

APPROVED

**AUDIT ADVISORY BOARD REGULAR MEETING
CITY OF FORT LAUDERDALE
8th Floor Conference Room
March 23, 2017, 5:00 PM**

Board Member	Attendance	Cumulative Attendance	
		10/1/16 – 9/30/17	
		Present	Absent
Martin Kurtz, Chair	P	3	0
Richard Owen	A	2	1
D. Keith Cobb	P	3	0
Gregg McKee	P	3	0
Kimberly Jackson	A	0	2

Staff Present

Kirk Buffington, Director of Finance
Linda Logan-Short, CFO, Deputy Director of Finance
Stanley Hawthorne, Assistant City Manager
Laura Garcia, Controller
John Herbst, City Auditor
Marco Hausy, Assistant City Auditor III
Ash Benzo, Treasurer
Pam Winston, Senior Accountant
Ashley Harrison, Management Analyst
Linda Picciolo, Board Liaison

Other Attendees

Michelle Blackstock, Crowe Horwath
John Weber, Crowe Horwath

Call to Order

Chairman Kurtz called the meeting to order at 5:13 PM.

Roll Call

At the time of roll call on March 23, 2017, three (3) appointed members to the Board were present, allowing for a quorum.

Floor Open for Public Input

Chairman Kurtz opened the floor for public input. No members of the general public came forward.

Draft Comprehensive Annual Financial Report (CAFR)

Chairman Kurtz opened the floor to John Weber and Michelle Blackstock for the review of the CAFR. Starting on Page 4 in the Crowe Horwath presentation, John Weber highlighted several points taken directly from the CAFR. A great section to review for information and the reasoning behind it is the Management Discussion and Analysis section. He stressed that it was a good and positive year for the City. The City's assets exceeded liabilities by \$864.6 million. The General Fund balance increased by 10.5% and is currently \$76.7 million. Chairman Kurtz questioned if the unassigned fund balance could be considered as reserves and the reply was positive. Keith Cobb asked what percentage of the budget was in reserves. Kirk Buffington thought it to be about 26 per cent.

General Fund revenues decreased by 0.1% and miscellaneous revenues decreased by \$8.1 million due to a onetime FEMA appeal in FY2015. Tax revenues increased by \$7.9 million. General Fund expenditures increased by \$2.6 million which is mainly attributed to an additional 42.5 budgeted personnel positions.

Focusing on the business type activities or the enterprise funds, the Water and Sewer Fund increased by \$1.8 million to \$522.6 million. The Parking Fund and Stormwater Fund had net operating income of \$1.4 million and \$1.5 million, respectively. The Airport and Sanitation funds had operating losses of \$3.4 million and \$8.1 million, respectively. The Sanitation fund loss is primarily due to the reallocation of private collector fees to the General Fund, of which the General Fund transferred \$4.1 million back to the fund. Keith Cobb asked for clarification. Laura Garcia explained it was a change in how things were budgeted and accounted for last year.

Actual General Fund revenues for FY2016 were lower than the final budget by only \$88,000 or 0.03%. The Revenue Estimating Committee did a great job last year. Total expenditures of \$261.6 million were \$7.1 million lower than projected.

Total bonded debt outstanding is \$644.2 million, \$34.8 million is backed by full faith and credit and \$275.5 million is pension related debt. The balance is bonds, notes and loans. The City's total debt decreased by \$51.5 million or 6.7 per cent.

Funding went up in the General Employees' Retirement System and slightly down in the Police and Firefighter's Retirement System by .32 per cent.

There are no material weaknesses, significant deficiencies or findings in the CAFR.

Chairman Kurtz asked if there were any other questions or comments regarding the CAFR from the board or staff. Laura Garcia explained that we are making some final edits to the CAFR, nothing significant. John Weber stated that the numbers would not be changing; edits will be cosmetic to the look or wording.

Chairman Kurtz asked Linda Logan-Short for her comments. She was pleased that the revenue estimate was only \$88,000 short and that the process is working so well. This highlights what we are doing as a city, a staff and what the board means to the Revenue Estimating Conference process. Keith Cobb commented that it was a very effective process. John Herbst stated that the rigor of the process and the models we are using has given the Audit Department a high degree of confidence. Chairman Kurtz added that the models are holding up.

Kirk Buffington stated that the last time we issued bonds, one of the rating agencies was impressed with the process which has helped keep our bond ratings steady.

Chairman Kurtz will entertain a motion to accept the CAFR and recommend to the Commission. Keith Cobb made the motion which was seconded by Gregg McKee. The motion passed with unanimous approval.

Other Business

Linda Logan-Short asked the Board to check their schedules to make sure all will be available on April 27, 2017 for the next meeting. Gregg McKee asked about the agenda for that meeting. The April meeting will cover the budget for Finance, IT and the City Auditor's office. We will present and review the Large User Report which is due April 30th and the standard quarterly review of the ACTS. All present members will be available. Chairman Kurtz will attend the formal acceptance and presentation with Crowe Horwath to the Commission on April 19th.

John Herbst asked if Finance was going to get Commission approval to submit for the GFOA Award (Government Finance Officers Association). Linda Logan-Short explained that we do not need Commission approval to submit to the GFOA. We need approval to submit to the State of Florida by June 30, 2017.

Chairman Kurtz discussed communicating to the City Commission regarding the repeated absences by member Kimberly Jackson. She has not shown up for the first two meetings since she was reappointed after being dismissed for three absences. This would be highlighting something from the meeting that we would like the Commission to know. The other option is to wait until the April meeting and then dismiss her if she does not make that meeting. The Board members agreed to wait until the April meeting.

Communication to the City Commission

None

The next regular meeting of the Audit Advisory Board is scheduled for April 27, 2017.

The meeting was adjourned at 5:34 PM.

[Minutes prepared by Linda Picciolo, Board Liaison]



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City of Fort Lauderdale

Year End Audit Results

Fiscal Year Ended September 30, 2016

Agenda

- Scope of Services/Deliverables
- Financial Summary
- Audit Results
- Those Charged With Governance Communication

The accompanying information should be read in conjunction with the audited financial statements and is intended solely for the information and use of the Mayor, City Commissioners, Audit Advisory Board, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Scope of Services/Deliverables

- Audit Report on the Comprehensive Annual Financial Report
- Internal Control and Compliance Report - Government Auditing Standards
- Single Audit Report
- Management Letter
- Those Charged With Governance Communication

Financial Summary

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2016 by \$864.6 million (net position). Of this amount, \$184.2 million was from governmental activities and \$680.5 million was from business-type activities.
- The General Fund balance at September 30, 2016 was \$76.7 million, an increase of 10.5% or \$7.3 million from the prior year balance of \$69.4 million. Approximately 94.6% of the fund balance (\$72.6 million) represents the unassigned fund balance, which is available for spending at the government's discretion.
- General Fund revenues for FY2016 totaled \$314.2 million, a \$261,000 or 0.1% decrease from FY2015. Miscellaneous revenues decreased by \$8.1 million, which is mainly attributed to an onetime FEMA appeal that was released in FY2015. Tax revenues increased by \$7.9 million in FY2016, of which property taxes levied for operations increased \$9.7 million and other taxes decreased by \$1.7 million.
- Total General Fund expenditures increased by \$2.6 million from \$256.0 million in FY2015 to \$258.6 million in FY2016. This is mainly attributed to an increase in personnel cost of \$4.9 million, which resulted from 42.5 additional budgeted positions. Services and materials costs decreased by \$2.9 million, while capital outlay increased by approximately \$600,000.

Financial Summary

- Net position of the Water and Sewer Fund increased by \$1.8 million to \$522.6 million. The Parking System Fund and the Stormwater Fund had net operating income of \$1.4 million and \$1.5 million, respectively, while the Airport and the Sanitation funds had net operating losses of \$3.4 million and \$8.1 million, respectively. The Sanitation fund operating loss of \$8.1 million is primarily due to the reallocation of private collectors fees to the General Fund, of which the General Fund transferred \$4.1 million back to the fund. Furthermore, there were increases to personnel and service/materials costs of \$1.0 million and \$1.3 million, respectively.
- Actual General Fund revenues for FY2016 were lower than the final FY2016 budget by only \$88,000 or 0.03%. Total expenditures of \$261.6 million (including encumbrances of \$2.9 million) were \$7.1 million lower than the final FY2016 budget. This decrease is mainly attributed to services and materials costs that were \$3.9 million lower than budgeted. Salary and employee benefits savings amounted to \$2.9 million, resulting from vacancies in multiple departments. Unspent capital outlay budget was approximately \$430,000.

Financial Summary

- At the end of the current fiscal year, the City of Fort Lauderdale had a total bonded debt outstanding of \$644.2 million. Of this amount, \$34.8 million is backed by the full faith and credit of the government and \$275.5 million is pension related debt for which the City has pledge non-ad valorem revenues. The remainder of the City's long term obligations comprises of bonds, notes and loans secured by the water and sewer net operating revenues, tax increment note issue by the Community Redevelopment Agency (CRA) and a capital lease in the central services fund.
- The City's total debt decreased by \$51.5 million, or 6.7%, during the current fiscal year.
- The General Employees' Retirement System was 93.36% funded in 2016 versus 90.51% funded in 2015.
- The Police and Firefighters' Retirement System was 92.52% funded in 2016 versus 92.84% in 2015.

Audit Results

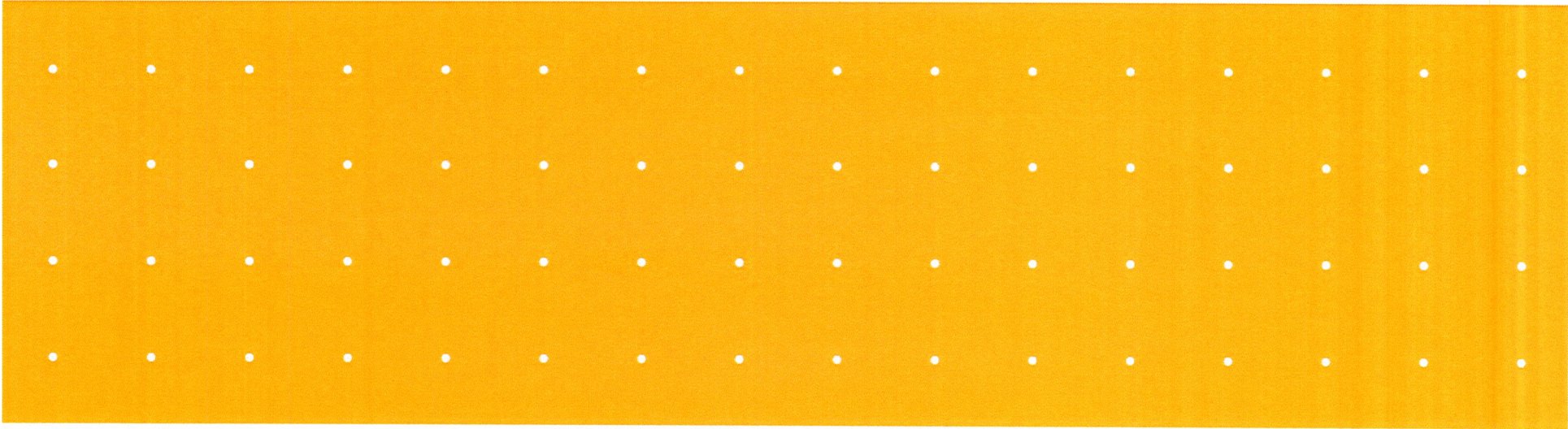
- Audit Report on the Comprehensive Annual Financial Report
 - Unmodified Opinion
- Internal Control and Compliance Report - Governmental Auditing Standards
 - No Material Weaknesses, Significant Deficiencies or Findings
 - IT Controls (Sum Total and Cash Cloud prior year update)
- Single Audit Report - Federal and State
 - Unmodified Opinion
 - No Material Weaknesses, Significant Deficiencies or Findings
- Management Letter
 - No comments

Those Charged with Governance Communication

- Auditor's Responsibility Under Auditing Standards Generally Accepted In the United States of America
- Auditor's Responsibility Under Government Auditing Standards
- Significant Accounting Policies And Management Judgments and Accounting Estimates
 - Significant Accounting Policies
 - Management's Judgments and Accounting Estimates
- Auditor's Judgments About Qualitative Aspects of Significant Accounting Practices

Those Charged with Governance Communication

- Corrected And Uncorrected Misstatements
- Other Communications
 - Other Information in Documents Containing Audited Financial Statements
 - Significant Difficulties Encountered During the Audit
 - Disagreements with Management
 - Consultations with Other Accountants
 - Representations the Auditor is Requesting from Management
 - Significant Issues Discussed, or Subject to Correspondence, with Management
 - Other Finding or Issues We Find Relevant or Significant



Thank you