

City of Gainesville

City Hall
200 East University Avenue
Gainesville, Florida 32601



Meeting Agenda - Final

July 13, 2021

2:30 PM

City Hall, Room 16

Audit and Finance Committee

*Mayor Lauren Poe, Chair
Mayor-Commissioner Pro Tem Gail Johnson, Member*

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CALL TO ORDER**ROLL CALL****ADOPTION OF THE AGENDA****APPROVAL OF MINUTES**[201111.](#)**Approval of the Minutes from the March 22, 2021 Audit and Finance Committee Meeting (B)****RECOMMENDATION**

The Audit and Finance Committee approve the minutes from March 22, 2021

[201111_March 22, 2021 Minutes_20210518](#)

DISCUSSION OF ITEMS[201240.](#)**Fiscal Year 2020 Individual Annual Audited Financial Statements and Independent Auditors' Reports for the Employees' Pension Fund, Consolidated Police Officers' and Firefighters' Retirement Plan, Retiree Health Insurance Program, and the Wild Spaces Public Places Funds (B)**

Explanation: Section 218.39, Florida Statutes, requires the City of Gainesville (City) to publish within nine months of the close of the fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The City presents financial information such that it meets the requirements of accounting standards issued by the Governmental Accounting Standards Board (GASB). The basic financial statements were included in the Annual Comprehensive Financial Report of the City for the fiscal year ended September 30, 2020 and that report was approved by the City Commission on April 22, 2021.

In addition to the Annual Comprehensive Financial Report, the City is required to submit individual annual audited financial statements for the Employees' Pension Fund, Consolidated Police Officers' and Firefighters' Retirement Plan, Retiree Health Insurance Program, and the Wild Spaces Public Places Funds. The reports were prepared by the Budget & Finance Department and audited by an independent firm of licensed certified public accountants, Purvis Gray & Company, LLP, according to the City Code of Ordinances, Chapter 2 Article VI, Section 2-433 and are hereby transmitted.

The reports consist of management's representations concerning the finances of the two pension plans, the other postemployment benefits fund, and the Wild Spaces Public Places funds. To provide a reasonable basis for making those representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with U.S. GAAP.

The goal of the independent audit is to provide reasonable assurance that the financial statements of these plans for the fiscal year ended September 2020, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions on the plan's financial statements as of and for the year ended September 30, 2020.

The following reports are included with this item:

- 1. The Financial Statements, Independent Auditors' Report and Governance Letter for the Employees' Pension Fund for the fiscal year ended September 30, 2020.*
- 2. The Financial Statements, Independent Auditors' Report and Governance Letter for the Consolidated Police Officers' and Firefighters' Retirement Plan for the fiscal year ended September 30, 2020.*
- 3. The Financial Statements, Independent Auditors' Report and Governance Letter for the Health Insurance Program for the fiscal year ended September 30, 2020.*
- 4. The Financial Statements, Independent Auditors' Report and Governance Letter for the Wild Spaces and Public Places Funds for the fiscal year ended September 30, 2020.*

The reports also include the independent auditors' Management Letter which details their findings and provides recommendations and Management's response to those findings.

Fiscal Note: N/A

RECOMMENDATION

Recommended Motion: The Audit & Finance Committee: 1) review the submitted financial statements; 2) approve the submitted financial statements for submission to the City Commission.

[201240-A Fiscal Year 2020 Employees' Pension Fund Financial Report 20210](#)
[201240-B Fiscal Year 2020 Employees' Pension Fund Governance Letter 202](#)
[201240-C Fiscal Year 2020 Consolidated Police Officers' and Firefighters' Retir](#)
[201240-D Fiscal Year 2020 Consolidated Police Officers' and Firefighters' Retir](#)
[201240-E Fiscal Year 2020 Health Insurance Program Financial Report 20210](#)
[201240-F Fiscal Year 2020 Health Insurance Program Governance Letter 202](#)
[201240-G Fiscal Year 2020 Wild Spaces Public Places Funds Financial Report](#)
[201240-H Fiscal Year 2020 Wild Spaces Public Places Funds Governance Lett](#)

[201233.](#)**Citywide Succession Planning Audit (B)**

Explanation: The objective of the engagement was to review citywide succession planning policies and procedures, and internal controls to assess the City's level of preparedness for continuity and growth.

RECOMMENDATION *The Audit and Finance Committee review and recommend the City Commission accept the City Auditor's Report.*

Legislative History

5/20/21 City Commission Striken From the Agenda

[201233 Citywide Succession Planning Audit Report 20210518 \(B\)](#)

[201234.](#)**Independent Payroll Calculation Memo (B)**

Explanation: The objective of this special project was to provide an independent comparison of the calculation of employee overtime hours processed in the legacy payroll system and the future ERP payroll system against the expected labor agreement terms to identify non-alignment with the respective City labor agreements.

RECOMMENDATION *The Audit and Finance Committee review and recommend the City Commission accept the City Auditor's Report.*

Legislative History

5/20/21 City Commission Striken From the Agenda

[201234 Independent Payroll Recalculation Memo 20210518 \(B\)](#)

[210148.](#)**GPD Property and Evidence Cash Audit Report (B)**

Explanation: The objective of this audit was to assess the design and operating effectiveness of internal controls over the handling of cash and cash equivalents in GPD property and evidence and drug task force

processes.

RECOMMENDATION *The Audit and Finance Committee review and recommend the City Commission accept the City Auditor's report.*

[210148_GPD Property and Evidence Cash Audit Report_20210713](#)

[210150.](#) **City Auditor Quarterly Update (B)**

Explanation: The City Auditor Quarterly Update provides more transparency into activities conducted by the Office of the City Auditor. The update includes status of our work in progress, audit issue follow up, and other activities.

RECOMMENDATION *The Audit and Finance Committee review and recommend the City Commission accept the City Auditor's report.*

[210150_City Auditor Update_20210713](#)

[210000.](#) **Fiscal Year 2021 Second Quarter Analysis of Budget Compared to Actual Revenues and Expenditures for the Period Beginning October 1, 2020 and Ending March 31, 2021 With Projections Through September 30, 2021 (B)**

Audit & Finance Committee to review FY 2021 budget to actual performance and projections through end of fiscal year.

Explanation: This quarterly report presents an overview of the City's operating revenues and expenditures through the second quarter of fiscal year 2021, as compared to budgeted amounts, and explains any notable variances or trends in these numbers. It also provides a projection of revenues and expenditures through the end of the fiscal year.

The financial information in this report is organized by City funds as follows:

- *General Fund*
- *Special Revenue Funds*
- *Proprietary Funds*

The purpose of this quarterly public reporting on the City's revenues and expenditures is twofold. First, it ensures that the City is consistently monitoring its revenues and expenditures so that it can proactively respond to unanticipated changes or emerging trends. Second, and equally important, these reports increase the transparency of City

finances. The City is ultimately accountable to its neighbors to use the revenue it brings in efficiently and effectively to provide the highest quality services, and quarterly public reporting provides the information they need to hold the City to this standard.

Strategic Connection: This item is connected to Goal 5 “Best in Class” Neighbor Services.

Fiscal Note: This analysis of budget to actual operating revenues and expenses with projections through September 30, 2021 provides the status of the City’s budget for the first six months of the fiscal year. Based on preliminary projections, the General Fund is projected to end the fiscal year with a \$6.8 million surplus, the Special Revenue fund is projected to end the fiscal year with a \$3 million surplus and the Proprietary funds are expected to end the year on budget or with a small surplus with the exception of the Regional Transit System, the Employees’ Health and Accidental Benefits and General Insurance funds which are expected to end the fiscal year at a deficit. It is important to note that the first six months of any fiscal year are not a definitive indication of the experience for the remainder of the fiscal year, but do however, provide a better glance at identifying any potential issues compared to the first quarter of any fiscal year.

RECOMMENDATION

Recommended Motion: The Audit & Finance Committee: 1) review the submitted budget analysis report; 2) approve the submitted budget analysis report for distribution to the City Commission.

[210000 FY2021 Second Quarter Budget to Actual Analysis and Projections 20](#)

[201238.](#)

Fiscal Year 2021 Second Quarter Investment Performance Reports for the City of Gainesville Operating Fund, General Employees’ Pension Fund, Police Officers’ and Firefighters’ Pension Fund, Retiree Health Insurance Trust Fund, Evergreen Cemetery Trust Fund (B)

Audit & Finance Committee to review various Fiscal Year 2021 Second Quarter Investment Performance Reports.

Explanation: In accordance with the City’s Investment Policy, quarterly investment and performance reports are required to be provided to the City Commission. The following reports are submitted for Fiscal Year 2021 Second Quarter (period ended March 31, 2021):

- 1) Operating Funds SBA Prime Fund Investment Performance Report*
- 2) General Employees’ Pension Fund Investment Performance Report*
- 3) Police Officers’ & Firefighters’ Pension Fund Investment Performance*

Report

4) *Retiree Health Insurance Trust Fund Investment Performance Report*

5) *Evergreen Cemetery Trust Fund Investment Performance Report*

Fiscal Note: The General Government pooled cash is held in the SBA Prime Fund and interest bearing SunTrust/Truist demand deposit bank accounts. As of March 31, 2021, the cash and investment balance was \$162,822,087.25. Fiscal year-to-date interest of \$144,806 was earned at an annualized rate of return of 0.19%.

The Evergreen Cemetery Trust Fund is managed by the City in accordance with its Investment Policy. As of March 31, 2021, the Fund had an investment account balance of \$1,784,992 with a fiscal year-to-date investment return of 29.14%.

The General Employees' Pension Plan is managed by the City in accordance with its investment policy. As of March 31, 2021, the Plan had an investment account balance of \$693,848,320 with a fiscal year-to-date investment return of 20.86%.

The Police Officers' & Firefighters' Pension Plan is managed by the Plan's Board of Trustees in accordance with its investment policy. As of March 31, 2021, the Plan had an investment account balance of \$341,084,296 with a fiscal year-to-date investment return of 17.90%.

The Retiree Health Insurance Trust Fund is managed by the City in accordance with its investment policy. As of March 31, 2021, the Fund had an investment account balance of \$69,788,173 with a fiscal year-to-date investment return of 18.17%.

Detailed quarterly reports related to the City's SBA Prime Fund account & SunTrust/Truist bank accounts, Evergreen Cemetery Trust Fund, General Employees' Pension Plan, Police Officers' & Firefighters' Pension Plan and Retiree Health Insurance Trust Fund are included as back-up to this item. The reports are derived from applicable bank and custodian statements, and are provided by staff and respective investment consultants.

Additionally, two internal review committees meet quarterly to review the portfolio's performance, economic and market conditions to ensure the City is most favorably positioned in its investment portfolios.

RECOMMENDATION

Recommended Motion: The Audit & Finance Committee: 1) review the submitted investment performance reports; 2) approve the submitted investment reports for submission to the City Commission.

[201238-A FY21 2nd Quarter Investment Performance Memorandum 20210518](#)
[201238-B FY21 2nd Quarter SBA Prime Fund Investment Report 20210518.pr](#)
[201238-C FY21 2nd Quarter General Employees' Pension Fund Investment Re](#)
[201238-D FY21 2nd Quarter Police & Fire Pension Fund Investment Report 20](#)
[201238-E FY21 2nd Quarter Retiree Health Trust Fund Investment Report 202](#)
[201238-F FY21 2nd Quarter Evergreen Trust Fund Investment Report 202105](#)

[201237.](#)

Fiscal Year 2021 Second Quarter Performance Report for the City of Gainesville Fuel Hedging Program (B)

Audit & Finance Committee to review the Fiscal Year 2021 Second Quarter Fuel Hedging Program Performance Report.

Explanation: The City of Gainesville's Fuel Hedging Policy, effective April 27, 2020, Section 5 "Execution, Monitoring and Reporting" requires quarterly reports that provide an analysis of the status of the program's performance over the last quarter for the City.

Fiscal Note: As of March 31, 2021, there was an unrealized gain (contingent future negative fuel cost) of \$463,104.60 that corresponds to the time period April 2021 through August 2022. This is an unrealized gain of about \$0.18 per gallon on average for the time period for diesel and gasoline combined. Additional information is shown in Attachment A.

RECOMMENDATION

Recommended Motion: The Audit & Finance Committee: 1) review the submitted Fuel Hedging Program performance report; 2) approve the submitted Fuel Hedging Program performance report for distribution to the City Commission.

[201237-A FY 2021 Second Quarter Fuel Hedging Program Memorandum 2021](#)
[201237-B FY 2021 Second Quarter Fuel Hedging Program Report - Attachmen](#)

PUBLIC COMMENT

MEMBER COMMENT

NEXT MEETING DATE

ADJOURNMENT