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Communication with Those Charged with Governance

To the Honorable Mayor and  
City Commission  
City of Boynton Beach  
Boynton Beach, 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 Boynton Beach, Florida, (the “City”) for the year ended September 30, 2019. We did not audit the financial statements of the Boynton Beach Community Redevelopment Agency (“CRA”), which includes the Boynton Beach CRA Special Revenue Fund, a major governmental fund of the City, and we did not audit the financial statements of the City of Boynton Beach General Employees’ Pension Fund, City of Boynton Beach Police Officers’ Pension Fund and City of Boynton Beach Firefighters’ Pension Fund, which are fiduciary funds of the City. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions on the financial statements and this report, insofar as they relate to the amounts included for the CRA, General Employees’ Pension Fund, Police Officers’ Pension Fund, and Firefighters’ Pension Fund, are based solely on the reports of other auditors. Professional standards require that we provide you with information about our responsibilities under U.S. generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated July 15, 2019. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements. The following pronouncements of the Governmental Accounting Standards Board (GASB) were effective for the City for the fiscal year ended September 30, 2019:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance of the statement.

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- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The implementation of the above GASB Statements had no effect on the previously reported amounts in the City's financial statements.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the net realizable value of receivables at September 30, 2019. We evaluated the key factors and assumptions used to estimate the net realizable value of receivables in determining that the amounts are reasonable in relation to the financial statements as a whole.
- Management's estimate of the fair value of investments at September 30, 2019, and the related investment earnings. We evaluated the key factors and assumptions used to estimate the fair value of investments and the related investment earnings in determining that the amounts are reasonable in relation to the financial statements as a whole.
- Management's estimate of the remaining service lives of capital assets at September 30, 2019. We evaluated the key factors and assumptions used to estimate the useful service lives of capital assets in determining that the amounts are reasonable in relation to the financial statements as a whole.
- Management's estimate of claims liabilities, including incurred but not reported (IBNR) claims, at September 30, 2019, for the City's self-insurance activities. We read and compared these estimates to the actuarial report prepared by the City's actuary in determining that the amounts are reasonable in relation to the financial statements as whole.
- Management's estimate of the net pension liabilities, deferred inflows/outflows related to pensions and pension expense for the City's defined benefit pension plans as of and for the year ended September 30, 2019. We evaluated the key factors and assumptions used to estimate the amount of the City's net pension liability, deferred inflows/outflows related to pensions and pension expense. We read and compared these estimates to the actuarial reports provided by the City's actuary in determining that the amounts are reasonable in relation to the financial statements as whole.
- Management's estimate of the total other postemployment benefits (OPEB) liability, deferred inflows/outflows related to OPEB and OPEB expense as of and for the year ended September 30, 2019. We evaluated the key factors and assumptions used to estimate the amount of the City's total OPEB liability, deferred inflows/outflows related to OPEB and OPEB expense. We

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read and compared these estimates to the actuarial report provided by the City's actuary in determining that the amounts are reasonable in relation to the financial statements as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosures related to deposits with financial institutions and investments in Notes 3.A. and 3.B. to the financial statements.
- The disclosures related to the City's joint venture investment in the South Central Regional Wastewater Treatment and Disposal Board in Note 3.E. to the financial statements.
- The disclosures related to the City's noncurrent liabilities in Note 3.I. to the financial statements.
- The disclosures related to the City's risk management program in Note 4.A. to the financial statements.
- The disclosures related to commitments and contingencies in Note 4.B. to the financial statements.
- The disclosures related to other postemployment benefits (OPEB) in Note 4.C. to the financial statements.
- The disclosures related to the City's defined benefit pension plans in Note 4.D. to the financial statements.

#### *Difficulties Encountered in Performing the Audit*

We encountered no difficulties in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached Summary of Unadjusted Audit Differences summarizes the uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. We also proposed and management made adjusting entries related to various financial statement accounts.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no disagreements arose during the course of our audit.

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#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 12, 2020.

#### *Management Consultations with other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Internal Control Related Matters*

In planning and performing our audit, we considered the internal control over financial reporting (internal control) of the City 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 internal control of the City. Accordingly, we did not express an opinion on the effectiveness of the internal control of the City.

Our consideration of internal control over financial reporting 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

#### *Compliance Related Matters*

As part of obtaining reasonable assurance about whether the financial statements of the City are free of material misstatement, we performed tests of the City’s 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 did 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*.

#### *Other Audit Findings or Issues*

We have reported certain additional matters in our management letter dated March 12, 2020 that are required to be reported by Chapter 10.550, Rules of the Florida Auditor General, which were not considered to be material weaknesses or significant deficiencies in internal control or compliance matters required to be reported under *Government Auditing Standards*.

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City of Boynton Beach  
March 12, 2020

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to our retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

#### *Other Information in the Comprehensive Annual Financial Report (CAFR)*

We applied certain limited procedures to *management's discussion and analysis*, and certain pension and OPEB trend information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the 2019 combining and individual fund financial statements, which accompany the 2019 basic financial statements, but are not required supplementary information. We also previously audited, in accordance with U.S. generally accepted auditing standards, the financial statements of the City of Boynton Beach, Florida, for the year ended September 30, 2018 and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The 2019 and 2018 combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. With respect to this supplementary information we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it did not change from the prior period, and the information is appropriate and complete in relation to our audits of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

As noted in the first paragraph of this letter, we did not audit the financial statements of the CRA and the City's General Employees', Police Officers' and Firefighters' Pension Funds. Those financial statements were audited by other auditors whose reports thereon were furnished to us. We did not perform any procedures on the 2019 and 2018 combining and individual fund financial statements of the CRA and the City's General Employees', Police Officers' and Firefighters' Pension Funds, which are based solely on the reports of other auditors, and accordingly, we did not express an opinion or provide any assurance on them.

We were not engaged to report on the introductory section and statistical section of the Comprehensive Annual Financial Report that accompany the financial statements, but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we did not express an opinion or provide any assurance on it.

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March 12, 2020

**Restrictions on Use**

This report is intended solely for the information and use of the City Commission, management and others within the City of Boynton Beach, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Calder, Dauter, Levine,  
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida  
March 12, 2020

**Summary of Unadjusted Audit Differences**

Client:	City of Boynton Beach
Audit date:	September 30, 2019

All identified audit differences			Analysis of audit differences Debit/(Credit)												
No.	W/P ref.	Account <small>(Audit differences are recorded as journal entries including a description of the entry)</small>	Assets and Deferred Outflows - Governmental		Assets and Deferred Outflows - Business-type	Liabilities and Deferred Inflows Governmental		Liabilities and Deferred Inflows Business-type	Income/Expenses			Fund Balance/ Net Position	Net Position		
			Govt-Wide	Fund Basis		Govt-Wide	Fund Basis		Govt-Wide	Fund Basis	Bus-Type	Fund Basis	Govt-Wide	Bus-Type	
			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	
1	13.01	Inventory - Warehouse Office Supplies <i>To adjust inventory balances to inventory counts at 9-30-2019.</i>	42,549	42,549					(42,549)	(42,549)					
2	10.12b	Workers Comp Tristar Expenses Workers Comp Self Insured Cash <i>To adjust cash to the confirm balance for TriStar Insurance Group workers compensation claims.</i>	(24,796)	(24,796)					24,796	24,796					
3	01C6.02	Deferred outflows from pensions Pension expense Net pension liability Deferred inflows from pensions Beginning Net Position <i>To adjust for net effect of FRS pension balances at 9-30-2019.</i>	185,787			(507,636)	(90,110)		99,779					312,180	
4	60.01	Due from Other Governments Operating Grant Revenue <i>To adjust for Hurricane Irma FEMA reimbursement receivable at 9-30-2019.</i>	375,698						(375,698)						
5	05.10	Net position / Fund balance Deferred inflow Miscellaneous income <i>To adjust for the net effect of the Town Square \$2 million ground lease payment recorded as income in 2018 when received.</i>				(1,920,000)	(1,920,000)		(80,000)	(80,000)		2,000,000		2,000,000	
6	05.04a	Self-insurance loss Insurance claims payable <i>To accrue insurance settlements after 9-30-2019.</i>				(151,200)			151,200						
<b>Balance sheet totals</b>			579,238	17,753	0	(2,668,946)	(1,920,000)	0	(222,472)	(97,753)	0	2,000,000		2,312,180	0
<b>Financial statement amounts</b>			207,922,621	69,557,635	267,132,646	(166,996,345)	(12,705,829)	(108,820,793)				(56,851,806)		(40,926,276)	(158,311,853)
<b>Effect of unrecorded audit differences on F/S amounts</b>			0.28%	0.03%	0.00%	1.60%	15.11%	0.00%				-3.52%		-5.65%	0.00%
<b>Income effect of unrecorded audit differences</b>									(222,472)	(97,753)	0				
<b>Cumulative effect of unrecorded audit differences before turn-around effect</b>									(222,472)	(97,753)	0				
<b>Turn-around effect of prior-period unrecorded audit differences</b>									0	0	54,190				
<b>Cumulative effect of unrecorded audit differences, after turn-around effect</b>									(222,472)	(97,753)	54,190				
<b>Current year change in net position</b>															
<b>Current year change in fund balances/net position</b>															
									<b>GW Basis</b>	-1.64%	13,566,972	N/A	3,299,685	1.64%	
									<b>Fund Basis</b>	-2.12%	N/A	4,607,088	6,201,902	0.87%	

**Prior Year Audit Differences**

1	Bond interest expense write-off		
Net Prior Year Differences		0	0

Governmental Activities	
Prior Year Income Effect	Current Year Reversal
Debit/(Credit)	Debit/(Credit)
0	0
<b>0</b>	<b>0</b>

Aggregate Remaining Fund Info	
Prior Year Income Effect	Current Year Reversal
Debit/(Credit)	Debit/(Credit)
0	0
<b>0</b>	<b>0</b>

Business-type Activities	
Prior Year Income Effect	Current Year Reversal
Debit/(Credit)	Debit/(Credit)
(54,190)	54,190
<b>(54,190)</b>	<b>54,190</b>