

MINUTES
FORT MYERS BEACH
AUDIT COMMITTEE
Bay Oaks Recreation Center
2731 Oak Street
Fort Myers Beach, FL 33931
Friday, March 15, 2024

I. CALL TO ORDER

The meeting was called to order at 9:00 a.m. by Vice Chair Leson.

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

Members present: Deborah Dutton (virtually), Michael Hauser, Jack Leson, Barbara Puffer, Marianne Sheely and Bryan Thomas.

Excused: Jeff Taylor

Council Liaison: Scott Safford

Staff: Finance Director Joe Onzick

MOTION: Audit Committee Member Hauser moved to allow Audit Committee Member Dutton to participate virtually; seconded by Audit Committee Member Puffer.

VOTE: The motion passed unanimously.

IV. APPROVAL OF MINUTES – January 29, 2024

MOTION: Audit Committee Member Puffer moved to approve the minutes; seconded by Audit Committee Member Hauser.

VOTE: The motion passed unanimously.

V. PUBLIC COMMENT – no public comment.

VI. ITEMS FOR DISCUSSION

- Finance Director Report

Director Onzick reported that Operations & Compliance Director Frankie Kropacek was contacting software companies for quotes on a new accounting system. The FY2023 audit would start in April, but an exact date was not specified. Allocation of emergency expenditures incurred during 2023 and 2024 were being linked to FEMA (Federal Emergency Management Agency) reimbursable projects. Tidal Basin was helping to identify the projects and 27 had been identified. FEMA had to conduct site inspections which is why it was taking so long. Director Onzick added that FEMA had to reinspect some projects because they missed a lot during their initial inspection. As of February 29, the town received \$16 million in FEMA reimbursements and about \$9.5 million in insurance proceeds for a total of \$25.5 million. Emergency expenditures were \$24.8 million. He reviewed the list of available funding sources and noted it was basically the

same with a couple of updates. He stated that \$3.3 million of the original \$10 million loan was disbursed. The town received \$7.8 million from FEMA to install turtle-friendly lights, a \$5 million zero-interest loan from FEMA was received to cover expenditures while the town was waiting for reimbursement, and the state awarded a \$8 million grant for beach renourishment. Director Onzick noted that the town council approved a \$1 million match for a grant from FDEP (Florida Department of Environmental Protection) for the outdoor recreational facilities at Bay Oaks. The \$1 million match would come from the ARP (American Rescue Plan) funds. There was no change to the stormwater project and the state revolving loan of \$17.5 million was still available to use towards the stormwater project. The \$11.9 million bridge loan received last summer was extended for 10 years, but no documentation has been received yet. He explained how the \$3.6 million ARP funds have been used so far and noted that \$1.2 million was still available and had to be used by the end of the year.

Director Onzick reported that there was an accounts receivable balance of \$561,000.00 in utility billing and the billing team was researching the reasons for nonpayment. Unapplied payments totaling \$20,000.00 were being researched, and some may need to be refunded to customers.

Director Onzick outlined what happened regarding the recent settlement with a contractor hired in March of 2022 as an emergency response provider. He stated that Tidal Basin discovered that the town did not have sufficient documentation for the invoices. The contractor was cooperative and the invoices were adjusted. He felt that language had to be added to the contracts to ensure that did not happen in the future. He summarized the types of problems revealed during a review of the invoices. A settlement of \$250,000.00 was received from another source and was applied toward the settlement with the contractor. Liaison Safford explained why the town settled and stated that the contracts were being adjusted so everything was in the town's favor.

Maria Green filled the senior accountant position and he reviewed her experience. A new Grants and Payroll Coordinator position was created and filled by Flor Lemmer, who previously worked as a staff accountant in the Finance Department. He explained the details of the new position and described her experience with the town.

- Financial Statements

He provided a full packet of financial statements and explained the format. He acknowledged that there were a lot of details included, but he did not want to hide anything. Among the reports was a calculation of lost revenue. Compared to four months of the 2023 budget, the town was within \$42,000.00 of that budget. He addressed the amortization of loans and noted he would investigate moving the CDs to obtain a better interest rate.

- Forensic Audit?

Director Onzick stated that he did not see anything of concern, and the town attorney noted that the statute of limitations was two years and that it was difficult to prove fraud. She wondered whether it would benefit the town to move forward with it. Discussion was held regarding whether the Audit Committee supported spending the money for a forensic audit. Audit Committee Member Hauser suggested that they ask the current auditor what they thought and Audit Committee Member Thomas suggested they implement best practices and have a conversation with a forensic accountant to determine whether the town should move forward with an audit. Audit Committee Member Puffer asked what the town was

chasing with a forensic audit and she agreed with the best practices approach. Director Onzick reviewed measures of control currently in place.

The Audit Committee agreed to consult the current auditors and concentrate on best practices.

- Risks/Costs Related to Legal Fees from Contracts and Upcoming Demolitions Planned by the Town

Director Onzick asked the Town Attorney about financial risks but has not heard back.

VII. MEMBER ITEMS AND REPORTS – no items

VIII. NEXT MEETING – April 8, 2024

IX. ADJOURNMENT

MOTION: Audit Committee Member Hauser moved to adjourn; seconded by Audit Committee Member Thomas.

VOTE: The motion passed unanimously.

Adopted 4/8/2024 ~~with~~ without changes. Motion by DEBBIE DUTTON
(DATE)

Vote: 4/0 Signature: John P. Larson

- End of document

ABSENT: JEFF TAYLOR (RESIGNED)
BRYAN THOMAS - OUT OF TOWN
MIKE HAUSER - OUT OF TOWN