THE CITY OF SAN DIEGO

MEMORANDUM

DATE: September 19, 2011

TO: Honorable Councilmember Kevin Faulconer, Chair, Audit Committee
Members of the Audit Committee

FROM: Mary Lewis, Chief Financial Officer Mary Lewis

SUBJECT: Response to the Due Diligence Questions for the Fiscal Year 2010 CAFR

Pursuant to the request of the City Council Audit Committee please see my written responses to the Audit Committee's due diligence questions.

1. Do you believe the financial statements fairly present the government's net assets and activities in accordance with generally accepted accounting principles (GAAP) or some other acceptable comprehensive basis of accounting?

   Response: To the best of my knowledge and belief, the financial statements fairly present the government's assets and activities and were prepared in accordance with GAAP.

2. To the best of your knowledge, was the audit performed in accordance with generally accepted auditing standards (GAAS standards) or generally accepted government auditing standards (GAGAS standards)? If not, why?

   Response: To the best of my knowledge and belief, the financial statements were audited in accordance with GAAS and GAGAS.

3. Do the financial statements contain deviations from generally accepted accounting principles (GAAP)? If so, why?

   Response: To the best of my knowledge and belief, the statements do not contain deviations from GAAP.

4. Were there any significant accounting adjustments affecting the financial statements (prior year as well as current year)?

   Response: All significant accounting adjustments were disclosed in the management representation letter. To the best of my knowledge and belief, there are no additional significant accounting adjustments.

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5. Are you satisfied that an appropriate audit was performed by the independent auditors?

   Response: Yes, to the best of my knowledge and belief.

6. Is there any activity at any level within the government that you consider to be a significant violation of laws, regulations, contracts or grants, or significant departures from GAAP other than those already identified?

   Response: No, to the best of my knowledge and belief.

7. Are there any questions we have *not* asked that should have been asked? If so, what are those questions?

   Response: No, there are no additional questions that should have been asked.

Mary Lewis
Chief Financial Officer

ML/slh

cc: Honorable Mayor Jerry Sanders
Jay M. Goldstone, Chief Operating Officer
Honorable Members of the City Council