



Alachua County *Community and Administrative Services*

Gina Peebles
Assistant County Manager – Chief of Staff

December 16, 2024

Charles Chestnut IV, Chair
Alachua County Board of County Commissioners
12 SE 1st Street, 2nd Floor
Gainesville, FL 32601

Re: Oversight Liaison Report (Infrastructure Surtax Oversight Board)

Dear Chair Chestnut:

As Liaison to the Infrastructure Surtax Oversight Board (“ISOB”) and pursuant to Section 5 of the Board of County Commissioners (BOCC) Resolution 22-105, the purpose of this letter is to immediately report the undisputed findings of an independent audit of the City of Archer¹ concerning “the expenditure of restricted funds on operating expenses,” including Infrastructure Surtax proceeds.²

The City does not have a plan at this time for “repayment of the misspent funds.”³ Infrastructure Surtax proceeds in the amounts of \$ 146,362.68 and \$ 155,980.02 were paid to the City in 2023 and 2024 alone, respectively⁴; the amount of misspent funds is undetermined as of this writing.⁵ A total of \$ 738,364 in Surtax revenue was distributed to the City from FY 17-24.

¹ Independent Auditor’s Report (for FY 2023), dated November 5, 2024, is attached as **Ex. A** to this letter.

² The City agreed with the Auditor’s finding of Significant Deficiency #2023-16 in a December 12, 2024 letter to the Auditor General’s Office. **Ex. A**, p. 73.

³ December 13, 2024 email communication from City Finance Consultant to ISOB Oversight Liaison. **Ex. B**.

⁴ The independent audit for FY ending September 30, 2024 will not be completed until late 2025.

⁵ The ISOB also directed the Oversight Liaison to review records for previous years 2017 to 2022 to determine, if possible, whether Infrastructure Surtax proceeds were accounted for.

I learned of this significant noncompliance on December 11, 2024, in the process of reviewing the City's request for an extension of time to file its Q4 2024 report and its annual certification to the ISOB that there had been an audit of the prior fiscal year's Surtax expenditures and that there were no findings. During that review, I requested assurance that Surtax revenue received by the City of Archer was in fact accounted for and the City informed me that the funds had been misspent. In its Annual Infrastructure Surtax Audit Findings Attestation dated October 28, 2024, the City had certified to the ISOB that its FY 2023 audit (covering Oct. 1, 2022 through Sept. 30, 2023) was completed and that "no findings were made with regard to Infrastructure Surtax expenditures"; a copy of the Attestation is attached as **Ex. C**.

I also learned that the City's auditors were unable to review the FY 2023 Surtax revenue balances due to a lack of segregation of restricted funds from the City's operating cash balances. In a December 12, 2024, letter to the Auditor General's Office, the City said it would implement corrective accounting measures by March 1, 2025.⁶ However, it is not possible for the ISOB or me to confirm the disposition, if any, of the City's Surtax revenue for the years in which no project expenditures were reportedly made, or the extent of unqualified expenditures, if any, during those years. In this instance, the City's FY 2023 and 2024 reports show no project or expenditure of

⁶ Finding 2023-16 Restricted Fund Balances

Management Response:

We agree with the finding regarding the lack of segregation and tracking of restricted cash balances. We recognize the importance of maintaining compliance with Florida Statutes and ensuring that restricted funds are used appropriately. To address this issue, the City will establish a separate bank account for restricted funds to ensure these receipts are clearly segregated from operating cash balances. Tracking spreadsheets will be developed and maintained to accurately monitor restricted fund balances. These spreadsheets will be submitted to the City Manager for quarterly review and approval. The City is committed to implementing these corrective actions by March 1, 2025.

Infrastructure Surtax revenue. The City's FY 2023 and FY 2024 quarterly revenue and expenditure reports to the ISOB are attached as **Composite Ex. D**.

Section 6(5) of Resolution 22-105 provides the normal procedure for ISOB to undertake when it believes that "a project or expenditure of a municipality or the County is not eligible use of Surtax Revenue..." culminating in a referral to the BOCC. In this case, it was not possible to obtain a quorum to convene an emergency meeting of the ISOB; therefore, in an abundance of caution given the significance of the situation, I am exercising my duty as Liaison under Section 5 of the Resolution to "provid[e] reports to the Board" of County Commissioners.

The City has admitted the noncompliance to its independent auditor (fn 2) – and therefore would be required to report the same audit findings to the ISOB. Accordingly, there is no reason to delay a Liaison informational report to the Board. While it appears the City is taking appropriate steps to remedy the identified bookkeeping deficiencies by March 2025, the City's response to the auditors does not address the finding that this lapse "caused the City to have a deficit unrestricted fund balance in the general fund and to be out of compliance with Florida Statutes due to the expenditure of restricted funds on operating expenses." **Exh. A**, at 72. Recent communication from the City's Finance Consultant does not provide a clear path to repayment of the misspent funds.

Fn 3. The ISOB is without authority to compel repayment.

Recommendation

The undersigned Liaison's recommendation is that the Board accept this report and take whatever action is deemed appropriate under the facts and circumstance, consistent with the independent auditor's findings. Such action might include, at a minimum, a demand for a full accounting of all Surtax Revenue received by the City of Archer since 2017.

To assist the Board in its deliberations, attached as **Composite Ex. E** is a report containing a summary and backup detail of both the City of Archer's total (\$467,927.30) expenditures of surtax money in 2019, 2020 and 2021 (the only years in which surtax expenditures reportedly occurred), and the total Surtax revenue (\$738,364.44) disbursed to the City from FY 2017 to FY 2024.

Sincerely,

A handwritten signature in black ink, appearing to read "Gina Peebles". The signature is fluid and cursive, with a large loop at the end.

Gina Peebles
Assistant County Manager – Chief of Staff

cc: Comm. Mary Alford
Comm. Marihelen Wheeler
Comm. Anna Prizzia
Comm. Ken Cornell
County Manager Michele Lieberman
Sr. Asst. County Attorney Dave Forziano
Sr. Asst. County Attorney Corbin Hanson
ISOB Special Counsel Patrice Boyes