

# City of Lauderhill

*City Commission Chambers at City Hall  
5581 W. Oakland Park Blvd.  
Lauderhill, FL, 33313  
[www.lauderhill-fl.gov](http://www.lauderhill-fl.gov)*



## Meeting Minutes - Draft

**Monday, March 25, 2024**

**5:00 PM**

**City Commission Chambers**

## **Special City Commission Meeting**

**LAUDERHILL CITY COMMISSION**

***Mayor Ken Thurston  
Vice Mayor Lawrence Martin  
Commissioner Melissa P. Dunn  
Commissioner Denise D. Grant  
Commissioner Sarai Martin***

***Desorae Giles-Smith, City Manager  
Andrea M. Anderson, City Clerk  
Angel Petti Rosenberg, City Attorney***

## I CALL TO ORDER

Mayor Thurston called to order the Special City Commission Meeting at 5:02 PM.

## II ROLL CALL

**Present:** 4 - Commissioner Melissa P. Dunn, Vice Mayor Lawrence Martin, Commissioner Sarai Martin, and Mayor Ken Thurston  
**Absent:** 1 - Commissioner Denise D. Grant

## ALSO PRESENT:

Desorae Giles-Smith, City Manager  
Zach Davis-Walker, Assistant City Attorney  
Constance Stanley, Police Chief  
Andrea M. Anderson, City Clerk

## III THIS WILL BE A LIMITED AGENDA MEETING. THE ONLY ITEM TO BE DISCUSSED WILL BE:

1. RESOLUTION NO. 24R-03-48: A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LAUDERHILL ACCEPTING, APPROVING AND ADOPTING THE CITY OF LAUDERHILL'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023; PROVIDING FOR AN EFFECTIVE DATE (REQUESTED BY CITY MANAGER, DESORAE GILES-SMITH).

**Attachments:** [RES-24R-03-48-CAFR City FY 2024.pdf](#)

[AR 24R-03-48](#)

[City of Lauderhill Fiscal Year 2023 Audit Presentation \(As Referenced Within Minutes\)](#)

Roderick Harvey, Partner with HCT, the auditing firm of record, gave a PowerPoint presentation on the City's annual CAFR, as detailed in the backup, highlighting the following:

- They would be providing as of March 25, 2024, an unmodified or clean opinion on the City of Lauderhill
- The presentation covered the City's current financial condition, the Auditor's Report, the Financial Statement, and financial indicators
- The scope of the audit included performing tests, such as compliance testing in accordance with the Generally Accepted Auditing Standards (GAAS), and Government Auditing Standards
- There were no changes to the auditors' risk assessments; they would issue the appropriate auditors' reports; there were no outstanding matters; and all significant accounting policies would be noted in note one of the Financial Statement
- There were no accounting pronouncements applied to FY 2023

- With regard to required communications the auditing firm must issue those charged with governance; there were no matters to report in the three areas noted and listed
- There were no control deficiencies, no related party issues were noted or detected; if the City's audit report was being used in another document, HCT should have the option to review the document to ensure their audit report was as issued
- The areas they tested and had no findings to report included: no illegal acts or fraud; no disagreements with management; no significant difficulties encountered during the audit
- HCT was deemed independent based on their assessment in accordance with the American Institute of Certified Public Accountants (AICPA).

Deputy City Manager/Finance Director Kennie Hobbs continued the presentation, reviewing the City's current financial position as of February 28, 2024, highlighting the following:

- 41.67 percent of the fiscal year (FY) passed
- Of the \$92 million General Fund budget, just over \$51 million or 54 percent was collected; \$41 million or roughly 48 percent was expended; if encumbrances were removed, roughly \$38 million had been expended; expended meant dollars actually spent, or dollars committed
- The enterprise fund represented the City's water and sewer funds, stormwater fund, and the Lauderhill Performing Arts Center (LPAC); these funds totaled \$81 million; year-to-date, the City collected \$18.3 million, and expended \$15.8 million; this was misleading, as the total included a bond the City received, so there were additional costs that were capital-related that would go toward revenues and expenditures; the City began working on water plant, and sewer line improvements
- All revenues and expenditures were on pace to meet projections, so no major adjustments were needed at present
- During April, staff usually presented the Commission with a six-month budget update; at the time of that presentation, recommendations would be made in relation to amending the City's revenues and expenditures; every department, and every line item was examined, after which adjustments were recommended, whether up or down, moving money between accounts
- Cash on hand: roughly \$5 million; the April budget update would include a category from which the City would recognize additional revenue; that is, interest income; Assistant Finance Director Karen Pottinger and her team were diligent in ensuring the City's excess funds were invested, enabling the opportunity to earn unanticipated revenue, thereby, allowing the City to do some things that were not planned previously; this would result in an adjustment up in interest income
- American Rescue Plan Act (ARPA) dollars: the City was on track to expend the roughly \$18.1 million, of which \$13.4 million was already spent; the remaining \$4.7 million would be expended during the remaining six months of the current fiscal year.

Commissioner S. Martin sought clarification on the enterprise fund revenues.

Mr. Hobbs explained revenues in the enterprise funds recognized both operating

revenues, and proceeds from bond closing, etc. The City recently closed on the \$30 million bond, so once those dollars were recognized, it would impact revenue, as they would be reflected as revenue. Staff would have a clearer representation of where the City stood at the April budget presentation versus what was shown at present; again, staff foresaw no issues related to the City's enterprise funds, as they were all on target.

Commissioner S. Martin asked about the ARPA funds, and how the City's ability to roll back its tax rate would be affected.

Mr. Hobbs clarified, as long as all the ARPA dollars allocated to the City were expended prior to the end of the current fiscal year, the City could roll back the tax rate if this was the will of the Commission.

Mr. Harvey continued the presentation, highlighting the following:

- Page 26: cash and investments - \$64.5 million; restricted cash - \$1.4 million; total cash - \$65.9 million; total assets - almost \$300 million; liabilities - \$233 million; net position of \$78.8 million
- Page 28, General Fund: total fund balance - \$19.6; unassigned fund balance - \$5 million; fund balance related to ten to 15 percent of operating expenditures, and for the year under audit, it was at \$5.72 million; revenue - \$78 million; expenditure - \$71 million; debt service transfers - \$9.5 million; an end-of-the year positive change of fund balance of \$2.1 million
- Page 33, Enterprise or proprietary funds based on what the City charged users: net position - \$83.3 million; unrestricted net position - \$30 million; operating revenue - \$33.8 million; operating expenses - \$34 million; interest expense - \$600,000.00; a positive change in net position of \$769,000.00
- Three-year spread/trend shown for 2021 to 2023
- For all four pension plans, net position percentage related to total pension liability: general employees \$88.1 million; firefighters \$86.5 million; police \$78.4 million; confidential and managerial \$68.3 million
- With trend analysis, it was important to see a positive movement in the trend, up or down for several periods to clearly determine if the trend was positive or negative for years one through three; if the trend fluctuated or bent both ways, one year up, down or flat, most account CPAs would deem the trend inconclusive, as the up and down made it difficult to clearly determine if the trend was favorable or unfavorable; for year 2023, favorable 7, unfavorable 5, 14 of the calculations were inconclusive, giving an overall score for the last three fiscal years, based on the five-year trend shown, that the auditors deemed the overall ratio analysis was inconclusive
- The ratio analysis was deemed to be favorable.

Mr. Hobbs interjected to explain there were certain trends the Auditor General (AG) considered critical, and the ones included in the presentation were the four indicators considered critical by the AG. The first critical item was indicator 2, which was entity wide, and it represented unassigned and assigned fund balance over unrestricted net position; it showed favorable when looking at the two trends, but then a slight decrease due to spend down cash. He said cash had a major effect on critical indicators, and as he explained before, as the City spent its ARPA and general obligation (GO) dollars down, this reduced the

City's cash position; as cash decreased, it had an impact on a number of the financial indicators, but specifically the four being highlighted. Indicator two was favorable, and if the City received more grant or bond dollars, those indicators would increase, as the additional funds would directly impact them. Mr. Hobbs said the next critical indicator was indicator 4, the General Fund that showed favorable; it spoke specifically to cash and investments over current liabilities, and the City's ability to pay its current bills. The next critical indicator was 4G General Fund governmental funds; this indicator showed inconclusive, as the City intentionally spent its GO bond and ARPA dollars. The fourth critical indicator was 4P for the City's proprietary funds: water, sewer, storm water, and LPAC, and they received a favorable trend. Thus, of the four critical trends, three were favorable, and one inconclusive.

Vice Mayor L. Martin desired more clarification on the trends deemed inconclusive for the public's benefit.

Mr. Harvey said years ago the State assigned certified auditors the task of looking at identified trends to determine if a government agency was heading in a bad direction. Auditors interpreted the trends they observed, and though the public might see trends labeled inconclusive, they should take the time to understand what the City was doing. He noted a government agency wished to ensure that for any fiscal year, liquidity was most important, as this ties in cash, expenditures, etc., understanding that ratios would swing based on the operations of the agency. Based on the current City of Lauderhill audit, and the auditors' conversations with the Mr. Hobbs and his staff, the auditors knew there was a meaningful spend down of cash for various reasons, and this would result in more trends to slide from favorable to inconclusive; the auditors expected to see a slide up in the next fiscal year, as some transactions were expected to bring cash to the City. For example, the bond the City recently issued would result in an increase in cash and revenue.

Commissioner S. Martin sought additional clarification on financial indicator one.

Mr. Harvey noted the exaggeration trend downward involved OPEB, and the increase in pension liabilities. There was a concerted effort by the AICPA and the Governmental Accounting Standards Board (GASB) to have governments take into account more of the long-term expenses as they related to staff. Thus, in 2025, GASB 100, and 101 would be implemented to place more liability on the balance sheet for all governments. He said the trend seen now would continue because those two standards boards wished to make sure governments reported, captured, and dollarized those liabilities that were potentially owed to staff. These were the beginning of those OPEB, or pension liabilities being booked on the balance sheet. Mr. Harvey stated the good part was since all government entities had to make this change, as it related to bond ratings, there would be a similar dip for all governmental entities and taxing districts. He would get the exact date the GASB changes would take effect, and send it to the members of the City Commission and City administration; it would be either in late 2024, or sometime in 2025.

Commissioner S. Martin asked if there was any way to estimate how much the change would be.

Mr. Harvey felt it would be premature to put a number out now, but it would have an impact to the liability section of the City's balance sheet.

Commissioner Dunn questioned what the overall impact would be.

Mr. Hobbs commented that the City was reflecting a large liability, and additional liability would be going on the books. GASB 101 was related to how an agency accounted for leave time; that is, vacation, sick, etc., and they were currently reflected as some percentage. The new GASB required governmental agencies to show a much larger portion, such as 80 or 100 percent, but Finance staff did not know what that number would be, as there were some elements in the City's policy that staff had to work with in doing the calculations that would be reviewed and approved by the auditor to determine the final amount. He stated, with regard to the pension liabilities, even though the City was showing a much greater pension liability on the books, it would not be due for years to come, but the standards boards wanted the liability to be fully reflected in the books, so the public was aware it existed.

Vice Mayor L. Martin felt this to be a good conversation, as it educated the Commission and Lauderhill public on such matters, and facilitated a better understanding.

Mr. Harvey stated, for a point of clarity, the change he spoke of was GASB 101, and it would be implemented for fiscal years beginning after 12/15/2023, so it would take effect for the City's financial statements beginning October 1, 2024, ending September 30, 2025. He invited anyone wishing to have a detailed discussion on actuarial values, etc., he would be more than happy to do so on a Sunday at 8:00 a.m. He continued his presentation:

- They were happy to report there were no significant deficiencies, or material weaknesses based on their audits for the fiscal year ending September 30, 2023
- There was a tripod of responsibilities: management was responsible for the financial statements, the design, and implementation of the controlled environment, and for providing the auditors access to people, and information; elected officials were responsible for oversight of the financial statement reporting process, and to establish an environment for controls and programs designed to detect, deter, and correct fraud
- It was the auditors' responsibility to communicate certain findings, such as: if they suspected or identified noncompliance with rules and regulations; any issues with internal control matters; any findings, issues arising during the conduction of their audit.

Commissioner Dunn asked if Mr. Harvey could state definitively for the Lauderhill public if the City passed, failed, etc. its annual audit, and whether the City was operating in good financial standing.

Mr. Harvey reiterated HCT was issuing a clean, unmodified opinion for the City of Lauderhill for fiscal year ending September 30, 2023. Based on their analyses of the 29 conditions, their experience, and expertise, they thought the

City was in great financial strength and health, particularly when considering the liquidity of the City, as it related to its cash balances. He added that on behalf of the auditing team it was an extreme pleasure to serve the City of Lauderhill, and they looked forward to serving the City for many more years.

Mayor Thurston opened the discussion to the public.

Varion Harris, Lauderhill resident, mentioned House bill that proposed amendment MC12024, and another amendment WMC32024 that dealt with a homestead extension; he wished to know if they passed, how would that impact the City of Lauderhill's next fiscal year's budget.

City Manager Giles-Smith was unsure if those bills actually passed, but she could have Mr. Hobbs and his staff do an analysis to show how it could affect the City's budget. She believed if they passed it would increase the existing homestead exemption, and automatically increase it in subsequent years.

Vice Mayor L. Martin understood they required a vote by public referendum to pass; it could not take effect automatically in Tallahassee. He noted any of the bills passed, and resulted in a negative effect on the City's budget, staff would have to find a way to replace those funds to prevent the City having to reduce services.

**A motion was made by Vice Mayor L. Martin, seconded by Commissioner M. Dunn, that this Resolution be approved. The motion carried by the following vote:**

**Yes:** 3 - Commissioner M. Dunn, Vice Mayor L. Martin, and Mayor K. Thurston

**Abstain:** 0

**Off Dais:** 1 - Commissioner S. Martin

#### **IV ADJOURNMENT - 5:51 PM**