



**CITY OF FORT LAUDERDALE  
City Commission Agenda Memo  
REGULAR MEETING**

**#14-0223**

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**TO:** Honorable Mayor & Members of the  
Fort Lauderdale City Commission

**FROM:** Lee Feldman, ICMA-CM, City Manager

**DATE:** February 18, 2014

**TITLE:** Resolution to oppose the proposed Uniform Chart of Accounts (UCOA)  
and reporting requirements

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**Recommendation**

It is recommended that the City Commission oppose Legislation by the State Legislature that would mandate the use of a Uniform Chart of Accounts (UCOA) and reporting requirements for all governmental entities.

**Background**

**Legislative Proposal**

In 2011, legislation (F.S. 215.89) was approved by the Florida Legislature and requires uniform reporting of government financial information to promote accountability and transparency in the use of public funds. To accomplish uniform reporting, the legislation directed the State's Chief Financial Officer (CFO) to propose a "mechanism" for obtaining detailed, uniform reporting of financial information from state agencies, local governments, educational entities and entities of higher education (collectively referred to as the "Reporting Entities"). The Florida Department of Financial Services (DFS), led by the CFO, identified the Draft Uniform Chart of Accounts (UCOA) process to serve as the "mechanism" to comply with the statute.

The legislative intent as stated in the provisions of Section 2011-44, Laws of Florida is as follows:

- 1) That a mechanism be provided for obtaining detailed, uniform reporting of government financial information to enable citizens to view compatible information on the use of public funds by governmental entities;
- 2) That uniform reporting requirements be developed specifically to promote accountability and transparency in the use of public funds; and

3) In order to accommodate the different financial management systems currently in use, separate charts of account may be used as long as the financial information is captured and reported consistently and is compatible with any reporting entity.

On January 15, 2014, DFS presented a UCOA recommendation to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The recommendation included a draft chart of account listing, reporting requirements, and estimated statewide cost for implementing the UCOA. DFS engaged KPMG, LLP to administer an electronic web-based survey to collect, analyze and validate, and summarize UCOA cost estimates from Reporting Entities. Based on the cost estimate report developed by KPMG, LLP and included as an appendix to the CFO's report, the proposed UCOA will initially cost Florida taxpayers \$72.6 million and \$60 million in annual recurring costs.

#### New Reporting Requirements

Currently, most entities report annually to DFS their Annual Financial Report (AFR) through the Local Government Electronic Reporting (LOGGER) system. The level of reporting for the AFR is at the fund type level; information is entered collectively for the General Fund, Special Revenue Funds, Enterprise Funds, etc. The average time to enter the information manually for an agency is currently a half-day to one full day of staff time. This does not include the time it takes to assemble the information from the accounting system into the format required for the AFR, which is normally about three to four days. The State CFO under this proposed structure will require units of local government to report at the individual fund level, by department, and by object. It is estimated that the sheer volume of data to be reported at these expanded levels (not to mention the cost of staff to create and verify the information) will grow exponentially up to twelve days to assemble and enter the information, and that is just for the year-end reporting. Extrapolating this out on a monthly basis for revenue and expenditure reporting at the comprehensive level of detail requested by DFS realistically could add substantially to this process.

The new level of detail required for monthly reporting is far greater than the level of detail reported in the audited financial statements or in the Comprehensive Annual Financial Report (CAFR) required pursuant to the provisions of Section 218.32(1)(a), Florida Statutes. The present AFR is prepared on the same basis of accounting as the CAFR but the proposed requirement request that the monthly reports be prepared on a cash basis; this means that the annual report will be different and almost impossible to reconcile with the monthly reports submitted.

## Summary

The Finance Department staff believes unreservedly in transparency and accountability in local government financial reporting to the public but are concerned that the present course of the legislative requirements in 215.89, F.S. implies otherwise. The idea of uniformity between multiple entity types to produce “compatibility” and thus “comparability” for citizens that would result in transparency and accountability does not meet the test of reasonableness. In addition, it seems somewhat disingenuous to have a university to report using the same account structure that a municipality, county, or school board uses when all four have different and distinct reporting requirements.

The amount of work and the cost to meet the proposed requirements of this project and the associated burden on local governments will not provide a corresponding benefit to the citizens for whom this project is supposedly for and will only further cause confusion when comparing information reported locally and information reported to a State repository.

The Florida Government Finance Officers Association (FGFOA) has issued a white paper and recommends an alternative strategy, which would accomplish the intent of the Legislature on ensuring transparency and accountability while simultaneously limiting the burden to the entities and preserving the autonomy of each entity of government. FGFOA believes that implementation of the proposed UCOA and reporting requirements would be costly to governments, and ultimately the taxpayers, and will result in the delivery of inaccurate and confusing information.

## Resource Impact

Based on present known information, it is estimated that the one-time cost to create the crosswalk for the new reporting criteria will be approximately \$27,000 and ongoing annual cost will be approximately \$58,000 per year.

## Strategic Connections:

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Internal Support Cylinder of Excellence, specifically advancing:

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Public Places Cylinder of Excellence, specifically advancing:

- **Goal 12:** Be a leading government organization, managing resources wisely and sustainably.
- **Objective 1:** Ensure sound fiscal management.

This item also furthers the *Fast Forward Fort Lauderdale 2035 Vision Plan: We are Community.*

**Attachment(s)**

Exhibit 1 – Resolution – Uniform Chart of Account

Exhibit 2 – Uniform Chart of Account White Paper – FGFOA

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