

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Trustees
City of Gainesville, Florida

We have audited the financial statements of the Consolidated Police Officers and Firefighters Retirement Plan (the Consolidated Plan), a fiduciary fund of the City of Gainesville, Florida (the City) for the year ended September 30, 2019. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 27, 2019. Professional standards also require that we communicate to you the following information related to our audit:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2019.

We noted no transactions entered into by the governmental unit 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.

Accounting Estimates

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 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 were:

■ **Net Pension Liability and Related Deferred Outflows and Inflows of Resources**

The City's net pension liability and related deferred outflows and inflows of resources of the City's Consolidated Plan, a contributory defined benefit single-employer plan, are an estimate based on actuarial studies performed by a qualified actuary retained by the City. The actuarial valuation is based upon actuarial methods and assumptions, which are selected based on risk and market factors affecting governmental entities of similar sizes, pension plan policies, and employee census information. The net pension liability and related deferred outflows and inflows of resources are allocated based on retirement contributions made. These allocations are also considered significant estimates.

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■ **Fair Market Value of Financial and Derivative Instruments**

As discussed in the notes to the financial statements, the City uses third party valuations for determining the fair market value of its financial and derivative instruments.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statement was:

■ **Chapter 175/185 Contributions**

The Consolidated Plan receives annual contributions from the State of Florida under Chapters 175/185, Florida Statutes. The City and the Board of Trustees for the Consolidated Plan are currently involved in an Administrative Hearing process with the State Division of Retirement to resolve the issue of the State's non-acceptance of the Consolidated Plan's FY2016, FY2017, and FY2018 Actuarial Valuations. The Administrative Hearing process has been temporarily stayed due to the COVID-19 pandemic. The dispute concerns the use of payroll growth rates assumptions in the FY2016, FY2017, and FY2018 Actuarial Valuations that were higher than the historical 10 year averages. The State is currently withholding the Consolidated Plan's 2018 Premium Tax distribution, which would usually have been received at the end of FY2019. Due to the unresolved status of the dispute, we expect the State to withhold the Consolidated Plan's 2019 Premium Tax distribution that would usually be received at the end of FY2020.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

The completion of our audit was delayed because of delays in receiving necessary support to schedules to complete the audit and the draft financial statements. The delays are attributed to limited staffing in the finance department and allocation of some of those resources to the implementation of WorkDay.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were identified.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 the management representation letter dated September 10, 2020.

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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 governmental unit’s 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

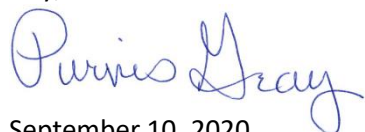
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures on the required supplementary information (RSI) that supplements the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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



September 10, 2020
Gainesville, Florida