

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY

Special Meeting

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Marina Village Event Center
190 East 13th Street
Riviera Beach, Florida
Thursday, February 25, 2021
7:34 p.m. - 7:48 p.m.

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IN ATTENDANCE:

- Chair Julia Botel
- Vice Chair Douglas Lawson
- Commissioner Shirley D. Lanier
- Commissioner Tradrick McCoy
- Commissioner KaShamba Miller-Anderson
- Executive Director Jonathan Evans
- General Counsel Michael Haygood
- Senior Project Assistant/CRA Clerk Tamara Seguin

1 and give it to the staff prior to the item being taken
2 up by the CRA Commission for discussion.

3 Members of the public will be given a total
4 of three minutes to speak on all items listed on the
5 consent agenda and three minutes to speak on each
6 regular agenda item. The time limit for public comment
7 may be reduced by a vote of the CRA Board of
8 Commissioners based on the voluminous nature of public
9 comment cards. In no event will anyone be allowed to
10 submit a comment card to speak on an agenda item after
11 the resolution is read or the item considered.

12 Do we have any additions or deletions?

13 EXECUTIVE DIRECTOR JONATHAN EVANS: No, Madam
14 Chair.

15 CHAIR BOTEL: Any disclosures?

16 COMMISSIONER MILLER-ANDERSON: No.

17 CHAIR BOTEL: Okay. Would someone care to
18 make a motion to adopt the agenda?

19 COMMISSIONER McCOY: So moved.

20 COMMISSIONER MILLER-ANDERSON: Second.

21 CHAIR BOTEL: Madam Clerk, the motion to
22 adopt the agenda is moved and seconded.

23 THE CLERK: Commissioner Miller-Anderson.

24 COMMISSIONER MILLER-ANDERSON: Yes.

25 THE CLERK: Commissioner Lanier.

1 COMMISSIONER LANIER: Yes.

2 THE CLERK: Commissioner McCoy.

3 COMMISSIONER McCOY: Yes.

4 THE CLERK: Vice Chair Lawson.

5 VICE CHAIR LAWSON: Yes.

6 THE CLERK: Chair Botel.

7 CHAIR BOTEL: Yes. Thank you.

8 Mr. Evans.

9 EXECUTIVE DIRECTOR JONATHAN EVANS: Madam
10 Chair and members of the Board, as your previous two
11 items, we have representatives from HCT here to provide
12 an update with regards to the annual audit for the CRA.

13 MR. WILLIAMS: Thomas Williams, HCT. Good
14 evening, Madam Chair, Vice Chair and members of the
15 Board. It is our pleasure to present to you our audit
16 results of the financial statements for the Riviera
17 Beach CRA as of September 30, 2019.

18 Our audit was conducted in accordance with
19 the terms established in the audit engagement letter
20 dated October 26, 2020. Over the next several minutes
21 we will discuss our audit results. We will then
22 communicate some of our required communication to those
23 charged with the governance, and then we'll discuss the
24 responsibilities of yourselves, the CRA staff and us as
25 your auditors.

1 Our audit of the financial statements as
2 of -- for the year ending September 30, 2019 was
3 performed in accordance with auditing standards
4 generally accepted in the United States of America and
5 standards applicable to financial audits contained in
6 government auditing standards as issued by the
7 Comptroller General of the United States.

8 We did not have any changes to our original
9 risk assessment and planned audit strategies. The
10 auditors' reports that we issued were all unmodified,
11 and they were the independent auditors' report, the
12 independent auditors' report on internal controls for
13 financial reporting and compliance over matters based
14 on an audit of financial statements performed in
15 accordance with government auditing standards, a
16 schedule of findings and questioned costs, the
17 independent auditors' report on compliance with Section
18 218.415, Florida Statutes, of local governments and
19 investment policies and a management letter in
20 accordance with the rules of the Auditor General of the
21 State of Florida.

22 For significant accounting policies and
23 procedures, you can find that at note one of your
24 financial statements.

25 The significant estimates that we noted

1 during our audit were allowance of debt doubtful
2 accounts, depreciation of fixed assets over their
3 useful lives and fair value of pension assets and
4 liabilities.

5 The significant audit risks that were
6 triggers for all of our clients or all of the clients
7 of -- for the year were management overrides of
8 controls and revenue recognition. And there were no
9 new accounting pronouncements for the CRA for 2019.

10 COMMISSIONER McCOY: Madam Chair.

11 CHAIR BOTEL: You're recognized.

12 COMMISSIONER McCOY: Question. Is that a
13 significant risk for all your clients, or are we
14 speaking specifically for the Community Redevelopment
15 Agency of Rivera Beach, because I'm not interested in
16 the other clients.

17 MR. WILLIAMS: So each year we have audit
18 risk alerts, and so those were the risk alerts that we
19 received for the CRA.

20 COMMISSIONER McCOY: Follow-up.

21 CHAIR BOTEL: Go ahead.

22 COMMISSIONER McCOY: I reviewed the last
23 year's (inaudible) for the CRA. Why wouldn't the CRA,
24 independent and in itself, be considered as a low risk
25 auditee?

1 MR. WILLIAMS: Why would it not?

2 COMMISSIONER McCOY: Correct.

3 MR. WILLIAMS: That is not saying that it is
4 not in a low risk --

5 COMMISSIONER McCOY: But that's an
6 independent question. It's a separate question.
7 Because I know what the requirements of a low risk
8 auditee, but why wouldn't the CRA in this situation be
9 considered it?

10 MR. WILLIAMS: We were never -- the lowest --
11 we don't consider the CRA as a high risk auditee.

12 COMMISSIONER McCOY: Okay, but there are
13 specific questions in the Code of Federal Regulations
14 that defines what a low risk auditee is, and I think it
15 goes back to two of the previous reporting cycles, that
16 there were no material deficiencies or significant
17 deficiencies. Was that not examined, Mr. Williams, in
18 this audit?

19 MR. WILLIAMS: So the specific terminology
20 you're speaking to is about single audits. The CRA
21 didn't receive any grants money, so we would not
22 specifically look back at that. But that does go into
23 factor of our risk assessment and with our overall
24 audit strategy.

25 COMMISSIONER McCOY: Thank you.

1 MR. WILLIAMS: Okay, all of the misstatements
2 that we did find were corrected, so there are no
3 uncorrected misstatements, and there were no financial
4 presentation or disclosure admissions.

5 There is a deficiency noted, and we will
6 discuss that on page or slide 14.

7 We do believe that all related party
8 transactions were identified and properly disclosed,
9 and there were no significant findings or issues with
10 any of those.

11 And right here, this just speaks to if the
12 CRA does use our reports in an official document, we
13 have a responsibility to read over that document to
14 ensure that the numbers are correct.

15 And I won't go over everything here, but we
16 do have a duty to look at all subsequent events from
17 the time of September 30, 2019 through the time of
18 issue, which was February 23rd of 2021, and we do
19 believe that all identified events were disclosed. And
20 you can find that at note nine of the financial
21 statements.

22 Next slide, please.

23 And we do believe, as defined by professional
24 standards, that we are independent of the CRA.

25 Now to dive into the numbers of the CRA, the

1 first thing we did for our audit was obtain an
2 understanding of the financial reporting process. We
3 inspected those financial statements for conformity
4 with GAAP and GASB, and then we inspected disclosures
5 to ensure that all applicable disclosures were made in
6 accordance with related accounting standards.

7 Expenses for 2019 totaled 8.4 million as
8 compared to 6.5 million. For those we took a sample of
9 significant expenditures to test for their
10 completeness, accuracy and the presentation, as well as
11 for compliance with 163.387(6) of the Florida Statutes.

12 Revenues for 9-30-19 totaled 9.2 as compared
13 to 9.5. And what we did was sample significant revenue
14 transactions and tested them for their accuracy,
15 existence and presentation to ensure that they were
16 reported in the proper period.

17 Capital assets for 9-30-2019 totaled
18 16.9 million as compared to 14.4 in 2018, and the
19 increase is mainly due to buildings and improvements.

20 And with that, we will turn -- I will turn it
21 over to the partner, Mr. Roderick Harvey.

22 CHAIR BOTEL: Thank you.

23 MR. HARVEY: Good day, CRA Board. Hopefully
24 everybody's day is off to a good start. My name is Rod
25 Harvey, partner with HCT. HCT is the CPA firm of

1 record for the Riviera Beach CRA.

2 This part of the presentation deals with the
3 internal controls. HCT has a responsibility to audit
4 and express an opinion on the financial statements. We
5 also consider the internal control environment. We do
6 not express an opinion on the effectiveness of the
7 internal control environment. Our consideration of
8 internal controls relates to deficiencies, which may be
9 listed or deemed as material weaknesses or significant
10 deficiencies.

11 CHAIR BOTEL: I'm sorry to interrupt you, but
12 do we have what you're about to present in a document
13 like this?

14 MR. HARVEY: From my understanding, as a part
15 of the agenda package, it appears they printed the
16 entire CRA document.

17 CHAIR BOTEL: Okay, let me go back. Thank
18 you; thank you.

19 MR. HARVEY: As relates to deficiencies, an
20 internal control deficiency relates to the design or
21 operation of a control that does not allow management
22 or employees, during the normal course of their
23 performance of work, to prevent and detect
24 misstatements on a timely basis.

25 There are two types of deficiencies. You

1 have a significant deficiency, which is a matter that
2 is not as high as material weakness, but something that
3 should be brought to the attention of those charged
4 with governance, i.e., the elected body.

5 And then you have a material weakness, which
6 is a deficiency or a combination of deficiencies, such
7 that it is not reasonable that a material misstatement
8 will not be prevented or detected or corrected on a
9 timely basis.

10 COMMISSIONER LANIER: Madam Chair.

11 CHAIR BOTEL: Yes, you're recognized.

12 COMMISSIONER LANIER: I just wanted to ask
13 Mr. Harvey, do you guys audit the CDE as it is a
14 function and purpose of the CRA?

15 MR. HARVEY: Thank you for that. I was going
16 to wait for the end for that.

17 So the organization rolls up. So if you look
18 at the City as what we call a PG, a primary government,
19 and if you start at the bottom, you have the CDE. The
20 CDE does roll up to the CRA. So when you look at this
21 report, if you look at it, it will say the combined
22 report. That references that the CDE is in it.

23 And then, of course, the CRA's report rolls
24 up to the primary government, which is the City, which
25 includes the Utility District. So yes, this report

1 specifically includes the CDE. Thank you for that
2 question.

3 We only had one finding here. It relates to
4 the timeliness of the report. The report was not filed
5 timely with the State of Florida. We recommend, of
6 course, that the report is filed timely. Management's
7 response to RFP had gone through multiple cycles and
8 delay. The CRA now has a contracted external auditor
9 in place for the current year '20-'21, and they expect
10 for the 2020 audit to be filed on time.

11 Next slide relates to management
12 responsibility, which is the fair presentation of the
13 financial statements in accordance with GAAP.
14 Management is also responsible for the design,
15 implementation and maintenance of the control
16 environment.

17 Management is also responsible, as relates to
18 the auditors, to provide us all information, give us
19 access to persons and information and identify that all
20 laws and regulations have been maintained.

21 The audit committee or the oversight, the
22 Board has a responsibility for oversight of the
23 financial statements and the establishment and
24 maintenance of an internal control environment that is
25 designed to prevent and detect fraud.

1 Our objective, again, is to issue an audit
2 report. That audit report is issued in accordance with
3 GAS, and our responsibility is to report to you.

4 At this time we will, if there are any,
5 entertain as best as we can any questions. We thank
6 the Board, we thank the members of the CRA and the City
7 for allowing us to serve. We thank the Executive
8 Director for allowing us to serve. And again, this is
9 the FY 2019 audit that we are concluding.

10 CHAIR BOTTEL: Thank you.

11 Any questions?

12 Thank you. Thank you very much again.

13 Do we have a discussion by the City Manager
14 or the City Attorney? Or excuse me, the CRA Manager or
15 the CRA Attorney?

16 EXECUTIVE DIRECTOR JONATHAN EVANS: No, Madam
17 Chair.

18 CHAIR BOTTEL: Thank you.

19 MR. HAYGOOD: No, Madam Chair.

20 CHAIR BOTTEL: Statements by CRA Board
21 members. Anyone?

22 Okay, thank you very much. This meeting is
23 adjourned.

24 (Whereupon, at 7:48 p.m., the proceedings
25 were concluded.)

1 ADJOURNMENT

2 The Special CRA Board Meeting was
3 adjourned at 7:48 p.m. The minutes were approved
4 by the Board of Commissioners on _____.

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Shirley Lanier, Chairperson

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Executive Director Jonathan Evans

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