

Broward County, Florida

Reports in Accordance with Government
Auditing Standards and Chapter 10.550,
Rules of the Auditor General of the State of Florida
Year Ended September 30, 2018

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RSM US LLP

**Independent Auditor's 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 Board of County Commissioners
Broward County, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Broward County, Florida (the County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2019. Our report included an emphasis of matter paragraph for the adoption of Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective October 1, 2017. Our report also includes a reference to other auditors who audited the financial statements of (1) Clerk of Circuit and County Courts (a discretely presented component unit), (2) Broward County Housing Finance Authority (a discretely presented component unit), (3) Broward County Supervisor of Elections (reported as part of the County's general fund) and (4) Broward County Property Appraiser (reported as part of the County's general fund). This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 entity'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 County'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Fort Lauderdale, Florida
March 29, 2019



RSM US LLP

**Independent Accountant's Report on Compliance
With Section 218.415, Florida Statutes**

To the Board of County Commissioners
Broward County, Florida

We have examined Broward County, Florida's (the County) compliance with *Section 218.415, Florida Statutes, Local Government Investment Policies* for the year ended September 30, 2018. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County'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 County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with the specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the Florida Auditor General, the Honorable Mayor, Board of County Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Fort Lauderdale, Florida
March 29, 2019



RSM US LLP

**Independent Accountant's Report on Compliance
With Section 365.172 and 365.173, Florida Statutes**

Members of the Board of County Commissioners
Broward County, Florida

We have examined Broward County's (the "County") compliance with *Sections 365.172 and 365.173, Florida Statutes, Emergency Communications Number E911 System Fund* during the year ended September 30, 2018. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County'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 County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County 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 County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the Florida Auditor General, the Honorable Mayor, Board of County Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Ft. Lauderdale, Florida
March 29, 2019

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**Management Letter in Accordance With the
Rules of the Auditor General of the State of Florida**

To the Board of County Commissioners
Broward County, Florida
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Broward County, Florida (the County) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 29, 2019. Our report includes a reference to other auditors who audited the financial statements of (1) Clerk of Circuit and County Courts (a discretely presented component unit), (2) Broward County Housing Finance Authority (a discretely presented component unit), (3) Broward County Supervisor of Elections (reported as part of the County's general fund) and (4) Broward County Property Appraiser (reported as part of the County's general fund). This report does not include the findings and recommendations of the other auditors' that are reported on separately by those auditors.

Auditor's Responsibility

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 and Chapter 10.550, Rules of the Auditor General of the State of Florida.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*; and Independent Accountant's Reports on Examinations 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 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report as reported in Appendix B Status of prior year's recommendations to improve financial management.

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 information is disclosed in Note 1 to the County's financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a, and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the County 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 County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the County. It is management's responsibility to monitor the County'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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. This procedure does not include any matters that were reported on by other auditors as identified above. The recommendations to improve the County's financial management have been addressed in current year's recommendations to improve financial management in Appendix A to this report.

The County's responses to the recommendations to improve the County's financial management have been addressed in current year's recommendations to improve financial management in Appendix A to this report. We did not audit the County's response, and accordingly, we express no opinion on it.

Special District Component Units

Section 10.554(1)(i)5.d., 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 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 have 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 other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Fort Lauderdale, Florida
March 29, 2019

Broward County, Florida

Index of Current Year's Findings

No.	Current Year's Observations and Recommendations
2018-001	Internal Controls Over Customer Deposits

Broward County, Florida

Appendix A—Current Year’s Recommendations to Improve Financial Management

2018-001: Internal Controls over Customer Deposits

Criteria: The Committee of Sponsoring Organizations (COSO) outlines the components, principles and factors necessary for an organization to effectively manage its risks through the implementation of internal control. An important component of the COSO framework is to select and develop general control activities over technology to support the achievement of objectives. In addition, to implement the control activities through policies and procedures.

Condition: The utility billing system used by the Business Operations Department, bills the customer account for the required customer deposit and records the liability concurrently although no liability exists until the money is actually received from the customer. During our testing, we noted inclusion of a liability for deposits that were not received from customers as of fiscal year end. The Business Operations Department provided evidence of their review of the account, however, the errors noted, were not included within their analysis.

Context: This condition is systemic in nature.

Cause: The analysis provided by the Business Operations Department of the liability did not include the errors noted through testing. Although a review of the liability was performed it was not cross-checked against cash receipts and no adjusting entry was made at year end to reverse the liability related to uncollected deposits.

Effect: Failure to establish proper policies and procedures over the customer deposit account balance review could result in an overstated liability and the potential for an uncollectable receivable, which could become a misstatement of the financial statements.

Recommendation: We recommend the Business Operations Department review its current policies and procedures in place over the customer deposit liability and establish a process that includes a thorough review of the account as part of the year-end closing process to ensure all amounts recorded as liabilities have been received.

Views of Responsible Officials and Planned Corrective Action: For several years it had been standard practice to invoice for utility deposits. The majority of the deposits outstanding were on sewer only accounts. This practice was eliminated in early calendar 2019 prior to the issuance of the management letter. This will no longer be an issue as any outstanding invoiced deposits will be reversed.

Broward County, Florida

Appendix B—Status of Prior Year’s Recommendations to Improve Financial Management

Finding Number	Prior Year’s Observation	Observation is Still Relevant	Observation Addressed or No Longer Relevant
2017-001	Internal Control Over Utility Billing		X
2017-002	Allowance for Uncollectible Accounts		X