

**CITY OF BOCA RATON, FLORIDA**  
**COMPLIANCE REPORTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

# CITY OF BOCA RATON, 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***

To the Honorable Mayor, City Council and City Manager  
**City of Boca Raton, 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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boca Raton, Florida (the City) as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2019.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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*

West Palm Beach, FL  
March 25, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY CHAPTER 10.550 RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Council and City Manager  
**City of Boca Raton, Florida**

***Report on Compliance for Each Major State Project***

We have audited the City of Boca Raton, Florida's (the City's) compliance with the types of compliance requirements described in the *Florida Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the City's major state projects for the fiscal year ended September 30, 2018. The City's major 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 State statutes, regulations, and the terms and conditions of its state projects.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the City's major 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 Chapter 10.550 Rules of the Auditor General. Those standards 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 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 the major state projects. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major 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 its major state projects for the fiscal year ended September 30, 2018.

### ***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 its major state projects to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major state projects and to test and report on internal control over compliance in accordance with 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 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 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 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 Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of State Financial Assistance Required by 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 25, 2019, 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 state financial assistance is presented for purposes of additional analysis as required by 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 basic 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 state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Marcum LLP*

West Palm Beach, FL  
March 25, 2019

**CITY OF BOCA RATON, FLORIDA**

**SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

State Agency/Program	CSFA Number	Grant/Contract Number	Total Expenditures
<b><i>Florida Housing Finance Corporation</i></b>			
Direct Program:			
State Housing Initiatives Partnership Program (SHIP)	40.901	N/A	\$ 773,603
<b><i>Total Florida Housing Finance Corporation</i></b>			<u>773,603</u>
<b><i>Florida Department of Transportation</i></b>			
Direct Program:			
Transit Corridor Program	55.013	ARC35	<u>168,900</u>
<b><i>Total Florida Department of Transportation</i></b>			<u>168,900</u>
<b><i>Florida Department of Environmental Protection</i></b>			
Direct Program:			
Beach Management Funding Assistance Program	37.003	16PB5	1,390
Beach Management Funding Assistance Program	37.003	16PB6	36,061
Beach Management Funding Assistance Program	37.003	17PB3	67,996
Beach Management Funding Assistance Program	37.003	17PB6	14,402
Beach Management Funding Assistance Program	37.003	18PB7	30,685
Beach Management Funding Assistance Program	37.003	19PB5	<u>36,620</u>
<b><i>Total Beach Management Funding Assistance Program</i></b>			<u>187,154</u>
<b><i>Total Florida Department of Environmental Protection</i></b>			<u>187,154</u>
<b><i>Total Expenditures of State Financial Assistance</i></b>			<u>\$ 1,129,657</u>

N/A - Not available

*See notes to schedule of expenditures of state financial assistance.*

# **CITY OF BOCA RATON, FLORIDA**

## **NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City of Boca Raton (the City) under projects of the State of Florida for the fiscal year ended September 30, 2018. The information in this schedule is presented in accordance with the requirements of 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 or cash flows of the City or used in the preparation of the basic financial statements.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

**CITY OF BOCA RATON, FLORIDA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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**PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

None.

**PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

The City was not subject to single audit under OMB Uniform Guidance in the fiscal year ended September 30, 2018.

**PRIOR YEAR STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

None.

**CITY OF BOCA RATON, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

Type of auditors’ report issued: *Unmodified Opinion*

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

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

Non-compliance material to financial statements noted?  Yes  No

**State Projects:**

Internal control over major state projects::

Material weakness(es) identified?  Yes  No

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

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

Any audit findings disclosed that are required to be reported in accordance with in accordance with Chapter 10.557, Rules of the Auditor General?  Yes  No

Identification of major state projects:

State Projects:

	<u>CFSA No.</u>
State Housing Initiatives Partnership Program	40.901
Transit Corridor Program	55.013

Dollar threshold used to distinguish between Type A and Type B project: \$300,000

**CITY OF BOCA RATON, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported

**SECTION III – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

None reported

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

To the Honorable Mayor, City Council, and City Manager  
**City of Boca Raton, Florida**

***Report on the Financial Statements***

We have audited the financial statements of the City of Boca Raton, Florida (the City), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 25, 2019.

***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; 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*; Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; and Report on Schedule of Expenditures of State Financial Assistance Required By Chapter 10.550 Rules of the Auditor General; Schedule of Findings and Questioned Costs; and 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. Disclosures in those reports and schedule, which are dated March 25, 2019, 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 City has made these disclosures in the notes to the 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 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.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 review of financial information provided by same. This assessment was performed 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.

### ***Special District Component Units***

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within in 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### ***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 which 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, State granting agencies, City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Marcum LLP*

West Palm Beach, FL  
March 25, 2019

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

To the Honorable Mayor, City Council and City Manager  
**City of Boca Raton, Florida**

We have examined the City of Boca Raton, Florida (the City)'s compliance with Section 218.415 Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2018. Management of the City 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 the 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, 2018.

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*

West Palm Beach, FL  
March 25, 2019