

**CITY OF BOCA RATON, FLORIDA**

**COMPLIANCE REPORTS**

**SEPTEMBER 30, 2010**

# 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***

The Honorable Mayor and Members of the City Council  
**City of Boca Raton, Florida**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information (including the Community Redevelopment Agency Funds) of the City of Boca Raton, Florida (the City) as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

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

This report is intended solely for the information and use of the Mayor, City Council, management, and regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

*Marcum LLP*

Fort Lauderdale, FL  
March 28, 2011

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

The Honorable Mayor and Members of the City Council  
**City of Boca Raton, Florida**

We have audited the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information (including the Community Redevelopment Agency Funds) of the City of Boca Raton, Florida (the City) as of and for the fiscal year ended September 30, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 28, 2011.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our 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*; Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Federal Program and State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550 Rules of the Auditor General; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 28, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(l)(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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(l)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(l)(i)3., 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 not have any such recommendations.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)6., 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.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2010, 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, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Mayor, City Council, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Marcum LLP*

Fort Lauderdale, FL  
March 28, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
CHAPTER 10.550 RULES OF THE AUDITOR GENERAL**

The Honorable Mayor and Members of the City Council  
**City of Boca Raton, Florida**

Compliance

We have audited the City of Boca Raton, Florida's (the City) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major Federal programs and State projects for the year ended September 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs and State projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major Federal programs or State projects 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs and its State projects for the year ended September 30, 2010.

## Internal Control over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to Federal programs and State projects. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program or State project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550 Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program or State 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## Schedule of Expenditures of Federal Awards and State Projects

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 year ended September 30, 2010, and have issued our report thereon dated March 28, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Projects is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor, City Council, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Marcum LLP*

Fort Lauderdale, FL  
March 28, 2011

**CITY OF BOCA RATON, FLORIDA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Federal/State Grantor/Pass-Through Grantor/ Program/Project Title	Grant/Contract Number	CFDA/CSFA Number	Expenditures	Transfers to Sub Recipients
U.S. Department of Defense:				
Beach Erosion Control Project	N/A	12.101	\$ 3,860,676	--
U.S. Department of Energy:				
Energy Efficiency Conservation Block Grant Program (EECBG)	DE-SC0002697	81.128	68,536	--
U.S. Department of Justice:				
Direct Programs:				
Federal Equitable Sharing Agreement	N/A	N/A	357,884	
Edward Byrne Memorial Justice Assistance Grant	2009-DJ-BX-0268	16.738	24,486	
Total U.S. Department of Justice:			382,370	--
U.S. Department of Homeland Security:				
Direct Programs:				
Assistance to Firefighters Grant	EMW-2008-FO-09733	97.044	41,765	
Assistance to Firefighters Grant	EMW-2009-FO-01689	97.044	268,800	
Subtotal Direct Programs			310,565	
Passed through Florida Department of Law Enforcement:				
Buffer Zone Protection Program	2009-BZPP-PALM-1-V4-001	97.078	191,044	
Total U.S. Department of Homeland Security:			501,609	--
U.S. Department of Transportation:				
Direct Programs:				
Highway Planning and Construction	AP561	20.205	144,883	
Highway Planning and Construction	APJ50	20.205	476,694	
Subtotal Direct Programs			621,577	
Passed through Florida Department of Transportation:				
State and Community Highway Safety Program	APU09	20.600	50,762	
State and Community Highway Safety Program	APT93	20.600	48,483	
Subtotal Indirect Programs			99,245	
Total U.S. Department of Transportation:			720,822	--
U.S. Department of Housing and Urban Development:				
Direct Programs:				
Community Development Block Grant (CDBG)	B-07-MC-12-0001	14.218	590,791	\$ 71,700
Community Development Block Grant (CDBG)	B-08-MC-12-0001	14.218	29,607	
Community Development Block Grant (CDBG)	B-09-MC-12-0001	14.218	166,999	
Community Development Block Grant Recovery (CDBG-R) (ARRA)	B-09-MY-12-0001	14.253	129,352	
Economic Development Initiative-Special Project Grant	B-04-SP-FL-0171	14.246	5,475	
Economic Development Initiative-Special Project Grant	B-05-SP-FL-0421	14.246	205,500	
Economic Development Initiative-Special Project Grant	B-06-SP-FL-0223	14.246	240,075	
Total U.S. Department of Housing and Urban Development:			1,367,799	71,700
<b>Total Expenditures of Federal Awards</b>			<b>6,901,812</b>	<b>71,700</b>
Florida Housing Finance Corporation:				
State Housing Initiatives Partnership Program	N/A	52.901	516,658	--
Florida Department of Environmental Protection:				
Beach Erosion Control Program - South Beach	05PB3	37.003	825,549	
Beach Erosion Control Program - North Beach	03PB1	37.003	1,960,262	
Statewide Surface Water Restoration and Wastewater Projects	LP8905	37.039	3,965	
Total Florida Department of Environmental Protection:			2,789,776	--
Florida Department of Transportation:				
Public Transit Service Development	APN43	55.012	299,996	--
<b>Total Expenditures of State Projects</b>			<b>3,606,430</b>	<b>--</b>
<b>Total Expenditures of Federal Awards and State Projects</b>			<b>\$ 10,508,242</b>	<b>\$ 71,700</b>

*See note to schedule of expenditures of federal awards and state projects.*

**CITY OF BOCA RATON, FLORIDA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE PROJECTS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and State Projects includes the federal and state grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**CITY OF BOCA RATON, FLORIDA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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**I – PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS**

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2009 Schedule of Findings and Questioned Costs:

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

- 2009-01 – Prior Period Adjustment – Capital Assets

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

None reported in prior year.

**III - PRIOR YEAR STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

None reported in prior year.

**CITY OF BOCA RATON, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: *Unqualified Opinion*  
Internal control over financial reporting:  
Material weakness(es) identified? \_\_\_\_\_ Yes  X  No  
Significant deficiency(ies) identified not considered to be  
material weaknesses? \_\_\_\_\_ Yes  X   
Non-compliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

**Federal and State Awards Programs**

Internal control over major awards programs:  
Material weakness(es) identified? \_\_\_\_\_ Yes  X  No  
Significant deficiency(ies) identified not considered to be  
material weakness(es)? \_\_\_\_\_ Yes  X  None reported

Type of auditor’s report issued on compliance for major  
awards Programs: *Unqualified Opinion*  
Any audit findings disclosed that are required to be reported  
in accordance with Circular A-133, Section 510(a)?  
or Chapter 10.550, Rules of the Auditor General \_\_\_\_\_ Yes  X  No

Identification of major federal and state programs:

<u>Federal Program/Cluster</u>	<u>CFDA No.</u>	
Beach Erosion Project	12.101	
Assistance to Firefighters’ Grant	97.044	
Cluster -Community Development Block Grant – (ARRA)	14.218; 14.253	
Economic Development Initiative- Special Project Grant	14.246	
<u>State Projects</u>	<u>CSFA No.</u>	
Beach Erosion Control Program	37.003	
Dollar threshold used to distinguish between Type A and Type B programs:	Federal	\$300,000
	State	\$300,000

Auditee qualified as low risk auditee for Federal Awards?  X  Yes \_\_\_\_\_ No

**CITY OF BOCA RATON, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV – STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

None