

APPROVED
AUDIT ADVISORY BOARD REGULAR MEETING
CITY OF FORT LAUDERDALE
8th Floor Conference Room
July 27, 2017, 5:00 PM

<u>Board Member</u>	<u>Attendance</u>	<u>Cumulative Attendance</u> 10/1/16 – 9/30/17	
		<u>Present</u>	<u>Absent</u>
Martin Kurtz, Chair	P	5	0
Richard Owen	P	3	2
D. Keith Cobb	P	4	1

The Audit Advisory Board consists of five appointed members, allowing three (3) to constitute a quorum.

It was noted that a quorum was currently present; however, Richard Owen will be leaving the board when his term expires September 30, 2017. He submitted his letter of resignation May 26, 2017.

With three (3) vacant seats on the board, there will not be enough appointed members to constitute a quorum at the next quarterly meeting in October.

Staff Present

- Lee Feldman, City Manager
- Christopher Lagerbloom, Assistant City Manager
- Kirk Buffington, Director of Finance
- John Herbst, City Auditor
- Marco Hausy, Assistant City Auditor III
- Laura Reece, Budget Manager
- Laura Garcia, Controller
- Kristin Tigner, Structural Innovation Manager
- Ross Brady, Senior Management Fellow, SI
- Stacy Spates, Administrative Assistant II, Parks
- Robert Hoecherl, Chief, Fire Rescue
- Timothy Heiser, Division Chief, Fire Rescue
- Sherrilynn Chess, Business Manager, DSD
- Porshia Goldwire, Community Inspections Manager, DSD
- Ashley Feely, Management Analyst, Finance

Linda Picciolo, Board Liaison

Other Attendees

Michelle Blackstock, Crowe Horwath

Communication to the City Commission

Motion made by Richard Owen, seconded by Keith Cobb, urging that the City Commission make appointments to the Audit Advisory Board a priority. In a voice vote, the motion passed unanimously.

Call to Order

Chairman Kurtz called the meeting to order at 5:02 PM.

Roll Call

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

Review of Meeting Minutes for Approval

Chairman Kurtz directed the review of the previous meeting minutes.

Chairman Kurtz asked for a motion to approve the March 9, 2017 meeting minutes. Keith Cobb made the motion to approve the minutes, which was seconded by Richard Owen. The meeting minutes passed unanimously in a voice vote.

Richard Owen made a motion to approve the March 23, 2017 minutes. Keith Cobb seconded the motion and in a voice vote, the minutes passed unanimously.

Keith Cobb made a motion to approve the April 27, 2017 minutes. Richard Owen seconded the motion and the minutes passed in a unanimous vote.

Floor Open for Public Input

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

FY 2017 Proposed Budget and Revenue Estimates

Chairman Kurtz asked Laura Reece, Budget Manager, to begin her presentation. She would present the revenue estimates because Lee Feldman, City Manager, was on his way to present the proposed budget. The Revenue Estimating Conference Committee goes through all of the projected revenues. Revenues are increasing. Ad valorem taxes will increase nine percent (9%) or \$11 million more with the same millage rate of 4.1193 for the eleventh straight year. It is a structurally balanced budget meaning that expenditures equal revenue. Property values increased from \$31 billion to \$33.8 billion with new construction of \$341.4 million. The General Fund ad valorem is 37 percent of the budget. Fire assessment fee remains the same. A proposed increase of transport fees to the mid-level of what other cities are charging will generate \$750,000 in revenue.

The exception this year is \$13 million in revenue from the one-time sale of property. In fiscal year 2017, the City had \$333 million in revenue. In 2018, we have proposed \$361 million in revenue. That is an increase of \$28.4 million, which represents 8.5 percent overall.

Chairman Kurtz asked Laura Reece about the difference between the estimated revenue and the actual revenue last year. She referred to Laura Garcia, Controller. There were several adjustments made throughout the year but the difference was minimal and the Revenue Estimating Committee process works well. The process also creates transparency and involvement from all departments. Lee Feldman commented that there were no shortfalls in revenue. The Revenue Estimating Committee establishes a good benchmark and is conservative in its approach. Management spent less in 2016 than appropriated and was able to increase the fund balance. Fiscal year 2017 should be the same.

Laura Reece referred to Lee Feldman for the budget presentation. He noted that he would be reviewing the highlights of his budget message. This is the second year of a three-year commitment for beach renourishment. The City entered into an agreement to spend funds on the project rather than have no beach renourishment at all. The total obligation is \$9 million. His position was that the county should have paid for the renourishment since they generate revenue from tourist-development tax dollars (bed tax), of which 52 percent is from hotels in Fort Lauderdale. Broward County uses the funds for countywide projects or for special projects like the Performing Arts Center in Miramar.

Pension Plan costs are going up due to state mandated mortality table changes. The City has received added benefit of increased plan dollars due to timing of the influx of cash in October 2012 from the Pension Obligation Bonds and the markets improving. The City is much better off as far as pension plans are concerned.

Police overtime caught the City last year and again this year. A thorough review completed about four months ago determined overtime was previously under-budgeted. This increase will adequately fund police overtime for fiscal year 2018.

A new program launching this year deals with the nighttime economy. The City of Fort Lauderdale is rapidly becoming a 24-hour community and needs to interface between nighttime districts and services. Cities around the world are realizing the need, have embraced the idea, and are appointing someone to handle the interface. Fort Lauderdale is taking it to a higher level and is assigning a team of individuals led by an Assistant to the City Manager. The team will include a police lieutenant, three police officers, a fire inspector, two code enforcement officers, a parks foreman, and some maintenance workers, all who will be trained to handle situations in both the formal and informal entertainment areas.

Another new program is a road resurfacing and repair crew. The City never had a dedicated team and a variety of different people, funds, and departments have had the

responsibility. This program will consolidate labor and put that into the general fund along with some new positions and equipment. The City has been using gas-tax money, approximately \$710,000 per year, for road repaving and micro surfacing. This was not enough. An additional \$500,000 has been budgeted to continue cost savings micro surfacing and repaving when necessary.

The Aquatics Complex project has been ongoing. The Community Redevelopment Agency (CRA) will fund most of the project. State law forbids the City from using certain funds to repair general fund assets. Based on the scope, \$1.2 million of general revenue and parking funds will go toward this \$21 million project.

Money has been budgeted for grant matches. Still working through \$1.2 million toward transportation operations, the City is looking at strategic ways to improve relationships with the state and county. Delays on many of the funded projects are due to permitting and other issues. Additional workers will take over some of the responsibility from the county to move the projects forward.

The budget allows \$1.5 million for facility maintenance and repair. Having deferred maintenance for several buildings and parks, catch up is necessary.

Because the CRA is successful, the City's contribution is increasing by \$700,000.

Mr. Feldman opened the floor for questions when he realized he failed to mention one additional item during the presentation. Parker Playhouse is a City facility leased to Parker Playhouse Foundation. The lease has been in place since inception in the 1960's. Parker Playhouse Foundation has an agreement with the Broward Center for Performing Arts Authority. This group would like to make a \$16.5 million investment into modernizing Parker Playhouse to make it more accessible to the public. He is proposing the City participate with \$5 million over the next nine or ten years, contributing multiple smaller amounts of \$500,000.

Keith Cobb asked about the term of the agreement. Recently renewed, it is for another 30 years. When formalized, the Foundation will assign the agreement to the Performing Arts Center. The budget reflects the first year payment. Parker Playhouse is a great physical and cultural asset for the City. Keith Cobb agreed that it was time for some modernization. Chairman Kurtz commented that Parker Playhouse brings many events to the City, different from the Performing Arts Center. The City also contributes to the Broward Center and has pledged millions of dollars to it as well.

Chairman Kurtz noted that he would like to deviate from the agenda and discuss items requiring a vote because Keith Cobb needed to leave at 6:00 PM, leaving them without a quorum. The board agreed.

Other Business

October Meeting Date Change – Chairman Kurtz asked about Keith Cobb's conflicts with the proposed dates in October. Mr. Cobb will be traveling from October 16 through

November 6, 2017. The possible Thursday dates would be October 12 or November 9. Reaching a consensus, the Board decided that Thursday, October 12 is the best date, provided staff is able to secure a room.

Communication to the City Commission - Discussion

Chairman Kurtz opened the floor to discuss the state of the membership of the Audit Advisory Board. As of September 30, 2017, the board is down to two members. Richard Owen has tendered his resignation and Greg McKee moved over to the Budget Advisory Board. Kimberly Jackson had multiple absences.

Richard Owen was an appointee of Romney Rodgers. Richard has been talking to a CPA who may have an interest in joining the board. Dean Trantalis appointed Gregg McKee. Robert McKenzie appointed Kimberly Jackson. Chairman Kurtz will talk with each of them. He would like to consider making a Communication to the City Commission since this is almost an emergency. Making a formal Communication will move this information to the top of the minutes so the Commissioners will see it first.

Keith Cobb is also serving on the Infrastructure Task Force but does not believe there is a conflict.

A discussion ensued among the board and staff. Lee Feldman agreed that it is good to advise the Commission of the urgency and if possible to make recommendations to them for replacement members. Keith Cobb, Lee Feldman, and John Herbst, City Auditor, discussed several possible candidates. Chairman Kurtz asked for a motion to send a Communication to the City Commission. Motion made by Richard Owen, seconded by Keith Cobb, urging that the City Commission make appointments to the Audit Advisory Board a priority. In a voice vote, the motion passed unanimously.

Quarterly Audit Compliance Report – June 2017 - ACTS Update

Chairman Kurtz opened the discussion of the Quarterly Audit Compliance Report. He requested that several of the departments be present for this portion of the meeting. Presented quarterly to the Audit Advisory Board, the ACTS Open Audit Findings contains items that are implemented, partially implemented, or still open.

Structural Innovation (SI) - Chairman Kurtz called upon Structural Innovation. Kristin Tigner, Structural Innovation Manager, and Ross Brady, Senior Management Fellow, were present. Chairman Kurtz asked about the Policy and Standards Manual (PSM) and each policy individually called a PSM. The Structural Innovation team has been reviewing policies and is working with each department to identify policies that need updating. In addition to updating format, they are updating content to make sure the policy makes operational sense. Once the department makes the updates, SI reviews the policy with upper management for comments, suggestions, or changes. Some are still in draft. There are many PSM's and it will take time to go through each of them individually.

John Herbst suggested the departments focus on the policies identified as problematic or the basis of an audit finding. Keith Cobb questioned how many policies there are. Kristin replied there are ninety or so.

Chairman Kurtz wondered if Kristin knew how many audit finding involved PSM's. Linda Picciolo, Board Liaison, shared the draft meeting minutes from the previous meeting with her several days ago and there are some PSM's in development from the audit findings. Specifically, real estate policy and the driver's license policy.

Lee Feldman commented the city achieved ISO 9001 Certification approximately one and one-half years ago. This certification addresses much of our documentation and our procedures. Kristin noted that the Policies & Standards Manual was one item identified in the process, despite any audit findings or Board review. At the last meeting, staff mentioned that SI works with departments monthly to review items from the ACTS quarterly report. To clarify, this is not the case. SI works with the same program to tract findings from the ISO 9001 certification.

Human Resources (HRD) – Chairman Kurtz asked about the finding relating to establishing an Employee Handbook. Kristin will need to discuss with Human Resources because the Employee Handbook is not going through the PSM revision process. Kristin used to serve as the Deputy Director of HRD. Representation from HRD was not available. Discussion about revising the Employee Orientation process and the handbook occurred, however it is not part of the PSM revision process.

Chairman Kurtz asked how the PSM process was moving along. SI is facilitating the conversations, however each department will move at their own pace depending on workload and different topics. Chairman Kurtz commented that broad topic initiatives are hard to keep moving forward, but it is important that it receive as much attention as possible.

John Herbst appreciates the efforts taken, due in part to the ISO Certification and documentation required. Procedures are the starting point in any audit. They have made substantial progress in the past year.

Lee Feldman noted that about six years ago there was a big push to apply for the Baldrige Award. He chose to go the ISO route since it was more relevant, more structured, and more attainable.

Chairman Kurtz asked the status of the Class & Compensation Study. Kirk Buffington, Director of Finance, responded that is coming along well. They have completed the review and analysis of almost all of the positions and presented the information to each department. There has been discussion about ratings and some adjustments made. It is still on target to be complete next quarter. Lee mentioned that some of the delay has been in his office. They are struggling with some of the job descriptions and qualifications. The City is trying to move away from a Civil Service mentality and more toward a modern HR system. At this morning's Executive Strategy Team (EST)

meeting, a robust discussion ensued regarding qualifications and experiences assigned to positions that are restrictive in recruiting talent. Lee's direction is "hire for passion and train for excellence." Currently, we look at experience and do not examine people's motives. The goal was to have the study complete in September, however it may go into October.

Fire Rescue (FIR) – Chairman Kurtz requested Fire Rescue be available for one item on Page 14 of the ACTS report, "Other Controlled Substances of the Fire Rescue Department." Robert Hoecherl, Chief, and Timothy Heiser, Deputy Fire Chief, were on hand. Tim Heiser explained that the Fire Department conducts a minimum seven-year driving record and extensive background check when a firefighter is hired. Yearly, they check driver's licenses twice. Inspected by the state once a year, they also receive a surprise visit every two years.

John Herbst suggested they look at the citation history, not just the points assessed. Kristen Tigner added that Human Resources has discussed reviewing the wording for the PSM but has not submitted a revised version. It is a citywide policy, not just Fire Rescue. Until the PSM is revised, adopted, and in place, the item will remain on the ACTS report. Keith Cobb mentioned that some of the items have been on the list for a long time, which puts the City and the Auditor's office in a weak position. John Herbst and the Audit Advisory Board have been pushing the departments to resolve the open findings. Had they been external audit findings, the City would need to report to the State why they were still outstanding. Keith Cobb's background was from a public company. He is aware that these findings would be a big problem if they remained outstanding for such a long time. John and Keith are encouraged by the progress made.

Cemetery System / Parks and Recreation (PKR) – Chairman Kurtz requested Stacy Spates, Administrative Assistant II, who oversees the cemetery system, come forward to give her update. He asked for an update on the three main priorities she stated at the last meeting: an RFP for a new maintenance contract; updated procedures; and the cemetery master plan. Stacy replied that she drafted the cemetery master plan and submitted it to the City Manager. Lee Feldman reviewed, sent it back to her and it is fine. Stacy can now send it to procurement. The Cemetery Board, at a meeting on July 13, 2017, made a commitment and passed a motion to fund the master plan. Chairman Kurtz asked about talk at the meeting of possibly hiring a consultant for investment policy and for determining the appropriate trust fund level for long-term maintenance. Stacy confirmed the discussion however, they have not reached consensus. Part of the master plan, a consultant will help determine the best utilization for the cemeteries and give direction. The cemetery contractor has been in place for seventeen years. Over the next three to five years, one of the parks will be out of space. Stacy believes they are looking to sell out as much as possible before their contract expires on September 30, 2018, or that they will get the next contract because nobody else will want a contract with limited space left. Keith Cobb asked if there were national standards or policies on managing and operating cemeteries. Stacy replied that there are standards and she is in the process of placing them into the next RFP. The contractor became entitled over the years. Now held more accountable, the contractor is fighting back about what is

acceptable. Stacy has had to rein them in over the past year and one-half. She has hired a forensic auditor to conduct a procedures audit and to audit the cemetery management contract for any monies owed.

Lee Feldman is interested in an opinion based on the Board's knowledge and asked them to do some independent homework. The perpetual care fund has about \$25 million dollars. Is there some type of bond or assurity to replace the fund that will forever maintain the cemeteries? Lee does not like having all that cash tied up in a perpetual care fund just for mowing grass. Keith Cobb understands and believes there may be a way to free up the cash flow. He will entertain the idea.

Keith Cobb apologized for leaving early and excused himself from the meeting at 6:02 PM.

Chairman Kurtz continued discussing the RFP for the contractor and asked about its release. Stacy sent it to John Herbst for recommendations regarding some important and critical aspects for incorporation into the Cemetery Management RFP. The City Attorney's Office is also reviewing. Parks and Recreation made recommendations prior. Final comments will come from Lee Feldman. The Master Plan will go out this week or next. The Cemetery Management RFP should go out sometime in August.

Stacy still regards the SOP's as a major priority. She is working with the consultant conducting the policy audit and they are scanning all the contracts. These contracts reference internal controls and the need to be able to log and track the contracts when canceled which was a weakness identified by the City Auditor. Afterward, the consultant will be able to help her craft operational procedures to make sure internal controls are in place. There are some gaps in the process of turning canceled contracts into inventory. Stacy is hoping to have the SOP's completed in October.

Not conducted in a number of years, Stacy encouraged the contractor to conduct a plot inventory. Completed in May 2017 and presented to the Cemetery Board, the contractor will maintain the information monthly. This information gives a better account of how much time and space is available in each cemetery. The Cemetery Manager is required to provide the City with monthly and annual reports.

City Commission approved irrigation upgrades, including some irrigation pump replacements, in Lauderdale Memorial and Sunset. She will request an invitation to bid for all of the pump work for both parks.

Chairman Kurtz asked what results Stacy was expecting with the policy and procedure audit. She is confident that the contractor owes the City money. In just over a year, she has discovered that the contractor has not been operating with the general price list set by the Commission. They apply their discounts and then pay the private contractor. They have arbitrarily been making up prices for certain products and services, also introducing new products and services not approved by the City. Another issue has been with the general price list because the Cemetery Board is aware of services and

products not outlined and defined on the general price list, but should be. Stacy has been working on this since March and is hoping to resolve at the September meeting. She is aware of money owed for contracts written about one and one-half years ago. They refuse to return that money. When the audit concludes, the Cemetery Board and Lee Feldman will receive the results. They will make a determination of where they go next. If not in good standing when the RFP goes out, Carriage Services would not be able to bid on that contract. Stacy expects Mr. Bronson's office to make a presentation to the Cemetery Board in September.

There is an investment seminar training on August 15, 2017, in Plantation that offers CPE's. Stacy has registered and is encouraging the Cemetery Board members to attend. So far, three of the ten will attend.

Sustainable Development (DSD) – Chairman Kurtz requested a representative from Sustainable Development come forward. Sherrilynn Chess, Business Manager, and Porshia Goldwire, Community Inspections Manager, came forward for the ACTS update. Chairman Kurtz asked if they had hired a Code Compliance Manager. Porshia identified herself as the new Community Inspections Manager.

Next, he wanted to know how the conversion to Accela was progressing. The response was positive and they had just met with the conversion team the day prior. A special team will set up a webinar to look at the current systems and Community Plus where fines and liens are processed. The webinar will help identify the weaknesses with the software to build solutions into Accela that will allow the department to run reports on the total outstanding balance of liens, as well as actually calculate the day they approve them in the system. John Herbst and Kirk Buffington commented that Community Plus was good with incorporating notes but did not report or calculate the numbers well. During the internal audit, numbers were unavailable until the IT Department wrote a script to pull out the data. Chairman Kurtz clarified that the discussion with Accela was in order to make sure the reports available would satisfy both Sustainable Development and Finance. Sherrilynn Chess explained that they have an invoicing portal that does more than our current software. Issues with Community Plus include hard costs that are not a lien or fine. They have been logging them in the comment section. With Accela, they will be a part of the invoice. Kirk Buffington mentioned that several employees from Utility Billing are very positive about Accela. Chairman Kurtz asked about the timeline. Lee Feldman commented that October 2018 was full implementation and Kirk Buffington noted that it was ahead of schedule.

Chairman Kurtz noted that the last two items in the ACTS report involved temporary staffing. The City does not rely on temporary staffing, using part-time employees instead. The Management team will review the actual policy at their next meeting. John Herbst mentioned that the original finding was specific to DSD. Since hiring enough staff, they should no longer need to rely on temporary staffing. Sherrilynn Chess advised they are still using one or two temporary staff for administrative duties; however, they do have a contract for temporary technical staff services. DSD submitted

a budget amendment to hire seven or eight people. Not approved yet, it is still going through the budget process.

City Auditor Update

John Herbst, City Auditor, informed the Board that he had recently retained an outside firm, Carr, Riggs & Ingram, LLC, to conduct an ongoing construction audit for the CRA's three projects at the beach. Phase One is the Las Olas Marina parking lot. Carr, Riggs & Ingram, LLC will be reviewing construction draws, change orders, pay reports, worker's compensation rates, and other items during the entire length of the project. The ongoing oversight will reduce any potential billing errors. Carr, Riggs & Ingram, LLC will focus on the financial aspects, not the engineering or construction side of the project. Phase Two would be the Las Olas Street Scape Project where the Oceanside Lot will become a park. Phase Three is the Aquatic Center. There are \$70 million in construction projects over the next three years, to be complete before the sunset date of the CRA. The Auditor's office wants to keep a close eye on them.

Eileen Reilly, the Construction Auditor, is working on a review of one of the completed Fire Stations. This is a close out audit and an opportunity to see how the process worked. Several new stations are still planned. Back in 2008, an interim audit was conducted on the Fire Station bond program. The Blue Ribbon Fire Bond Committee has been unhappy with the oversight of the program.

The P-Card program audit is underway. It started as a request from Kirk Buffington, but they have expanded the scope to be more in-depth. A few things have been uncovered. Everything will go on hold for now because it is time for the annual budget audit.

The Auditor's office attends the Revenue Estimating Committee Meetings, departmental meetings, and Budget Advisory Board meetings so they have a good handle of the items that are going into the budget. They look at items identified as high risk, changes of 10 percent or \$10,000 and will focus on the new staff additions and new programs proposed. There is possibility for error when proposing something new. A complete review of the payroll projection system is necessary since payroll and benefits comprise about 75 percent of the budget. Benefits alone can comprise 35 to 40 percent. The review should be complete in one month.

They recently completed a franchise contract review for Sanitation with the help of an outside firm from Orlando to make sure appropriate franchise fees were paid. Nothing substantial resulted.

Another experienced firm recently reviewed the City's FPL contract and found significant discrepancies related to the provision of electric service. They took a broader view of what constituted electricity. FPL stood firm that only electric was electric. After further discussion, FPL would not come to an agreement because it would set a precedent. The issue went to litigation and the City lost. It was a worthy fight and \$500,000 was on the line. Not written tightly enough, it came down to the fact that our

franchise agreement did not consider other ancillary items on the bill. The agreement has an additional fifty years remaining

Chairman Kurtz asked if there would be reports provided regarding the construction audit. They will provide periodic reports along the way with a final report at the end of each project. A report prepared by staff on engineering and design for the Aquatic Center has been complete, and is sitting on his desk. John is excited about the external auditing firm. Eileen came onboard to audit construction projects, however on these bigger projects; there is not enough staff on hand. The bid received nine responses so they had a great choice of firms. He believes the City will get a great quality work product.

External Audit Work Plan

Chairman Kurtz called on Michelle Blackstock from Crowe Horwath to present their work plan. Laura Garcia gave CAFR details. The only difference this year will be presentation of the CAFR to the Commission at the last meeting on March 20, 2018, instead of the first. The other dates are the same timeframe as last year. The CRA and GERS dates are quite aggressive. Michelle informed the Board that they are bringing back the same team as last year. One new staff member joined them about one year ago and he has gotten some good municipal experience, so he will join the team. The main concern with the GERS is the alternative investments. This is always the big challenge because of restrictions by the bank managers and their reporting constraints. Discussion has occurred about changing the date from September 30 to June 30. Laura added that GERS selected Crowe Horwath again so there will be consistency. The auditors will be in next week and will start with IT. We are moving forward. There will be an update at the October meeting.

GASB Implementation

Laura Garcia gave the GASB Implementation report. This year the GASB74 is required and we will hire an actuary. It is similar to the GASB68 and actually replaces GASB43. GASB77, also required, reports the tax abatements given to other cities or entities that reduced taxes coming into the city. She is working with all the departments to get the information. This GASB will not affect the financial statement but it is a big disclosure. Departments need to provide the information in the correct format.

ERP Update

Chairman Kurtz stated the last news they received on the ERP involved a bankruptcy. Kirk Buffington provided the update. All but one of the major software agreements are Commission approved and executed by the vendors. Ciber filed for bankruptcy and then Infor bought Ciber. Executed agreements are in place with many of the modular pieces of the software, such as Simpro, the Treasury software, which will be one of the first implemented. There will be a kick-off meeting at the end of September to begin implementation with general ledger, finance, and procurement coming up first. The other sections will follow. The City hired a full-time project manager on a temporary contract basis. She knows the software inside and out. They meet on a weekly basis. John Herbst added that besides being a project manager, she is also a subject matter

expert. The combination is difficult to find and invaluable when you do. It is a project length contract. He has shared several concerns with her regarding some issues. One of John's auditors went through an ERP implementation when she worked in another city. She has been through it and will sit in on the executive user groups to share her experiences. They will share any concerns from an audit perspective.

Adjournment

Linda Picciolo, Board Liaison, mentioned that the date for the CAFR Presentation to the Board is March 1, 2018.

Chairman Kurtz thanked Richard Owen for his service to the Board. Richard thanked everyone and felt he learned a lot from being involved in the process.

The next regular meeting of the Audit Advisory Board is October 12, 2017.

The meeting adjourned at 6:42 PM.

[Minutes prepared by Linda Picciolo, Board Liaison]



July 11, 2017

Honorable Mayor and Members of the City Commission:



In accordance with the City of Fort Lauderdale Charter, the Code of Ordinances, and the laws of the State of Florida, it is my pleasure to present the City of Fort Lauderdale's Proposed Budget for Fiscal Year (FY) 2018 beginning October 1, 2017. A copy of the proposed budget is available for inspection in the City Clerk's Office. Additionally, a user-friendly electronic copy of the proposed budget can be found on the City's website, www.fortlauderdale.gov/budget.

Budget Overview

The FY 2018 total proposed operating budget for all funds is \$766,701,317 including balances and transfers. This is approximately \$17.4 million more than the FY 2017 Amended Budget of \$749,310,755 or a 2.3% increase. The increase is primarily due to one-time capital infrastructure projects included in the FY 2018 Proposed Budget which include \$8.8 million for City seawalls, \$3 million to fund a new Emergency Medical Services (Rescue Unit) Station and \$1.2 million for the General Fund's contribution towards the Aquatics Complex renovation.

The FY 2018 Proposed Budget allows the City to fund its commitments including a \$2 million increase in the City's required contribution to the Police and Fire Pension Fund, and a \$1.2 million increase to the General Employees' Retirement System due to State-mandated changes to the mortality tables; a \$2.8 million required payment to Broward County for beach nourishment; \$2.2 million for wage increases; \$2.4 million for employee health insurance costs; \$1.5 million for increased Police overtime; \$1.1 million for the City's match to leverage funding opportunities through grants; \$500,000 towards the renovation of the Parker Playhouse; and, an increased transfer of \$700,000 to the Community Redevelopment Agency (CRA) due to increased taxable values within the CRA area boundaries.

In addition to addressing the funding commitments outlined above, the proposed budget will allow for strategic new positions, infrastructure investment, and enhanced programming aligned with the priorities enumerated in the City's Vision, Strategic Plan, Neighbor Survey, and Commission Annual Action Plan. For example, I am recommending \$1.4 million for a nighttime economy team to support the high quality of life our neighbors enjoy at all hours of the day; \$1.4 million for new, centralized roadway maintenance and repair crew and an increase in funding of approximately \$500,000 or 70% for the City's road resurfacing capital investments to proactively address the maintenance of City streets. In addition, the FY 2018 proposed budget includes significant increases to address facility maintenance needs that were deferred during leaner years by increasing the capital commitment for priority projects such as Roof, and Heating, Ventilation and Air-conditioning replacements by 100% to \$2 million annually and adding an additional \$500,000 annually for operational maintenance needs for repairs less than \$50,000.

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The Budget Advisory Board shared its sentiments with you at your joint meeting on June 29th, “We believe that it is imperative that the City invest in the technological infrastructure that will better support public safety, streamline operations, improve service and response times for our citizens, improve efficiencies through automation, and allow the City to operate at an optimal and cost-effective level.” To this end, I’m recommending over \$1 million in new technology improvements in the FY 2018 budget to continue to modernize City services. Public safety enhancements are also prioritized, including funding for 20 new positions, additional overtime, and resources necessary to implement a body worn camera program for the Police Department.

The FY 2018 proposed General Fund Operating Budget, including balances and transfers, is \$361,172,208. This proposal maintains our current low millage rate of 4.1193 for the eleventh consecutive year and produces a structurally balanced budget for the fifth straight year. It also maintains the Fire Assessment Fee at the current annual rate of \$256 per single-family residential dwelling. The General Fund budget represents a 7.8% increase from the FY 2017 Amended Budget of \$335,069,781. It maximizes available resources to build, enhance, and sustain the future of our great City.

Our Fort Lauderdale community is a source of much pride and dignity. We continue to achieve successes that sustain our City as, “*The City You Never Want To Leave!*” A heightened sense of optimism and excitement permeates Fort Lauderdale as economic indicators confirm the City’s sound fiscal management, progressive economic development initiatives, and long-term investment strategies are paying off. Over the past year, taxable property values increased by 9.25%, with new construction valued at \$341 million, area tourism is estimated at 16 million visitors annually, and we are experiencing a continued low crime rate. In addition, Fort Lauderdale’s unemployment rate is 3.8%, which is the lowest in over seven years and significantly lower than the 4.5% rate of the State. Working together, we have built a better, stronger organization and a more vibrant community.

This success does not happen by chance – it is the direct result of innovation, strategic planning, hard work, and continuous process improvement. We have been diligent in our pursuit of excellence, which was evidenced by Standard and Poor’s (S&P) assignment of its AA+ rating to the City’s most recent 2016 water and sewer system revenue and revenue refunding bonds. At the same time, S&P affirmed its AA+ rating on the system’s outstanding revenue-secured bonds. In its evaluation, S&P noted “Very strong liquidity and reserve position...” and “Very strong financial management assessment.” High bond ratings enable the City to borrow and repay money at a much lower interest rate which translates into millions of dollars in savings for taxpayers. Our fiscal discipline and vigilance have been instrumental in building a strong financial foundation and positioning Fort Lauderdale for a bright future.

These successes also bring new challenges and higher expectations. As the urban hub of the tri-county area, the City of Fort Lauderdale serves a huge influx of commuting workers, tourists and business travelers. In addition to approximately 177,000 neighbors, the City provides police, fire-rescue, water, sanitation and other municipal services to a daytime population of 360,000, more than double our size. As our neighbors invest money into new commercial and residential buildings in the downtown core and along our beach, we must ensure that our infrastructure and service levels fulfill expectations.

Planning for a promising future began with the engagement of our neighbors to develop a long-term vision of what we want our community to be in 30 years. With this vision in mind, the City Commission adopted our Strategic Plan, *"Press Play Fort Lauderdale,"* to create a blueprint for the actions needed over the next five years to make our Vision a reality. These forward-looking plans have guided the City Commission's Annual Action Plan and have allowed staff to effectively prioritize projects each year. We have carefully crafted and focused our budget development to ensure that the City provides the outstanding services and community investment our neighbors deserve in the most effective and efficient manner possible.

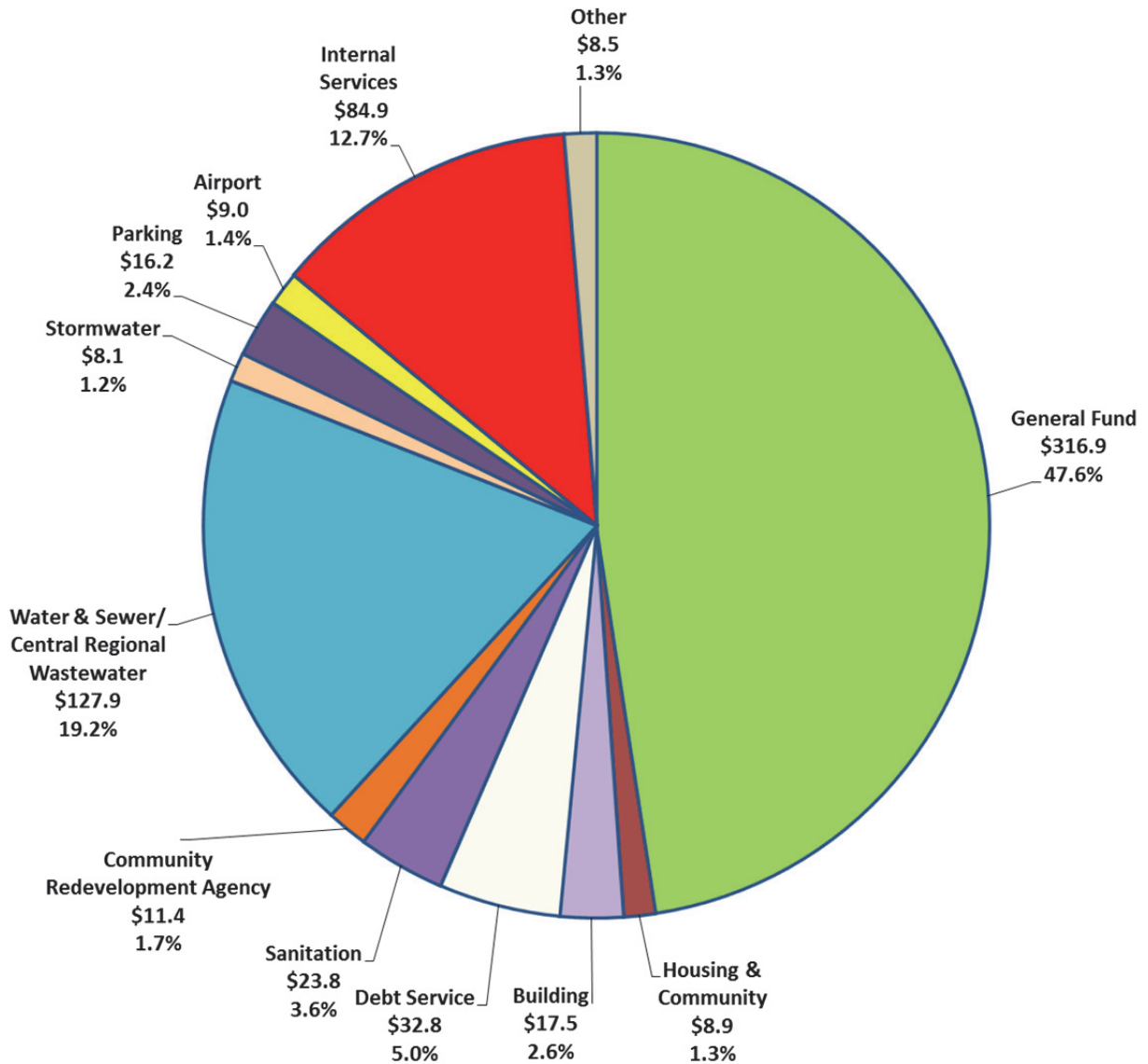
Budget Development Process

The City's Proposed Budget is the product of a strategic budgeting process involving numerous individuals and groups working together as a team to create a cohesive plan to achieve the City's long-term goals and objectives for the next fiscal year. The Proposed Budget is more than a collection of spreadsheets detailing the City's revenues and expenditures. Neighbor and community leader engagement was integral to identifying opportunities and solutions to community challenges. Engagement with neighbors and community leaders occurred through various efforts including the Annual Neighbor Survey and the Commission's Annual Action Plan priority setting session.

In order to maintain service levels and to propose service enhancements, Community Builders in each department used their best professional judgment and community input to analyze the trends and market forces impacting revenues and expenses to establish funding proposals. The Revenue Estimating Conference Committee met in the spring to review revenue trends to make recommendations regarding General Fund revenue estimates. The dedicated members of our Budget Advisory Board (BAB) meet year-round to provide the City Commission with input regarding the neighbor's perspective for various budget related issues. Each department presented their budget and Community Investment Plan requests to the BAB to allow them to make recommendations to management and the City Commission concerning how funds should be prioritized for the upcoming fiscal year.

The collaboration of these diverse community stakeholders, along with the professional expertise of our Community Builders, ensures the Proposed Budget efficiently addresses the most pressing challenges faced by our community and continues to recognize our core mission, *"We Build Community."* The City regularly responds in a myriad of ways to ever-changing challenges faced by our community. The organization's effectiveness, flexibility and resiliency are testaments to the City Commission's vision and leadership. It is with a commitment to our neighbors, our businesses, our Community Builders, and the City's future that we will strive to do the very best we can with the resources and tools available to us. This Proposed Budget demonstrates the City's highest priorities to ensure that we live, work, and play in the best city possible, while remaining financially responsible.

FY 2018 Proposed Operating Budget without Transfers - \$665.9 (All Funds - In Millions)



Annual Neighbor Survey Results

In December 2012, the City of Fort Lauderdale conducted its first Annual Neighbor Survey to measure service performance; to benchmark service quality ratings; to assess community needs; to make long-range, short-term, or strategic plans; to demonstrate the receptivity of our government; to evaluate potential policies or community characteristics; and to use as a tool for evaluating our performance. We recently completed the fourth Annual Neighbor Survey, in December 2016.

In order to help to identify priorities, the Annual Neighbor Survey contains an analysis that examines the importance that neighbors placed on each City service and the level of satisfaction with each

service. By identifying services of high importance and low satisfaction, we can identify the actions that will have the most impact on overall satisfaction with City services. Based on this, the top three areas of recommended focus for the City from the survey include: 1) the overall flow of traffic; 2) the overall maintenance of streets, sidewalks and infrastructure; and 3) preparing for the future of the City.

The annual Neighbor Survey results are an important step in our Strategic Planning and Budgeting Cycle by informing the foundation for a strategic budget that reflects neighbor priorities. It typically takes an extended period of time to address the concerns and perceptions identified in surveys. Often, the issues are multifaceted and require significant resources and time to complete associated initiatives. Areas identified for improvement in the 2016 survey have been prioritized by the City Commission for focused resources and progress has been made in many of these areas already. To highlight our efforts, the City produces a quarterly progress report to transparently share accomplishments and challenges related to its initiatives and performance indicators in the Strategic Plan.

How the Proposed Budget Implements the City's Strategic Plan

The annual operating budget is our opportunity to prioritize City resources. Funding is allocated in alignment with the Vision, Strategic Plan, and Commission Annual Action Plan. While we may not be able to fund all priorities in the upcoming fiscal year, we can make strategic investments in our future. Leveraging community partnerships and seizing grant opportunities will help to stretch our dollars and maximize results. The budget process also integrates the strategic alignment of departments. Each department identifies major initiatives and performance targets; helping decision makers allocate resources for specific service level results. The five-year Community Investment Plan (CIP) includes ongoing projects, new projects, and projects in progress that require additional funding. The CIP also includes a plan for future projects based on expected revenues, bond issuance, and other financing mechanisms. CIP projects are carefully assessed and prioritized by objective criteria and weighting established by the City Commission to ensure the most pressing needs of the community are addressed. Additionally, CIP projects support the Cylinders of Excellence and the 2035 Community Vision.

City of Fort Lauderdale Vision Statements

The City Commission adopted the City's Strategic plan in September 2013. This year was our fifth budget process that allowed staff to look to the Strategic Plan for priorities and guidance. The Cylinders of Excellence are integrated into daily operations and are now the focus of the City. In an effort to emphasize the importance of this focus, I am presenting recommended operating budget enhancements and community investment plan projects based upon their alignment with the six Cylinders of Excellence of the Strategic Plan.



WE ARE CONNECTED.

We move seamlessly and easily through a safe transportation system where the pedestrian is first.



WE ARE HERE.

We are an urban center and a vacationland in the heart of South Florida.



WE ARE READY.

We are a resilient and safe coastal community.



WE ARE PROSPEROUS.

We are a subtropical City, an urban laboratory for education and business.



WE ARE COMMUNITY.

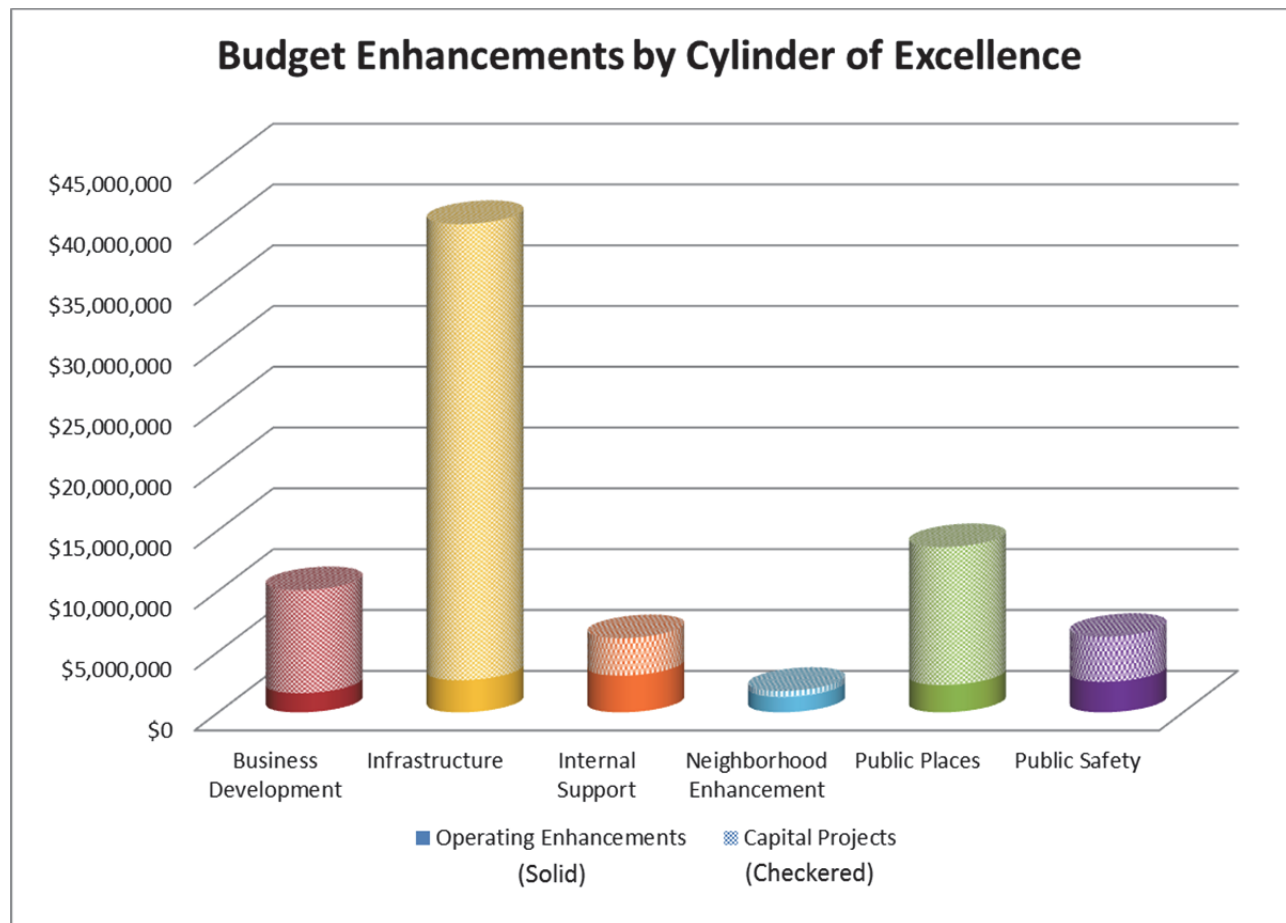
We are a neighborhood of neighborhoods.



WE ARE UNITED.

We are a strong and vibrant kaleidoscope of multi-generational cultures, ethnicities, and community partners.

The FY 2018 proposed operating budget and community investment plan includes over \$77.8 million in funding enhancements and new or reprioritized projects, including 61 new positions that are presented by Cylinder of Excellence. Each project and funding enhancement recommendation was made in an effort to enhance the City’s capacity to meet the needs of the Community in each Cylinder. Many projects and enhancements have co-benefits to other cylinders in addition to the primary cylinder where they are listed.



BUSINESS DEVELOPMENT

Fort Lauderdale is home to a **thriving local economy, tourism industry, and boating and marine industry, attracting regional and global markets.** It is the coastal epicenter of South Florida connecting Miami-Dade to Palm Beach and west Broward to Port Everglades and Fort Lauderdale-Hollywood International Airport. Strategic alliances with businesses, associations, and schools contribute to local talent supply. Investments in transportation and mobility, infrastructure, public places, education, and public safety have exponential impacts on businesses and economic development.

In support of the Business Development Cylinder of Excellence, the FY 2018 CIP includes \$8.5 million in new funding for capital projects. The operating budget includes \$1.6 million in enhancements. The CIP and operating budget enhancements for this cylinder include:

- Automated vehicle gate operators, access control improvements, and runway improvements for Fort Lauderdale Executive Airport (FXE) - \$1 million
- Business development and incentive program for the Central City Area of the Community Redevelopment Agency - \$100,000
- Consulting services for Uptown Urban Village and South Andrews Regional Activity Center areas - \$50,000
- Emergency Alert System, Lightning Detection System, and software upgrades for FXE - \$375,000
- FXE taxiway improvements, aviation service facility expansion, and drainage improvements - \$5.5 million
- Beach nourishment - \$2.8 million
- Land Asset Management System - \$183,000



INFRASTRUCTURE

Infrastructure directly impacts our community every day. Quality infrastructure leads to neighborhood enhancement, active and safe public places, and business development. The country as a whole is facing a critical dilemma with aging infrastructure and shrinking government budgets. In many areas of America, the roads, drinking water and wastewater systems are simply out dated. This trend directly applies to Fort Lauderdale as one of the oldest cities in Broward County, and is exacerbated by an additional challenge - sea level rise. **Strategic community investments** are important now and for future generations. The City must also build a **sustainable and resilient infrastructure**. This means smart investments in our community infrastructure for long-term economic and environmental viability and quality of life. This includes maintaining and updating our roads, bridges, water, wastewater systems, and drainage systems that plan for sea level rise projections. In support of the Infrastructure Cylinder of Excellence, the FY 2018 CIP includes \$37.5 million in new funding for capital projects. The operating budget includes \$2.6 million in enhancements, including 13 new positions. Highlights of the CIP and operating budget enhancements follows below:

- Establishment of a Roadway Maintenance and Repair Program - \$1.5 million
 - Five Utility Service Workers
 - One Construction Manager
 - One Maintenance Chief
- Enhanced Safety and Traffic Calming implementation: pedestrian and bicycle counting devices, design and construction of traffic calming projects, and pilot of dynamic crash prediction software - \$620,000
- Expansion of backflow compliance program - \$72,000
 - Environmental Inspector
- Traffic Volume and Flow Improvements - \$450,000
 - Engineering Technician
 - Two Planners

- Planning Assistant
- Project Manager
- Structural and electrical improvements at City Park Garage and Park Administration Building - \$730,000
- Utility coordination with Florida Department of Transportation - \$750,000
- Continued implementation of the Downtown Walkability Plan - \$500,000
- Environmental and sustainability management system - \$600,000
- Central Region Wastewater System Capital Projects - \$8 million
- Riverland Road “Complete Streets” improvements - \$750,000
- Seawall repairs, replacements, and restorations - \$8.8 million
- Commercial Boulevard high-mast lighting system - \$150,000
- SE/SW 6th Street corridor safety improvements - \$300,000
- NE 15 Avenue corridor safety improvements - \$500,000
- Priority Water and Sewer Capital Projects - \$11 million
- Stormwater infrastructure improvements - \$2 million
- Road maintenance and resurfacing - \$1.2 million
- Marine facilities maintenance - \$600,000



NEIGHBORHOOD ENHANCEMENT

Fort Lauderdale is a community of communities with more than 60 unique and charming neighborhoods, a beautiful beach and a vibrant business and entertainment center. It has both historic charm and modern urban amenities. The City of Fort Lauderdale is proud of its active and engaged community of neighbors and businesses, with 62 recognized civic and homeowners associations and 49 commission advisory boards. The City Commission relies heavily on their participation in the public policy process that enhances the quality of life for our communities. The work and services in this area are aligned to **help our neighborhoods be healthy, strong and stable**. With the goal of being an **inclusive community made up of distinct, complementary and diverse neighborhoods**, the City Commission is also committed to ensuring that no one neighborhood is left behind. This requires both effective code enforcement and investments in community aesthetics and features.

The FY 2018 CIP includes \$500,000 in new funding for the Neighborhood Enhancement Cylinder and the Business Community Investment program. The operating budget includes \$1.2 million in enhancements, including the addition of eight (8) positions. Highlights of the CIP and operating budget enhancements follows below:

- Expansion of Code Compliance and Vacation Rental Program - \$350,000
 - Three Clerk positions
 - One Service Clerk position
 - Two Administrative Aide positions
- Urban Design and Planning Division revenue intake staffing - \$60,000
 - One Service Clerk
- Six (6) Vehicles for Urban Design and Planning and Code Compliance Division - \$200,000
- Updates of City’s citation ordinance and building and application fees - \$60,000
- Construction Review Specialist for inspection of housing units - \$70,000

- Neighborhood & Business Community Investment Program - \$500,000
- Enhanced inspection and plans review services - \$500,000
- Archeological consulting services - \$40,000



PUBLIC PLACES

Great cities worldwide have great **public places**, from a small passive parks, to grand open gathering forums, to pleasant pathways. Our public places **create a sense of place, reflective of our tropical, urban lifestyle**. This is where our community comes together to enjoy simple activities such as listening to music or shopping at a farmer’s market, or to celebrate large-scale events. These places are where both public and private recreational programming can be held for all ages, and directly influence community health and activity levels. The City of Fort Lauderdale strives to be a City with **safe, clean, and interconnected** Public Places. This cylinder of excellence overlaps with Infrastructure by focusing on easy accessibility to parks and public places, through increasing connectivity through mass transit, greenways and blueways. The City also strives to leverage private developments to ensure thoughtful and positive benefits to the public realm.

The FY 2018 CIP includes \$11.3 million in new funding for parks and other public places. The operating budget includes \$2.3 million in enhancements, including the addition of 13 positions. Below is a summary of the CIP and operating budget enhancements for the Public Places Cylinder of Excellence:

- Creation of a Nighttime Economy program, including the addition of 11 positions, 9 vehicles, and related equipment - \$1.4 million
 - One Assistant to the City Manager
 - One Police Sergeant
 - One Parks Foreman
 - Three Police Officers
 - One Fire Inspector
 - One Senior Code Compliance Officer
 - One Public Safety Aide
 - Two Municipal Maintenance Workers
- “Future Technology Coders Camp” program to expand access to computer science, particularly for underserved minorities and young girls - \$50,000
- Construction audits for the Las Olas Boulevard Corridor Improvement Project and the Aquatic Center Renovation Project - \$230,000
- Funding for “Light Up Sistrunk”, “Panthers in the Park”, and maintenance of Huizenga Plaza - \$300,000
- Increased funding for Sun Trolley and Riverwalk Water Trolley - \$130,000
- Mills Pond Park boat ramp replacement and restrooms - \$600,000
- City-wide playground replacements - \$600,000
- Aquatics complex renovations - \$8.6 million
- Field conversion at Holiday Park - \$800,000
- Public Wi-Fi access at City parks - \$70,000
- Riverwalk park improvements - \$200,000
- Parker Playhouse renovation - \$500,000

- Enhanced CRA branding - \$150,000



PUBLIC SAFETY

One of the most important and essential roles of government is public safety. We must be a **safer city for all neighbors, including our daily commuters, visitors, and tourists**. The City is committed to **saving life and property** through rapid, effective, and specialized response. Spanning advanced medical programs, such as, fire and accident response, and ocean and fire rescue are a constant presence and service. The City must also be **well-prepared for and responsive to all hazards** to reduce the risk to neighbors and critical assets from hazards storms, flooding and fire. Moving forward, climate change concerns and risks must be integrated into emergency management planning.

The FY 2018 CIP includes \$3.7 million in new funding for public safety related capital projects. The operating budget includes \$2.5 million in enhancements, including the addition of 17 positions in support of the Public Safety Cylinder of Excellence. Highlights of the CIP and operating budget enhancements include:

- Update of specialized equipment for the Fire-Rescue Department - \$260,000
- Enhanced employee wellness program for the Fire-Rescue Department - \$400,000
- Enhancements to unit availability and response times for the Fire-Rescue Department, including the addition of 10 positions - \$800,000
 - 10 Firefighter/Paramedic positions
- Implementation of a body-worn camera program for the Police Department, including the addition of 3 positions - \$180,000
 - Two Clerk positions
 - One Administrative Assistant position
- Maximizing the Use of Sworn Police Officers by adding 4 non-sworn positions - \$500,000
 - One Administrative Assistant position
 - Two Police Aide positions
 - One Senior Technology Support Analyst
- Creation of an Animal Care and Replacement program for the Police Department - \$160,000
- Enhanced training programs for the Police Department - \$260,000
- New Emergency Medical Station - \$3 million
- Police marine patrol vessels - \$700,000



INTERNAL SUPPORT

The City's mission is to build community. The Cylinders of Excellence are **how we build community**. None of this would be possible without the Internal Support platform to motivate and support our internal workforce community to deliver best-in-class municipal services. **An innovative, neighbor-centric, and well-trained workforce** needs fundamental tools, such as phones, internet, facilities, and

equipment. It also needs programs in place such as employee safety and wellness, training, strategic performance management and process improvement; this is how we keep up with progressive communication and service delivery mechanisms desired by our neighbors. In order to be smarter, faster, and cheaper, we must **manage our resources wisely and sustainably** through sound fiscal management, integrating sustainability into daily operations and planning, and procurement of goods for the best value.

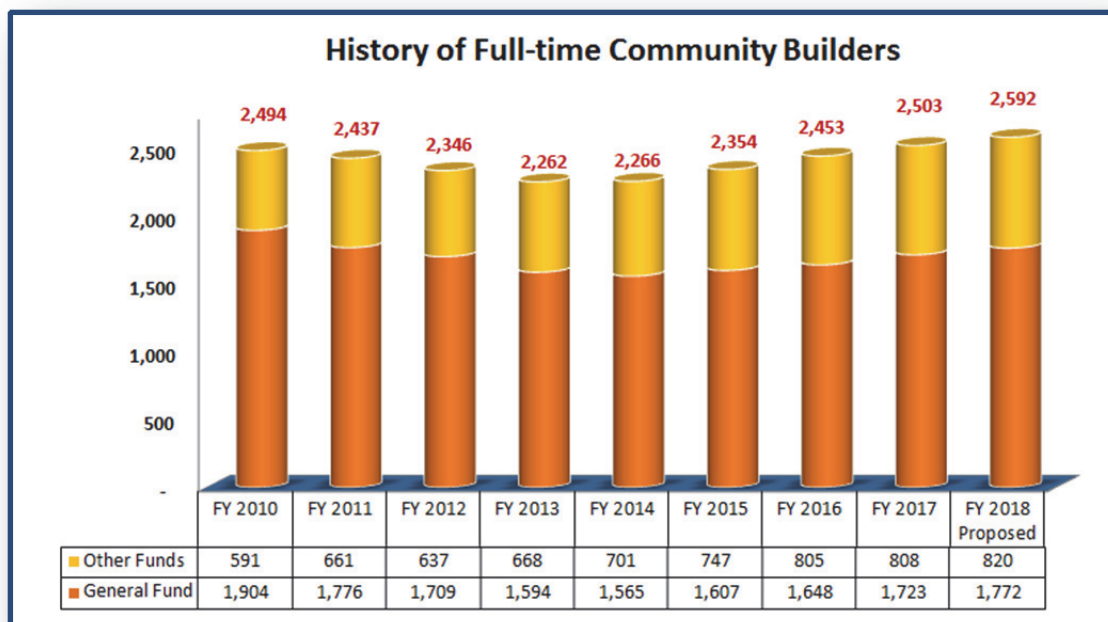
The FY 2018 CIP includes \$3 million in new funding for the Internal Support Cylinder of Excellence. The operating budget includes \$3 million in enhancements, including the addition of 10 positions. A summary of the CIP and operating budget enhancements follows below:

- Supervisory Senior Customer Service Representative for Finance Department to increase efficiency in Utility Billing and Collections Division - \$60,000
- Security services for the Department of Sustainable Development facility - \$160,000
- Improved Operational Communications Capabilities - \$260,000
- New Assistant City Attorney position - \$140,000
- Improvement of neighbor and staff safety through additional technology support staff, including addition of two positions - \$200,000
 - One Technical Support Coordinator
 - One Communications Technician
- Enhanced data analytics and accounting management for the Fire-Rescue Department, including the addition of one position - \$70,000
 - One Analyst
- Increased efficiency in production of financial reports and accounting standards including the addition of one position - \$90,000
- Mobile utility solution and additional Security Analyst for Information Technology Services - \$300,000
 - One Information Technology Security Analyst
- Public Information Specialist dedicated to providing the public with updates on road projects, effective routes for travel, and promotion of safe behaviors - \$90,000
- Automotive and Equipment Engineer for Sustainability Division to support improved asset management - \$80,000
- Improving Information Technology (IT) support services for projects - \$90,000
 - One Technology Strategist
- Renovations and improvements at the City's Central Fuel Station - \$270,000
- Development of a new cloud solution intranet for collaboration - \$350,000
- Renovation of Law Library and purchase of office equipment - \$140,000
- Enhanced Training for Structural Innovation Division staff - \$60,000
- Replacement of Police Department IT equipment - \$250,000
- War Memorial Auditorium Renovations, Phase II - \$800,000
- Priority citywide facility repairs - \$2.5 million

The enhancements and position additions reflect the increased demands being placed on Community Builders and the high quality services desired by our neighbors. Attracting and retaining a talented and diverse workforce of Community Builders is essential to achieving the goals and vision we all have for our City. We must also ensure that our staffing levels are sufficient to achieve the plans that we have set forth. As presented above, I am recommending an increase in staffing to further the work of our Vision and Strategic Plan. These positions include: 13 positions needed to maintain and improve

the City’s **Infrastructure**, 8 positions for continued **Neighborhood Enhancement**, 13 positions for neighbor programs and maintaining our beautiful **Public Places**, 17 positions to increase our **Public Safety** efforts, and 10 positions in **Internal Support** to ensure efficient delivery of services.

The net effect of the proposed position additions and changes proposed for FY 2018 is an increase to the position complement of 62.4 full-time equivalent positions or a 2.3% increase over last year’s amended budget of 2,685.4 full-time equivalent positions. The total General Fund personnel complement for FY 2018 is proposed at 1,772 full-time employees, which does not include part-time and seasonal (temporary) employees. Seasonal positions supplement staffing for temporary periods such as summer camps or special events, but are not considered regular employees. The General Fund Proposed personnel complement of 1,772 remains lower than the FY 2010 level of 1,904 full-time employees, and includes the addition of 25 police officers and 30 paramedic/firefighters since FY 2010.



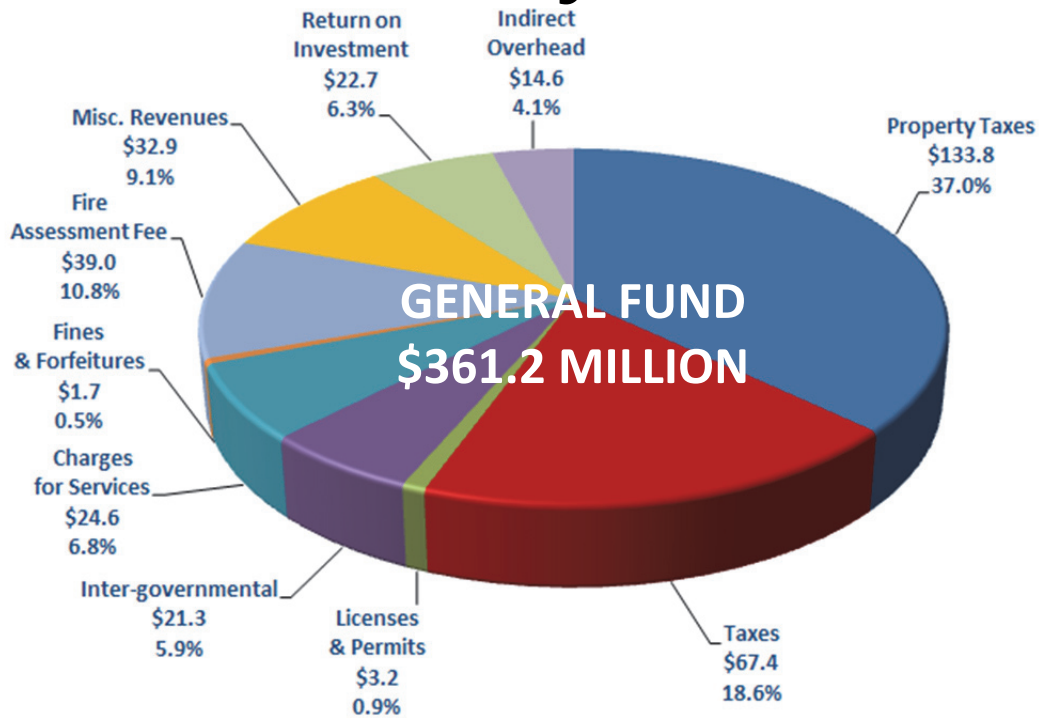
The Proposed Budget for personnel also includes required retirement contributions and debt service for the Pension Obligation Bonds. The General Employees Retirement System (GERS) plan was closed in 2009 and replaced with a defined contribution 401(a) plan for all new general employees. The history of pension contributions is shown in the table below.

History of Citywide Retirement Expense

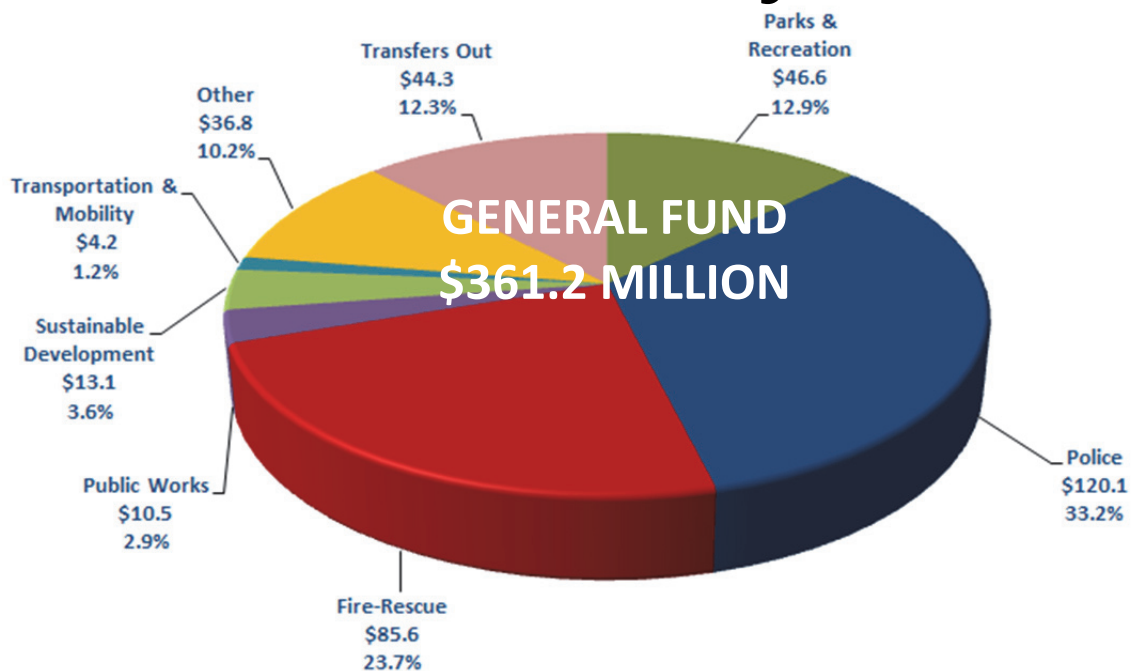
	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Amended	FY 2018 Proposed
General Employee Retirement System Annual Contribution	\$ 19,351,946	\$ 21,498,801	\$ 22,358,550	\$ 13,562,595	\$ 15,061,353	\$ 15,501,180	\$ 14,393,012	\$ 14,595,648	\$ 10,459,835
Police & Fire Annual Contribution	25,752,119	30,664,176	30,928,447	15,075,469	15,388,327	15,599,916	13,867,934	17,400,791	19,328,568
Debt Service for Pension Obligation Bonds	-	-	-	27,399,827	26,453,846	26,361,882	26,358,764	26,325,548	26,359,124
401(a) Defined Contribution Plan	995,757	1,007,210	1,210,445	1,600,100	1,984,272	2,583,362	3,118,307	4,155,804	4,426,613
Total City Retirement Contributions	\$ 46,099,822	\$ 53,170,187	\$ 54,497,442	\$ 57,637,991	\$ 58,887,798	\$ 60,046,340	\$ 57,738,017	\$ 62,477,791	\$ 60,574,140

Note: The City issued Pension Obligation Bonds in 2012

Where the Money Comes From



Where the Money Goes

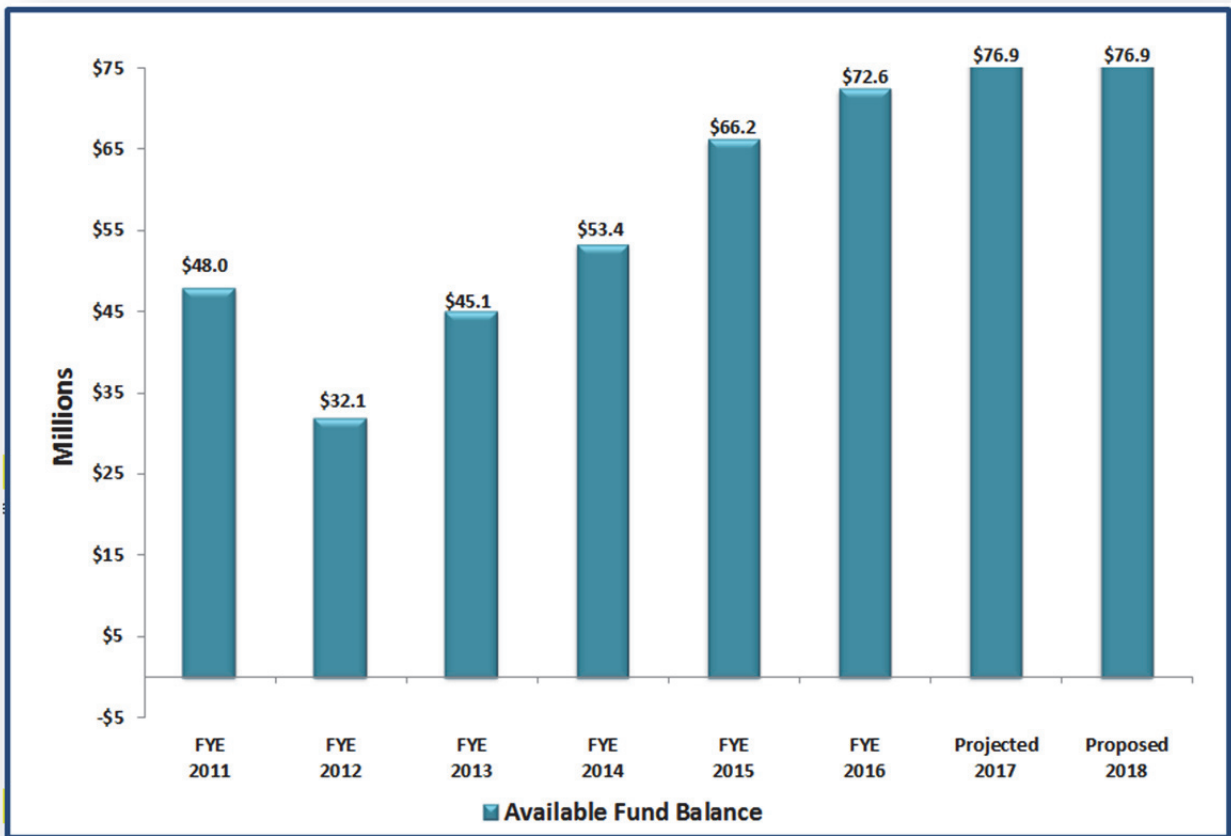


*Other includes Charter Offices, Finance, Human Resources and Information Technology Services Departments.

General Fund - Fund Balance

The fund balance in the General Fund provides a measure of the financial resources available for future spending or appropriation. These funds should be adequate to support potential unanticipated costs, like natural disasters and emergency repairs to City infrastructure. The City Commission’s fund balance policy requires a minimum available fund balance for the General Fund of two months or 16.7% of the General Fund Budget including necessary transfers. Since the policy is a percentage of the budget, as the budget increases, the required level of fund balance also increases. The FY 2018 estimated fund balance exceeds our policy requirement by \$23.2 million with a total available fund balance of \$76.9 million or 23.9% of the General Fund budget as shown in the following chart.

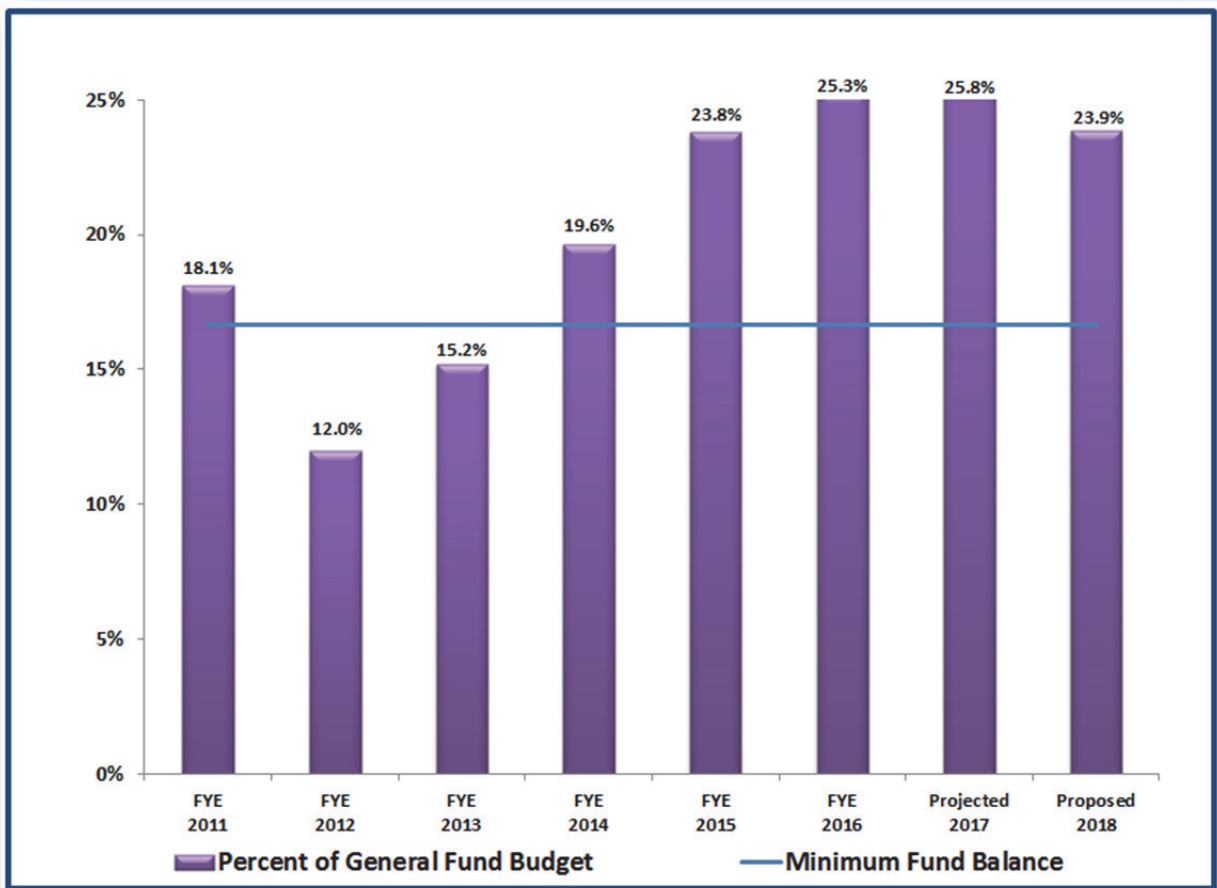
General Fund – Fund Balance in Dollars



Maintaining a healthy fund balance is an indicator of the fiscal health of the government. We continue to monitor and assess the fund balance to ensure that the level of available funds is commensurate with the level of risk associated with our diverse City and our revenue and expenditure variability.

General Fund – Fund Balance

As a Percent of the Operating Budget



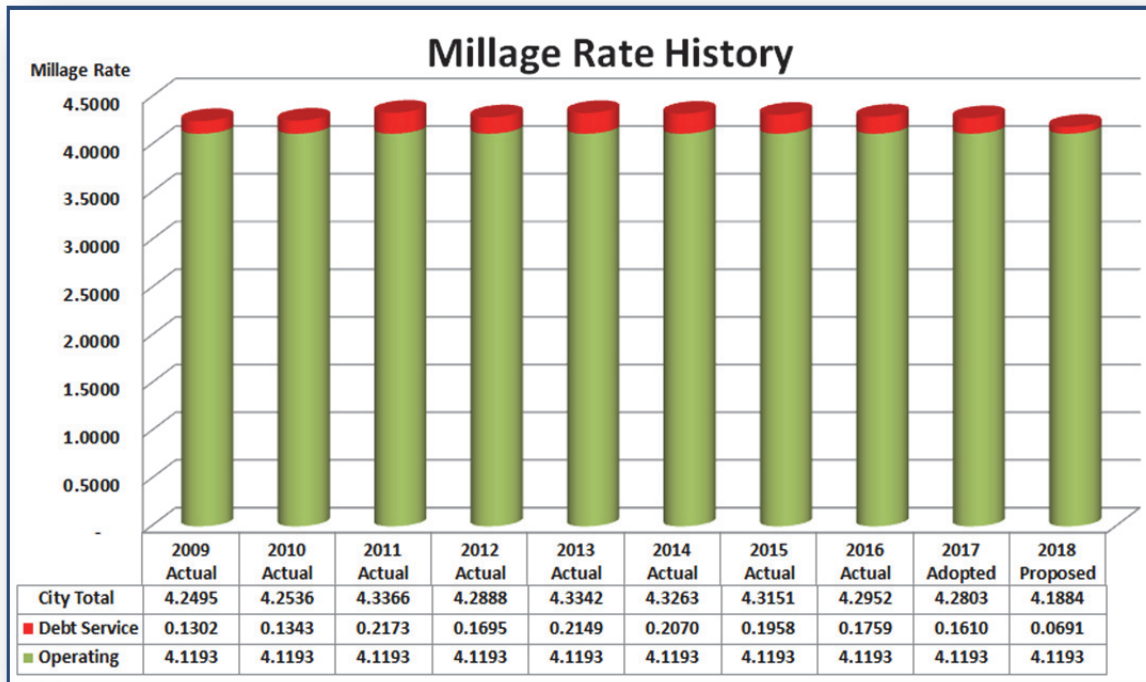
Property Taxes

The City of Fort Lauderdale’s total taxable assessed valuation as of the July 1st estimate is \$33.8 billion, an increase of \$2.9 billion, or 9.25%, from the prior year final valuation. The net new construction assessed during the last year totaled \$341 million. This increase in the taxable value is expected to generate approximately \$10.6 million in additional revenue for the City of Fort Lauderdale in FY 2018. Revenue from ad valorem taxes is projected at \$133.8 million, which represents approximately 37% of the total General Fund revenue. The chart below presents the taxable values and net new construction for the last ten years.

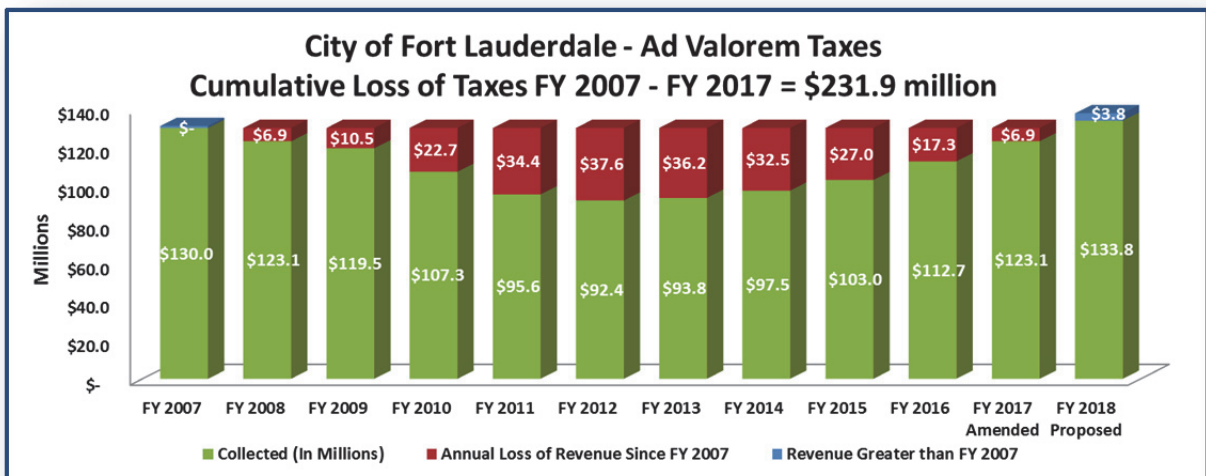
Taxable Value & Millage Comparison

Calendar Tax Year	Net New Construction	Final Gross Taxable Value	Increase/Decrease from Prior Year	Operating Millage Rate
2017-July 1st	\$ 340,929,480	\$ 33,831,910,534	9.25%	4.1193
2016-Final	\$ 455,847,640	\$ 30,966,306,786	9.20%	4.1193
2015-Final	\$ 329,982,320	\$ 28,357,575,422	9.09%	4.1193
2014-Final	\$ 105,754,281	\$ 25,994,723,014	5.88%	4.1193
2013-Final	\$ 57,905,666	\$ 24,551,642,014	3.98%	4.1193
2012-Final	\$ 202,371,590	\$ 23,612,223,398	1.10%	4.1193
2011-Final	\$ 97,950,210	\$ 23,354,708,424	-4.26%	4.1193
2010 Final	\$ 494,110,613	\$ 24,393,809,310	-11.04%	4.1193
2009 Final	\$ 271,277,218	\$ 27,422,141,727	-9.73%	4.1193
2008 Final	\$ 625,354,578	\$ 30,378,384,604	-2.96%	4.1193

The FY 2018 Proposed Budget includes an operating millage rate of 4.1193 per \$1,000 of taxable value. The proposed aggregate millage rate (operating and debt service) is 4.1884, which represents a 2.2% decrease from the prior year rate of 4.2803. The debt service millage adjusts annually based on the property valuation and debt service requirement. In addition, the City made its final payment on the outstanding 2011B Series General Obligation Bond in FY 2017 resulting in a lower debt service payment for our neighbors for FY 2018.



As shown below, holding the City’s millage rate steady at 4.1193, even when the City’s taxable property values decreased, resulted in a loss of approximately \$232 million from 2007 to 2017. Property tax revenue has finally recovered in FY 2018 to the levels of over ten years ago.



FY 2018 Funding Highlights

Water & Sewer Fund

The City supplies water and sewer services on a regional basis for approximately 250,000 residents of central Broward County. Areas serviced by the City's water treatment and distribution system include Fort Lauderdale, Port Everglades, Sea Ranch Lakes, Lauderdale-by-the-Sea, Oakland Park, Wilton Manors, and portions of Davie, Tamarac, and unincorporated Broward County.

The FY 2018 Water & Sewer Fund proposed expenditures are \$120.9 million, which is \$3.3 million more than the FY 2017 Amended Budget. Based on the existing rate ordinance, a 5% rate increase for both water and sewer will become effective October 1, 2017. The impact of the approved rate increase on a residential neighbor using 5,000 gallons of water per month amounts to a \$3.02 monthly increase, as illustrated below:

Water and Sewer Charges
Effect of Monthly Increase on Neighbors
 (Based on Average Usage of 5,000 gallons/month)

5/8 Inch Meter	Old Rate	Proposed Rate	\$ Change	% Change
Water Charge	\$22.46	\$23.59	\$1.13	5%
Sewer Charge	\$37.63	\$39.52	\$1.89	5%
Total	\$60.09	\$63.11	\$3.02	5%

Central Regional Wastewater System Fund

The Central Regional Wastewater System Fund proposed expenditures are \$26.7 million which is \$1.0 million less than the FY 2017 Amended Budget. The large customer wastewater rate will increase from \$1.85 to \$1.86 per 1,000 gallons.

Sanitation Fund

The Sanitation Fund supports a full complement of modern solid waste services by providing household garbage, recycling, yard waste, and bulk trash collection. The fund also supports household hazardous waste collection events, canal cleaning, lot cleaning and rights-of-way maintenance, public trash receptacles, and street sweeping services. The City's Clean Team is funded through the Sanitation Fund, working to preserve the unique beauty of our City streets and high-traffic areas. The Sanitation Fund proposed expenditures are \$23.8 million, which is \$2.2 million less than the FY 2017 Amended Budget.

FY 2018 proposed Sanitation revenues include an increase in the General Fund transfer to fully transfer all sanitation related franchise fees. Effective October 1, 2017, residential rates are recommended to increase by 3%. The impact of the approved rate increase on a neighbor is illustrated below:

Effect of Increase on Base Monthly Sanitation Rates

Old Rate	Proposed Rate	\$ Change	% Change
\$30.69	\$31.61	\$0.92	3%

Self-Insured Health Benefits Fund

The City managed self-insured health programs are funded through insurance charges to employees and retirees along with a City contribution on behalf of employees. The Self-Insured Health Benefits Fund proposed expenditures are \$31.2 million, which is \$4.8 million more than the FY 2017 Amended Budget. In 2013, the City opened a health and wellness center to provide insurance participants with convenient access to health care. This initiative decreases the cost of health claims from other providers and is an enhanced benefit for our Community Builders and their dependents.

Central Services (Information Technology Services) Fund

The Central Services Fund is established to provide citywide technical resources, deliver customer care, and provide computers, telephones, mission critical two-way communications infrastructure and handheld radios, website, intranet, internet, electronic mail, wireless and mobile communications, business software applications, desktop software applications, training, and supports citywide hardware and software security. This fund is supported by charges to user departments based upon services provided. The Central Services Fund proposed expenditures are \$20.3 million, which is \$58,292 less than the FY 2017 Amended Budget.

Parking System Fund

The Parking Fund is a self-sustaining fund, using no tax dollars to fund the parking operation. It includes garages; lots; enforcement; and managerial, administrative, and field personnel. All salaries, benefits, and expenses are paid exclusively from user-based revenues collected from meters, the sales of permits, and citations. Excess revenues are accumulated in the fund balance to finance major reconstruction and rehabilitation projects of the City's garages and parking lots. The Parking System Fund proposed expenditures are \$18.2 million, which is \$79,549 less than the FY 2017 Amended Budget.

Vehicle Rental (Fleet) Fund

The City's fleet consists of approximately 1,550 vehicles and rolling stock. The Public Works Department oversees four fueling facilities. This fund is supported by charges to user departments and funds based on the services provided. The FY 2018 Proposed Budget, including transfers is \$18.4 million, which is \$997,550 less than the FY 2017 Amended Budget.

City Property & Casualty Insurance Fund

The Property/Casualty City Insurance Fund proposed expenditures are \$16.4 million, which is \$940,212 less than the FY 2017 Amended Budget. Workers compensation claims are decreasing as the Human Resources Department continues implementing a safety and training program to increase employee safety awareness and reduce preventable accidents. The budget amounts are tied to actuarial reports or the cost of the insurance policy and include workers compensation, general liability, public official liability, employment practices liability, auto liability, and all-risk property insurance. The fund maintains a reserve of 100% of the actuarially calculated liability.

Stormwater Fund

The revenues collected for the City’s Stormwater Management Program are used for operating expenses and capital improvements directly related to the management of stormwater, including improvements designed to improve water quality in the City’s waterways. The FY 2018 proposed operating budget and transfers for the Stormwater Fund is \$14.8 million.

The proposed rate increases outlined below are critical to the continued success of the Stormwater Management program:

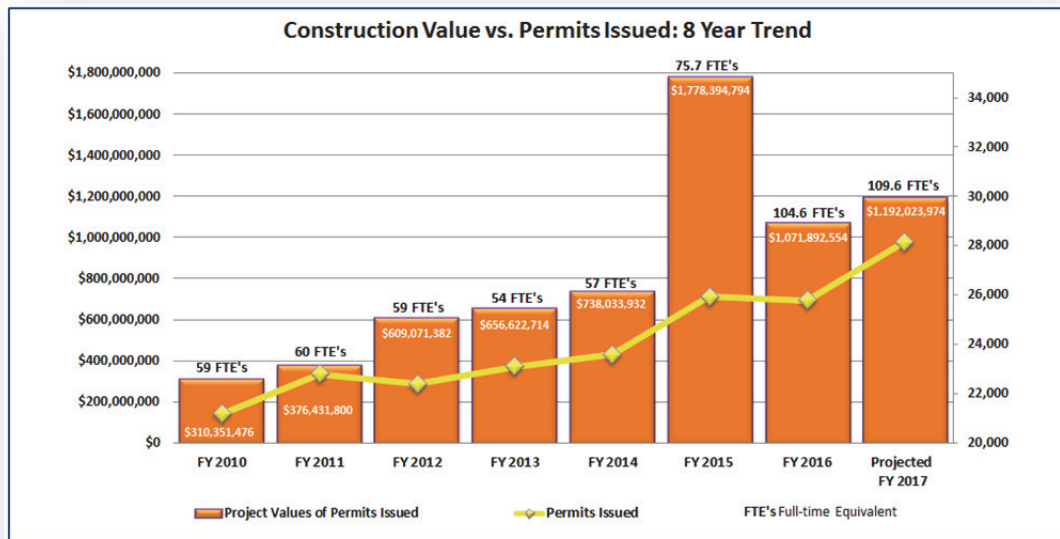
- Residential property with three units or less will be billed \$10.00 per unit per month.
- Commercial and industrial properties, as well as multi-family residential with four units or more, will be billed \$100.80 per acre, per month.
- Properties with low runoff characteristics, such as vacant land, parks, and well fields, will be billed \$31.95 per acre per month.

Stormwater Fee Effect of Monthly Increase on Neighbors

Stormwater Charge	Old Rate	Proposed Rate	\$ Change
Residential <= 3 Units	\$8.00/unit	\$10.00/unit	\$2.00/unit
Commercial, Industrial, and Residential > 3 Units	\$80.64/acre	\$100.80/acre	\$20.16/acre
Vacant Land, Parks, and Well Fields	\$25.56/acre	\$31.95/acre	\$6.39/acre

Building Funds

The Building Funds have proposed expenditures of \$24.3 million, which is \$5.7 million more than the FY 2017 Amended Budget. The City’s Building Division enforces to the Florida Building Code which establishes the standards to which any new construction or improvements to existing buildings must be built. In FY 2016, the City processed approximately 25,700 permits with a value of over \$1 billion. The revenue generated from the permit and inspection fees supports the City’s Building Division operating expenditures as well as their technology and certification maintenance needs. The chart below represents the number of permits issued as compared to the construction value over the last eight years.



Housing and Community Development Grants Fund

In FY 2018, the City anticipates receipt of \$9.4 million in Federal Entitlement Funds. These Housing and Community Development programs benefit our neighbors through quality affordable homes for all, strengthening the housing market to bolster the economy, and improving the overall quality of life for our neighbors. These direct programs are 100% grant funded with no contribution from the City. Community Development Block Grant funds provide flexibility to address quality of life issues in the communities of Fort Lauderdale including housing, public service needs, public facility needs, and economic development. Home Investment Partnership Program funds are used primarily to address housing assistance to eligible homeowners, agencies, renters, and homebuyers. Assistance is provided in the form of down payment assistance or housing rehabilitation loans. Housing Opportunities for Persons with AIDS/HIV provides funding for housing assistance, social services, program planning and development costs for targeted special needs clients who are diagnosed with HIV/AIDS. State Housing Initiatives Partnership Program funds are used primarily for single-family housing rehabilitation grants, down payment assistance, and utility hook-up assistance.

Airport Fund

The Fort Lauderdale Executive Airport is a major job center, employing over 5,000 people in its aviation and non-aviation properties and provides an estimated \$839 million annual economic impact to the area. The Airport is self-sustaining, with revenue generated by land leases and fuel flowage fees. The Division administers 37 land leases for both aviation-related and Industrial Airpark parcels on the 1,200-acre property. The Airport Fund proposed expenditures are \$13.9 million, which is approximately the same as the FY 2017 Amended Budget.

Conclusion

Building a budget is a challenging process; we are forced to consider difficult trade-offs between competing priorities and develop innovative solutions to enhance our service delivery within available resources. I am confident that the Proposed Budget achieves a balanced approach to achieving the City's goals and delivers on the quality services that our neighbors expect.

I want to express my appreciation for the diligence of the Mayor and City Commission for their years of proactive leadership and courage in addressing dynamic challenges through engagement with our neighbors, analyzing and understanding the impacts of policy decisions, and identifying priorities through the development of the City's Vision, Strategic Plan, and Commission Annual Action Plan that are the basis for this proposed budget. In addition, I would like to thank our Budget Advisory Board, Revenue Estimating Conference Committee, City Auditor's Office, Community Building Leadership Team, Budget Coordinators, Budget/CIP and Grants team, and all of our Community Builders for their efforts to create a comprehensive, strategic, transparent, and meaningful budget.

The FY 2018 Proposed Budget will be formally presented to City Commission at the first public hearing on September 6, 2017 and final public hearing on September 13, 2017 at City Hall, starting at 6:00pm. I look forward to working with you, our neighbors, and our community builders to adopt and implement the Fiscal Year 2018 Budget.

Respectfully submitted,



Lee R. Feldman, ICMA-CM
City Manager

"Every achievement was once impossible."

– Ms. Lalique

"Now let's make the impossible our achievement."

– Ms. Crystal



Discussion Highlights

- ❖ Revenue Estimates
- ❖ Proposed Budget
- ❖ Questions and Answers



Revenue Estimating Conference Committee

Approved by City Manager: Policy and Standards Manual (PSM)

Chapter:9 | Section:1 | Subject:3 | 2016.03.16

CITY OF FORT LAUDERDALE

POLICY AND STANDARDS MANUAL

CHAPTER: 9 | SECTION: 1 | SUBJECT: 3
 DATE: February 17, 2016

CHAPTER:	FINANCIAL AND PURCHASING	 2016.03.16 14:27:54 -04'00'
SECTION:	GENERAL	
SUBJECT:	REVENUE ESTIMATING CONFERENCE PROCESS	
AUTHORIZATION:	Lee R. Feldman, ICMA-CM, City Manager	

1. PURPOSE:
 The purpose of the Revenue Estimating Conference Committee (RECC) is to ensure that the City's General Fund Revenues are estimated each year using a comprehensive process involving multiple stakeholders, to yield the most reasonable and accurate revenue estimates. The RECC develops revenue estimates for General Fund revenues based on an in depth review of past, current, and projected financial conditions. The forecast is an integral part of the annual budget process. An effective forecast allows for informed decision-making, with the goal of maintaining financial integrity while delivering essential quality community services to the City of Fort Lauderdale neighbors.

2. GENERAL POLICY:
 The City's Revenue Estimating Conference Committee (RECC) shall convene in the Spring of each year to conduct an in depth review and establish consensus regarding General Fund revenue estimates during the City's budget development process.



Revenue Estimating Conference Committee (RECC)

- ❖ Estimate the City's General Fund Revenues each year
- ❖ Transparent and comprehensive process (Publicly Noticed)
- ❖ Capture input from multiple stakeholders
- ❖ Yield the most reasonable and accurate revenue estimates
- ❖ Convenes in the Spring of each year
- ❖ Integral part of the City's budget development process
- ❖ Recommendations presented to the City Manager for consideration and inclusion in the Proposed Budget



RECC Consists of Four (4) Members

- ❖ One (1) member is appointed by the Budget Advisory Board
- ❖ One (1) member is appointed by the Audit Advisory Board
- ❖ One (1) staff member of the Budget/CIP and Grants Division is appointed by the Budget Manager
- ❖ One (1) staff member from the Finance Department is appointed by the Finance Director





RECC Develops Revenue Projections for:

- ❖ Ad Valorem
- ❖ Franchise Fees
- ❖ Utility Taxes Revenue
- ❖ Licenses & Permits
- ❖ Intergovernmental
- ❖ Charges for Services
- ❖ Fines and Forfeitures
- ❖ Miscellaneous Revenues





Revenue Estimating Conference Committee

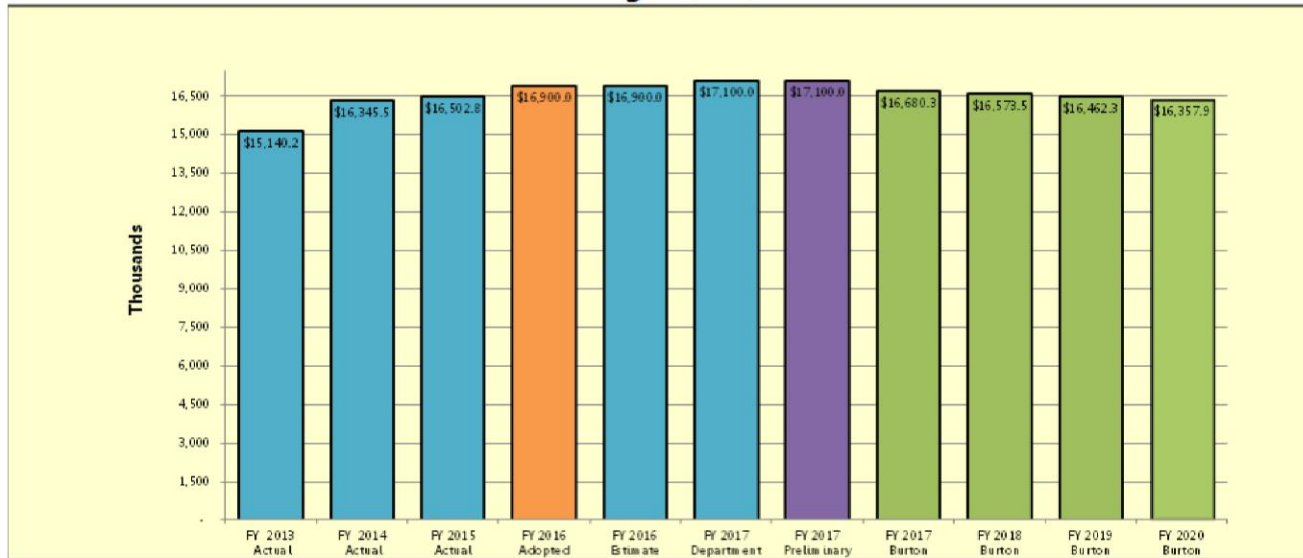
General Fund Revenue Summary
FY 2016 Year-to-Date Actuals as of March 31, 2016

Revenue Source	FY 2014 Actual	FY 2015 Actual	FY 2016 Amended Budget	FY 2016 Year-To-Date	FY 2016 Estimate	FY 2017 Preliminary Department	FY 2017 Preliminary Budget*	FY 2017 Preliminary vs. FY 2016 Amended	FY 2017 Revenue Estimating Conference Committee (RECC)
A102 Ad Valorem	97,505,361	103,321,618	112,747,966	102,504,988	112,747,966	112,747,966	121,767,000	9,019,034	121,767,000
Property Taxes - Operating	97,505,361	103,321,618	112,747,966	102,504,988	112,747,966	112,747,966	121,767,000	9,019,034	121,767,000
A501 Firefighters Pension Insurance Prem Tax	3,182,042	4,104,583	4,000,000	-	-	-	4,000,000	(4,000,000)	
A502 Police Retirement Insurance Premium Tax	2,143,898	2,244,069	2,167,319	-	-	-	2,167,319	(2,167,319)	
Sales And Use Tax	5,325,940	6,348,652	6,167,319	-	-	6,167,319	-	(6,167,319)	-
A601 FPL Franchise Fees	16,345,514	16,502,787	16,900,000	5,415,105	16,500,000	17,100,000	17,100,000	200,000	16,500,000
A603 Peoples Gas Franchise	252,942	243,999	250,000	124,100	250,000	250,000	250,000	-	245,000
A610 Sanitation Franchise Fees Private Collector	5,423,678	6,162,019	5,950,000	2,735,902	6,100,000	5,950,000	6,100,000	150,000	6,100,000
Franchise Fees	22,022,134	22,908,805	23,100,000	8,275,107	22,850,000	23,300,000	23,450,000	350,000	22,845,000
A701 FPL Utility Tax	19,297,439	19,464,714	19,350,000	8,039,320	20,000,000	19,500,000	20,000,000	650,000	19,900,000
A703 City Water Utility Tax	4,919,444	5,544,371	5,250,000	2,702,749	5,400,000	5,400,000	5,400,000	150,000	5,400,000
A705 Gas Utility Tax	554,197	569,807	525,000	270,163	550,000	550,000	542,000	17,000	542,000
A715 Communications Services Tax	12,234,091	12,043,826	11,937,850	4,058,251	-	11,500,000	-	(11,937,850)	
Utility Taxes	37,005,171	37,622,718	37,062,850	15,070,483	25,950,000	36,950,000	25,942,000	(11,120,850)	25,842,000
B101 Business Tax	2,597,939	2,400,241	2,875,000	2,603,885	2,900,000	2,900,000	2,900,000	25,000	2,600,000
B102 Florida League Of Cities Collections	13,889	-	6,000	-	-	6,000	-	(6,000)	
B103 Water Taxi License	1,800	2,200	1,800	384	-	1,100	-	(1,800)	
B104 Application Fee - Vehicles For Hire	301	1,450	2,500	150	-	2,500	-	(2,500)	
B105 Vehicles For Hire-Vehicle Permit	1,584	345	3,000	-	-	3,000	-	(3,000)	
Local Business Taxes	2,615,513	2,404,236	2,888,300	2,604,419	2,900,000	2,912,600	2,900,000	11,700	2,600,000
B234 Tree Canopy	81,017	439,505	-	-	-	-	-	-	
B235 Landscaping Permits	218,938	193,377	190,000	103,097	190,000	180,000	200,000	10,000	190,000
B250 Expedited Permit Review Fees	17,400	450	-	-	-	-	-	-	
Building Permits	317,355	633,332	190,000	103,097	190,000	180,000	200,000	10,000	190,000
D401 Motor Fuel Tax-Revenue Sharing	1,226,096	1,252,812	1,230,342	597,429	-	1,240,000	-	(1,230,342)	
D403 State Gas Tax Refund	186,935	198,694	185,000	17,307	176,000	190,000	176,000	(9,000)	176,000
E101 Alcoholic Beverage License Fees	240,062	247,880	235,000	9,079	252,000	235,000	252,000	17,000	250,000
E112 Sales Tax-Revenue Sharing	3,575,281	3,858,699	3,960,974	1,922,305	-	4,000,000	-	(3,960,974)	
E113 Half Cent Sales Tax	10,367,671	10,921,228	11,469,508	4,725,951	-	11,600,000	-	(11,469,508)	



Revenue Estimating Conference Committee

Florida Power & Light (FPL) Franchise Fees



Revenue Source	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted	FY 2016 Estimate	FY 2017 Department	FY 2017 Preliminary	FY 2017 Burton	FY 2018 Burton	FY 2019 Burton	FY 2020 Burton	Department
FPL Franchise Fees	15,140,240	16,345,514	16,502,787	16,900,000	16,900,000	17,100,000	17,100,000	16,680,300	16,573,500	16,462,300	16,357,900	Finance
% of FPL Franchise Fees Charge	-2.71%	7.96%	0.96%	2.41%	2.41%	1.18%	1.18%	-1.30%	-0.64%	-0.67%	-0.63%	

Description

This revenue source consists of payments made by Florida Power and Light (FPL) for the privilege of constructing upon, and operating within the right of ways owned by the City. The basis for this fee is provided for in long-term agreements for payments to the City of 6% of Florida Power and Light gross revenue derived from accounts within City limits, less property tax and minor fees previously paid to the City.

Fiscal Capacity

The agreement between the City of Fort Lauderdale and Florida Power & Light is a 30-year agreement. The two factors that influence the amount of revenue collected are the gross revenue of accounts within the City limits and the rate negotiated in the agreement. This contract is up for renegotiation in 2017.



Revenue Estimating Conference Committee

Revenue Estimating Conference Committee (Finance)

Year	October	November	December	January	February	March	April	May	June	July	August	September	Total	
A601 FPL FRANCHISE FEES	2012	-	-	1,435,856	1,217,222	1,205,850	1,161,837	1,071,400	1,135,295	1,222,566	1,209,029	1,414,099	4,488,123	15,561,277
	2013	-	-	1,395,907	1,208,369	1,085,026	1,130,906	1,059,429	1,047,728	1,111,574	1,288,069	1,358,316	4,454,917	15,140,240
	2014	-	-	1,344,922	1,284,254	1,205,506	1,278,398	1,181,744	1,165,117	1,220,275	1,421,932	1,464,248	4,799,117	16,345,514
	2015	-	-	1,458,873	1,314,584	1,190,083	1,221,580	1,094,276	1,180,328	1,352,976	1,416,337	1,493,129	4,780,641	16,502,787
	2016 Estimate - YTD Actual + 2.4% over Prior Year Actuals	-	-	1,442,685	1,401,552	1,315,357	1,250,877	1,120,538	1,208,656	1,385,448	1,450,329	1,528,964	4,895,376	16,999,782
	2017 - FY 2016 Estimate	-	-	1,442,685	1,401,552	1,315,357	1,250,877	1,120,538	1,208,656	1,385,448	1,450,329	1,528,964	4,895,376	16,999,782
	2017 - 3 Year Average	-	-	1,415,493	1,333,483	1,236,982	1,210,288	1,105,149	1,131,058	1,228,275	1,375,446	1,438,564	4,678,225	16,152,944
2017 - 2 Year Trend	-	-	1,495,797	1,464,463	1,376,173	1,274,062	1,115,341	1,254,156	1,492,696	1,487,147	1,566,077.69	4,956,122	17,482,035	
A603 PEOPLES GAS FRANCHISE	2012	16,791	16,303	33,716	43,307	31,169	26,034	25,510	25,858	23,171	19,700	16,336	32,780	310,656
	2013	-	-	17,415	45,392	25,424	24,183	27,241	26,151	23,202	18,567	16,635	15,677	239,896
	2014	16,178	-	16,761	18,409	50,571	28,629	24,348	22,776	22,131	19,274	17,547	16,318	252,942
	2015	16,740	-	16,665	-	48,336	48,350	-	48,028	16,595	18,527	-	32,780	243,999
	2016 Estimate - YTD Actual + 3 Year Monthly Average	-	15,716	-	55,170	25,358	33,054	17,196	32,318	20,643	18,789	11,394	21,585	251,223
	2017 - FY 2016 Estimate	-	15,716	-	55,170	25,358	33,054	17,196	32,318	20,643	18,789	11,394	21,585	251,223
	2017 - 3 Year Average	10,972	5,239	11,142	24,526	41,421	33,054	17,196	32,318	20,643	18,789	11,394	21,585	248,280



General Fund FY 2018 Revenue Key Changes

- ❖ Ad Valorem – 9% increase (\$11 million)
 - ❖ Same millage rate of 4.1193 for the 11th year
 - ❖ Structurally balanced budget for the fifth straight year
 - ❖ Property values increased from \$31 billion to \$33.8 billion
 - ❖ New Construction of \$341 million
 - ❖ 37% of total General Fund revenue
- ❖ Fire Assessment Fee remains at \$256 per single-family residential dwelling
- ❖ Fire/Rescue Transport Fees – 11.3% increase (\$750K)
- ❖ \$13 Million one-time revenue for sale of property



General Fund FY 2018 Revenue Comparison

General Fund Revenue Summary FY 2018 Proposed

Revenue Source	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Amended	FY 2016 Actual	3 Year Average	FY 2017 Amended Budget	FY 2018 Department Estimate	FY 2018 Proposed	FY 2018 Estimate vs. FY 2017 Amended	Percent Change
TOTAL	287,744,093	292,394,011	314,533,810	314,557,232	314,777,830	308,791,625	332,739,306	332,354,281	361,172,208	28,432,902	8.5%

General Fund Revenues FY 17 Amended: \$332,739,306

General Fund Revenues FY 18 Proposed: \$361,172,208

- ❖ \$28.4 million increase in General Fund revenues
 - ❖ Represents 8.5% increase over FY 2017 Amended



General Fund FY 2018 Proposed Budget Highlights

- ❖ \$2.8 million required payment to Broward County for beach nourishment;
- ❖ \$3.2 million increase in pension plan contributions due to State-mandated changes to the mortality tables
- ❖ \$1.5 million for increased Police overtime;
- ❖ \$1.4 million for a nighttime economy team ;
- ❖ \$1.4 million for a road maintenance and repair crew;
- ❖ \$500,000 increase for road resurfacing



General Fund

FY 2018 Proposed Budget Highlights

- ❖ \$1.2 million for the General Fund portion of the Aquatics Complex renovation;
- ❖ \$1.1 million increase to leverage planned grants (COPS and Riverland Road Complete Streets);
- ❖ \$1.2 million to enhance transportation operations;
- ❖ \$1.5 million for facilities maintenance and repair;
- ❖ \$700 thousand increase in transfer to the Community Redevelopment Agency (CRA) due to increased taxable valuation within the CRA areas.



CITY OF FORT LAUDERDALE

Budget/CIP and Grants Division





CITY OF FORT LAUDERDALE

STATUS OF OPEN AUDIT FINDINGS

(Single Audit, Financial Audit, and
City Commission Audit)

As of June 30, 2017



WE BUILD COMMUNITY



CITY OF FORT LAUDERDALE

OPEN AUDIT FINDINGS STATUS REPORT

The quarterly Status of Open Audit Finding Report is compiled by the City Manager's Office Budget/CIP and Grants Division based upon updates provided by departmental staff. This report provides the status of open audit findings from the external auditors and the City Commission Auditor's Office each quarter.

The External Auditor findings from the Single Audit and Financial Audit can only be closed once per year when the City's External Auditors conduct their review for the annual Comprehensive Annual Financial Report (CAFR).

The majority of the open audit findings are from the Commission Auditor's Office from prior year audits that were issued but not closed. The City Auditor has adopted a continuous audit approach utilizing the City's Audit Compliance Tracking System (ACTS) and quarterly report process. As departments implement the corrective action plans and upload supporting information and documentation into the ACTS system, they are required to notify the Commission Auditor that they believe a finding has been resolved. The Auditor's Office will continuously review these responses throughout the year and will notify the System Administrator in the Budget/CIP and Grants Division to close findings that have been cleared.

Department staff is required to review and update the status of each of their open findings on a quarterly basis. Following the update, a report is compiled and distributed to the City Manager and the Community Building Leadership Team. This report is presented to the Audit Advisory Board on a quarterly basis.





**STATUS OF OPEN AUDIT FINDINGS
AS OF JUNE 30, 2017
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COMMUNITY REDEVELOPMENT AGENCY AUDIT FINDINGS		
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FINANCE AUDIT FINDINGS		
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 1	Partially Implemented	7
HUMAN RESOURCES AUDIT FINDINGS		
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**STATUS OF OPEN AUDIT FINDINGS
AS OF JUNE 30, 2017
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COMMISSION AUDIT FINDINGS



City Manager's Office

Report #11/12-04 Compliance Review of the Bahia Mar Lease Agreement Observation #1

Issue No: 174

Date of Finding: 07/03/2012

Est. Completion Date: 07/23/2014

Responsible Person 1

rhenderson

Name	Title	Department
Ryan Henderson	Administrative Assistant II	City Manager

Responsible Person 2

Correction Plan Status: Implemented

Finding Type: Deficiency

Next Milestone

Anticipated Date of Completion 10/30/2014

Final Date of Completion 03/31/2017

Department: City Manager

Audit Initiator Commission Audit

Title: Report #11/12-04 Compliance Review of the Bahia Mar Lease Agreement Observation #1

Issue / Observation

While the lease agreement between the City of Fort Lauderdale and Bahia Mar has been in place since 1962, the City Auditor determined that during the years covered by our review there has essentially been no oversight of the lease terms by City staff. The complete lack of internal controls governing oversight and compliance with lease terms represents a material weakness.

Recommendation:

No management response was included in the audit report.

Correction Plan:

While it is clear that the City failed to administer the contract appropriately, it is also important to note that management made immediate changes to its oversight practices once it was brought to their attention.

Further, Bahia Mar staff have been extremely responsive in having their certified public accountant firm issue the required audited consolidated financial statements of Baton Holdco II L.L.C. and Subsidiaries, which includes the Bahia Mar Statement of Capital Improvement Reserve Account Balance and Rollforward of Carry-Over Capital Improvement Credit [see Exhibit D]. Based upon our review of these documents, we determined that Bahia Mar is operating in accordance with Article 15 as stated in the preceding paragraph. The CIRA has a carryover capital improvement credit balance in the amount of \$28,092,200, as of December 31, 2011.

Current Status:

City staff has received from Rahn Bahia Mar LLC updated insurance information along with the financial statements and gross operating revenues as requested per the lease agreement. The tenant is current on all rent payments.

In addition, the City Manager's Office has created a Real Estate Policy and Procedure Guideline for contract (lease and licenses) administration purposes. The CMO has submitted all relevant documents to the City Auditor's Office for final review.

Community Redevelopment Agency

Operational Audit of the City of Fort Lauderdale CRA - Observation 3

Issue No: 335

Date of Finding: 10/28/2016

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
<u>Responsible Person 2</u>	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone 6/30/2017

Anticipated Date of Completion 08/01/2017

Final Date of Completion 09/30/2017

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale CRA - Observation 3

Issue / Observation Condition
 In the past three years the North West Progresso (NWP) Community Redevelopment Agency (CRA) did not meet their established benchmarks as it applies to the disposal of properties.

Criteria
 The 2013 5-Year Program "Strategic Objectives, Goals and Measurements" states:
 Strategically redevelop all vacant, underutilized sites to be compatible with the overall vision of the CRA.
 Agency goal – Dispose of 20% of city-owned and CRA owned properties within the NWP CRA each year.
 Measure – success to be measured by the number of properties disposed of with CRA Board or City Commission approval.

Cause
 There was a lack of monitoring, measurement, and corrective action of the aforementioned goal.

Impact
 Holding onto property without a plan for timely redevelopment is not in furtherance of the NWP CRA goals of fostering economic development. Additionally, TIF revenue for the CRA is lost as long as the property stays off the tax roll.

Recommendation: The CRA Executive Director should require CRA management to develop an action plan to assure benchmarks are being met.

Correction Plan:

Staff agrees with the City Auditor's opinion that holding onto property without a plan for timely redevelopment is not a goal of the CRA. As a result, staff believes that the best way to ensure that the properties are on the tax role is via a competitive process. The competitive process should require that all respondents to the Request for Proposal (RFP) to present a project that would be consistent with the vision of the CRA and is the highest and best use for the property.

In order to ensure success, the CRA will need to secure City-owned lots (that are within the NWPF CRA) and establish a process that would be consistent with the goals of redevelopment and the CRA Plan. Staff has completed the appraisals on the City-owned lots that are within the NWPF CRA and will schedule an item for City Commission discussion in November or December 2016. At that time, staff will request that certain City-owned lots be donated to the CRA, in furtherance of redevelopment.

Lastly, staff has begun visioning discussions with the CRA Advisory Board. The discussions are centered on the types of industries and businesses to attract to the CRA and the best locations in the CRA for those businesses. Through these discussions, staff will develop a marketing plan that will address our planned use for each CRA-owned and City-owned lot and identify the types of businesses and developers which to target our marketing.

Current Status:

Northwest Progresso Flagler Heights Community Redevelopment Agency (CRA), has established an infill housing program to help dispose of the infill housing properties. The CRA is currently working to secure a survey and clear up all property title issues. The staff expects to begin disposing of the infill homes by 4th quarter 2017.

Finance

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 1

Issue No: 285
Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	jalvarez	Jennifer Alvarez	Procurement Manager	Finance
<u>Responsible Person 2</u>	aharrison	Ashley Harrison	Management Analyst	Finance

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone policy

Anticipated Date of Completion 09/30/2017

Final Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 1

Issue / Observation Condition:
 No written policies or procedures exist for the procurement of temporary services.

Criteria:
 Under the COSO framework, Control Activities, Principle 12: The organization deploys control activities through policies that establish what is expected and procedures that put policies into action. Points of focus:
 58. Establishes policies and procedure to support deployment of management's directives.
 59. Establishes responsibilities and accountability for executing policies and procedures.
 60. Performs in a timely manner.
 61. Takes corrective action.

Cause:
 Written policies or procedures have not been developed for managing temporary services.

Impact:
 Lacking effective oversight, DSD took it upon themselves to create their own method of operating, leading to inappropriate position classification and excessive rates of pay.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager assign responsibility for the development of policies and procedures applicable to the procurement of temporary services, and training to develop additional awareness for adhering to contract terms.

Correction Plan: Management agrees with this recommendation. Management believes that outside agency temporary services should be used in very narrow and prescribed circumstances. Management would prefer that the majority of temporary assignments be filled by the use of a City administered temporary assignment. The Finance and Human Resources Departments will collaborate in developing organizational policies to be followed when it is deemed necessary and appropriate to engage an external temporary services provider. The estimated time frame to complete this objective is 90 days.

Current Status: The drafted policy is scheduled for management review at their meeting on August 14, 2017.

Human Resources

Report #09/10-01 Audit of the Human Resources Department Finding 8 - Job Descriptions

Issue No: 94
Date of Finding: 12/29/2009
Est. Completion Date: 09/29/2017

		Name	Title	Department
<u>Responsible Person 1</u>	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Study

Anticipated Date of Completion 08/31/2017

Final Date of Completion 09/30/2017

Department: Human Resources

Audit Initiator Commission Audit

Title: Report #09/10-01 Audit of the Human Resources Department Finding 8 - Job Descriptions

Issue / Observation Condition:
 The City Auditors Office (CAO) found during the examination of employee job descriptions that Human Resources Department (HRD) is not actively reviewing and revising job descriptions to accurately reflect actual job functions. Of the 10 job descriptions reviewed, 8 (80%) had not been updated in the past 7 years. Moreover, 6 out of 10 (60%) had not been updated in more than 18 years. Additionally, CAO found that few job descriptions properly describe the essential functions of the position.

Criteria:
 Under the Committee of Sponsoring Organizations (COSO) framework Internal or Control Environment component 1.2 "Commitment to competence" the analysis of required skills and job descriptions are a standard element of the internal control system. Accurate and up to date job descriptions are necessary to provide prospective and existing employees with a correct depiction of their duties and functions. Job descriptions should include those essential functions.

Recommendation: The City Manager should require the Director of HRD to initiate a project to review job descriptions to assure they accurately reflect the actual position as well as include a correct statement of essential job functions. Additionally, the CAO recommends that the Director of HRD institute a new policy whereby all job descriptions will be reviewed and updated by department directors and recruitment staff before a new personnel requisition is issued.

Correction Plan: The City has approximately 550 job classifications. Due to staffing restrictions, HRD is not equipped to take on the task of updating all the job descriptions as one project. HRD is currently updating the job descriptions when a requisition for new personnel is received and when a request for reclassification of a position is made. The revisions that are being made include separating the examples of duties into "essential job duties" and "additional job duties". They will also include the physical requirements of the job and working conditions. As time permits, HRD staff will continue to revise the job descriptions as part of an ongoing long-term project.

Current Status:

The Classification and Compensation Study was awarded to Segal Waters Consulting in August of 2016. The Study will address many classification and compensation updates and will include rewriting all the City's job descriptions. The new job descriptions will reflect the recommendations stated above to be more reflective of the essential functions of each classification. It is our current practice to review the job descriptions with the hiring department's director and make required changes prior to recruiting for a vacancy, and we will continue to do so. The Classification and Compensation Study had a current timeline that projected a completion date of June 2017. Due to additional steps identified the timeline for completion has been extended to August 2017.

Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning

Issue No: 95
Date of Finding: 12/29/2009

Est. Completion Date: 09/29/2017

		Name	Title	Department
<u>Responsible Person 1</u>	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Study

Anticipated Date of Completion 07/31/2017

Final Date of Completion 09/30/2017

Department: Human Resources

Audit Initiator Commission Audit

Title: Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning

Issue / Observation Condition:
 The City does not actively engage in employee succession planning and mentoring for key functions/positions throughout the City and many such positions lack written policies and detailed procedures. Under the Committee of Sponsoring Organizations (COSO) framework Internal Control Environment component 1.2 "Commitment to Competence", succession planning is a standard element of the internal control environment. It helps to ensure a smooth transition, minimize disruption and mitigate costs resulting from the loss of institutional knowledge when long-term employees leave the organization.

Cause:
 Management has not mandated succession planning and the development of standard operating procedures for all departments.

Impact:
 Without formal succession planning and mentoring, the City risks decreased efficiency, effectiveness and quality of service delivery as new employees attempt to gain sufficient knowledge to perform the key aspects of their jobs.

Recommendation: The City Manager should instruct all department directors to develop a comprehensive employee succession/mentoring plan for key functions/positions within their respective departments. Moreover, a significant component of a successful employee succession/mentoring plan is a having a regularly updated set of written policies and procedures for each of these key functions/positions. This recommendation is further emphasized in Finding 1.

Correction Plan: Succession planning in its truest sense may be difficult to accomplish in the public sector given Personnel Rules, seniority considerations among bargaining units, etc; however, the human resources department (HRD) will continue to work with City departments on workforce planning and identification of key skills that must be maintained within the department.

One of HRD's future initiatives is to develop a comprehensive succession planning program. However other foundational components are required before implementation, such as: the development of Citywide Values and Competencies aligned with career ladders. Once these components are in place, HRD can develop a robust succession planning program.

Current Status:

The Classification and Compensation Study was awarded to Segal Waters Consulting in August of 2016. The Study will address many classification and compensation updates and will include rewriting all the City's job descriptions. The new job descriptions will reflect the recommendations stated above to be more reflective of the essential functions of each classification. It is our current practice to review the job descriptions with the hiring departments director and make required changes prior to recruiting for a vacancy, and we will continue to do so.

The Classification and Compensation Study had a current timeline that projected a completion date of June 2017. Due to additional steps identified the timeline for completion has been extended to August 2017.

Creating a succession plan prior to reviewing the job classifications may lead to immediate revisions to the plan and wasted resources. The staff will review the changes to the job specifications before proceeding with a plan.

Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training

Issue No: 100
Date of Finding: 12/29/2009

Est. Completion Date: 09/29/2017

		Name	Title	Department
<u>Responsible Person 1</u>	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone 07/31/2017

Anticipated Date of Completion 07/31/2017

Final Date of Completion 07/31/2017

Department: Human Resources

Audit Initiator Commission Audit

Title: Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training

Issue / Observation Condition:
 The City Auditors Office's (CAO's) review of the Human Resources Department's (HRD's) efforts to meet stakeholder needs and expectations revealed that they are not proactively seeking input from either internal or external customers to gauge user satisfaction with the quality and effectiveness of the services HRD provides. Furthermore, HRD staff is not currently receiving customer service training, which is of paramount importance for a department that primarily exists to provide services to other departments within the government.

Criteria:
 Under the Committee of Sponsoring Organizations (COSO) framework Information and Communication component 4.1 "Mechanisms that support information flow inside the organization", internal survey processes and component 4.2 "Mechanisms that support information flow outside the organization", external surveys are a standard element of the internal control system.

Recommendation: The City Manager should require the Director of HRD to:
 1. Develop and conduct an annual survey of job applicants and City employees to inquire about their level of satisfaction with the array of services provided by HRD. The survey results should be analyzed and used as a planning tool to promote and prioritize service delivery improvements.
 2. Provide HRD staff with annual customer service training to ensure that staff responds to service requests with a customer focused approach.

Correction Plan: HRD will explore the possibility of conducting an annual customer service survey. Staff will receive customer service training budget permitting.

Current Status: HRD is reviewing customer satisfaction surveys currently offered by other departments. Expected implementation of survey for HRD is July 2017.

Report #10/11-01 Audit of Controlled Substances of the Fire Rescue Department Observation 3

Issue No: 115

Date of Finding: 10/15/2010

Est. Completion Date: 09/29/2017

		Name	Title	Department
<u>Responsible Person 1</u>	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone PSM Review

Anticipated Date of Completion 08/31/2017

Final Date of Completion 09/30/2017

Department: Human Resources

Audit Initiator Commission Audit

Title: Report #10/11-01 Audit of Controlled Substances of the Fire Rescue Department Observation 3

Issue / Observation Condition
 The City Auditors Office (CAO) found that new employee drivers licenses and driving history requirements, per the policy standard manual (PSM) 6.16.1.1, do not account for the number of citations issued to potential City drivers.

Criteria:
 Under the Committee of Sponsoring Organizations (COSO) framework Internal or Control Environment component 1.2 "Commitment to competence", analysis of skills required and job descriptions are fundamental elements of an effective internal control environment.

Recommendation: The CAO recommends that the City Manager require the Director of Human Resources to revise the PSM regarding driver history and licensing requirements to include language regarding the number of traffic citations received/issued to potential City drivers as exists with current employee drivers.

Correction Plan: The Fire-Rescue Department (FRD) checks the status of each firefighters once a year and does a 7 year history for tickets and validity. The state has changed their policy and now charges for ticket history. To adapt to this, the FRD checks twice a year to see if FRD employees possess a current license (this is at no charge vs. \$5 per license for a 7 year history).

Current Status: The Human Resources (HR) staff has made recommendations for the PSM revisions that are currently under review by the HR Director. Once the revisions are approved the PSM will go before the City Manager's Office for review and approval prior to implementation.

Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9

Issue No: 237

Date of Finding: 12/29/2009

Est. Completion Date: 09/28/2018

		Name	Title	Department
<u>Responsible Person 1</u>	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Update PSM

Anticipated Date of Completion 03/30/2018

Final Date of Completion 09/28/2018

Department: Human Resources

Audit Initiator Commission Audit

Title: Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9

Issue / Observation Condition
 The City Auditor's Office (CAO) found that Human Resources Department (HRD) does not publish a comprehensive employee handbook. Instead, HRD relies on the combined information contained in the specific union contracts, the policy standard manual (PSM), and the Personnel Rules. These combined documents serve to provide information on many of the topics typically covered in the sample of employee handbooks reviewed by the CAO as well as best practice literature. However, the CAO noted that it was difficult and time consuming to research specific items from among the various sources, which collectively substitute for a traditional employee handbook. This is not a user-friendly method and can leave staff confused and without complete and accurate information.

Recommendation: The City Manager should require the Director of HRD to:

1. Create and publish an employee handbook and/or,
2. Create a matrix by employee-type and include hyperlinks on the HRD website that would serve to centralize and guide both union and non-union employees to pertinent information pertaining to the City's various policies and procedures as well as other important employee information.

Correction Plan: Employee handbooks typically contain various policies, including standards of conduct, such as workplace violence, discrimination, anti harassment, and benefits. While the City does not have one official document entitled "Employee Handbook", the previously described information can be found in the City's Personnel Rules, Policy and Standards Manual, Pay Plan Ordinance and the various collective bargaining agreements. The compilation of such information into one document would require a significant outlay of staff resources. Additionally, because an employee handbook is often the focus of employment related litigation, any compilation or drafting of a citywide employment manual would require the involvement of the City Attorney's office and/or outside counsel for constant review and updating. In light of the above, HRD does not agree with the CAO's recommendation.

REBUTTAL
 The CAO feels strongly that employee handbooks are such an important resource as to be almost universal in their use. We are unaware of any organization of our size that fails to have a comprehensive handbook to educate and inform employees of their rights, benefits and obligations. While the production of such a resource may be time consuming and detailed, the benefits to the employees far outweighs the cost to the City.

Current Status:

The creation of an Employee Handbook has been temporarily delayed due to a recent initiative led by the Structural Innovation Division to update and revise the City's Policy and Standards Manual - PSM. The Human Resources Department is also recommending to the Civil Service Board, and ultimately the City Commission, substantial changes to the Personnel Rules. Once the revisions have been approved, the PSM and Personnel Rules will be user-friendly and accessible to employees, which should correct the initial concerns raised in this finding. To resolve concerns that employees may be unaware of the rules and regulations governing their positions, the Human Resources Department has links available on its website and has continued to advertise, through various trainings, the availability of this information is on the City's intranet Lauderlink.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 5

Issue No: 294

Date of Finding: 10/26/2015

Est. Completion Date: 09/28/2018

		Name	Title	Department
<u>Responsible Person 1</u>	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Curriculum

Anticipated Date of Completion 03/30/2018

Final Date of Completion 09/28/2018

Department: Human Resources

Audit Initiator Commission Audit

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 5

Issue / Observation DSD's agenda item, CAM 15-1040 dated August 18, 2015 (See Exhibit C), seeking ratification of the overspending and increased budget for additional temporary staffing, provided misleading information regarding the reasons for the overspending.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require senior management to:

Memorandum No: 15-25 Page 7

- Ensure that accurate and complete information is provided to the City Commission.
- Hold staff accountable for misrepresentation and perpetuation of problems.
- Conduct ethics training to focus on adherence to the City's core values
- Work to change the culture to promote "results with integrity".

Correction Plan: Management agrees with this recommendation. Human Resources (HR) has been tasked with developing ethics training for all City employees commencing this fiscal year with a one-time mandatory training session and continuing in the future as part of annual compliance training sessions; the training will include a discussion of transparency in information dissemination. However, it should be noted that the CAM approval process is a collaborative process, which includes many different levels of review. This particular CAM had not been fully reviewed by all necessary parties. Upon review it was determined that additional critical information was missing. The CAM was pulled from the review process prior to being submitted to the Commission. Additionally, it was DSD and Procurement staff which initially identified the potential overspending issue, and brought it to management's attention. The projected time frame from commencement to completion of the one-time mandatory training of employees is the first 120 to 180 days of 2016.

Current Status: Human Resources in conjunction with the Office of Professional Standards and Attorney's Office will develop the curriculum for Ethics Training. This may require assistance from an outside source for implementation. Rollout in FY2018.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 1

Issue No: 298
Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone RFP

Anticipated Date of Completion 05/31/2016

Final Date of Completion 09/30/2017

Department: Human Resources

Audit Initiator Commission Audit

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 1

Issue / Observation The official position classification system is being undermined by DSD through the use of "working titles".

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require the DSD Director to utilize approved titles only. If the creation of a new position is deemed necessary after a desk audit by Human Resources, an ordinance change establishing the position must be enacted.

Correction Plan: Management agrees with this recommendation. The use of working titles is being minimized to the extent possible across the City organization, and is no longer used by DSD. Additionally, a selection has recently been made for the vacant Classification and Compensation Manager in the Human Resources Department. One of the first priorities for this new manager is to facilitate the process for the hiring of a professional firm to conduct a comprehensive classification study of job titles, job responsibilities and classifications throughout the organization. This study will assist in identifying and aligning job titles to work being performed.

Current Status: The Classification and Compensation Study was awarded to Segal Waters Consulting. The study will address many classification and compensation updates to include a review of job classifications. The project has a current timeline that projects completion August 2017.

Parks and Recreation

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 2

Issue No: 306

Date of Finding: 06/29/2016

Est. Completion Date: 05/31/2017

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
<u>Responsible Person 2</u>	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone Policy

Anticipated Date of Completion 05/31/2017

Final Date of Completion 05/31/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 2

Issue / Observation Condition

The contract extension was approved even though Carriage did not pave the roads at Sunset Garden or at Lauderdale Memorial during the first five-year contract term, as agreed upon.

Criteria

Part IV. Section (02) of City's RFP (Solicitation 785-9854) requires certain capital improvements be completed within the term of contract. The capital improvements include resurfacing of roads at Lauderdale Memorial Park and Sunset Gardens.

Part III. Section (09) (b) of the City's RFP states the followings:

The right to exercise this extension is dependent upon;

- (a) the Contractor being in compliance with all terms and conditions of the Agreement,
- (b) the Contractor timely completing the capital improvement plan, and
- (c) the City and Contractor agreeing upon a new five-year capital improvement plan.

The Carriage proposal in response to the City's RFP (Tab 3) accepted this requirement.

Recommendation: The City Manager should require that the Parks Department report all proposed changes to the contract and associated costs of those changes to the City Manager's Office, especially as they relate to capital projects, and seek Commission approval for said changes. In addition, the Parks Department should perform an overall evaluation of the contractor's performance prior to awarding additional extensions.

Correction Plan: Management concurs with the finding and recommendation. As in Finding #1, Carriage Services did not complete the capital improvements as proposed by the City Commission in the initial term of the contract.

Current Status: Carriage Services is not eligible for any additional extensions as the contract expires on September 30, 2018. As of June 30, 2017, a Request for Proposal (RFP) for Cemetery Management Services is now drafted and in the process of review.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 4

Issue No: 309
Date of Finding: 06/29/2016

Est. Completion Date: 08/01/2017

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
<u>Responsible Person 2</u>	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Report

Anticipated Date of Completion 08/01/2017

Final Date of Completion 08/01/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 4

Issue / Observation Condition

The Finance Department did not properly account for the total revenues and expenditures of the Trust Fund in accordance with generally accepted accounting principles (GAAP). The management fees to Carriage were netted against the revenue due to the City from the sale of plots, crypts, niches, internments, entombments, inurnments, and merchandise.

In addition, Carriage failed to remit to the Trust Fund 19% of the revenue from finance charges and from sales of second rights and double depth plots.

Auditor's Note:

For example, Carriage contributes 19% of net sales of each lot or plot and mausoleum crypt to the Trust Fund. The net sale here does not include revenue from finance charges and sales of second rights or double depth. Based on the City Auditor's Office (CAO) understanding of City Ordinance – Section 10-47, 19% should come from gross sales, including revenue from finance charges and sales of second rights and double depth.

Recommendation: The City Manager should require the Finance Department to review applicable accounting standards and to account for all the money Carriage collected for the sales of plots, crypts, niches, internments, entombments, inurnments, merchandise, as well as amounts paid to Carriage for all services rendered by the company. Those revenues and expenditures should be included in the Comprehensive Annual Financial Report (CAFR).

The City Manager should require the Finance and Parks Departments to obtain accounts receivable information from Carriage in order to provide effective monitoring of the collections and related contribution to the Trust Fund.

In addition, the Finance and Parks Departments should work with Carriage to recover the amount not collected for the Trust Fund since the renewal of the last contract. The Parks Department should enhance its monitoring procedure to ensure that the Trust Fund receives all the money required under Section 10-47 of the City's Code of Ordinances.

Correction Plan:

Management concurs with the finding and recommendation related to the City receiving revenue from finance charges and obtaining accounts receivable information from Carriage.

(1) "Carriage failed to remit to the Trust Fund 19% of the revenue from finance charges and from sales of second rights and double depth plots." Staff will work with Carriage Services to ensure that the City received 19% on all revenue. Estimated date of implementation is December 1, 2016.

(2) "The City Manager should require the Finance and Parks Departments to obtain accounts receivable information from Carriage in order to provide effective monitoring of the collections and related contribution to the Trust Fund."

The Parks and Recreation Department will work with the Finance Department to obtain accounts receivable information from Carriage Services in order to provide effective monitoring of the collections and related contribution to the Trust Fund. Estimated date of implementation is August 30, 2016.

Current Status:

As of June 30, 2017, the Parks Department engaged the services of an external auditor to conduct an Agreed Upon Procedures Audit (AUP). An informal bid process took place and the bid was awarded to Anthony Brunson, P.A. to conduct a two (2) year study of Carriage Services contract compliance with the financial components of its Agreement with the City of Fort Lauderdale.

Mr. Brunson's office began engagement of the audit on June 12, 2017.

Operational Audit of the City of Fort Lauderdale Cemetery System - Observation 3

Issue No: 312
Date of Finding: 06/29/2016

Est. Completion Date: 08/01/2017

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
<u>Responsible Person 2</u>	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Purch CAM

Anticipated Date of Completion 08/01/2017

Final Date of Completion 08/01/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Observation 3

Issue / Observation Condition
 The cemetery ground maintenance could be improved and the cemetery appearance could be enhanced.

Criteria

Under the COSO framework, Monitoring Activities, Principle 17: The organization evaluates and communicates internal control deficiencies in the a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate. And from the Points of Focus within Principle 17, the applicable points include number: 85. Assesses results; 86. Communicates deficiencies; 87. Monitors corrective actions.

Cause

The current agreement provides Carriage with a maintenance reimbursement to the extent of revenue from interest and dividends of the Trust Fund. Therefore, the available funding may not be adequate to pay for all the maintenance needed to keep the system up to the level expected.

Recommendation: The City Manager should require the Parks Department work in conjunction with Carriage and monitor Carriage to ensure improvement in cemetery ground maintenance. Furthermore, the City Manager should direct the Parks Department to undertake beautification projects to enhance the appearance of the Cemeteries.

Correction Plan: Management concurs in principle with the finding and recommendation.
 Section 10.7 of the City's Cemeteries Rules and Regulations (page 23) requires net income from the perpetual care trust be expended as approved by the Cemetery Board of Trustees. The section states that "the Board of Trustees is granted full power and authority to determine upon what property, for what purpose, and in what manner the income from the trust shall be expended. The Cemetery Board of Trustees exercise sole judgment for the care, reconstruction, repair and maintenance of all or any portion of the Cemetery System grounds."

Recent beautification projects include new fencing at Lauderdale Memorial Park in 2015 and the resurfacing of roads at Sunset Memorial Gardens and Lauderdale Memorial Park in 2013 and 2014, respectively.

Current Status:

As of June 30, 2017, Carriage has completed almost 75% percent of the work stipulated in the short term maintenance plan. The Parks and Recreation Department continues to work closely with Carriage Services on a daily basis to cure any deficiencies in the area of maintenance.

The Cemetery Liaison is working with the Procurement Division for irrigation upgrades at Sunset Memorial Gardens utilizing the Job Order Contract (NJPA). A purchasing Commission Agenda Memo is scheduled to appear before the City Commission for approval on July 11, 2017. The latter will occur for Lauderdale Memorial Park.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 6

Issue No: 313

Date of Finding: 06/29/2016

Est. Completion Date: 10/31/2017

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
<u>Responsible Person 2</u>	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Agenda

Anticipated Date of Completion 10/31/2017

Final Date of Completion 10/31/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 6

Issue / Observation Condition
 CAO noted two large sales of more than six grave spaces to an individual or an entity. Two of thirty contracts were signed with the purchase of six grave sites or more. One purchaser paid for twelve grave spaces utilizing a City resident discount, and another paid the full price for ten graves spaces.

Criteria
 Sec. 6-2. Of City's Cemetery Rules & Regulations (page 16) states that "an individual or entity may purchase no more than six (6) internment rights and internment services".

Cause
 Carriage is not following the City's Cemetery Rules and Regulations.

Impact
 By not enforcing the purchase limit rules, the plots could be sold out sooner than anticipated. In addition, residents and entities of Fort Lauderdale could purchase plots at a 25% discount and possibly resell them at a higher amount.

Recommendation: The City Manager should require that the Parks Department monitor the sales contracts to ensure that Carriage adheres to the City's Cemetery Rules and Regulations and put in place a system of accountability to prevent the sale of more than six plots in the future.

Correction Plan:

Management concurs with the finding and recommendation.

Under Section II of the City's Cemetery Rules and Regulation, Private Family Estates are defined as a multi-space structure, either wholly or partially aboveground, located in designated areas only, and used solely for the entombment of the owner and others designated by the owner. Private Family Estates enable the City to have the ability to market the cemeteries as premiere properties since these estate sites are offered at other competitor cemeteries. A contract for the sale of a private family estate is subject to approval by the Cemetery Board of Trustees.

Due to Private Family Estates not being defined by ordinance, staff will propose an amendment of the Rules and Regulations, exempting Private Family Estates from Sec. 6-2. The proposed amendment to the Rules and Regulations will be brought before the Cemetery Board of Trustees and the City Commission for approval. Estimated date of implementation is October 1, 2016.

Additionally, the Cemetery Liaison will continue to conduct a monthly audit of all sales contracts to ensure that Carriage adheres to the City's Cemetery Rules and Regulations.

Current Status:

This finding was discussed at the Joint Workshop with the Cemetery Board of Trustees on January 24, 2017.

As of June 30, 2017, a recommendation by staff to define and categorized Private Family Estates will be taken into consideration when revisions to the City's Cemetery Rules and Regulations take place. Input will be required of the Cemetery System Board of Trustees in addition to Management.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 7

Issue No: 314
Date of Finding: 06/29/2016

Est. Completion Date: 10/31/2017

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
<u>Responsible Person 2</u>	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone

Anticipated Date of Completion 10/31/2017

Final Date of Completion 10/31/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 7

Issue / Observation Condition
 The Cemetery Board improperly determined that 19% of the total amount received from the sale of each lot or plot, crypts, and niches belongs to the corpus of the Trust Fund.
 Note: The Trust Fund has built up to more than \$25 million.

Criteria

- (1): Code of Ordinance Sec. 10-47. Municipal Cemetery System Fund.
 - (a) Perpetual care trust. There shall be a perpetual care trust comprised of the following income sources and authorized expenditures:
 - (1) Income. There shall be set aside and deposited in the perpetual care trust:
 - a. Nineteen (19) percent of the total amount received from the sale of each lot or plot, columbarium niche and mausoleum crypt; and
 - b. For each memorial, monument, marker or bench sold or installed or both in the cemetery system, twenty cents (\$.20) per square inch of the top surface of bronze markers and the top surface of the base of stone monuments.
 - (2) Expenditure. The income of the perpetual care trust shall be used only for the following purp

Recommendation: The City Manager should revise and update the Cemetery Rules and Regulations and related Investment Policy to accurately represent the intent of the City Ordinance or change the City Ordinance to accurately reflect the Rules and Regulations and related Investment Policy.

Auditor Note:

The City Ordinance was adopted in 1986, amended and updated in 2004. The Rules and Regulations and Investment Policy were adopted in 1990, amended and updated in 2004.

Correction Plan: Management concurs in principle with the finding and recommendation. Staff will bring the investment policy and the Cemetery Rules and Regulations to Cemetery Board of Trustees for further discussion and determine the need to accurately define the corpus consistently throughout all documents. Management will proceed with bringing this issue to the City Commission as a conference item.

Current Status:

This finding was discussed at the Joint Workshop with the Cemetery Board of Trustees on January 24, 2017.

As of June 30, 2017, input will be required of the Cemetery System Board of Trustees in addition to Management. Staff will follow the direction of the City Manager on the best course of action before it goes to the Commission for a vote.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 8

Issue No: 316
Date of Finding: 06/29/2016

Est. Completion Date: 10/31/2017

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
<u>Responsible Person 2</u>	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Finance

Anticipated Date of Completion 10/31/2017

Final Date of Completion 10/31/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 8

Issue / Observation Condition

Florida Statutes and the Cemetery System’s Investment Policy require internal control procedures for the Trust Fund. Neither the Finance nor the Parks Departments were able to provide the internal control procedures for the CAO’s review.

Criteria

Section 218.415 (13) of Florida Statutes states: “Internal Controls. – The investment policy shall provide for a system of internal controls and operational procedures. The unit of local government’s officials responsible for making investment decisions or chief financial officer shall establish a system of internal controls which shall be in writing and made a part of the governmental entity’s operational procedures. The investment policy shall provide for review of such controls by independent auditors as part of any financial audit periodically required of the unit of local government. The internal controls should be designed to prevent losses of funds which might arise from fraud, employee error, and misrepresentation by

Recommendation: The City Manager should require that the Finance Department establish a system of internal controls and related procedures for the Trust Fund as stated in Florida Statue 218.415; Subsection 13, and the Cemetery Perpetual Care Trust Fund Investment Policies; Section XII, Internal Controls; Subsection A.

Correction Plan: Management concurs with the finding and recommendation.

The Finance Department will lead the efforts of developing a system of internal controls and related procedures for the Trust Fund.

Current Status: As of June 30, 2017, the Finance Department will lead the efforts to comply with Florida Statute 218.415, Subsection 13. The Cemetery Liaison will work cooperatively with Finance on these efforts.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 9

Issue No: 317

Date of Finding: 06/29/2016

Est. Completion Date: 08/01/2017

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
<u>Responsible Person 2</u>	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Policy

Anticipated Date of Completion 08/01/2017

Final Date of Completion 08/01/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 9

Issue / Observation Condition

In regard to SOPs and training, the CAO noted the following:

1. The Parks Department has not established SOPs for effective and consistent monitoring of contracts between the City and Carriage.
2. The Cemetery Liaison does not have the required eight hours of investment training.
3. The members of the Cemetery Board have not received investment training for the purpose of overseeing public fund investments.

Criteria

Section 218.415 (14) of Florida Statutes requires continuing education for government officials and states "The investment policy shall provide for the continuing education of the unit of local government's officials responsible for making investment decisions or chief financial officer. Such officials must annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products."

Recommendation: The City Manager should require that the Parks Department develop SOPs and related training manuals for the operation of the Cemetery System. In addition, the Cemetery Liaison and Cemetery Board members must receive the required eight (8) hours of public fund investment training related to investment practices and products.

Correction Plan: Management concurs with the finding and recommendation.

The Parks and Recreation Department will develop standard operating procedures and related training manuals for the continuity of operations of the Cemetery System. Estimated date of implementation is August 1, 2017.

As stated in the Investment Policy, the Cemetery Board of Trustees is designated as trustor of the Perpetual Care Trust Fund and is responsible for administering the investment program. The Cemetery Board of Trustees should consider training in public fund investments. Estimated date of implementation is August 10, 2017.

Current Status:

As of June 30, 2017, the Parks and Recreation Department is in the process of developing standard operating procedures and related training manuals for the continuity of operations of the Cemetery System.

The Cemetery Liaison and Cemetery Board members will receive the required eight (8) hours of public fund investment training related to investment practices and products. The Cemetery Liaison will advise the Cemetery Board of Trustees of opportunities for public fund investment training at its next regular board meeting on July 13, 2017.

The local chapter FGFOA will host a seminar on August 10, 2017 that provides 8 hours CPE on investment training to meet the Florida Statutes.

SunTrust may be able to provide the Cemetery Liaison and Cemetery Board members with a few hours of basic investment education.

Operational Audit of the City of Fort Lauderdale Cemetery System - Observation 4

Issue No: 318
Date of Finding: 06/29/2016

Est. Completion Date: 08/01/2017

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
<u>Responsible Person 2</u>	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Workshop

Anticipated Date of Completion 08/01/2017

Final Date of Completion 08/01/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Observation 4

Issue / Observation Condition

Regarding a long term study of the adequacy of the Trust Fund for perpetual maintenance and of the Trust Fund's investment strategy, we noted the following:

- The Trust Fund balance for the period ending 9/30/2014 is approximate \$25 million, which seems excessive considering the lack of maintenance and the visual appearance of the cemeteries. The current repair and maintenance costs are approximately \$500,000 annually and there is no analysis to review the appropriate level of the corpus.
- SunTrust's quarterly investment statement does not describe the investment styles of the funds in the portfolio.
- The Trust Fund investment portfolio managed by SunTrust underperformed vs. policy benchmarks, blended benchmarks or S&P 500 in every period and in each category from year-to-date or from inception-to-date for the period ending June 30, 2015.
- The City has not conducted a study to evaluate the adequacy of the Trust Fund.
- The Parks Department has not conducted a study

Recommendation: The City Manager should consider hiring an independent consultant with knowledge of cemetery operations to conduct a study for the best long-term course of action concerning the management of the Trust Fund and the desired level of funds needed to provide for perpetual care.

The City Manager and Parks Department should request that SunTrust provide full descriptions for each investment in their quarterly portfolio presentation.

Finally, the City Manager should consider retaining an independent consultant to conduct a review of the current investment strategy. More specifically, the review should compare the current active strategy with a passive investment strategy to determine whether a passive investment strategy with lower fees can better meet the goals and objectives of the Trust Fund.

Auditor Note: A Request for Proposal (RFP) was issued for a comprehensive cemetery master plan; however it has been placed on hold at the direction of the Cemetery Board of Trustees.

Correction Plan: Management concurs with the recommendation and will proceed as directed by the City Manager. Staff will place this item on the Cemetery Board of Trustees agenda for further consideration.

Current Status:

As of June 30, 2017, the Cemetery System Board of Trustees will discuss the Cemetery Master Plan RFP at its meeting on July 13, 2017. The Cemetery Master Plan will help determine the correlation between the fund balance and the necessary levels of services required.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 10

Issue No: 319
Date of Finding: 06/29/2016

Est. Completion Date: 12/31/2017

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
<u>Responsible Person 2</u>	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone RFP

Anticipated Date of Completion 09/08/2017

Final Date of Completion 12/31/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 10

Issue / Observation Condition

The RFP and contract for cemetery management did not include a requirement for a “Standards for Attestation Engagement (SSAE) 16 Report - Reporting on Controls at a Service Organization”.

Criteria

All outsourced functions that delegate the processing of financial information, utilize personally identifiable information or contain healthcare details covered by HIPPA, are required to have an SSAE 16 report.

SSAE 16, SOC 1 - Report on controls at a service organization relevant to a user entity's internal control over financial reporting. A type 1 report focuses on a description of a service organization's system and on the suitability of the design of its controls to achieve the related control objectives included in the description, as of a specified date. A type 2 report contains the same opinions as a type 1 report with the addition of an opinion on the operating effectiveness of the controls to achieve the related control objectives included in the description thr

Recommendation: The City Manager should amend the current contract to include a requirement for an SSAE 16 - “Reporting on Controls at a Service Organization” SOC 1, type 2 report.

Correction Plan: Management concurs with the finding and recommendation. The Parks and Recreation Department will address this recommendation in the next RFP for Cemetery Management Services requiring the future contractor to provide the SSAE 16 - “Reporting on Controls at a Service Organization” SOC 1, type 2 report. Estimated date of implementation is December 31, 2017.

Current Status: As of June 30, 2017, the Parks and Recreation Department will address this finding in the next Request For Proposal (RFP) for Cemetery Management Services requiring the future contractor to provide the SSAE 16 - Reporting on Controls at a Service Organization SOC 1, type 2 report.

The future RFP draft will commence in July 2017.

Carriage Services contract expires September 30, 2018.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 11

Issue No: 320
Date of Finding: 06/29/2016

Est. Completion Date: 07/14/2017

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
<u>Responsible Person 2</u>	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone

Anticipated Date of Completion 07/14/2017

Final Date of Completion 07/14/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 11

Issue / Observation Condition

The Parks Department does not maintain document control of the "Cemetery Interment Rights Purchase/Security Agreement" forms known as the "contract". Carriage orders blank contracts from a print shop with sequential document numbers, and then assigns a limited number (normally ten copies at a time) of blank contracts to several of their sales agents. However, there is no inventory of the pre-numbered forms, with a log indicating what numbers are assigned to which salesperson, a record of voided forms, and a list of completed forms to permit a reconciliation and accounting of all contracts.

Criteria

Under the COSO framework, Control Activities, Principle 10: The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. Reconciliations, physical safeguarding and access control, and proper form design are fundamental elements of effective internal control.

Cause

The Parks D

Recommendation: The City Manager should require the Parks Department to maintain contracts in proper sequential order, accounting for any missing sequence contract number, and investigate any missing contract documents.

Correction Plan: Management concurs in principle with the finding and recommendation.

The Cemetery Liaison reviews all contracts on a monthly basis to ensure compliance. The Liaison can obtain access to Carriage's information system to account for any missing sequence contract numbers. Estimated date of implementation is May 31, 2017.

Current Status: As of June 30, 2017, the report is being examined for discrepancies via the Agreed-Up On Procedures Audit (AUP).

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 12

Issue No: 321
Date of Finding: 06/29/2016

Est. Completion Date: 08/01/2017

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
<u>Responsible Person 2</u>	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone

Anticipated Date of Completion 08/01/2017

Final Date of Completion 08/01/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 12

Issue / Observation Condition

The Parks Department does not maintain proper plot inventory records.

Criteria

Under the Committee of Sponsoring Organizations (of the Treadway Commission COSO) framework, Control Activities, Principle 10: The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. Reconciliations, physical safeguarding and access control, and annual inventories are fundamental elements of effective internal control.

Cause

Some of the causes include:

- The Parks Department has not performed land/plot inventory for many years.
- There seems to be a lack of understanding in the performance of job duties.
- There is a lack of formal training and Standard Operating Procedures (SOPs).
- There is a lack of internal controls over the accountability of plots.

Recommendation: The City Manager should require the Parks Department to maintain accurate plot inventory records, including beginning plot inventory, plots available for sale, plots sold during the year, and ending inventory.

Furthermore, the City Manager should consider requiring that the future contract include a provision that digital cemetery map systems be implemented in all city cemeteries.

Correction Plan: Management concurs with the finding and recommendation. The Parks and Recreation Department shall require the future contract include a provision for digital cemetery map systems. Estimated date of implementation is December 30, 2017.

Current Status:

As of June 30, 2017, Carriage Services conducted a comprehensive plot inventory study of the Fort Lauderdale Cemetery System to determine the total plots available as of May 9, 2017. The Cemetery Board of Trustees received the property inventory report at its meeting on May 11, 2017.

The Request for Proposal (RFP) for a future contract will include a provision for digital cemetery map systems. The RFP will be submitted to the Procurement Division in July 2017.

Department of Sustainable Development

Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 2

Issue No: 108
Date of Finding: 10/24/2011
Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	abattle	Alfred Battle	Deputy Director Sustainable Development	Sustainable Development
<u>Responsible Person 2</u>	schess	Sherrilynn Chess	Business Manager	Sustainable Development

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone

Anticipated Date of Completion 09/30/2017

Final Date of Completion 09/30/2017

Department: Sustainable Development

Audit Initiator Commission Audit

Title: Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 2

Issue / Observation Condition
 The City of Fort Lauderdale is not reporting code liens in accordance with generally accepted accounting principles (GAAP), specifically Governmental Accounting Standards Board (GASB) 33. Auditor Note: The City Auditor's Office (CAO) has communicated the potential financial reporting issue to the external auditor for their consideration.

Criteria
 GASB Statement No. 33 establishes accounting and financial reporting standards for imposed nonexchange revenue transactions – governments are required to recognize assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first.

Recommendation: The CAO recommends that the City Manager require the following:
 1. The Director of the Building Department work in conjunction with the Finance Director to determine the total outstanding code lien receivables owed to the City.
 2. The Director of the Building Department develop a policy to communicate to the Finance Department when liens are established, the amounts that are accruing, and payments received.
 3. The Director of the Building Department develop a policy for the City Commission's consideration to set the minimum acceptable level for code lien settlements to allow the Finance Department to determine the net collectible receivable to be recorded in the financial statements, in accordance with GASB 33.

Correction Plan:
 1) Management concurs. The Director will work with the Finance Department and Information Technology (IT) to enhance the current Community Plus software to provide the ability to determine the total outstanding code liens and fines owed to the City at any given time. If the current software is not capable of such enhancement, a replacement product will be sought.
 2) Management concurs. The Director will develop a policy to communicate to the Finance Department when liens are established, the amounts that are accruing, and payments received. The current software enhancement should include the ability to communicate and share this information with Finance. If that is not possible, an alternate software product should be sought as stated above.
 3) Management concurs. The Director will develop a policy and will make recommendations to the City Commission for setting minimum acceptable levels for Code lien settlements to allow the Finance Department to determine the net collectible receivable.

Current Status:

The Finance Department will receive visibility of the payment portal and or be sent a report when liens are established, the daily accrual, and when payments are received for each case. The payment portal of Accela will be customized to support payments being posted to their respective account versus the current method of posting miscellaneous receipts. The Citys Lien Reduction Program is the legislation adopted by the City Commission that outlines what consideration shall be used by the Special Magistrate when determining a minimum acceptable level for code lien settlements.

Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 3

Issue No: 109
Date of Finding: 10/24/2011

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	abattle	Alfred Battle	Deputy Director Sustainable Development	Sustainable Development
<u>Responsible Person 2</u>	schess	Sherrilynn Chess	Business Manager	Sustainable Development

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Timelines

Anticipated Date of Completion 09/30/2017

Final Date of Completion 09/30/2017

Department: Sustainable Development

Audit Initiator Commission Audit

Title: Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 3

Issue / Observation Condition
 The current management information system, "Community Plus", does not appear to meet Code Enforcement's needs. For example, a complete listing of all outstanding code liens and their associated values cannot be produced.
 See also City Auditor's Office (CAO) Report #07/08-10, "Audit of the Code Enforcement Division", Condition/Cause, "Community Plus has the ability to generate custom reports however, Code Enforcement Division (CED) staff rarely use this functionality due to the lack of practical guidance materials. CED management personnel were given training on how to use Community Plus to generate custom reports but were not provided with a desk reference manual with step-by-step screenshots."
 Auditor Note: The Information Technology Department (IT) provided the CAO with a "Code Enforcement Fine Report" listing all outstanding liens and associated value on 10/3/2011. The report indicated 2,802 outstanding liens, with a fine and lien value of \$153,430,449.

Recommendation: The CAO recommends that the City Manager require the Director of the Building Department to work in cooperation with Finance, Information Technology, and the software service provider to evaluate Code Enforcement's management information needs and implement a system capable of meeting those requirements.
 Auditor Note: See also CAO Report #07/08-10 p.9, "Audit of the Code Enforcement Division", Management Response, "Generally reports directly available through Community Plus are not sufficient to meet division needs as they lack essential data."

Correction Plan: Management concurs. The Director will work in cooperation with Finance, Information Technology, and the software service provider to evaluate Code Enforcement's management information needs and implement a system capable of meeting those requirements, including reports with essential data sufficient to meet division needs.

Current Status: Currently, the Code Compliance Division is migrating from Community Plus to the Accela system in phases. Accela allows the opportunity to create data fields and reports that support the generation and transmission of reports that have the outstanding balance for code liens.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 6

Issue No: 291
Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	abattle	Alfred Battle	Deputy Director Sustainable Development	Sustainable Development
<u>Responsible Person 2</u>	schess	Sherrilynn Chess	Business Manager	Sustainable Development

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone hire staff

Anticipated Date of Completion 09/30/2017

Final Date of Completion 09/30/2017

Department: Sustainable Development

Audit Initiator Commission Audit

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 6

Issue / Observation DSD lacked a clearly defined plan, other than the use of temporary staff, to meet increased departmental workloads. Temporary staffing was used for over 2 years, making them in effect an undisclosed permanent component of DSD's employee headcount.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require the DSD Director to develop a clearly defined level of staffing needed to meet current and projected demands for service.

Correction Plan: Management agrees with this recommendation. Development trends are typically fluid with private investment responding to changing market conditions. These fluctuations can occur throughout the year and vary dramatically from one fiscal year to the next. DSD has responded to the cyclical spikes in permitting activity by requesting and receiving 35 new full-time regular positions in the FY 2015 and FY 2016 adopted budgets. Of these positions, 11 specific to the Building Division were requested and approved as a mid-year budget amendment in 2015 (Exhibit 2) demonstrating a proactive approach for meeting the increased demands for service .

Current Status: The Department of Sustainable Development has reviewed the temporary staffing needs and will reassess its needs once the eight new positions approved through a budget amendment request are filled.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 4

Issue No: 295

Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	abattle	Alfred Battle	Deputy Director Sustainable Development	Sustainable Development
<u>Responsible Person 2</u>	schess	Sherrilynn Chess	Business Manager	Sustainable Development

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone training

Anticipated Date of Completion 09/30/2017

Final Date of Completion 09/30/2017

Department: Sustainable Development

Audit Initiator Commission Audit

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 4

Issue / Observation DSD used Building Permit funds for purposes other than included as allowable charges to enforce the Florida Building Code in accordance with the Florida Statute 553.80 (7)(a).

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require the DSD Director to:

- Train appropriate DSD personnel on the allowable uses of Building Permit funds in accordance with Florida Statute 553.80 (7)(a) and to establish processes that will prevent misuse.
- Reimburse the Building Permit Fund for any improper charges.

Correction Plan: Management agrees with this recommendation. During the creation of the FY 2016 Budget, DSD management recognized that most of the charges for temporary staffing services for FY 2015 were incorrectly charged to the Building Fund. After finding the error, staff worked with the Budget Office to estimate the anticipated charges and prepared an internal fund transfer to cover the charges that were eligible to be covered by the Building Fund. The expenditure transfer was completed on October 15, 2015 (Exhibit 3). Moving forward, DSD management will be charging the appropriate fund for the related staffing services. Also, as previously mentioned regarding the improvement of internal controls, the Deputy Director assigned to focus on internal operations is tasked to work with the Financial Administrator to implement internal controls, develop administrative policies and procedures, and identify and apply timely corrective actions throughout the department.

Current Status: The Department of Sustainable Development has improved even further it's procedure to capture and allocate correctly all charges pertaining to Building and General funds, sharing the salary and square footage allocation information with all personnel responsible for processing expenditure and collecting revenue. The Department has also developed an auditing procedure to evaluate and correct any mistakes found. As such the Department of Sustainable Development considers this issue implemented and requests it to be closed.

Fiscal Year 2017 Financial Audit Timeline

City CAFR

- 7/31/17 - Crowe to conduct interim IT fieldwork
- 9/18/17 - 9/25/17 - Crowe to conduct interim audit procedures
- 10/16/17 – Crowe to conduct roll forward IT fieldwork
- 11/27/17 – 12/11/17 – Crowe to conduct GERS fieldwork
- 1/15/18 - 2/26/18 - Crowe to conduct year-end fieldwork
- 1/25/18 - Finance to provide draft basic financial schedules to Crowe/AuAB
- 2/12/18 or prior - Finance to provide complete CAFR to Crowe
- 3/1/18 - CAFR presentation to AuAB
- 3/20/18 - CAFR presentation to Commission

Community Redevelopment Agency

- 11/20/2017 – CRA to provide final trial balance to Crowe
- 11/6/17 – 12/4/17 – Crowe to conduct year-end fieldwork
- 3/1/18 – Crowe to present CRA audit to AuAB
- 3/20/18 – Crowe to present CRA audit to Commission

General Employees' Retirement System

- 11/20/2017 – GERS to provide final trial balance to Crowe
- 11/27/17 – 12/11/17 – Crowe to conduct year-end fieldwork
- 12/4/2017 – GERS to provide Crowe with GASB 72 investment information
- 12/11/2017 – GERS to provide statement of fiduciary net position and statement of changes in fiduciary net position as well as the 10/1/2016 – 9/30/2017 DROP reconciliation to actuary to complete GASB 67
- 1/8/2018 – Actuary to provide GASB 67 report
- 1/25/2018 – Crowe to present draft financial statements to the Audit Committee
- 2/1/2018 – Crowe to present final financial statements to the Board of Trustees