

# City of Gainesville, Florida

## Required Communications

September 30, 2015



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[CRlcpa.com](http://CRlcpa.com) | [blog.cricpa.com](http://blog.cricpa.com)



Carr, Riggs & Ingram, LLC  
4010 N.W. 25th Place  
Gainesville, Florida 32606  
P.O. Box 13494  
Gainesville, Florida 32604

(352) 372-6300  
(352) 375-1583 (fax)  
www.cricpa.com

March 29, 2016

To the Audit and Finance Committee  
City of Gainesville, Florida

We are pleased to present the results of our audit of the 2015 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Gainesville, Florida. We also audited the financial statements of the pension and OPEB plans, Wild Spaces and Public Places funds and the Community Redevelopment Agency funds. We did not audit the financial statements of Gainesville Regional Utilities. Those financial statements were audited by other auditors.

This communication summarizes our audit, the reports issued and various analyses and observations related to the financial accounting and reporting practices followed. The document also contains the communications required by our professional standards.

The audit was designed, primarily, to express opinions on the 2015 financial statements. We considered an assessment of risks that could materially affect the financial statements and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you expect. We received the full support and assistance of your personnel.

At Carr, Riggs & Ingram, LLC ("CRI"), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This information is intended solely for the information and use of the Audit and Finance Committee and management and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact us.

Very truly yours,

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC  
CERTIFIED PUBLIC ACCOUNTANTS



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Our audit plan represented an approach responsive to the assessment of risk. Specifically, we planned and performed our audit to:

- Perform audit services in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, in order to express an opinion on the financial statements as of and for the year ended September 30, 2015;
- Perform audit services in accordance with the Federal and State Single Audit Acts and Rules of the Florida Auditor General;
- Communicate directly with you and management regarding the results of our procedures;
- Address with you and management any accounting and financial reporting issues;
- Anticipate and respond to your concerns and those of management; and
- Address other audit-related projects as they arise and upon request.

## Required Communications

We have audited the financial statements as of and for the year September 30, 2015, and have issued our report thereon dated March 29, 2016. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<b>Auditor's responsibility under Generally Accepted Government Auditing Standards</b>	Professional standards require that we provide you with information about our responsibilities, as well as certain information related to the planned scope and timing of our audit. We have previously communicated such information in our engagement letter.
<b>Management's responsibility</b>	Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation of the financial statements in conformity with GAAP. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.
<b>Management's judgments and accounting estimates</b>	Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are sometimes particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ from those expected. The most sensitive estimates in the financial statements are the estimates involved in computing the net pension liability (which was recorded for the first time in 2015), the carrying value of depreciable capital assets, the amount of self-insurance liabilities, and the net OPEB asset. We evaluated key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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<b>Financial statement disclosures</b>	Certain financial statement disclosures are sometimes particularly sensitive because of their significance to financial statement users. The City's disclosure, in Note 2, is of particular interest because it describes various risks associated with the investment portfolio. Note 3 is also notable because it describes the assumptions used to determine pension-related amounts. Another sensitive disclosure affecting the financial statements is the disclosure of commitments and contingencies in Note 11, because of the uncertainty associated with contingent liabilities. The financial statement disclosures are neutral, consistent and clear.
<b>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles</b>	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p> <p>During the year, the City implemented GASB 68, <i>Accounting and Financial Reporting for Pensions</i> and GASB 71, <i>Pension Transition for Contributions Made Subsequent to the Measurement Date</i>. These standards dramatically changed the way the City accounts for and reports its pension costs and obligations. For the first time, the City is now reporting a "net pension liability" in its financial statements.</p>
<b>Significant difficulties encountered in the audit</b>	We encountered no significant difficulties in performing our audit.
<b>Disagreements with management</b>	We are pleased to report that no such disagreements arose during the course of our audit.
<b>Other findings or issues</b>	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## Required Communications

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<b>Corrected and uncorrected misstatements</b>	No misstatements were detected as a result of our audit procedures.
<b>Consultations with other accountants</b>	None of which we are aware.
<b>Written representations</b>	We have requested certain representations from management that are included in the management representation letter.
<b>Required supplementary information</b>	We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.
<b>Supplementary information in relation to the financial statements as a whole</b>	We were engaged to report on the supplementary information, which accompanies the financial statements but is not required supplementary information ("RSI"). With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

## Required Communications

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<b>Other information in documents containing audited financial statements</b>	We were not engaged to report on the introductory or statistical sections, which accompany the financial statements. This information has not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on this information.