

MANAGEMENT LETTER
CITY OF ROCKVILLE, MARYLAND
JUNE 30, 2010

December 1, 2010

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

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of City of Rockville, 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 October 29, 2010, our Report on Compliance with Requirements Applicable to Each Major and Nonmajor Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 dated October 29, 2010.

Our consideration of internal control was for the limited purpose as described in the preceding paragraph and would not necessarily identify all deficiencies in internal controls that might be significant deficiencies or material weaknesses.

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/duties, to prevent or detect misstatements in a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We did not become aware of any instances which constitutes a significant deficiency.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

In the course of our audit, we did become aware of a few matters that are opportunities for strengthening internal controls and operating efficiency that we do not consider to be significant deficiencies or material weaknesses under standards established by the American Institute of Certified Public Accountants. We offer the following comments for your consideration:

Financial Reporting and Year End Close

During the course of our audit, we proposed adjustments to reconcile various accounts throughout our fieldwork process. We recommend a majority of the closing entries be completed by August 31st, to ensure a timely close of the City's records and finalization of financial statements and disclosures. Additionally, we recommend the City perform a timely review of all reconciliations and supporting documentation provide during audit to ensure that all documentation supports the amounts provided on each fund trial balance.

Management Response:

The City's Accounting Manager left in July 2010, just prior to the audit starting. This left insufficient staff without the necessary training to manage the year-end audit process, which includes reviewing schedules and reconciliations prior to submitting them to the auditors. This also inhibited the timely booking of year end entries.

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,



Reznick Group, P.C.