



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:

Criminal Justice, *Chair*
Infrastructure and Security, *Vice Chair*
Appropriations Subcommittee on Criminal
and Civil Justice
Appropriations Subcommittee on Transportation,
Tourism, and Economic Development
Banking and Insurance
Education

JOINT COMMITTEE:

Joint Administrative Procedures Committee

SENATOR KEITH PERRY

8th District

October 24, 2019

The Honorable Jason Fischer, Chairman
Joint Legislative Auditing Committee
324 Senate Office Building
404 South Monroe St.
Tallahassee, FL 32399-1100

Dear Chairman Fischer,

I, along with Representative Chuck Clemons, respectfully request that the Joint Legislative Auditing Committee direct the Auditor General to conduct a comprehensive and in-depth audit of the operational practices and managerial oversight of the City of Gainesville.

Representative Clemons and I have heard from multiple constituents who are concerned with the city's deteriorating financial health under the supervision of the City Commission. Our constituents believe that apparent misuses of funds, inadequate financial planning and internal controls, increasingly frequent restructuring of bonds and interest rate swaps (including a vaguely defined \$1.55 billion restructuring approved by the City Commission October 17), and a lack of financial transaction transparency collectively warrant an audit by the State of Florida.

First, our constituents are concerned with the firing of former Gainesville Auditor Carlos Holt following several of his audits over an extended period of time highlighted Gainesville's lack of standard accounting practices and oversight. They point to an uncompleted 2018-2019 audit plan and the failure of the Commission to approve a 2019-2020 audit plan following audits performed by Mr. Holt, including: a 2017 audit into the City of Gainesville Parks, Recreation and Cultural Affairs Department's credit card use oversight; a 2017 audit into insufficient security and reporting at Gainesville's Regional Transit System; as well as the alarming findings by Gainesville's external auditor Purvis Gray regarding the 2019 Gainesville Comprehensive Audit Financial Report.

Secondly, our constituents are concerned with Gainesville Regional Utility's (GRU) lack of financial transparency and stability. As a result of a 2018 referendum, the City of Gainesville remains in charge of GRU. In 2019, the Gainesville City Commission identified a "budget crisis" and authorized GRU to restructure older bonds and issue newer bonds, which raised

REPLY TO:

- ☐ 2610 NW 43rd Street, Suite 2B, Gainesville, Florida 32606 (352) 264-4040
- ☐ Marion County Board of Commissioners, 115 SE 25th Avenue, Ocala, Florida 34471 (352) 732-1249
- ☐ Putnam County Government Complex, 2509 Crill Avenue, Palatka, Florida 32177
- ☐ 316 Senate Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5008

Senate's Website: www.flsenate.gov

BILL GALVANO
President of the Senate

DAVID SIMMONS
President Pro Tempore

October 24, 2019

Page 2

Gainesville's 30-year debt service from \$1.6 billion to \$1.7 billion. The financial consequences of these decisions have forced GRU to repeatedly increase rates and have frozen the level of GRU's cash transfers to the City's General Fund, resulting in FY2020 property tax millage rate increases of more than 15 percent. We have also received complaints about GRU compounding the Local Utility Tax with the State Gross Receipts Tax.

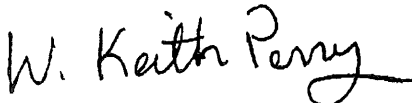
Additionally, GRU spent \$10,000 in the midst of the "budget crisis" on a guest speaker for an annual fundraiser that is meant to benefit academic scholarships for Gainesville students. The hiring of guest speaker Andrew Gillum garnered media scrutiny due to his endorsement of Mayor Lauren Poe mere months before the fundraiser. Following the outcry, the funds were donated to a charity of the City Commission and GRU's choosing; however, there was no follow-up to determine if these funds were distributed correctly.

In addition, following the departure of two City Finance Directors, the public's access to the annual financial reports prepared by the external auditors have been significantly delayed for two consecutive years. In order to reconcile the City's financial records in 2018, the interim City Manager, without informing the City Auditor, contracted for financial statement reconciliation services with the same accounting firm the City Auditor had hired to perform the city's FY2018 audit. Following these irregularities, the City's FY2018 Comprehensive Annual Financial Report was delivered to the Auditor General significantly past the statutory deadline of June 30.

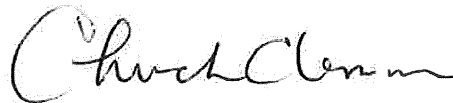
Residents have expressed severe frustration over bearing the financial responsibility of correcting the city's perceived missteps. It is our duty to ensure our constituents are safeguarded from the dangers of government overreach, and we intend to use every tool available to represent the best interests of Gainesville residents. It is our hope that an independent audit will provide the City of Gainesville with the solutions needed to restore the financial integrity of our community.

Attached you will find letters of concern and supporting documents from our constituents. We appreciate your support in this matter.

Sincerely,



Senator Keith Perry



Representative Chuck Clemons

cc: The Honorable Jeff Brandes, Alternating Chairman
Kathy Dubose, Joint Legislative Auditing Committee