

City of Coral Gables, Florida

Single Audit Reports in
Accordance With the Uniform Guidance and
Rules of the Auditor General of the State of Florida
Year Ended September 30, 2017

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**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***

RSM US LLP

Independent Auditor's Report

To the Honorable Mayor and Members of the
City Commission
City of Coral Gables, 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 Coral Gables, Florida (the City), as of and for the year ended September 30, 2017, 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 30, 2018. We conducted our audit 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. Our report includes a reference to other auditors who audited the financial statements of the City of Coral Gables Retirement Fund and the Police Officers' Pension Fund, as described in our report on the City's financial statements. 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. The financial statements of the City of Coral Gables Retirement Fund was not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with the City of Coral Gables Retirement Fund.

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 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 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 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

Miami, Florida
March 30, 2018



**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the
Schedule of Expenditures of Federal Awards as Required by the Uniform Guidance**

RSM US LLP

Independent Auditor's Report

To the Honorable Mayor and Members of the
City Commission
City of Coral Gables, Florida

Report on Compliance for Each Major Federal Program

We have audited the City of Coral Gables, Florida's (the City) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2017. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance, 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 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 federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

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 federal program for the year ended September 30, 2017.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 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 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 federal program 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 30, 2018, 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 schedules of expenditures of federal awards and expenditures of state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and 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 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 schedules of expenditures of federal awards and expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Miami, Florida
March 30, 2018

**City of Coral Gables, Florida
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2017**

Federal Grantor, Pass-Through Entity Federal Awards	CFDA No.	Contract/ Grant No.	Pass-Through Entity Identifying Number	Total Expenditures
U.S Department of Homeland Security:				
Pass-through Miami-Dade County, Florida:				
2015 Urban Area Security Initiative (UASI) Grant Program	97.067	16-DS-U7-11-23-02-368	072220791	\$ 62,880
Total Department of Homeland Security				<u>62,880</u>
U.S. Department of Justice:				
2017 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JAGC-Dade-28-F9-212		<u>6,129</u>
				<u>6,129</u>
Department of Justice Forfeiture Program (Equitable Sharing Program)	16.922	None		96,947
Department of Justice Forfeiture Program (Equitable Sharing Program)				
South Florida Money Laundering Strike Force	16.922	None		<u>40,601</u>
				<u>137,548</u>
Total U.S. Department of Justice				<u>143,677</u>
U.S. Department of Treasury:				
Department of Treasury Forfeiture Program (Equitable Sharing Program)				
South Florida Money Laundering Strike Force	21.000	None		<u>613,982</u>
Total U.S Department of Treasury				<u>613,982</u>
Total expenditures of federal awards				<u>\$ 820,539</u>

See accompanying notes to schedule of expenditures of federal awards

**City of Coral Gables, Florida
Schedule of Expenditures of State Financial Assistance
Year Ended September 30, 2017**

State Grantor, Pass-Through Entity State Assistance	CFSA No.	Contract/ Grant No.	Pass-Through Entity Identifying Number	Total Expenditures
Florida Department of Health:				
Pass-through Miami-Dade County, Florida:				
EMS FY 2015-2016 County Grant	64.005	C4013	004148292	\$ 1,948
Total Florida Department of Health				<u>1,948</u>
Florida Department of Environmental Protection:				
Coral Gables Miracle Mile & Giralda Avenue Drainage	37.039	LP13207		200,000
Waterway Bank Stabilization	37.039	15DA2		8,115
Total Florida Department of Environmental Protection				<u>208,115</u>
Florida Division of Historical Resources:				
The State of FL, Department of State and City of Coral Gables (Historic Preservation Special Category)	45.032	SC620		310,795
Specific Cultural Project Grant	45.062	17.5.180.527		15,206
Total Florida Division of Historical Resources				<u>326,001</u>
Total expenditures of state financial assistance				<u>\$ 536,064</u>

See accompanying notes to schedule of expenditures of state financial assistance

City of Coral Gables, Florida

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

Note 1. General and Basis of Presentation

The accompanying schedules of expenditures of federal awards and expenditures of state financial assistance (the Schedules) present the expenditure activity of all federal awards and state financial assistance of the City of Coral Gables, Florida (the City), for the year ended September 30, 2017. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included in the accompanying Schedules. The information in the Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*. Because the Schedules present only a selected portion of the operations of the City, they are not intended to and do not present the financial position, changes in fund balance/net position, or cash flows, where applicable, of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

Note 2. Basis of Accounting

The Schedules are presented using the modified accrual basis of accounting for expenditures accounted for in the governmental funds and on the accrual basis of accounting for expenses of the proprietary fund types, which are described in Note 1 to the City's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Recovery

The City did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

City of Coral Gables, Florida

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2017**

I. Summary of Independent Auditor's Results

Financial Statements

- A. Type of auditor's report issued: Unmodified Opinion
- B. Internal Controls over financial reporting:
- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- C. Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

- D. Type of auditor's report issued on compliance for major federal programs: Unmodified Opinion
- E. Internal control over major federal programs:
- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- F. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No
- G. Identification of major federal programs:

CFDA Numbers

Name of Federal Program

	Department of Treasury Forfeiture Program (Equitable Sharing Program) South Florida Money Laundering Strike Force
21.000	

- H. Dollar threshold used to distinguish between type A and type B program: \$750,000
- I. Auditee qualified as a low-risk auditee? _____ Yes X No

(Continued)

City of Coral Gables, Florida

**Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2017**

Section II. Financial Statements Findings

No matters to report

Section III. Federal Award Findings and Questioned Costs

No matters to report



RSM US LLP

**Management Letter in Accordance With
Chapter 10.550 of the Rules of the
Florida Auditor General**

To the Honorable Mayor and Members of the
City Commission
City of Coral Gables, Florida

Report on the Financial Statements

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 Coral Gables, Florida (the City), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated March 30, 2018. Our report was modified to include a reference to other auditors. This report does not include the findings and recommendations of the other auditors' that are reported on separately by those auditors.

This management letter does not include the results of the other auditors' testing of compliance and other matters 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other auditors audited the financial statements of the following component units and funds as described in our report on the City's financial statements:

Component Units / Funds	Classification
• City of Coral Gables Retirement Fund	aggregate remaining fund information
• Police Officers' Pension Fund	aggregate remaining fund information

Other Reports and Schedule

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*; independent auditor's report on compliance for each major federal program; report on internal control over compliance in accordance with the Uniform Grant Guidance; Schedule of Findings and Questioned Costs; and independent accountant's 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 30, 2018, 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 action was taken to address management letter comment 2016-01 and 2016-02 related to user access controls and capital asset management, respectively, noted 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. This is disclosed in Note 1 of 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 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.c. 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.

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.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address 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, the Mayor, City 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

Miami, Florida
March 30, 2018

City of Coral Gables, Florida

Appendix A – Status of Prior Years Findings and Recommendations to Improve Financial Management

Finding No	Finding Title	Current Year Status
2016-01	User Access Administration	Corrected
2016-02	Capital Asset Management	Corrected

Independent Accountant's Report

To the Honorable Mayor and Members
of the City Commission
City of Coral Gables, Florida

We have examined the City of Coral Gables, Florida's (the City) compliance with Section 218.415, *Florida Statutes, Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City'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 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.

In our opinion, the City complied, in all material respects, with Section 218.415, *Florida Statutes, Local Government Investment Policies* during the period October 1, 2016 to September 30, 2017.

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

RSM US LLP

Miami, Florida
March 30, 2018