



MIAMI BEACH

OFFICE OF THE CITY MANAGER
NO. LTC # 208-2006

LETTER TO COMMISSION

TO: Mayor David Dermer and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: August 23, 2006

SUBJECT: **External Auditor's (KPMG) Annual Audit Report on the City of Miami Beach (the City) for the period ended September 30, 2005**

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CITY MANAGER'S OFFICE

Attached for your information is the external auditor's report on the City for the fiscal year ended September 30, 2005. This report includes the following:

- A transmittal letter to the mayor and members of the City Commission, noting the auditor's responsibility under professional standards, the City's accounting policies and alternative accounting treatment, management's judgment and use of accounting estimates, consultation with other accountants and confirmation of their independence. The letter also states that the auditors had no disagreements with the City's management, no corrections to the amounts recorded by the City that were considered significant, no difficulties encountered in performing the audit and 'passed audit differences' were considered by management to be immaterial, both individually and in the aggregate, to the financial statements;
- KPMG's management letter, in accordance with the *Rules of the auditor general of the State of Florida*, to the mayor and members of the City Commission. There were no observations for the current year. Prior year's observations were 1. Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions, 2. Self-Insurance deficit and 3. The City's Disaster Recovery Plan. Management's response to each observation is included in the management letter.
- The City's representation letter to KPMG. This letter confirms that the City's management is responsible for the fair presentation in the basic financial statements of financial position, changes in financial position, and cash flows in conformity with U.S. generally accepted accounting principles. Management is also responsible for establishing and maintaining effective internal controls over financial reporting. Several other representations were made, including but not limited to the City's compliance in all material respects, with the requirements of laws, regulations, contracts, and grants that could have a direct and material effect on each of our federal and state programs;
- Resolution 2002-24982, which renews the Agreement for Auditing Services with KPMG for Fiscal Year ending September 30, 2002 and establish audit fees for the fiscal years ending September 30, 2002 through 2005 and, the audit engagement letter between the City and KPMG dated November 4, 2002;

- KPMG's report on its system of quality controls and;
- The City's Annual Comprehensive Financial Report (CAFR) for the fiscal year ended September 30, 2005, which was audited by KPMG and was previously sent to you under LTC 092-2006.

JMG:PDW:aw

A handwritten signature in black ink, appearing to be "JMG", with a long, sweeping underline that extends downwards and to the right.