



FINANCE DEPARTMENT
MEMO 18-69

Date: March 29, 2018

To: Mayor and City Commissioners

Via: Greg Harrison, City Manager

From: Andrew Jean-pierre, Finance Director

**Subject: Presentation of Comprehensive Annual Financial Report
Single Audit Report and Management Letter for the Fiscal Year Ended September 30,
2017**

I would like to take this opportunity to provide you with the Comprehensive Annual Financial Report (CAFR), Single Audit Reports and Management Letter for the City of Pompano Beach (the City) for the fiscal year ended September 30, 2017 for your reference. The City's external auditors are required to formally communicate the results of their audit to you as required by generally accepted auditing standards and will be doing so at the April 10, 2018 City Commission Meeting to be followed up with a written communication via a "Report to the Governing Board".

The CAFR, prepared by the City's Finance Department, is presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by an independent firm of certified public accountants, Marcum LLP, as mandated by Florida Statutes, Chapter 218.39, *Annual Financial Audit Reports*. The audit was conducted in accordance with the rules of the Auditor General of the State of Florida, promulgated pursuant to Florida Statute, Chapter 11.45. The independent auditor plans on issuing an **unmodified opinion** that the CAFR fairly presents the financial position and results of operations of the City and complies with applicable reporting standards. This is the highest level of audit opinion (clean opinion) that may be granted by an audit firm. This also represents the sixth consecutive year that the City had no financial statement findings or federal/state grant awards findings.

For the CAFR, I would suggest you reference the Letter of Transmittal on pages v-xv which provides an overview of the City and various financial policies. The Management Discussion and Analysis section, on pages 4-18, which provides a snapshot of the operations of the City for the fiscal year. Of other importance to you might be the General Fund financials on pages 24, 27 and 120. The General Fund is the main operating fund of the City.

Compliance Reports

1. Management Letter

The auditor is also required to issue a Management Letter, in accordance with Florida Statute, Chapter 10.550, *Rules of the Florida Auditor General*. Among other things, the management letter is supposed to identify any deficiencies or material weaknesses in the City's financial reporting framework which may impact the fair representation of the City's financial position or results of operation, or report any recommendations for improvements (in accordance with best practices), as well as noncompliance with contracts, grants etc. As the attached management letter indicates, the City did not have any findings for the fiscal year ended September 30, 2017. In addition, the Auditor General does require that the auditor perform such procedures necessary to assess the financial condition of the City and indicate in the Management Letter if there may be any indications of deteriorating financial condition. The Management Letter for the fiscal year ended September 30, 2017 indicates that the financial condition assessment procedures performed by the auditor did not indicate that City met any of the conditions described in Section 218.503(1) Florida Statutes, which might indicate that the City is in state of deteriorating financial condition.

2. Single Audit Reports

As a recipient of federal and state grant funds, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. In this respect, the City is required to undergo an annual single audit performed under the provisions of 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*. Information related to the Single Audit, including the schedule of expenditure of federal awards and state financial assistance, findings and recommendations, and auditors' reports on the internal control and compliance with applicable laws and regulations are included in the attached "Compliance Reports".