

CITY OF HIALEAH, FLORIDA
FEDERAL AND STATE SINGLE AUDIT REPORTS REQUIRED BY THE UNIFORM
GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

CITY OF HIALEAH, FLORIDA
TABLE OF CONTENTS
September 30, 2021

	<u>PAGES</u>
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 <i>Government Auditing Standards</i>	1-2
Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General	3-5
Schedule of Expenditures of Federal Awards and State Financial Assistance	6-8
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	9
Summary Schedule of Prior Audit Findings	10
Schedule of Findings and Questioned Costs	11-18
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	19-20
Independent Accountants' Report on Compliance with the Requirements of Section 218.415 Florida Statutes	21

**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 and Members of the City Council
City of Hialeah, 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 Hialeah, Florida (the "City"), as of and for the fiscal year ended September 30, 2021, 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 30, 2022.

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) as a basis for designing 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be 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 as item 2018-03 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 deficiency described in the accompany schedule of findings and questioned costs as item 2015-02 to be a significant deficiency.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 30, 2022



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

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

Honorable Mayor and Members of the City Council
City of Hialeah, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Hialeah, 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 projects for the fiscal year ended September 30, 2021. 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 statutes, regulations, and the terms and conditions of its awards 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 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General of the State of Florida. Those standards, the Uniform Guidance, 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 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 fiscal year ended September 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, and which are described in the accompanying schedule of findings and questioned costs as items 2021-04 and 2021-05. Our opinion on each major federal program and state project is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-01 to be a material weakness.

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 or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-02 and 2021-03 to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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, as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 30, 2022, 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 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.

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.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP

Miami, Florida

July 22, 2022, except for our report on the Schedule of Expenditures of Federal Awards and State Financial

Assistance for which the date is June 30, 2022

CITY OF HIALEAH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

<u>Federal Agency/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
CDBG - Entitlement Grants-Cluster				
U.S. Department of Housing and Urban Development				
Community Development Block Grant	14.218	B14MC120008	\$ 10,611	\$ 10,611
Community Development Block Grant	14.218	B16MC120008	87,027	87,027
Community Development Block Grant	14.218	B17MC120008	190,870	190,870
Community Development Block Grant	14.218	B18MC120008	1,201,777	1,201,777
Community Development Block Grant	14.218	B19MC120008	3,000	25,445
Community Development Block Grant	14.218	B20MC120008	-	1,618,692
Total CDBG - Entitlement Grants-Cluster			<u>1,493,285</u>	<u>3,134,422</u>
Other Programs				
U.S. Department of Housing and Urban Development				
HOME Investment Partnership	14.239	M18MC120207	14,939	92,074
Total Home Investment Partnerships Program			<u>14,939</u>	<u>92,074</u>
Emergency Solutions Grant	14.231	E20MV120008	681,093	699,093
Total Emergency Solutions Grant Program			<u>681,093</u>	<u>699,093</u>
Total U.S. Department of Housing and Urban Development			<u>696,032</u>	<u>791,167</u>
U.S. Department of Justice				
Equitable Sharing Funds	16.922	N/A	-	131,708
Edward Byrne Memorial Grant Program - 2019	16.738	2019-DJ-BX-0383	-	43,755
			<u>-</u>	<u>175,463</u>
Pass-Through Program from:				
State of Florida Office of the Attorney General				
Victims of Crimes Act (VOCA)	16.575	VOCA-2020-City of Hialeah-00527	-	142,427
Total Through the State of Florida Office of the Attorney General			<u>-</u>	<u>142,427</u>
Total U.S. Department of Justice			<u>-</u>	<u>317,890</u>
U.S Department of Treasury				
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	N/A	-	4,524,679
Emergency Rental Assistance Program (ERA)	21.023	N/A	-	4,191,399
Total U.S. Department of Treasury			<u>-</u>	<u>8,716,078</u>
Executive Office of the President				
Pass-Through Program Monroe County Sherriff's Office				
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	G20MI0001A	-	19,200
Total Executive Office of the President			<u>-</u>	<u>19,200</u>

(Continued)

CITY OF HIALEAH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
(CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

<u>Federal Agency/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education				
Pass- Through Program from:				
State of Florida Department of Education				
21st Century Community Learning Centers - Academic Achievers	84.287	13B-2441B-1CCC1	\$ -	\$ 123,271
21st Century Community Learning Centers - Academic Achievers	84.287	13B-2442B-2CCC1	-	54,243
Total U.S. Department of Education - Through the State of Florida Department of Education			-	177,514
 U.S. Department of Homeland Security				
Pass-Through Program from:				
The Florida Department of Law Enforcement				
Edward Byrne Memorial Grant - County	16.738	2021-JAGC-DADE-4-5R-098	-	16,000
Total Through the Florida Department of Law Enforcement			-	16,000
 Pass-Through Program from:				
Florida Division of Emergency Management				
Urban Areas Security Initiatives (UASI) (2018)	97.067	19-DS-04-11-23-02-319	-	228,905
Urban Areas Security Initiatives (UASI) (2019)	97.067	R0075	-	277,912
Hurricane Irma - DR-4337	97.036	Z1122	-	89,046
Federal Public Assistance - DR 4486 (COVID-19)	97.036	Z2115	-	1,734,467
Total Through the Florida Division of Emergency Management			-	2,330,330
Total U.S. Department of Homeland Security			-	2,346,330
 U.S. Department of Treasury -				
Pass-Through Program from:				
Miami-Dade County				
Coronavirus Relief Fund - Cares Act	21.019	N/A	-	253,279
Miami Dade County Rental Assistance (CRF)	21.019	N/A		70,070
Small Business Stabilization Grant (CRF)	21.019	N/A		1,032,822
Miami Dade County Business Assistance (CRF)	21.019	N/A		819,719
Miami Dade County Gift Card Program and Salary (CRF)	21.019	N/A	-	1,249,938
Total U.S. Department of Treasury - Through Miami-Dade County			-	3,425,828
 Pass-Through Program from:				
Florida Housing Finance Corporation	21.019	N/A	1,173,736	1,173,736
Total Florida Housing Finance Corporation			1,173,736	1,173,736
Total U.S. Department of Treasury			1,173,736	4,599,564
 TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,363,053	\$ 20,102,165

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

CITY OF HIALEAH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
(CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>CSFA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total State Expenditures</u>
Florida Housing Finance Corporation				
State Housing Initiative Partnership Program	40.901	N/A	\$ -	\$ 813,137
Total Florida Housing Finance Corporation			<u>-</u>	<u>813,137</u>
Florida Department of State - Division of Libraries and Information Services				
State Aid to Libraries - (2020)	45.030	20-ST-32	-	2,296
State Aid to Libraries - (2021)	45.030	21-ST-32	-	24,557
Total Florida Department of State - Division of Libraries and Information Services			<u>-</u>	<u>26,853</u>
Florida Department of Elder Affairs				
Alliance for Aging - Meals for the Elderly	65.009	2019-2020 LSP-KL-1934	-	12
Alliance for Aging - Meals for the Elderly	65.009	2020-2021 LSP-KL-2034	1,027,633	1,068,521
Alliance for Aging - Meals for the Elderly	65.009	2021-2022 LSP-KL-2134	515,785	515,785
Goodlet Adult Center Facility Improvements	65.013	XQ902	-	411,233
Total Florida Department of Elder Affairs			<u>1,543,418</u>	<u>1,995,551</u>
Florida Department of Economic Opportunity				
Florida Job Growth Infrastructure Grant	40.043	G0027	-	1,560,277
Total Florida Department of Economic Opportunity			<u>-</u>	<u>1,560,277</u>
Florida Department of Transportation				
County Incentive Grant Program (CIGP) (Six New Buses)	55.008	G0o50	-	157,648
County Incentive Grant Program (CIGP) (FREEBEE)	55.008	G1T49	-	24,730
Total Florida Department of Transportation			<u>-</u>	<u>182,378</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 1,543,418</u>	<u>\$ 4,578,196</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 4,906,471</u>	<u>\$ 24,680,361</u>

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

CITY OF HIALEAH, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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 Hialeah (the “City”) for the fiscal year ended September 30, 2021. 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’s 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 the cost principles contained in the Uniform Guidance and the Rules of the Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RECOVERY

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

NOTE 4 – SUBRECIPIENTS

The City provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>		<u>Provided</u>
Community Development Block Grant	14.218	\$	1,493,285
HOME Investment Partnership	14.239	\$	14,939
Emergency Shelter Grant	14.231	\$	681,093
Coronavirus Relief Fund	21.019	\$	1,173,736

The City provided state assistance projects to subrecipients as follows:

<u>Program Title</u>	<u>State CSFA Number</u>		<u>Provided</u>
Alliance for Aging - Meals for the Elderly	65.009	\$	1,543,418

NOTE 5 – CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

CITY OF HIALEAH, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

PRIOR YEAR FINDINGS AND STATUS

- **FINANCIAL STATEMENTS**

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2020 schedule of findings and questioned costs.

Matters that are not repeated in the accompanying schedule of findings and questioned costs:

None

Matters that are repeated in the accompanying schedule of findings and questioned costs:

- 2015-02 Storm Water Fund Deficit (revised and repeated-originally reported as 2014-02)
- 2018-03 Internal Control over Benefit payments (revised and repeated)

- **FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None

- **STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

None

CITY OF HIALEAH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	<i>Unmodified Opinion</i>
Internal control over financial reporting:	
Material weakness(es) identified?	<u> X </u> yes <u> </u> no
Significant deficiencies identified?	<u> X </u> yes <u> </u> None reported
Non-compliance material to financial statements noted?	<u> </u> yes <u> X </u> no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u> X </u> yes <u> </u> no
Significant deficiencies identified?	<u> X </u> yes <u> </u> None reported
Type of auditors' report issued on compliance for major federal programs:	<i>Unmodified Opinion</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> X </u> yes <u> </u> no

Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Awards Program or Cluster</u>
14.218	Community Development Block Grant Cluster
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance Fund
21.027	Coronavirus State and Local Fiscal Recovery Funds

State Financial Assistance

Internal control over major programs:	
Material weakness(es) identified?	<u> </u> yes <u> X </u> no
Significant deficiencies identified?	<u> X </u> yes <u> </u> None reported
Type of auditors' report issued on compliance for major state projects:	<i>Unmodified Opinion</i>
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General?	<u> X </u> yes <u> </u> no

Identification of major projects:

<u>CSFA Number</u>	<u>State Project</u>
40.043	Florida Job Growth Infrastructure Grant
40.901	State Housing Initiative Partnership Program

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

Auditee qualified as low risk auditee for audit of federal awards programs?	<u> </u> yes <u> X </u> no
---	-----------------------------------

CITY OF HIALEAH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2018-03 Internal Control over Benefit Payments

Criteria

Accurate calculation of benefit payments is crucial to ensure the proper use of Plan assets.

Condition

During the course of our benefit payment testing, we identified the following conditions:

- Certain participants were receiving a benefit that was overstated.
- The Plan has not recovered the temporary overstatements identified in the preceding bullet point.
- The average salary utilized for retirement calculations included pay periods that contained retroactive adjustments which would result in higher benefit payments.

Cause

Improper controls over the processing of benefit payments.

Effect

Benefit payments are potentially overstated resulting in improper use of Plan assets.

Recommendation

We recommend that a detailed review be performed of benefit payments to ensure accurate calculation. In addition, management should review the system report generated to provide the top pay periods utilized for benefit calculation as pay periods including additional compensation above regular salary should be adjusted to exclude the additional compensation.

View of responsible officials and planned corrective actions.

The City's new administration has reviewed existing retirement benefit calculation process and audit findings. The City has implemented new internal payroll review procedures that will ensure correct payroll data is provided to the actuaries. The City's Human Resource Department, Retirement Department, Finance Department, and the Retirement Board are collaborating on process improvements and data integrity.

SIGNIFICANT DEFICIENCY

2015-02 Water and Sewer Utility Fund, Solid Waste Utility Fund, and Stormwater Utility Fund Unrestricted Net Position.

Criteria:

Governments are required to maintain positive unrestricted fund net position.

Condition:

During our testing of the enterprise funds we noted that the Water and Sewer utility fund, Solid Waste utility fund, and the Stormwater utility fund reported negative unrestricted net position amounts of \$27,036,043, \$59,265,565, and \$371,046, respectively. However, the Solid Waste Utility Fund reported a positive change in net position during fiscal year 2021.

Cause:

The deficits are a result of historical operating losses as well as continued investment in capital assets.

Effect:

The three enterprise funds' unrestricted net position are at a deficit and the City is required to submit a deficit elimination plan.

CITY OF HIALEAH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SIGNIFICANT DEFICIENCY (CONTINUED)

**2015-02 Water and Sewer Utility Fund, Solid Waste Utility Fund, and Stormwater Utility Fund Unrestricted
Net Position. (continued)**

Recommendation:

We recommend that the City review its current rates for Water and Sewer utility, Solid Waste utility, and Stormwater utility funds to ensure the fees cover the costs of operations and reduce the deficit unrestricted net position while maintaining the quality of service. In addition, the department should develop a deficit elimination plan that is reviewed and approved by those charged with governance.

View of Responsible Officials and Planned Corrective Actions:

The following three bullets explain the increase costs in Water and Sewer Utility system operating Costs:

- The City attributes the increase in operating expenses in FY 2021 in part due to increased sewer treatment costs paid to MDWASD during the fiscal year. The sewer treatment price per million gallons increased 5.37% while sewer flows increased by approximately 10.06% in FY 2021.
- Sewer cost expenses may be affected in subsequent years due to potential overcharges by MDWASD related to the routing of other municipalities' sewer flows through the City's facilities over the past six years. These overcharges are estimated to be \$12.6 million from FY 2016 to FY 2021.
- Payments in lieu of franchise fees that have been paid to the City annually over the past seven years have had a direct effect upon operating expenses over this period. (Average \$4.9 million per year). A financial study has been completed and was approved by the City Council in FY 2021 adjusting the franchise fee rate range from 10%-7.5% to 6%-3% for FY 2021 and beyond.

Solid Waste Utility System had an operating surplus of \$623 thousand in FY 2021. This is expected to continue due to privatization efforts in prior years. In addition, the City is considering extending the existing solid waste contracts currently schedule to expire in FY 2023, with these efforts the City will be able to operate the fund at a surplus and continue to reduce the negative net position in this fund.

Stormwater Utility fund will continue to reduce its capital expenses without impacting the level of services in order to reduce operating losses and will continue its efforts to adjust the Stormwater Utility.

CITY OF HIALEAH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION III - FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

A. Internal Control Over Compliance

**Questioned
Costs**

Federal Awards

Material Weakness

U.S. Department of Housing and Urban Development:

2021-01 Community Development Block Grant – Assistance Listing No. 14.218; Grant No. B20MC120008|B19MC120008; Grant period – fiscal year ended September 30, 2021

Condition: During our testing, management had difficulties providing certain grant agreements specific to the programs. These grant agreements are crucial in understanding the use of funds and the parameters for which activities and costs can be allowed. In addition, several transactions lacked sufficient supporting documentation for the costs included within the expenditures detailed by the City.

Criteria: Management needs to provide the auditor all contracts and grant agreements, and any other correspondence relevant to the programs subject to the compliance audit.

Cause: Lack of maintenance of a repository with all relevant grant agreements for all members of the grants department, changes in staffing, and lack of succession planning.

Effect: The City could be found to be out of compliance with the requirements of the grant. As a result, the federal or state awarding agency could potentially withhold funds until the deficiency is remedied, completely suspend or terminate the award, or withhold further awards for the program.

Context: A sample of 43 transactions totaling \$1,597,522 was selected from a population of 1,153 transactions totaling \$2,889,297. The test found 3 transactions that were not in compliance with questioned costs totaling \$73,704. Our sample was a statistically valid sample.

\$73,704

Recommendation: We recommend that a repository for grant documents be maintained for all members of the grants department. In addition, we recommend that management implement a succession plan to be followed when there are changes in staffing.

View of Responsible Officials and Planned Corrective Actions: The current Administration has recruited professional staff and undertaken a diligent schedule of training to ensure that compliance is embedded in all aspects of department administration including the drafting of funding agreements and an active monitoring schedule for all sub-recipients to ensure adherence to federal program requirements. In addition, financial controls have been added to ensure that at least two people (Grant Specialist and the Controller or Assistant Director or Director) review and approve all financial transactions utilizing federal or state funds. More so, staff has been advised of the importance of safeguarding all public documents including the creation of appropriate project files and the securing of said files when the office closes for the day. All documents pertaining to expenditures are kept within the project file with copies attached to the payment invoice enabling easy cross-reference and verification. In addition, digital files are maintained of key project documents to ensure ready access and reference and the minimal handling of paper files to safeguard their integrity.

CITY OF HIALEAH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION III - FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS (CONTINUED)

A. Internal Control Over Compliance (Continued)

**Questioned
Costs**

Federal Awards (Continued)

Significant Deficiencies

U.S. Department of Treasury Pass-Through Miami-Dade County:

2021-02 Small Business Stability Grant Coronavirus Relief Fund – Assistance Listing No. 21.019; Grant period – fiscal year ended September 30, 2021

Condition: During the course of our testing, we noted one business awarded funds with a filing date with the State of Florida of July 19, 2020, per Sunbiz.org.

Criteria: Per the City's Small Business Stabilization Grant Program Rules and Requirements, one of the eligibility criteria to be determined an "Eligible Business" is that the business must be registered with the State of Florida prior to March 2020.

Cause: This error was the result of an oversight by the Grants Department.

Effect: This particular business was awarded \$10,000 by the City resulting in costs for an ineligible small business per the guidelines established by the City for the use of funds specific to the Small Business Stabilization Grant (Coronavirus Relief Fund).

Context: A sample of 40 transactions totaling \$326,648 was selected from a population of 120 transactions totaling \$1,032,822. The test found 1 transaction that was not in compliance with questioned costs totaling \$10,000. Our sample was a statistically valid sample.

\$10,000

Recommendation: Written policies and procedures should be reviewed and adhered to in order to ensure proper eligibility determination. Controls to ensure that the criteria specified by the City should be developed to mitigate misuse or funding to ineligible participants.

View of Responsible Officials and Planned Corrective Actions: The current Administration has recruited professional staff and undertaken a diligent schedule of training to ensure that compliance is embedded in all aspects of department administration including eligibility for assistance through the various programs administered by the Department. Fidelity checklists have been created for file reviews enabling staff to review eligibility standards against application submissions and ensure compliance with program requirements.

CITY OF HIALEAH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION III - FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS (CONTINUED)

A. Internal Control Over Compliance (Continued)

**Questioned
Costs**

State Financial Assistance

Significant Deficiencies

Florida Housing Finance Corporation:

2021-03 State Housing Initiative Partnership Program – CSFA No. 40.901; Grant period – fiscal year ended September 30, 2021

Condition: During our testing, we noted that certain required reports were not submitted by the City to the Florida Housing Finance Corporation for applicable periods.

Criteria: Per the compliance supplement for the state project for fiscal year 2020-2021, an annual report is required to be completed and submitted to Florida Housing by September 15th of each year pursuant to Section 420.9071(4).

Cause: The Grants Department has experienced delays in construction for two outstanding projects leading to delays in closing prior fiscal years and compiling reports for grants specific to individual grant requirements.

Effect: The City can be found to be out of compliance per individual granting agencies. As a result, the state awarding agency could potentially withhold funds until the deficiency is remedied, completely suspend or terminate the award, or withhold further awards for the program.

Context: We reviewed the prepared SHIP Annual Report for 2018/2019 which was submitted beyond the September 15, 2019 deadline but was accepted by the State. Reports for the 2019/2020 and 2020/2021 fiscal years were not completed and presented by the City to the Florida Housing Finance Corporation.

Recommendation: We recommend that the City complete the cases holding the preparation and submission of the 2019/2020 and 2020/2021 reports and submit the reports to become compliant with award requirements. We recommend timely completion of budgeted deliverables and adherence to reporting requirements as set forth by the granting agency.

View of Responsible Officials and Planned Corrective Actions: The current Administration has recruited professional staff and undertaken a diligent schedule of training to ensure that compliance is embedded in all aspects of department administration including the drafting of funding agreements and an active monitoring. A staff member has been assigned as program monitor and the Department has been working with Florida Housing Finance Corporation and Florida Housing Coalition to ensure that past due reports are submitted and that the City's SHIP-funded programs can resume operations.

CITY OF HIALEAH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION III - FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS (CONTINUED)

B. Compliance

**Questioned
Costs**

Federal Awards

Material Noncompliance

Federal Audit Clearinghouse:

2021-04 Schedule of Expenditures of Federal Awards; Grant period – fiscal year ended September 30, 2021

Condition: The data collection form was not submitted within the required timeframe.

Criteria: Audited compliance package and completion of the federal single audit is required to be submitted timely to the Federal Audit Clearinghouse (the FAC). The package must be electronically submitted through the FAC website within the earlier of 30 days after receipt of the auditors' report or nine months after the end of the audit period.

Cause: Changes in personnel and delays in accessing components required for testing purposes did not allow for the completion of the federal single audit within the required timeframe. The City Finance Department and Grants Department has experienced delays in closing the fiscal year and compiling reports affecting the single audit process.

Effect: The City can be found to be out of compliance by individual granting agencies. As a result, the federal or state awarding agency could potentially withhold funds until the deficiency is remedied, completely suspend or terminate the award, or withhold further awards for the program.

Recommendation: We recommend that the City remedy remaining audit findings reported during the course of the federal single audit and timely prepare expenditure reports and support for purposes of being subject to a federal single audit.

View of Responsible Officials and Planned Corrective Actions: The current Administration is aware of the needs of the department and has taken the necessary actions to ensure proper staffing with qualified professionals. Changes of the internal processes have been made to ensure that compliance, transparency, accountability and timeliness are embedded in all aspects of department administration including financial controls to review and approve all grant related transactions within the required time frames, and to prepare and provide all required reports and documentation in a timely manner.

CITY OF HIALEAH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION III - FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS (CONTINUED)

B. Compliance

**Questioned
Costs**

State Financial Assistance

Material Noncompliance

Florida Auditor General –

2021-05 Schedule of Expenditures of State Financial Assistance; Grant period – fiscal year ended September 30, 2021

Condition: The compliance package for the City was not submitted within the required timeframe.

Criteria: Pursuant to section 10.558(4) of Chapter 10.550, Rules of the Auditor General, require submission of the completed audit report, including the auditee's responses and corrective action plans Audited compliance package. Copies of the audit report required by Section 163.387(8), Florida Statutes, and copies of the audit report required to be submitted pursuant to Sections 215.97 and 218.39, Florida Statutes, including the auditee's responses thereto, and the corrective action plans required for the Federal awards and Florida Single Audit Act audits, shall be submitted to the Auditor General and State awarding agencies (if applicable) within 45 days after delivery of the audit report to the local governmental entity but no later than 9 months after the end of the fiscal year of the local governmental entity

Cause: Changes in personnel and delays in accessing components required for testing purposes did not allow for the completion of the federal single audit within the required timeframe. The City Finance Department and Grants Department has experienced delays in closing the fiscal year and compiling reports affecting the single audit process.

Effect: The City can be found to be out of compliance by individual granting agencies. As a result, the federal or state awarding agency could potentially withhold funds until the deficiency is remedied, completely suspend or terminate the award, or withhold further awards for the program.

Recommendation: We recommend that the City remedy remaining audit findings reported during the course of the state single audit and timely prepare expenditure reports and support for purposes of being subject to a state single audit.

View of Responsible Officials and Planned Corrective Actions: The current Administration is aware of the needs of the department and has taken the necessary actions to ensure proper staffing with qualified professionals. Changes of the internal processes have been made to ensure that compliance, transparency, accountability and timeliness are embedded in all aspects of department administration including financial controls to review and approve all grant related transactions within the required time frames, and to prepare and provide all required reports and documentation in a timely manner.



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

Honorable Mayor and Members of the City Council
City of Hialeah, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Hialeah, Florida (the "City"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 30, 2022.

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and the Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General, which are dated June 30, 2022, should be considered in conjunction with this management letter. We have also issued our Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance and the Schedule of Findings and Questioned Costs. Disclosures in the report and schedule, which are dated July 22, 2022, 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 two recommendations made in the preceding annual financial report that are being repeated. Item 2018-03 and item 2015-02 (originally reported in 2014) have been revised and repeated.

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. This information is disclosed in Note 1 of the City's financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. 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. This assessment was done as of the fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida

June 30, 2022, except for our report on compliance of each major federal program and state project and the report on internal control over compliance, for which the date is July 22, 2022



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415 FLORIDA STATUTES**

Honorable Mayor and Members of the City Council
City of Hialeah, Florida

We have examined the City of Hialeah (the "City"), Florida, compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2020 to September 30, 2021. Management of the City is responsible for the City's compliance with those specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements 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 the requirements of Section 218.415 Florida Statutes during the period of October 1, 2020 to September 30, 2021.

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 30, 2022