

**City of Coral Gables  
Virtual Commission Meeting  
April 21, 2020  
405 Biltmore Way, Coral Gables, FL**

**City Commission**

**Mayor Raul Valdes-Fauli  
Vice Mayor Vince Lago  
Commissioner Jorge Fors  
Commissioner Pat Keon  
Commissioner Michael Mena**

**City Staff**

**City Manager, Peter Iglesias  
City Attorney, Miriam Ramos  
City Clerk, Billy Urquia  
Finance Director, Diana Gomez**

**Public Speaker(s)**

**Brett Friedman  
Anil Harris**

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**Agenda Item H-2**

A Resolution accepting the Comprehensive Annual Financial Report, Compliance Reports and Management Letter for the fiscal year ended September 30, 2020 by RSM US LLP, Certified Public Accountants

City Manager Iglesias: Yes. Our Finance Director, Diana Gomez, will be presenting this item.

Finance Director Gomez: Good morning, Commission. This item is a resolution accepting the audited financial statements for the fiscal year ended September 30, 2019. Here to present is our external auditors, RSM US LLP, Brett Friedman, Partner, and Anil Harris, senior manager. And they are on the line -- they're on the call and they're unmuted. So, go ahead, Brett.

Brett Friedman: Alright, thanks, Diana. And good morning, everybody. I know it's a tough time and -- but there was really good discussion. But we have -- in your package, you should have gotten two items that were sent out. There is the large item, which is the City's Comprehensive Annual Financial Report, and then there's a smaller item, which is our required communications to you as the individuals charged with governance. And I'd just like to briefly walk you through that first, just some key items. Then I'll turn it over to Anil just to hit some highlights on the CAFR. So, the first one on the small document is we performed the audit in accordance with generally accepted auditing standards and government auditing standards, and in importance with our arrangement letter dated August 7, 2019. Way back at the beginning of the audit, we had provided a letter just to outline the timing. I just want to point out and thank Diana, Sally, the whole Finance team because the timing did get interrupted. We went on mandatory lockdown mid-March, like a lot of other places, but they were very responsive and were able to complete the audit on time. And just want to thank your staff for being flexible. As far as new accounting items, there were three new accounting pronouncements: GASBs 83, 88 and 89. None of those really had a significant effect on the City, so I won't waste a lot of time there. Going to the next item, we did not identify any significant or unusual transactions, nothing where there was a lack of proper authoritative guidance. We'll briefly touch on significant accounting estimates. We always like to bring that to your attention because those are the items that can have the most impact from management. Most of the other items are either cash in or cash out by the City. Before I get to that though, I want to point out that there were no audit adjustments made to the original trial balance presented to us. That should give you, as a Commission, comfort in knowing that the information that you're getting from Diana and the Finance team throughout the year is accurate. You know, we do a thorough job going through things, and if we don't have adjustments, that should give you comfort that what they're giving you all year long is in good shape. Also, to that point, we were not aware of any uncorrected misstatements, as well. Going on, we did not have any disagreements with management over the application of accounting standards. We were not aware of any consultations with other auditors. There were no significant issues that were discussed or correspondence with management. Again, the only difficulty at the end was trying to wrap up the audit in the remote sense but no real issue there. On the next page, we issued a series

of letters. We issued our independent auditor's report on internal control over financial reporting and on compliance and other matters (INAUDIBLE) in accordance with governmental auditing standards. The key thing to point out there is that we did not have any items as far as (INAUDIBLE) deficiencies or material weaknesses in the City's internal controls. And again, you have a good process and good team in place. With regard to the single audit, we performed and issued an independent auditor's report on compliance for each major federal program, a report on internal control over compliance, and a report on schedule of expenditures of federal awards. In there, we did not have any findings on any of the federal programs. We also issued a management letter and also an independent accountant's report in accordance with rules of the auditor general and Chapter 218-4015. And again, with those, we have no issues or concerns to report. Just briefly going to the next few pages, the significant accounting estimates, we always try to bring those up to your attention because, again, they do involve management's estimation. The two main ones that are out there are the calculation of the self-insurance. The City's self-insured for general, auto, liability and workers' compensation. The City works with an actuary. What we do is we have our own internal consulting actuary review both the methodology and the assumptions applied, and we could tell you that we are comfortable with the methods used and the assumptions are reasonable. With regard to the pension plans for the City, we don't do the audit of pension plans. Those are done by other auditors. But the City is responsible for the net pension liability, so we do look at those actuarial valuations as well. In that case, the City, again, working with the pension boards, engages outside actuaries to help calculate that. We look at the qualifications of the actuaries, look at the methods they apply and also the underlying assumptions used. We use our own actuarial specialist, and there again, we had no concerns with those estimates. The last item to point out is similar in nature. It's accounting for other post-employment benefits. That went again -- the City Manager is working with an outside actuary. We had our actuary review the estimates and the methodology. We had no concerns. And with that, I'll turn it over to Anil just to give a couple of quick highlights on the financial statements themselves. Thank you.

Anil Harris: Thank you, Brett. So, just going over the actual financial statements which should be the other item in your package, it's a rather large document, so I'm just going to hit on the highlights of the financial statements. So, turn your attention to page 1, that's the audit opinion,

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and it's an unmodified opinion. Or basically, what that means it's a clean opinion. It's the highest level of assurance any auditor can provide to a client. Nothing in the opinion to bring to your attention. The next pages to focus on is pages 5 through 17. I'm not going to go over this in detail, but this is a management discussion analysis. And basically, it gives an overview of why balances change from one year to the next, as well as the results of operations for the City. So, if you don't, you know, look at the entire document, looking at the (INAUDIBLE) and it gives a great snapshot of the activities for the year. The next page I want to bring your attention to is page 24, and that's focusing on the general fund. The reason we look at the general fund operations or imbalances is the general fund is the main operating fund of the City. So, looking at the first column on page 24, the City ended the year with a \$68.3 million fund balance. That's a positive fund balance. Of that amount, \$30.6 million is unassigned or available for operations. The City has also assigned \$29.3 million for upcoming projects as well as items related to the 2020 budget. So, in total, there's \$60.1 million of what we would consider available or fund balance available to be used by the City at year end. The next page I want to bring your attention to is page 26, and this shows -- this is the income statement for the City or the general fund, which is in the first column. And starting at the top first column, the City had \$157 million of revenues; moving down, \$148.8 million of expenses, and then moving down, they had a positive fund balance or increase in the fund balance of \$11.9 million for the year ending. One thing to point out, there was a \$10.4 million gain on sale of land. So, 11.9 -- so \$10.4 million of the \$11.9 million increase resulted from the \$10.4 million gain on land -- on sale of land. Then next page is moving on to page 31, which gives you the results of operations of the enterprise funds or proprietary funds. These are the sanitary sewer fund, the parking fund and the storm water utility fund. Looking at the total column, there was \$30.3 million of revenues. Expenses were \$17.2 million. And overall, this resulted -- towards the bottom of the page -- a \$4.4 million increase in the net position, which basically means that the revenues exceed the expenditures by \$4.4 million. The next item to bring to your attention, as Brett mentioned, are the compliance reports, and these are towards the back of the document. We're beginning on page 133 of the financial statements. We see three reports. One is the reported internal control over financial reporting, a report in compliance, so the City's compliance with its grant programs, and the management letter, as required by the State of Florida. All those reports

are unmodified or there are no items to bring to your attention. One thing to know is the City expended \$11.2 million in federal grants. Of that amount, \$10 million was related to FEMA funding and \$164,000 of state grants. And with that, we'll take any questions you have.

Mayor Valdes-Fauli: Are there any questions? Diana, you want to finish up?

Finance Director Gomez: Thank you, Mr. Mayor. So, yeah, so, again, this is the annual financial statements and we did have an opportunity to present it to the Budget Advisory Board in a workshop on April 15, so they were briefed on this as well and were satisfied with the results of the audit.

Mayor Valdes-Fauli: Thank you, Diana. If there are no questions, thank you very, very much. Very good report. And we're very proud that we are as clean as we are. Thank you. Thank you, Diana.

Mr. Friedman: Thank you.

Mr. Harris: Thank you.

Finance Director Gomez: There is a resolution, if you may, if you can, please.

Mayor Valdes-Fauli: Sure. Do I hear a motion?

Vice Mayor Lago: So moved.

Mayor Valdes-Fauli: Second? Is there a second?

Commissioner Mena: Second.

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Mayor Valdes-Fauli: Will you call the roll, please? Billy, call the roll.

Finance Director Gomez: He's being -- he has to be unmuted first. There he goes.

Commissioner Fors: Yes.

Commissioner Keon: Yes.

Vice Mayor Lago: Yes.

Commissioner Mena: Yes.

Mayor Valdes-Fauli: Yes.

(Vote: 5-0)

Mayor Valdes-Fauli: Thank you.

Finance Director Gomez: Thank you.