

TOWN COUNCIL
SPECIAL SESSION
COUNCIL MEETING
5:00 PM
MINUTES
FEBRUARY 24, 2022

PRESENT: Mayor Cole, Vice Mayor Theo Washington, Councilwoman Angie Gardner, Councilman Marlin Daniels, (ZOOM 5:47 pm) and Councilman Rodney Daniels. **STAFF:** Cathlene Williams, Town Clerk, and Katrina Gibson, **Finance Director.** **ALSO, IN ATTENDANCE BY ZOOM (HEATHER MOSIER, AUDITOR).**

Mayor Cole called the Special Session Town Council meeting to order at 5:04 PM, followed by Prayer, and the Pledge of Allegiance.

- I. CALL TO ORDER & VERIFICATION OF QUORUM**
- II. INVOCATION & PLEDGE OF ALLEGIANCE**
- III. CITIZENS PARTICIPATION {THREE (3) MINUTES STRICTLY ENFORCED}.**

IV. COUNCIL DECISION

- 1. Approval of the Fiscal Year 2019/2020 Town Audit.** Heather Mosier, auditing partner with Carr, Riggs & Ingram; we are in the process of auditing the Town of Eatonville September 30, 2020, Audit, we are almost done once you finalize or approve the audit reports; a management letter will go out for signatures; we are still awaiting a response for the Attorney's as well, we can't issue before that, we should have this out by Monday. I will go over the results from the Audit. As for our Audit reports and opinions, we were not engaged to Audit the CRA; they had a separate auditor; LF Harris performed that audit. They issued a disclaimer of opinion on that audit; since we didn't audit the CRA, we had to issue a disclaimer on the CRA as well. Because the CRA is material to your governmental activities, we had to issue a qualified opinion on the Governmental activities. The general business activities in your general fund were not modified, no issues there. On your report for internal controls, we had two (2) material weaknesses; and non-compliance on debt; over the last couple years, you have had that. This is a requirement from the debit agency; they have a pledge revenue covenant that they have to meet; that covenant hasn't been met in the last couple of years. I spoke with the Florida League of Cities; they are not going to call the debt; no other issues with the debt if there is an action plan in place; and they are comfortable with the actions being taken place at this time. There were two (2) material weaknesses; one is related to the single audit; there was a grant discovered during the Audit that was not reported as a Federal Grant requiring the single audit. Because it was a material amount; the Grant from USDA; this was recorded as a material

weakness; the compliance part was fine. Other material weakness is just related to audit adjustments were material in nature, we have to make that a material weakness. In your drafts you will see what the audit adjustments were for. A management letter is required to be issued, that is the last page of the draft; this letter includes recommendations we ask to put in place. We are required to place in the letter the prior audit report findings were not corrected. We have three (3) recommendations; 1) approval of disposals get approval by the Council or the Mayor; we did not find documentation or evidence of that; it did not elevate to the level of deficiencies; need to ensure the policy is being followed. 2). recommendation, make sure the accounts are reconciled timely and back to the trial balances, those could be various accounts; this causes audit adjustments at the end of the year; 3) goes in line with your IT environment; more of the accounting functions and processes are electronically and through other IT portals, we do go through 2019 general controls; the back-up and user accesses were fine; we do recommend a risk assessment put in place surrounding your IT general controls. The financial statements show a correction of an error; this error was found in last year's audit report; because it was over a certain amount, it has to be disclosed as a correction of an error. In the prior year the CRA Audit was not complete by the time the prior audit was received; that resulted in the assets not being included in the Government wide statement. The correction of an error line shows \$103,000. Mayor Cole asked for the definition of Material weakness definition; over a material amount we determine the audit of material non-compliance as explained by Heather. There is a material weakness and a significant deficiency. Councilwoman Gardner: page 3) explain the certain limited procedures on the independent auditor's report letter. Heather explained, this will be budget related surrounding budget actuals and performs some pension analytics. Councilwoman Gardner asked for an explanation of unrestricted net deficiencies, and how does it affect the current budget? Heather stated the definition will not have much effect on the current budget. Councilwoman Gardner this is regarding 2020-001 finding: did you received all documents requested? Heather replied, yes this is how we were able to make the adjustments. Councilwoman Gardner asked what the specific issue was regarding payroll, financial condition and management. Heather replied its not an issue; we still have to analyze this. Under material weaknesses it does state your audit is not based on an opinion of our internal controls; your audit was simply based on our internal controls; by no means are you saying you have found all the material weaknesses or significant deficiencies as asked by Councilwoman Gardner. Heather replied the audits are not based on internal controls. Mayor Cole thanked Heather for her patience, the audit started late, but we didn't have any non-compliance statements. Mayor Cole; by 2019 CRA Mandate we are supposed to have the CRA and the Towns' fiscal year at the same time; if one is in December and the other is in September, it will never balance when its time for them to do it. Councilman Rodney Daniels indicated that he inquired about the CRA being apart of the Audit, its very unusual that the two (2) would be separate. Mayor Cole put a motion on the floor to approve the fiscal year 2019/2020-year end audit report; Motion by Councilman Rodney Daniels; the motion was seconded by Councilwoman Angie Gardner. Councilwoman Gardner asked about the Governmental Activities of the Audit; schedule statement of activities. In 2018 there was a revenue

increase of \$200,000 deposit from UP Development that was forfeited, where is this in the audit? Mrs. Gibson stated when she prepared the MDA audit report, I find things that were positive or negative in the audit report; with this Audit, we didn't go any further with UP, we discussed to take that paragraph out sine we do not have a contract with them anymore. Vice Mayor Washington asked Mrs. Gibson where are the UP Funds? Mrs. Gibson replied, they are in the reserves, they will not show on this statement. Fiscal environment expenses, it talks about \$155,000 project, is this something the CRA paid for? Mrs. Gibson stated the MDA is taking the introduction and the whole audit and putting it in the management disclosure. The same report given by Heather to the Council is the same report we have tonight. Motion by Vice Mayor Washington to approve Fiscal year end 9/30/2020 Audit, motion was seconded by Councilman Rodney Daniels; **AYE:** Mayor Cole, Councilman Rodney Daniels; Vice Mayor Washington; **NAYE:** Councilwoman Gardner; **MOTION PASSES.**

ADJOURNMENT: Motion by Vice Mayor Washington, the motion was seconded by Councilwoman Gardner; meeting adjourned at 5:54 PM.



Respectfully Submitted by:
Cathlene Williams, Town Clerk