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Hallandale Beach, FL
SEP 02 2016

September 1, 2016

Mr. Daniel Rosemond
City Manager
City of Hallandale Beach
400 S Federal Highway
Hallandale Beach, FL 33009

RE: City of Hallandale Beach Community Redevelopment Agency (CRA) Review

Dear Mr. Rosemond:

Based on the agreed upon services, I have done a comprehensive review of the operations along with the annual auditors' report and have identified some areas of concerns that will need to be corrected. In addition I am providing some recommendations based on my analysis, these are prioritize based on the severity or the timeliness required to correct the issues.

The review of the operations have disclosed the following:

Findings:

1. **Recording of Assets** - In the City's 2012 Comprehensive Annual Financial Report (CAFR) the auditors identified a material weakness related to the CRA of assets not recorded correctly. In an effort to fix this the City created a separate cash account for the CRA. However in the City's 2015 CAFR this material weakness was reported again. This material weakness resulted in assets held for resale being recorded as expenses or as Land.

Recommendations:

- CRA Agenda items related to purchase of assets should be provided to Finance once the Board approves the item.
- The City and the CRA must review property records semi-annually to insure accuracy. CRA staff keeps a spreadsheet detailing land purchased during the year this needs to be compared with the records held in the Munis Fixed Asset system.
- CRA staff should update the spreadsheet that is being maintained with a date of verification that the property is titled correctly. This should be provided to the Fiscal Operations Manager (FOM) quarterly for review.
- Ancillary cost associated with the purchase needs to be added to the cost of the asset e.g. appraisals, demolition, grading etc.

- Deposal of assets should be documented and send to Finance by the FOM.
- A fixed asset category should be set up called "Assets Held for Resale" this will allow for tracking of these assets.
- A contra account should be set up to record the assets for resale to prevent the expenditure account from being credited with the asset once it is removed.

2. **Loans Receivable** – Over the past three years the auditors have made audit comments regarding recording, reconciling and tracking of CRA loans. A loan tracking system AutoPal was implemented. However, there is still a lack of reconciliation, timely entry of loans and training.

Recommendations:

- Entry of loans into AutoPal should be done when the loan is disbursed along with uploading of the supporting documentation. It is critical for this to be done in the same month **NOT** when loan is approved.
- Monthly/quarterly reconciliations of AutoPal should be done with the Aged Receivable, New Loan report and the General ledger.
- Monthly verification on the Property Appraiser's website of loans to ensure property ownership and homestead for residential and active status for commercial. This should be documented with the date the record was verified on the excel spreadsheet kept by staff and reviewed by the Fiscal Operations Manager.
- Staff needs to be trained on the AutoPal system to include report generation. This will allow multiple staff to track loans and work more efficiently.
- Forgivable Loans need to all be entered into AutoPal. Loans are currently entered as 5 years this need corrected to 10 years.
- Wind Mitigation grant loans needs to be entered in the AutoPal system in order to facilitate tracking and lien release.
- Staff needs to verify and document that all liens are recorded. In addition, a lien form should be included in the loan application package.
- Title Searches that are processed by the City needs to be forwarded to the CRA for sign off.

- Information on loans that fail to make timely payments should be communicated early to the employees responsible for that loan e.g. Commercial vs. Residential

3. Reimbursement of Costs – The CRA reimburses the City for various cost/services provided on their behalf. However over the years the CRA has not paid the City for some of these.

- *Memorandum of Understanding (MOU)* – The CRA processes quarterly administrative reimbursements to the City. However only the first quarter MOU reimbursement has been recorded. The remaining quarters need to be recorded prior to the close of the September. These need to be processed more timely.
- *Prior Year amounts owed of \$4.8M* – The CRA owes the City approximately \$4.8M as of September 30, 2015. This balance needs to be reviewed to ensure it is correct. If this amount is not paid it needs to be transferred to an “Advance Account” to eliminate an audit comment.
- *2016 Payroll benefit expenses* – In Order for easy processing the City pays all associated insurance cost for the CRA employees. The CRA should then reimburse the City, however this has not be done since October 2015. These cost should be reimbursed monthly.

4. Capital Projects Costs – The CRA budgets for various capital improvement cost which are multiyear projects. At the end of each fiscal year the remaining cost of the project is rolled to the following year. This has been done without a review of the revenues associated with the funding of the projects.

- Quarterly the FOM needs to review the actuals to determine if all the revenues have been received per the budget. This budget to actual will determine if the project cost needs to be amended.
- A review of all open projects to determine if amounts are accurate.
- Need to set-up work flow in Munis to include CRA for approvals of requisitions and payments associated with the fund.

Additional Recommendations:

- **Fiscal Operations Manager:** During the hiring of this position it is recommended that the candidate has accounting as well and budgeting experience.
- **Communication:** Frequent communication with the Finance personnel. The Minutes of the CRA meetings should be provided to Finance.
- **Year- End & Month-end Procedures:** Establish month end procedures to include completion of Bank reconciliation and balance sheet reconciliations. These need to be reviewed by the Fiscal Operations Manager and provided to Finance.

Considering the multiple concerns identified, the vacant Fiscal Operations Manager position and the approaching end of the fiscal year, you may want to consider additional assistance in resolving these.

Thanks again for the opportunity to assist with this project and if you need any further assistance I would be happy to help.

Sincerely,

Barbara Hastings

Barbara Hastings CPA
President