



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#20-0352

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: May 19, 2020

TITLE: **REVISED M-3** - Motion Accepting the Comprehensive Annual Financial Report and the Federal and State Single Audit for the fiscal year ended September 30, 2019 for Submittal to the Florida Auditor General -
(Commission Districts 1, 2, 3 and 4)

Recommendation

It is recommended that the City Commission approve a motion accepting the Comprehensive Annual Financial Report (CAFR) and the Federal and State Single Audit Report (Single Audit) for submittal to the Florida Auditor General and to ratify the appropriation of funds for the \$18 million settlement described below.

Background

Crowe LLP, external auditors, have completed the annual audit of the City's financial statements and reported an unmodified (clean) opinion.

Highlights of the CAFR

- The City's total assets and deferred outflows exceeded its liabilities and deferred inflows by \$1.06 billion.
- The General Fund unrestricted fund balance increased from \$78.4 million to \$84.7 million. This amount exceeds the minimum unrestricted requirement (16.7%) at 25.4% of the final General Fund operating expenditures.

As a part of the audit, the Finance Department has to record audit entries required by generally accepted accounting principles (GAAP) that were not previously appropriated. The Finance Department has recognized a liability and recorded an expense of \$18.0 million in the City Insurance Fund related to a class action filed by residents of the Durrs Neighborhood and surrounding areas. In November 2019 the parties engaged in mediation and concluded with the Plaintiffs' best and final offer of \$18.0 million for global settlement. Although a final hearing on the case has not been held, it is probable that the City will incur settlement expenses of \$18.0 million.

The CAFR will be submitted to the Governmental Finance Officers Association for the Certificate of Achievement for Excellence in Financial Reporting. As in previous years,

we expect that it will meet the criteria to receive the certificate.
The CAFR will also be available online at the City web page.

As required by the Rules of the Auditor General of the State of Florida, the City must forward a copy of the approved financial report to the Auditor General within 45 days after receipt of the audit report from the auditor, but no later than 9 months after the end of the fiscal year.

The CAFR was reviewed and approved by the Audit Advisory Board on April 23, 2020. It is recommended that the City Commission accept the CAFR and the Single Audit for submittal to the Florida Auditor General.

The CAFR published as Exhibit 1 is marked draft until it is supplemented by Independent Auditor's Reports (Exhibit 2). When the Independent Auditor's Reports are received, they will be added to supplement the draft CAFR causing it to become the final FY19 CAFR (Exhibit 3).

The Independent Auditor's Reports will be received prior to the City Commission Meeting but were not available at the time of publishing.

Resource Impact

There is no fiscal impact to the City for fiscal year 2020.

Strategic Connections

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Internal Support Focus Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably.
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term planning.

This item advances the *Fast Forward Fort Lauderdale 2035* Vision Plan: We Are United.

Attachments

Exhibit 1 – FY2019 CAFR (as published)

Exhibit 2 – Independent Auditor's Reports (to be provided)

Exhibit 3 – Final FY2019 CAFR (to be provided)

Prepared by: Laura L. Garcia, Finance
 Linda Short, Finance
 Debra Conyers, Finance

Department Director: Susan Grant, Finance