

City of Gainesville

*City Hall
200 East University Avenue
Gainesville, Florida 32601*



Meeting Agenda

March 30, 2009

3:00 PM

City Hall, Room 16

Audit, Finance and Legislative Committee

Mayor Pegeen Hanrahan (Chair)

Mayor-Commissioner Pro Tem Jack Donovan (Vice Chair)

Persons with disabilities who require assistance to participate in this meeting are requested to notify the Office of Equal Opportunity at 334-5051 or call the TDD phone line at 334-2069 at least two business days in advance.

CALL TO ORDER**ROLL CALL****ADOPTION OF THE AGENDA****APPROVAL OF MINUTES****080932.****Audit, Finance & Legislative Committee (AFLC) Minutes (B)****RECOMMENDATION**

The AFLC approve the minutes of January 5, 2009, as circulated.

080932_jan 5, 2009_minutes.pdf

DISCUSSION ITEMS**080933.****City of Gainesville Fiscal Year 2008 Comprehensive Annual Financial Report, Audited Financial Statements, Auditors' Reports, Auditors' Management Letters and Single Audit Reports, and Management's Written Response (B)**

Explanation: In accordance with the City's contract for external auditing services with Davis, Monk and Company and Ernst and Young, Certified Public Accountants, the following reports are presented for review by the Audit, Finance and Legislative Committee:

- 1. The Basic Financial Statements, Supplemental Information and Independent Auditors' Report, Management Letters and Single Audit Reports of the City of Gainesville, Florida for the Fiscal Year Ended September 30, 2008; which are presented in the attached Comprehensive Annual Financial Report;*
- 2. The Financial Statements, Supplemental Information and Independent Auditors' Report of Gainesville Regional Utilities for the Fiscal Year Ended September 30, 2008;*
- 3. The Financial Statements and Independent Auditors' Report on the Employees' Pension Fund of the City of Gainesville, Florida for the Fiscal Year Ended September 30, 2008;*
- 4. The Financial Statements and Independent Auditors' Report on the Consolidated Police Officers and Firefighters Retirement Plan of the City of Gainesville, Florida for the Fiscal Year Ended September 30, 2008;*
- 5. The Financial Statements and Independent Auditors' Report on the Disability Pension Fund of the City of Gainesville, Florida for the Fiscal Year Ended*

September 30, 2008; and

6. *The Financial Statements and Independent Auditors' Report on the Other Postemployment Benefits Fund of the City of Gainesville, Florida for the Fiscal Year Ended September 30, 2008.*

In the opinion of the independent auditors, the financial statements referred to in items 1 and 2 above present fairly, in all material respects, the financial position and changes in financial position of the City and GRU for the year ended September 30, 2008, in conformity with generally accepted accounting principles.

In the independent auditors' opinion, the financial statements referred to in items 3, 4, 5 and 6 above present fairly, in all material respects, the net assets and changes in net assets held in trust for benefits for the year ended September 30, 2008, in conformity with generally accepted accounting principles.

As part of the audit process the independent auditors issue "management letter comments" along with several other reports related to internal control structure; compliance with certain provisions of laws, regulations, contracts and grants, and internal control structure and certain requirements applicable to federal and state financial assistance programs. These reports are presented within item 1 above under the heading of "Single Audit Section."

The auditors' management letter related to General Government indicates that there were no recommendations in the current year. The auditors' management letter and internal control report over financial reporting related to Gainesville Regional Utilities include recommendations related to recording an annual payroll accrual and improved management review of accounts receivable credit balances. The auditors also provide a report on the status of their prior year's recommendations. Management's written response to these comments indicates agreement with the auditors' recommendations and provides planned corrective action on each issue.

In accordance with Section 6(b) of Resolution 970187, City Auditor Responsibilities and Administrative Procedures, the City Auditor has reviewed the attached statements and reports to ensure that contractual terms have been fulfilled and transmits these reports with a recommendation for City Commission acceptance.

RECOMMENDATION

The Audit, Finance and Legislative Committee recommend that the City Commission accept the subject financial report, financial statements, auditors' reports, management letters and single audit reports; and accept management's written response.

Comprehensive Annual Financial Report.pdf
Consolidated Police and Firefighters Retirement Fund.pdf
Davis Monk Summary of GG Audit Results.pdf
Disability Pension Fund.pdf
Employees Pension Fund (2).pdf
Ernst Young Summary of GRU Audit Results.pdf
GRU Financial Statements.pdf
Other Post Employee Benefits Fund.pdf

080934.**Selection of External Auditors for Gainesville Regional Utilities (NB)**

Explanation: Florida Statutes section 218.39 and Gainesville Code of Ordinances section 2-433 require the City Commission to employ an independent certified public accountant, not connected with the government of the City, to audit the accounts maintained and the financial statements prepared by the City for each fiscal year. The City's current contract for professional auditing services expires after completion of all reports associated with the financial audit for the fiscal year ending September 30, 2008.

On September 18, 2008, the City Commission authorized the issuance of a Request for Proposals (RFP) for professional auditing services utilizing the methodology and selection factors recommended by the Audit, Finance and Legislative Committee. As a result, an RFP was publicly issued and provided to interested firms on September 25, 2008. Since City finances are segmented into two major areas, General Government and Gainesville Regional Utilities (GRU), the RFP provided an opportunity for firms to submit a proposal for the General Government segment, the GRU segment and/or both segments combined.

On November 13, 2008, the City received four responses to the General Government segment and three responses to the GRU segment. Each proposal contained a technical qualifications proposal and a separately sealed price proposal. The proposals were evaluated in accordance with criteria set forth in the RFP by staff members of the City Auditor's Office and the respective Finance Departments. Proposals were assigned a composite score on technical and written criteria, excluding the price proposal. Purchasing staff then opened the fee proposals and assigned points to each proposal with higher points given to the lowest submitted fee proposal. Qualified local businesses received an additional five percent of the total evaluation points in accordance with the City's Local Preference Ordinance.

GRU SEGMENT

For the GRU segment, oral presentations/interviews were conducted on January 14, 2009 with the three firms that submitted proposals. Based on the evaluated technical qualifications, written proposals, oral presentations/interviews and fees related to each proposal, we request that the Committee recommend the City Commission approve the following ranking of the proposals received for external auditing services, GRU segment:

*Firm Name ----- Rank
 Ernst and Young, LLP -----1
 Purvis, Gray and Company -----2
 Crowe Horwath, LLP ----- 3*

We also request that the Committee recommend the City Commission authorize the City Auditor to execute a professional services contract with the top-ranked firm for the GRU segment for a period of five years, beginning with the fiscal year 2009 audit, with an option to renew for an additional three years, subject to approval of the City Attorney as to form and legality. If, for any reason, an agreement with the first-ranked proposer cannot be reached, the City Auditor will initiate negotiations with the second-ranked firm, continuing through the rankings until an agreement is reached or all proposals are rejected.

GENERAL GOVERNMENT SEGMENT

The evaluation process for the General Government segment was completed in December 2008. On January 15, 2009, the City Commission approved the final ranking of firms and authorized the City Auditor to negotiate and execute a professional services contract with the top ranked firm of Davis, Monk and Company.

Fiscal Note: The first-ranked firm for the GRU segment, Ernst and Young, LLP, is the incumbent external auditor and has provided excellent service in prior years. Ernst and Young submitted a proposed first-year fee of \$156,715, which represents a significant cost increase from the fiscal year 2008 fee of \$100,700. During interviews, Ernst and Young indicated that their previous year fees had resulted in significant losses in recent years. One option to be considered in trying to mitigate this first-year increase will be requesting a lower initial fee than proposed with subsequent years increasing at a somewhat higher rate than in the previous contract for external auditing services.

RECOMMENDATION

The Audit, Finance and Legislative Committee recommend the City Commission: 1) Approve the ranking of the proposals received for external auditing services, GRU segment; and 2) authorize the City Auditor to negotiate and execute a professional services contract with the top-ranked firm for the GRU segment for a period of five years beginning with the fiscal year 2009 audit, with an option to renew for an additional three years, subject to approval of the City Attorney as to form and legality.

080935.

Quarterly Financial Report - Gainesville Regional Utilities (B)

RECOMMENDATION

The Audit, Finance and Legislative Committee review and recommend that the City Commission receive the GRU Quarterly Financial Report as of December 31, 2008.

1st Quarter Financial Statements 2009.pdf

080936.

Fiscal Year 2009 Operating Funds Quarterly Monitoring Report - General Government - Quarter Ending December 31, 2008 (B)

Explanation: The City's General Government Budget Policy requires staff to prepare and submit a quarterly budget compliance report in substantially the same form as the final budget document for all major operating funds, including the status of General Fund fund balances to the Audit, Finance and Legislative Committee.

RECOMMENDATION

The Audit, Finance and Legislative Committee review and recommend that the City Commission receive the quarterly budget monitoring report for the quarter ended December 31, 2008.

GG_1st quarter report FY2009.pdf

080937.

First Amendment to the FY 2008-2009 General Government Financial and Operating Plan (B)

Explanation: The purpose of this amendment is to accurately reflect and incorporate into the City's FY 2008-2009 General Government budget those transactions and activities that were not anticipated during the budget process.

Fiscal Note: All of the recommended changes are funded either by increases in revenue budgets, decreases in expenditure budgets, or decreases in appropriate fund balances.

RECOMMENDATION

The Audit, Finance and Legislative Committee: (1) Review the proposed amendatory budget resolution; and if acceptable, (2) recommend that the City Commission adopt the proposed resolution.

FY09-1ST-AMEND-BGT-RESOLUTION.pdf

Attachment_A_FY2009 Amendatory--1st Qtr.pdf

080938.

City Commission Rules/Government Efficiency (B)

The Audit, Finance and Legislative Committee will hear a report outlining amendments to the City Commission Rules of the City of Gainesville, Florida.

Explanation: The City Commission received a report from former Gainesville Regional Utilities General Manager Karen Johnson titled, "Streamlining Gainesville Government." This report included a number of recommendations to increase efficiency and productivity in the following functions: Citizen Boards and Committees, Student Adjuncts, City Commission Committees, City Commission Meetings, and Elections. Several of the recommendations have been implemented and the remaining recommendations have been referred to the

Audit, Finance and Legislative Committee. Staff has determined that a portion of the recommendations can be implemented by amending the City Commission Rules. This item requests that the Audit, Finance and Legislative Committee receive a review of the recommendations from the "Streamlining Gainesville Government" report, including those which have been implemented, and receive staff's suggested amendments to the City Commission Rules.

Fiscal Note: None

RECOMMENDATION

The Audit, Finance and Legislative Committee: 1) receive a report from staff regarding the "Streamlining Gainesville Government" report; 2) approve amendments to the City Commission Rules; and 3) refer the approved amendments to the City Commission Rules to the City Commission for approval.

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080938_Summary_20090330.PDF

MEMBER COMMENT

CITIZEN COMMENT

ADJOURNMENT