



The Town of Fenwick Island

800 Coastal Highway, Fenwick Island, DE 19944-4409

302-539-3011 ~ 302-539-1305 fax

www.fenwickisland.delaware.gov

AUDIT COMMITTEE MEETING

March 19, 2025, at 10:00 a.m.

Town Hall

Minutes

APPROVED

COMMITTEE MEMBERS IN ATTENDANCE:

W. Rymer and G. DesRoches at Town Hall

J. Nason – via zoom

OUTSIDE AUDITORS (both via zoom):

Ashley Stern – Audit Partner - PKS

Alyssa Revell – Audit Manager – PKS

ALSO IN ATTENDANCE (in person or via zoom):

D. Gary and E. Ellinger

Rymer called the meeting to order at 10:06am and the committee performed the Pledge of Allegiance.

The Committee reviewed and unanimously approved the draft minutes from the April 29, 2024, Audit Committee meeting (vote 3-0).

Alyssa Revell and Ashley Stern then led the committee through a discussion regarding the audit of the 7/31/2024 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 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.
- Highlighted the large increase in the town’s “Net Position” (\$495,000) reflected in the financial statements. Revenues were slightly below prior year primarily due to a reduction in Building Permit revenues. Overall expenses were below budget primarily due to less than anticipated Capital Outlays since the Dredging project was delayed until



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the Fall of 2024 (next fiscal year). The unassigned General Fund balance was \$1.0 million and was \$99,000 higher than last year. This represents more than four months of operating expenses which exceeds the standard recommended levels of at least two months.

- Anticipating a new accounting pronouncement for FY25 (Accrued Compensated Absences) which will likely impact the amount of reported liabilities related to accrued vacation.
- No issues with access to financial records or town management.

Rymer also highlighted that as of July 31, 2024, (as disclosed in the Footnotes) 93.5% of the town's overall cash balances were FDIC-protected and this remains a focus for the entire finance team.

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.

Rymer expressed his appreciation for the efforts by PKS and all of the support that they provide the town. Both Nason and DesRoches expressed their appreciation for the town employees and town council members that help ensure the town's finances are in a strong position and the town is able to achieve this positive audit report.

Public Participation: NONE

With no additional business to discuss, Greg DesRoches made a motion to adjourn the meeting. The motion was seconded by John Nason.

This motion passed unanimously 3-0.

Meeting was adjourned at 10:36am