

CITY OF BOWIE
MARYLAND

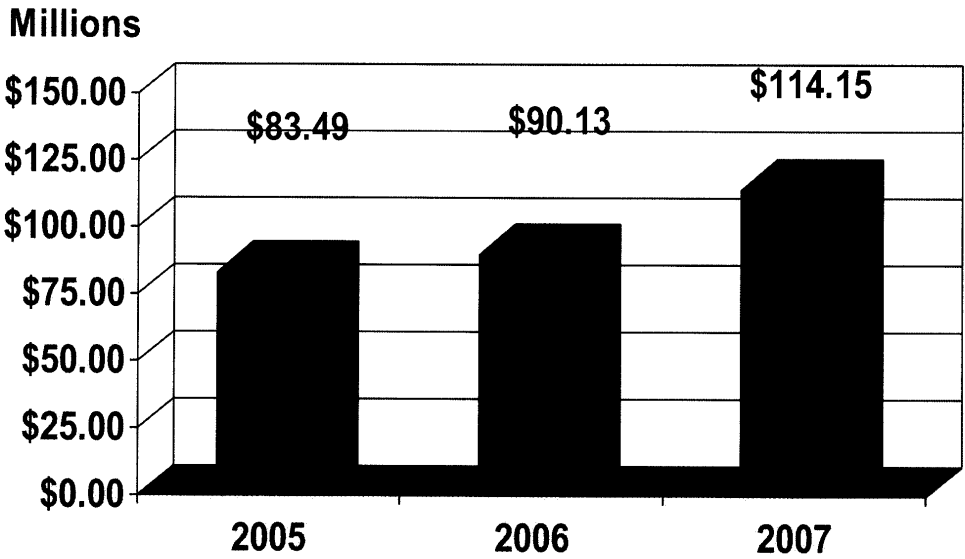


FYE 2007 CAFR

Presented by Daniel Kenney, Ashley Warrick



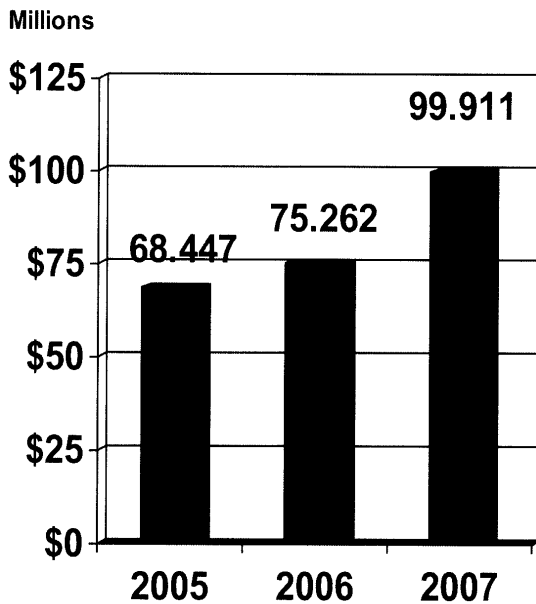
- **City of Bowie, Maryland**
Primary Government – Total Net Assets



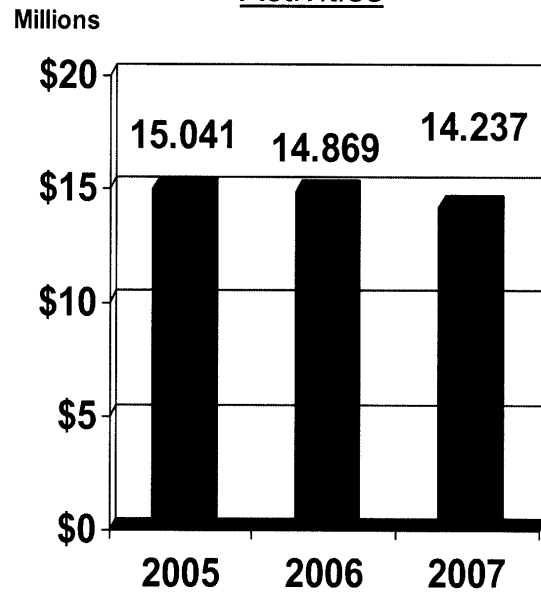
City of Bowie, Maryland

Primary Government – Total Net Assets by Type

Governmental Activities

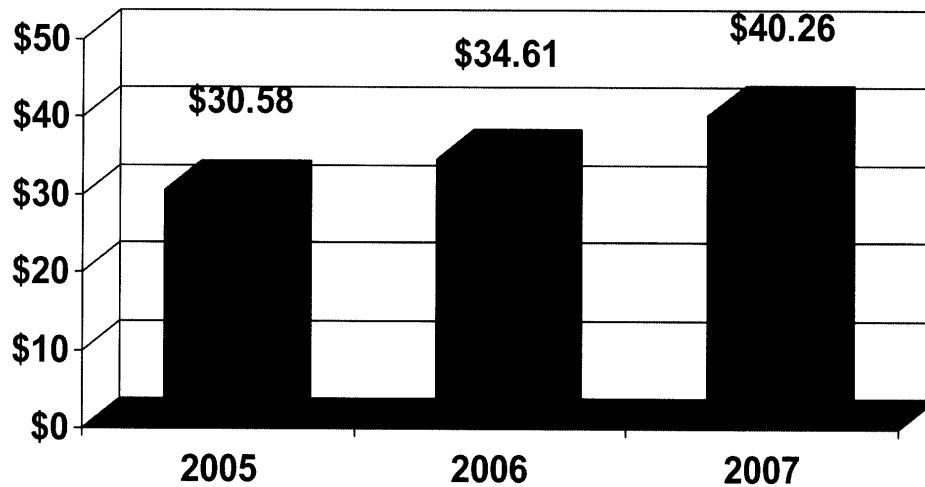


Business – Type
Activities



- **City of Bowie, Maryland
Primary Government Revenue**

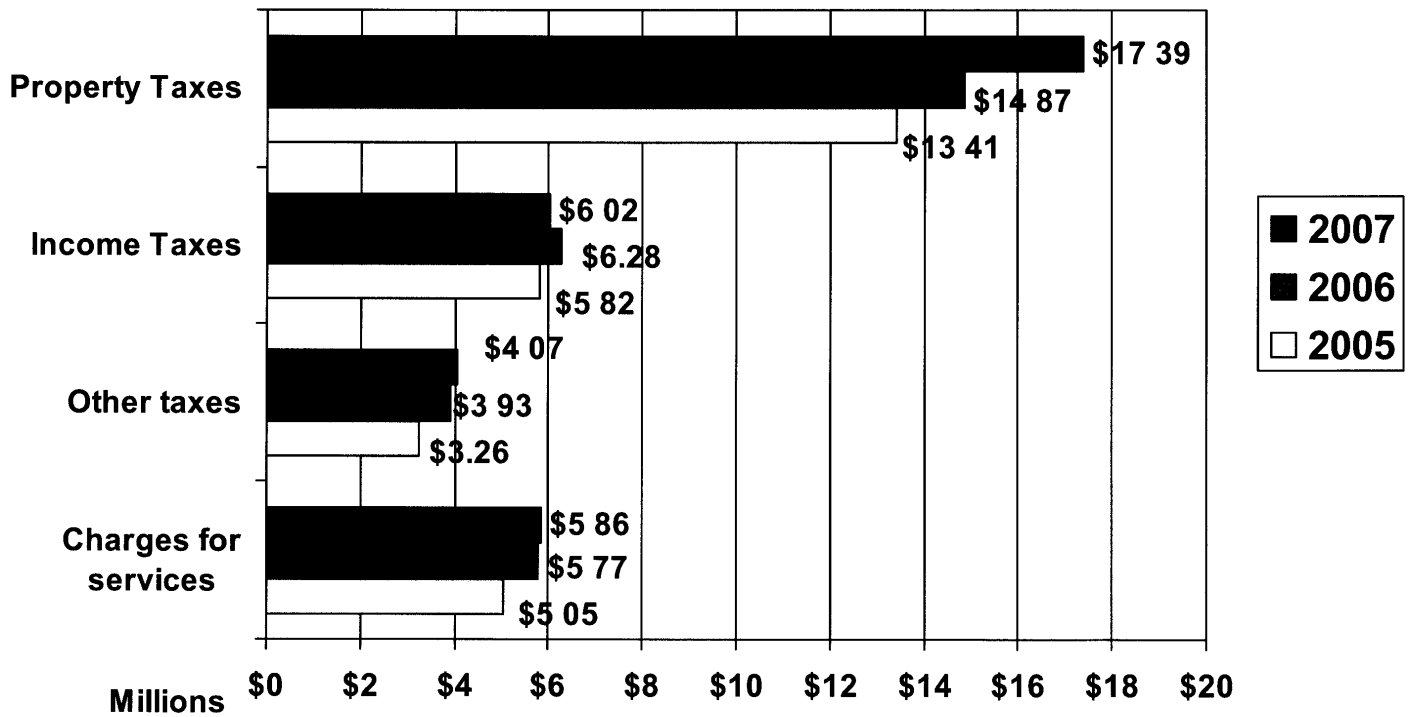
Millions



*includes general revenues

City of Bowie, Maryland

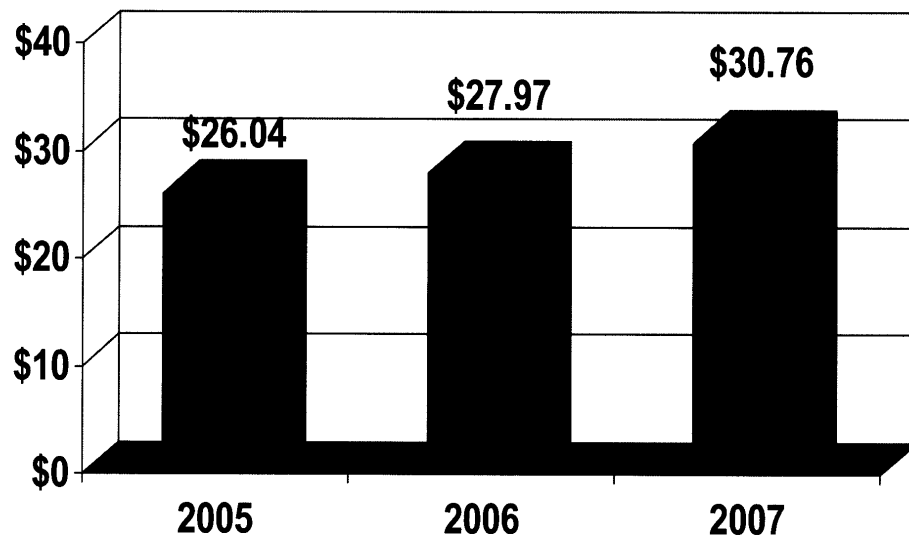
General & Program Revenues



City of Bowie, Maryland

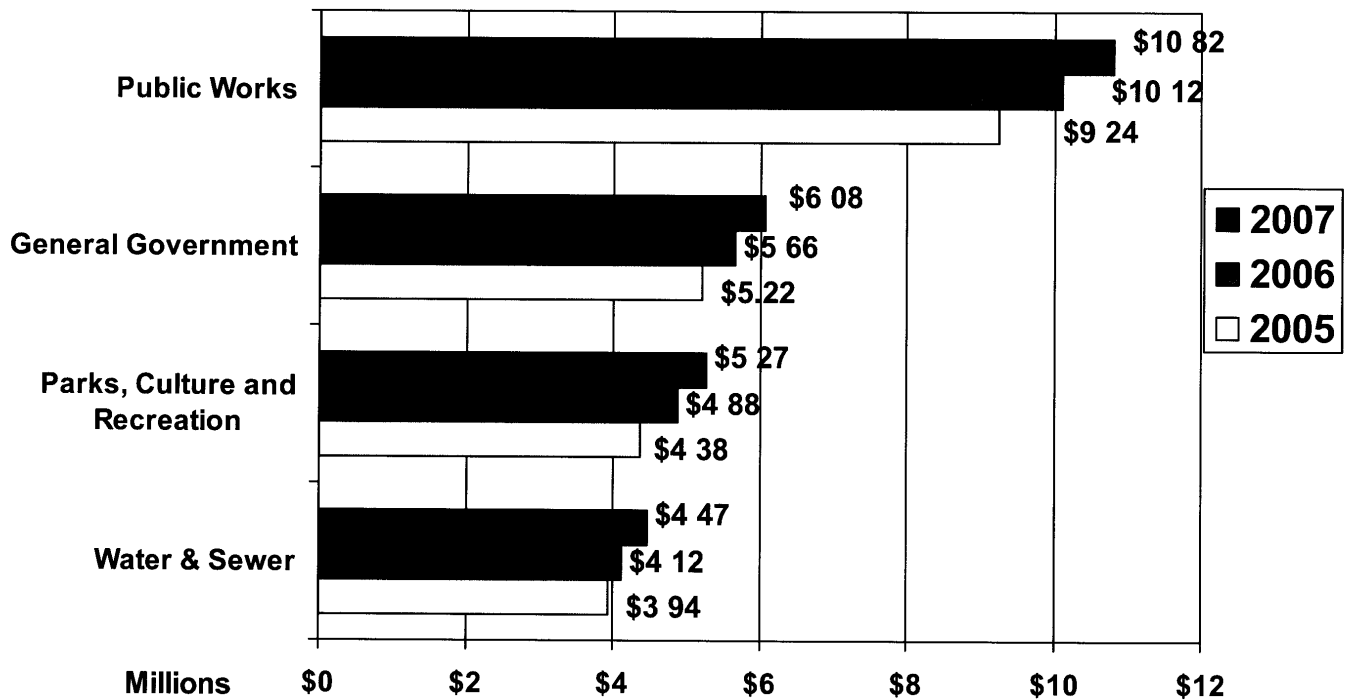
Total Primary Government Expenditures

Millions



City of Bowie, Maryland

Expenditures by Function



MANAGEMENT LETTER
CITY OF BOWIE, MARYLAND
JUNE 30, 2007



Reznick Group, P.C.
500 East Pratt Street
Suite 200
Baltimore MD 21202 3100

Tel: (410) 783-4900
Fax: (410) 727-0460
www.reznickgroup.com

December 20, 2007

To The Honorable Mayor, Members of the City Council and City Manager
City of Bowie, Maryland

Ladies and Gentlemen.

In planning and performing our audit of the financial statements of City of Bowie, Maryland (the City), we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. We refer you to our 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 dated December 20, 2007. We did become aware of a few matters that are opportunities for strengthening internal controls and operating efficiency. We offer the following comments for your consideration.

Journal Entries

It is the City's policy for all journal entries to be prepared by the accountant, the accounting supervisor, the assistant finance director or the finance director. The entries are to be recorded on Finance Form #5 and they must be approved by the Finance Director before being posted. Reznick noted that during journal entry testing all journal entries were not recorded on the form, but the supporting documentation was provided to support the entry. We also noted that some of the forms were not signed off as entered in the space provided. As a result we noted that some entries (less than 10), ranging from approximately \$50 to \$6,500 were not posted to the general ledger until they were discovered during the audit. We suggest that going forward, all journal entries are recorded on the Finance Form #5 and that all of the forms are signed off as entered when they are entered into the system to prevent any entries being overlooked.

Management Response

The City will resume recording all journal entries on Finance Form #5. The Finance Director will approve all journal entries. The journal entry forms will be signed off on as they are entered to prevent any future journal entries from being overlooked.



Fixed Assets

During the testing of fixed assets we noted that if an invoice for a capital asset was being paid in several installments, each of the installment payments were being recorded as an asset at the time of payment as opposed to recording one asset at the total cost to place the asset in service on the placed in service date. Depreciation was also being recorded on the individual installment payments. We recommend that the reconciliation of fixed assets be performed on a periodic basis.

Management Response

The City implemented a new fixed assets system during the year. Management will enhance the fixed assets section of the Procedures Manual to include specific, detailed instructions on the proper recordation of fixed assets. Management will continue to provide training on the fixed assets module to the appropriate personnel within the Finance Department.

Conclusion

Reznick Group offers the preceding comments for your review and consideration. We have already discussed many of these comments with various City personnel, and we will be pleased to discuss them in further detail at your convenience. We appreciate the courtesies extended to us during our engagement by the City's personnel and look forward to a continued mutually beneficial relationship.

This letter is intended solely for the information and use of the City's management and the City Council and is not intended to be and should not be used by others.

Very truly yours,

A handwritten signature in cursive script that reads "Reznick Group, P C".

Reznick Group, P C

MATTERS REQUIRED TO BE COMMUNICATED

CITY OF BOWIE, MARYLAND

JUNE 30, 2007

City of Bowie, Maryland

MATTERS REQUIRED TO BE COMMUNICATED

ITEMS TO BE COMMUNICATED

AUDITOR'S RESPONSE

The Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America. The auditor should communicate the level of responsibility assumed for the internal control structure, illegal acts, and other matters under generally accepted auditing standards.

Included in our engagement letter and the scope paragraph of our report.

Significant Accounting Policies and Unusual Transactions. The auditor should determine that the City Council is informed about the initial selection of and changes in significant accounting policies as well as the methods used to account for significant unusual transactions.

Significant accounting policies are disclosed in the notes to the financial statements. There were no changes in these policies in fiscal 2007

Management Judgments and Accounting Estimates. The City Council should be informed about the process used by management in forming particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.

Accounting estimates are prepared by management in the following areas.

Reservations of fund balance, and allowance for doubtful accounts

Significant Audit Adjustments. All significant adjustments arising from the audit should be communicated to the City Council.

No significant adjustments made

Other Information in Documents Containing Audited Financial Statements. The City Council should be informed as to the auditor's responsibility for information in a document containing audited financial statements as well as of any procedures performed and the results.

We have read the information in the introductory section, the management's discussion and analysis and the statistical section for reasonableness and consistency with the financial statements, but we have not audited such information.

City of Bowie, Maryland

MATTERS REQUIRED TO BE COMMUNICATED - CONTINUED

ITEMS TO BE COMMUNICATED

AUDITOR'S RESPONSE

Disagreements With Management.

Disagreements with management, whether or not satisfactorily resolved, about matters that could be significant to the entity's financial statements or the auditors' report should be communicated to the City Council.

There were no such disagreements.

Consultation With Other Accountants.

When the auditor is aware that management has consulted with other accountants about significant accounting or auditing matters, the auditor's views about the subject of the consultation should be communicated to the City Council.

To our knowledge, no such consultations were made by management.

Major Issues Discussed With Management Prior to Retention.

Any major issues that were discussed with management that relate to the performance of the audit are required to be brought to the attention of the City Council.

No such issues were discussed prior to our appointment.

Difficulties Encountered in Performing the Audit.

Serious difficulties encountered in dealing with management that relate to the performance of the audit are required to be brought to the attention of the City Council.

Delays were experienced during the current year audit as a result of staff turnover and problems experienced with the City's conversion of fixed assets to its new accounting system. The comprehensive annual financial report was not received until December 13, 2007

City of Bowie, Maryland

MATTERS REQUIRED TO BE COMMUNICATED - CONTINUED

ITEMS TO BE COMMUNICATED

Irregularities and Illegal Acts. The City Council should be adequately informed of irregularities and illegal acts coming to the auditor's attention during the course of the audit.

AUDITOR'S RESPONSE

No irregularities or illegal acts came to the attention of the auditor during the course of the audit.

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

Honorable Mayor and Members
of the Bowie City Council

We have audited the financial statements of the City of Bowie, Maryland (the City) as of and for the year ended June 30, 2007, and have issued our report thereon dated December 20, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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.

We noted certain matters that we reported to management of the City in a separate letter dated December 20, 2007

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards

This report is intended for the information of the City Council and management and is not intended to be and should not be used by anyone other than these specified parties.

Baltimore, Maryland
December 20, 2007

Reznick Group, P.C.