

**OFFICE OF THE CITY COUNCIL**

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**Finance Audit Subcommittee Meeting Minutes**

**September 8, 2016**

**1:00 p.m.**

**Topic:** Finance Committee agenda meeting

**Location:** Lynwood Roberts Room, 1st floor, City Hall – St. James Building, 117 West Duval Street

**In attendance:** Council Members Matt Schellenberg (Chair), Anna Lopez Brosche and Greg Anderson

**Also**: Kirk Sherman, Kyle Billy, Phillip Peterson, Kim Taylor, Brian Parks – Council Auditor’s Office; Jeff Clements – Council Research Division; Katrin MacDonald – Legislative Services Division; Ralph Hodges – TRUE Commission

See attached sign-in sheet for additional attendees

**Meeting Convened**: 1:00 p.m.

Chairman Schellenberg convened the meeting and the attendees introduced themselves for the record.

Harold Monk of Carr, Riggs and Ingram (CRI) made a presentation on the City’s independent audit for FY14-15, beginning with thanks for the excellent cooperation by the City’s Finance Department and Council Auditor’s Office during the audit process. He complimented the level of expertise of the City’s financial staff. He did note that the City is somewhat different from other jurisdictions in the number of independent auditors that audit the independent authorities and other entities of the City government and are therefore reviewed and attested by CRI.

Yvonne Clayborne of CRI explained that the audit is being presented later than usual this year because of changes required by the implementation of new national auditing standards and additional requirements by the Florida Auditor General that substantially delayed the production of numerous documents and slowed the auditing process. The audit did not report any significant deficiencies or disclose any material weaknesses in internal controls over financial reporting, and no instances of material noncompliance were identified. The audit did identify an issue with insufficiently detailed and timely reconciliation of some cash receipts that arrived in the Finance Department directly rather than through the Tax Collector as is normally the case. One particular unexpected rebate check from SMG to the City was problematic and booking to the proper account took some time. The Finance Department readily agreed that all payments should be made through the Tax Collector and is taking steps to ensure that all parties sending funds to the City know that the payments should be directed there rather than to Finance directly.

Robert Lemmon of CRI reviewed the Required Communications documents. He noted one major change from prior years is that new GASB standards require the booking of the city’s unfunded accrued actuarial pension liability, which causes a $2.2 billion entry on the City’s balance sheet. Ms. Clayborne explained that variations from the assumed rates of return on all of the pension plans (General Employees, Correctional Officers, Police and Fire, and a small handful of participants in the Florida Retirement System) increase or decrease the accumulated liability and therefore the number that needs to be reported on the balance sheet. In two years new GASB regulations will take effect that will require booking figures for accumulated post-retirement benefit costs (primarily related to health insurance). Mr. Lemmon specifically drew attention to disclosure #3 regarding investment portfolio risks, #9 regarding the pension-related amounts, and #15 concerning contingent liabilities.

In response to a question from Council Member Anderson about possible ways of improving communications or efficiency of information exchange among the various agencies that all contribute audits to the City’s overall financial report, Mr. Lemmon said that having a published calendar of reporting dates that are adhered to by all parties. Several of the independent authorities are slower than others in providing the data the City needs for its reports that are then reviewed by CRI. Council Member Brosche suggested that the Audit Committee keep tabs on the various agency inputs into the financial report and help ensure timely production of required elements. Otherwise CRI had no major findings or issues to report. Mr. Lemmon noted that the Finance Department staff is experienced with and capable of working around the limitations of the outdated FAMIS financial accounting system, but as those experienced employees leave or retire, FAMIS’s limitations may become more problematic. The committee asked CRI for recommendations or suggestions about good financial software for city governments since the City is currently preparing an RFP to acquire a replacement for FAMIS. In response to a question from Ms. Brosche, Mr. Monk said that CRI asked numerous City and authority officials about any suspected instances of fraud and did not get any indication that they had any concerns. He said that data from the National Association of Fraud Examiners showed that the average governmental fraud event was in the amount of $150,000.

**Meeting Adjourned**: 1:47 p.m.

Minutes: Jeff Clements, Council Research

9.8.16 Posted 3:00 p.m.

Tapes: Finance Audit Subcommittee meeting– LSD

9.8.16