



**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***

Board of Trustees  
Retirement System for General Employees of the  
Utility Board of the City of Key West  
Key West, Florida

We have audited the financial statements of Retirement System for General Employees of the Utility Board of the City of Key West (Plan) as of and for the year ended December 31, 2004, and have issued our report thereon, dated March 4, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to the 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 Plan's internal control over financial reporting in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control over 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 reportable 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 caused by error or fraud in amounts that would be material in relation to the 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Plan'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. 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 solely for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than those specified parties.

*Cherry, Baker & Holland LLP*

West Palm Beach, Florida  
March 4, 2005

Report on the Financial Statements of the City of West Palm Beach, Florida, for the Year Ended December 31, 2004.

We have audited the financial statements of the City of West Palm Beach, Florida, for the year ended December 31, 2004, and have issued our report thereon dated March 4, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States and the practices commonly used in the financial audits of governmental entities.

Internal Control over Financial Reporting

In carrying out our auditing work, 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 financial statements and for the purpose of identifying material weaknesses in internal control. Our consideration of the internal control over financial reporting was limited to those areas that are necessary to the audit of the financial statements and was not designed to identify all material weaknesses. A material weakness is a deficiency or deficiencies in internal control that could result in a material misstatement of the financial statements that would not be prevented or detected in a timely period by the internal control over financial reporting. We noted no material weaknesses in the internal control over financial reporting that we believe would result in a material misstatement of the financial statements.

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, non-compliance 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 non-compliance that we believe that are material to the financial statements.