RESOLUTION NO. 16-09-66

A RESOLUTION OF THE VILLAGE COUNCIL OF ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA;
APPROVING THE THIRD RENEWAL OF AN ENGAGEMENT FOR PROFESSIONAL AUDITING SERVICES WITH MAULDIN & JENKINS, LLC, FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016; AUTHORIZING THE VILLAGE MANAGER TO EXECUTE THE RENEWAL OF THE PROFESSIONAL AUDITING SERVICES ENGAGEMENT; AUTHORIZING VILLAGE OFFICIALS TO IMPLEMENT THE TERMS AND CONDITIONS OF THE PROFESSIONAL AUDITING SERVICES ENGAGEMENT; AUTHORIZING THE EXPENDITURE OF BUDGETED FUNDS; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, Section 218.391(2), Florida Statutes, sets forth the procedures for the selection of an auditor to conduct the annual financial audit of Islamorada, Village of Islands (the “Village”); and

WHEREAS, on April 25, 2013, the Village Council of Islamorada, Village of Islands (the “Village Council”) adopted Resolution No. 13-04-20, thereby establishing an Audit Committee pursuant to Section 218.391, Florida Statutes; and

WHEREAS, in accordance with the requirements of Section 218.391, the Audit Committee established factors to use for the evaluation of audit services, publicly announced requests for proposals, provided interested firms with said request for proposals and evaluated the proposals provided by qualified firms; and

WHEREAS, the Audit Committee ranked and recommended no fewer than three (3) firms deemed to be the most highly qualified to perform the required services, after considering the factors established pursuant to Section 218.391(3)(a); and
WHEREAS, the Village Council adopted Resolution No. 13-04-20, thereby affirming the Audit Committee’s ranking and recommendations and authorizing the Village Manager to negotiate a contract for professional auditing services with the highest ranked firm, Mauldin & Jenkins, LLC, for future consideration by the Village Council; and

WHEREAS, on February 13, 2014, the Village Council adopted Resolution No. 14-02-14, thereby approving the Engagement Agreement with Mauldin & Jenkins, LLC for professional auditing services for the Fiscal Year ending September 30, 2013; and

WHEREAS, pursuant to the Engagement Agreement with Mauldin & Jenkins, LLC adopted by Resolution No. 14-02-14 (the “Engagement Agreement”), the engagement may be renewed for four (4) additional one (1) year terms subject to the mutual agreement between the Village and Auditor of terms and conditions for each renewal term, and the Village Council approval for each renewal term; and

WHEREAS, Mauldin & Jenkins, LLC and the Village desire to renew the Engagement Agreement to provide professional auditing services to the Village for the third additional one (1) year term; and

WHEREAS, the Village Council desires to approve the renewal of the Professional Auditing Services Engagement with Mauldin & Jenkins, LLC for professional auditing services for the Fiscal Year ending September 30, 2016, as set forth in Exhibit “A” attached hereto; and

WHEREAS, the Village Council finds that approval and execution of the Engagement Agreement is in the best interest of the Village.

NOW THEREFORE, BE IT RESOLVED BY THE VILLAGE COUNCIL OF ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA, AS FOLLOWS:
Section 1. Recitals. The above recitals are true and correct and are incorporated herein by this reference.

Section 2. Approval of Professional Auditing Services Engagement. The Village Council hereby approves the renewal of the Engagement Agreement between the Village and Mauldin & Jenkins, LLC, to provide professional auditing services for the Fiscal Year ending September 30, 2016, a copy which is attached hereto as Exhibit “A”, together with such non-material changes as may be acceptable to the Village Manager and approved as to form and legality by the Village Attorney.

Section 3. Execution of Professional Auditing Services Engagement. The Village Manager is authorized to execute the Professional Auditing Services Engagement Agreement on behalf of the Village, to execute any required agreements and/or documents to implement the terms and conditions of the Professional Auditing Services Engagement and to execute any extensions and/or amendments to the Engagement Agreement, subject to approval as to form and legality by the Village Attorney.

Section 4. Authorization of Village Officials. The Village Manager and/or his designee and the Village Attorney are authorized to take all actions necessary to implement the terms and conditions of the Engagement Agreement.

Section 5. Authorization of Fund Expenditure. Notwithstanding the limitations imposed upon the Village Manager pursuant to the Village’s Purchasing regulations as codified in the Village Code, the Village Manager is authorized to expend budgeted funds to implement the terms and conditions of the Professional Auditing Services Engagement.

Section 6. Effective Date. This Resolution shall become effective immediately upon its adoption.
Motion to adopt by Councilman Chris Sante, second by Councilman Dennis Ward.

FINAL VOTE AT ADOPTION

VILLAGE COUNCIL OF ISLAMORADA, VILLAGE OF ISLANDS

Mayor Deb Gillis YES
Vice Mayor Jim Mooney YES
Councilman Mike Forster YES
Councilman Chris Sante YES
Councilman Dennis Ward YES

PASSED AND ADOPTED ON THIS 22ND DAY OF SEPTEMBER, 2016.

[Signature]
DEB GILLIS, MAYOR

ATTEST:

[Signature]
KELLY TOTH, VILLAGE CLERK

APPROVED AS TO FORM AND LEGALITY FOR THE USE AND BENEFIT OF ISLAMORADA, VILLAGE OF ISLANDS ONLY

[Signature]
ROGET V. BRYAN, VILLAGE ATTORNEY
We have also been engaged to report on supplementary information other than RSI that accompanies the Village’s financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, other additional procedures in accordance with auditing standards generally accepted in the United States of America,
and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor’s report on the financial statements:

1. Schedule of Expenditures of Federal and/or State Awards, as applicable
2. Combining and Individual Fund Financial Statements and Schedules

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, we have no responsibility for determining whether such other information is properly stated, and our auditor’s report will not provide an opinion or any assurance on that other information:

1. Introductory section
2. Statistical section

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements; noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards.

- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and The Uniform Guidance and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations and/or the Florida Single Audit Act and Chapter 10.550 Rules of the Auditor General, as applicable.

The Government Auditing Standards report on internal control over financial reporting and on compliance and other matters will include a paragraph that states: (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. The Uniform Guidance and/or the Florida Single Audit Act reports, as applicable, on internal control over compliance will include a paragraph that states the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and/or the Florida Single Audit Act. Both reports will state the report is not suitable for any other purpose.
Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the provisions of the Uniform Guidance; the Florida Single Audit Act; and the provisions of Chapter 10.550, Rules of the Auditor General, as applicable, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and/or the Florida Single Audit Act, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audits, if applicable. Our reports will be addressed to management and Village Council of the Village. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

Management Responsibilities

Management is responsible for the financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein.

Management is responsible for: (1) establishing and maintaining effective internal controls, including internal controls over federal and state awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws (including federal statutes) and regulations and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with: (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. You are also responsible for coordinating our access to information relevant to the preparation and fair presentation of the financial statements of component units which may include discussions with component unit management and their auditors.
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Your responsibilities include adjusting the financial statements to correct material misstatements and
confirming to us in the management representation letter that the effects of any uncorrected
misstatements aggregated by us during the current engagement and pertaining to the latest period
presented are immaterial, both individually and in the aggregate, to the financial statements taken as a
whole.

You are responsible for the design and implementation of programs and controls to prevent and detect
fraud, and for informing us about all known or suspected fraud affecting the government involving: (1)
management, (2) employees who have significant roles in internal control, and (3) others where the
fraud could have a material effect on the financial statements. Your responsibilities include informing us
of your knowledge of any allegations of fraud or suspected fraud affecting the government received in
communications from employees, former employees, grantors, regulators, or others. In addition, you are
responsible for identifying and ensuring that the government complies with applicable laws, regulations,
contracts, agreements, and grants. Management is also responsible for taking timely and appropriate
steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant
agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is
management’s responsibility to evaluate and monitor noncompliance with federal statutes, regulations,
and the terms and conditions of federal awards; take prompt action when instances of noncompliance are
identified including noncompliance identified in audit findings; promptly follow up and take corrective
action on reported audit findings; and to prepare a summary schedule of prior audit findings and a
separate corrective action plan. The summary schedule of prior audit findings should be available for our
review subsequent to the start of fieldwork.

You are responsible for identifying all federal awards received and understanding and complying with
the compliance requirements and for the preparation of the schedule of expenditures of federal awards
(including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree
to include our report on the schedule of expenditures of federal awards in any document that contains
and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to
include the audited financial statements with any presentation of the schedule of expenditures of federal
awards that includes our report thereon or make the audited financial statements readily available to
intended users of the schedule of expenditures of federal awards no later than the date the schedule of
expenditures of federal awards is issued with our report thereon. Your responsibilities include
acknowledging to us in the written representation letter that: (1) you are responsible for presentation of
the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you
believe the schedule of expenditures of federal awards, including its form and content, is fairly presented
in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not
changed from those used in the prior period (or, if they have changed, the reasons for such changes); and
(4) you have disclosed to us any significant assumptions or interpretations underlying the measurement
or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have
been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree
to include our report on the supplementary information in any document that contains and indicates that
we have reported on the supplementary information. You also agree to include the audited financial
statements with any presentation of the supplementary information that includes our report thereon or
An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from: (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or
to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; Schedule of Expenditures of Federal and/or State Awards, if applicable; Federal and State award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

As required by the Uniform Guidance and the Florida Single Audit Act, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major Federal and/or State award program, as applicable. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no
At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management’s responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors’ reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance and the Florida Single Audit Act, if applicable.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, Government Auditing Standards, the Uniform Guidance, and the Florida Single Audit Act, as applicable.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Village’s compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

The Uniform Guidance and the Florida Single Audit Act requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Compliance Supplement and State Projects Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the Village’s major programs, as applicable. The purpose of these procedures will be to express an opinion on the Village’s compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the Florida Single Audit Act, as applicable.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the Village in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards.

Audit Administration, Fees and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.
As a result of our prior or future services to you, we might be requested or required to provide information or documents to you or a third party in a legal, administrative, arbitration, or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request.

We expect to begin our audit at a mutually agreed upon date, and to issue our reports no later than June 30, 2017. Alison Wester, CPA, is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be $48,000, which includes one major program for the Single Audit. The fee for additional programs will be $3,500 per major program. Our hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses and are payable upon presentation. The above fees are based on anticipated cooperation from your personnel (including complete and timely receipt by us of the information on the respective client participation listings to be prepared annually) and the assumption that unexpected circumstances (including scope changes) will not be encountered during the audit. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate before we incur the additional costs.

As a result of our prior or future services to you, we might be requested or required to provide information or documents to you or a third party in a legal, administrative, arbitration, or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request.

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For all requests we will observe the confidentiality requirements of our profession and will notify you promptly of the request. We appreciate the opportunity to be of service to Islamorada, Village of Islands, Florida and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

MAULDIN & JENKINS, LLC

Alison Wester, CPA

RESPONSE:

This letter correctly sets forth the understanding of Islamorada, Village of Islands, Florida.

Management signature: [Signature]
Title: Village Manager

Governance signature: [Signature]
Title: Mayor