

The City of Coral Gables, Florida  
OFFICE OF THE CITY MANAGER

FROM THE DESK OF:

**Lillian Quiroz**

September 24, 2010

Mayor and Commissioners,

This document is related to Agenda Item  
H-2.

C: City Clerk



**McGladrey & Pullen, LLP**  
Certified Public Accountants  
100 N.E. Third Avenue, Suite 300  
Fort Lauderdale, FL 33301  
954.462.6300 F 954.462.4607  
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# **The City of Coral Gables**

## **Report to the Honorable Mayor and the Members of the City Commission**

September 30, 2009



**McGladrey & Pullen, LLP**  
Certified Public Accountants  
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The City of Coral Gables, Florida  
405 Biltmore Way  
Coral Gables, FL 33134

Attention: The Honorable Mayor and the Members of the City Commission

We are pleased to present this report related to our audit of the financial statements of The City of Coral Gables, Florida (the City) for the year ended September 30, 2009. In addition to our report on your financial statements we have provided, under separate cover, a letter, dated July 30, 2010, concerning whether there were any significant deficiencies and material weaknesses in internal control that we noted during our audit of the City of Coral Gables, Florida's (the "City") basic financial statements for the year ended September 30, 2009. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the City's financial reporting process. Also included is a summary of recently issued accounting standards that may affect future financial reporting by the City.

This report is intended solely for the information and use of the Mayor and Members of the City Commission and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the City.

*McGladrey & Pullen, LLP*

September 21, 2010  
Fort Lauderdale, Florida

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Exhibit A – Certain Written Communications Between Management and Our Firm

Representation Letter and Summary of Recorded Audit Adjustments

### Required Communications

Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Area	Comments
<b>Auditor's Responsibility Under Professional Standards</b>	<p>Our responsibility under auditing standards generally accepted in the United States of America <i>Government Auditing Standards</i> issued by the Comptroller General of the United States; the provisions of the Single Audit Act; OMB Circular A-133; OMB's <i>Compliance Supplement</i>; has been described to you in our arrangement letter dated December 7, 2007.</p>
<b>Accounting Practices:</b>	<p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the City.</p>
<b>Adoption of, or Change in, Accounting Policies</b>	<p>In the current year, the City adopted the following Governmental Accounting Standards Board (GASB) Statements.</p> <p><b>GASB Statement No. 45, <i>Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions</i></b>, issued June 2004, will be effective in phases using the same criteria applied in the implementation of the new governmental reporting model starting with periods beginning after December 15, 2006. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.</p> <p><b>GASB Statement No. 49, <i>Accounting and Financial Reporting for Pollution Remediation Obligations</i></b>. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the City to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.</p>
<b>Significant or Unusual Transactions</b>	<p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>

**Alternative Treatments Discussed with Management**

We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.

**Management's Judgments and Accounting Estimates**

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Accounting Estimates".

**Financial Statement Disclosures**

We did not identify any items relating to neutrality, consistency and clarity of the disclosures in the financial statements which we deemed are required to be discussed with City's management.

**Audit Adjustments**

Audit adjustments recorded by the City are attached with the representation letter and included with Exhibit A.

**Uncorrected Misstatements**

Uncorrected misstatements are attached with the representation letter included with Exhibit A.

**Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

**Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

**Significant Issues Discussed with Management**

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

**Difficulties Encountered in Performing the Audit**

We did not encounter any difficulties in dealing with management during the audit.

**Letter Communicating Significant Deficiencies and Material Weaknesses**

We have separately communicated the significant deficiencies and material weaknesses identified during our audit of the financial statements, and this communication is included within the compliance section of the City's financial report for the year ended September 30, 2009.

**Certain Written Communications Between Management and Our Firm**

Copies of certain written communications between our firm and the management of the Company are attached as Exhibit A.

## The City of Coral Gables

### Summary of Accounting Estimates Year Ended September 30, 2009

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the City's September 30, 2009 financial statements:

Area	Accounting Policy	Estimation Process	Comments
<b>Risk Management</b>	The City is self-insured for general and auto liability, workers' compensation, and fully insured for employees' health. The accrued liability for estimated claims represents an estimate of the eventual loss on claims including claims incurred but not yet reported.	The City utilizes the services of an actuary to assist in developing any risk reserves for general and auto liability, property, and workers' compensation.	We have audited the underlying data supporting the estimate and reviewed management's methodology which appears properly and consistently applied and have deemed the resulting estimate to be reasonable.
<b>Pension Plans</b>	The net pension obligation is calculated as the difference between the annual required contribution and the actual contributions made by the City.	The City has informed us that they used all the relevant facts available to determine the assumptions used by the actuary in calculating the City's Annual Required Contribution and have reviewed the results of the actuarial determination.	We have audited the underlying data supporting the estimate and reviewed management's methodology which appears properly and consistently applied and have deemed the resulting estimate to be reasonable.
<b>Depreciation of capital assets.</b>	Depreciation is provided on the straight-line basis over the respective estimated useful lives ranging from 4 to 80 years.	The City has informed us they used all the relevant facts available to them at the time to make the best judgments about the depreciation method and estimated useful lives of capital assets.	We have audited the underlying data supporting the estimate and reviewed management's methodology which appears properly and consistently applied and have deemed the resulting estimate to be reasonable.

**Allowance for  
Doubtful Accounts**

All trade and other  
receivables are reported  
at net realizable value.

Receivables are  
analyzed for their  
collectability based on  
the creditors' ability to  
pay (i.e. financial  
condition, credit history,  
and current economic  
conditions).

We have audited the  
underlying data supporting  
the estimate and reviewed  
management's  
methodology which  
appears properly and  
consistently applied and  
have deemed the resulting  
estimate to be reasonable.

**Actuarial  
assumptions used for  
the City's other post-  
employment benefit  
valuation**

The net OPEB obligation  
is calculated as the  
difference between the  
annual required  
contribution and the  
actual contributions made  
by the City.

Management has  
informed us they used  
all the relevant facts  
available to them at the  
time to review the  
assumptions used by  
the actuary in the  
valuation of OPEB  
liability.

We have audited the  
underlying data supporting  
the estimate and reviewed  
management's  
methodology which  
appears properly and  
consistently applied and  
have deemed the resulting  
estimate to be reasonable.



## Recently Issued Accounting Standards

The GASB has issued several statements not yet implemented by the City. The City's management has not yet determined the effect these Statements will have on the City's financial statements. However, the City plans to implement all standards by the required dates. The Statements which might impact the City are as follows:

### ***GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets***

This Statement issued July 2007, will be effective for the City beginning with its year ending September 30, 2010. This Statement provides guidance regarding how to identify, account for and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period.

The requirements of GASB 51 are effective for financial statements for periods beginning after June 15, 2009, and, for the most part, require retroactive application.

### ***GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments***

This Statement, issued June 2008, will be effective for the City beginning with its year ending 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. A key provision in this Statement is that derivative instruments covered in its scope, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, are reported at fair value. Effective dates: For periods beginning after June 15, 2009.

### ***GASB Statement No. 54, Accounting for Fund Balance Reporting and Governmental Fund Type Definitions***

This Statement, issued March 2009, will be effective for the City beginning with its year ending 2011. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Exhibit A - Certain Written Communications Between Management  
and Our Firm**

## Exhibit A

City of Coral Gables				
September 30, 2009				
Summary of Audit Adjustments				

## **Financial Statement Audit Management Representation Letter**



## The City of Coral Gables

### *Finance Department*

CITY HALL 405 BILTMORE WAY  
CORAL GABLES, FLORIDA 33134

July 30, 2010

McGladrey & Pullen, LLP.  
100 N.E. 3<sup>rd</sup> Avenue, Suite #300  
Ft. Lauderdale, FL 33301

In connection with your audit of the basic financial statements of the City of Coral Gables, Florida (the "City") as of and for the year ended September 30, 2009, we confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in financial position, and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America.

We confirm to the best of our knowledge and belief, as of July 30, 2010 the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. There are no organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, that are:
  - a. Component units.
  - b. Other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
  - c. Jointly governed organizations in which we participated.
3. We are not a component unit of any other government, as this term is defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.
4. We are not an other organization, as this term is defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.
5. We are not a joint venture with any other organization, as this term is defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.
6. We are not a jointly governed organization, as this term is defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.

7. We have identified for you all of our funds, governmental functions, and identifiable business-type activities.
8. We have properly classified all funds and activities.
9. We have properly determined and reported the major governmental and enterprise funds based on the required quantitative criteria.
10. We are responsible for compliance with laws and regulations applicable to the City including adopting, approving, and amending budgets.
11. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.
12. We have identified all Federal awards and state financial assistance, all such assistance received, both directly and as a subrecipient, in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations by the City. Based on this information, we have determined that no federal single audit is required since the required limit of \$500,000 has not been met.
13. Information presented in Federal and state financial reports and claims for advances and reimbursements is supported by the books and records from which the basic financial statements have been prepared.
14. We have made available to you:
  - a. All financial records and related data of all funds and activities, including those of all special funds, programs, departments, projects, activities, etc., in existence at any time during the period covered by your audit.
  - b. All minutes of the meetings of the governing board and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - c. All communications from grantors, lenders, other funding sources or regulatory agencies concerning noncompliance with:
    - (1) Statutory, regulatory or contractual provisions or requirements.
    - (2) Financial reporting practices that could have a material effect on the financial statements.
15. We have no knowledge of fraud or suspected fraud affecting the entity involving:
  - a. Management or employees who have significant roles in the internal control.
  - b. Others where the fraud could have a material effect on the financial statements.
16. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
17. We have no knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, regulators, vendors or others.
18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
20. The following have been properly recorded and/or disclosed in the financial statements:
  - a. Related party transactions, as defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting

Standards, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, all of which have been recorded in accordance with the economic substance of the transaction and appropriately classified and reported.

- b. The fair value of investments.
  - c. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
  - d. Security agreements in effect under the Uniform Commercial Code.
  - e. Debt issue provisions.
  - f. All leases and material amounts of rental obligations under long-term leases.
  - g. Risk financing activities.
  - h. Deposits and investment securities categories of risks.
  - i. Significant estimates known to management which are required to be disclosed in accordance with the AICPA's Statement of Position 94-6, *Disclosure of Certain Significant Risks and Uncertainties*. Significant estimates are estimates at the balance sheet date which could change materially within the next year.
  - j. Defined benefit plans.
  - k. Line of credit or similar arrangements.
  - l. Defined benefit plans and other post employment benefit plans.
  - m. The effect on the financial statements which has not been determined of the following GASB Statements which have been issued, but which we have not yet adopted:
    - GASB Statement No. 51, *"Accounting and Financial Reporting for Intangible Assets,"*
    - GASB Statement No. 53, *"Accounting and Financial Reporting for Derivative Instruments"*
    - GASB Statement No. 54, *"Accounting for Fund Balance Reporting and Governmental Fund Type Definitions"* and
  - n. We have adopted the following GASB Statements, which had no impact on the City's financial statements:
    - a. GASB Statement No. 45, *"Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions"*
    - b. GASB Statement No. 49, *"Accounting and Financial Reporting for Pollution Remediation Obligations,"* and
    - c. GASB Statement No. 52, *"Land and Other Real Estate Held as Investments by Endowments."*
21. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions has been made for pension obligations attributable to employee services rendered through September 30, 2009.
- No provision is required for:
- a. Reducing receivables to their estimated net collectable amounts.
  - b. Reducing obsolete, damaged, or excess inventories to their estimated net realizable values.

- c. Reducing investments, intangibles, and other assets which have permanently declined in value to their realizable values.

22. There are no:

- a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.
- b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
- c. Agreements to repurchase assets previously sold.
- d. Guarantees, whether written or oral, under which the City is contingently liable.
- e. Authorized but unissued bonds and/or notes.
- f. Derivative financial instruments.
- g. Special or extraordinary items.
- h. Liabilities which are subordinated in any way to any other actual or possible liabilities.
- i. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
- j. Material losses to be sustained as a result of purchase commitments.
- k. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
- l. Environmental clean up obligations.
- m. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- n. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5 and/or GASB Statement No. 10.
- o. Any other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way and security agreements in effect under the Uniform Commercial Code.
- p. Impairment of capital assets.
- q. Arbitrage rebate liabilities.
- r. Material concentrations known to management which are required to be disclosed in accordance with the AICPA's Statement of Position 94-6, *Disclosure of Certain Significant Risks and Uncertainties*. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.

23. There have been no complaints filed with or concerning our compliance with the provisions of:



- a. Davis-Bacon Act relative to payment of prevailing wages.
  - b. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 relative to acquisition of real property and the relocation of occupants of acquired property.
- 
- 24. There are no unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5 and/or GASB Statement No. 10.
  - 25. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bondholders that is not disclosed in the financial statement.
  - 26. We have satisfactory title to all owned assets.
  - 27. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
  - 28. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
  - 29. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
  - 30. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
  - 31. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
  - 32. Required supplementary information is properly measured and presented.
  - 33. We are responsible for and have reviewed and approved the proposed adjustments to the trial balances identified during the audit, which are included in the summarized schedule of posted adjustments and will post all adjustments accordingly. These adjustments are attached as Appendix A.
  - 34. The information was not available for further detail of the method of determining fair value of pension plan investments for the City of Coral Gables Retirement Plan; therefore, the disclosures are as provided in the separately audited pension plan financial statements.


We believe that the effects of the uncorrected misstatements aggregated by you and summarized on Appendix B are immaterial, both individually and in the aggregate to the opinion units of the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

No events or transactions other than those disclosed in the financial statements, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

The City of Coral Gables, Florida

  
Adolfo E. Sansores, Assistant Finance Director

  
Donald G. Nelson, Finance Director

  
Patrick G. Salerno, City Manager

Appendix A  
City of Coral Gables  
September 30, 2009  
Summary of Audit Adjustments

	Account No.	Account Description	Debit	Credit
AJE 1	400-216-200	Accrued Compensated Absence	36,255.34	
	400-1535-538-12-00	Salaries of Regular Employees		(36,255.34)
	410-216-200	Accrued Compensated Absence	32,739.73	
	410-1540-535-12-00	Salaries of Regular Employees		(32,739.73)
	460-216-200	Accrued Compensated Absence	58,802.41	
	460-8300-545-12-00	Salaries of Regular Employees		(25,015.87)
	460-8310-545-12-00	Salaries of Regular Employees		(2,299.01)
	460-8320-545-12-00	Salaries of Regular Employees		(2,414.06)
	460-8330-545-12-00	Salaries of Regular Employees		(4,092.97)
	460-8350-545-12-00	Salaries of Regular Employees		(4,176.50)
	460-8360-545-12-00	Salaries of Regular Employees		(13,700.28)
	460-8500-545-12-00	Salaries of Regular Employees		(7,103.72)
	400-216-300	LT Compensated Absence	30,816.36	
	400-1535-538-12-00	Salaries of Regular Employees		(30,816.36)
	410-216-300	LT Compensated Absence	36,236.95	
	410-1540-535-12-00	Salaries of Regular Employees		(36,236.95)
	460-216-300	LT Compensated Absence	61,897.45	
	460-8300-545-12-00	Salaries of Regular Employees		(14,877.16)
	460-8310-545-12-00	Salaries of Regular Employees		(1,499.14)
	460-8320-545-12-00	Salaries of Regular Employees		(2,492.52)
	460-8330-545-12-00	Salaries of Regular Employees		(5,362.78)
	460-8350-545-12-00	Salaries of Regular Employees		(7,392.71)
	460-8360-545-12-00	Salaries of Regular Employees		(20,920.51)
	460-8500-545-12-00	Salaries of Regular Employees		(9,352.63)
	520-216-200	Accrued Compensated Absence	110,980.16	
	520-4700-590-12-00	Salaries of Regular Employees		(110,980.16)
	530-216-200	Accrued Compensated Absence	50,178.10	
	530-1520-590-12-00	Salaries of Regular Employees		(50,178.10)
	520-216-300	Long-Term Compensated Absences	196,096.41	
	520-4700-590-12-00	Salaries of Regular Employees		(196,096.41)
	530-216-300	Long-Term Compensated Absences	78,784.53	
	530-1520-590-12-00	Salaries of Regular Employees		(78,784.53)
		<i>To correct compensated absences (09-293).</i>		
AJE 2	001-7000-519-49-20	Judgements & Damages	162,884.49	
	001-201-100	Accounts Payable		(162,884.49)
		<i>To accrue Settlement payment (09-304).</i>		

Opinion Unit: Government Wide - Governmental Activities

DESCRIPTION	Effect - Debit (Credit)				
	ASSETS	LIABILITIES	EQUITY	REVENUE	EXPENSES
<u>CARRY OVER IMPACT</u>					
<u>FROM PREVIOUS</u>					
<u>YEARS</u>					
Adjustment to reduce inventory to ending balance as of 9/30/08	\$ (36,927)		\$ 36,927		
Adjustment to reduce workers compensation liability to end of year balance		\$ 142,666	\$ (142,666)		
Adjustment to eliminate items reported as outstanding which were duplicate and not true outstanding checks	\$ 299,356		\$ (299,356)		
<u>CURRENT YEAR</u>					
<u>MISSTATEMENTS</u>					
Known Errors					
To reverse effect of inventory adjustment booked in current year	\$ 36,927				\$ (36,927)
To reverse effect of workers compensation liability adjustment recorded in current year		\$ (142,666)		\$ 142,666	
To properly reflect workers compensation liability adjustment as reduction of expenditures instead of miscellaneous revenue				\$ 142,666	\$ (142,666)
To reverse effect of outstanding check adjustment recorded in current year	\$ (299,356)			\$ 299,356	
To properly state accounts payable as of 9/30/09.		\$ 42,146	\$ 42,146		\$ (42,146)
To properly state cash as of 9/30/09.	(10,264)		10,264	10,264	

Opinion Unit: Government Wide - Business-Type Activities

DESCRIPTION	Effect - Debit (Credit)				
	ASSETS	LIABILITIES	EQUITY	REVENUE	EXPENSES
<u>CARRY OVER IMPACT</u>					
<u>FROM PREVIOUS</u>					
<u>YEARS</u>					
<u>CURRENT YEAR</u>					
<u>MISSTATEMENTS</u>					
Known Errors					
To properly state accounts payable as of 9/30/09.		\$ (10,784)	\$ (10,784)		\$ 10,784

Opinion Unit: General Fund

DESCRIPTION	Effect - Debit (Credit)				
	ASSETS	LIABILITIES	EQUITY	REVENUE	EXPENSES
<u>CARRY OVER IMPACT</u>					
<u>FROM PREVIOUS</u>					
<u>YEARS</u>					
Adjustment to reduce inventory to ending balance as of 9/30/08	\$ (36,927)		\$ 36,927		
Adjustment to reduce workers compensation liability to end of year balance		\$ 142,666	\$ (142,666)		
Adjustment to eliminate items reported as outstanding which were duplicate and not true outstanding checks	\$ 299,356		\$ (299,356)		

CURRENT YEARMISSTATEMENTS

## Known Errors

To reverse effect of inventory  
adjustment booked in current  
year

\$ 36,927

\$ (36,927)

To reverse effect of workers  
compensation liability adjustment  
recorded in current year

\$ (142,666)

\$ 142,666

To properly reflect workers  
compensation liability adjustment  
as reduction of expenditures  
instead of miscellaneous  
revenue

\$ 142,666 \$ (142,666)

To reverse effect of outstanding  
check adjustment recorded in  
current year

\$ (299,356)

\$ 299,356

To properly state cash as of  
9/30/09.

\$ (10,264)

\$ 10,264

\$ 10,264

Opinion Unit: Parking Fund

## DESCRIPTION

## Effect - Debit (Credit)

## ASSETS

## LIABILITIES

## EQUITY

## REVENUE

## EXPENSES

CARRY OVER IMPACTFROM PREVIOUSYEARSCURRENT YEARMISSTATEMENTS

## Known Errors

To properly state accounts  
payable as of 9/30/09.

\$ (10,784) \$ (10,784)

\$ 10,784

Opinion Unit: Aggregate Remaining Fund

DESCRIPTION	Effect - Debit (Credit)				
	ASSETS	LIABILITIES	EQUITY	REVENUE	EXPENSES
<u>CARRY OVER IMPACT</u>					
<u>FROM PREVIOUS</u>					
<u>YEARS</u>					
<u>CURRENT YEAR</u>					
<u>MISSTATEMENTS</u>					
Known Errors					
To properly state accounts payable as of 9/30/09.		\$ 42,146	\$ 42,146		\$ (42,146)

## **Compliance Audit Management Representation Letter**





## The City of Coral Gables

### Finance Department

CITY HALL 405 BILTMORE WAY  
CORAL GABLES, FLORIDA 33134

September 21, 2010

McGladrey & Pullen, LLP  
100 N.E 3<sup>rd</sup> Avenue, Suite #300  
Ft. Lauderdale, FL 33301

We confirm to the best of our knowledge and belief, as of July 30, 2010, the following representations made to you during your audit:

1. In connection with your audit, conducted in accordance with Government Auditing Standards, we confirm:
  - a. We are responsible for:
    - i. Compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the City.
    - ii. Establishing and maintaining effective internal control over financial reporting.
  - b. We have identified and disclosed to you:
    - i. All laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.
    - ii. Violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects could have a material effect on the determinations of financial statement amounts.
  - c. We will take appropriate steps to remedy violations of provisions of contracts or grant agreements that have been reported.
  - d. We have identified for you previous financial audits, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective action taken to address significant findings and recommendations from those audits.
  - e. We have provided you with our views on your reported findings, conclusions, and recommendations, as well as our planned corrective actions for inclusion in your report.

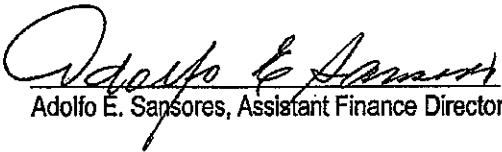
In connection with your audit of federal awards and state projects as of and for the year ended September 30, 2009 conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General*, we confirm:

2. a. We are responsible for complying, and have complied, with the requirements of Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

- b. We have prepared the schedule of expenditures of federal awards and state projects in accordance with Circular A-133 and Chapter 10.550, *Rules of the Auditor General* and have included expenditures made during the period being audited for all awards provided by federal and state agencies in the form of grants, cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance. Based on the schedule of expenditures of federal awards we have determined a federal single audit in accordance with OMB Circular A-133 is not required.
  - c. We are responsible for establishing and maintaining effective internal control over compliance for federal programs and state projects that provides reasonable assurance that the City is managing federal awards and state projects in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on our federal programs or state projects.
  - d. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of the City's federal programs and state projects and have complied, in all material respects, with those requirements.
  - e. We have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major project.
  - f. We have made available all contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies or pass-through entities related to federal programs and state projects.
  - g. We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of state projects, including those resulting from other audits or program reviews.
  - h. We have charged costs to state projects in accordance with applicable cost principles.
  - i. We have made available to you all documentation related to the compliance requirements, including information related to state projects financial reports and claims for advances and reimbursements.
  - j. State projects financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
  - k. The copies of state projects financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the state agency or pass-through entity, as applicable.
  - l. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.
  - m. We have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
  - n. We have disclosed all contracts or other agreements with service organizations.
  - o. We have disclosed any known noncompliance occurring subsequent to the period for which compliance is audited.
  - p. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies (including material weaknesses), have occurred subsequent of the date as of which compliance is audited.
3. There have been no complaints filed with or concerning our compliance with the provisions of:
- a. Davis-Bacon Act relative to payment of prevailing wage rates.

- b. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 relative to acquisition or real property and the relocation of occupants of acquired property.
4. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize, and report financial data, except as reported in your management and internal control letters and in more detail in the reports of the City's internal auditor.
  5. We have noted instances of noncompliance with certain City ordinances, contracts, grant agreements and leases; however, we believe that none of these items will have a negative material adverse effect on the City's financial statements.
  6. The City has complied with the provisions of Section 218.415, Florida Statutes regarding the investment of public funds.
  7. The City is not in a state of emergency based upon the conditions described in Section 218.503(1), Florida Statutes.

The City of Coral Gables, Florida

  
Adolfo E. Sansores, Assistant Finance Director

  
Donald G. Nelson, Finance Director

  
Patrick G. Salerno, City Manager