

# City of Gainesville

*City Hall  
200 East University Avenue  
Gainesville, Florida 32601*



## **Meeting Agenda - Final**

**March 22, 2021**

**2:30 PM**

**City Hall Auditorium**

## **Audit and Finance Committee**

*Mayor Lauren Poe, Chair  
Mayor-Commissioner Pro Tem David Arreola, Member*

*If you have a disability and need an accommodation in order to participate in this meeting, please contact the Office of Equal Opportunity at (352) 334-5051 at least two business days in advance. TTY (Text Telephone Telecommunication Device) users please call 711 (Florida Relay Service). For Speech to Speech (STS) relay, please call 1-877-955-5334. For STS Spanish relay, please call 1-877-955-8773. For STS French Creole relay, please call 1-877-955-8707.*

**CALL TO ORDER****ROLL CALL****APPROVAL OF MINUTES**[200765.](#)**Approval of Minutes from the December 9, 2020 Audit and Finance Committee Meeting (B)****RECOMMENDATION**

*The Audit and Finance Committee approve the minutes from December 9, 2020.*

[200765 Meeting minutes-12-09-20](#)

**DISCUSSION OF ITEMS**[200945.](#)**Gainesville Regional Utilities Fiscal Year 2020 Audited Financial Statements, Independent Auditors' Reports, and Auditors' Communication to Those Charged with Governance and Management (B)**

*Explanation: The Financial Statements, Supplementary Information and Independent Auditors' Report, including the independent auditors report on internal control over financial reporting and on compliance and other matters, were posted on the Utility's website on February 22, 2021.*

*In accordance with the City's contract for external auditing services with Baker Tilly Virchow Krause, LLP, the following reports are presented for review by the Audit and Finance Committee:*

*The Financial Statements, Supplementary Information and Independent Auditors' Report of Gainesville Regional Utilities for the Fiscal Year Ended September 30, 2020;*

*In the opinion of the independent auditors, the financial statements referred to in the item above, present fairly in all material respects, the financial position and changes in financial position of Gainesville Regional Utilities for the year ended September 30, 2020, in accordance with accounting principles generally accepted in the United States of America.*

*As part of the audit process the independent auditors issue a report on internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements. This report is presented within the item above.*

*The auditors' communication to those charged with governance and*

management, and internal control report over financial reporting related to Gainesville Regional Utilities indicate that there were no recommendations in the current year.

In accordance with Section 8(b) of Resolution 150127, City Auditor Responsibilities and Administrative Procedures, the City Auditor has reviewed the attached statements and reports to ensure that contractual terms have been fulfilled and transmits these reports with a recommendation for City Commission acceptance.

*Fiscal Note:* None.

**RECOMMENDATION**

The Audit and Finance Committee recommend that the City Commission accept the subject financial statements, auditors' reports, auditors' communication to those charged with governance and management, and management representations.

[200945 GRU AUD 9-30-2020 FINAL FS 20210324](#)

[200945 GRU Audit Results 9-30-2020 Final 20210324](#)

[200945 GRU meeting with Governing Body - post audit - 2020 \(002\) 20210324](#)

**200946.**

**GRU Investment Policy (B)**

*Explanation:* This item addresses the last outstanding item from the City Auditor's review of GRU investments which related to updating GRU's investment policy. GRU Treasury staff worked with a subsidiary of our financial advisory firm, PFM Asset Management LLC, to update our investment policy to incorporate current best practices in the governmental treasury and investment environment. Significant changes to the policy included but were not limited to:

- Expanding on performance measurement by specifying benchmarks in accordance with Florida Statutes
- Adding short-term and long-term benchmarks to allow for better risk and return monitoring
- In accordance with other local government entity best practices, reduced 10-year maximum maturity limits to 5 years
- Reduced the ratings requirements for corporate notes to a rating in the "A" category to reflect current market issuance patterns and allow for more diversification and flexibility
- Added annual reporting to the City Commission

*Fiscal Note:* None.

**RECOMMENDATION**

The Audit and Finance Committee review and recommend that the City Commission approve the updated GRU Investment Policy.

[200946 GRU Investment Policy Statement Final 20210324](#)

[200933.](#)**First Budget Amendment to the FY 2021 General Government Financial and Operating Plan Budget (B)**

*Explanation: The General Government Financial and Operating Plan, which includes budgets for the General Fund, Special Revenue, Debt Service, Capital Projects, Proprietary, and Pension & OPEB Trust Funds for Fiscal Year 2021, was adopted by the Mayor and City Commission on September 24, 2020 via Resolution No. 200316.*

*As the fiscal year progresses, certain routine and periodic budget adjustments and transfers of appropriated funds continue to be appropriate and necessary to ensure prudent financial management. Additionally, certain obligations, plans and projects extend between fiscal years and require an uninterrupted and sufficient source of appropriated funds to meet obligations and complete projects in progress.*

*This resolution seeks authorization to recognize revenue an appropriate funding as explained in the attached memorandum and as shown in Attachment "A".*

*Fiscal Note: The recommended amendments are funded either by increases in revenue appropriations or offset by decreases in expenditures.*

**RECOMMENDATION**

*The Audit and Finance Committee: (1) Review the proposed amendatory budget resolution; and if acceptable, (2) recommend that the City Commission adopt the proposed resolution.*

[200933-A First Budget Amendment Memorandum 20210322.pdf](#)

[200933-B FY2021 First Budget Amendment Resolution 20210322.pdf](#)

[200933-C FY2021 First Budget Amendment - Attachment A 20210322.pdf](#)

[200950.](#)**FY 2021 First Quarter Analysis of Budget Compared to Actual Revenues and Expenditures for the Period Beginning October 1, 2020 and Ending December 31, 2020 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 first 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
- Debt Service Fund
- Proprietary Funds
- Fiduciary 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.*

*Fiscal Note: This analysis of budget to actual operating revenues and expenses with projections through September 30, 2021 provides the status of the FY 2021 General Fund, Debt Service, Proprietary, and Fiduciary funds' budget for the first three months of the fiscal year. Based on preliminary projections, all of the funds are expected to end the year on budget.*

**RECOMMENDATION**

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

[200950 FY2021 First Quarter Budget to Actual Analysis and Projections 2021C](#)

[200943.](#)

**FY 2021 First 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 First Quarter Investment Performance Reports.

*Explanation: The City Manager has directed the City's Budget & Finance Department to submit the following investment performance reports to Audit and Finance Committee and City Commission on a quarterly basis:*

- 1) General Government Operating 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 an interest bearing demand deposit account. As of December 31, 2020, the cash and investment balance was \$163,988,523. Fiscal year-to-date interest of \$95,687 was earned at an annualized rate of return of 0.23%.*

*The Evergreen Cemetery Trust Fund is managed by the City per its investment policy. As of December 31, 2020, the Trust has a balance of \$1,615,692 with a fiscal year-to-date investment return of 16.89%.*

*The General Employees' Pension Fund is managed by the City per its investment policy. As of December 31, 2020, the pension fund had a fund balance of \$648,681,884 with a fiscal year-to-date investment return of 13.03%.*

*The Police Officers' & Firefighters' Pension Fund is managed by the Plan's Board of Trustees per its investment policy. As of December 31, 2020, the pension fund had an investment fund balance of \$318,228,780 with a fiscal year-to-date investment return of 10.00%.*

*The Retiree Health Insurance Trust Fund is managed by the City per its investment policy. As of December 31, 2020, the Trust has a balance of \$66,934,535 with a fiscal year-to-date investment return of 12.93%.*

*The detailed quarterly reports related to the Evergreen Cemetery Trust, General Employees' Pension Plan, Police Officers' & Firefighters' Pension Plan and Retiree Health Insurance Trust Fund are included as back-up to this item are provided by those plan's respective investment managers.*

**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.*

[200943A\\_COG FY21 1st Quarter Investment Reports Memorandum - FINAL\\_2I](#)

[200943B\\_COG SBA Prime Fund Account Quarterly Report 2020-12-31\\_20210322](#)

[200943C\\_COG General Pension Quarterly Flash Report 2020-12-31\\_20210322](#)

[200943D\\_COG Police Officer's and Firefighters' Pension Plan Quarterly Report](#)

[200943E\\_COG Retiree Health Trust Quarterly Report 2020-12-31\\_20210322.pr](#)

[200943F\\_COG Evergreen Cemetery Trust Quarterly Report 2020-12-31\\_20210322](#)

[200944.](#)

**FY 2021 First Quarter Performance Report for the City of Gainesville Fuel Hedging Program (B)**

Audit & Finance Committee to review the Fiscal Year 2021 First 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 December 31st, 2020, there was an unrealized gain (contingent future negative fuel cost) of \$208,992 that corresponds to the time period January 2021 through February 2022. This is an unrealized gain of about \$0.10 per gallon on average for the time period for diesel and gasoline combined. Additional information is provided in the attached memorandum and shown in Attachment A.

**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.

[200944A COG FY21 First Quarter Fuel Hedging Program Memorandum - FINAL](#)

[200944B COG FY21 First Quarter Fuel Hedging Program - Attachment A 2021](#)

[200940.](#)

**General Government Grant Administration Consultation-Phase 1 (B)**

*Explanation:* The objective of this engagement was to identify risks in General Government grant administration processes, review policies, procedures and guidance for best practices and equity considerations and review plans for process improvements related to implementation of a new ERP system grants module.

**RECOMMENDATION**

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

[200490 General Government Grant Administration Consultation 20210322](#)

[200951.](#)

**GRU Customer Billing System Pre-implementation Requirements Review -Phase I- (B)**

*Explanation:* The objective of the consultation was to perform a pre-implementation review of the GRU customer billing system requirements to help identify risks and critical gaps in the requirements prior to the development and implementation of the system. Observations are provided to management as considerations to address during their system development and pre-implementation phases.

**RECOMMENDATION**

*The City Auditor recommends the Audit and Finance Committee review and recommend the*

*City Commission accept the Internal Auditor's Report.*

[200951 GRU Customer Billing System - Phase I Pre-implementation Requirem](#)

[200942.](#)

**GPD Evidence Count Observation (B)**

*Explanation: This was a management special request. The City Auditor's Office agreed to provide an independent observation of the inventory evidence counts based on inventory lists of evidence provided by GPD, through inquiry of GPD personnel, examination of evidence inventory lists, and independent observation of the evidence counts.*

**RECOMMENDATION**

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

[200942 GPD Evidence Count Observation 20210322](#)

[200941.](#)

**Phalanx Documentation Review for Loan Forgiveness (B)**

*Explanation: This was a management special request. The City Auditor's Office agreed to provide an independent review of loan forgiveness documentation submitted by Phalanx and compare the documentation to the criteria for loan forgiveness as stated in the Amended and Restated Promissory Note, and Special Warranty Deed.*

**RECOMMENDATION**

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

[200941 Phalanx Documentation Review for Loan Forgiveness 20210322](#)

[200949.](#)

**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 recommends the City Commission accept the City Auditor's quarterly update.*

[200949 City Auditor Update 20210322](#)

**PUBLIC COMMENT**



**MEMBER COMMENT**

**NEXT MEETING DATE- April 19, 2021**

**ADJOURNMENT**