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MANAGEMENT LETTER For the year ended September 30, 2009

To the Honorable Mayor and Members of the City Council
City of Atlantis, Florida

We have audited the financial statements of the City of Atlantis, Florida as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated January 11, 2010.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in this report, which is dated January 11, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule.

In connection with our audit and in compliance with the rules of the Auditor General, as specifically detailed in the following paragraphs of Section 10.554(1)(i):

1. There were no recommendations made with respect to the preceding annual financial audit report.
2. The City did comply with Section 218.415, Florida Statutes regarding the investment of public funds.
3. In accordance with Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit we had the following recommendations:
 - a. *Document Retention:* The City uses paperless document retention software. In the testing of disbursements management had difficulty providing select items from the software. It was determined that a hardware conflict existed. We recommend that original documents be retained for a period sufficient to allow access to documents as needed

Management Response: Management agrees with this comment, has already addressed the hardware conflict, and has corrected the issues. Management has also agreed to retain original documents for a reasonable period.

- b. *Cash Receipts Number Sequence:* During our audit, we noted that there is no current policy to account for the sequence number of cash receipts during the cash receipt reconciliation. We recommend that the cash receipt be accounted for during the reconciliation process.
- Management Response:* Management agrees with this comment and will implement a policy to account for the numerical sequence of cash receipts.
- c. *Limit Access to Computer Software:* We noted during review of the accounting systems that employees had unlimited access to the accounting software. We recommend that management establish a hierarchy for granting access to certain functions. We recommend that software rights be granted to employees supporting the consideration of segregation of duties.
- Management Response:* Management agrees with this comment and will determine the appropriate levels of access and issue access rights accordingly.
- d. *Develop a Policies and Procedures Manual:* We recommend that the City have its employees document their individual job duties and establish a written policies and procedures manual. This will establish a document to assist employees in performing all functions in the event of an unplanned absence of one of the employees
- Management Response:* Management agrees with the value of maintaining a written policies and procedures manual and will take the necessary steps to formalize a written document.
- e. *Establish of Policy for Credit Card Usage:* We encourage the City to write a formal policy regarding credit card usage.
- Management Response:* Management will take steps necessary to produce a written record of the current policy.
- f. *Approval of Payroll Summary Sheet:* During our discussions with management we became aware that although management was reviewing the payroll summary sheet, indications of review were not being made. We recommend that the initials and date indicating review be placed on the summary sheet. This will establish responsibility and timing of the approval. Similarly, the employee releasing and printing the payroll report needs to initial and date the printed reports before filing.
- Management Response:* Management agrees with this comment and will implement a policy to indicate the review.
4. We did not discover any violation of laws, regulations, contracts, grant agreements, or abuse during the scope of our audit that have occurred that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential.
5. For matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors, we make the following responses:
- a. We did not discover any violation of laws, regulations, contracts, grant agreements, or abuse during the scope of our audit.

- b. We did not discover any control deficiencies that are not significant deficiencies, including, but not limited to:
 1. Improper or inadequate accounting procedures.
 2. Failure to properly record financial transactions.
 3. Other inaccuracies, shortages, defalcations and instances of fraud.
6. The City of Atlantis, Florida, chartered on June 19, 1959, was formally established as an operating municipality by the State of Florida legislature under Chapter 59-1055 (House Bill 2187). There are no component units related to the entity.
7. 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.
8. Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City of Atlantis, Florida for the fiscal year ended September 30, 2009, 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, 2009. In connection with our audit, we determined that these two reports were in agreement.
9. Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of Atlantis, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
 1. We applied financial condition assessment procedures pursuant to Rule 10.556(7).
 2. We did not observe deterioration of financial condition.

Notwithstanding the foregoing comments, it should be noted that our audit was not directed primarily toward obtaining knowledge of such violations.

This management letter is intended solely for the information of the City of Atlantis and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Holyfield & Thomas, LLC

West Palm Beach, Florida
January 11, 2010