



Honorable Mayor and City Commissioners  
City of Longwood, Florida

We have audited the financial statements of the City of Longwood, Florida (the City) for the year ended 2019September 30, 2019, and have issued our report thereon dated April 28, 2020. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated July 23, 2018, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Longwood solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

**Qualitative Aspects of the Entity's Significant Accounting Practices**

*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Longwood is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the City adopted GASB Statement No. 88 Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, and GASB Statement No. 89, Accounting for Interest Costs Incurred Before the End of a Construction Period. There was no effect on beginning balances. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

*Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate for the allowance for doubtful accounts is based on historical loss levels, and an analysis of the individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimation for the allowance for depreciation is based on the estimated useful lives of the capital assets. We evaluated the reasonableness of the useful lives as well as the depreciation methods in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's allocation of the net pension liability, net OPEB liability, deferred inflows/outflows, and pension and OPEB expense is based on the participating employees' contributions made. We evaluated the reasonableness of the allocation methods in determining that it is reasonable in relation to the financial statements taken as a whole.

### **Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### **Disagreements with Management**

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

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated April 28, 2020.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with City of Longwood, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Longwood's auditors.

This report is intended solely for the use of management, the City Commission and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*McDermitt Davis*

Orlando, Florida  
April 28, 2020

April 28, 2020

McDermitt Davis, LLC  
934 N. Magnolia Avenue, Suite 100  
Orlando, FL 32803

This representation letter is provided in connection with your audit of the financial statements of the *City of Longwood, Florida* as of September 30, 2019, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the *City of Longwood, Florida* in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of April 28, 2020.

#### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated July 23, 2018, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- With respect to the nonattest services provided, such as drafting the financial statements, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- All proposed audit adjustments have been posted to the City's books.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- With regard to items reported at fair value;
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.

- The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
- The disclosures related for fair values are complete, adequate, and in conformity with U.S. GAAP.
- There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.
- With regard to pensions and OPEB:
  - We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
  - We are unable to determine the possibility of a withdrawal liability for any of the Plans of which we are a sponsor, and are not currently contemplating withdrawing from any of the Plans.
  - Increases in benefits, elimination of benefits and all similar amendments have been disclosed in accordance with U.S. GAAP and are included in the most recent actuarial valuation, or disclosed as a subsequent event.

#### **Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or

- Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether, communicated by employees, former employees, vendors (contractors), regulators, or others.
- We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to audit objectives.
- We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, or abuse that you have reported to us.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- City of Longwood has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which City of Longwood is contingently liable.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- City of Longwood has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

#### **Single Audits**

- With respect to state award projects, we represent the following to you:
  - We are responsible for understanding and complying with and have complied with the requirements of Chapter 10.550, Rules of the Auditor General, as applicable.

- We are responsible for the preparation and presentation of the schedule of expenditures of state financial assistance (the Schedule) in accordance with Chapter 10.550, Rules of the Auditor General.
- We believe the Schedule, including its form and content, is fairly presented in accordance with the Chapter 10.550, Rules of the Auditor General.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We are responsible for including the auditor's report on the Schedule in any document that contains the schedule and that indicates that the auditor has reported on such information.
- We have identified and disclosed all of our government projects and related activities subject to the Chapter 10.550, Rules of the Auditor General compliance audits.
- When the Schedule is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the Schedule no later than the date of issuance by the entity of the Schedule and the auditor's report thereon.
- We have, in accordance with the Chapter 10.550, Rules of the Auditor General, identified in the Schedule, expenditures made during the audit period for all awards provided by state agencies in the form of grants, state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- We have provided to you our interpretations of any compliance requirements that have varying interpretations.
- We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with state agencies or pass-through entities relating to state projects.
- We have received no requests from a state agency to audit one or more specific projects as a major program.
- We have identified and disclosed to you all amounts questioned and any known noncompliance with direct and material compliance requirements of state awards, including the results of other audits or program reviews, or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report
- We have disclosed to you any communications from state awarding agencies and pass-through entities concerning possible noncompliance with direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- We have made available to you all documentation related to the compliance with the direct and material compliance requirements, including information related to state program financial reports and claims for advances and reimbursements.
- State program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the Schedule).
- The copies of state program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective state agency or pass-through entity, as applicable.
- We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, as applicable.
- We have charged costs to state awards in accordance with the provisions of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, as applicable.
- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included, and we have provided you with all information on the status of the follow-up on prior audit findings by state awarding agencies and pass-through entities, including all management decisions.
- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- The reporting package does not contain personally identifiable information.
- We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information.
- We have reviewed, approved, and taken responsibility for accrual adjustments and an acknowledgment of the auditor's role in the preparation of the adjustments.

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*Fostering citizen trust and cultivating a prosperous community*

- We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
- We are responsible for understanding and complying with the requirements of state statutes, regulations, and the terms and conditions of state awards related to each of our state projects and have identified and disclosed to you the state statutes, regulations and the terms and conditions of state awards that are considered to have a direct and material effect on each major state project; and we have complied with these direct and material compliance requirements.
- We are responsible for establishing and maintaining, and have established and maintained effective internal control over compliance for state projects that provide reasonable assurance that we are managing our state awards in compliance with state statutes, regulations and the terms and conditions of the state award that could have a material effect on our state projects. Also, no changes have been made in the internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.

Signed: **Clint Gioielli**  
Clint Gioielli  
Acting City Manager

Digitally signed by Clint Gioielli  
DN: cn=Clint Gioielli, o=City of Longwood, ou=Florida  
Department of Management Services, c=US  
Date: 2020.04.28 13:40:01 -0400

Signed: **Lisa Snead**  
Lisa Snead  
Financial Services Director

Digitally signed by Lisa Snead  
DN: cn=Lisa Snead, o=City of  
Longwood, ou=Finance Department,  
email=lisnead@longwoodfl.org, c=US  
Date: 2020.04.28 13:39:54 -0400