

CITY OF CORAL GABLES BUDGET/AUDIT ADVISORY BOARD

Wednesday, March 30th, 2022, 8:00 a.m.

Location: City Hall Commission Chambers

405 Biltmore Way, 2nd Floor, Coral Gables, FL 33134

Public via Zoom: Meeting ID: 814 3489 7118

MEETING MINUTES

MEMBERS	A	M	J	J	A	S	O	N	D	J	F	M	APPOINTED BY:
	21	21	21	21	21	21	21	21	21	22	22	22	
John Holian	-	-	-	-	-	P	P	P	-	A	P	P	Vince Lago
Francisco Paredes	-	-	-	E	-	P	P	P	-	P	P	PVC	Vice Mayor Michael Mena
Javier Banos	-	-	-	P	-	P	P	P	-	P	P	P	Rhonda Anderson
Matt Martinez	-	-	-	-	-	P	P	P	-	E	P	P	Jorge Fors
Carmen Sabater	-	-	-	E	-	P	E	P	-	P	A	P	Kirk Menendez

(Dash indicates no meeting; blank space indicates member not yet serving.)

^ New Member

#- Special meeting
P – Present

** - Resigned Member
A – Absent

PVC – Present Via Video Call
E - Excused

City Staff:

Diana Gomez, Finance Director

Keith Kleiman, Assistant Finance Director for Management, Budget & Compliance

Sally Ola Ola, Assistant Finance Director for Reporting and Operations, Finance Department

Stephane Jeune, Comptroller, Finance Department (**VIA ZOOM**)

Elsy Fuentes, Internal Audit & Grants Coordinator, Management, Budget & Compliance

Other Participants:

Anil Harris, RSM Auditor (**VIA ZOOM**)

Brett Friedman, RSM Auditor (**VIA ZOOM**)

Call to Order:

The meeting was called to order at 8:05 AM by Frank Paredes. The roll was taken and there was an in-person quorum of four, and five members via Zoom. The meeting was also available on Zoom for public access.

Meeting Minutes:

A motion was made by Javier Banos to approve the minutes of February 23rd, 2022, and second by John Holian. The motion was voted upon and passed unanimously.

• **Discussion: (New Business) – Annual Comprehensive Financial Report Review**

Anil Harris and Brett Friedman from RSM presented their analysis of the City’s financial performance during the fiscal year that ended on September 30, 2021. The key highlights discussed were:

The City’s Fiscal Year 2021-year end assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$236.22M (net position). Of this amount, unrestricted net position is a deficit of \$33.83M which decreased by \$16.6M when compared to prior year mainly due to the positive change in net position of \$39.28M.

The City’s governmental funds reported combined fund balances of \$139.91M, a decrease of \$1.47M in comparison with the prior year. General Fund’s unassigned fund balance was \$45.09M or

approximately 32.23% of the City's total governmental funds combined fund balances. The City's formal policy of unassigned fund balance is set at 25% of the operating budget plus, debt service requirement of fiscal year 2022 which is approximately \$46.71M. The City met the unassigned fund balance policy, however, \$1.62M was used to fund Hurricane Irma recovery efforts and is pending reimbursement from FEMA and State of Florida.

The total of the committed, assigned, and unassigned components of fund balances for the general fund which includes the 25% reserve, was \$64.68M of the total general fund expenditures and is available for future spending. The City has no general obligation debt outstanding.

During fiscal year 2021, the construction of the new Public Safety Building was completed. The total project cost was approximately \$68M, financed through the issuance of Capital Improvement Revenue Bonds in the amount of \$50.4M as well as a County grant, Coral Gables impact fees, developer fees, and General Capital Improvement Fund dollars. The City also issued Capital Improvement and Refunding Bonds for a combined total of \$32.31M principal, and \$3.63M in premium. The refunding bonds refunded several direct borrowings with a total outstanding balance of \$21.70M. The capital improvement revenue bond proceeds of \$14.43M is to finance the cost of certain capital improvements related to the City's sewer system.

COVID-19 significantly impacted the City's revenue streams. Approximately \$12.6M of revenue shortfall was projected for fiscal year 2021. To address the shortfall in revenues, the City implemented strict budget cuts. However, relief came from Miami-Dade County in \$5.09M of COVID-19 grant funding of which \$5.02M was incurred by the City in related costs. The American Rescue Plan allocation to the City's local funding was \$8.52M, of which \$4.26M was received by the City in June 2021 and reported as unearned revenue for the year end statements. The amount received has been included in capital infrastructure projects that will be implemented as part of the Fiscal Year 22 to 26 Capital Improvement Plan.

At 09/30/21, FEMA and the State of Florida had obligated approximately \$18.25M towards the City's eligible expenditures related to Hurricane Irma recovery efforts. Of this amount, approximately \$16.16M has been incurred and \$14.4M has been received. The City also received \$2.6M from the insurance company and \$1.76M was applied against damages incurred on city property. The City funded the hurricane related expenditures from the unassigned fund balance of the General Fund.

Frank Paredes raised concerns about compliance. However, the auditors confirmed there were no issues. Mr. Banos asked about details surrounding COVID expenditures which Director Gomez can provide at a later date. D. Gomez further explained that we code COVID related expenses against a no budget emergency fund and then replace funds upon receipt of reimbursements; we are then able to track expenditures separately. When faced with catastrophic events such as hurricanes and the pandemic, we utilize emergency funds as needed but restore the funds once reimbursements are received Keith Kleiman explained how we process against the 25% reserve account.

J. Banos questioned the Pension Stabilization Fund. D. Gomez explained that \$1M in Pension Reserves allows for provisions in market fluctuations to provide an extra layer of protection. When COVID affected revenue, we utilized a portion of this reserve to help stabilize revenue. Though the reserve never had a policy-driven target balance, staff will work to restore the balance to its \$2.0M pre-pandemic amount. We also anticipate creating a capital reserve policy to support ongoing capital improvements during economic downturns, a well as a detailed road map for implementing budget reductions during economic downturns with minimal effect on resident services.

Frank Paredes raised concerns about the timeliness of the March 30th year end audit results which makes the information obsolete preventing management from adjusting their goals - reviewing financials six months after the fact is stale. Director Gomez offered that the process of closing the books is labor intensive and extremely time consuming. Additionally, the City must rely on the timing of the other audits and reviews (Pension System Financials, Trust Fund financial as well as several actuary valuations. D. Gomez cited that industry standard issues financials at the end March of each year. RSM confirmed that our City has out-performed other cities in the surrounding areas and suggested that we rely on monthly financials to manage the course. The reviewed opinion followed the discussion which is still in draft form.

- **Discussion: (New Business) – Transfers**

Javier Banos proposed the need of a monthly transfers report of monies in excess of a fixed amount between budgets. Director Gomez responded with a reference to the Quarterly Report (Budget Advisory Board Version) stating that changes (transfers) in the budget carry a brief explanation of their purpose.

The discussion was halted due to a loss of quorum deferring the full item to our next meeting.

LOSS OF QUORUM

John Holian, excused from meeting 8:40 AM

Matt Martinez, withdrew from meeting 8:41 AM

Carmen Sabater, withdrew from meeting 8:48 AM

Javier Banos, exited meeting at 8:41 AM and returned at 8:50 AM

DEFERRED TO 04/27/22

- **Discussion: (New Business) – Transfers**
- **Discussion: (Open/Recurring Item) – Audit Plan Review – FY22**
- **Discussion: (Open/Recurring Item) – Audit Plan Review – DRAFT - FY23**
- **Discussion: (Open/Recurring Item) - FEMA Receivable - Quarterly**
- **Discussion: (Open/Recurring Item) – 2nd Quarter Audit Status Report**

- **Public Comment**

No public comments were made.

Scheduling:

The next meeting is scheduled for Wednesday, April 27, 2022, at 8:00 AM.

Adjournment:

Meeting Adjourned at 8:58 AM.