

March 24, 2011

To the Audit, Finance and Legislative Committee
City of Gainesville, Florida

We have audited the 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 for the year ended September 30, 2010, and have issued our report thereon dated March 24, 2011. We did not audit the financial statements of Gainesville Regional Utilities. Those financial statements were audited by other auditors. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing that was previously communicated.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements. No significant new accounting policies were adopted. The City adopted GASB Statement No. 51 ("Intangible Assets") during the year; however, its implementation did not significantly impact the City's financial statements. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

During our audit of the financial statements of the City, we noted no material weaknesses in internal controls. However, we did note some suggestions for improvements in internal controls over financial reporting and internal controls over compliance with major federal and state financial assistance programs which have been communicated to management.

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 significantly from those expected. The most sensitive estimates affecting the financial statements are estimates of the carrying value of depreciable capital assets, the amount of self-insurance liabilities, and the negative net pension obligation and negative net OPEB obligation assets. 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.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are sometimes particularly sensitive because of their significance to financial statement users. The City's disclosure, in Note 1 (D), is of particular interest because it describes various risks associated with the investment portfolio. Another sensitive disclosure affecting the financial statements is the disclosure of commitments and contingencies in Note 12, because of the uncertainty associated with contingent liabilities.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management during the course of the audit. However, these discussions occurred in the normal course of our professional relationship and there were no significant issues that were discussed or were the subject of correspondence with management.

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

Carroll, Riggs & Ingram LLC

March 24, 2011
Gainesville, Florida