

MINUTES
SPECIAL CITY COUNCIL MEETING
THURSDAY, MAY 24, 2023, 3:00 P.M.
NEPTUNE BEACH CITY HALL
116 FIRST STREET
NEPTUNE BEACH, FLORIDA 32266

Pursuant to proper notice, a Special City Council Meeting of the City Council of the City of Neptune Beach was held on Thursday, May 24, 2023, at 6:00 p.m., at Neptune Beach City Hall, 116 First Street, Neptune Beach, Florida 32266.

Attendance:**IN ATTENDANCE:**

Mayor Elaine Brown
Vice Mayor Kerry Chin
Councilor Lauren Key (*absent*)
Councilor Nia Livingston (*absent*)
Councilor Josh Messinger

STAFF:

City Attorney Zachary Roth (*via CMT*)
Interim City Manager Richard Pike
Interim Police Chief Michael Key
Chief Financial Officer Jaime Hernandez
Public Works Director Deryle Calhoun
Deputy Public Works Director Colin Moore
City Clerk Catherine Ponson

Call to Order/Roll Call

Mayor Brown called the Special Meeting to order at 3:00 p.m.

**FY2021 Audit
Presentation**

Ronald Whitesides, Partner, with Purvis Gray, presented the FY2021 Comprehensive Annual Financial Report for the City of Neptune Beach. Andrew Miller, Audit Manager, with Purvis Gray, was also present. Mr. Whitesides pointed out that due to some of the process and control issues and in order to meet deadlines, there is an unresolved issue with the clearing fund. A clearing fund is used for certain payroll clearing transactions. The clearing fund within the General Fund contains negative cash and negative liability balances of approximately \$226,000 each, that management has not been able to provide documentation or explanation for. Because of the lack of documentation related to these accounts we were unable to form an opinion regarding these clearing fund amounts, which are material to the General Fund and Governmental Activities

Mr. Whitesides reported that the remaining funds have been issued an unmodified opinion, which is a clean opinion. He continued with reviewing the income statement for the governmental activities. These are nonbusiness activities. For the year, the City operated at a deficit of \$1.2 million, which was driven by the Jarboe Park improvements. Better Jax funds were used for that. He said the fund balance position of the governmental funds had \$1.3 million in unassigned funds, which means it could be used for any purpose. He added that the Government Finance Officers Association guidelines recommend that governments should have at least two months reserve in the General Fund. The City has a little over the minimum recommended amount.

Mr. Whitesides continued the audit review, including internal controls. During the year, the City experienced unexpected turnover in the finance department. When unexpected turnover of key personnel in a small organization such as the City occurs, there is significant loss of institutional knowledge as well as a lack of familiarity with the activity being audited.

Mr. Whitesides reported that Sanitation Fund operating expenses continue to exceed revenues; as a result, the fund has a negative cash and fund balance position at year-end. The negative cash position has been temporarily eliminated by an interfund loan. He recommended that the City review sanitation costs and rates if the intent is for sanitation services to pay for themselves or, if not, budget transfers in from other funds to make up the operating deficits.

Mr. Whitesides confirmed Vice Mayor Chin's inquiry that some or most of the issues come from turnover and the lack of manpower to manage the processes. Mr. Whitesides added needing a better system of documenting job responsibilities.

Vice Mayor Chin questioned if the only recourse for the sanitation fund would be to raise rates.

Mr. Whitesides stated there is a possibility there are cost allocations that need to be looked at. There is also a hauler contract price versus what is being charged that would be the rate issue.

Mayor Brown summarized that the City has a new CFO and the City is on track to move forward.

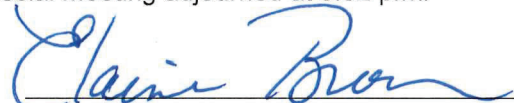
Public Comment

Pat Hazouri, 207 Florida Boulevard, Neptune Beach, suggested Council look into Code Enforcement, and look into the efficiency of the system before raising rates. She stated she hopes to get actual figures that represent the expenditures of the City.

Chuck McCue, 1908 Third Street, Neptune Beach, stated there is no excuse for the FY2021 being completed now in 2023. He commented that the City needs to make sound financial decisions at the top. The City needs better management, clarity and more discussion with constituents.

Adjournment

There being no further business, the Special Meeting adjourned at 3:32 p.m.


Elaine Brown, Mayor

ATTEST:


Catherine Ponson, CMC
City Clerk

Approved: 06-05-2023

