

**JOINT LEGISLATIVE AUDITING COMMITTEE
MEETING SUMMARY
February 7, 2019**

Members in attendance:

Senator Jeff Brandes, Chair
Representative Jason Fischer, Vice Chair
Senator Dennis Baxley
Representative Michael Caruso
Representative Chip LaMarca
Senator Tom Lee
Senator Bill Montford
Representative Sharon Pritchett
Senator Kevin Rader
Representative Bob Rommel
Representative Jackie Toledo
Representative Patricia Williams

Consideration of a request for an Auditor General operational audit of issues relating to the City of Melbourne received from Representative Fine

Representative Fine spoke to the Committee regarding the request for the audit.

Mr. Paul Alfrey from the City Council of Melbourne, spoke to the Committee regarding the request for the audit.

Representative Fischer moved to direct the Auditor General to perform a targeted operational audit of issues relating to the City of Melbourne as identified by Representative Fine. The Auditor General, pursuant to the authority provided in Section 11.45(3), F.S, shall finalize the scope of the audit during the course of the audit, providing that the audit-related concerns of Representative Fine are considered.

Motion passed unanimously.

Consideration of a request for an Auditor General operational audit of the Citrus County Hospital Board received from Representative Massullo

Representative Massullo spoke to the Committee regarding the request for the audit.

Mr. William Grant, General Counsel, Citrus County Hospital Board spoke to the Committee regarding the Citrus County Hospital Board and related entities.

Representative Caruso moved to direct the Auditor General to perform an operational audit of the Citrus County Hospital Board as identified by Representative Massullo. The Auditor General, pursuant to the authority provided in Section 11.45(3) F.S., shall finalize the scope of the audit during the course of the audit, providing that the audit-related concerns of Representative Massullo are considered.

Motion passed unanimously.

Presentation of the Auditor General’s follow-up audit of the City of Starke, Report Number 2019-003

Mike Gomez, Audit Manager with the Auditor General’s Office, presented the Follow-up Audit Report (2019-003) of the City of Starke.

Mr. Ricky Thompson, City Clerk with the City of Starke, spoke before the Committee to answer the Committee’s questions.

Senator Brandes discussed having the Auditor General perform a wrap up review of the City of Starke, and stated the Committee will work on the timing of such report at the next Committee meeting.

Pursuant to s. 11.40(2), F.S., the Committee is expected to consider taking action against local governmental entities that have failed to file an annual financial report and/or annual financial audit (if required) in accordance with ss. 218.32(1) and 218.39 F.S.

Debbie White, CPA, Legislative Analyst with the Committee, discussed the local governments that had not submitted their required financial reports. Below are the lists of the local governmental entities that, as of the time of the meeting, had failed to file an annual financial report and/or an annual financial audit report for one or more years and the staff’s recommendations.

List 1: Counties

Name	County	Staff Recommendation
Dixie County	Dixie	Take action if not received by 3/31/2019
Total Number of Counties: 1		

List 2: Municipalities

Name	County	Staff Recommendation
Town of Altha	Calhoun	Take action if not received by 8/31/2019
Town of Caryville	Washington	(1) Notify the Auditor General to end efforts to perform the Town’s financial audit for FY 2016-17 (2) Require the Town to obtain an audit firm to perform the FY 2016-17 audit (3) Take action against the Town on 2/15/2019 for its failure to comply with financial reporting requirements for FY 2016-17 (4) Direct the Auditor General to perform an operational audit of the Town

Name	County	Staff Recommendation
City of Gretna	Gadsden	Take action if not received by 4/1/2019
City of Hampton	Bradford	Continue to delay action and request the City to provide an updated status by 5/1/2019 if delinquent audit reports not received
Town of Noma	Holmes	Take action if not received by 2/15/2019
City of Opa-locka	Miami-Dade	If FY 2015-16 financial reports are submitted by March 31, 2019, then take action on FY 2016-17 if financial reports not received by 5/31/2019. Otherwise, take action on FY 2016-17 on 4/1/2019.
City of Pahokee	Palm Beach	Take action if not received by 3/1/2019
City of Vernon	Washington	Take action if not received by 2/15/2019; however, allow DEP and DEO to pay the City for grant projects.
Total Number of Municipalities: 8		

List 3: Special Districts (Independent)

Name	County/Creation Method	Staff Recommendation
Baker Fire District	Okaloosa / Special Act	Take action if not received by 5/1/2019
Belmont Lakes Community Development District	Broward / Local Ordinance	Take action if not received by 2/15/2019
Campbellton-Graceville Hospital District	Jackson / Special Act	Delay state action on FY 2016-17 delinquent financial reports and have staff monitor District's progress in complying with terms of Chapter 2018-188, Laws of Florida, to "wind down its affairs" now that the Hospital property has been sold.
Clearwater Cay Community Development District	Pinellas / Local Ordinance	Take action if not received by 2/15/2019
Eastpoint Water and Sewer District	Franklin / Special Act	Take action if not received by 3/1/2019
Estuary Community Development District, The	Hillsborough / Local Ordinance	Take action if not received by 2/15/2019
Golden Lakes Community Development District	Polk / Local Ordinance	Take action if not received by 2/15/2019
Green Corridor Property Assessment Clean Energy (PACE) District	Miami-Dade / General Law	Take action if not received by 2/15/2019
Hamilton County Development Authority	Hamilton / Special Act	Take action if not received by 2/15/2019 (Note: Revised to 4/15/2019 in motion)
Martin Soil and Water Conservation District	Martin / General Law	Take action if not received by 3/1/2019
Pembroke Harbor Community Development District	Broward / Local Ordinance	Take action if not received by 2/15/2019
Yellow River Soil and Water Conservation District	Okaloosa / General Law	Take action if not received by 4/1/2019.
Total Number of Special Districts: 12		

List 4: Special Districts (Dependent)

Name	County/ Creation Method	Staff Recommendation
Ali-Baba Neighborhood Improvement District	Miami-Dade / Local Ordinance	No action on the special district since the City of Opa-locka is responsible for submitting the District's AFR. [Note: Take action on City of Opa-locka as specified in List 2.]
East-West Neighborhood Improvement District	Miami-Dade / Local Ordinance	No action on the special district since the City of Opa-locka is responsible for submitting the District's AFR. [Note: Take action on City of Opa-locka as specified in List 2.]
Niles Garden Neighborhood Improvement District	Miami-Dade / Local Ordinance	No action on the special district since the City of Opa-locka is responsible for submitting the District's AFR. [Note: Take action on City of Opa-locka as specified in List 2.]
Opa-Locka Community Redevelopment Agency	Miami-Dade / Local Ordinance	No action on the special district since the City of Opa-locka is responsible for submitting the Agency's AFR. [Note: Take action on City of Opa-locka as specified in List 2.]
Tarawood Special Dependent Tax District	Hillsborough / Local Ordinance	Take action if not received by 2/15/2019
Total Number of Special Districts: 5		

List 5: Take No Action

Name	County/ Creation Method	Staff Recommendation
Santa Rosa Bay Bridge Authority	Santa Rosa / Special Act	Continue to delay action
Total Number of Special Districts: 1		

Senator Montford moved that the Committee accept staff recommendations for the county, municipalities, and special districts on Lists 1 through 5, except that the date for the Hamilton County Development Authority be revised to April 15, 2019, and direct staff to contact the Department of Revenue and the Department of Financial Services or the Department of Economic Opportunity, as appropriate, and direct them to proceed according to the provisions of Section 11.40(2), F.S.¹ Staff shall notify all parties required to be notified by law regarding these entities.

He further moved that the Chair, with the consent of the Vice Chair, be permitted to delay action against the entities on Lists 1 through 4 if additional information is brought to their attention that should be considered in determining the effective date of the Committee's action. Staff shall deliver a copy of any such decision to the members of the Committee, the President of the Senate, and the Speaker of the House. Staff shall continue to monitor the special district on List 5.

Motion passed (Representative Rommel was not present for the vote).

¹ Section 11.40(2), F.S., authorizes the Committee to: (1) For counties and municipalities, direct the Department of Revenue and the Department of Financial Services to withhold certain revenue, with withholding to begin 30 days after the agencies have received notification; and (2) For special districts, direct the Department of Economic Opportunity to file a petition for enforcement in the circuit court in Leon County or begin the process to declare the special district inactive for dissolution.

Pursuant to s. 11.40(2), F.S., the Committee is expected to consider taking action against local governmental entities that have failed to provide the Auditor General with significant items missing from audit reports submitted in accordance with s. 218.39, F.S.

Debbie White, CPA, Legislative Analyst with the Committee, discussed that there are four local governmental entities that continue to have failed to provide information requested by the Auditor General. This is information that is required to be included in local governmental financial audit reports. The enforcement action available to the Committee is specified in s. 11.40(2), F.S.²

<u>List 1: LOCAL GOVERNMENTS</u>					
<u>Significant Items Missing from Audit Report - Not Yet Provided to Auditor General</u>					
<i>(required by s. 11.45(7)(b), F.S.)</i>					
	Entity Name (County)	Senate District(s)	House District(s)	Item(s) Missing from FY 2016-17 Audit Report	Staff Recommendation
1	McIntosh, Town of (Marion)	8	20	The date the audit report was delivered to the local governmental entity was not included in correspondence accompanying the audit report submitted to the Auditor General, although required by Section 10.558(3), Rules of the Auditor General.	Take action if not received by March 1, 2019
2	St. Lucie Village, Town of (St. Lucie)	25	54	Uncorrected audit findings that were also included in the first and second preceding fiscal year audit reports were not identified in the audit report, although required by Section 10.554(1)(i)1., Rules of the Auditor General.	
3.	City-County Public Works Authority (Glades)	26	55	A written statement of explanation or rebuttal concerning the findings in the management letter was excluded from the audit report, although required by Sections 10.557(3)(l) and 10.558(1), Rules of the Auditor General.	

² Section 11.40(2), F.S. authorizes the Committee to: (1) For counties and municipalities, direct the Department of Revenue and the Department of Financial Services to withhold certain revenue, with withholding to begin 30 days after the agencies have received notification; and (2) For special districts, direct the Department of Economic Opportunity to file a petition for enforcement in the circuit court in Leon County or begin the process to declare the special district inactive for dissolution.

List 2: LOCAL GOVERNMENTS

**Failure to Provide the Auditor General with Evidence of Corrective Action Taken
Related to Investment Policies**
(required by s. 11.45(7)(d), F.S.)

	Entity Name <i>(County)</i>	Senate District(s)	House District(s)	Non-Compliance Reported in the FY 2016-17 Audit Report Related to Investment Policies	Staff Recommendation
1	Bonifay, City of <i>(Holmes)</i>	2	5	<p>The auditors disclosed the following material noncompliance with the requirements of Section 218.415, F.S. (<i>Local Government Investment Policies</i>): The City invested in federal agencies but did not have a written investment policy. Investments in federal agencies are only authorized if the City has a written investment policy.</p> <p>Although required, the City has failed to provide evidence of corrective action regarding this noncompliance to the Auditor General.</p>	Take action if not received by April 1, 2019

Representative Toledo moved that the Committee accept staff recommendations for the entities that have failed to provide the Auditor General with required information on Lists 1 and 2 and direct staff to notify the appropriate entity to proceed with the provisions of Section 11.40(2), F.S. She further moved that the Chair, with the consent of the Vice Chair, be permitted to delay action against any of these entities, if additional information is brought to their attention that should be considered in determining the effective date of the Committee’s action.

Motion passed (Representative Rommel was not present for the vote).

Presentation of the Auditor General’s performance audit of the Local Government Financial Reporting System, Report Number 2019-028

Mike Gomez, Audit Manager with the Office of the Auditor General, presented the Auditor General’s report on the Local Government Financial Reporting System.

Consideration of the Department of the Lottery’s audit for the 2018-19 Fiscal Year.

Senator Brandes recognized Representative Fischer who moved that the Committee direct the Auditor General and OPPAGA to conduct the audit of the Department of Lottery for the 2018-2019 fiscal year.

The Auditor General will be responsible for the financial statements, internal control, and compliance issues. The Auditor General may also use her discretion to include operational topics.

OPPAGA will be responsible for developing recommendations to enhance the earning capability of the lottery and to improve the efficiency of the department’s operations.

Motion passed (Representatives Rommel and Toledo were not present for the vote).

Senator Montford moved to adjourn.