

APPROVED

**AUDIT ADVISORY BOARD REGULAR MEETING
CITY OF FORT LAUDERDALE
8th Floor Conference Room
Thursday, July 26, 2018, 5:00 PM**

<u>Board Member</u>	<u>Attendance</u>	<u>Cumulative Attendance</u> 10/1/17 – 9/30/18	
		<u>Present</u>	<u>Absent</u>
Martin Kurtz, Chair	P	4	0
D. Keith Cobb	A	3	1
Paul Czerwonka	P	3	1
Thomas Bradley	A	3	1

Staff Present

Kirk Buffington, Director of Finance
Linda Logan-Short, CFO and Deputy Director, Finance
Stanley Hawthorne, Assistant City Manager
Marco Hausy, Assistant City Auditor
Laura Garcia, Controller
Devin Carter, Assistant Controller
Diane Lichenstein, Assistant Budget Manager
Yvette Matthews, Senior Financial Management Analyst, Budget
Jay Stacy, Deputy Director of Information Technology Services
Kevin Keimel, Manager of Distributed Systems, ITS
Marion DeSantis, Housing & Community Development Program Manager
Christopher Cooper, Deputy Director, Sustainable Development
Sherrilyn Chess, Business Manager, DSD
Dawn Johnson, Senior Accountant, Finance
Ashley Feely, Management Analyst, Finance
Linda Picciolo, Board Liaison

Other Attendees

Michelle Blackstock, Crowe Horwath
John Weber, Crowe Horwath

Call to Order

Chairman Kurtz called the meeting to order at 5:01 PM.

Roll Call

At the time of roll call, two (2) appointed members to the Board were present, not allowing for a quorum.

Review of Meeting Minutes for Approval

Chairman Kurtz noted that the April 23, 2018 meeting minutes were still in draft, however, without a quorum the board could not finalize.

Floor Open for Public Input

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

ERP Update

Chairman Kurtz and the Board agreed to move the ERP Update to the top of the agenda. Kevin Keimel, Manager of Distributed Systems for IT, informed the members that the City had decided to upgrade to version 11.0 of the ERP package. The main reason is to prevent a change to the chart of accounts in the near future. There are other various program enhancements and the City is moving forward with the travel-planning module. Reconfiguration of some of the hardware from version 10.0 to version 11.0 is underway. Organizational change management efforts are continuing. The next meeting is scheduled for August to review the “as is” and “to be” design with the rest of the City. A Core Team appreciation event recently took place with shirts and trinkets distributed during a luncheon. Work has started on data conversions and interfaces. Training is well underway. One challenge is the tax software and the City is working with the vendor. The timetable has not changed with roll out scheduled for October 1, 2019.

Communication of FY 2019 Proposed Budget and Revenue Estimates

Laura Garcia, Controller, distributed information to the board and Diane Lichenstein, Assistant Budget Manager, was on hand to answer questions. Chairman Kurtz stated that the board did not have the opportunity to preview the information. Laura Garcia explained that the Commission requested that the City Manager reduce the ROI for the Water & Sewer Fund by 25% over four years. Budget does not have the final numbers and are working to find areas to cut.

Quarterly Audit Compliance Report – June 2018 - ACTS Update

Chairman Kurtz opened the discussion of the Quarterly Audit Compliance Report for June 2018. Linda Logan-Short, CFO / Deputy Director of Finance, explained that the table of contents would be different on the next report. Two items listed under the external audit were actually performance audit issues. She has requested they list the items separately on the next report.

City Manager Office (MGR) – Mario DeSantis, Housing & Community Development (HCD) Program Manager, was available to answer questions on two new items. The first is regarding the disaster recovery grant reporting (DRGR) system. This is an electronic reporting system with limited access. Several people that had access have retired over the past 18 months. Even though HCD has requested access numerous

times through the Miami office, HUD has not granted access due to their own staffing issues. Once granted, it will take less than 30 days to file the reports. Mario is documenting the calls and conversations. Chairman Kurtz noted that they received the deficiency for not filing the reports however; they do not have access to file. Mario explained that these are final reports for grant funding received years ago. It has been about 18 months. He got on top of it last August. HUD supplies additional funding for disaster areas and declares eligibility. Stanley Hawthorne, Assistant City Manager, discussed the turnover in HCD. Mario has been Interim Manager for about one year.

The second issue concerns slow moving projects. There are three federal projects: the HOME program assists with purchasing homes, the Community Double Block Grant (CDBG) offers a variety of services for low and moderate-income families, and the Housing Opportunities for Persons with Aids (HOPWA) is a Broward County Program that helps families of AIDS patients. Typically, the award letter does not arrive until December, so accounts cannot be set-up in the federal system. This causes a slow start-up that eventually picks up around June. There is another swing of grants in October. Two of the CDBG projects had federal compliance issues, causing delays in the spending of the grants. HCD has seven years to spend the money. Slowdowns occur when projects do not stay in compliance and require additional steps to get back in compliance. Usually slowdowns occur in the CDBG program, rather than the HOPWA or HOME programs. Chairman Kurtz noted that Mario expects to close out the slow moving projects to correct the audit finding in September 2018. Mario stated that they have made great strides in drawing down the funds, from \$1.4 million last June down to \$400,000 this year. Projects proceed with caution to protect the City and to stay in compliance with the grant requirements. A few of the outstanding projects were from FY 2016-2017 due to extra environmental issues. Chairman Kurtz asked about the grants and funding received by HCD. The three major grants received from the federal government are HOME, CDBG, and HOPWA. HCD also receives State Housing Initiative Partnership (SHIP) funds for rehabilitation. This is all of the funding HCD receives. Next year HCD will receive some general revenue funding that will cover some shortages. In October, the new CDBG will come in at \$1.57 million for FY 2018-2019.

Follow-up on External Audit Finding

Chairman Kurtz asked about the external audit finding discussed at the last board meeting. Linda Logan-Short explained that the annual grant compliance training scheduled for August would stress the need for centralizing the point of contact when completing grant applications. The finding, considered a material weakness, came about because the CIPA number changed. The department was aware of the change however, they did not notify the Finance Department. Chairman Kurtz asked if there was a policy in place or not. Yvette Matthews, Senior Financial Management Analyst for the Budget Division explained that she also is grant liaison for the City Manager's Office. The policy does not clearly state that the contact for the City on any grant modifications should be the City Manager's Office. This policy update is in progress. Departments know to report grant amendments to Finance. However, this amendment did not relate to the timing of the grant or the grant funding. It was an update to the

grant number and an oversight at the department level for not notifying Finance. Ongoing training throughout the year will alert new employees. New applications must list the point of contact as the City Manager. Linda Logan-Short noted that Finance, Treasury division, performs an additional check to the contact information on the grant awards.

Quarterly Audit Compliance Report – June 2018 - ACTS Update - Continued

Chairman Kurtz redirected attention to the continued discussion of the ACTS Update.

Community Redevelopment Agency (CRA) – Chairman Kurtz did not request a representative be present because it appears as though they are meeting their established timetable. He asked for clarification as to when the finding would close. Yvette Matthews explained that the department works with the City Auditor's office to comply. The finding closes when the City Auditor is satisfied the plan is in place and implemented properly. The discussion continued about some recently closed findings. Marco Hausy, Assistant City Auditor, explained that observations and actual findings carry different weights. Observations do not rise to the level of a finding.

Cemetery System / Parks and Recreation (PKR) – Chairman Kurtz spent a lot of time on the Cemetery findings this week and he is not satisfied with the status. Stacy Spates, Administrative Assistant II, responsible for the Cemetery system, responded with written answers to his questions because she was unable to attend this meeting. The Cemetery Board of Trustees oversight results in a slightly different situation, which complicates the ability to deal with the findings. Chairman Kurtz is frustrated because there are no Cemetery Board meeting minutes available since January, which makes it impossible to determine if the trustees are taking the findings seriously. Marco Hausy assured Chairman Kurtz that he attends the meetings and the Cemetery Board takes everything seriously. The board is quite passionate about the role they play, their responsibilities, and how funds are spent. The responsibility of the meeting minutes fall to the Board Liaison, which is Stacy. Laura Garcia added that when searching for financial information for the investment reports, she was unable to locate information on the website. Chairman Kurtz appreciates Stacy's responsiveness. He gave her the questions and she replied the same day. He does see progress however; some of the findings are very old. Linda Logan-Short advised that only a few of the ten trustees attended the required training made available to the board. Chairman Kurtz commented that there are members in their sixth term. He also noted that SunTrust and the Board were revising their investment policies. To Linda Logan-Short's knowledge, they have not. Chairman Kurtz asked if the City was taking over the operations when the Carriage contract is over in September. The RFP only had one response from the current contractor. Linda Logan-Short will follow up to see exactly where the City stands with bringing services in-house. Chairman Kurtz would like to know who is handling which aspect before the next Audit Advisory Board meeting.

Human Resources Department (HRD) – Chairman Kurtz did not request a representative from Human Resources due to no changes to the findings. HRD will be a big part of next quarter's discussion.

Department of Sustainable Development (DSD) – Chairman Kurtz also noted that DSD is waiting for Accela so there were no changes to any of the findings.

External Audit Work Plan

Michelle Blackstock and John Weber came forward to deliver Crowe Horwath's external audit work plan. The Audit Advisory Board will receive the official audit plan at the next meeting. Michelle discussed the timeline worked out with staff. GERS separately engaged Crowe Horwath last year for the first time. Previously their audit was included with the City. The engagement letter for the upcoming year is pending their awards approval. Based on availability of the information required for the audit, November through December is the timeframe. They hold several alternative investment types that are more difficult to value, such as timber in Brazil. The timeline is dependent on several outside things that the City cannot control. They will provide GASB 72 information in December, along with their statements. The actuary will provide the GASB 67 report in January. Presentations will be in February. CRA audit usually runs the same timeline as the City with fieldwork in November and December.

The City's CAFR and single audit work will run from January 14 through the beginning of March. Finance will provide draft basic financial schedules to Crowe by January 25, 2019, and the complete CAFR by February 18, 2019. Linda Logan-Short advised that Finance was looking into outsourcing the CAFR development and preparation of the book. Michelle continued that the goal would be to present the CAFR to Commission on March 19, 2019. The tentative date to present the CAFR to the Audit Advisory Board is March 7, 2019. A quorum is required to take a vote and a room will need to be reserved.

Laura Garcia, Controller, introduced Devin Carter, the City's new Assistant Controller, who will be working with Crowe and City staff during the audit. Paul Czerwonka asked about investment advisors. Linda Logan-Short added that Dahab Associates, Inc. is the investment advisor for GERS. She could not remember the name of the P&F advisor.

City Auditor Update

Marco Hausy took the floor for the City Auditor update. He provided a list of recently completed items and there were no findings on any. The office completed the following reviews and audits: Municipal Public Service Tax Audit, Annual Report to Bondholders Audit, Solid Waste Hauler Franchise Fee Audit, WAVE Streetcar review, Follow-Up Audit from December 31, 2017, and Compliance Audit of the Design Phase of the Aquatic Complex. The Bahia Mar Redevelopment Revenue Projections and the CRA Annual Report were also completed. The P-Card Audit is complete but in review. The peer review of the Audit Office, prepared by Luis Delgado from Puerto Rico, went well. A peer review takes place every three years. Preliminary work on the evidence room is complete. Fire Station No. 46 is underway. The Auditor was asked to review billing for HIPPA and it was determined that billing was appropriate. The draft report of the Cemetery Audit is complete. The Final report will be out within the next two weeks.

Budget review is in progress. John Herbst has made a request to add an additional person, as a secondary reviewer, to the Audit Office. Chairman Kurtz noted that the Audit Advisory Board has always supported a fully staffed Audit Department and believes John should be freed up to manage at a higher level. The Board supports the addition of a new staff member. Marco explained the challenge to find someone with audit experience and knowledge, but also governmental experience.

Other Business

Chairman Kurtz addressed the Board's Communication to the City Commission from the April meeting. The Commission, at a conference meeting, discussed the communication indicating there was too much cash reserve in the general fund balance. The Advisory Board interpreted the policy to be equivalent to two (2) months of operating expense, allowing excess funds to go toward capital projects. The Commission and City Manager concurred that a 25% reserve was an adequate level. Linda Logan-Short added that the CAFR addresses the fund balance policy for GASB 54. There is also a debt management policy with a target balance ratio. The debt management policy is a bit more aggressive because rating agencies like to see a healthy fund balance. Because the City intends to issue debt to meet infrastructure needs, the City must maintain a healthy fund balance to get a good rating. A brief discussion ensued

Communication to the City Commission

N/A

Adjournment

The next regular meeting of the Audit Advisory Board is October 25, 2018,

The meeting adjourned at 6:05 PM.

[Minutes prepared by Linda Picciolo, Board Liaison]



July 10, 2018



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) 2019 beginning October 1, 2018. 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 2019 total proposed operating budget for all funds is \$790,341,082 including balances and transfers. This is approximately \$35.9 million less than the FY 2018 Amended Budget of \$826,191,967 or a 4.34% decrease.

The FY 2019 Proposed Budget allows the City to fund its General Fund commitments including \$10.7 million for wage increases; \$1.0 million for employee health, wellness and life insurance costs; \$1.6 million for an increase in Workers Compensation insurance; \$800,000 for increases in utility expenses; and, an increased transfer of \$1 million 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 \$131,000 to fund two positions for a new food repatriation program to serve our homeless neighbors; \$117,000 for a new Chief Education Coordinator position; \$805,000 for Equipment Replacements and Upgrades for the Fire-Rescue Department; \$102,000 to fund new events; \$650,000 to beautify our City through enhanced median maintenance; \$224,000 to fund a new position and three additional vehicles to enhance the Parks and Recreation Department's facilities maintenance program; \$158,000 to add a new position and resources to enhance Economic Development; and \$160,000 for Transportation technology solutions including Blue Tooth Sensors and Speed Radars.

The Budget Advisory Board (BAB) shared its sentiments with you at your joint meeting on June 20th. Their recommendations recognize the constraints of the budget and place an emphasis on the efficient use of resources. "The BAB wants to ensure that there are measurable results for new dollars requested". Within budgetary constraints, the BAB supported improvements to infrastructure, training, and selected service enhancements.

Office of the City Manager


100 North Andrews Avenue, Fort Lauderdale, Florida 33301

Telephone (954) 828-5013, Fax (954) 828-5599

www.fortlauderdale.gov

CAM #18-0520

Exhibit 1

Page 1 of 24 

The FY 2019 proposed General Fund Operating Budget, including balances and transfers, is \$362,553,864. This proposal maintains our current millage rate of 4.1193 for the twelfth consecutive year and produces a structurally balanced budget for the sixth straight year. It also maintains the Fire Assessment Fee at the current annual rate of \$256 per single-family residential dwelling. This Proposed Budget maintains our current Return on Investment transfer from the Water and Sewer, Central Regional Wastewater, and Parking Funds. Estimates for state revenues such as the Communications Service Tax and Half Cent Sales Tax have not been received for FY 2019. The General Fund budget represents a 1.6% decrease from the FY 2018 Amended Budget of \$368,480,845. 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 8.79%, with new construction valued at \$824 million, area tourism is estimated at 12.8 million visitors annually, and we are experiencing a continued low crime rate. In addition, Fort Lauderdale's unemployment rate is 3.2%, which is the lowest in over eight years and lower than the 3.4% 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 2018 series water and sewer system revenue 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 a "Strong financial risk profile assessment".....and "very strong financial management assessment." For this same bond issuance Moody's Investor Services assigned a rating of Aa1 noting "The stable outlook reflects the system's health financial position". In addition, S&P maintained the City's AA+ rating and Moody's Investor Services maintained the City's stable Aa1 rating on General Obligation debt, noting "credit position for Fort Lauderdale is very strong, and its Aa1 rating is above the US cities median of Aa3".

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 and ratepayers. 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 179,000 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.

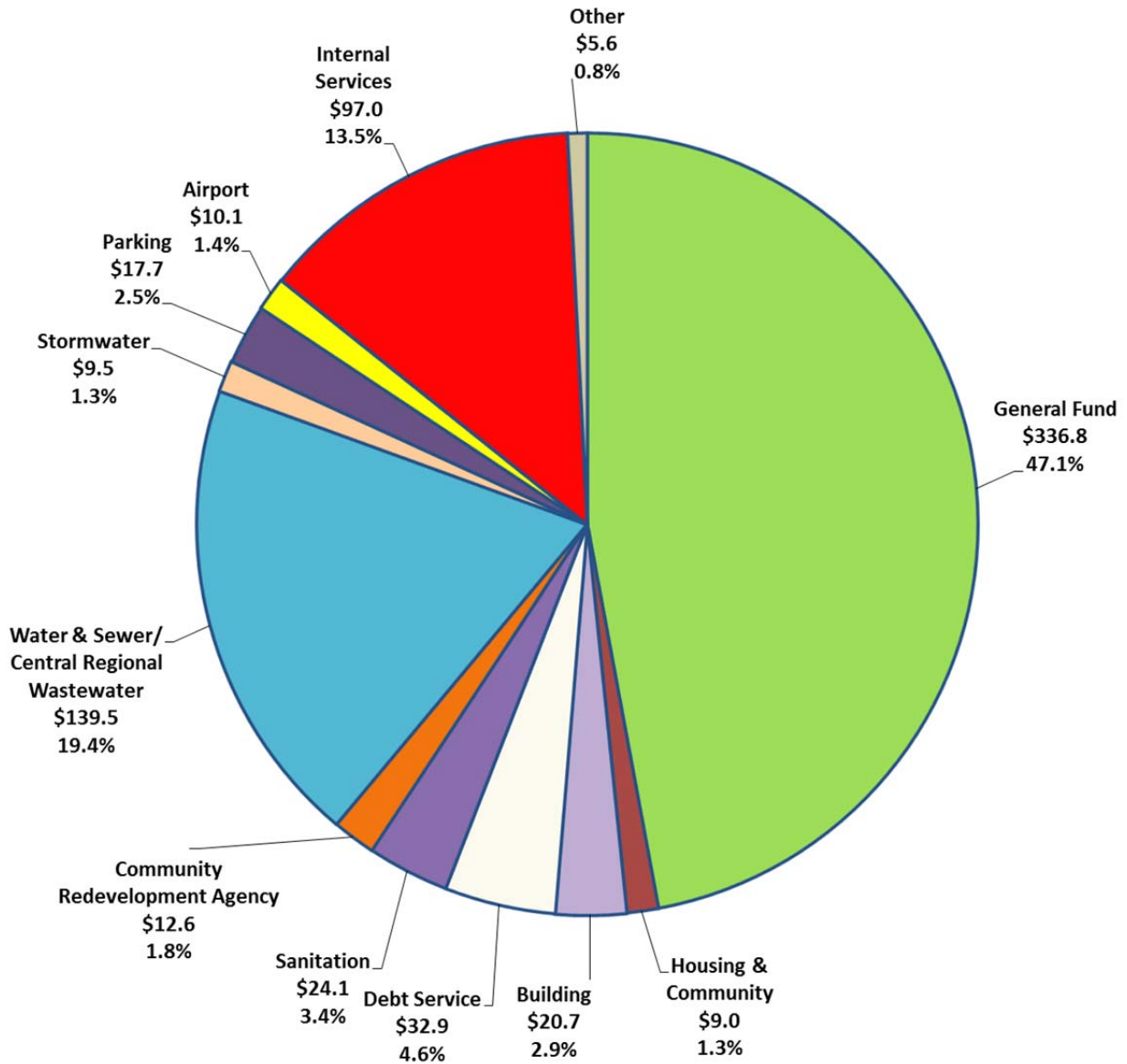
In order to maintain service levels and to propose service enhancements, Community Builders in each department used their best professional judgment and neighbor input to analyze the trends and market forces impacting revenues and expenses to establish funding proposals. The Revenue Estimating Conference 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 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 Budget Advisory Board 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."*

To ensure long term financial stability, the City of Fort Lauderdale performs a comprehensive financial sustainability analysis for each major fund annually as a part of the budget development process. This process allows us to examine the current revenues and expenditures and project ten years into the future to ensure that the City can meet all of its ongoing obligations such as operating expenses, capital investments, debt service, and minimum reserve targets over the ten year horizon.

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 2019 Proposed Operating Budget without Transfers - \$715.5 (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 fifth Annual Neighbor Survey, in December 2017.

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) how well the City is preparing for the future; and 3) the overall maintenance of streets, sidewalks and infrastructure.

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 2017 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 to ensure the most pressing needs of the community are addressed. Additionally, CIP projects support the Cylinders of Excellence and the 2035 Community Vision.

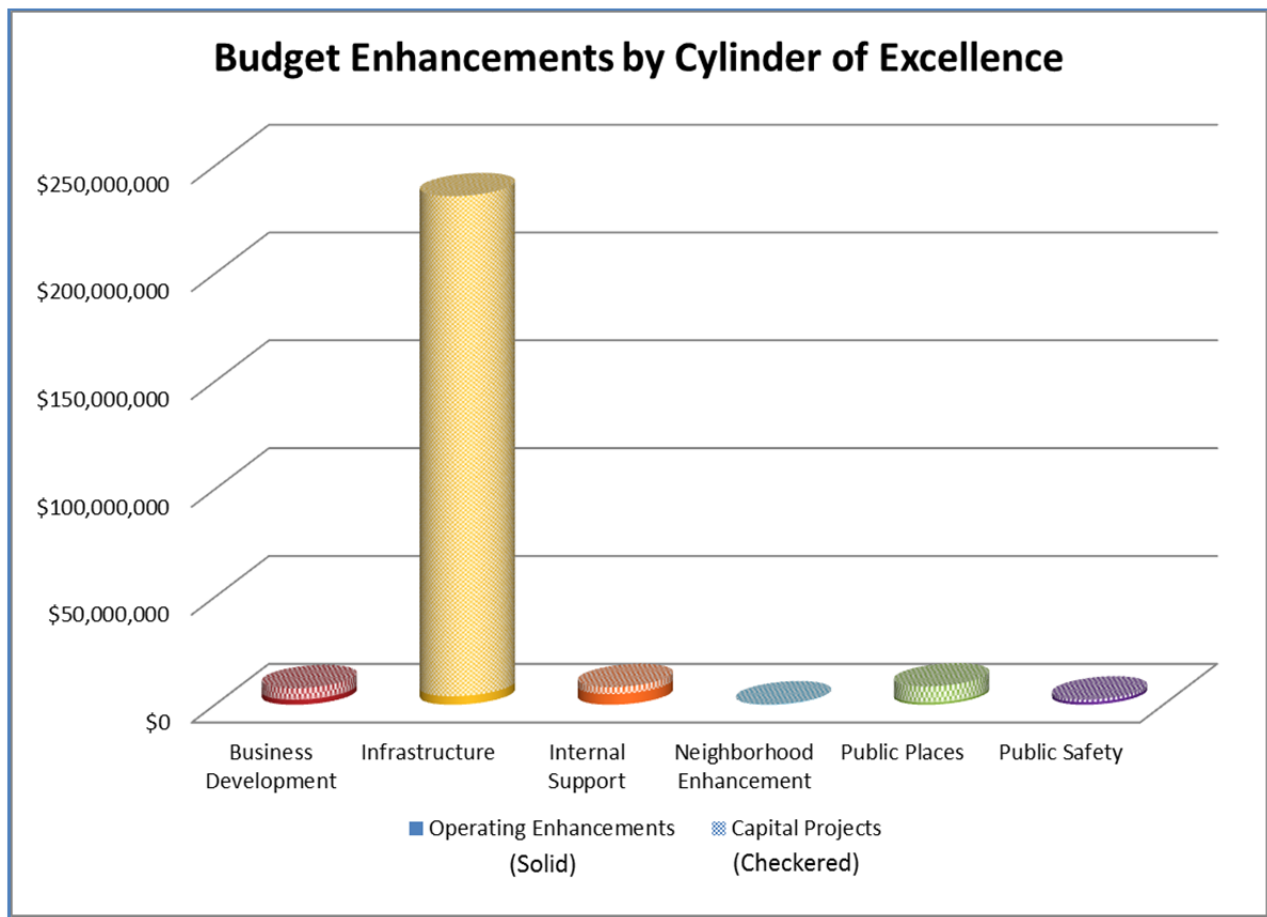


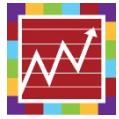
City of Fort Lauderdale Vision Statements

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.

 <p>WE ARE CONNECTED. We move seamlessly and easily through a safe transportation system where the pedestrian is first.</p>	 <p>WE ARE HERE. We are an urban center and a vacationland in the heart of South Florida.</p>
 <p>WE ARE READY. We are a resilient and safe coastal community.</p>	 <p>WE ARE PROSPEROUS. We are a subtropical City, an urban laboratory for education and business.</p>
 <p>WE ARE COMMUNITY. We are a neighborhood of neighborhoods.</p>	 <p>WE ARE UNITED. We are a strong and vibrant kaleidoscope of multi-generational cultures, ethnicities, and community partners.</p>

The FY 2019 proposed operating budget and community investment plan includes over \$262.5 million in funding enhancements and new or reprioritized projects, including 34 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 2019 CIP includes \$5.3 million in new funding for capital projects. The operating budget includes \$2.3 million in enhancements including 3 new positions. The CIP and operating budget enhancements for this cylinder include:

- Aviation equipment and service facility expansion, and runway improvements for Fort Lauderdale Executive Airport (FXE) - \$4.7 million
- Develop strong partnerships with educational institutions and to enhance the effectiveness of educational development of youth and adults within the City - \$117,348
 - One Chief Education Officer
- Expand of Business Engagement Assistance & Mentorship (BEAMs) program - \$158,033
 - One Economic Development Representative
- Enhance technology and safety systems at Fort Lauderdale Executive Airport (FXE) - \$750,000
- Land and asset management system project - \$596,278
- Enhance public perception of FXE - \$965,000
- Enhance services and equipment at FXE - \$251,000
- Contribution to the Nova Southeastern University Museum of Art – Fort Lauderdale - \$500,000
- Improve communication with the Northwest Progresso Flagler Heights community - \$97,470
 - One Strategic Communications Specialist



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 2019 CIP includes \$231.6 million in new funding for capital projects. The operating budget includes \$4.0 million in enhancements, including 11 new positions. Highlights of the CIP and operating budget enhancements follows below:

- Enhance the City's solid waste and recycling program - \$92,517
 - One Administrative Assistant II
- Improve response to utilities services - \$242,280
 - Two Utility Field Representatives
- Enhance maintenance and repair of collection system - \$500,000
- Conduct a traffic study and preliminary engineering along SE/NE 3rd Avenue and Andrews Avenue - \$75,000
- Create an Adopt-A-Drain program - \$9,000
- Create a speed radar sign program - \$45,000
- City-wide inspection and assessment of streets and alley ways - \$180,000
- Enhance sewer cleaning services - \$300,000
- Improve the City's stormwater maintenance program - \$232,290
 - One Utility Service Worker
 - Two Utility Service Worker III
 - One Utility Service Worker IV
- Improve the City's Water & Sewer preventative maintenance program - \$323,536
 - One Utility Service Worker
 - One Utility Service Worker III
- Improve tidal valve maintenance – \$81,161
 - One Utility Service Worker
- Two (2) trucks to enhance stormwater operation's functionality - \$67,446
- Improve water treatment process and management quality - \$85,955
 - One Regional Chief Water Operator
- Central Region Wastewater System Capital Projects - \$9.4 million
- Complete streets and walkability improvements - \$700,000
- Corridor improvements along State Road A1A - \$8.0 million
- Improve response time for line stops - \$250,000
- Increase efficiency of stormwater drying beds - \$70,302

- Establish a Watershed Asset Management Plan (WAMP) - \$1.4 million
- Additional funding for Breakers Avenue and Birch Road Improvements - \$410,000 (bringing total project appropriations to \$3.0 million)
- Priority bridge restoration projects - \$750,000
- Priority Water and Sewer Community Investment Plan Projects - \$6.7 million
- Stormwater infrastructure improvements - \$203.3 million (subject to bond financing)
- Road maintenance and resurfacing - \$1.2 million
- Priority sidewalk and paver replacement projects - \$1.0 million



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 operating budget includes \$171,152 in enhancements, including the addition of 1 full time and 1 part time position. Highlights of the CIP and operating budget enhancements follows below:

- Create a food repatriation program - \$131,152
 - One Administrative Assistant I
 - One Part Time Driver
- Create personal property asset search program - \$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 2019 CIP includes \$7.6 million in new funding for parks and other public places. The operating budget includes \$942,172 in enhancements, including the addition of 5 full time positions and the reduction of 2 part time positions. Below is a summary of the CIP and operating budget enhancements for the Public Places Cylinder of Excellence:

- Improve program coordination at Carter Park - \$83,756
 - One Recreation Program Coordinator
- Improve maintenance of tennis facilities by increasing full-time community builders and reducing part-time positions - \$17,783
 - One Municipal Maintenance Worker II
 - Reduce Two Part Time Municipal Maintenance Workers
- Reduce water consumption and expense by expanding new technology irrigation program – (\$38,127)
 - One Irrigation Technician
- Increased maintenance at Snyder Park – \$106,208
 - Two Apprentice Municipal Maintenance Workers
- Enhance community building through programs and events - \$102,552
- Mills Pond basketball courts - \$400,000
- Florence C. Hardy Park improvements - \$800,000
- Enhance median maintenance - \$650,000
- Funding for an annual box wrap program - \$20,000
- Mills Pond Park artificial turf field - \$3,000,000
- Aquatics Complex renovations - \$337,711
- Mills Pond Park “green” improvements - \$749,300
- City-wide playground replacements - \$497,250
- City park renovations and improvements - \$1.1 million
- Riverwalk park improvements - \$200,000
- Parker Playhouse renovation - \$500,000



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 2019 CIP includes \$1.2 million in new funding for public safety related capital projects. The operating budget includes \$1.2 million in enhancements in support of the Public Safety Cylinder of Excellence. Highlights of the CIP and operating budget enhancements include:

- Fire-Rescue Department equipment replacements and upgrades including: Power Lift Stretchers (10), Replacement of all expired Body Armor, New Self-Contained Breathing Apparatus (10 sets), Thermal Imaging Cameras, and Fire-Rescue Humvees (3) - \$805,000
- Improve storage and architecture for the Police information technology services - \$414,000
- Police marine patrol vessels - \$710,000
- Additional funding for the fire alerting system replacement - \$500,000 (bringing total project appropriations to \$1 million)



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 2019 CIP includes \$3.3 million in new funding for the Internal Support Cylinder of Excellence. The operating budget includes \$4.9 million in enhancements, including the addition of full time 14 and 5 part time positions. A summary of the CIP and operating budget enhancements follows below:

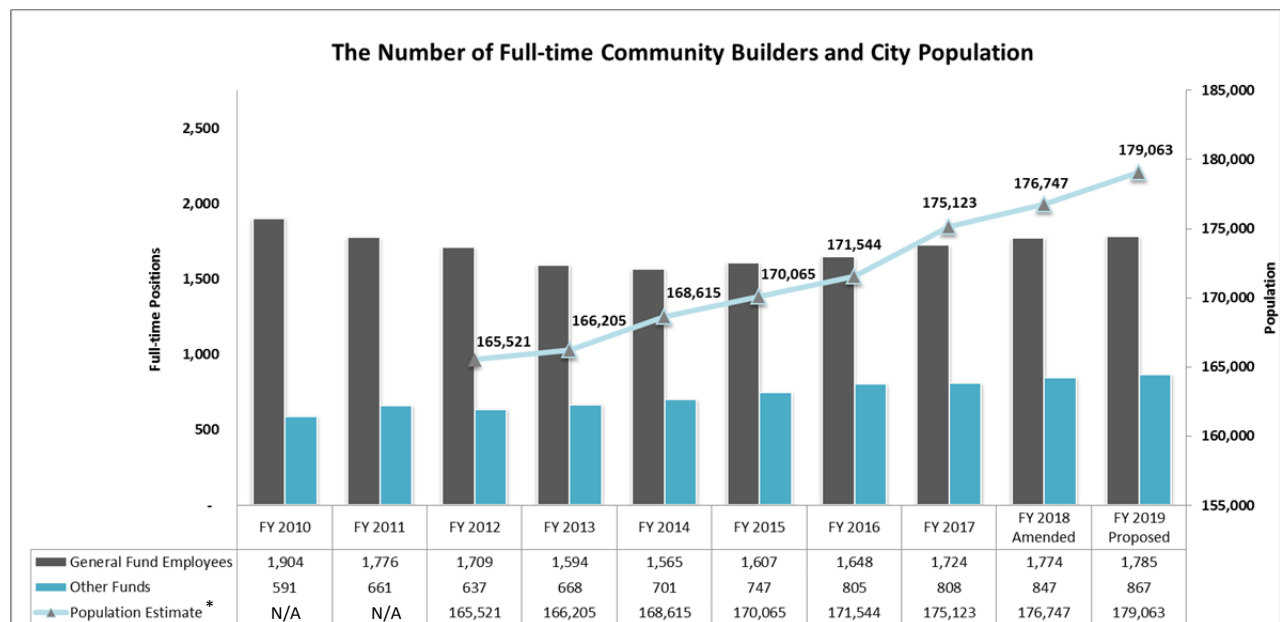
- Enhance the City's data analytics and transparency with open data software - \$100,000
- Security improvements and lobby renovation for the Department of Sustainable Development facility - \$954,720
- Replace furniture at the City Prosecutor's office - \$36,511

- New Assistant City Auditor III position - \$142,570
 - One Assistant City Auditor III
- Improved integration and support of City's land asset management system - \$1.3 million
 - One Technical Support Coordinator
 - Two Senior Technology Strategist
- Enhance call center support staff and improve data management - \$277,202
 - Two Service Clerks
 - One Administrative Assistant I
 - Four Part Time Service Clerks
- Improve staff mobility and efficiency through the purchase of additional vehicles - \$1.0 million
- Improve financial transaction efficiency and accuracy through technology - \$200,210
 - One Accounting Clerk
- Enhance Geographic Information System (GIS) resiliency for the City's land asset management system - \$195,170
- Enhance the City's communication and information technology infrastructure - \$275,692
- Enhance support for the City's enterprise resource platform implementation - \$80,756
 - One Part Time Clerk
 - One Technology Strategist
- Increase community builder safety and training - \$135,501
 - One Training Specialist
- Improving efficiency and compliance with the City business tax requirements - (\$78,963)
 - One Business Tax Office Supervisor
- Enhance the City's lien search services – (\$172,500)
- Citywide camera initiative - \$300,000
- Implement an annual purchasing card audit - \$25,000
- Enhance the City's insurance policy coverage for community builders - \$220,240
- Improve the City's technology security and encryption services - \$270,000
- Enhance the Fire-Rescue Department's administrative support - \$11,354
 - One Administrative Assistant I
- Increase staffing and relocate the health and wellness center - \$264,252
- Conduct a special neighbor survey to more accurately understand neighbor concerns - \$25,000
- Enhance the water and sewer systems critical infrastructure control system - \$100,762
 - One Technology Security Analyst
- Funding to contract with an attorney/instigator service to assist the Office of Professional Standards - \$50,000
- Enhance the City's fuel and charging stations - \$314,575
- Enhance the City's facility maintenance program with dedicated purchasing support - \$87,323
 - One Procurement Specialist II
- Enhanced traffic data by utilizing Bluetooth sensors - \$116,250
- Priority citywide facility repairs - \$2.0 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: 11 positions needed to maintain and improve

the City's **Infrastructure**, 1 full time and 1 part time position for continued **Neighborhood Enhancement**, 5 full time and the reduction of 2 part time positions for neighbor programs and maintaining our beautiful **Public Places**, 3 positions to increase our **Business Development** efforts, and 14 full time and 5 part time positions in **Internal Support** to ensure efficient delivery of services.

The net effect of the proposed position additions and changes proposed for FY 2019 is an increase to the position complement of 33.5 full-time equivalent positions or a 1.2% increase over last year's amended budget of 2,775.8 full-time equivalent positions. The total General Fund personnel complement for FY 2019 is proposed at 1,785 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 1,785 remains lower than the FY 2010 level of 1,904 full-time employees despite the new development and population increases that the City of Fort Lauderdale has experienced over this period of time.



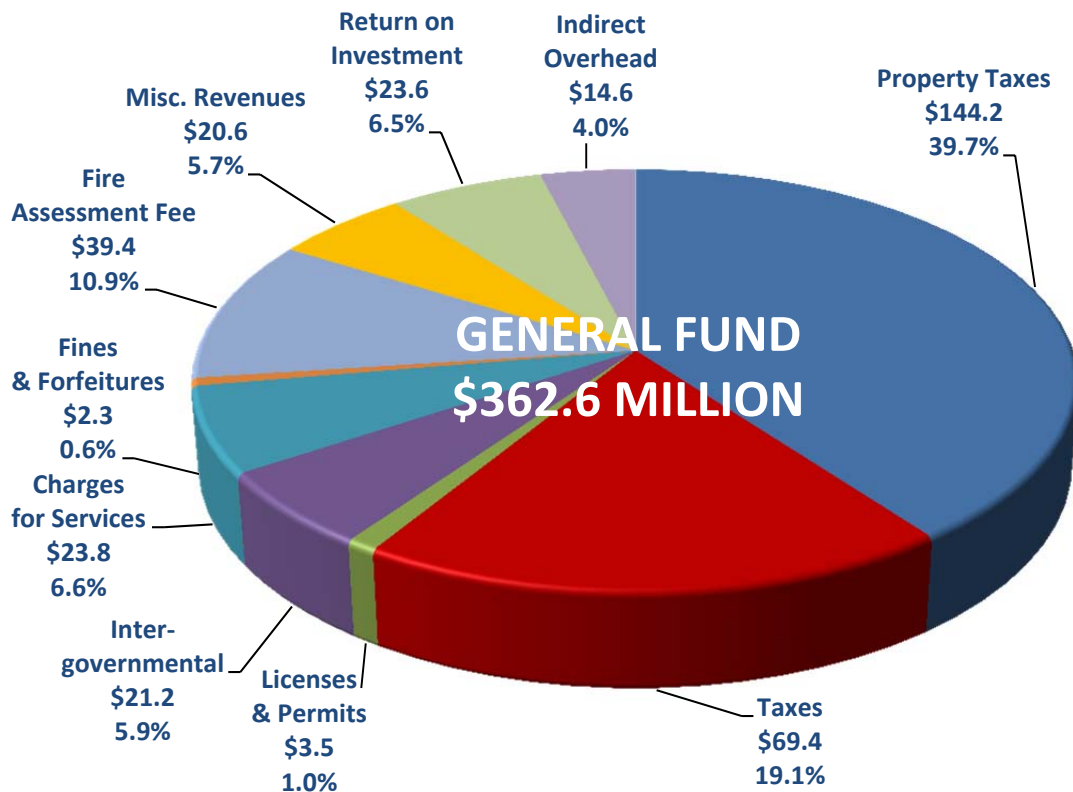
*Population Estimate begins in FY 2012 with the 2010 Census data.

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.

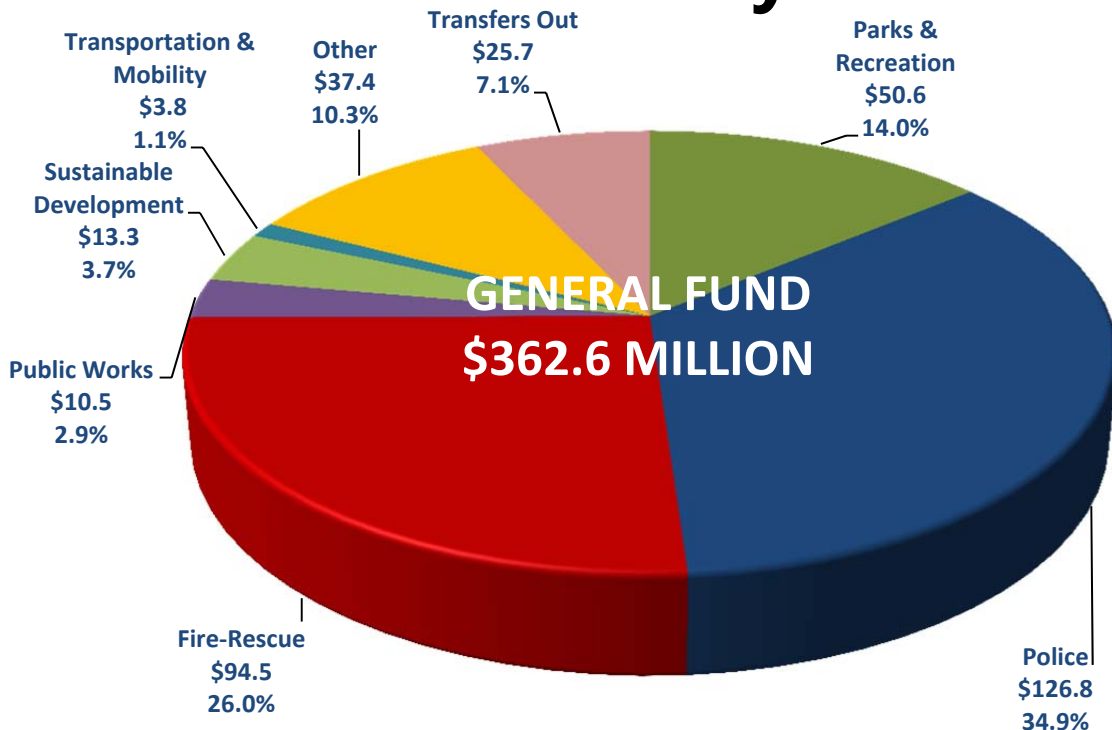
	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Amended	FY 2019 Proposed
General Employee Retirement System Annual Contribution	\$ 19,351,946	\$ 21,498,801	\$ 22,358,550	\$ 13,562,595	\$ 15,061,353	\$ 15,501,180	\$ 14,393,012	\$ 14,650,881	\$ 10,459,835	\$ 8,824,651
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	17,325,393	19,328,568	18,108,528
Debt Service for Pension Obligation Bonds	-	-	-	27,399,827	26,453,846	26,361,882	26,358,764	26,362,004	26,321,313	26,493,149
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	3,752,128	4,804,102	5,257,505
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	\$ 62,090,406	\$ 60,913,818	\$ 58,683,833

Note: The City issued Pension Obligation Bonds in 2012

Where the Money Comes From



Where the Money Goes

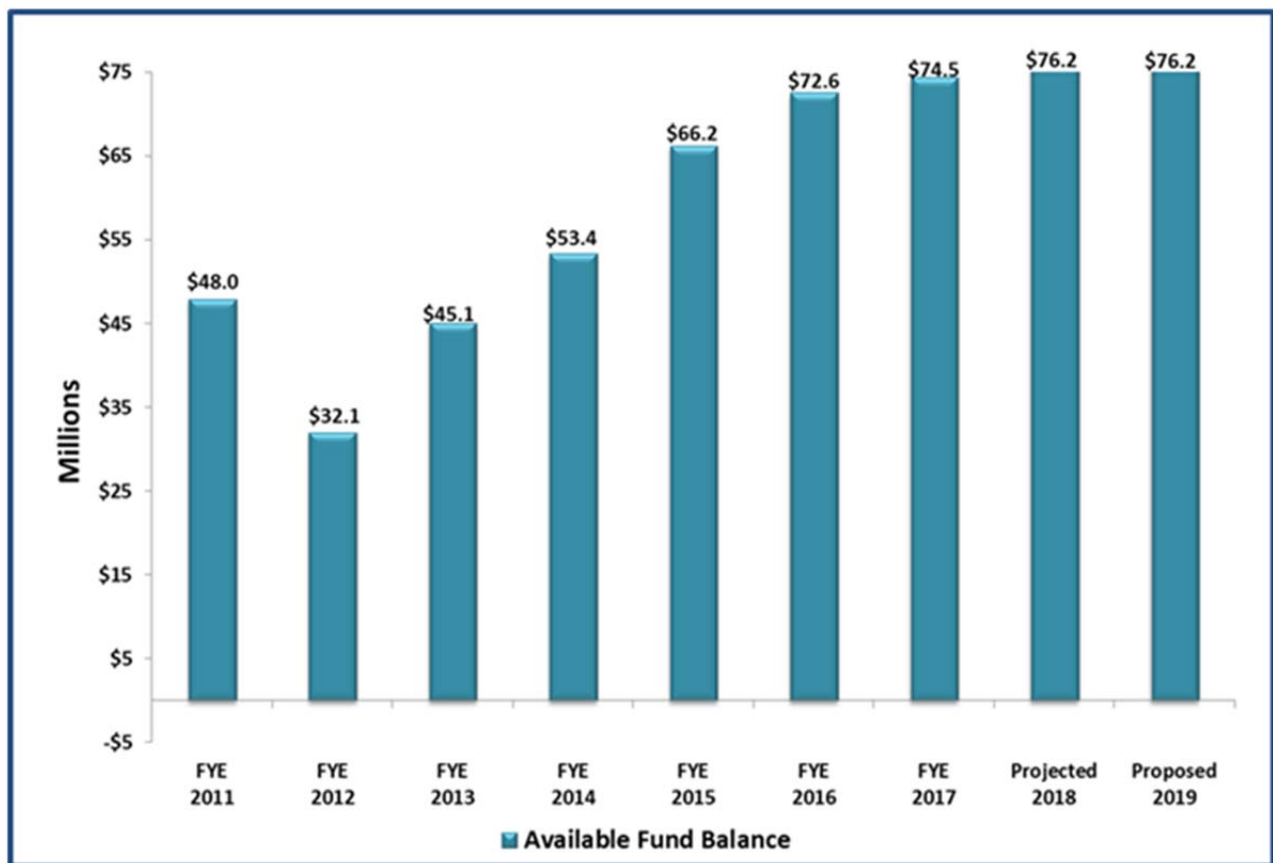


*Other includes Charter Offices, Finance, Human Resources and Information Technology Services Departments.

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. In order to put the City into a favorable position to issue General Obligation Bonds, it is my recommendation that our target General Fund Balance should be another month above our minimum policy, or 25% 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 2019 estimated fund balance exceeds our minimum policy requirement by \$19.0 million with a total available fund balance of \$76.2 million or 22.19% of the General Fund budget as shown in the following chart. However, we are still a 2.81% below our target fund balance of 25%.

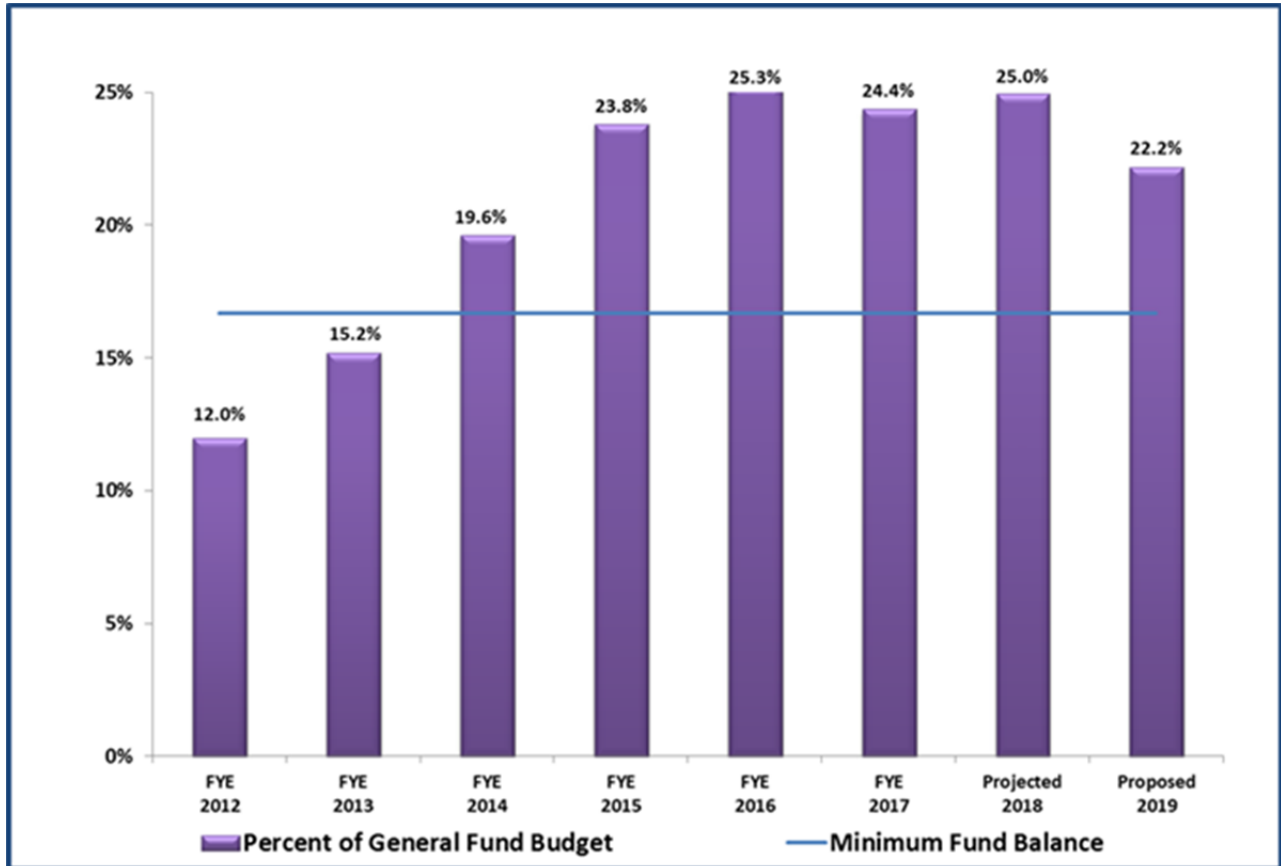
General Fund – Fund Balance in Dollars



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



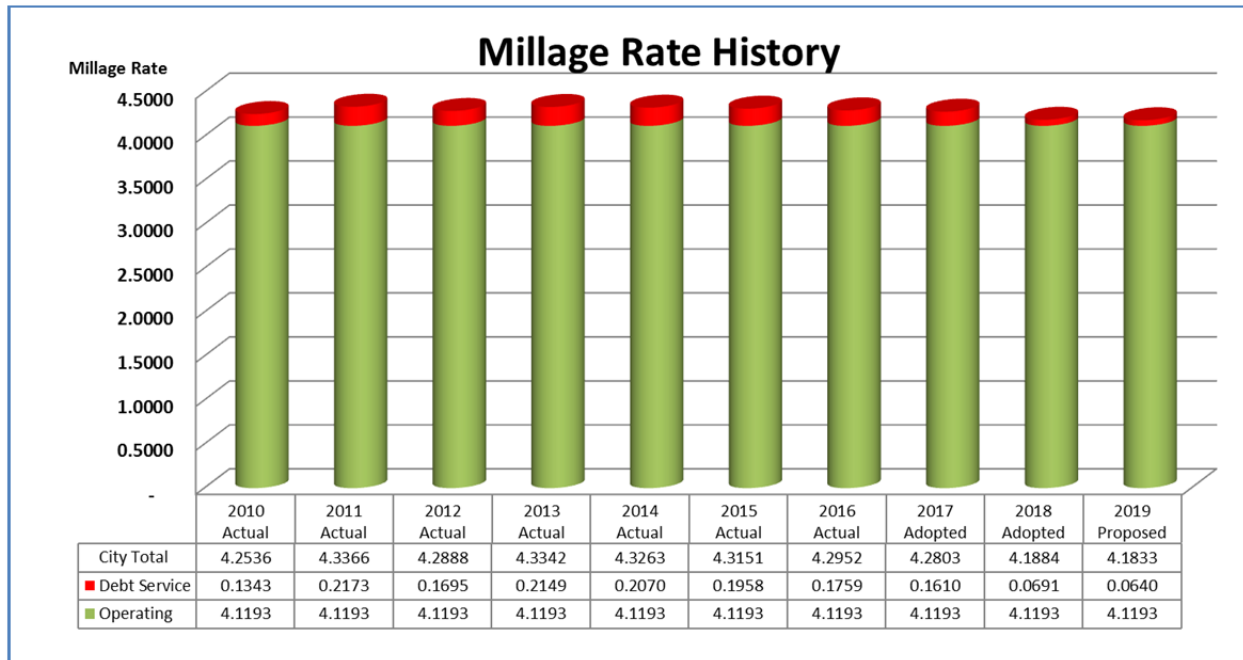
Property Taxes

The City of Fort Lauderdale’s total taxable assessed valuation as of the June 1st estimate is \$36.4 billion, an increase of \$2.9 billion, or 8.79%, from the prior year final valuation. The net new construction assessed during the last year totaled \$824 million. This increase in the taxable value is expected to generate approximately \$10.5 million in additional revenue for the City of Fort Lauderdale in FY 2019. Revenue from ad valorem taxes is projected at \$144.2 million, which represents approximately 39.8% of the total General Fund revenue. The chart below presents the taxable values and net new construction for the last ten years.

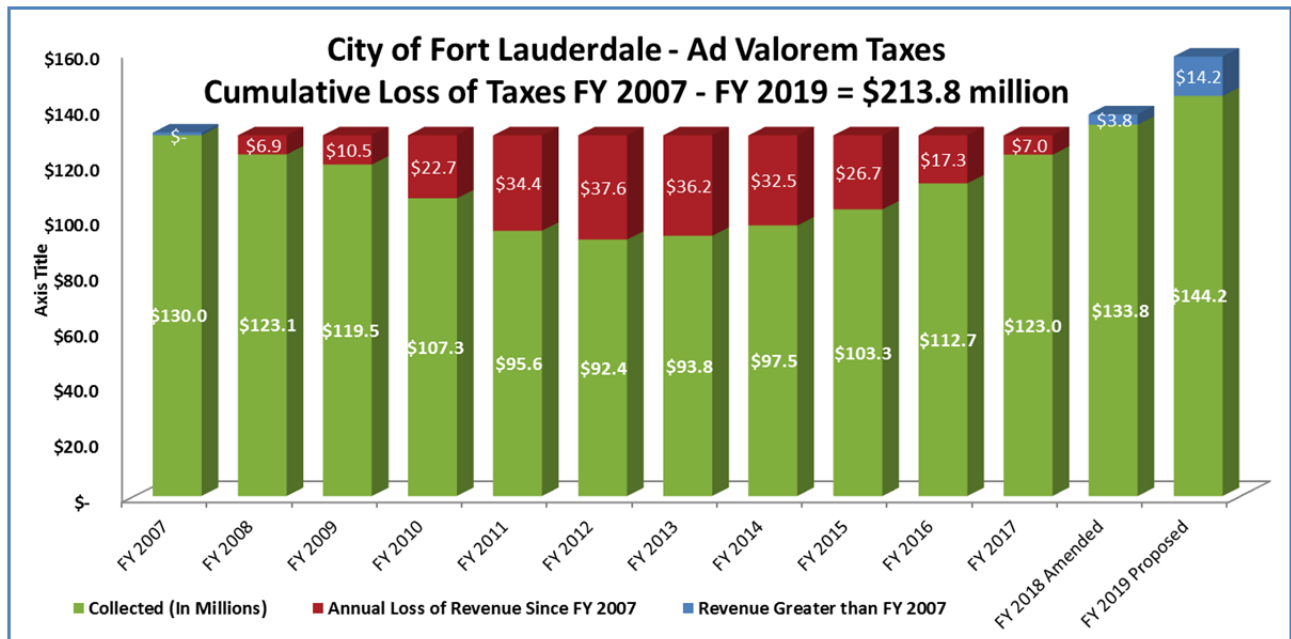
Taxable Value & Millage Comparison

Calendar Tax Year	Net New Construction	Final Gross Taxable Value	Increase/Decrease from Prior Year	Operating Millage Rate
2018 July 1st	\$ 824,076,040	\$ 36,476,192,981	8.79%	4.1193
2017-Final	\$ 340,929,480	\$ 33,528,048,467	8.27%	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

The FY 2019 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 4.1833 which is a 0.12% decrease from the prior year rate of 4.1884. The debt service millage adjusts annually based on the property valuation and debt service requirement.



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 finally recovered in FY 2018 and in the FY 2019 proposed budget exceeds the FY 2007 level by \$14.2 million.



**FY 2019 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 2019 Water & Sewer Fund proposed expenditures are \$121.8 million, which is \$14.9 million less than the FY 2018 Amended Budget. The City is currently reviewing and updating its Water & Sewer Rates. The new rate structure, once approved, will be incorporated into the FY 2019 operating budget. Based on the existing rate ordinance, a 5% rate increase for both water and sewer will become effective October 1, 2018. The impact of the approved rate increase on a residential neighbor using 5,000 gallons of water per month amounts to an increase of \$3.16 per month, 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	\$23.59	\$24.77	\$1.18	5%
Sewer Charge	\$39.52	\$41.50	\$1.98	5%
Total	\$63.11	\$66.27	\$3.16	5%

Central Regional Wastewater System Fund

The Central Regional Wastewater System Fund proposed expenditures are \$32.0 million which is \$2.0 million more than the FY 2018 Amended Budget. The large customer wastewater rate will increase from \$1.92 to \$2.25 per 1,000 gallons.

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 City’s contribution for health has varied by employee group in prior years. However, the City’s health contribution for every Community Builder will be \$847 per month beginning January 1, 2019. The City’s contribution is adjusted annually by the total medical and pharmacy trend for plans with a medium level of member cost sharing plus 2%, as published in the 2nd Quarter Arthur J. Gallagher & Co. GBS Actuarial Consensus Trend Forecast. Self-Insured Health Benefits Fund proposed expenditures are \$34.2 million, which is \$2.9 million more than the FY 2018 Amended Budget. In 2013, the City opened a health and wellness center to provide insurance participants with convenient access to health care and has enhanced the contracted levels of staffing at the wellness center in Fiscal Year 2018. 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 \$22.0 million, which is \$580,001 less than the FY 2018 Amended Budget.

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 \$24.1 million, which is \$864,157 less than the FY 2018 Amended Budget.

Effective October 1, 2018, the residential rates are recommended to increase by 3%. The impact of the approved rate increase on a residential customer is illustrated below:

Effect of Increase on Base Monthly Sanitation Rates

FY 2018	FY 2019 Proposed Rate	\$ Change	% Change
\$31.61	\$32.56	\$0.95	3%

Vehicle Rental (Fleet) Fund

The City's fleet consists of approximately 1,604 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 2019 Proposed Budget, including transfers is \$21.3 million, which is \$1.7 million less than the FY 2018 Amended Budget.

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 2019 proposed operating budget and transfers for the Stormwater Fund is \$17.8 million, which is 3.0 million more than the FY 2018 Amended Budget.

The City is undertaking a rate study with an intended implementation date of January 1st 2019 with the goal of developing a stormwater rate structure sufficient to support a revenue bond in the amount of \$200 million to fund Phase II of the Stormwater Master Plan. The proposed rate increases below will be implemented as of October 1, 2018. They are critical to the continued success of the Stormwater Management program:

**Stormwater Fee
 Effect of Monthly Increase on Neighbors**

Stormwater Charge	Old Rate	Adopted Rate	\$ Change
Residential <= 3 Units	\$10.00/unit	\$12.00/unit	\$2.00/unit
Commercial, Industrial, and Residential > 3 Units	\$100.80/acre	\$120.96/acre	\$20.16/acre
Vacant Land, Parks, and Well Fields	\$31.95/acre	\$38.34/acre	\$6.39/acre

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 \$13.1 million less than the FY 2018 Amended Budget.

Airport Fund

The Fort Lauderdale Executive Airport is a major job center, employing over 5,130 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 \$14.8 million, which is \$1.3 million less than the FY 2018 Amended Budget.

Housing and Community Development Grants Fund

In FY 2019, the City anticipates receipt of \$9.5 million in Federal Entitlement Grants. 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

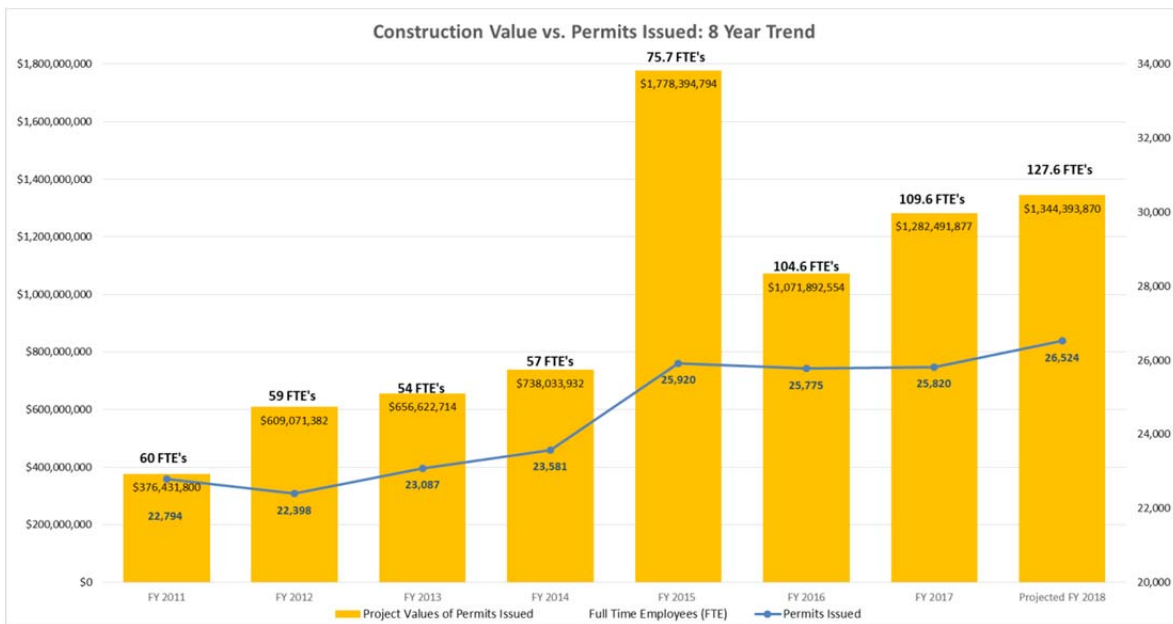
economic development. Home Investment Partnership Program funds are used primarily to address housing assistance to eligible homeowners, agencies, renters, and homebuyers. Assistance is provided in the form of down payment assistance or housing rehabilitation loans. Housing Opportunities for Persons 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.

City Property & Casualty Insurance Fund

The Property/Casualty City Insurance Fund proposed expenditures are \$20.0 million, which is \$3.4 million more than the FY 2018 Amended Budget. Workers compensation claims increased by \$1.9 million due to claims history. 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.

Building Funds

The Building Funds have proposed expenditures of \$23.2 million, which is \$1.1 million less than the FY 2018 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 2017, the City processed approximately 25,800 permits with a value of over \$1.2 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. The City is currently reviewing and updating its Building Permit Fee Schedule. The new rate structure, once approved, will be incorporated into the FY 2019 operating budget.



Conclusion

Building a balanced 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 the Proposed Budget presents a balanced approach to achieving the City's goals and delivers the quality services our neighbors expect.

I want to express my appreciation to the Mayor and City Commission. This budget could not have been created had it not been for their leadership and courage in addressing dynamic challenges through engaging with our neighbors, contemplating the impacts of policy decisions, and identifying priorities through the development of the Commission Annual Action Plan. 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, Community Investment Plan and Grants teams, and all of our Community Builders for their efforts to create a comprehensive, strategic, transparent, and meaningful budget.

The FY 2019 Proposed Budget will be formally presented to City Commission at the first public hearing on September 6, 2018 and final public hearing on September 12, 2018 at City Hall, starting at 6:00 PM. I look forward to working with you, our neighbors, and our community builders to adopt and implement the Fiscal Year 2019 Budget.

Respectfully submitted,



Lee R. Feldman, ICMA-CM
City Manager

"Taxes are just the government's way of crowdfunding"

-anonymous



CITY OF FORT LAUDERDALE

STATUS OF OPEN AUDIT FINDINGS

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

As of June 30, 2018



WE BUILD COMMUNITY





CITY OF FORT LAUDERDALE

OPEN AUDIT FINDINGS STATUS REPORT

The quarterly Open Audit Findings Status Report is compiled by the Budget/CIP and Grants Division within the City Manager’s Office 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.

There are currently 19 open audit findings, including observations. There is one material weakness open at this time. 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 Budget/CIP and Grants Division to close findings that have been cleared.

Department staff are 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.

Findings Closed This Quarter

- Community Redevelopment Agency:
 - Issue 401: Review of the Proposed Budget for Fiscal Year 2017/2018 - Observation 1
- Parks & Recreation
 - Issue 307: Operational Audit of the City of Fort Lauderdale Cemetery System - Observation 1
 - Issue 319: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 10
 - Issue 321: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 12

Findings Added This Quarter

- City Manager’s Office
 - Issue 412: FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Quarterly Reports
 - Issue 413: FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Slow Moving Activities
 - Issue 414: Single Audit - Schedule of Expenditures of Federal Awards (material weakness)

The department breakdown is in the table below.

Number of Open Findings

DEPARTMENT	June 2015	June 2016	June 2017	September 2017	December 2017	March 2018	June 2018
City Manager’s Office	0	1	1	4	0	0	3*
Community Redevelopment Agency	0	5	1	2	2	2	1
Finance	3	9	1	2	2	0	0
Fire-Rescue	9	0	0	0	0	0	0
Human Resources	8	7	7	7	7	7	7
Information Technology Services	3	2	0	0	0	0	0
Parks and Recreation	1	0	11	9	9	9	6
Public Works	8	1	0	0	0	0	0
Sustainable Development Department	8	7	4	4	2	2	2
Transportation and Mobility	0	0	0	0	0	0	0
TOTAL	40	32	25	28	22	20	19

* Denotes open external audit findings/observations. All other open findings/observations are the result of internal audits.

STATUS OF OPEN AUDIT FINDINGS
as of June 30, 2018
TABLE OF CONTENTS

AUDIT FINDING TITLE	STAFF REPORTED STATUS	PAGE
EXTERNAL FINDINGS		
CITY MANAGER'S OFFICE AUDIT FINDINGS		
FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Quarterly Reports	Not Implemented	3
FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Slow Moving Activities	Not Implemented	4
Single Audit - Schedule of Expenditures of Federal Awards	Not Implemented	5
CITY AUDITOR'S OFFICE FINDINGS		
COMMUNITY REDEVELOPMENT AGENCY AUDIT FINDINGS		
Operational Audit of the City of Fort Lauderdale CRA - Observation 3	Partially Implemented	8
HUMAN RESOURCES AUDIT FINDINGS		
Report #09/10-01 Audit of the Human Resources Department Finding 8 - Job Descriptions	Partially Implemented	11
Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning	Partially Implemented	12
Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training	Partially Implemented	13
Report #10/11-01 Audit of Controlled Substances of the Fire Rescue Department Observation 3	Partially Implemented	14
Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9	Partially Implemented	15
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Fin 5	Partially Implemented	17
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Fin 1	Partially Implemented	18

STATUS OF OPEN AUDIT FINDINGS
as of June 30, 2018
TABLE OF CONTENTS

AUDIT FINDING TITLE	STAFF REPORTED STATUS	PAGE
CITY AUDITOR'S OFFICE FINDINGS <i>continued</i>		
PARKS AND RECREATION AUDIT FINDINGS		
Operational Audit of the Cemetery System - Finding 4	Partially Implemented	20
Operational Audit of the Cemetery System - Finding 6	Partially Implemented	22
Operational Audit of the Cemetery System - Finding 7	Partially Implemented	24
Operational Audit of the Cemetery System - Finding 9	Partially Implemented	26
Operational Audit of the Cemetery System - Observation 4	Partially Implemented	27
Operational Audit of the Cemetery System - Finding 11	Partially Implemented	29
SUSTAINABLE DEVELOPMENT AUDIT FINDINGS		
Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 2	Partially Implemented	31
Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 3	Partially Implemented	33

EXTERNAL FINDINGS



City Manager

FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Quarterly Reports

Issue No: 412
Date of Finding: 04/05/2018

Final Date of Completion 09/30/2018

		Name	Title	Department
<u>Responsible Person 1</u>	mario	Mario Desantis	HCD Program Manager	City Manager
<u>Responsible Person 2</u>	rwilliams	Rachel Williams	HOPWA Analyst	City Manager

Correction Plan Status: Not Implemented Finding Type: Deficiency

Next Milestone

Milestone Date of Completion

Department: City Manager

Audit Initiator 3rd Party Auditor

Title: FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Quarterly Reports

Issue / Observation A review of the City's Quarterly Performance Report (QPR) submittals revealed that QPRs have not been submitted for two or more consecutive reporting periods as noted below.
 - NSP 1: QPR due dates: July 30, 2017; October 30, 2017; January 30, 2018
 - NSP 3: QPR due dates: July 30, 2017; October 30, 2017; January 30, 2018

Criteria - The City is not in compliance with federal requirements as per Federal Register Nol.73 No. 194 dated October 6, 2008 §(11)(0) Page 58341, which states, that " ... each grantee must submit a quarterly performance report, as HUD prescribes, no later than 30 days following the end of each quarter ... ".

Cause - Staff did not submit the QPR's in DRGR in a timely manner.

Effect- The City is in noncompliance with the regulations of the NSP programs.

Recommendation: Corrective Action - In order to resolve this finding, the City must submit all outstanding QPRs and establish an internal system to ensure that QPR's are submitted no later than 30 days following the end of each quarter to avoid limitation on funds access. Please note that once QPRs are submitted, they must be prominently on the City's official website. Please submit systems in place within 30 days from receipt of this letter.

Correction Plan: The Housing and Community Development (HCD) Division Financial Administrator (Laurie Conver) retired. A new Accountant (Donna Corcoran) and IDIS Officer (Kenyatta York) received DRGR Training in November 2017. The City has made several requests (exhibit 17) to HUD's Miami Field Office to reset access to the DRGR reporting system for the Housing and Community Development staff. Once the City receives notice of the DRGR reset, the City will submit the three (3) outstanding DRGR reports within 30 days of HUD's notification of the DRGR reset.

Current Status: Access to submit the required reports in the Integrated Disbursements and Information (IDIS) System has not yet been granted. Staff will continue to follow-up with the grantor and will promptly submit reports once the access is provided.

FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Slow Moving Activities

Issue No: 413
Date of Finding: 04/05/2018

Final Date of Completion 09/30/2018

		Name	Title	Department
<u>Responsible Person 1</u>	mario	Mario Desantis	HCD Program Manager	City Manager
<u>Responsible Person 2</u>	rwilliams	Rachel Williams	HOPWA Analyst	City Manager

Correction Plan Status: Not Implemented Finding Type: Observation

Next Milestone 9/30/18

Milestone Date of Completion

Department: City Manager

Audit Initiator 3rd Party Auditor

Title: FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Slow Moving Activities

Issue / Observation A review of the City's reporting data (IDIS Report# RC04PR02) - List of activities by program year and project, in the Integrated Disbursement and information System (IDIS) are showing a number of old funded activities with large balances, no draws made, or activities incorrectly reported.

Recommendation: It's recommended that the City, where appropriate, accurately report on open activities with \$0 balance and old activities with balances, as soon as possible, but no later than 30 days from receipt of this letter. By doing so, it will aid to avoid erroneous reporting and will assist the City in meeting its timeliness test.

Correction Plan: The City has reviewed the items listed on the chart. The first 4 IDIS activities have a program year date of 1994 and shows as a zero balance. The City is requesting technical assistance from HUD to close out 1994 HOME, CDBG, and HOPWA programs.

IDIS Activity# 2302 - 632 NW 15 Terrace (exhibit 11)
 - This activity has one final draw. The activity will be completed and closed no later than September 30, 2018

IDIS Activity# 2307 - New Vision CDC (exhibit 12)
 - This activity is in progress with an outstanding balance of \$46,417.02. The City expects the outstanding balance to be expended no later than September 30, 2018.

IDIS Activity# 2298 - Lake Aire St. Improvements (exhibit 14)
 - The activity will be completed and closed no later than September 30, 2018.

The remaining items have already been closed.

Current Status:

- IDIS Activity# 2302 has one final draw. The activity will be completed and closed no later than September 30, 2018
- IDIS Activity# 2307 is in progress. The City expects the outstanding balance to be expended no later than September 30, 2018.
- IDIS Activity# 2298 will be completed and closed no later than September 30, 2018.

Single Audit - Schedule of Expenditures of Federal Awards

Issue No: 414
Date of Finding: 05/08/2018
Final Date of Completion 09/30/2018

Responsible Person 1 Ireece
Responsible Person 2 ymatthews

Name	Title	Department
Laura Reece	Budget Manager	City Manager
Yvette Matthews	Senior Management Analyst	City Manager

Correction Plan Status: Not Implemented

Finding Type: Material Weakness

Next Milestone 9/30/18

Milestone Date of Completion

Department: City Manager

Audit Initiator Single Audit

Title: Single Audit - Schedule of Expenditures of Federal Awards

Issue / Observation We reviewed the state grant agreements associated with the state major programs and noted that the SEFA included the incorrect Catalog of State Financial Assistance (CSFA) number for the grant program identified above.

- Cause: The current review process to identify all grant programs and the related CSFA numbers failed to detect that the incorrect grant identification number from the grant agreement was used on the SEFA.
- Criteria or specific requirement: Controls should be in place and operating effectively to ensure accurate and complete data on the SEFA.
- Condition: The incorrect Catalog of State Financial Assistance (CSFA) number was reported on the SEFA for the Chronic Homelessness Housing Collaborative grant program.
- Effect: Established controls were not followed and resulted in an incorrect CSFA number reported on the SEFA.

Recommendation: Grant award information should be reviewed and updated on a regular and timely basis to ensure that the SEFA contains accurate information.

Correction Plan: The CSFA number was incorrect on the original grant agreement, thus the CSFA number used on the SEFA was wrong. Subsequent to issuing the SEFA, the granting agency did advise the City that the CSFA number was inaccurate and that information was not remitted to the proper City officials to make sure that the changes were put into the City's systems. To make certain that future reporting incorporates all changes and corrections, the City will be updating its centralized grants administration policy to direct that the City Manager should be the centralized point of contact for all grant awards. The Budget/CIP and Grants Division will also be providing training on this topic to grants managers to ensure that all staff is aware of the policy update. This change to a central point of contact will ensure that future notifications related to grant awards will be handled timely and reported to the appropriate City officials.

Current Status: The Finance Department and Budget/CIP and Grants Division will host a joint training session on the Finance Process for Grant Managers in August. The training will discuss the centralized grant administration policy and the procedure for sharing updated award notices. The Centralized Grants Policy will be reviewed and updated by the end of Fiscal Year 2018.

CITY AUDITOR'S OFFICE FINDINGS



Community Redevelopment Agency

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

Issue No: 335

Date of Finding: 10/28/2016

Final Date of Completion 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
<u>Responsible Person 2</u>				

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Finalize property purchases

Milestone Date of Completion 09/30/2018

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:

The following timetable serves as the CRA's action plan and is being implemented to meet the 5-year program objective of disposing of 20% of city-owned and CRA owned properties within the NPF CRA each year:

- A RFP for construction of infill single family residences on 12 CRA lots was issued on 3/21/18. Three proposals were received on 6/15/18 and will be reviewed and ranked by the Evaluation Committee (CRA Advisory Board) .
- Will issue Notice to Dispose of 4 residential lots and 1 commercial/mixed use lot by July 30, 2018.
- Will issue RFP for 8 commercial/mixed use lots by August 30, 2018.
- Will issue RFP for 3 commercial/mixed use lots by August 30, 2018.
- Will issue RFP for 3 commercial /mixed use lots by September 30, 2018.
- Will issue RFP for 10 residential lots for infill housing development by September 30, 2018
- Will issue RFP for 10 residential lots for infill housing development by December 30, 2018
- Will issue RFP for 10 residential lots for infill housing development by March 30, 2019
- Will issue RFP for 10 residential lots for infill housing development by June 30, 2019

Please note that the 55 properties were purchased "as is" from the City and transferred to the CRA by Quit Claim Deed. The CRA will need to obtain marketable title prior to transferring them for redevelopment. A Purchase Order (PP181103) was issued to Florida Title Resources Corp on 3/6/18 to update title, prepare title commitments and process municipal lien payoffs, lien releases and other payoffs encumbering the titles for these properties. This title work may have an effect on the timetable as complete and marketable title will need to be secured prior to RFPs for these properties being issued.

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
Final Date of Completion 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 Present Classification and Compensation Study results to City Commission

Milestone Date of Completion 09/28/2018

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 is awaiting review and approval by the City Manager's Office and City Commission. The study will be presented in the next quarter before implementation.

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

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

Final Date of Completion 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 Classification and Compensation Study presentation to City Commission

Milestone Date of Completion 09/28/2018

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 is awaiting review and approval by the City Manager's Office and City Commission. The study will be presented in the next quarter before implementation.

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

Issue No: 100
Date of Finding: 12/29/2009
Final Date of Completion 09/30/2018

		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 Release Customer Satisfaction Survey to Community Builders for completion

Milestone 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 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: The HR Customer Satisfaction Survey will be released in the next quarter and results analyzed.

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

Issue No: 115
Date of Finding: 10/15/2010

Final Date of Completion 09/30/2018

		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 Policy Standards Manual Review

Milestone Date of Completion 06/30/2018

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: During the process of making Auditor recommended language revisions to the policy, the Employee Relations Division has recommended a complete rewrite of the policy due to significant changes in this subject, since the original policy drafting on 4/1/1992 and the last revision on 1/5/2010. Staff is currently in the process of rewriting the policy to incorporate both the Auditor's and Employee Relations' recommendations. It is expected that the new draft policy will be presented to City Management for review in the third quarter and implemented by the fourth quarter of FY 2018.

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

Issue No: 237
Date of Finding: 12/29/2009

Final Date of Completion 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 Policy and Standards Manual

Milestone Date of Completion 03/30/2018

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
Final Date of Completion 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 Develop Curriculum for Ethics Training

Milestone Date of Completion 09/30/2018

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. The rollout will be 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
Final Date of Completion 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 Classification and Compensation Study presentation to City Commission

Milestone 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 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 is awaiting review and approval by the City Manager's Office and City Commission. The study will be presented in the next quarter before implementation.

Parks and Recreation

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

Issue No: 309
Date of Finding: 06/29/2016
Final Date of Completion 09/30/2018

		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 Litigation

Milestone Date of Completion 08/01/2018

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 6/20/2018, Parks Department expanded the services of the external auditor to conduct a five-year Forensic Audit. The objective of the audit is to conduct a review of cemetery revenue collection, accounting practices and vendor payments as compared to applicable laws, City Code of Ordinances, and Cemetery Rules and Regulations.

The audit is near completion and should be presented to the City Manager in July 2018.

The City Attorney's Office will await the results of the audit before filing a lawsuit against CFS "Carriage" Funeral Services.

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

Issue No: 313
Date of Finding: 06/29/2016
Final Date of Completion 09/30/2018

		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 Present Updated Cemetery Rules and Regulations to Commission

Milestone Date of Completion 06/01/2018

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:

As of June 20, 2018, The Cemetery Board continues its quest with amendments to the Cemetery Rules and Regulations. Most recent meetings include June 7th and June 21, 2018.

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

Issue No: 314
Date of Finding: 06/29/2016
Final Date of Completion 09/30/2018

		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 Present Updated Cemetery Rules and Regulations to Commission

Milestone Date of Completion 06/01/2018

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:

As of June 20, 2018, The Cemetery Board continues its quest with amendments to the Cemetery Rules and Regulations. Most recent meetings include June 7th and June 21, 2018.

The Cemetery Board and SunTrust are also in discussions to make necessary revisions to the Investment Policy.

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

Issue No: 317
Date of Finding: 06/29/2016
Final Date of Completion 09/30/2018

		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 Finalize Standard Operating Procedures

Milestone Date of Completion 05/01/2018

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 (SOP) 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 20, 2018, of the Standard Operation Procedures (SOP) is close to final draft form. However, I am awaiting the results of the Forensic Audit for recommendations regarding procedures and compliance before finalizing the document.

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

Issue No: 318
Date of Finding: 06/29/2016
Final Date of Completion 09/30/2018

		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 Master Plan Implementation

Milestone Date of Completion 06/01/2018

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 20, 2018, Keith & Associates, Inc. has subcontracted with Grant Thornton to conduct financial modeling of the Perpetual Care Trust Fund as it relates to operating budgets, care and use, etc.

The evaluation will provide recommendations on adequacy of the Trust Fund.

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

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

Final Date of Completion 09/30/2018

		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 Develop a plan to address financial issues

Milestone Date of Completion 06/01/2018

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.

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 20, 2018, the forensic audit is considered as an expansion of services to the Agreed Upon Procedures Audit (AUP). The forensic examination is near completion (July 2018) and will provide recommendations on how to cure issues with contracts.

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
Final Date of Completion 10/31/2018

		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

Milestone Date of Completion 10/31/2018

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 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 Accela project is in execution phase, on schedule, and on budget. The expected completion is October/November 2018.

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

Issue No: 109
Date of Finding: 10/24/2011
Final Date of Completion 10/31/2018

		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

Milestone Date of Completion 10/31/2018

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: 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 Accela project is in execution phase, on schedule, and on budget. The expected completion is October/November 2018.

Fiscal Year 2018 Financial Audit Proposed Timeline

City CAFR

- 8/20/18 - Crowe to conduct IT fieldwork
- 9/17/18 - Crowe to conduct interim audit procedures
- 1/14/19 - 3/1/19 - Crowe to conduct year-end fieldwork
- 1/25/19 - Finance to provide draft basic financial schedules to Crowe/AuAB
- 2/8/19 or prior - Finance to provide complete CAFR to Crowe
- 3/7/19 - CAFR presentation to AuAB – TBD at July's AuAB
- 3/19/19 - CAFR presentation to Commission

Community Redevelopment Agency

- 11/12/18 – CRA to provide final trial balance to Crowe
- 11/19/18 – 12/21/18 – Crowe to conduct year-end fieldwork
- 3/7/19 – Crowe to present CRA audit to AuAB – TBD at July's AuAB
- 3/19/19 – Crowe to present CRA audit to Commission

General Employees' Retirement System Pending approval of Board

- 11/12/18 – GERS to provide preliminary trial balance to Crowe
- 11/19/18 – 12/21/18 – Crowe to conduct year-end fieldwork
- 12/11/18 – GERS to provide Crowe with GASB 72 investment information
- 12/11/18 – GERS to provide statement of fiduciary net position and statement of changes in fiduciary net position as well as the 10/1/2017 – 9/30/2018 DROP reconciliation to actuary to complete GASB 67
- 1/7/19 – Actuary to provide GASB 67 report
- TBD – Crowe to present draft financial statements to the Audit Committee
- 2/14/19 – Crowe to present final financial statements to the Board of Trustees