

CITY OF FORT LAUDERDALE, FLORIDA

COMPLIANCE REPORTS

September 30, 2024

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TABLE OF CONTENTS

MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA.....	3
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	9
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**Management Letter Required By
Chapter 10.550, Rules of the Auditor General of the State of Florida**

RSM US LLP

Honorable Mayor, Members of the City Commission, and
Audit Advisory Board
City of Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the discretely presented component unit and remaining fund information of the City of Fort Lauderdale, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements which collectively comprise the City's basic financial statements. We issued our report thereon dated August 21, 2025, which contained unmodified opinions on those financial statements. Our report included reference to other auditors. Other auditors audited the financial statements of the Police and Firefighters' Retirement System and General Employees' Retirement System which represents 69%, 74% and 49% of the total assets, fund balance/net position and revenues/additions, respectively, of the discretely presented component unit and remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police and Firefighters' Retirement System and General Employees' Retirement System is based on the reports of the other auditors. Our report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports which are dated August 21, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1, Note 9 and Note 10 of the City's financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. This is reported in Appendix A – *Current Year's Findings and Recommendations to Improve Financial Management*.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a. *Rules of the Auditor General*, the City did operate a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, within the City's geographical boundaries during the year under audit.

As required by Section 10.554(1)(i)6.b. *Rules of the Auditor General*, the City did operate a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, within the City's geographical area and the following are the program administrators:

- Florida Green Finance Authority <https://flgfa.org> Jennifer Rojo Suarez at JRojos Suarez@renewfinancial.com
- Florida Green Finance Authority <https://flgfa.org> Leah Wiggs at lwiggs@renewfinancial.com
- Florida PAC Funding Agency District (FPFA) www.FloridaPace.gov Wendi Leach at Wendi@FloridaPace.gov
- Florida Resiliency and Energy District (FRED) <https://www.flcpac.org> Ahisha Rodriguez at arodriguez@fdcbonds.com
- Green Corridor Property Assessment Clean Energy District (GCPACE) www.ygrene.com Mark Scheffel at mark.scheffel@ygrene.com

As required by Section 10.554(1)(i)6.c. *Rules of the Auditor General*, the City did operate a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, within the City's geographical area and the full names and contact information were provided above.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., *Rules of the Auditor General*, the Sunrise Key Safe Neighborhood Improvement District (the District) reported the following information which has not been subjected to the auditing procedures applied in the audit of the basic financial statements of the City, and accordingly, we do not express an opinion or provide any assurance on it:

- a. There were no employees compensated in the last pay period of the District's fiscal year.

- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year was seven.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency is none.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency is \$104,656.
- e. There were no construction projects with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported, if the District amends a final adopted budget under Section 189.016(6), Florida Statutes. This is disclosed in Appendix B.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Honorable Mayor, Members of the City Commission and Audit Advisory Board and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM VS LLP

Fort Lauderdale, Florida
August 21, 2025

Appendix A—Current Year's Findings and Recommendations to Improve Financial Management

**ML 2024-001—User Access Review
(Repeat of finding ML 2023-001)**

Criteria: Network and Infor user access should be reviewed periodically in accordance with the information security policy.

Condition: The network and Infor (City's ERP system) access review were not performed during the FY 2023 audit period.

Cause: Management does not have an established process to periodically evaluate users with access to the network and Infor.

Effect: The absence of a formal user access review process increases the likelihood of unauthorized users or users having excessive application or network access, which may result in inappropriate transactions or fraudulent activities going unnoticed.

Recommendation: Management should conduct periodic reviews (at least annually) of users with access to Infor and the network to ensure that user access levels are appropriate based on job responsibilities. These reviews should be formally documented and conducted by an individual independent of the administrative functions on the application. If this is not feasible, management should have two individuals conduct the review. Documentation of the review should include the following information:

- Full list of all user accounts, including administrators
- Date when the user access report was generated
- Approval of the reviewer(s) and date when the review was performed
- Whether any inappropriate access was determined and the steps taken for resolution

Views of Responsible Officials and Planned Corrective Actions: Management recognizes the importance of conducting periodic and formalized user access reviews for both the network and the Infor system to ensure access levels are appropriate based on job responsibilities. Management will perform a user access review for the systems deemed critical and financially relevant.

ML 2024-002—Estimated Claims Payable

Criteria: Internal control policies and procedures should provide reasonable assurance regarding the reliability of the estimation of claims payable and there should be documentation of the review of assumptions used by specialists by management.

Condition: Through an independent review of workers compensation claims experience we noted the trend for heart and lung cases appeared to be getting worse due to the new presumptive nature of those claims and that the liability amount based on the current trend could be higher than the current recorded amount however it is just an estimate. As a result, management should continue to closely monitor and evaluate heart and lung related workers compensation claims and review the loss development factors being applied by their actuaries. While strengthening of claims management is occurring by the City with regard to these claims, the City also needs to look closely at its specific experience to ensure the liability estimates fully align with actions being taken and past experience of the City. In addition, we noted an immaterial misstatement resulting in applying an adjustment to the non-discounted amount although the discounted amount was recorded resulting in a variance of \$1,519,000 for the estimated claims payable for the City Insurance Fund that were not recorded.

Cause: The adjustment was inadvertently applied against the wrong undiscounted amount.

Effect: There were uncorrected misstatements related to estimated claims payable and there is potential based on how the loss development occurs for increased costs associated with these claims beyond the amounts currently recorded.

Recommendation: We recommend management continue its process of strengthening claims management process. In addition, a further review should be done of actual claims experience for heart and lung workers compensation claims against the actuarial estimates being applied and adjustments should be made if deemed appropriate to best reflect the expected outcomes.

Views of Responsible Officials and Planned Corrective Actions: Management recognizes the increased complexity and risk exposure associated with presumptive heart and lung workers' compensation claims and acknowledges the importance of ensuring that actuarial assumptions fully align with both actual experience and current claims management practices. Management will continue to strengthen its claims management practices and will work closely with the City's actuary to conduct a more detailed review of the assumptions and loss development factors applied to heart and lung claims, with particular attention to how these factors reflect the City's unique experience.

CITY OF FORT LAUDERDALE, FLORIDA
BUDGET TO ACTUAL
SUNRISE KEY NEIGHBORHOOD IMPROVEMENT DISTRICT
For Fiscal Year Ended September 30, 2024

	Final Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES			
Property Taxes	\$ 191,312	\$ 187,735	\$ (3,577)
Investment Gain	-	496	496
Miscellaneous	-	-	-
Total Revenues	191,312	188,232	(3,080)
EXPENDITURES			
Current:			
General Government	191,312	147,495	43,817
Total Expenditures	191,312	147,495	43,817
Net Income (Loss)	\$ -	\$ 40,737	\$ (46,897)

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

Independent Auditor's Report

Honorable Mayor, Members of the City Commission and the City Manager
City of Fort Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit and remaining fund information of the City of Fort Lauderdale, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 21, 2025.

Our report includes a reference to other auditors who audited the financial statements of the Police and Firefighters' Retirement System and the General Employees' Retirement System as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 2024-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-002.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Fort Lauderdale, Florida
August 21, 2025

Schedule of Findings

II – Financial Statement Findings

2024-001—Material Weakness, Insufficient Internal Control over Financial Reporting

Criteria: Management of the City is responsible for establishing and maintaining effective internal controls over financial reporting. These controls should allow management or employees to prevent, or detect and correct, misstatements to the trial balance, and perform financial reporting on a timely basis. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires that employers record pension liabilities and related deferred amounts in their financial statements based on the measurement date elected.

Condition and Context: A material adjustment was identified and recorded to pension deferred outflows of resources in the governmental activities opinion unit. The City inadvertently presented the amount based on the incorrect measurement date information, resulting in an understatement of approximately \$30 million. This error has been corrected.

Cause: Management indicated that the entries used information as of 9/30/2024, instead of using information as of 9/30/2023, which was the elected measurement date.

Effect: The original balance reported in the draft financial statements of \$158 million was understated by approximately \$30 million.

Recommendation: We recommend that management design and implement procedures and controls so that pension transactions are properly recorded in accordance with U.S. GAAP.

Views of Responsible Officials and Planned Corrective Action: The City prepares the financial statements utilizing Microsoft Excel. The link in the spreadsheet pulled the FY2024 deferred pension liability amount instead of the FY2023 amount. To prevent this error in the future, the City has purchased a new financial statements preparation software to streamline the ACFR development and reduce human error caused by manual entries.

Schedule of Findings (Continued)

2024-002—Significant Deficiency and Noncompliance, Financial Reporting Not Timely

Criteria: In order for financial statements to be relevant and useful, the audited financial statements should be issued timely. In addition, Florida Statute 218.32 Annual Financial Reports; local government entities, 1(d) states: Each local government entity that is required to provide for an audit under section Florida Statute 218.39(1) must submit a copy of the audit report and annual financial report to the department within 45 days after the completion of the audit report but no later than 9 months after the end of the fiscal year.

Condition: The City's financial statements for the fiscal year ended September 30, 2024, were not issued until 11 months after the fiscal year-end, indicating significant issues in the year-end closing process and failure to meet the requirements of Florida Statutes to submit no later than 9 months after year end.

Context: Systemic in nature.

Cause: The root cause of the delays was the change from FAMIS to the INFOR accounting system, implementation issues were identified after adoption of the new system that affected the processing of transactions and use of clearing accounts, leading to inefficiencies and delays in the year-end close process and preparation of financial statements.

Effect: The late issuance of financial statements may have several consequences, including non-compliance with regulatory requirements, delays in decision-making by stakeholders such as debtors and grantors who rely on timely financial information, and an inefficient use of resources due to extended audit and reporting timelines, ultimately hindering the organization's ability to operate effectively and make informed decisions.

Recommendation: The City should establish and implement a comprehensive closing process, encompassing the development and documentation of detailed closing procedures, clear role assignments and responsibilities for accounting staff, controls for accuracy and completeness of financial data, realistic timelines and milestones, and training for accounting staff on the new process to ensure a smooth and efficient financial close.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding. The delay in issuance of the September 30, 2024, financial statements were a compounded effect from the extended FY 2023 audit period. To address this issue going forward, management has purchased a new ACFR preparation software and will modify its comprehensive year-end closing procedures to incorporate new assignment of responsibilities, defined timelines, and enhanced review controls to ensure accuracy and completeness. Staff training on the INFOR system and closing process is complete, and additional resources have been allocated to support timely completion. Management is committed to achieving compliance with Florida Statute 218.32 and ensuring the timely issuance of future financial reports.

Summary Schedule of Prior Year's Audit Findings

Fiscal Year Ending September 30, 2024

Finding No.	Finding Title	Current Year Status
Financial Statements Findings		
<u>Internal Control Over Financial Reporting</u>		
2023-001	Material Weakness, Financial Reporting	Not Repeated
2023-002	Material Weakness, Internal Controls over Change of Vendor Payment Information	Not Repeated
2023-003	Significant Deficiency, Financial Reporting Submission	Repeated
CF 2023-004	Compliance, Financial Reporting Submission	Repeated



CORRECTIVE ACTION PLAN
2 CFR § 200.511 (c)
FISCAL YEAR ENDING SEPTEMBER 30, 2024

Finding Number	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2024-001 — Material Weakness Insufficient Internal Control over Financial Reporting	The City prepares the financial statements utilizing Microsoft Excel. The link in the spreadsheet pulled the FY2024 deferred pension liability amount instead of the FY2023 amount. To prevent this error in the future, the City has purchased a new financial statements preparation software to streamline the ACFR development and reduce human error caused by manual entries. The new software is currently being implemented and will be utilized for the preparation of the FY2025 financial statements.	April 30, 2026	Linda Short, Finance Director
2024-002 — Significant Deficiency and Noncompliance Financial Reporting Not Timely	Management concurs with the finding. The delay in issuance of the September 30, 2024, financial statements were a compounded effect from the extended FY 2023 audit period. To address this issue going forward, management has purchased a new ACFR preparation software and will modify its comprehensive year-end closing procedures to incorporate new assignment of responsibilities, defined timelines, and enhanced review controls to ensure accuracy and completeness. Staff training on the INFOR system and closing process is complete, and additional resources have been allocated to support timely completion. Management is committed to achieving compliance with Florida Statute 218.32 and ensuring the timely issuance of future financial reports.	April 30, 2026	Linda Short, Finance Director