

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

Tuesday, June 1, 2021

I. CALL TO ORDER

Meeting was called to order at 9:00 a.m. by Chair Hughes.

II. PLEDGE OF ALLEGIANCE AND ROLL CALL

Members present: John Goggin, Dan Hughes, Joseph Kirkbride, Edward Lombard, Jim Steele and Bryan Thomas.

Excused: Dick Cote

Staff Liaison: Interim Finance Director Craig Steinhoff and Assistant Finance Director Cheryl Manning.

Council Liaison: Ray Murphy

III. APPROVAL OF MINUTES – May 24, 2021

Audit Committee Member Goggin requested an organizational chart from the Finance Department.

MOTION: Audit Committee Member Lombard moved to approve the minutes as amended; second by Audit Committee Member Goggin.

VOTE: Motion passed unanimously.

IV. PUBLIC COMMENT – no public comment.

V. DISCUSSION OF FY2020 ANNUAL AUDIT

Interim Finance Director Steinhoff explained why the \$14,000.00 was incorrect on the first draft but correct on drafts two and three. He also reported that in reconciling the audit adjustments to the Town's financials, they discovered that there were additional adjustments proposed by the auditors that were incorrect. He explained the details and noted that an adjustment was duplicated. The auditors agreed they made an error and eliminated the adjustment. Interim Finance Director Steinhoff stated the draft audit presented to them was completely reconciled. He reviewed the two findings he spoke of on May 24, 2021.

Interim Finance Director Steinhoff distributed an organizational chart of the Finance Department. He noted that the Finance Director position was the only one being advertised. He identified the staff in specific jobs. Audit Committee Member Goggin stated that they needed a full-time Finance Director. He questioned the role of Budget Manager and indicated that staff needed resources and

training, or they would have the same problem next year. Interim Finance Director Steinhoff commented that he would try to stay involved until a new Finance Director was hired.

Audit Committee Member Kirkbride brought up the 27 adjustments proposed by the Town and felt it was extraordinary. Interim Finance Director Steinhoff explained why it happened and agreed that the situation was not ideal. He reviewed some of the adjustments.

Audit Committee Member Lombard questioned the word “should” and questioned whether capital outlays were capitalized and depreciated. Interim Finance Director Steinhoff replied affirmatively and suggested changing the word “should” to “must” for that fund.

Items on page 19 were discussed. Town Manager Hernstadt stated that stormwater work on Estero Blvd. was paid for by Lee County and stormwater work on side streets was paid for by the Town. He addressed why the rates were increased.

Audit Committee Member Steele stated that numbers changed on 15 pages, but they were not material. He referred to #5 on page 50 regarding the State Revolving Fund loans outstanding as of September 30, 2020, and noted a difference of \$32,500.00, which was not material.

Audit Committee Member Goggin questioned the statement by former Finance Director Pierce that the Town would request another \$20 million loan. Town Manager Hernstadt felt that he misspoke. He explained how and why they amended the loan and indicated they would not require additional loans this year or next year.

Audit Committee Member Thomas questioned whether the two material weaknesses would have an impact on the Town’s borrowing future. Town Manager Hernstadt replied that they would not.

MOTION: Audit Committee Member Steele moved to accept the audit as presented; second by Audit Committee Member Lombard.

VOTE: Motion was approved unanimously.

Chair Hughes requested that a representative from the Auditors be present next year. Town Manager Hernstadt replied that he would add that requirement to the engagement letter. Audit Committee Member Lombard questioned whether the Audit Committee would be involved with selecting the next Audit firm. Chair Hughes noted there was confusion concerning their involvement with staff in the Selection Advisory Committee. Town Manager Hernstadt will recommend that the selection committee for the auditor be comprised solely of the Audit Committee. Audit Committee Member Goggin added that there was confusion regarding the Mayor serving as chair. Town Manager Hernstadt will check into the issue.

Town Manager Hernstadt reported that they received the Attorney’s letter and explained the reasons. Chair Hughes requested a copy of the letter. Town Manager Hernstadt agreed to supply it. Audit Committee Member Lombard confirmed that they would receive monthly financial reports.

VI. MEMBER ITEMS AND REPORTS

Chair Hughes revealed that he was resigning as Chairman due to his health, but he would stay on the Audit Committee until the Town found a replacement. He suggested that Audit Committee Member Lombard fill the position until September 30, 2021. Audit Committee Member Lombard declined the position. Audit Committee Member Steele nominated Audit Committee Member Goggin as Chair. Audit Committee Member Goggin declined the nomination because he was already the Public Safety Committee Chair. Chair Hughes nominated Audit Committee Member

Steele as Chair with a second by Audit Committee Member Lombard. Audit Committee Member Steele accepted the nomination.

VII. PUBLIC COMMENT – no public comment.

VIII. SET NEXT MEETING AGENDA AND DATE – October 2021

IX. ADJOURN

Chair Hughes adjourned the meeting at 10:15 a.m.

Adopted 12/13/21 with/~~without~~ changes. Motion by Lombard
(DATE)

Vote: unanimous Signature: [Signature]

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