



City of **Punta Gorda**, Florida

CITY HALL
326 WEST MARION AVENUE
PUNTA GORDA, FLORIDA 33950-4492

To: City Council
Through: Howard Kunik, City Manager
From: David Drury, Director of Finance
Subject: **Comments and recommendations from Auditors' regarding our
Financial Statements**
Date: March 27, 2006

AUDITORS' COMMENTS:

- I. Prior year comments which continue to apply
None.

- II. Current year comments and recommendations
None noted.

I agree with the management letter comments from the auditing firm of Donald W. Ashley, P. A., City Auditors'.

David W. Drury, CPA, CGFO
Director of Finance



Donald W. Ashley, P.A.
Certified Public Accountant

366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

Management Letter

Honorable Mayor and City Council
City of Punta Gorda, Florida

We have audited the basic financial statements of the City of Punta Gorda, Florida (the "City"), as of and for the year ended September 30, 2005, and have issued our report thereon dated December 22, 2005.

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. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting. Disclosures in that report which is dated December 22, 2005, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General. Those rules require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls, whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no inaccuracies, irregularities, shortages, defalcations, fraud and/or violations of laws, rules, regulations, and contractual provisions disclosed in the preceding annual financial audit report.

The Rules of the Auditor General require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls, whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations made in the preceding annual financial audit report.

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions that have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures; (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, fraud and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters required to be disclosed.

The Rules of the Auditor General require disclosure in the management letter of the following matter if not already addressed in the auditor's reports on compliance and internal controls whether the financial report filed with the Department of Banking and Finance, pursuant to Section 218.32 of the Florida Statutes, is in agreement with the annual financial audit report for the same period. We represent that the financial report filed with the Department of Banking and Finance was in agreement with the annual financial audit report for the same period.

As required by the Auditor General, the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we determined that the City is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

We have applied financial condition assessment procedures pursuant to Chapter 10.556(7), Rules of the Auditor General. Nothing came to our attention to cause us to believe that the City is in a deteriorating financial condition.

This report is intended solely for the information and use of the management and City Council of the City of Punta Gorda, Florida and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Donald W. Ashby, P.A.

December 22, 2005



Donald W. Ashley, P.A.
Certified Public Accountant

366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

**Independent Auditor's Report on Compliance and on
Internal Control Over Financial Reporting Based on an
Audit of Basic Financial Statements Performed
In Accordance with *Government Auditing Standards***

Honorable Mayor and City Council
City of Punta Gorda, Florida

We have audited the basic financial statements of the City of Punta Gorda, Florida, (the "City") as of and for the year ended September 30, 2005, and have issued our report thereon dated December 22, 2005. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

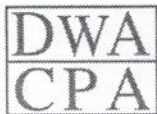
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over the financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management and City Council of the City of Punta Gorda, Florida, the Auditor General of the State of Florida and other state and federal agencies and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Donald W. Ahoy, P.A.

December 22, 2005



Donald W. Ashley, P.A.
Certified Public Accountant

366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

Report of Independent Accountants

Honorable Mayor and City Council
City of Punta Gorda, Florida

We have audited, 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, the basic financial statements of the City of Punta Gorda, Florida, as of and for the year ended September 30, 2005 and have issued our report thereon dated December 22, 2005.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the terms, covenants, provisions or conditions as prescribed in the authorizing resolutions for the Special Refunding Utility Revenue Bonds, Series 2002, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the use of the management and City Council of the City of Punta Gorda, Florida, the Auditor General of the State of Florida and other federal and state audit agencies. However, this report is a matter of public record and its distribution is not limited.

Donald W. Ashley, P.A.

December 22, 2005