

**MINUTES
FORT MYERS BEACH
AUDIT COMMITTEE
Town Hall
2525 Estero Boulevard
Fort Myers Beach, FL 33931**

Monday, March 9, 2020

I. CALL TO ORDER

Meeting was called to order at 9:00 a.m. by Chair Hughes. Members present: Dick Cote, John Goggin, Dan Hughes, Edward Lombard and Jim Steele.

Staff Liaison: Finance Director Robert Lange

Town Council Liaison: Vice Mayor Ray Murphy

II. PLEDGE OF ALLEGIANCE

III. APPROVAL OF OCTOBER 14, 2019 MINUTES

MOTION: Audit Committee Member Lombard moved to approve the minutes; second by Audit Committee Member Cote

VOTE: Motion passed unanimously.

IV. DISCUSSION ON COMMITTEE VACANCY TO DETERMINE NUMBER OF MEMBERS – CURRENT NUMBER IS SIX

Chair Hughes mentioned terms.

V. DISCUSSION ON GENERAL FUND TRANSFERRING FUNDS TO STORMWATER FUND FOR OPERATING COST

Director Lange reviewed the issue. Discussion included gas tax, general fund, existence of stormwater utility, source of funding, ad valorem taxes, maintenance costs and Executive Summaries on the website. Director Lange commented on latitudes within ordinances and resolutions. He noted that Town Council made the final decision regarding what resources would pay for things and payment from the general fund does not mean ad valorem taxes were used. It was up to Council to determine whether other revenue sources could be used for the operation of the township.

Chair Hughes questioned whether other funds were used to supplement the water utility. Director Lange replied negatively, although the fund was changed to administrative fee. Audit Committee Member Steele explained that the water utility charged the stormwater utility for bills. Audit Committee Member Goggin clarified that money was needed because the current ERU rate was insufficient to cover expenses. He questioned the rationale and why Council did not have the finance office perform an assessment. Audit Committee Member Steele noted that Council had to determine legally whether the stormwater fund could use General funds from stormwater operation

and once everyone agreed, the ERU rate would have to be adjusted annually to cover expenses. Audit Committee Member Lombard stated that it was a policy question. Audit Committee Member Goggin commented that a temporary loan from the general fund that was assessed and paid back the following year was much more transparent. Director Lange explained that it was a capital project and \$19.00 per month would generate one million dollars per year, but repairs were a separate item. He questioned whether they wanted to spend the money on maintenance or on upgrading the storm system.

Chair Hughes indicated it was a policy and a legal issue. He addressed the rationale of Town Council regarding advancing the \$310,000.00 from the general fund to the stormwater fund. Audit Committee Member Lombard agreed with Audit Committee Member Goggin concerning calculating how much they needed to raise to repay the loan and that would be the de facto increment in the ERU rate. Director Lange noted they had to pay debt back on the capital and he questioned how much more they were willing to spend. He discussed having available cash flow. Audit Committee Member Goggin stated that it was not being handled in a transparent manner and they should do an assessment and create a payback period. Director Lange explained that he set up a department for stormwater maintenance in the general fund, but Council requested that it be changed. Audit Committee Member Cote stated that \$310,000.00 was a one-time deal. Chair Hughes indicated that monies from the general fund were transferred in the past but were not determined to be a loan. Audit Committee Member Cote remarked that once a utility was established, a set of rules applied.

Audit Committee Member Lombard stated that they had to accept the fact that 18-20 identified a stormwater fund as the entire corpus of expenditures for the stormwater project. Director Lange did not think that resolutions or ordinances were absolute. Audit Committee Member Goggin questioned why it was identified as a loan this year. Audit Committee Member Lombard replied that the statute authorized the loan from the general fund.

Liaison Murphy explained why it was a political issue. Director Lange commented that they were pursuing a rate study. Audit Committee Member requested details of the contract and experience of the firms. Director Lange indicated information would be available. Chair Hughes requested that the Audit Committee be furnished a copy of the contract and the scope. Director Lange will pass along the request.

Director Lange introduced members of his team.

VI. UPDATE ON FY 2019 AUDIT PROCESS

Director Lange noted the auditors were wrapping up. He discussed expenses incurred from the hurricane and FEMA reimbursements. He stated that they should have a preliminary report by the end of the month and he did not expect surprises.

Chair Hughes requested a section on the agenda for Member Items in the future.

Audit Committee Member Lombard requested that the audit be uploaded to the Town's website. He did not think the item listed as Budget 2020 on the website was the budget. Director Lange replied that it was on the website and he offered to print it out and forward it to members.

Audit Committee Member Goggin questioned the status of the Procedures Manual. Director Lange replied that it was on the back burner but not abandoned. Audit Committee Member Goggin questioned the RFPs concerning intrusion in the network. Director Lange replied that it was completed and he discussed breaches in the ETRAKiT program.

Audit Committee Member Steele clarified Director Lange's office hours.

Chair Hughes commented on a conflict between Selection Advisory Committee provisions of Ordinance 17-01, which incorporates the purchasing of goods and services, policies and procedures manual and the Florida Statute. The conflict was between the Ordinance and Statute. Director Lange will follow up.

VII. ADJOURN

MOTION: Audit Committee Member Lombard moved to adjourn the meeting; second by Audit Committee Member Cote.

VOTE: Motion passed unanimously.

Meeting adjourned at 10:34 a.m.

Adopted 11-9-20 with without changes. Motion by LOMBARD
(DATE)

Vote: _____ Signature: Daniel Hughes

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