

APPROVED
AUDIT ADVISORY BOARD REGULAR MEETING
CITY OF FORT LAUDERDALE
CITY HALL 1st FLOOR COMMISSION CHAMBERS
MONDAY, MARCH 10, 2014
5:30 PM

Board Member	Attendance	Cumulative Attendance	
		10/1/13 – 9/30/14	
		Present	Absent
Martin Kurtz, Chair	A	2	1
Roger Ally	P	3	0
Jennifer Diehl	P	3	0
Richard Owen	A	2	1

Staff

Kirk Buffington, Director of Finance
Linda Logan-Short, Deputy Director of Finance
Stanley Hawthorne, Assistant City Manager
Laura Garcia, Acting Controller
John Herbst, City Auditor
Marco Hausy, Assistant City Auditor III
Lura Rogers, Board Liaison

Other Attendees

Aazan St. Rose, Crowe Horwath
John Weber, Crowe Horwath
Dan O'Keefe, MSL

Communication to the City Commission

None

Call to Order

Board Liaison Lura Rogers called the meeting to order at 5:50 p.m.

Roll Call

As of this date, March 10, 2014, there are 2 appointed members to the Committee present; at this time there is not a quorum.

Roger Ally suggested that Crowe Horwath proceed with the audit presentation with the understanding that it could be ratified later.

Presentation of Preliminary Draft by Crowe Horwath

John Weber provided his opinion about the City's financial statement. Exhibit A is the independent auditors report on the financial statement and on the second page under opinions the main point is that the financial statement is fairly stated in all material respects and that is an unmodified opinion. Under Emphasis of matters – three new GASB accounting standards went into effect this year, GASB Statement No. 61, 63 and 65. Exhibit B is the report on internal controls over financial reporting and there are some material weaknesses and significant deficiencies. Exhibit C is the auditor's report on compliance with laws and regulations, federal and state grants and it is an unmodified opinion.

Aazan St. Rose presented the schedule of findings and there were no new findings:

Material Weaknesses and Significant Deficiencies
2012-3 FAMIS User Administrative Procedures
2012-4 Calculation of Compensated Absences
2012-6 IT Controls

Jennifer Diehl asked about how the cash cloud system works and Linda Logan-Short explained it is in-house developed software that takes the cash received(data) from the utility billing system and other systems then the data goes into the cash cloud which can be imported into FAMIS.

John Weber reported that Managements response talks about the opening for a Chief Information Security Officer and the role and responsibilities of that job will be reviewed and revisited once that position is filled.

There were no findings for Section 3 and Section 4 this year. Exhibit D gives a high level summary of the prior year's findings and the ones that have been remediated and

the ones that have been repeated. On the financial side six were implemented and on single audit seven were implemented.

Roger Ally asked if the auditors were comfortable with the numbers issued and John Weber and Aazan St. Rose said yes.

Roger Ally asked about GASB No. 61 if the Lauderdale Isles Water Control District is no longer reported in the CAFR and do they issue their own report and Linda Logan-Short explained that they have always issued their own report but we incorporated their financial Statement into ours. The Lauderdale Isles Water Control District does not meet the new GASB No. 61 requirements and therefore can no longer be included in the City's CAFR.

Mr. Weber explained that Page 4 and 5 goes over accounting estimates - uncollectable accounts, value of investments, useful life of capital assets, compensated absences – and they test the reasonableness of the assumptions of the estimates that the City puts in place and then test those assumptions and get comfortable with the estimates and there was nothing that made us uncomfortable with the estimates.

Jennifer Diehl asked if the compensated absences estimate had anything to do with the prior finding and John Weber explained that in estimating that number some of it is presented as a current liability or a long term liability and for others there is an estimate that takes into account the likelihood of paying that out, so all these estimates go into determining what that amount is.

Aazan St. Rose addressed the corrected and uncorrected misstatements and the following fell under Uncorrected Misstatements:

The City's implementation of new fixed asset software calculated all assets' depreciation on a full year but Linda Logan-Short explained that was because of loading in all assets old and new at once but going forward the depreciation will calculate from when the asset is entered in the system.

Roger Ally asked if that overstated the depreciation for this year and by how much and Linda said that the dollar impact is \$9,000,000 and \$5,400,000 as stated under Uncorrected Misstatements.

The third item is an adjustment for land that was held for redevelopment that was recorded as inventory, this adjustment reclassifies the land because sometime in the

past the land had been transferred into the City's general operating fixed assets and is being used in operation.

The last item was to accrue a day of payroll, the fiscal year ended on Sept 30 but the pay period ended a couple of days earlier so there was a manual calculation done to accrue the single day of payroll.

Jennifer Diehl asked if this was normal and Linda Logan-Short explained that it can happen depending on when the fiscal year ends and when that last pay period ends, the system can accrue a full pay period but cannot accrue a partial pay period.

John Weber of Crowe Horwath thanked everyone at the City who worked on the audit with them.

Roger Ally asked if the audit being on time was different from prior years and Linda Logan-Short said that this was the City's second year of doing the financial audit along with the single audit but that the City is always on time with the audit.

Linda mentioned that a big change for next year's audit will be the pension actuarial change where actuaries will all be forced to use one method of calculation and because of that there will be some disclosure changes for the CAFR.

The meeting was adjourned at 6:19PM.

Documents Attached:
Preliminary Draft

[Minutes prepared by Lura Rogers, Board Liaison]