

CITY OF OPA-LOCKA
“The Great City”

CLERK’S ACTION SUMMARY MINUTES
SPECIAL COMMISSION MEETING

December 31, 2013

10:00 A.M.

City Commission Chambers at Sherbondy Village
215 President Barack Obama (Perviz) Avenue
Opa-locka, FL 33054

1. CALL TO ORDER:

Mayor Myra L. Taylor called the meeting to order at 10:00 a.m. on Tuesday, December 31, 2013, in the City Commission Chambers, Sherbondy Village, 215 President Barack Obama (Perviz) Avenue, Opa-locka, Florida.

2. ROLL CALL:

The following members of the City Commission were present: Commissioner Dorothy Johnson, Commissioner Luis B. Santiago, Commissioner Timothy Holmes and Mayor Myra L. Taylor. Also in attendance were: City Manager Kelvin L. Baker, Sr., City Attorney Joseph S. Geller, and City Clerk Joanna Flores. Vice Mayor Joseph L. Kelley joined the meeting at 10:15 a.m.

3. INVOCATION:

The Invocation was delivered by Commissioner Luis B. Santiago.

4. PLEDGE OF ALLEGIANCE:

The Pledge of Allegiance was recited in unison.

5. RESOLUTIONS:

a) A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF OPA-LOCKA, FLORIDA, APPROVING THE AUDITED FINANCIAL STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2012; PROVIDING FOR INCORPORATION OF RECITALS; PROVIDING FOR AN EFFECTIVE DATE.

Sponsored by C.M.

The above resolution was read by title by City Attorney Geller.

Mayor Taylor asked Manager Baker if he would like to make a statement.

Manager Baker said there are some pending items with the State of Florida. In order to stay on the current schedule of funding, the process needs to be completed and transmit

the necessary documents to the State before 2014. The auditors and city staff have been working on the items for months and are ready to make a presentation to the commission.

Finance Director Susan Gooding-Libur, Finance Director, City of Opa-locka, came to the podium. She thanked the city staff for all of their assistance and said the Auditor will present the final numbers. The General Fund balance needs to have particular attention paid to it, as it runs the city. It is the best practice to add to the General Fund balance every year, to effectively manage resources and handle emergencies as they may occur. She would like the Commissioners to pay attention to the comments. She recognized that the Financial Statement is late and that it should not happen, and she is committed to providing timely Financial Statements on a monthly basis in the future. There are some reports that the city did not accomplish, there is one major finding and the Auditor will address this, it is regarding post-employment benefits. The Final Report will be distributed today to the Commissioners, grantors and other agencies as required electronically as soon as it is approved.

Commissioner Johnson asked Director Gooding-Libur, to refer to Page 2, Long Term Financial Plan, contained in the Audit, Financial Report, Fiscal Year End September 30, 2012. It is her understanding that the CRA is a separate entity from the city itself. She wanted confirmation of this from Attorney Geller.

Attorney Geller said that is correct.

Commissioner Johnson asked where is the legislation that came before the CRA Committee that approved the CRA to be a part of the financial planning for the city.

Attorney Geller explained that it is his understanding that the city had agreed to provide some start-up funds to the CRA, and that is pursuant to State Law as well as to the adopted city resolutions and the adopted resolutions of the County Commission. The Auditor would have to provide direction as to where the legislation is contained.

Commissioner Johnson said she begs to differ that it is a long term planning for the city.

Mayor Taylor asked Commissioner Johnson for clarification on her statement.

Commissioner Johnson said that is her opinion. If it is, she would like to see legislation supporting that CRA is a part of that.

Commissioner Johnson asked about Page 3 regarding comments on the post-employment benefits. She wanted to know why the Comprehensive Financial Report ending on September 30, 2012 was not submitted. This question was addressed to Manager Baker. She would like it on the record.

Manager Baker said the other post-employment benefits matter is six to seven years old. Since the legislation was approved, the city has not addressed it, and it now being addressed for the very first time.

Commissioner Johnson asked Manager Baker why this has not been addressed. She referred to Page 3; which states that a Certificate of Achievement is valid for the period

of one year only. Unfortunately, the city did not submit a Comprehensive Annual Financial Report for the fiscal year ending September 30 of 2012.

Mrs. Liburd said in order to get a Certificate of Achievement the city must submit the report by March 31st of the year. Since this is for 2012, it should have been submitted as an Audited Financial Statement by March 31, 2013. The city had asked for extensions from the agency (GFOA) that grants the certificate. There have been no further extensions granted. As of today, the 2012 audit is being completed; therefore the city cannot submit the 2012 Financial Statement for the certification.

Commissioner Johnson said she should not have to call Tallahassee to get this information. The date of March 31st has not changed in Florida Statute for years. This is not the first time this has happened, and asked why this continues. She continued to ask why this issue has not been addressed and corrected. She does not understand how this happens.

Note: This portion of the minutes is transcribed in verbatim format.

Commissioner Johnson: *I have asked for over five months for the bank reconciliation from 2007 to current. Is it anywhere to be found, in the state of Florida in the boundary of 1.2 miles? That is number one, and I want to know that. I need someone to answer that. I am going to turn to the Manager, you can call up anybody you want Mr. Manager.*

Manager Baker: *Madam, I think we have responded to all of your inquiries related to the reconciliation, I think we have provided updates on the delays in this audit process, and indicated that once the audit was complete we would have those reconciliation statements that you have requested.*

Commissioner Johnson: *Maybe I am not saying the right words, maybe I am not being understood, but it is my understanding that we are dealing with 2012 audit, is that correct?*

Mrs. Liburd: *That is correct.*

Commissioner Johnson: *So, it is my understanding that we have already completed 2007, 2008, 2009, 2010, as well as 2011, is that correct?"*

Mrs. Liburd: *That is correct.*

Commissioner Johnson: *So, if all of those audits have been completed, it should be easy to have a mechanism in place electronically that can be printed, so we can have a copy of the bank statement reconciliation. Which number one, doesn't have anything to do with this overall, this is a deficiency that has never been put on the record. Now, I have asked for this, and I am being given things that are unacceptable. So in your professional opinion in Finance, is that not something that can be archived?*

Mrs. Liburd: *That is something that should be archived. We just finished 2012, and Commissioner, I promise you that I will see what has been presented to you, I will get*

with you and see if it is not satisfactory what else you need. We can provide you with 2012 bank reconciliations because the audit has just finished.

Commissioner Johnson: Let me set the record straight, nada, English-nothing, has been presented to me. As well as me, it should go to the whole commission. So, nothing has been. I would like it by the end of today. I think it should be easy, I don't see how you can continue to audit and don't have a bank statement. I want the bank statement along with the reconciliation. Mr. Manager, I don't know if close of business is 5:00 for the city, but I would like to have this information by the close of business. I need it to be verbatim in the minutes. This is not a threat, but this is something I think is easily accessible to you guys providing for us. And there are a couple of other questions, but I am going to hold them for the Auditor, and I am very concerned in this draft. And since you said you were going back and needed to tweak it with the Auditor, I am under the opinion now, as I have been trained and gotten more knowledge of financial accountability from the State of Florida Department of Education, that the Auditor and staff segregate their responsibility. So when you say you all work together, the Manager said you all have been working together, to put this document together, what did you mean by that?

Mrs. Liburd: The presentation." She further stated "All of the numbers came from management of the City of Opa-locka.

Note: This concludes the verbatim portion of these minutes.

Commissioner Santiago asked why everything is at the last minute. He got the agenda and information package yesterday at 5:00 p.m. That does not give enough time to review the information and he does not understand why it takes so long. He does not want this to happen again for next year. If this gets passed today, if he supports these items, is the State going to stay out of city business?

Manager Baker said this is a requirement for the revenue sharing, grants, State revolving loans and for the pending bond issue. There is a requirement that the city get the 2011-2012 audit complete. He wanted to point out that there has been turnover in the department and that created some challenges getting the audit done. There have been substantial adjustments to the way the city is currently operating and functioning, and some of the comments in this audit, will not exist in the next audit.

Commissioner Santiago said he is aware of the changes in the Finance Department and he understands it is hard to work like that. He wants to not have this happen again. He wants the best for the community.

Vice Mayor Kelley said he just received his information package and would like to know why it was given so late.

Finance Director Susan Gooding-Liburd apologized for the delay, and said she came to the city in September to complete the audit and that was her main focus. Everything had to be given to auditors. It could not have been done even within a month. She and city staff worked long hours to meet the compliance requirements for the State. She does not want this to be repeated for 2013, for which reporting is due March 31, 2014. This 2012

audit needs to be completed, so she can complete the 2013 audit on time. It took great effort to get this audit done for presentation by December 31.

Vice Mayor Kelley said he understands, but does not agree with the timing of the completion regarding the 2012 audit. Staff in the Finance Department was supposed to be added, and it has not happened. There have been positions added in other areas and he would like to speak with Manager Baker on that issue. He referred to Page 45 which details expenditures. He is assuming the over-expenditures were funded by the General Fund.

Mrs. Liburd said that is correct.

Vice Mayor Kelley asked was there a method to get any of the over-expenditure funding back, or were they of a nature that they had to be absorbed and could not be recouped.

Mrs. Liburd said because they were dealing with 2012 expenditures, they were absorbed.

Vice Mayor Kelley said he noticed the Auditor made a recommendation on some of the absorptions that had taken place, including the review of documents used. On Page 66, this is not the first time he has seen this issue regarding corrective action on staffing with regard to positions not in place. He asked Manager Baker to explain this with focus on the key positions under the Finance Director.

Manager Baker said that this is an old document that represents 2012. In the new audit, the commission will see that staffing is in place.

Vice Mayor Kelley asked why the commission has this document.

Manager Baker said because it was for 2011-2012, at that point in time, the positions were vacant and there were staffing deficiencies. Those positions have been filled. When the current Financial Report is presented, they will see the positions have been addressed.

Mayor Taylor said this has to be reviewed as it has not been done yet, even though it is for the prior year. She asked if this was correct.

Mrs. Liburd said that is correct. The information is accurate for 2011-2012.

Mayor Taylor asked if this was needed to accommodate the legislation that was just passed regarding the bond and the loans?

Mrs. Liburd said that is correct.

Vice Mayor Kelley asked why the document is marked as a draft. If this is a live document that the city is functioning under, why does it say it is a draft?

Mayor Taylor said that is a question for the Auditor, Mr. Harvey.

She asked Manager Baker and Mrs. Liburd about voting on the document in its present form. If there is some "tweaking" of the instrument, will it have a direct reflection on the

vote today? The resolution states the commission is approving this, so how does this affect the resolution. She stated that this should be a question for the Auditor, Mr. Harvey who will be speaking next.

Vice Mayor Kelley said the commission is voting on a draft document that may be tweaked. He does not know what this means. He wants surety that things are not going to change substantially, and this should be addressed by the Auditor.

Mayor Taylor asked Mr. Harvey to give the commission the 2011-2012 information.

Roderick Harvey, Engagement Partner/Auditor for the City of Opa-locka came forward and said he is going to present the financial results for the period ending September 30, 2012. That means that this is rolling back about fourteen (14) months. The commission has in front of them a copy of a PowerPoint presentation he created.

He stated he is qualifying the opinion for the year ending September 30, 2012. He read from the audit opinion; "The qualification relates to the OPEB (Other Post Employment Benefits). The city did not disclose the obligation for OPEB in its long term liabilities. In our opinion, the disclosure of the information is required to conform with Accounting Principles generally accepted in the United States of America. We are unable to determine the effect on the city's long term liabilities due to the omission of OPEB liabilities, since an actuarial determination was not performed." He further stated the OPEB liability is not a number the city can just get from its trial balance; it has to be actuarially determined. That means the city must hire an Actuarial Firm to do their examination and determine the long term liability as it relates to OPEB.

Mr. Harvey said the next page gives the balance for the Governmental Funds. The total fund balance is \$3.6 million dollars; the unreserved fund balance is \$1.1 million dollars. The total Governmental Funds is \$12.3 million dollars and the Proprietary Funds at year is a little over \$17 million dollars.

Mr. Harvey said the next page deals with revenues and expenses, which is what came in, in comparison to what went out. Looking at the General Funds which is always the largest fund of any government; the revenues for the period ending September 30, 2012 are \$12.4 million dollars as compared to expenditures of \$13.7 million dollars. That leaves a decrease in the fund balance of a little over \$1 million dollars. When looking at all of the funds, the total revenues are \$15.4 million dollars; the expenditures were a little over \$16 million dollars, which leaves \$1.5 million dollars. The reason for this is because there was a transfer from one department to another. This can be discussed later.

Mr. Harvey said the next page deals with Proprietary Funds which are business/enterprise funds. The Operating Revenue was \$11.6 million dollars, and the Non-Operating Expenses were \$1,600.00. Operating Expenses were \$17.4 million dollars resulting in a change of \$2.1 million dollars.

Mr. Harvey said the next page deals with a comparison between 2011 and 2012. From a funds balance perspective, in 2011 the city had \$2.5 million dollars. At the end of 2012 there was \$3.7 million dollars. As it relates to Income, in 2011 the city brought in \$14.6 million dollars, and in 2012 the city brought in \$15.4 million dollars, which is an increase

of \$800,000 dollars. For Expenditures, the city expended \$20.4 million dollars in 2011, and in 2012 the city expended \$16 million dollars, when results in a decrease of \$4.3 million dollars.

Mr. Harvey said the next page gives a pictorial. This provides a trend line for money coming in, for 2010 the city brought in \$15.2 million dollars, for 2011 the city brought in \$14.6 million dollars and in 2012 the city brought in \$15.4 million dollars. It appears the money coming in is relatively stable. The Expenditures for year ending 2010 was \$16.3 million dollars, for year ending 2011 \$20.4 million dollars and for year ending 2012 \$16.082 million dollars.

Mayor Taylor asked what happened in 2011.

Mr. Harvey said there was a capital project. He believes it was Sherbondy Park.

Mayor Taylor said the audit should show what happened to cause the jump in expenditures in 2011. That is why she is asking the question.

Mr. Harvey said looking at 2012 Capital Outlay which is located in the middle part of the Expenditures, in 2010 it was \$1.4 million dollars, in 2011 it jumps up to \$4.9 million dollars. Then it goes back down in 2012 to \$1.7 million dollars.

Mayor Taylor asked what was the money spent on?

Mr. Harvey said he does not have the list of projects, but in his 2011 audit he believes the projects were listed, and the bulk of it was Sherbondy Park.

Commissioner Johnson said that there was a bond that covered a majority of the money for this year and there should be an offset.

Mr. Harvey explained that bond money would be put in the fiscal year when it is received and government record loans as revenue. Money spent in the future, will be reflected as they are spent. Therefore, revenue may be high one year and the expenditures may be high in the following year. A project could be funded over a 2-3 year period with debt money and built out, which nets out nearly to zero.

Commissioner Johnson said that would be a good example, but with regard to the Sherbondy Park building, that did not happen. The GOB money is not drawn down that way for projects. She asked Manager Baker who is present that could better explain this process of money coming in and out.

Manager Baker said for the most part there is only new staff. He said the bulk of the construction for Sherbondy Park did take place in 2011. He arrived in late 2012 and the project was complete. For the most part, his administration took care of punch list items to get the project finished.

Mayor Taylor said to Mr. Harvey that he works for the commission and not for the city per se, but Ms. Gooding-Liburd does. Whatever Ms. Gooding-Liburd gives him, it needs to be put here for the commission to consider. She asked him a question and he has not

provided her with an answer. She would like to know specifically what happened in 2011 that the Capital Outlay was \$4.9 million dollars. He should know what definitely happened.

Mr. Harvey said he does have the answer, but it is in his trial balance system in his office. He cannot answer specifically now. It is just a matter of getting back to the office and confirming this.

Mr. Harvey said the next page deals with prior management comments. The comments have been cleared.

Mr. Harvey said the next page is the Schedule of Findings and Questioned Cost – there are none. For 2011 prior Federal Cost there are none.

Mr. Harvey went through the current year Management Letter comments. He reviewed criteria, recommendation and response from staff. For criteria, Utility billing procedures should include accounts being reconciled in a timely and accurate manner to ensure customers are billed accordingly and the amounts are tied to the ledger. He recommends reviewing the utility billing process currently in place and to implement procedures that will allow for effective and efficient monitoring of customer accounts. The response from city management said the city was unable to see timely results of its implementation; procedures are in place to show a more favorable outcome in the future.

Vice Mayor Kelley asked if the recommendation for the utility billing is the same as in the prior year's audit, and is it an issue to address.

Mr. Harvey said that is correct. The results were not seen in a timely manner. That is why there is a comment again.

Vice Mayor Kelley asked if Mr. Harvey was aware of the new procedures currently in place to address this issue. He is concerned that this is a continuing issue.

Mr. Harvey said this comment is from 2011. The review was done for 2012 and the audit came back with the same comment. There was not enough corrective action to satisfy the auditors in 2012. The comment from staff said they expect to have procedures in place to address this, and it will be audited in 2013.

Vice Mayor Kelley said he is concerned with this issue not being resolved. Before this document is passed, there needs to be some kind of assurance that this is being handled.

Commissioner Santiago said the situation of the utility billing process has had a lot of changes. There are new meters and other procedures in place; 2013 should be improved.

Manager Baker said that is correct.

Commissioner Johnson said she would like to make a recommendation; she would a timeline giving corrective action as to what will be done, documenting who will handle the details. It could be put in a logic model so everyone can understand and monitor improvements.

Mayor Taylor said she has seen this come up before as well. She asked Mr. Harvey if he is privy to the specific deficiencies.

Mr. Harvey responded no. That is not in his purview; that is an operational question.

Mayor Taylor said management is doing different things to address this issue, and there are still deficiencies, so she would like to know if he knows of specific remedies to get a favorable outcome.

Mr. Harvey said auditors look at the results. If the results are off, that is what the Auditor reports on.

Vice Mayor Kelley asked if the new procedures that are currently in place have been provided to Mr. Harvey going forward.

Manager Baker said he is not certain. Mr. Harvey is looking at the old data, not the new data.

Mr. Harvey said he has been told things, but he has not audited it yet. When the audit is done, this can be reported on.

Mayor Taylor said if the process is the same, the results are going to be the same.

Vice Mayor Kelley said Mr. Harvey works for the commission. He can report on the results but not implement corrective action. There was an issue with staffing, and that has been addressed.

Mayor Taylor asked Manager Baker if the way the city does business has changed based on the audits.

Manager Baker said absolutely, things have changed.

Mayor Taylor said the next audit should show favorable outcome and she will be highly disappointed if this is not the case. Mayor Taylor asked Manager Baker if procedures have been put in place specifically to address the comments in this audit.

Manager Baker said the first thing a City Manager does is to go to the CAFR and look at the Management Letter, which are findings the Auditor has cited the city on, and then plan a course of action to address the findings. The most glaring issues were billing and collection. There is staff in place that handle this now.

Commissioner Johnson said the only part this is missing is the \$1.5 million dollars in outstanding debt that she has not seen in the books reported as debt. If the city got the money that was owed, then she would have a better comfort level. That was previously reported in the 2010-2011 audit and this needs to be addressed.

Vice Mayor Kelley asked Manager Baker to make sure the corrective actions procedures are in place and report to the commission on the progress made. That will assist in any questions that may be asked of the Auditor.

Mr. Harvey said he is addressing 2012 Management Letter comment 2. He is going to use this to address Commissioner Johnson's concerns. The condition is that financial information should be presented to management on an interim basis to help financial issues and planning. The criteria is that once account reconciliations have been completed as addressed, the appropriate financial statements should be provided to management. He said that would be the commission as they are charged with the responsibility of governance for meeting and discussion purposes. The effect is that without proper interim financial information management may not be able to prudent financial decisions or plans. The recommendation is that once proper reconciliation procedures have been adopted as noted, the financial interim reports be prepared and made available for management meetings and discussions on an interim basis. The management response said that they agree with the recommendation and will commence with monthly financial statements to the commissioners. Mr. Harvey said this must address Commissioner Johnson's issue requesting information within a certain time period. This will allow the commission to be able to move forward.

Commissioner Johnson said she is under the professional opinion and in accordance with Florida Statute, that the commission is the management, and not city staff. The commission is the Board of Directors for this team. She is glad that her colleagues can see this in writing.

Mr. Harvey said that by AICP standards, they are doing things to clarify lines. For instance, those charged with governance is what they call the commission. He has certain requirements; at the end of this audit he will be sending a separate letter to each commissioner because they are charged with governance. The Board is the policy maker, setting policies and procedures. Normally the policies and procedures are enacted by the Manager and/or staff. This gives another layer that is separate and distinct. The head person who gets it done in this model of government is the City Manager.

Commissioner Johnson she is glad this has been clarified. The commission is responsible for financial issues regarding the city and is accountable to authorities in Tallahassee.

Vice Mayor Kelley asked if this will begin in January, as the intent is there.

Manager Baker said yes, it will start in January. It will be in the booklet, and the Finance Director will reference it in her report.

Commissioner Johnson recommended to the Manager that this be done on a bi-monthly basis. Because on a month-to month basis this is a hard task and the data is fluid in nature.

Mr. Harvey said auditors like to see this information on at least a quarterly basis. One of the things that held up this audit was the reconciliations being done. The staff spent some time going back and reconciling for the audit.

Mayor Taylor asked the commission if they agreed with this.

The commissioners all affirmed.

The next comment relates to the OPEB (Other Post Employment Benefits). This has been talked about previously. The Management comment concurred and stated it would obtain an actuarial firm to perform the actuarial services going forward. Once the actuarial report is done, it is good for 2-3 years; it does not have to be done on an annual basis.

Vice Mayor Kelley asked since the budget is already done and this is a recommendation and it agreed that it has to be done, can the staff do this in-house?

Manager Baker said no.

Vice Mayor Kelley asked what the process would be.

Manager Baker said city would have to shop the market for a pension expert that will perform actuarial services and produce a document for the upcoming years. That cost for the services would be in budget under a line item. The bid package will include the information from the audit so it can be directly addressed.

Commissioner Johnson asked Manager Baker about the current risk management capability that is in the law firm being used now. She would like to know if additional responsibility can be given to them regarding this action item and type of activity.

Manager Baker said he is not familiar with the expertise and if the firm has it to offer. He referred the question to Attorney Geller. The previous specialists performing work for the city were bond specialists.

Attorney Geller said his firm has some limited capability with risk management, including supervising the League of Cities attorneys for insurance. One of the findings imposed by the League of Cities was that additional city based risk management was to be added when they agreed to renew the liability insurance.

Commissioner Johnson said based on Attorney Geller's response, she would concur with Vice Mayor Kelley and put the services out for bid, in order to keep integrity in process.

Mr. Harvey said he would now review Management Letter Comment 4 regarding the Account Reconciliation issue which has been discussed already. It was noted that many of the financial statement accounts were not properly reconciled for year end balances. The recommendation was to have the city accounts reconciled on a monthly basis to ensure transactions are properly recorded within the time period. The management response was that every effort will be made to adequately staff the department and ensure that the practice of performing monthly account reconciliations is complied with consistently on a monthly basis.

Note: This portion of the minutes is transcribed in verbatim format.

Commissioner Johnson: *To staff, although you are going to report it quarterly to us, don't get it twisted that you have the latitude of not inputting this sort of information monthly. I really don't want anyone to get this misconstrued on the reporting. Reporting is quarterly, if I understand correctly, but the general ledger accounting is monthly.*

Note: This concludes the verbatim portion of these minutes.

Manager Baker concurred.

Vice Mayor Kelley asked if the Finance Department is currently fully staffed and within those positions, are any of the staff cross-trained?

Manager Baker said yes. Some cross-training has been done. Some functions are so specialized such as grants, that the cross-training would be very difficult. In terms of general functions such as journal entries and billing, that is covered and will continue.

Commissioner Johnson asked Manager Baker if all of the positions in Finance are career positions and not staffed by Temporary Workers? She has recently been told that there are consultants.

Manager Baker said on occasion if there is need, someone from an accounting firm comes in periodically to catch up, but to his knowledge there are not any at this time. There have been some backlogs to clear up in the past where consultants were used.

Commissioner Johnson said she wants it on the record that it is her understanding that any consultant, any agreement, has to be approved by the commission. Agreements cannot be entered into. Temporary workers are fine, but there is resolution currently in effect that restricts hiring to essential personnel, and Manager Baker knows this. She asked Manager Baker to verify this. If there are additional positions needed, the request should be made to the commission.

Manager Baker concurred.

Mr. Harvey said he would now review Management Letter Comment 5. The audit recommends that payroll documentation and employee files should be maintained according to the Human Resources policies and procedures. The management response was that management concurs and will maintain employee files according the Human Resources policies and procedures.

Mr. Harvey said he would now review the comments regarding the Enterprise Funds, which is significant.

Mayor Taylor asked Mr. Harvey what percentage of the budget does payroll represent. She had prior conversations with auditors that payroll over a certain percentage of the budget is not good.

Mr. Harvey said he does not have the specific payroll as a percentage of the budget with him at this time.

Mayor Taylor asked Mr. Harvey to get that information and provide it to the commission for 2010, 2011 and 2012.

Mr. Harvey said he would now review Management Letter Comment 6 regarding Building Licenses and Permits. Building Licenses and Permits policies and procedures require that a copy of the invoice be provided to the customer and a copy should be given to Finance Department. The cause was found during the audit that the Finance Department could not locate sixteen (16) out of thirty (30) cash receipts requested for review. Summary accounts were traced to the cash receipt summary sheet and the total for those sheets tied to posted total. The recommendation is for the Finance Department to be more involved in the cash receipts documentation process and follow-up with those responsible for providing documents. Documents should be kept in a more accessible manner. The management response said management will ensure that the proper documentation is provided to the Finance Department and will be kept in a more accessible manner.

Commissioner Johnson said she spoke with Manager Baker about Licenses and Permits. This should not be done manually and the process needs to be more efficient.

Manager Baker said the system is being automated. Training will start at the beginning of the next year. In 2-3 months it should be completed automated.

Vice Mayor Kelley asked Mr. Harvey about the payroll documentation findings? He wanted to know what had been found.

Mr. Harvey said what specifically was found was that the W-9 did not match or was missing. In this case, it is finding because it was an old file. They were not found to be post-dated.

Vice Mayor Kelley asked about pay rates information. Did Mr. Harvey see pay rate issues? Does his audit address pay increases with regard to jumps in scale? He is concerned about pay scales for the employees.

Mr. Harvey said the audit looks at the data itself for integrity. He does not audit how much an employee gets paid. The audit can check to verify if the pay rate is approved.

Commissioner Johnson said to Manager Baker she has concerns about consultant W-9 forms. She would like make sure that those individuals receive a W-9. She is also concerned about labor standards. When non-exempt workers work outside their schedule they need to be properly compensated and it should be documented.

Manager Baker concurred.

Mr. Harvey said he has had audit experience where if the municipality does not have a W-9 on file for contractors, the IRS will have the city pay back-up withholding of 28-33%. Whatever is paid to contractors needs to be documented. The IRS will not chase the contractors.

Mr. Harvey said he would now review Management Letter Comment 7 regarding Schedule of Expenditures and Federal Awards. The Schedule of Expenditures and Federal Awards should be maintained for the year-end audit process to include all grants and related expenditures. The recommendation is that an interim schedule be maintained of all open grants and any activity during the current period relating to existing grants. The schedule should also identify expiring grants to reduce unspent funding. The management response said the Finance Department is now adequately staffed and will maintain an updated schedule of activities of grants, both open and closed.

Commissioner Johnson asked Manager Baker how many Grant Writers the city has.

Manager Baker said there is 1 Grant Writer.

Commissioner Johnson said she did some discovery and found over 50 grants for the city. Normally, Grant Writing has a department. This is a lot for one person to do. She wanted to know which department the Grant Writer falls under. The reporting is not being submitted on a timely basis, and it is hard to keep up. She would like Manager Baker to look at staffing the Grant Writer position. The city is losing grant money and this should be addressed.

Manager Baker concurred.

Mr. Harvey said he would now review the last item which is the Federal Clearing House. It should be reported to on an annual basis, it is normally 45 days after the audit is received or after one year. The recommendation is that a specific person be given the responsibility within the Finance Department to make sure that the audit report is sent to and through the Federal Clearing House. The management response concurred and will make sure the reports are filed in a timely manner to avoid defunding by the Federal Government.

Mr. Harvey said this concludes the review of his report.

Commissioner Johnson said it is important to understand how the Federal Clearing House works. It is public knowledge and filing is very important.

Vice Mayor Kelley asked if the public had a right to speak before this is voted on. If that is the case, they should have the chance to do so and the commission does not want to have to duplicate this meeting.

Attorney Geller concurred. There is a new law passed by the State of Florida, anytime something significant is done affecting the public, the public must be afforded the right to speak.

Mayor Taylor asked Attorney Geller to make sure that is properly scheduled on the Agendas moving forward.

Attorney Geller said he would do so.

Mayor Taylor said Public Presentation is open on Item 5(a).

There being no response, Mayor Taylor closed Public Presentation on Item 5(a).

It was moved by Commissioner Holmes, seconded by Commissioner Santiago to discuss the resolution.

Commissioner Johnson said the city has to watch the timing of the meetings. The public needs to be engaged.

There being no further discussion, the resolution passed by a 5-0 vote.

Commissioner Johnson	Yes
Commissioner Santiago	Yes
Commissioner Holmes	Yes
Vice Mayor Kelley	Yes
Mayor Taylor	Yes

b) A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF OPA-LOCKA, FLORIDA, AUTHORIZING THE CITY MANAGER TO ENTER INTO AND EXECUTE AN AMENDMENT TO THE AGREEMENT WITH HARVEY, COVINGTON, AND THOMAS FOR AUDITING SERVICES, AND TO REMAIN AS THE CITY AUDITOR; PAYABLE FROM ACCOUNT NO. 17-513320, A BUDGETED ITEM; PROVIDING FOR INCORPORATION OF RECITALS; PROVIDING FOR AN EFFECTIVE DATE. *Sponsored by C.M.*

The above resolution was read by title by City Attorney Geller.

Manager Baker said he wanted to make a statement. His recommendation to the commission is to get started immediately on the current audit, and it has a schedule that needs to be completed in the next three to four months. An RFP process would make submittal of the audit in a timely manner very difficult.

It was moved by Commissioner Santiago, seconded by Commissioner Johnson to discuss the resolution.

Note: This portion of the minutes is transcribed in verbatim format.

Commissioner Johnson: In the legislation, to the Attorney, it needs to specify the year, it didn't. And then secondly, to the Attorney, I would like for you to have before the agreement is signed off, the scope of services which will include periodic meetings with timelines to meet with the commission as well as one-on-ones with each of the commissioners. I would like that to be incorporated in the agreement Mr. Attorney.

Attorney Geller: That can certainly be done. It was specified in the last WHEREAS clause that they are to remain as the City Auditor through the current fiscal year. It was not left open-ended. The issue is that it is to perform the audit for the current fiscal year. Whenever they're done with it, is when they are done. It could be the end of March or it could pass over September as this year's audit did. That is why it does not have a date. The proposed contract will be amended to include her requests.

Note: This concludes the verbatim portion of these minutes.

Commissioner Johnson said she is suggesting that an actual date be stated in the legislation.

Attorney Geller recommended making it through no later than September 30th, which is the close of the city's fiscal year and hope the auditors will be done by then. In section 2 near the end language can be added to state "NO LATER THAN SEPTEMBER 30 2014". He further stated there will have to be vote on the amendment.

Commissioner Holmes said Ms. Lawson should be thanked for putting this Agenda together last week, and he does not see why she has not moved up to the Assistant City Clerk position.

It was moved by Commissioner Johnson, seconded by Vice Mayor Kelley to amend the resolution.

Vice Mayor Kelley said he would like the Auditor present at the quarterly meetings and have that incorporated into the Agreement.

Attorney Geller said the contract will be amended accordingly.

Commissioner Santiago asked for clarification on the time period of the legislation.

Mayor Taylor explained that the amendment to the resolution is to allow the time period to go through September 30, 2014.

There being no further discussion, the amendment on the resolution passed by a 5-0 vote.

Commissioner Holmes	Yes
Vice Mayor Kelley	Yes
Commissioner Johnson	Yes
Commissioner Santiago	Yes
Mayor Taylor	Yes

There being no further discussion, the resolution passed by a 5-0 vote.

Commissioner Johnson	Yes
Commissioner Santiago	Yes
Commissioner Holmes	Yes
Vice Mayor Kelley	Yes
Mayor Taylor	Yes

Attorney Geller stated that pursuant to the conversation from the last meeting, he is working with the City Manager and the Human Resources Director to bring in a person from workforce to work afternoons in the City Attorney's office starting Monday. In addition to that person, his firm is going to provide additional staffing that's over and above the attorney's staffing provided by Mr. Gilbert and himself. He briefly introduced

his personal legal assistant at the law firm Ms. Francine Williams who will be present in the attorney's office on Tuesdays and Thursdays from 9:30a.m. to 12:00 p.m.

He continued by introducing Mike McDearmay, the firm's Community Liaison who will be present on Mondays and Wednesdays from 9:30 a.m. to 12:30 p.m.

Vice Mayor Kelley concurred with Commissioner Holmes that Ms. Lawson did an excellent job in putting the agenda together while the Clerk was on vacation.

6. ADJOURNMENT:

There being no further business to come before the Commission, it was moved by Vice Mayor Kelley, seconded by Commissioner Santiago to adjourn the meeting at 1:16 p.m.



MAYOR

ATTEST:



CITY CLERK