

Town of Melbourne Beach

TOWN COMMISSION WORKSHOP

April 30, 2025 at 4:00 p.m.

COMMUNITY CENTER – 509 OCEAN AVENUE

MINUTES

Commission Members:

Mayor Alison Dennington
Vice Mayor Dawn Barlow
Commissioner Robert Baldwin
Commissioner Anna Butler
Commissioner Tim Reed

Staff Members:

Town Manager Elizabeth Mascaro
Town Clerk Amber Brown

1. Call to Order

Mayor Alison Dennington called the meeting to order at 4:03 p.m.

2. Roll Call

Deputy Clerk Cyd Cardwell conducted roll call.

Commission Members Present

Mayor Alison Dennington
Vice Mayor Dawn Barlow
Commissioner Robert Baldwin
Commissioner Anna Butler
Commissioner Tim Reed

Staff Members Present

Town Manager Elizabeth Mascaro
Finance Manager Jennifer Kerr
Finance Clerk Vicki Van Dyke
Town Clerk Amber Brown
Deputy Clerk Cyd Cardwell

3. Pledge of Allegiance and Moment of Silence

Mayor Alison Dennington led the Pledge of Allegiance.

4. Public Comments

After being acknowledged by the Mayor, members of the public should state their name and address for the record. The Commission encourages citizens to prepare their comments in advance. Each individual will have three (3) minutes to address the Commission on any topic(s) related to Town business, not on the Agenda.

5. New Business -

A. Fiscal Year 2024 Financial Audit presented by Zach Chalifour from James Moore. 2:45

Zach Chalifour from James Moore presented an outline of the audit process. Said they follow the standards set by the AICPA and US GAO and confirmed that they used the newly effective September 2024 auditor general rules. He explained the type of audit performed (financial statement audit). He also explained other types of audits, performance, internal control focused, forensic, and compliance audits and when they would be performed.

Mayor Alison Dennington expressed concern that she had not been contacted in advance of the audit presentation by James Moore to ask her if there was anything she thought should be investigated. Said she was contacted last year prior to the audit and was under the impression that was a requirement. The Mayor wanted the auditors to investigate \$350,000 paid to BSE without a contract for engineering services. Clarified that a contract is required so this should have been looked into. - 25:42

Zach Chalifour said they did look back to make sure nothing major was missed. To the vendor, it was about \$15,000 paid in fiscal year '23 and \$40,000 in '24.

Commissioner Robert Baldwin clarified that what he was saying was that the numbers from fiscal year '23 and '24 had not risen to the level of materiality that would have impacted his opinion on the financial statements in general. - 34:32

Mayor Alison Dennington reiterated the fact that this issue was not considered. Asked how they would know if the Town did not bid something.

Zach Chalifour said when looking at major expenditures, they look at the minutes, they will request the procurement over a project.

Town Manager Elizabeth Mascaro said that they send the firm every resolution, ordinance and contract.

Vice Mayor Dawn Barlow suggested that they move on from this topic and if the Mayor still has questions about it at the end to ask them then.

Zach Chalifour explained the three (3) types of significant risk areas that may be identified as part of the required communications letter. Two are required by AICPA which are override of internal controls by management and improper revenue recognition due to fraud. And the third is a standard set by James Moore, for any government receiving restricted funding, they call it the improper use of restricted resources. - 46:00

No significant difficulties were noted by James Moore. This audit also had the lowest number of year-end adjustments at three (3). There were no material corrected misstatements and no disagreements with management noted. - 55:32

Zach Chalifour explained the four auditors' reports that James Moore issues. The Independent Auditors' Report came back with an unmodified opinion; the Report on Internal Control and Compliance had no material weaknesses; the Management Letter had no findings or recommendations; and the Independent Accountants' Examination Report reported the Town in compliance with state statutes over investment activity/policies.

Zach Chalifour reviewed the General Fund and explained the types of fund balances found on the General Fund. His opinion was that we have a healthy reserve for a municipality of our size. - 1:05:30

Zach Chalifour reviewed the pension funds and the percentage of the Police pension funded at the time of the report (105.10%). - 1:09:40

Vice Mayor Dawn Barlow, Commissioners Anna Butler, Commissioner Tim Reed, and Commissioner Robert Baldwin had no questions for the auditor. Mayor Dennington had additional questions for the auditor.

Commissioner Robert Baldwin left at 5:15 pm.

Mayor Alison Dennington expressed concern that the auditors did not investigate the payments made to BSE. Provided a document from the state that talks about audit procedures and different requirements.

Vice Mayor Dawn Barlow left at 5:19 pm.

Town Manager Elizabeth Mascaro explained what information gets passed on to the auditors.

Mayor Alison Dennington continued to explain her concern about a lack of contract with BSE in the past and her concern that it is not being looked into in the audit. Was looking for a number or specific amount that would make it a big enough issue to look into.

Zach Chalifour said the objective of a financial audit is to express an opinion on the financial statements. It is not an internal control audit. The consideration of internal controls is to understand for the purpose of how to test financial activity - 1:28:15

Mayor Alison Dennington read quotes from the compliance auditing in Florida for counties, municipalities and special districts from the Florida Institute of Certified Public Accountants practice aid about auditors reports and audit scope.

Zach Chalifour said they go through a rigorous peer review system that looks at actual audits, looks at the internal control procedures to ensure that they follow audit standards. Spoke about how, of the 4 reports, the first follows the generally accepted audit standards set by the AICPA, the second is required by the US GAO, and the last two are required by the auditor general.

Commissioner Anna Butler asked what can be done, considering the Mayor's concerns about this audit.

Mayor Alison Dennington spoke about how she wanted to bid the audit because they had not changed in a while since that had happened. Said she wanted to see what the auditor looked at or not and why he didn't look at certain things.

Commissioner Tim Reed left at 5:43 pm.

Mayor Alison Dennington asked Zach Chalifour to elaborate where it says, must include procedures in audit designed to detect and report non compliance with laws and regulations with local laws that include procurement laws. Asked him for a list of procedures to detect and report non compliance and requested to be able to see that list.

Zach Chalifour said there is a request list, they have a client portal where things are submitted. He said the Town could export it or they could.

Mayor Alison Dennington verified he would be able to send the request list in an email and that he could get it to her probably tomorrow.

Commissioner Anna Butler moved to adjourn; Motion failed for lack of a second.

6. Adjournment


Commissioner Anna Butler moved to adjourn; Mayor Alison Dennington seconded; Motion carried 2-0.

Meeting adjourned at 5:48 pm.



Alison Dennington
Mayor

ATTEST:



Rachel Pembrook (Jun 28, 2025 16:00 CDT)
Rachel Pembrook
Transcriptionist

