material to financial statements noted? Yes X No

Federal Awards and State Project

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified not considered to be material weakness? Yes X None reported

Type of auditors’ report issued on compliance for major programs: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.557, *Rules of the Auditor General*? Yes X No

Identification of major programs:

<u>Federal Program or Cluster</u>	<u>CFDA No.</u>
Community Development Block Grants - Entitlement Grants Cluster	14.218
Community Development Block Grants Section 108 Loan Guarantees	14.248
<u>State Project</u>	<u>CSFA No.</u>
State Housing Initiatives Partnership Program	40.901

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

Dollar threshold used to distinguish between Type A and Type B projects – State \$268,871

Auditee qualified as low-risk auditee pursuant to the Uniform Guidance? X Yes No

CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2016-001 – Bank Reconciliation Process

Criteria

Prudent practice would dictate that a formal bank reconciliation be prepared and reviewed each month within 45 days of month end with the appropriate review and sign off as evidence of the completeness, accuracy and timeliness of the reconciliation. Performing timely monthly bank reconciliations reduces the risk that errors, fraud or misuse of funds could go undetected and/or uncorrected.

Condition

During our audit of the fiscal year ended September 30, 2016, Marcum evaluated and performed a review of internal controls over the bank reconciliation process. Our review focused on controls related to the accuracy and timeliness of the bank reconciliation process. We made selections and examined each bank reconciliation to determine if the reconciliation was performed and reviewed timely (within 45 days – City’s informal policy) with the appropriate sign off as evidence of the completeness, accuracy and timeliness of the reconciliation. We relied on bank reports and independently verified reconciliation data on a test basis. Our audit scope was limited to cash held in City bank accounts; therefore, it did not include a review of escrow accounts or funds held by trustees.

During our bank reconciliation testing, we noted that the City did not complete their monthly bank reconciliations on a timely basis. The timing of various reconciliations were not documented by preparer and/or reviewing personnel responsible for performing the reconciliation process. Bank reconciliations are routinely performed more than 45 days after the end of each calendar month. Our conclusion on the effectiveness of the controls we reviewed are detailed in the following audit results.

We reviewed the bank reconciliation for seven (7) bank accounts (112 reconciliations over a 16 month period) and the related accounting records for the period covering October 31, 2015 to January 31, 2017.

- Bank reconciliations were not prepared timely; Marcum noted that 25 of 112 tested bank reconciliations were prepared greater than 45 days after the statement close date.
- Marcum noted that 63 of 112 bank reconciliations tested were not reviewed timely (within 45 days).

CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS (CONTINUED)

2016-001 – Bank Reconciliations (continued)

- Marcum noted that two (2) bank reconciliations lacked preparer sign off and five (5) lacked reviewer sign off.
- Reconciling items were outstanding for several months due to lack of timely reconciliations.
- Marcum noted 23 reconciliations were reviewed more than 60 days after the end of the calendar month of which four (4) were greater than 90 days.

Cause

There is a lack of adequate internal control over financial close and reporting as it relates to the bank reconciliation process.

Effect

Without bank reconciliations being prepared and reviewed timely for accuracy and completeness, the City would not know if the cash position is accurate and whether or not there were errors, fraud or misuse of funds.

Recommendation

We recommend the City implement internal controls associated with the preparation and review of bank reconciliations that will ensure reconciliations are prepared and reviewed on a monthly basis. Monthly bank reconciliations must be prepared and reviewed within 45 days of the month end to ensure accuracy and completeness of cash balances reported by the City and possibly identify fraud or misuse of funds.

Views of Responsible Officials and Planned Corrective Actions

City concurs with auditors finding.

Issue was compounded by our procedures that lump associated bank accounts (i.e., Depository, General Disbursement, Master Concentration, and Payroll) into one group for review purposes. This resulted in many reconciliations that were completed on time, but were not reviewed until the final bank account in the group was reconciled. If for any reason the final account's reconciliation was completed late then the whole group would be late for review purposes. To resolve this issue, management has now directed staff to update the current process by reviewing the individual reconciliations as they are completed.

CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS (CONTINUED)

2016-001 – Bank Reconciliations (continued)

An additional step taken at the beginning of fiscal year 2017 to aid in the timeliness of the reconciliation process was instituting a cash closing date for our journal entry to insure that all cash activities for a month are post timely in the subsequent month to allow enough time to prepare and review the respective reconciliation.

The major issue that impacted the timely completion of these bank reconciliations is that only one person is preparing the reconciliations. At various points in the year this individual was unable, due to other job responsibilities, to devote enough time during the regular work day to complete the bank reconciliations in a timely manner. To resolve this issue management will be authorizing overtime to complete the bank reconciliations timely.

City's future enterprise resource planning system (ERP) should improve the bank reconciliation process which will automate many of the reconciliation steps that are done manually at present, possibly even reduce the reconciling time down to 30 days. In addition, when the new ERP is implemented, management will insure that the City has a backup person learn the process to assist, if needed in completing the monthly bank reconciliations timely.

SIGNIFICANT DEFICIENCY

2016-002 – Inaccurate Census Data

Criteria

Prudent reporting practices for Other Post-Employment Benefit (OPEB) records include having proper review policies and procedures in place to ensure the accuracy and completeness of the census data and information provided to the actuary.

Condition

During our audit of the fiscal year ended September 30, 2016, Marcum performed census data testing in order to test the accuracy of the data used to generate the OPEB actuarial valuation. Marcum also tested a total of 25 participants in order to verify the demographics of the participants was accurate. During testing, Marcum noted one (1) of the five (5) retired employees were listed twice as retired and active. As a result, the City reviewed the census data provided to the actuary noting that there was a total of seven (7) active participants and 49 retirees that were double counted. According to the plan's actuary, the impact of the duplicated census data resulted in a difference of \$400,000 to the reported as Net OPEB Obligation (NOO).

CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY (CONTINUED)

2016-002 – Inaccurate Census Data (continued)

Cause

Lack of policies and procedures in place requiring a detailed review of census reports provided to the actuary.

Effect

The impact to the reported NOO as of September 30, 2016 was an understatement of \$400,000 as compared to the amount recorded. In addition, since the City will be required to record the Total OPEB Liability in fiscal year 2018 (GASB Statement No. 75), the impact of these errors would have been an overstatement of \$12 million in the Total OPEB Liability.

Recommendation

Management should establish formal policies and procedures to properly review and compare reports including the census data before submitting to the actuary in order to ensure it is accurate and complete.

Views of Responsible Officials and Planned Corrective Actions

In June 2014, the Human Resources and Risk Management Department at the City of Hollywood was restructured due to the retirement of the long term Human Resource (HR) Director and the long term Assistant HR Director. At that time, only the HR Director was replaced leaving the Assistant HR Director position vacant.

In August 2015, the City of Hollywood experienced a retirement of a long term medical data analyst that worked in the Human Resources Department. This position was responsible for ensuring the accuracy of data and running reports as it pertained to our HRIS system and medical insurance.

The City hired a replacement around the same time that was not performing to the position's standards. This was the person who provided the actuary report that contained the duplications. This was provided around June/July 2016. The person hired in this position was reclassified in July 2016 as part of the annual probationary performance evaluation. This person was not performing the essential functions of the position adequately or successfully and thus was reclassified to a position that better met this person's skill set. This person has since been terminated and is no longer with the City.

CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY (CONTINUED)

2016-002 – Inaccurate Census Data (continued)

Views of Responsible Officials and Planned Corrective Actions (continued)

In January 2017, the City hired an Assistant HR Director to assist with the oversight of the processes and procedures within Human Resources and for the development of City-wide administrative policies and procedures. There is currently a task force in place writing and reviewing administrative policies and procedures and meeting every two weeks to keep the momentum. This is a continuous process.

In August of 2016, the City hired a Benefits Consultant, the Gehring Group to assist with the administration and design of the City's health insurance benefits.

Subsequently, in January 2017 as part of their recommendation, the City switched HRIS systems for our main repository of health insurance records. As part of the implementation of the switch from Ascentis (former database) to BenTek (new database) several data scrubs and audits were conducted and put into place and continue on a monthly basis to ensure the accuracy of the data in the system. The BenTek system offers much more robust reporting. Several employees in HR (unlike the previous one person) were trained on the system and know how to accurately run reports, audit, correct and enter information. We continue to receive training on the system updates and functionality.

Finally, as part of the checks and balances, not only is one person responsible for the data entry and generating reports, but several, and when reports are run, they are reviewed by no less than three individuals for accuracy. For example, when a report is generated, the City will have the person generating the report review it, the Bentek representative we have on contract reviews it, the Assistant HR Director will review it and finally, the HR Director performs the final review and approval.

CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY

2016-003 – Improper Recordkeeping of Asset Held for Resale and Capital Assets

Criteria

Internal control policies should be in place to ensure the completeness and proper accounting of capital assets and assets held for sale.

Condition

Based on audit procedures performed over Community Development Block Grant (CDBG) and U.S. Department of Housing and Urban Development (HUD) Section 108 Guaranteed Loan programs, Marcum noted that there was a total of 45 properties in the aggregate amount of approximately \$2,000,000 that were not recorded in the City's general ledger. The properties were being tracked by the Department of Community & Economic Development using spreadsheets. In addition, we noted a building recorded in the Downtown Community Redevelopment Agency (Downtown CRA) in the net amount of approximately \$1,800,000 that was demolished in prior years, but continued to be reflected in the City's general ledger. Also, Marcum also noted one property that was intended for resale incorrectly recorded as a capital asset.

Cause

Lack of communication and reconciliations between departments to ensure the completeness and proper recordkeeping of capital assets and assets held for resale.

Effect

The possibility of improperly recorded capital assets and assets held for resale. Such instances may lead to ineffective impairment or disposal analysis performed by the City's Finance Department.

Recommendation

We recommend that the City implement adequate policies over capital assets and assets held for sale to include internal controls that ensure that the transactions (acquisitions and deletions) are accurately reported to the Finance Department.

CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY (CONTINUED)

2016-003 – Improper Recordkeeping of Asset Held for Resale and Capital Assets (continued)

Views of Responsible Officials and Planned Corrective Actions

City concurs with the auditors. All properties in question were acquired prior to 2008 and past practice was that any property that the City was not going to use would not be capitalized into the City's fixed assets system. If the acquiring department was not clear as to the future purpose of these assets then then General Accounting would not record them. Properties acquired to give away to encourage development (acquiring department was again unclear as to whether it was going to sell or give away) would also not be recorded as Asset Held for Sale since they would have a realizable value of zero.

The General Accounting Department will develop and implement new procedures to insure that all future property purchases are clearly identifies and that clear purpose of use for the property if obtained for the acquiring department to determine if the property should be classified as fixed asset or asset held for sale.

General Accounting will be doing a complete review of all the City's lands in the Fixed Asset System and the Asset Held for Sale comparing them to the Broward County Property Appraiser (BCPA) tax roll for the City's properties to determine completeness of our records. Corrections will be made if needed.

General Accounting will also commence adding buildings to the annual capital/fixed asset verification. Individuals responsible for the maintenance of City buildings will be asked to confirm the building existence. For assets held for sale, owning department will be asked if verify the listing and notify Finance of any additions or deletions to the listing. In addition general accounting will verify ownership of assets held for sale with the BCPA annual.

SIGNIFICANT DEFICIENCY

2016-004 – Untimely Review and Processing of Vendor Invoices

Criteria

Invoices received from vendors should be reviewed in a timely manner to ensure the City does not exceed approved contract limits. In instances where expenditures will exceed approved City Commission funding authorization, the City should adhere to the procurement policy prior to authorizing any additional expenditures or payments.

CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY (CONTINUED)

2016-004 – Untimely Review and Processing of Vendor Invoices (continued)

Condition

We noted an instance whereby the City procured for legal services, which exceeded the approved dollar threshold for the vendor by \$84,000, where certain invoices were not being reviewed timely and therefore processing was delayed (e.g., certain invoices related to fiscal year 2016 were pending review for payment as of May 2017).

Cause

Untimely review of invoices at the City department level.

Effect

Improper and untimely review of invoices and payments made to City vendors may lead to amounts over authorized thresholds and underlying contract amounts. Also this may lead to inaccurate reporting of accounts payable and accrued liabilities at year end.

Recommendation

We recommend that the City improve internal controls over purchasing and the accounts payable process to ensure that invoices paid to date do not exceed the approved or amended contract amounts and are properly captured as of each reporting period.

Views of Responsible Officials and Planned Corrective Actions

The City self-reported a procurement error involving a department exceeding their approved funded amount. Although invoices were not paid beyond the authorized amount, services were still rendered.

Action taken by the City:

- Department head formally informed by the Procurement Director that no further invoices could be paid until approved funding.

CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY (CONTINUED)

2016-004 – Untimely Review and Processing of Vendor Invoices (continued)

Views of Responsible Officials and Planned Corrective Actions (continued)

- Department head formally informed by Assistant City Manager (ACM) for Finance and Administration that contract management and budgetary monitoring is a priority and was given specific instructions to become compliant with their contracts and budget responsibilities. Established meetings between the finance office and the department - auditing all invoices. Also established a date with the department admin staff to meet with the procurement office to insure that all contract data is recorded to the Master Contract List (MCL).
- City Commission condemned this action at a regular Commission meeting resulting in a personnel reviewing of the entire office and a re-org.

Action to prevent from reoccurring:

- Implementing stop gap contracts such as Best Interest Contracts for short periods while awaiting funding approval—only as a case by case.
- MCL will be fully uploaded and monitored quarterly. Information from the MCL will track expenditures and timeline remaining on contracts
- City is less than a year out from a robust contract management system that will prevent overages of spending, via ERP Effort.

SIGNIFICANT DEFICIENCY

2016-005 – Unauthorized Access to System and Applications

Criteria

The City should restrict access to system applications based on the employee's respective function and responsibility.

CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY (CONTINUED)

2016-005 – Unauthorized Access to System and Applications (continued)

Condition

Although corrected prior to close of our audit, Marcum noted the following:

- 35 terminated users had access to active directory resulting in the ability for unauthorized users to access the system and applications through the domain controller. Applications that use the same domain credentials and are impacted by this finding include: MUNIS (utility billing), OSL (Payroll timekeeping for police department), ETS (Electronic timesheets), and BCLA (permits and code violations).
- Two (2) users had improper access to the HR Office application. One user had administrator access and another user had access to Payroll Connect. These roles are not aligned to their job responsibilities and could compromise the integrity or accuracy of the City employee records.

Cause

Infrequent communication between the HR department and the Communication and Support Services department within the Information Technology (IT) department, resulting in access not being updated or removed timely.

Effect

Terminated employees' user accounts have the ability to access in-scope applications, resulting in unauthorized access to the system and its components.

Recommendation

The HR and IT department should exchange termination, and position and duty changes information on a weekly or daily process, not a monthly one.

Views of Responsible Officials and Planned Corrective Actions

On June 1, 2017, we met with Christophe St. Luce, Manager, Communications and Support Services, Angie Hein, Systems and Programming Manager, and Raheem Seecharan, Director, Information Technology regarding our findings. Per our meeting, St. Luce noted that timely notice on the termination of an employee may not currently occur but with the help of Human Resources, a more timely process will be implemented. Unauthorized access was removed prior to the close-out of the audit.

CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

NONCOMPLIANCE

2016-006 – Commingling of Community Redevelopment Agency Funds

Criteria

Florida Statutes Section 163.387, Section (1)(a), states that after approval of a redevelopment plan, a community redevelopment agency should create a redevelopment trust fund. Funds deposited into this fund are to be used by the agency to finance any activities it undertakes pursuant to the approved community redevelopment plan.

Condition

Underlying accounting records of the Hollywood Community Redevelopment Agency, which includes the Downtown District and the Beach District, are properly being maintained. However, operating cash funds of the Downtown District and Beach District are being commingled in the City's Pooled Cash Accounts.

Cause

Separate bank accounts (Trust Funds) in the name of each district have not been established.

Effect

Commingling of funds held in the name of the City on behalf of the Downtown District and Beach District expose such funds to the creditors of the City when these funds are supposed to be restricted for CRA use only. This may also result in mismanagement of funds.

Recommendation

We recommend that the City establish separate bank accounts (Trust Fund) for the Downtown District and Beach District to ensure compliance with Florida Statutes and avoid mismanagement of CRA monies.

Views of Responsible Officials and Planned Corrective Actions

City concurs with auditor finding and will take necessary step to move both CRA's funds out of the City's Pooled Cash account and into separate bank accounts.

CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION III – FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None.

CITY OF HOLLYWOOD, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

II. PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

III. PRIOR YEAR STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None.

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor, City Commission and City Manager
City of Hollywood, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Hollywood, Florida (the City), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated June 19, 2017. We did not audit the financial statements of the City of Hollywood Firefighters' Pension System and City of Hollywood Police Officers' Retirement System (collectively, the Plans), which represent 54%, 58% and 37%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information.

Auditors' 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 of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedules

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance Required by Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*; Schedule of Findings and Questioned Costs; Summary Schedule of Prior Audit Findings; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated June 19, 2017, 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. There were no findings or 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 information is disclosed in Note I to the financial statements. The City included the following blended component units: the Hollywood Community Redevelopment Agency, comprised of the Downtown District and the Beach District.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report 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. Our assessment was performed as of the fiscal year end.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, 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, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided 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 determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b) Florida Statutes.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did have recommendations to improve financial management, which are described in the current year observations section in Appendix A.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 State of Florida Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and state granting agencies, the Mayor and the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Fort Lauderdale, FL
June 19, 2017

CITY OF HOLLYWOOD, FLORIDA

**APPENDIX A – CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO
IMPROVE FINANCIAL MANAGEMENT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

No.	Current Year's Observations	Observation Is Still Relevant	Observation Addressed or No Longer Relevant
MLC 2016-001	Opportunity to improve underlying accounting recordkeeping of the City of Hollywood Employees' Retirement Fund		
MLC 2016-002	General Information Technology Recommendation		
No.	Prior Year's Observations		
ML 2015-01	Pension Plan Funding		Addressed
ML 2015-02	User Access Reviews		Addressed
ML 2014-03	Change Management		Addressed

CITY OF HOLLYWOOD, FLORIDA

APPENDIX A – CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

MLC 2016-001 – OPPORTUNITY TO IMPROVE UNDERLYING ACCOUNTING RECORDKEEPING OF THE CITY OF HOLLYWOOD EMPLOYEES’ RETIREMENT FUND

Observation

During audit procedures performed over employee contributions related to the City of Hollywood, Florida Employees’ Retirement Fund (the Plan), we noted that administrative expenses are paid by the City’s General Fund and then reimbursed by the Plan using the City’s Pooled Cash Fund on a monthly basis. However, we noted that the reimbursements are recorded through reductions in the employee contributions paid into the Plan every pay period. There is no formal policy or procedure for how and when amounts are reimbursed to the General Fund. Reimbursements to the General Fund for the payment of administrative expenses should be funded directly from the Plan’s investment assets.

Effect

Using the current process for paying administrative expenses of the Plan creates excessive reconciliation procedures that give opportunity for error. In addition, the activity reported in the Plan’s monthly custodial statements do not reflect the actual activity related to the Plan.

Recommendation

We recommend that the Plan reimburse the General Fund for expenditures directly from the Plan’s investment assets. Employee contributions should be remitted to the Plan every pay period. This will streamline the reconciliation process between the Plan’s general ledger and monthly Plan custodial statements.

Views of Responsible Officials and Planned Corrective Actions

City concurs with auditors’ recommendation. As of April of 2017, the City no longer offsets the administrative charges of the Plan by reducing the employee contribution being paid into the Plan (no more netting). Instead the full employee contribution is being deposited into the Plan every pay period and a bill is given to the Plan to reimburse the General Fund for expenditures.

CITY OF HOLLYWOOD, FLORIDA

APPENDIX A – CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

MLC 2016-002 GENERAL INFORMATION TECHNOLOGY RECOMMENDATION

Observation

As part of our audit procedures we reviewed several policies and processes of the City's Information Technology department. We identified several items, which we consider policies, and procedures that can be improved:

- a) Although access reviews are performed, the frequency and consistency of the process (yearly) is not enough for the City to reduce the risk of unauthorized access.
- b) There is no system in place to detect, track, and document security incidents, problems, and errors.
- c) The room housing the data center located in City Hall does not have an adequate fire suppression system installed.

Effect

As a result of the above observations the potential effects could be;

- a) User access reviews that are not complete or accurate. Incomplete or inaccurate user access reviews result in the inability to properly detect users with inappropriate or unauthorized access to the system.
- b) Those responsible for maintaining the IT infrastructure may be unaware of system incidents, problems, and errors; therefore, increasing the opportunity for security breaches, system outages, and data loss.
- c) In the event of a fire, there is a potential for the loss of data or system downtime for servers, applications, and databases located in the data center located at City Hall.

Recommendation

We recommend:

- a) The City update the policy and procedure to assist personnel in accurately documenting and completing user access reviews for all systems, applications and network components,
- b) Implement a monitoring tool that will inform IT of security incidents, problems, and errors and
- c) Update the data center to have the ability to house a fire suppression system or move mission critical systems and/or files to an off-site location.

CITY OF HOLLYWOOD, FLORIDA

APPENDIX A – CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

MLC 2016-002 GENERAL INFORMATION TECHNOLOGY RECOMMENDATION (CONTINUED)

Views of Responsible Officials and Planned Corrective Actions

In relation the above recommendations, the City responses are as follows:

- a) Management will continue to update and document policies and procedures for user access reviews.
- b) The City is implementing a system logging and monitoring tool (SIEM) that will give the City the ability to detect and log security incidents, problems, and errors. The project is in its final stages of completion as of June 1, 2017.
- c) Management believes the cost to renovate City Hall to include an in-building fire suppression system would be prohibitive; therefore, the City has moved mission critical systems to a co-location with Peak 10.

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415 FLORIDA STATUTES**

Honorable Mayor, City Commission and City Manager
City of Hollywood, Florida

We have examined the City of Hollywood's (the City) compliance with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2016. Management is responsible for the City's compliance with the specified 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 judgment, 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 Section 218.415 Florida Statutes for the fiscal year ended September 30, 2016.

This report is intended to describe our testing of compliance with Section 218.415 Florida Statutes and it is not suitable for any other purpose.

Marcum LLP

Fort Lauderdale, FL
June 19, 2017