

# **City of Coral Gables, Florida**

Single Audit Reports in  
Accordance with the Uniform Guidance  
Year Ended September 30, 2017

## Contents

---

Independent auditor's report on: Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	1-2
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	3-4
Schedule of expenditures of federal awards	5
Schedule of expenditures of State Financial Assistance	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of findings and questioned costs	8-9
Summary schedule of prior audit findings	10

---

DRAFT

**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***

**Independent Auditor's Report**

To the Honorable Mayor and Members of the  
City Commission  
City of Coral Gables, 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, 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 \_\_, 2018. 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 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.

This report is intended solely for the information and use of the Honorable Mayor, member of the City Commission, management of the City, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Miami, Florida  
March \_\_, 2018

DRAFT

**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**

**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 programs are 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; 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 Organization'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 each 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 each of its major federal programs 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 \_\_, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Miami, Florida  
March \_\_, 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
<b>U.S. Department of Homeland Security:</b>				
Pass-through Miami-Dade County, Florida:				
2015 Urban Area Security Initiative (UASI) Grant Program	97.067	16-DS-U7-11-23-02-368		\$ 62,880
<b>Total Department of Homeland Security</b>				<u>62,880</u>
<b>U.S. Department of Justice:</b>				
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>
<b>Total U.S. Department of Justice</b>				<u>143,677</u>
<b>U.S. Department of Treasury:</b>				
Department of Treasury Forfeiture Program (Equitable Sharing Program) South Florida Money Laundering Strike Force	21.000	None		<u>613,982</u>
<b>Total U.S. Department of Treasury</b>				<u>613,982</u>
				<u>\$ 820,539</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

DRAFT

State Grantor, Pass-Through Entity State Assistance	CFSA No.	Contract/ Grant No.	Pass-Through Entity Identifying Number	Total Expenditures
<b>Florida Department of Health:</b>				
Pass-through Miami-Dade County, Florida:				
EMS FY 2015-2016 County Grant	64.005	C4013		1,948
<b>Total Florida Department of Health</b>				<u>1,948</u>
<b>Florida Department of Environmental Protection:</b>				
Coral Gables Miracle Mile & Giralda Avenue Drainage	37.039	LP13207		200,000
Waterway Bank Stabilization	37.039	15DA2		8,115
<b>Total Florida Department of Environmental Protection</b>				<u>208,115</u>
<b>Florida Division of Historical Resources:</b>				
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
<b>Total Florida Division of Historical Resources</b>				<u>326,001</u>
<b>Total Expenditures of State Financial Assistance</b>				<u>536,064</u>

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

DRAFT



**City of Coral Gables, Florida**

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

---

**Note 1. General and Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance (the schedule) presents the expenditure activity of all federal awards and state financial assistance of 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 Schedule. The information in the Schedules are 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does 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.

**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**

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

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

(Continued)

**City of Coral Gables, Florida**

**Schedule of Findings and Questioned Costs  
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

DRAFT

**City of Coral Gables, Florida**

**Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2017**

---

**Summary Schedule of Prior Audit Findings**

No findings were reported for the fiscal year ended September 30, 2016.

DRAFT

March \_\_, 2018

**CONFIDENTIAL**

City of Coral Gables, Florida  
Ms. Sally Ola Ola, Assistant Finance Director  
405 Biltmore Way  
Coral Gables, FL 33134

Dear Ms. Ola Ola:

Enclosed you will find \_\_\_\_\_ (\_\_\_) bound copies and \_\_\_\_\_ (\_\_\_) unbound copies of the single audit report for City of Coral Gables, Florida for the year ended September 30, 2017.

If you have received a preliminary draft of this report, please destroy all such copies if they have not been returned to us.

Very truly yours,

RSM US LLP

*Carrie A. DeRosa*