

CITY OF CORAL GABLES BUDGET/AUDIT ADVISORY BOARD

Wednesday, January 24th, 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	S	O	N	D	J	F	M	A	M	J	J	A	APPOINTED BY:
	23	23	23	23	24	24	24	24	24	24	24	24	
John Holian	A	P	P	-	P								Mayor Vince Lago
Frank Paredes	P	P	P	-	P								Vice Mayor Rhonda Anderson
Debra Register	P	PVC	P	-	P								Commissioner Melissa Castro
Joseph Palmar	P	P	P	-	P								Commissioner Ariel Fernandez
Carmen Sabater	A	A	P	-	P								Commissioner 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

Paula Rodriguez, Assistant Finance Director for Management, Budget & Compliance

Call to Order:

The meeting was called to order at 8:02 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 Debra Register seconded by Joseph Palmar to approve the November 29, 2023 meeting minutes.

- **New Business**

- Discussion Re: FY2024/2025 Budget Planning Calendar

Assistant Director of Management & Budget Paula Rodriguez commenced the meeting presenting the budget planning calendar for FY 2024-2025. The budget planning process begins with the Finance Dept meeting internally, in January/February. Mrs. Rodriguez explained that next year’s budget will encompass October 1, 2024, through September 30, 2025. A kickoff meeting typically takes place towards the end of February. However, we have started earlier this year due to rolling out a new budgeting software which is used for planning purposes. John Holian inquired if it was a new software and Mrs. Rodriguez confirmed it was a new software that we acquired after transitioning from EDEN to INFOR. This new software is called Questica and it is very easy to follow and is very organized.

In an effort to allow time to prepare, this year, we are splitting the Capital Improvement Budget from the Operating Budget. Our Capital Improvement Budget Kickoff will take place in the beginning of February offering departments both blank templates and templates with existing projects so that the departments can provide updates/new phases to existing projects. Towards the end of February, we will begin with the Operating Budget Kick-Off and training on our new budget planning system. Departments are given the month of March to prepare their budget. The department’s existing budget is analyzed, and any previously awarded one-time items are removed. In addition, salaries are added to the budget later in the process. Mr. Paredes inquired about the

numbers used as the base budget and Mrs. Rodriguez explained that we would always start with the last fiscal year budget (not actuals), and minor operating expenditures adjustments would be done by the department at this phase of the process. The next part of the process is planning for a reduction scenario. Each department's expenditures are analyzed for areas that can be reduced by 1-3%. During this time (March) the departments also request any new needs, also known as "decision packages," for the Budget Department to review, along with any increases to contracts also known as "mandates." In that type of increase, such as an FPL increase, we would have no choice as it would be out of our control. The departments would also identify any new staff they may need or a need to purchase software. Once receiving this information, the budget team would begin analyzing where we stand in terms of actual revenue, compared to budget, and we also have an opportunity to review the preliminary values that we receive from the Property Appraiser. Mr. Paredes inquired about the time the departments have, to provide requested information vs. the time the budget team has to review the provided information. The departments have one month (March) to provide the requested information to the budget team, which in turn will have approximately a month to review before meeting with the City Manager in May to share their findings.

During this process, the Finance Department also looks at the actuals from previous years to identify any trends such as funds not spent or additional funding needed. Each department is provided with a 5-year history of their actuals, current budget, and budget requests. Mrs. Rodriguez explained that for the most part, departments have a lean budget and if departments have monies left over at the end of the fiscal year, it cannot simply be exhausted on large items without previous discussion. In addition, certain line items are highlighted for further discussion to keep departments fiscally accountable. Mr. Palmar commended the Finance Department for this methodology providing departments with actuals and historical details for their comparison and planning. Mr. Palmar also asked about providing the departments with preliminary September 30 numbers to which Mrs. Gomez & Mrs. Rodriguez explained that the departments are provided with 3-year actuals at that point as well as a running total year to date. Mr. Paredes inquired if the Finance Department uses zero based budgeting and Mrs. Rodriguez explained that while there are many ways to budgeting, that particular methodology may not work best for the departments to have to redevelop their budgets which can be quite time consuming and not the best use of the department's time. The departments are also advised to come prepared to their meetings with the City Manager to explain any expenses not in prior years or any major trend changes in general. Mrs. Rodriguez explained that the reduction scenarios assist us in identifying areas we can make adjustments in should our preliminary property values and/or other revenue does not come in as anticipated. Once we receive preliminary revenue amounts, we can begin identifying what funds to put towards what items/projects as well as the ability to fund any additional capital.

The process is similar with the capital budget. The Finance Department meets with the individual departments to go over each individual project/request. A draft is created which is then presented to the City Commission for them to review and discuss prior to the 1st Budget Workshop. With a set budget certain projects are then prioritized to be commissioned. Once we receive our property values July 1st, we gain a better understanding of the revenue we can anticipate. Our tentative millage is set at the 2nd Budget Workshop. The Finance Department then meets with the City Commission to discuss preliminary values, a recommended millage, (which can go down, but never up) after this point. Mrs. Debra Register also inquired about the possibility of any changes in salary being presented at the first 2 workshops as opposed to waiting until the budget hearings. Mrs. Rodriguez explained that in reference to a commissioner's raises, it is not part of the budget process other than to budget for their salary. Any changes to salaries, such as a compensation study that can occur at different times of the year, may not always make it to the budget book by the time it is prepared. While the budget book contains line items of budgeted salaries, it is nearly impossible to annotate a hyper descriptive anticipation of salary increases. Mr.

Holian explained that employee salaries form a very menial part of the budget. Mrs. Register emphasized that transparency is a unanimous request the residents of the City of Coral Gables have expressed to her.

Over the summer, the State provides us with their revenue estimate which is after we publish our July 1st Budget Estimate. Our July 1st Budget Estimate is based on trends and information we have at the moment. The Finance Department is conservative in both expenses as well as revenue. Should revenue outperform the budget, there are opportunities throughout the year to make budget amendments should there be a need, otherwise it would go back into the fund balance which would then be appropriated towards capital in the subsequent year. Mrs. Carmen Sabater inquired about what the City is doing to achieve the “Gold Standard.” Mrs. Rodriguez explained that the Finance Department follows strategic planning and a guideline provided by the Government Finance Officers Association (GFOA) which outlines criteria and suggestions to obtain distinguished awards. Mrs. Sabater also asked about Artificial Intelligence and if the City is planning on implementing it. Mrs. Gomez emphasized that while nothing has been solidified, Information Technology would be a more appropriate department to shed light on the topic. Mrs. Sabater wanted to emphasize the delicate balance of efficiencies AI can provide vs the dangers of it. Mrs. Rodriguez and Mrs. Gomez mentioned they will speak with IT to discuss any updates regarding AI and possibly having the Director of IT attend one of the Budget Audit Advisory Board Meetings to help answer any questions.

The Finance Department is scheduled to present the July 1st Budget Estimate to the BAB prior to it being published the 1st of July.

-Discussion Re: September 30, 2023 Annual Financial Statement

Mr. Palmar inquired about where we landed in 2023, however Mrs. Gomez explained that we do not have that information yet. We are still in the process of reconciling accounts as well as going over accruals. It is a little different this year because we are working with EDEN and INFOR numbers for 2023. We were using EDEN until April 2023 when we switched over to INFOR for the remainder of the year. We also went live with our new payroll system, and we are currently working on many projects at one time with limited staff that have multiple roles in the department. The Auditors will begin their work in mid-February and do their field work. Mr. Palmar asked when the board can expect financials and Mrs. Gomez explained she cannot provide a definitive date at the moment, but she believes by March 31st this year the 9/30/23 financials will be issued. Mrs. Rodriguez also explained that our old system, EDEN, did not categorize accounts by division while our new system, INFOR, does. The approval queues for invoices, purchase orders, etc. are slightly different on INFOR than EDEN and we are currently restructuring our processes. Mr. Palmar is concerned about the roll-over surpluses that are identified after the closing of the books. He believes the numbers are fictitious and resulting in taxpayers/residents paying the same/more money when there is an unidentified surplus each year. Mrs. Rodriguez explained that there are multiple expenses that happen at the end of the year such as the allocation of post-employment health costs along with many other adjustments that are not accounted for. The Finance Department does not actively budget for surpluses. There may also be vacancies not accounted for or vacancies that we do not want to lose the headcount for. This past year we had revenue that outperformed-interest, which we could not possibly anticipate for. Mr. Paredes recommended discussing with the City Manager and the Commissioners regarding the cushion which we are carrying over every year. Mr. Palmar mentioned that he would like to present an analysis he put together regarding how the City of Coral Gables stacks up besides other triple rated cities. He believes upper management employs conservative methods for the purpose of political aspirations.

-Discussion Re: P-Card Transactions

Mr. Palmar inquired about the topic that was discussed in the previous Commission Meeting. Mrs. Gomez explained that the P-Cards are corporate purchasing cards certain employees have to order City-related items. The cards have rules placed on regarding spending limits and allowed purchase types. Commissioner Fernandez requested a listing of the P-Card transactions from the City Clerk's Office. We currently have approximately 59 P-Cards. Mrs. Maria Cruz, a City of Coral Gables resident, made a public records request regarding specific Amazon transactions made. The Commission wanted more information on the processes and Celeste Walker-Harmon, Chief Procurement Officer, provided great insight on the P-Card process. Mrs. Gomez went into detail that if an authorized purchase was made with a P-Card, it is something that would need to be approved by the department's Director. Mr. Paredes inquired if P-Cards were budgeted for, and Mrs. Gomez clarified that they are not budgeted for. It is a payment method for expenses that occurred in the budget. Mrs. Gomez explained that many of the employees that placed those purchases were not there to explain their purchases. In addition, Mrs. Gomez emphasized that a majority of these purchases are valid, although may not appear to be on the surface. Ultimately, Mrs. Walker-Harmon is going to go over the P-Card transactions, per the audit request, and ultimately provide a report which will be presented to the board as well.

- **Scheduling**

The next meeting is scheduled for February 21st, 2024-8:00 AM.

No Public Comments were made.

Adjournment:

Meeting Adjourned at 9:06 AM.