

CITY OF CORAL GABLES BUDGET/AUDIT ADVISORY BOARD

Wednesday, March 29th, 2023, 8:00 a.m.

Location: City Hall Conference Room

405 Biltmore Way, 1st Floor, Coral Gables, FL 33134

Public via Zoom: Meeting ID: 842 4397 5634

MEETING MINUTES

MEMBERS	A	M	J	J	A	S	O	N	D	J	F	M	APPOINTED BY:
	22	22	22	22	22	22	22	22	22	23	23	23	
John Holian	P	-	-	P	-	P	P	P	-	P	-	P	Vince Lago
Frank Paredes	P	-	-	P	-	AE	P	P	-	P	-	P	Vice Mayor Michael Mena
Javier Banos	PVC	-	-	PVC	-	P & VC	P	P	-	PVC	-	P	Rhonda Anderson
Matt Martinez	P	-	-	E	-	P	PVC	P	-	P	-	P	Jorge Fors
Carmen Sabater	A	-	-	E	-	PVC	A	A	-	E	-	A	Kirk Menendez

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

^ New Member

#- Special meeting

**- Resigned Member

PVC – Present Via Video Call

P – Present

A – Absent

E - Excused

City Staff:

Diana Gomez, Finance Director

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

Paula Rodriguez, Assistant Public Works Director for Solid Waste

Zeida Sardinias, Director, Asset Manager, City Manager’s Office

Pedro Sanchez, Management & Budget Analyst II

Brett Friedman, Partner RSM-Guest

Anil Harris, Manager RSM-Guest

Michelle Blackstock, Crowe LLC-Guest

Call to Order:

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

Meeting Minutes

A motion was made by Javier Baños seconded by John Holian to approve the January 25, 2023 meeting minutes.

- **Presentation: Draft Annual Comprehensive Financial Report Review-FY22 RSM External Auditors**

Mr. Brett Friedman, Partner (RSM), commenced with the topic of required communications. An audit of financial statements of the City of Coral Gables was performed in accordance with an arrangement letter dated September 20, 2022. Communication was also sent out February 1st, 2023 regarding a planned scope of work and timing of the audit. Mr. Friedman confirmed to Mr. Paredes’ inquiry that field work began February 1st, 2023. Mrs. Diana Gomez further explained that preliminary work began earlier, some time in November. For Fiscal Year ’23, GASB 87 was a newly implemented lease policy that took significant time to implement. This new implementation required revisions to the assets and liabilities in relation to the leases. The City did not adopt any other significant new accounting policies. Mr. Friedman praised the City staff for their responsiveness and efforts in facilitating the audit process. Overall, the finance team is producing quality documents and reports as there were no major audit adjustments or uncorrected

mis-statements. There were also no unusual transactions or controversies in the City's accounting policies, nor disagreements with management. There are no concerns or matters to bring to management's attention. Management's methodology appears to be consistently applied and deeming reasonable results within the scope of audit work. Mr. Paredes posed the question whether the commission knew that leases needed to be in the books. Mrs. Gomez responded that it has been mentioned in previous audits, but will be mentioned again at the presentation of this financial review to the City Commission.

Mr. Anil Harris, Manager (RSM), went into greater detail regarding the Financial Statements. Mr. Baños posed the question if the auditors took a deeper look into whether the leases the City currently holds are at market rates. Mrs. Gomez clarified that the purpose of the audit was to analyze if whether the current systems in place are functional, rather than whether a lease rate is parallel to the market. Highlights of Mr. Harris' presentation conveyed that the City has a stable budgeting process with no outstanding general obligation debt. Mr. Harris summarized that the City's revenue exceeds its outflow and liabilities. In addition, Mr. Harris reported that the City has a healthy fund balance, which met the City's formal policy of a minimum unassigned fund balance of at least 25%. Mr. Harris noted that the city is in a superior financial position in relation to last fiscal year. Mr. Baños inquired about the discount rates of leases and Mr. Harris explained that the discount rate is relative to the lease term. Mr. John Holian asked about elaboration on what the Public and Historic Art fund was, and Mrs. Gomez explained that it was a fund for public art distributed throughout the City. Mr. Paredes inquired if the transfers out of parking revenue goes into the General Fund and Mr. Harris and Mrs. Gomez confirmed that it does. Mrs. Gomez concluded that the City's healthy fund balance and reserve are an example of what helps us maintain a triple, triple "A" rating and that our fund reserve is expected to grow yearly depending on the expenditure budget. Mr. Matt Martinez, asked Mr. Keith Klein if there were any changes in the budget that he might want to highlight. Mr. Klein explained that for Fiscal Year '23, there was an increase to staff, as well as \$1.6 million invested into I.T. to protect the City's systems.

- **Presentation: Police and Property Evidence Internal Audit**

Mrs. Michelle Blackstock, of Crowe LLC, was asked by Management to come in and look at the policies and procedures with regard to relocation of the police property and evidence room. Mrs. Blackstock also investigated the intake, outtake, and disposal of police property. The visit was announced, and thereby the Police Dept could have had time to prepare for the visit and the possibility exists that Crowe LLC may not have caught everything. There is opportunity for improvement in the Standard Operating Procedures, as they have not been updated since the relocation to their new facility back in April 2021. Mrs. Blackstock was provided with drafted changes expected to be completed by May 1st 2023. Another area for improvement was in the disposal process. Mrs. Blackstock mentioned that due to a lack of staff and training issues needing to be addressed, there is a moderate risk exposure. Impounded items in the property and evidence room should be addressed at the very least on an annual basis to keep the items taking up space to a minimum. Management did explain that at full staffing, their disposal ratio (disposal items/intake items). It is the action plan of management to have all staff fully trained by 2025, while trying to reach a disposal ratio of 75% or greater. Mr. Paredes asked who is responsible for the operating practices. Mrs. Blackstock mentioned that it was usually the police officer involved in the case. The paperwork following the case was not being processed in a frequent enough basis. Mr. Paredes inquired about who was responsible for training the staff fully by 2025. Mrs. Blackstock, along with Mr. Kleiman, confirmed it would be the supervisors overseeing the training of the staff, and Management would hold them accountable for these action items needing to be addressed.

- **Discussion: Review of Procurement questions for the Purchase and Lease of Land (Carried over from February 28,2023, cancelled meeting.)**

It would be the recommendation of the Budget Audit Advisory Board to the Commission to address each individual Real Estate transaction with a systematic approach regarding their individual financial aspects Mr. Paredes suggested that at the time the lease is presented to the Board, the discount rate should also be presented. Mrs. Zeida Sardinias recommended that be brought up in question 2 “what is the immediate impact of the current fiscal budget on the current fiscal budget and the long term effect on future budgets?” Mrs. Gomez did ask Mr. Stephane Jeune regarding discount leases and he confirmed that discount rate stay the same for the life of the lease unless an amendment created. It was decided that the procurement questions will be revisited at the time of acquisition any new purchases or leases.

The board thanked Mr. Kleiman for his years of service to the City. They mentioned that he was a very knowledgeable person and that they wish him the best for his retirement.

A reminder that Reelections are coming up and May 31st is the last day for the current term of the Board Members. Board Members are encouraged to reapply. Board members remain on the board until the commission appoints the new board members. Communication was sent out from the City Clerk’s office.

- **Discussion: (Deferred Item) – Scheduling**
The next meeting is scheduled for April 26th, 2023.

No Public Comments were made.

Adjournment:

Meeting Adjourned at 9:07 AM.