



**CITY OF BOCA RATON, FLORIDA**

Single Audit Reports in Accordance With  
OMB Circular A-133 and *Rules of the Auditor*  
*General*, Chapter 10.550

September 30, 2006



**KPMG LLP**  
450 East Las Olas Boulevard  
Fort Lauderdale, FL 33301

**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 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 of the City of Boca Raton (the City) as of and for the year ended September 30, 2006, and have issued our report thereon dated March 12, 2007. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We note no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**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*.

We noted certain matters that we reported to management of the City in a separate letter dated March 12, 2007.



This report is intended solely for the information and use of the Mayor, City Council, and management of the City, 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.

KPMG LLP

March 12, 2007  
Certified Public Accountants



**KPMG LLP**  
450 East Las Olas Boulevard  
Fort Lauderdale, FL 33301

**Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and State Project and on Internal Control over Compliance in Accordance With OMB Circular 133 and Chapter 10.550, Rules of the Auditor General**

The Honorable Mayor and City Council  
City of Boca Raton, Florida:

**Compliance**

We have audited the compliance of the City of Boca Raton, Florida (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state projects, respectively, for the year ended September 30, 2006. The City's major federal programs and state projects are identified in the summary of auditor's 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; and 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 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. 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 state projects for the year ended September 30, 2006.

**Internal Control over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program or state project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **Schedule of Expenditures of Federal Awards and State Financial Assistance**

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, 2006, and have issued our report thereon dated March 12, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance 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, and management of the City, 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.

**KPMG LLP**

March 12, 2007  
Certified Public Accountants

**CITY OF BOCA RATON, FLORIDA**  
Schedule of Expenditures of Federal Awards  
and State Financial Assistance  
Year ended September 30, 2006

Federal/state grantor/pass-through grantor/ program/project title	Grant/contract number	CFDA/CSFA number	Expenditures	Transfers to subrecipients
<b>U.S. Department of Justice:</b>				
Direct Programs:				
Bullet Proof Vest Partnership Program	N/A	16.607	\$ 9,673	
COPS Universal Hiring	2003-UM-WX-0028	16.710	102,775	
COPS Universal Hiring	2003-UM-WX-0231	16.710	103,375	
Gang Resistance Education and Training (GREAT)	2004-JV-FX-0095	16.544	16,267	
Federal Equitable Sharing Agreement	N/A	N/A	4,348,531	
Edward Byrne Memorial Justice Assistance Grant	2005-DJ-BX-1347	16.730	12,096	
Total U.S. Department of Justice			<u>4,592,717</u>	—
<b>U.S. Department of Homeland Security:</b>				
Passed through Florida Department of Community Affairs:				
Community Emergency Response Teams (CERT)	06-CI-4K-10-60-01-124	97.004	7,654	
Public Assistance Grants	N/A	97.036	14,060,627	
Public Assistance Grants	N/A	97.036	2,026,111	
Hazard Mitigation Grant Program	06HM-4C-10-60-02-028	97.039	932,189	
Total U.S. Department of Homeland Security			<u>17,026,581</u>	—
<b>U.S. Department of Transportation:</b>				
Direct Programs:				
Highway Planning and Construction	ANJ88	20.205	78,398	
Highway Planning and Construction	ANG21	20.205	29,677	
Highway Planning and Construction	ANK90	20.205	81,000	
Highway Planning and Construction	ANJ89	20.205	6,486	
Emergency Local Governmental Relief Reimbursement Agreement	AON-70	20.205	2,375,814	
Total U.S. Department of Transportation			<u>2,571,375</u>	—
<b>U.S. Department of Housing and Urban Development:</b>				
Direct Program:				
Community Development Block Grant (CDBG)	BC-02-MC-12-0001	14.218	506,307	
Community Development Block Grant/Brownfields	BO4SPFL0171	14.246	374,889	
Total U.S. Department of Housing and Urban Development			<u>881,196</u>	—
<b>Total Expenditures of Federal Awards</b>			<u>25,071,869</u>	—
<b>Florida Housing Finance Corporation:</b>				
State Housing Initiatives Partnership Program	05SHIP	52.901	658,848	
Total Florida Housing Finance Corporation			<u>658,848</u>	—
<b>Florida Department of Environmental Protection:</b>				
South Boca Raton Renourishment Project	05PB3	37.003	64,425	
North Boca Raton Renourishment Project	03PBI	37.003	44,850	
Central Boca Raton Renourishment Project	02PBI	37.003	10,775	
Total Florida Department of Environmental Protection			<u>120,050</u>	—
<b>Total State Financial Assistance</b>			<u>778,898</u>	—
<b>Total Expenditures of Federal Awards and State Financial Assistance</b>			<u>\$ 25,850,767</u>	—

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

**CITY OF BOCA RATON, FLORIDA**

**Notes to Schedule of Expenditures of Federal Awards  
and State Financial Assistance**

**Year ended September 30, 2006**

**(1) General**

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) presents the activity of all federal programs and state projects of the City of Boca Raton, Florida for the year ended September 30, 2006. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the Schedule.

**(2) Basis of Accounting**

The accompanying schedule is presented on the modified accrual basis of accounting. Under the modified accrual basis, expenditures are recognized in the period liabilities are incurred.

**CITY OF BOCA RATON, FLORIDA**

Notes to Schedule of Expenditures of Federal Awards  
and State Financial Assistance

Year ended September 30, 2006

**Section I – Summary of Auditor’s Results**

***Financial Statements***

Type of auditors’ report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified that are not considered to be material weaknesses?  yes  none reported

Type of auditor’s report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 or Chapter 10.550, *Rules of the Auditor General*?  yes  no

The programs/projects tested as major included the following:

<u>CFDA number</u>	<u>Name of federal program</u>
20.205	Highway Planning and Construction
97.039	Hazard Mitigation Grants
97.036	Public Assistance Grants

Dollar threshold used to distinguish between type A and type B programs: \$752,156

Auditee qualified as low-risk auditee pursuant to OMB Circular A-133?  yes  no

***State Financial Assistance***

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified that are not considered to be material weaknesses?  yes  none reported

**CITY OF BOCA RATON, FLORIDA**

Notes to Schedule of Expenditures of Federal Awards  
and State Financial Assistance

Year ended September 30, 2006

Type of auditor's report issued on compliance for major program: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance  
with Section 510(a) of Circular A-133 or Chapter 10.550, *Rules of the*  
*Auditor General?*      yes **X** no

<u>CSFA number</u>	<u>Name of state project</u>
52.901	State Housing Initiatives Program

Dollar threshold used to distinguish between type A and type B projects: \$300,000

**CITY OF BOCA RATON, FLORIDA**  
Notes to Schedule of Expenditures of Federal Awards  
and State Financial Assistance  
Year ended September 30, 2006

**Section II – Financial Statement Findings**

None.

**CITY OF BOCA RATON, FLORIDA**

**Notes to Schedule of Expenditures of Federal Awards  
and State Financial Assistance**

**Year ended September 30, 2006**

**Section III – Findings and Questioned Costs – Major Federal Programs**

There were no findings or questioned costs relating to federal programs required to be reported in accordance with *Government Accounting Standards*.

