

**Business Improvement District of Coral Gables, Inc.
Financial Statements and Supplementary Information
September 30, 2018**



Business Improvement District of Coral Gables, Inc.
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Independent Auditors' Report

To the Board of Directors
Business Improvement District of Coral Gables, Inc.

We have audited the accompanying financial statements of the governmental activities and major fund of the Business Improvement District of Coral Gables, Inc. (the "District") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Business Improvement District of Coral Gables, Inc. as of September 30, 2018, and the respective changes in financial position for the year ended September 30, 2018 in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Business Improvement District of Coral Gables, Inc.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 18-19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2019, on our consideration of the Business Improvement District of Coral Gables, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Business Improvement District of Coral Gables, Inc.'s internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated June 21, 2019, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

GLSC & Company, PLLC

Miami, Florida
June 21, 2019

**Business Improvement District of Coral Gables, Inc.
Management's Discussion and Analysis
For the Year Ended September 30, 2018**

Our discussion and analysis of the Business Improvement District of Coral Gables, Inc.'s (the "District") financial performance provides a narrative overview of the District's financial activities for the year ended September 30, 2018. Please read it in conjunction with the District's Independent Auditors' Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year resulting in an unrestricted net position of \$527,266.
- The change in the District's total net position in comparison with the prior fiscal year was an increase of \$52,358. The key components of the District's net position and change in net position are reflected in the government-wide financial analysis section.
- As of September 30, 2018, the District's governmental fund reported an ending fund balance of \$531,656. Approximately \$513,970 of the total fund balance is unassigned and available for spending at the District's discretion.
- Total cost of the District's governmental activities increased by \$163,606 due to the completion of the Streetscape construction project.

Overview of Financial Statements

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government, management and other supplemental services not provided by the City of Coral Gables (promotion and special events) and provisions for depreciation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category, governmental funds. There are no proprietary or fiduciary funds maintained by the District. The fund financial statements present information in more detail than the government-wide financial statements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be a major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net positions may serve over time as a useful indicator of an entity's financial position. Key components of the District's net position are reflected in the following table:

	<u>2018</u>	<u>2017</u>
Assets		
Current and other assets	\$ 571,139	\$ 536,840
Capital assets	<u>-</u>	<u>467</u>
Total assets	<u>571,139</u>	<u>537,307</u>
Liabilities		
Current and other liabilities	39,483	59,362
Long term liabilities	<u>4,390</u>	<u>3,037</u>
Total Liabilities	<u>43,873</u>	<u>62,399</u>
Net Position		
Net investment in capital assets	-	467
Unrestricted	<u>527,266</u>	<u>474,441</u>
Total net position	<u>\$ 527,266</u>	<u>\$ 474,908</u>

All of the District's net position relates to unrestricted position. The District's debt is composed of current trade accounts payable and compensated absences. Trade accounts payables were liquidated early in fiscal year 2018-2019.

Key elements of change in net position are reflected in the following table:

	<u>2018</u>	<u>2017</u>
Revenues:		
Special assessments	\$ 971,186	\$ 960,163
Charges for services	29,200	10,000
Interest and other revenues	<u>84,209</u>	<u>17,203</u>
Total revenues	<u>1,084,595</u>	<u>987,366</u>
Expenses:		
General government services	1,031,770	866,290
Provision for depreciation	<u>467</u>	<u>2,341</u>
Total expenses	<u>1,032,237</u>	<u>868,631</u>
Change in net position	<u>\$ 52,358</u>	<u>\$ 118,735</u>

As noted above in the condensed statement of activities, the cost of all governmental activities for the year ended September 30, 2018 was \$1,032,237. The majority of the costs of the District's activities were paid by tax assessments. Approximately \$211,651 of assessments in the current fiscal year was due from property owners; while in the prior fiscal year, approximately \$130,094 of assessments was due from property owners.

General Budgeting Highlights

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirement of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Directors. Actual general fund expenditures did not exceed expectations for the year ended September 30, 2018.

General Budgeting Highlights (Continued)

The majority of the variance between budgeted and actual general fund expenditures for the year ended September 30, 2018 is due to certain anticipated costs that were not incurred in the current fiscal year.

Capital Assets

At September 30, 2018, the District's capital assets less accumulated depreciation for its governmental activities netted to zero and consist of leasehold improvements and equipment. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long-Term Debt

As of September 30, 2018, the District had long-term debt consisting solely of compensated absences of \$4,390.

Economic Factors and Other Events

The District had \$211,651 in delinquent assessments due from property owners as of September 30, 2018. The District has recorded an allowance for doubtful accounts of \$55,159 as of September 30, 2018.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, land owners, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Business Improvement District's management at 220 Miracle Mile, Suite 234, Coral Gables, Florida 33134.

Business Improvement District of Coral Gables, Inc.
Statement of Net Position
September 30, 2018

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 384,626
Accounts receivable, net	168,827
Prepaid expenses	<u>17,686</u>
Total assets	<u>571,139</u>
 Liabilities and Net Position	
Liabilities:	
Accounts payable and accrued expenses	<u>39,483</u>
Total current liabilities	<u>39,483</u>
Noncurrent Liabilities:	
Due in more than one year	<u>4,390</u>
Total liabilities	<u>43,873</u>
Net Position:	
Unrestricted	<u>527,266</u>
Total net position	<u>\$ 527,266</u>

Business Improvement District of Coral Gables, Inc.
Statement of Activities
For the Year Ended September 30, 2018

<u>Functions/Programs</u>	<u>Expenditures</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
General government services	\$ 1,031,770	\$ -	\$ 29,200	\$ -	\$ (1,002,570)
Provision for depreciation	467	-	-	-	(467)
Total governmental activities	1,032,237	-	29,200	-	(1,003,037)
General revenues:					
					971,186
					4,928
					79,281
					1,055,395
					52,358
					474,908
					\$ 527,266

Business Improvement District of Coral Gables, Inc.
Balance Sheet - Governmental Fund
September 30, 2018

	General Fund
Assets	
Cash and cash equivalents	\$ 384,626
Accounts receivable, net	168,827
Prepaid expenses	<u>17,686</u>
Total assets	<u><u>\$ 571,139</u></u>
 Liabilities and Fund Balance	
Liabilities:	
Accounts payable and accrued expenses	\$ <u>39,483</u>
Total liabilities	<u>39,483</u>
 Fund balance	
Nonspendable	17,686
Unassigned	<u>513,970</u>
Total fund balance	<u>531,656</u>
Total liabilities and fund balance	<u><u>\$ 571,139</u></u>

**Business Improvement District of Coral Gables, Inc.
Reconciliation of the Balance Sheet - Governmental Fund
to the Statement of Net Position
September 30, 2018**

Total fund balance, governmental fund (page 9) \$ 531,656

Total net position reported for governmental activities in the Statement of Net Position is different because:

Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences (4,390)

Net Position of governmental activities (Page 7) \$ 527,266

**Business Improvement District of Coral Gables, Inc.
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Governmental Fund
For the Year Ended September 30, 2018**

	General Fund
Revenues:	
Tax assessment	\$ 971,186
Contributions and donations from private sources	29,200
Interest income	4,928
Other income	<u>79,281</u>
Total revenues	<u>1,084,595</u>
 Expenditures:	
Current:	
General government services	<u>1,030,419</u>
Total expenditures	<u>1,030,419</u>
Net change in fund balance	54,176
Fund balance, October 1	<u>477,480</u>
Fund balance, September 30	<u>\$ 531,656</u>

Business Improvement District of Coral Gables, Inc.
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance - Governmental Fund to the Statement of Activities
For the Year Ended September 30, 2018

Net change in fund balance - total governmental fund (page 11)	\$	54,176
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are capitalized and allocated over their estimated useful lives as depreciation expense.</p>		
Provision for depreciation		(467)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences		<u>(1,351)</u>
Change in net position of governmental activities (page 8)	\$	<u>52,358</u>

Business Improvement District of Coral Gables, Inc.
Notes to the Financial Statements
September 30, 2018

Note 1 – Nature of Organization

Business Improvement District of Coral Gables, Inc. (the “District”) was incorporated under the laws of the State of Florida in 1997. The District represents and acts as an advocate for the business owners and property owners located within the District boundaries. The District encompasses property within Coral Gables, Florida between Douglas Road to LeJeune Road (east-west) and Giralda Avenue to Andalusia Avenue (north-south), to determine the future of their retail, commercial and industrial areas. The District is supported by annual assessments paid by property owners within the District. These funds are collected by the City of Coral Gables (the “City”) and remitted in their entirety to the District. The assessments are used for purchasing supplemental services (e.g. marketing, management, promotion, fund raising and other similar services) beyond those services provided by the City.

Note 2 - Summary of Significant Accounting Policies

The accounting policies of the District conform to Generally Accepted Accounting Principles in the United States of America (“GAAP”) as applicable to governments in accordance with those promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, for the year ended September 30, 2018, the District did not have any business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and other similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Note 2 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Assessments are non-ad valorem assessments imposed on all property within the District and benefited by the District's activities. Operation and maintenance assessments are generally levied by the District prior to October 1. Operation and maintenance special assessments are imposed upon all properties located in the District.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District. The general fund is the sole operating fund of the District and is used to account for all financial resources of the general government. As a special purpose government, the responsibilities of the District are limited in scope.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, and then unassigned resources as needed.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The District considers all highly liquid investments as cash equivalents that have an original maturity of three months or less. The District maintains its cash in bank deposit accounts.

Concentrations of Credit Risk

Tax assessments substantially fund the District's annual operating budget and services. These assessments were previously subjected to a five-year sunset provision, whereby the District's funding would cease after the five years if no further extension was voted by the affected property owners for another five years. In October 2017, the City of Coral Gables unanimously passed and adopted a resolution to continue the District through October 2022.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding balances and consists of amounts due from various property owners for the tax assessments. The District carries these receivables net of an estimated allowance for doubtful accounts. The estimated allowance for doubtful accounts is recognized as a reduction of revenue. The District provides for losses on accounts receivable using the allowance method. The allowance is based on the District's experience with circumstances which may affect the ability of property owners to meet their obligations. It is the District's policy to charge off uncollectible accounts receivable against the allowance when management determines the receivable will not be collected.

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include primarily equipment and leasehold improvements, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual cost more than \$500. Such assets are recorded at historical cost and depreciated using the straight-line method over the estimated useful life of the assets, which is 5 years for equipment and the shorter of the life of the lease or economic life of the leasehold improvements.

Costs of maintenance and repairs of minor items are charged to expense as incurred. Major repairs and improvements that extend the life of the asset are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in the statement of activities.

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Net position/fund balance

Net position is the result of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position of the government-wide and proprietary funds are categorized as (a) net investments in capital assets, (b) restricted or (c) unrestricted. The first category represents net investments in capital assets reduced by accumulated depreciation and any outstanding debt incurred to acquire, construct or improve those assets excluding unexpended debt proceeds. The restricted category represents the balance of assets restricted by requirements of debt covenants and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position consists of the net position not meeting the definition of either of the two other components. The entire balance of net position was categorized as unrestricted at September 30, 2018.

In the fund financial statements, governmental funds report five categories of fund balances: non-spendable, restricted, committed, assigned, and unassigned. Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balances are amounts constrained for specific purposes by external parties (creditors, grantors, and contributors), law, or enabling legislation legally enforceable by external parties. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Directors (highest level of decision making authority) through an ordinance or resolution are classified as committed fund balances. The limitation imposed by the ordinance remains in place until similar action is taken (adoption of another ordinance or resolution) to remove or revise the limitation. Assigned fund balances are amounts without formal constraints, but are intended to be used for specific purposes. This intent can be expressed by the Board or through the Board delegating this responsibility to management. The authority of the District's Executive Director to make these designations is provided for through the Board's delegation.

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Date of Management Review

The District's management has evaluated subsequent events through June 21, 2019, the date which the financial statements were available to be issued.

Note 3 – Deposits and Investments

The District does not have a written investment policy; however, the District follows Florida Statute 218.415(17), which allows public entities electing not to adopt a written investment policy to invest or reinvest any surplus public funds in their control or possession in the following: The Local Government Surplus Trust Fund (LGIP), or any intergovernmental investment pool, Securities and Exchange Commission registered money market funds with the highest credit rating from a nationally recognized rating agency, savings accounts and certificates of deposit in state certified qualified public depositories or direct obligations of the U.S. Treasury.

The District’s cash and cash equivalents include cash on hand and demand deposits. At September 30, 2018, the District’s deposits totaled \$384,626 while the bank balance of such deposits was \$428,143. The District’s deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (“FDIC”). All cash in the bank is held in banking institutions approved by the State of Florida, State Treasurer, to hold funds.

Custodial Credit Risk

Custodial credit risk for cash deposits is the risk that, in event, of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. As of September 30, 2018, the District’s custodial credit risk is approximately \$178,143. The District maintains cash with a high quality financial institution that meets the definition of a qualified public depository as defined by Chapter 280, Florida Statutes. The District filed the required Public Depositor Annual Report with the Florida Department of Financial Services on November 2, 2018, thus all of the District’s deposits are entirely insured.

Note 3 – Capital Assets

The following is a summary of changes in the capital assets for the year ended September 30, 2018:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets being depreciated				
Leasehold improvements	\$ 30,625	\$ -	\$ -	\$ 30,625
Equipment	<u>3,959</u>	<u>-</u>	<u>-</u>	<u>3,959</u>
	34,584	-	-	34,584
Less: accumulated depreciation	<u>(34,117)</u>	<u>(467)</u>	<u>-</u>	<u>(34,584)</u>
Total capital assets being depreciated, net	<u>467</u>	<u>(467)</u>	<u>-</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ 467</u>	<u>\$ (467)</u>	<u>\$ -</u>	<u>\$ -</u>

Provision for depreciation for governmental activities totaled \$467 for the year ended September 30, 2018.

Note 4 – Receivables

Receivables as of September 30, 2018, for the District, including allowances for doubtful accounts are as follows:

Assessments	\$ 211,651
Other	<u>12,335</u>
Gross Receivables	<u>223,986</u>
Less: allowance for doubtful accounts	<u>(55,159)</u>
Accounts receivable, net	<u>\$ 168,827</u>

Note 5 - Line of Credit

The District has an available revolving line of credit agreement with a financial institution that provides for a maximum borrowing of \$50,000. The revolving line of credit does not expire and unpaid balances bear interest at the Wall Street Journal Prime Rate plus 1% with a floor rate of 4.25%. There was no activity or balance due on the line of credit from October 1, 2017 through September 30, 2018.

Note 6 – Related Party Transactions

Operating Lease

The District entered into an operating lease agreement with a company in which the executive of the company is also a board member of the District. The lease agreement expired in October 2018 and was subsequently extended for an additional 48-month period through October 2022. The agreement requires monthly rental payments plus an allocation of operating charges and real estate taxes.

Future minimum rental payments under this lease arrangement are as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2019	13,408
2020	13,451
2021	13,451
2022	13,451
2023	1,121

Lease expense for the year ended September 30, 2018 was approximately \$19,127.

Note 7 – Noncurrent liabilities

The following is a summary of changes in noncurrent liabilities for governmental activities for the year ended September 30, 2018:

Governmental Activities Obligation	Beginning Balance	Addition	Deletion	Ending Balance	Current Portion
Compensated absences	\$ 3,037	\$ 8,318	\$ (6,965)	\$ 4,390	\$ -

Note 8 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the District carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

Required Supplementary Information

**Business Improvement District of Coral Gables, Inc.
 Budgetary Comparison Schedule - General Fund
 For the Year Ended September 30, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Tax assessment	\$ 924,354	\$ 971,186	\$ 46,832
Contributions and donations from private sources	20,000	29,200	9,200
Interest income	2,500	4,928	2,428
Other income	<u>139,450</u>	<u>79,281</u>	<u>(60,169)</u>
Total revenues	<u>1,086,304</u>	<u>1,084,595</u>	<u>(1,709)</u>
Expenditures:			
General government services	<u>1,303,276</u>	<u>1,030,419</u>	<u>272,857</u>
Total expenditures	<u>1,303,276</u>	<u>1,030,419</u>	<u>272,857</u>
Net change in fund balance	(216,972)	54,176	271,148
Fund balance, October 1	<u>477,480</u>	<u>477,480</u>	<u>-</u>
Fund Balance, September 30	<u>\$ 260,508</u>	<u>\$ 531,656</u>	<u>\$ 271,148</u>

Business Improvement District of Coral Gables, Inc.
Notes to the Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2018

Note 1 – Budgets and Budgetary Accounting

The Business Improvement District of Coral Gables, Inc. (the “District”) prepares an annual operating budget for the general fund which is reflected in these financial statements. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). The District’s budgeting process is based on estimates of revenue and expenditures and requires that all budgets be approved by the District’s Board of Directors. Subsequent amendments to the budget, if any, are approved by the Board of Directors.

Budgets are prepared on the same basis consistent with accounting principles generally accepted in the United States of America (GAAP). Expenditures may exceed the approved budget amounts for individual categories as long as the total does not exceed the approved budget. Any remaining fund balance remains within the District each year.

**INDEPENDENT AUDITORS' 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**

To the Board of Directors

Business Improvement District of Coral Gables, Inc.

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 and major fund of the Business Improvement District of Coral Gables, Inc., (the "District") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 21, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Business Improvement District of Coral Gables, Inc.'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. We did identify a deficiency in internal control that we considered to be a significant deficiency, and which is described in the letter to management under status of current year findings and recommendations as item 2018-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District'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*.

To the Board of Directors
Business Improvement District of Coral Gables, Inc.

Business Improvement District of Coral Gables, Inc.'s Response to Findings

The Business Improvement District of Coral Gables, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. The Business Improvement District of Coral Gables, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

GLSC & Company, PLLC

Miami, Florida
June 21, 2019



**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors
The Business Improvement District of Coral Gables, Inc.

Report on the Financial Statements

We have audited the financial statements of the Business Improvement District of Coral Gables, Inc., (the "District") as of and for the year ended September 30, 2018, and have issued our report thereon dated June 21, 2019.

Auditors' Responsibility

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; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and our Independent Accountant's Report on an Examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 21, 2019, should be considered in conjunction with this management letter.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

The purpose of this letter is to comment on those matters described in Rule 10.554(1)(i) as required by the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the basic financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

We wish to thank the District and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

GLSC & Company, PLLC

Miami, Florida
June 21, 2019

MANAGEMENT LETTER
(CONTINUED)

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2018-01 Controls Over Manual Journal Entries

Condition: During our audit we noted several manual journal entries were improperly recorded by the District. This resulted in understatements to asset and liability accounts and an overstatement of net position.

Cause: There is an inadequate design/implementation of controls over manual journal entries. Due to the limited number of accounting personnel, the same individual prepares and posts journal entries.

Effect: The District understated cash, fixed assets, and liabilities and overstated net position accounts due to the improper journal entries made. The aggregate of these entries was not material to the financial statements.

Recommendation: We recommend that the District implement proper controls over manual journal entries. In addition, reconciliations should be performed quarterly for each significant account by a person other than the preparer of the journal entries.

Management's Response: Management will implement additional procedures to prevent errors due to improper journal entries. Management believes that the District's mitigating control to identify material misstatements, which is the review of budgeted amounts to actual amounts on a quarterly basis, as well as a review of the financial statements by the Treasurer and Board, would prevent a material misstatement if there were improper journal entries recorded that arose to material amounts.

MANAGEMENT LETTER
(CONTINUED)

II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None identified.

MANAGEMENT LETTER
(CONTINUED)

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Business Improvement District of Coral Gables, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Business Improvement District of Coral Gables, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Business Improvement District of Coral Gables, Inc.'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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Business Improvement District of Coral Gables, Inc. for the fiscal year ended September 30, 2018, 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, 2018. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.



INDEPENDENT ACCOUNTANTS' REPORT ON AN EXAMINATION

To the Board of Directors
The Business Improvement District of Coral Gables, Inc.

We have examined the Business Improvement District of Coral Gables, Inc.'s (the "District") compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2018. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

GLSC & Company, PLLC

Miami, Florida
June 21, 2019