



Ocala Audit Committee Agenda - Final

Tuesday, May 5, 2026

Meeting Information

Location

Ocala City Hall
110 SE Watula Avenue
Second Floor - Council Chambers
Ocala, Florida

<https://www.ocalafl.gov/meetings>

Time

3:30 PM

Committee Members

Jay A. Musleh, Vice Chair
Kristen Dreyer
Barry Mansfield
James P. Hilty Sr.
Ire J. Bethea Sr., Chairperson

Mayor

Ben Marciano

City Manager

Peter Lee

Mission Statement

The City of Ocala provides fiscally responsible services consistent with the community's current and future expectations.

Audit Committee's Strategic Priorities

Priority 1: Economic hub
Priority 2: Fiscally sustainable
Priority 3: Engaged workforce
Priority 4: Operational excellence
Priority 5: Quality of place

WELCOME!

Citizens are encouraged to participate in City of Ocala meetings. Speaker cards should be filled out in advance and submitted to the City Clerk. Speakers will be limited to 3 (three) minutes. Additional time may be granted by the Chairperson. When recognized, state name and address. Citizen groups are asked to name a spokesperson.

The City of Ocala encourages civility in public discourse and requests that speakers limit their comments to specific motions and direct their comments to the Committee. Cell phones should be turned off or set to vibrate.

The order of agenda items may be changed if deemed appropriate by the Committee.

Citizens are encouraged to provide comments in writing to the City Clerk before meetings for inclusion into the public record. Citizens may also provide input to individual council members via office visits, phone calls, letters and e-mail that will become public record. In some instances, i.e., Quasi-Judicial Hearings, these particular contacts may be prohibited.

APPEALS

Any person who desires to appeal any decision at this meeting will need a record of the proceedings and for this purpose may need to ensure that a verbatim record of the proceedings is made that includes the testimony and evidence upon which the appeal is made.

ADA COMPLIANCE

If reasonable accommodations are needed for you to participate in this meeting, please call the City Manager's Office at 352-629-8401 at least 48 hours in advance so arrangements can be made.

1. **Call To Order**
2. **Roll Call**
3. **Public Notice**
4. **New Business**
 - 4a. [Regular Meeting Minutes for Tuesday, May 6, 2025](#)
 - 4b. [Presentation of Annual Comprehensive Financial Report \(ACFR\) for fiscal year ending September 30, 2025](#)
Presentation By: Peter Brill
 - 4c. [Independent Auditor's Presentation](#)
 - 4d. [Governance Letter to Council](#)
5. **Comments**
6. **Adjournment**



Ocala

Legislation Text

110 SE Watula Avenue
Ocala, FL 34471

www.ocalafl.gov

File #: 2026-1074

Agenda Item #: 4a.

Submitted By: Pamela Omichinski

Presentation By: Angel Jacobs

Department: City Clerk

STAFF RECOMMENDATION (Motion Ready):
Regular Meeting Minutes for Tuesday, May 6, 2025

OCALA'S RELEVANT STRATEGIC GOALS:
Operational Excellence, .

PROOF OF PUBLICATION:
n/a



Ocala

Audit Committee

Minutes

110 SE Watula Avenue
Ocala, FL 34471

www.ocalafl.gov

Tuesday, May 6, 2025

3:30 PM

1. Call To Order

Present: Ire J. Bethea Sr
Barry Mansfield
James P. Hilty Sr
Jay A. Musleh
Kristen M. Dreyer

2. Public Notice

3. Topics for Discussion

3a. Approve Regular Meeting Minutes for Tuesday, June 18, 2024

3b. Presentation of Annual Comprehensive Financial Report (ACFR) for fiscal year ending September 30, 2024

Finance Director Peter Brill presented the City of Ocala's Fiscal Year 2024 Annual Comprehensive Financial Report (ACFR). He highlighted that the city earned the Certificate of Achievement for Excellence in Financial Reporting for the 37th consecutive year and received zero management comments from auditors for the fifth year in a row. The city also achieved a clean audit opinion-the highest level of assurance-indicating accurate, transparent financial statements with no material misstatements. Mr. Brill emphasized that this accomplishment is significant given the city's large budget, daily transactions, and volume of contracts. He credited the finance staff, CFO Janice Mitchell, and multiple city departments for their professionalism and diligence. He concluded by thanking the City Council for its continued support.

3c. Independent Auditor's Presentation

Audit partner Tim Westgate of Purvis Gray reported that the City of Ocala once again received a completely clean audit. He confirmed an unmodified (clean) audit opinion with no findings, no material weaknesses, no significant deficiencies, and no compliance issues - covering the financial statements, internal controls, state and federal grant requirements, and the special audit for public fund investments. The city also received a clean management letter with no items requiring written recommendations. Mr. Westgate praised the finance team, leadership, and City Council for timely reporting and strong cooperation.

He noted one discussion point, not a finding, suggesting the city could benefit from more centralized grant tracking and reporting to improve accuracy, timeliness, and support for future grant opportunities. He concluded by thanking the city for its cooperation and opened the floor for questions.

- 3d. Governance Letter to Council
- 4. Other Matters
- 5. Public Comments
- 6. Adjournment



Ocala

Legislation Text

110 SE Watula Avenue
Ocala, FL 34471

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File #: 2026-1075

Agenda Item #: 4b.

Submitted By: Pamela Omichinski

Presentation By: Peter Brill

Department: Utility Billing/Customer Service

FORMAL TITLE:

Presentation of Annual Comprehensive Financial Report (ACFR) for fiscal year ending September 30, 2025

OCALA'S RELEVANT STRATEGIC GOALS:

Fiscally Sustainable, Operational Excellence

PROOF OF PUBLICATION:

n/a



Ocala

Legislation Text

110 SE Watula Avenue
Ocala, FL 34471

www.ocalafl.gov

File #: 2026-1076

Agenda Item #: 4c.

Submitted By: Pamela Omichinski

Presentation By: Peter Brill

Department: Utility Billing/Customer Service

STAFF RECOMMENDATION (Motion Ready):
Independent Auditor's Presentation

OCALA'S RELEVANT STRATEGIC GOALS:
Fiscally Sustainable, Operational Excellence

PROOF OF PUBLICATION:
n/a

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ocala, Florida (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 12 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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The Honorable Members of the City Council
City of Ocala
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and certain pension and Other Postemployment Benefits trend information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual non-major fund financial statements, non-major fund budgetary comparison schedules and Schedule of Expenditures of Federal Awards and State Projects, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governmental, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, non-major fund budgetary comparison schedules and the Schedule of Expenditures of Federal Awards and State Projects are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Purvis Gray

March 27, 2026
Ocala, Florida

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ocala, Florida (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material

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Ocala, Florida

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis Gray

March 27, 2026
Ocala, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Ocala, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services, *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2025. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards and the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs and state projects.

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City of Ocala
Ocala, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a major federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a major federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Purvis Gray

March 27, 2026
Ocala, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
CITY OF OCALA, FLORIDA**

SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s Report issued:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Non-compliance material to financial statements noted?	No

Federal Awards and State Projects

Internal Control Over Major Programs/Projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of Auditor’s Report Issued on Compliance for Major Programs/Projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a), or Chapter 10.557, <i>Rules of the Auditor General</i> ?	No

Identification of Major Federal Programs and State Projects:

Federal Program or Cluster

U.S. Department of Homeland Security:	Assistance Listing No.:
Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036
U.S. Department of Transportation:	Assistance Listing No.:
Federal Transit Cluster	
Federal Transit Formula Grants	20.507
Buses and Bus Facilities Formula, Competitive and Low or No Emissions Programs	20.526

State Projects

Florida Department of Transportation:	
Aviation Grant Programs	CSFA No. 55.004
Local Transportation Projects	CSFA No. 55.039

Dollar Threshold Used to Distinguish Between Type A and Type B Programs – Federal Programs	\$1,000,000
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
CITY OF OCALA, FLORIDA**

Dollar Threshold Used to Distinguish Between Type A and Type B Programs – State Projects	\$750,000
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Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	Yes
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Other Issues

- No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

We have examined the City of Ocala, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2025, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specific requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specific requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the members of the City Council, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis Gray

March 27, 2026
Ocala, Florida

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MANAGEMENT LETTER

The Honorable Members of the City Council
City of Ocala
Ocala, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Ocala, Florida (the City) as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 27, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reports Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for each Major Federal Program and State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with the American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 27, 2026, should be considered in conjunction with this Management Letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government be disclosed in the Management Letter, unless disclosed in the notes to the financial statements (see Note 1 of the City's basic financial statements as of and for the year ended September 30, 2025, for this information).

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The Honorable Members of the City Council
 City of Ocala
 Ocala, Florida

MANAGEMENT LETTER

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management’s responsibility to monitor the City’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the City confirms that a Property Assessed Clean Energy (PACE) program, authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City’s geographical boundaries during the fiscal year under audit.

As required by Sections 10.554(1)(i)6.b. and 10.554(1)(i)6.c., *Rules of the Auditor General*, the following are the program administrators and their contact information:

Program Administrator	Address	Phone Number	Third-Party Administrators
Florida Green Finance Authority	2501A Burns Rd. Palm Beach Gardens, Florida 33410	(561) 630-4922	Petros Pace Finance, LLC 300 Colorado St., Ste 2000 Austin, Texas 78701 Attn: Tommie Deavenport, COO (512) 599-9037 Renew Financial Group LLC 555 12th St., Ste 1650 Oakland, California 94607 Attn: Todd Wodraska (844) 736-3934
Green Corridor Pace District	5385 North Nob Hill Rd. Sunrise, Florida 33351	(786) 271-9208	Ygrene Energy Fund 6303 Blue Lagoon Dr., Ste 400 Miami, Florida 33126 (866) 634-1358 Willdan Financial Services 2401 E Katella Ave., Ste 300 Anaheim, California 92806 (866) 807-6864

The Honorable Members of the City Council
 City of Ocala
 Ocala, Florida

MANAGEMENT LETTER

Program Administrator	Address	Phone Number	Third-Party Administrators
Florida Development Finance Corp		(407) 712-6352	<p>Allectrify Colin Bishopp - CEO (202) 550-7570 colin@allectrify.com Fran Faulknor - CIO (240) 393-5569 fran@allectrify.com</p> <p>Bayview PACE Joseph Zanzuri - CRE Analyst vjosephzanzuri@bayview.com Danny Roberts - Asst. VP (844) 518-2343 dannyroberts@bayview.com</p> <p>CastleGreenFinance Lance Haberin - Managing Director (914) 815-9810 lhabin@castlegreenfinance.com</p> <p>Clearwater PACE Jonathan Seabolt (929) 352-1479 jseabolt@c-pace.com</p> <p>CounterpinteSRE Eric Alini (855) 431-4400 inquiry@counterpointesre.com</p> <p>Dwight Green Finance Joshua Kravitz - CFO (212) 960-3750 info@dwightcap.com</p> <p>Ebee Management Group Teresa Smith - Strategic Growth (419) 340-0420 tsmith@ebeeco.com</p> <p>Enhanced Capital Ian McCulley imcculley@enhancedcapital.com</p>

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 City of Ocala
 Ocala, Florida

MANAGEMENT LETTER

Program Administrator	Address	Phone Number	Third-Party Administrators
			<p>Imperial Ridge Joel Poppert - Managing Director (303) 390-1655 jpoppert@imperialridgecap.com Kevin Morse - Managing Director (303) 390-1655 kmorse@imperialridgecap.com</p> <p>Lord Capital LLC Stephen Ceurvorst (212) 400-7150 sceurvorst@lordcap.com Joseph Lau - President (212) 400-7150 jlau@lordcap.com</p> <p>North Bridge Laura Rapaport (917) 747-5474 laura@northbridgeops.com</p> <p>North Field Capital Caleb Stokes (917) 349-4101 caleb.stokes@nf-cap.com</p> <p>Nuveen Green Capital Ryan Doyle ryan.doyle@nuveen.com Tara Crotty (917) 208-4016 tara.crotty@nuveen.com</p> <p>PACE Equity Aysha Cox (855) 378-0858 acox@pace-equity.com Pam Haack (855) 378-0858 phaack@pace-equity.com</p> <p>PACE Loan Group Rafi Golberstein - CEO (612) 355-2606 rafi@paceloangroup.com Matthew McCormack - Junior Originator (612) 355-2630 matthew@paceloangroup.com</p>

The Honorable Members of the City Council
 City of Ocala
 Ocala, Florida

MANAGEMENT LETTER

Program Administrator	Address	Phone Number	Third-Party Administrators
			<p>Peachtree Group Robert Loeb (770) 299-2516 rloeb@stonehillsc.com Allison Neary (470) 298-3715 aneary@stonehillsc.com</p> <p>Petros PACE Finance John Gamm - VP Legal (512) 599-9027 john@petrospartners.com Andy Meyer - SVP (636) 577-0378 andy@petrospartners.com</p> <p>Sustainable Equity, LLC Byron Delear (314) 445-7911 byron@sustainableequity.org</p> <p>White Oak Jeff Habicht (314) 644-4100 jhabicht@whiteoaksf.com</p>

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipally, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, *Rules of the Auditor General*, the Ocala Community Redevelopment Agency (CRA) reported this information in the CRA's separately issued financial statements.

The Honorable Members of the City Council
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Ocala, Florida

MANAGEMENT LETTER

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, *Rules of the Auditor General*, the Ocala Downtown Development District (the District) reported this information in the District's separately issued financial statements.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address non-compliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Honorable Mayor and City Council, and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis Gray

March 27, 2026
Ocala, Florida



Ocala

Legislation Text

110 SE Watula Avenue
Ocala, FL 34471

www.ocalafl.gov

File #: 2026-1077

Agenda Item #: 4d.

Submitted By: Pamela Omichinski

Presentation By: Peter Brill

Department: Utility Billing/Customer Service

STAFF RECOMMENDATION (Motion Ready):
Governance Letter to Council

OCALA'S RELEVANT STRATEGIC GOALS:
Fiscally Sustainable, Operational Excellence

PROOF OF PUBLICATION:
n/a

GOVERNANCE LETTER

Honorable Mayor and Council Members
City of Ocala
Ocala, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ocala, Florida (the City) for the year ended September 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards; *Government Auditing Standards*; the Uniform Guidance, Florida Department of Financial Services, *State Projects Compliance Supplement*; and Chapter 10.550, *Rules of the Auditor General*; 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 August 12, 2025. Professional standards also require that we communicate to you the following information related to our audit:

Significant Audit Matters

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. As described in Note 12 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. We noted no transactions entered into by the City 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 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:

- **Depreciation Expense and Accumulated Depreciation**—As discussed in the notes to the financial statements, capital assets are stated at cost at the time of purchase or construction. Management estimates accumulated depreciation and depreciation expense for such assets by utilizing the straight-line method of depreciation and by determining estimated useful lives based on the classes of depreciable property described in the notes to the financial statements.

CERTIFIED PUBLIC ACCOUNTANTS

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Honorable Mayor and Council Members
City of Ocala
Ocala, Florida

- **Allowance for Doubtful Accounts**—Management’s estimate of the allowance for doubtful accounts reduces the City’s accounts receivable balances to the net realizable value in the statement of net position and increases the bad debt expense in the statement of revenues, expenses, and changes in net position in accordance with generally accepted accounting principles. Management estimates the allowance periodically during the year and at year-end. Management’s estimation methodology estimates the allowance as: 100% of accounts receivable balances 90 days or older, plus the accounts receivable balances less than 90 days old multiplied by a ratio determined by management.
- **Estimation of Unbilled Revenue**—Management’s estimate of the unbilled revenue is reported as part of accounts receivable (net) on the statement of net position and consists of an accrual for usage in September 2025, billed in October 2025.
- **Investment Fair Value**—Management’s estimate of the fair value of financial instruments is based on the fair market value of the security at a particular point in time.
- **Net Pension Liability, Pension Related Deferred Outflows and Inflows of Resources, and Pension Expense**—The City’s net pension liability, deferred outflows, deferred inflows, and pension expense for the established defined-benefit plans are estimates based on actuarial studies performed by a qualified actuary hired by the City. There are significant underlying assumptions in the actuarial report, which if changed would significantly affect the reported amounts.
- **Other Postemployment Benefits (OPEB)**—The unfunded accrued actuarial liability, deferred outflows, and deferred inflows for OPEB are determined by an actuarial report based on employee census data and assumptions selected by management, based on industry trends. There are significant underlying assumptions in the actuarial report which, if changed, would significantly affect the reported amounts.
- **Incurred but Not Reported (IBNR) Self Insurance Claims**—The City’s calculation of IBNR costs is based on cost estimates developed by the City’s actuary and third-party administrator. Generally, the same cost estimates are used for both regulatory and accounting purposes. The annual IBNR cost estimate is recorded in the self-insurance fund of the City, which is classified as an internal service fund within the City’s Annual Comprehensive Financial Report.
- **Leases**—Management’s estimate related to the initial measurement of lease assets and liabilities, interest expense, lease term, present value of lease payments, and fair value of underlying assets is all based on interpretation of the terms in the agreements and the discount rate determined by management.
- **Subscription-Based Information Technology Arrangements (SBITA)**—Management’s estimate related to the initial measurement of SBITA assets and liabilities, interest expense, subscription term, present value of subscription payments is all based on interpretation of the terms in the agreements and the discount rate determined by management.

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

Honorable Mayor and Council Members
City of Ocala
Ocala, Florida

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The following is considered a significant financial statement item:

- **Regulatory Operations/Rate Stabilization**—As discussed in the notes to the financial statements, management records rate stabilization funding so that revenues are deferred as cash is set aside for future rate stabilization, and revenue is recognized from the deferred revenue account as rate stabilization funds are utilized to buffer customers' utility bills. This method was adopted in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and reflects the economics of rate regulation by the City Council.

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

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 clearly 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, 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 March 27, 2026.

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 City'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.

Honorable Mayor and Council Members
City of Ocala
Ocala, Florida

The following are audit matters that we would like to bring to the attention of the Mayor, City Council, and management of the City:

- **GASB Statement No. 103**, *Financial Reporting Model Improvements*, will be effective for the year ending September 30, 2026. This statement introduces improvements to the financial reporting model aimed at enhancing the clarity and decision-usefulness of key financial information while addressing certain application issues.
- **GASB Statement No. 104**, *Disclosure of Certain Capital Assets*, will be effective for the year ending September 30, 2026. This statement enhances financial statement note disclosures by requiring entities to provide more detailed information about certain types of capital assets. Specifically, lease assets, intangible right-to-use assets, and subscription-based IT assets must be disclosed separately by major class in the capital assets note disclosures. Additionally, intangible assets other than these categories must also be disclosed separately by major class.
- **GASB Statement No. 105**, *Subsequent Events*, will be effective for fiscal years beginning after September 30, 2027. This statement aims to improve financial reporting by clarifying the timeframe and requirements for reporting transactions or events that occur after the financial statement date. It defines the subsequent events timeframe as the period ending on the date the financial statements are “available to be issued”, which is when they are complete in an accounting principles generally accepted in the United States of America (GAAP)-compliant format and all necessary approvals for issuance have been obtained. The City will need to disclose the specific date through which subsequent events were evaluated and provide detailed notes for “non-recognized events”, such as significant debt-related transactions or changes to the reporting entity, including an estimate of their financial effect.

Other Matters

We applied certain limited procedures to 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 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.

We are engaged to report on the combining and individual non-major fund financial statements, non-major fund budgetary comparison schedules, and the schedule of expenditures of federal awards and state projects, which accompany the financial statements but are not 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 underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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City of Ocala
Ocala, Florida

We were not engaged to report on introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Purvis Gray

March 27, 2026
Ocala, Florida