



The Town of Fenwick Island

800 Coastal Highway, Fenwick Island, DE 19944-4409
302-539-3011 ~ 302-539-1305 fax
www.fenwickisland.delaware.gov

TOWN OF FENWICK ISLAND

MINUTES OF THE AUDIT COMMITTEE MEETING

February 8, 2024 10:30 a.m.

DRAFT

COMMITTEE MEMBERS IN ATTENDANCE:

W. Rymer, G. DesRoches and J. Nason – via zoom

OUTSIDE AUDITORS (both via zoom):

Ashley Stern – Audit Partner - PKS

Alyssa Revell – Audit Manager - PKS

ALSO IN ATTENDANCE (in person):

D. Gary

Rymer called the meeting to order at 10:33am

After the Pledge of Allegiance to the Flag, John Nason made a motion which was seconded by DesRoches to review and approve the previously supplied January 2023 minutes. The committee voted 3-0 to approve the January 11, 2023 minutes.

Alyssa Revell and Ashley Stern then led the committee through a discussion regarding the audit of the 7/31/2023 financial statements and other required auditor communications.

Items of significance:

- PKS is providing an “Unmodified” opinion (previously known as an “unqualified/clean” opinion) which means there were no issues of non-compliance, material misstatements or material weaknesses.
- There was one significant deficiency reported which primarily relates to the town’s inability to prepare complete annual financial statements in accordance with generally accepted accounting principles. Stern mentioned that the large majority (at least 90%) of the towns that PKS audits have this same weakness due to limited staffing and internal expertise. This deficiency was reported in prior years as well.
- Stern remarked about the significant improvements made in account reconciliations/month-end financial closing process and other items over the last two audit cycles. A new recommendation was discussed to create a central location for all information related to each individual grant. Grant funding and usage has become more significant for the Town in the last 18 months and the Town could create individual binders that have all receipts and cash infusions for each individual grant. The FY23 information was available for the audit but can be managed more effectively in the future.



The Town of Fenwick Island

800 Coastal Highway, Fenwick Island, DE 19944-4409
302-539-3011 ~ 302-539-1305 fax
www.fenwickisland.delaware.gov

- Highlighted the large increase in the town's "Net Position" reflected in the financial statements. Also highlighted the recent increase in "Unrestricted Net Position". The GFOA (government auditing oversight) recommends that the Unrestricted net Position equate to at least 60-90 days of operating expenses. The current balance of \$1.7 million exceeds six months of expenses. This balance has increased significantly over the last 36 months.
- Anticipating a new accounting pronouncement for FY25 (Accrued Compensated Absences). Stern believes that the adoption of this pronouncement will not have a material impact on the town's reported liabilities and footnote disclosures.
- No issues with access to financial records or town management.

After this review and discussion with PKS, the following motion was proposed by John Nason and seconded by Greg DesRoches:

"The Audit Committee accepts the final audit report and required communications from the auditor. The Committee recommends that the Town Council reviews and accepts these same reports."

The motion was voted on and passed unanimously 3-0.

The committee then discussed information about the potential for DNREC/State of Delaware to require beach towns to pay for beach replenishment in the future. Committee agreed that such a requirement doesn't appear a near term issue and no action requested. Lastly, the Committee discussed the concept of issuing a press release about the conclusion of the audit and the issuance of an unmodified opinion from the auditors. Ashley Stern mentioned that many of her municipal clients do issue such press releases. This will be discussed with the Town Council.

Public Participation: None

With no additional business to discuss, John Nason made a motion to adjourn the meeting. The motion was seconded by Greg DesRoches. This motion was voted on and passed unanimously 3-0.

Meeting was adjourned at 11:22am