

Board of Trustees
City of Lakeland, Florida
Employees' Pension and Retirement System
Lakeland, Florida

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the City of Lakeland, Florida which includes the Employees' Pension and Retirement System (the Plan) for further information on the responsibilities of management and of Crowe Horwath LLP.

AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS

As part of obtaining reasonable assurance about whether the Plan financial statements are free of material misstatement, we performed tests of the Plan's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts or disclosures. 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 noncompliance or other matters that are required to be reported under Government Auditing Standards.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters will be discussed during our meeting with you.

- How we addressed the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- Where the entity has an internal audit function, the extent to which the auditor used the work of internal audit, and how the external and internal auditors best work together.
- Your views and knowledge about matters you consider warrant our attention during the audit, as well as your views on:
 - The allocation of responsibilities between you and management.
 - The entity's objectives and strategies, and the related business risks that may result in material misstatements.
 - Significant communications with regulators.
 - Other matters you believe are relevant to the audit of the financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Also, Those Charged with Governance should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform Those Charged with Governance about such matters. To assist Those Charged with Governance in its oversight role, we also provide the following.

Accounting Standard	Impact of Adoption
<p>GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans other than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in general purpose external financial reports of state and local governmental other postemployment benefit plans for making decisions assessing accountability.</p>	<p>Adoption of this Statement did not have a material impact on the Plan's financial position or results of operations.</p>
<p>GASB Statement No. 77, Tax Abatement Disclosures. This Statement requires governments that enter into tax abatement agreements to disclose information about its own tax abatement agreements and those entered into by other governments that reduce the reporting government's tax revenue.</p>	<p>Adoption of this Statement did not have a material impact on the Plan's financial position or results of operations.</p>

Accounting Standard	Impact of Adoption
<p>GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan).</p>	<p>Adoption of this Statement did not have a material impact on the Plan’s financial position or results of operations.</p>
<p>GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14. This Statement clarifies that certain component units incorporated as not-for-profit corporations should be blended in the financial statements of the primary state or local government in a manner similar to a department or activity of the primary government. The Statement addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member.</p>	<p>Adoption of this Statement did not have a material impact on the Plan’s financial position or results of operations.</p>
<p>GASB Statement No. 82, Pension Issues—An Amendment of GASB Statements No. 67, No. 68, and No. 73. This Statement addresses certain issues that have been raised with respect to Statement No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.</p>	<p>Adoption of this Statement did not have a material impact on the Plan’s financial position or results of operations.</p>
<p>Significant Unusual Transactions.</p>	<p>During FYE 2016 the City made an additional \$15M contribution to the Plan. The \$15M is reducing the City’s annual required contribution for 16 years per City Resolution No. 5242 approved on October 19, 2015. The reduction to the annual required contribution was approximately \$1,751,000 for the year ended September 30, 2017.</p>
<p>Significant Accounting Policies in Controversial or Emerging Areas.</p>	<p>No such matters noted.</p>

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management’s current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management’s current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in the Plan’s year end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Fair Values of Investment Securities and Other Financial Instruments	The disclosure of fair values of securities and other financial instruments requires management to use certain assumptions and estimates pertaining to the fair values of its financial assets and financial liabilities.	We tested the propriety of information underlying management’s estimates.
Pension and Postretirement Obligations	Amounts reported for pension and postretirement obligations require management to use estimates that may be subject to significant change in the near term. These estimates are based on projection of the weighted average discount rate, rate of increase in future compensation levels, and weighted average expected long-term rate of return on pension assets.	We reviewed the reasonableness of these estimates and assumptions.

AUDITOR’S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with you our comments about the following matters related to the Plan’s accounting policies and financial statement disclosures.

- The accounting policies to the particular circumstances of the Plan, considering the need to balance the cost of providing information with the likely benefit to users of the Plan’s financial statements are appropriate.
- Overall, the disclosures in the financial statements are neutral, consistent, and clear.
- The effect of the timing of transactions in relation to the period in which they are recorded is appropriate.
- There were no significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- There were no unusual transactions including nonrecurring amounts recognized during the period that materially impact the financial statements.
- There are no particularly sensitive financial statement disclosures.
- There were no factors affecting asset and liability carrying values, including the Plan’s basis for determining useful lives assigned to tangible and intangible assets.

- There were no selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

Refer to Attachment A for a listing of corrected misstatements.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements.

There were no such misstatements.

OTHER COMMUNICATIONS

Communication Item	Results
<p>Other Information In Documents Containing Audited Financial Statements Information may be prepared by management that accompanies the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether such information, or the manner of its presentation, is materially inconsistent with information in the financial statements. If we consider the information materially inconsistent based on this reading, we are to seek a resolution of the matter.</p>	<p>We read the following items and noted no material inconsistencies or misstatements of facts in such information based on our reading thereof.</p> <ul style="list-style-type: none"> • Required Supplementary Information
<p>Significant Difficulties Encountered During the Audit We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>
<p>Disagreements With Management We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Plan's financial statements or the auditor's report.</p>	<p>During our audit, there were no such disagreements with management.</p>
<p>Representations The Auditor Is Requesting From Management We are to provide you with a copy of management's requested written representations to us.</p>	<p>We direct your attention to a copy of the letter of management's representation to us provided separately.</p>

Communication Item	Results
<p>Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.</p>	<p>There were no such significant issues discussed, or subject to correspondence, with management except for the fair value calculations and related journal entries of alternative investments.</p>
<p>Significant Related Party Findings and Issues We are to communicate to you significant findings and issues arising during the audit in connection with the Plan's related parties.</p>	<p>There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>
<p>Other Findings or Issues We Find Relevant or Significant We are to communicate to you other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>	<p>There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>

We are pleased to serve your Plan as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities, and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of Those Charged with Governance and the City of Lakeland, Florida and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.



Crowe Horwath LLP

Tampa, Florida
 March 7, 2018

**City of Lakeland, Florida
 Employees' Pension and Retirement System
 Lakeland, Florida
 Attachment A
 September 30, 2017**

Listing of corrected misstatements:

#1

Account #	Account	Debit	Credit
694.000.1141	Equity in Investments		\$ 1,975,313
694.000.6265	Market Value Restatement	\$ 1,975,313	

To adjust fair market value to match alternative investment manager statements. City's JV 2038583.

#2

Account #	Account	Debit	Credit
694.000.1141	Equity in Investments	\$ 4,870,532	
694.000.6265	Market Value Restatement		\$ 4,870,532

To adjust fair market value to match alternative investment manager statements. City's JV 2038647.

#3

Account #	Account	Debit	Credit
694.000.1141	Equity in Investments	\$ 4,763,744	
694.000.6265	Market Value Restatement		\$ 4,763,744

To adjust fair market value to match alternative investment manager statements. City's JV 2038713.

#4

Account #	Account	Debit	Credit
694.000.1141	Equity in Investments		\$ 4,763,744
694.000.6265	Market Value Restatement	\$ 4,763,744	

To reverse adjust MV to match alternative investment manager statements. City's JV 2038714.

#5

Account #	Account	Debit	Credit
694.000.1141	Equity in Investments		\$ 4,763,744
694.000.6265	Market Value Restatement	\$ 4,763,744	

To adjust fair market value to match alternative investment manager statements. City's JV 2038715.