

WORKSHOP MEETING
PACKET
JULY 18TH, 2019



ED BRANTLEY, CHAIRMAN

BRUCE C. SCOTT, VICE CHAIRMAN

BRIAN F. FARRAR, SECRETARY-TREASURER THOMAS B. HART

GEORGE T. MANN, JR

STEPHEN R. BOWEN

W. MICHEAL ELLIS

LEE COUNTY MOSQUITO/HYACINTH CONTROL DISTRICTS

MEETING

7/18/2019

WORKSHOP



AGENDA

Call meeting to order- Ed Brantley

Public Comments on Agenda Item-

Discussion of auditor proposals

Proposal to Provide
Annual Financial Audit Services
(RFP# 19-105)
For

Lee County Mosquito/Hyacinth Control Districts

May 24, 2019

Tuscan & Company, PA
Jeffrey M. Tuscan, CPA
12621 World Plaza Lane, Bldg 55
Fort Myers, Florida 33907
Phone (239) 333-2090
Fax (239) 333-2097
jtuscan@tuscancpa.com

TABLE OF CONTENTS

Transmittal Letter

Tab A – Firm Background

Tab B – Firm Experience and Qualifications

Tab C – Management Plan and Technical Approach

Tab D – Work Schedule and Timeline

Tab E – Cost Proposal

Tab F – Engagement Letters

Tab G – Certification and Acknowledgement Page



TUSCAN
& Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

To the Board of Commissioners
Attn: Chris Gates
Lee County Mosquito/Hyacinth Control Districts
15191 Homestead Road
Lehigh Acres, FL 33971

Thank you for this opportunity to re-introduce the advantages of Tuscan & Company, P.A., to you. Jeff Tuscan of Tuscan & Company, P.A. and certain of its professionals have a long history of service to Special Districts. Specifically, we helped and worked with many local Special Districts for over 35 years. We know Special Districts and the government industry and look forward to a long business relationship.

Tuscan & Company, P.A. is the best choice for Lee County Mosquito/Hyacinth Control Districts (the “District”) based upon a solid history of proven performance, industry knowledge and demonstrated commitment to Governmental Clients. We believe a trusted business relationship between Lee County Mosquito/Hyacinth Control Districts and Tuscan & Company, P.A. will be established. We understand your Districts and their mission. We will work to know your operations and systems and the people who operate them. This is a key factor. Your Districts are too large to use an inexperienced auditor. Your Districts continues to grow and demands that its auditors and advisers be knowledgeable and involved. **We believe we are that Firm. We will meet your expectations and deadlines, provide valuable input, when needed, and prove we know and understand your Districts’ operations.**

Jeff Tuscan will be the partner in-charge of the Districts’ audit. Jeff is based in our Fort Myers location. His phone number is (239) 333-2090 and email is jtuscan@tuscancpa.com. He is responsible for answering any proposal related questions you might have. Jeff Tuscan, as an audit manager for Coopers & Lybrand and/or as partner with Tuscan & Company, P.A. has been focused on the government industry. As such, he has audited most cities, counties and special districts in Southwest Florida. In addition, Jeff co-wrote the Firm’s national audit training and traveled the United States and Puerto Rico teaching the courses. Throughout the remainder of his career he has continued to concentrate on the governmental industry. Government is a Firm area of concentration not just something else we do. We focus on it and work significantly in this industry. He, for over 10 years, has been a leader in the FICPA State and Local Government Committee, one of twelve CPA’s state-wide. Annually, he writes/updates the special district compliance guide produced by the State Auditor General’s office and the Florida Institute of CPAs.

As the founder of Tuscan & Company, P.A., the Firm concentrates on the government industry. We currently audit or consult for 22 governmental agencies including Lee County. We currently audit the Lee County Sheriff, Tax Collector, Property Appraiser, Supervisor of Elections and 17 Special Districts. We also continue to write and teach governmental seminars.

Tuscan & Company, P.A., respects your District and will provide value to your Districts. We will invest the time to assist your Districts. As a further reflection of our dedication to the Government industry and to your Districts, we will always remain a leader in the technical issues and standards and a business and community leader.

Tuscan & Company, P.A. takes pride in its unparalleled quality and technically competent service. We have maintained our record of having a peer review letter with no letter of comments--the highest rating available. I am a current member of a State of Florida Technical Committee. I am a member of the FICPA state-wide State and Local Government Committee.

An audit is a crucial financial tool. To properly serve our clients we must provide professional and knowledgeable auditors, we must meet your deadlines and be available to you and we must have low turnover of personnel. We strive very hard to do that and have been successful. We will be there with you and provide knowledgeable assistance and help when you need us. I believe we provide valuable service at a fair price. This service is not available from many firms. We concentrate on your industry and focus on our clients. I believe the Districts will benefit from our efforts.

Tuscan & Company, P.A. is best suited to serve Lee County Mosquito/Hyacinth Control Districts and provide the Districts the highest level of service available. We are a local Firm with National Firm experience and training. As evidence of such, we believe our reputation, your prior experience and client referrals is our best reference.

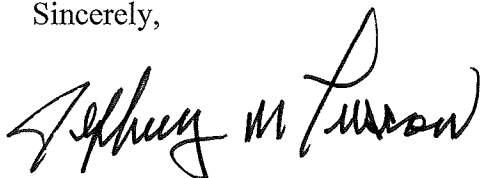
We confirm, Tuscan & Company, P.A. and all its employees are independent of Lee County Mosquito/Hyacinth Control Districts, the Districts' Board and employees. As such, we are aware of no conflicts of interest with the Districts.

Our Firm takes pride in the efforts it makes to establish an environment for its team members to grow and prosper and it shows in many ways including client satisfaction. Because of that our turnover is low. **Your engagement partner, manager and audit team will stay involved.** They have proven their dedication to your organization.

We have enclosed a comprehensive proposal package for your review. We would be pleased to discuss this proposal in person with you. The value of proven performance and a trusted business relationship can never be underestimated.

We look forward to discussing this proposal with you and look forward to a mutually beneficial business relationship with Lee County Mosquito/Hyacinth Control Districts. Please contact me at (239) 333-2090.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey M. Tuscan". The signature is fluid and cursive, with the first name "Jeffrey" being more prominent and the last name "Tuscan" written in a similar style.

Jeffrey M. Tuscan, CPA
For the Firm

Tab A
Firm Background

The Right People

While many accounting firms appear to be similar, they are as uniquely different as the people that own and operate them. Each certified public accounting firm is only as good as the professionals it employs.

Tuscan & Company, P.A. seeks to employ only the very best professionals. Our team is composed of individuals that are truly dedicated to their profession and are willing to go that extra mile for our clients. Through our professional experience and continuing professional education programs, business training and dedication to our profession, we are able to provide the highest quality professional services to Lee County Mosquito/Hyacinth Control Districts. We have extremely qualified professionals at Tuscan & Company, P.A. to serve your current and long-term needs. **We are a local firm, with national firm experience, who understands the local issues and business environment.**

Leadership and Dedication to Our Profession and Southwest Florida

Our Firm was established in 2007, although Jeff Tuscan and Lisa McKenzie worked together for other firms for nearly 15 years prior to that. Tuscan & Company, P.A. concentrates on the governmental industry and special districts. We are considered a leader in the special district industry. Specifically, we are a 14-person Firm dedicated to the governmental industry. As such, we have established a well-respected reputation. Jeff has audited special districts since 1983. We have one partner, 2 audit managers, 2 in-charge auditors and 3 audit staff.

Our office is located in Fort Myers. We generally perform audits in Charlotte, Lee, Hendry and Collier Counties. We take a team approach to audits. Therefore, you will be provided the email addresses and phone numbers of your assigned team. Each auditor is provided the same training as the audit partner. By providing such training the whole audit team becomes a valuable resource to our clients.

Our professionals are considered leaders in the industry and have performed many governmental and special district and retirement plan audits. Furthermore, we are very involved in the business and professional community.

Our Audit Partner, Jeff Tuscan, a 50-year resident, is actively involved in the local community. He has written and instructed governmental education courses, locally, nationally and internationally. He was selected by Coopers & Lybrand, an international accounting firm, to instruct governmental education in Puerto Rico. He is a member of the United Way Allocation Committee and a long-time member of the Florida Institute of Certified Public Accountants, Southwest Florida Chapter. Jeff is a member of the State of Florida State and Local Government Committee and often a presenter for the Florida Association of Special Districts.

Tab B
Firm Experience and
Qualifications

3 Similar Audit Engagements

We currently audit 17 Special Districts.

The 4 considered most similar are:

North Collier Fire Control District
Ben VanKlingeren, CFO
(239) 597-3222

Charlotte County Airport Authority
Sandy Cauley, Director of Finance
(941) 639-1101 Ext 103

Immokalee Water and Sewer District
Eva Deyo, Executive Director
(239) 658-3630 Ext 301

Lehigh Acres Fire Control and Rescue District
Anita Kressel
(203) 303-5300

Experience In Last 36 Months

Based on Jeff and Lisa's long and extensive experience auditing governments beginning in 1983, Tuscan & Company, P.A. focuses on the governmental industry.

Over the last 36 months Tuscan & Company, P.A. has audited at least 21 governments per year including the Lee County Sheriff, Property Appraiser, Tax Collector, Supervisor of Elections, Village of Estero and 17 Special Districts.

Jeff continues to update the special district compliance guide produced by the FICPA and approved by the Auditor General's Office. He is often a Florida Association of Special Districts (FASD) conference speaker.

Florida Governmental Clients

Tuscan & Company, P.A. has an extensive local practice in Southwest Florida. Our professionals have audited or consulted on virtually every county, major city and many special districts in Southwest Florida. The following is a listing of our governmental experience.

Special Districts:

- Fort Myers Beach Fire Control District
- Immokalee Fire Control District
- Fort Myers Shores Fire Control and Rescue Service District
- Alva Fire Control and Rescue Service District
- Southwest Florida Regional Planning Council
- North Collier Fire Control and Rescue Service District
- North Fort Myers Fire Control and Rescue Service District
- Devil's Garden Water Control District
- Matlacha Pine Island Fire and Rescue District
- Collins Slough Water Control District
- Gerber Groves Water Control District
- Port LaBelle Community Development District
- Barron Water Control District
- Charlotte County Airport Authority
- Collier Soil and Water Conservation District
- Immokalee Water and Sewer District
- Southwest Florida Expressway Authority
- Greater Naples Fire Control District
- Lake St. Charles Community Development District
- Iona McGregor Fire Protection and Rescue Service District
- Central County Water Control District

Counties (including all Constitutional Officers):

- Lee
- Charlotte
- Collier
- DeSoto
- Hardee

Cities/Village:

- Estero
- Sanibel
- Cape Coral
- Everglades City
- Fort Myers
- Punta Gorda
- LaBelle

Florida Governmental Clients, continued

Current Clients:	Contact Name	Phone Number
• North Collier Fire Control District	Ben VanKlingeren	239-597-3222
• North Fort Myers Fire Control and Rescue Service District	Chief Rice	239-997-8654
• Fort Myers Shores Fire Control and Rescue Service District	Chief Dowaliby	239-694-2833
• Alva Fire Control and Rescue Service District	Sonny Sipes	239-728-2223
• Gerber Groves Water Control District	Chris Soud	863-675-3903
• Port LaBelle Community Development District	Judi Kennington-Korf	863-675-5770
• Barron Water Control District	Judi Kennington-Korf	863-675-0346
• Charlotte County Airport Authority	Sandy Cauley	941-639-1101
• Immokalee Fire Control District	Becky Bronsdon	239-657-2111
• Immokalee Water & Sewer District	Eva Deyo	239-653-3630
• Lee County	Michelle Crowell	239-533-2185
• South West Florida Regional Planning Council	Margaret Wuerstle	239-338-2550
• Collins Slough Water Control District	Jayne Hildreth	239-226-2022
• Devils Garden Water Control District	Jayne Hildreth	239-226-2022
• Lehigh Acres Fire Control and Rescue District	Anita Kressel	239-303-5310
• Village of Estero	Lisa Roberson	239-221-5035
• Central County Water Control District	John B. Boy	863-983-5144
• Iona McGregor Fire Protection and Rescue Service District	Mark Winzenread	239-433-0660
• Lake St. Charles Community Development District	Adriana Urbina	813-741-9768

Peer Review

The Firm is proud of its record of having a peer review report with no letter of comments, the highest level possible, since the inception of the program.

The Firm has never been subject to any disciplinary action. There have been no issues noted in the routine State or Federal desk reviews of our audits.



Judson B. Baggett
MBA, CPA, CVA, Partner
Marci Reutimann
CPA, Partner

6815 Dairy Road
Zephyrhills, FL 33542
(813) 788-2155
(813) 782-8606

Report on the Firm's System of Quality Control

To the Partner
Tuscan & Company, PA
and the Peer Review Committee of the Florida Institute of Certified Public Accountants

September 19, 2018

We have reviewed the system of quality control for the accounting and auditing practice of Tuscan & Company, PA, (the firm), in effect for the year ended April 30, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control, and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

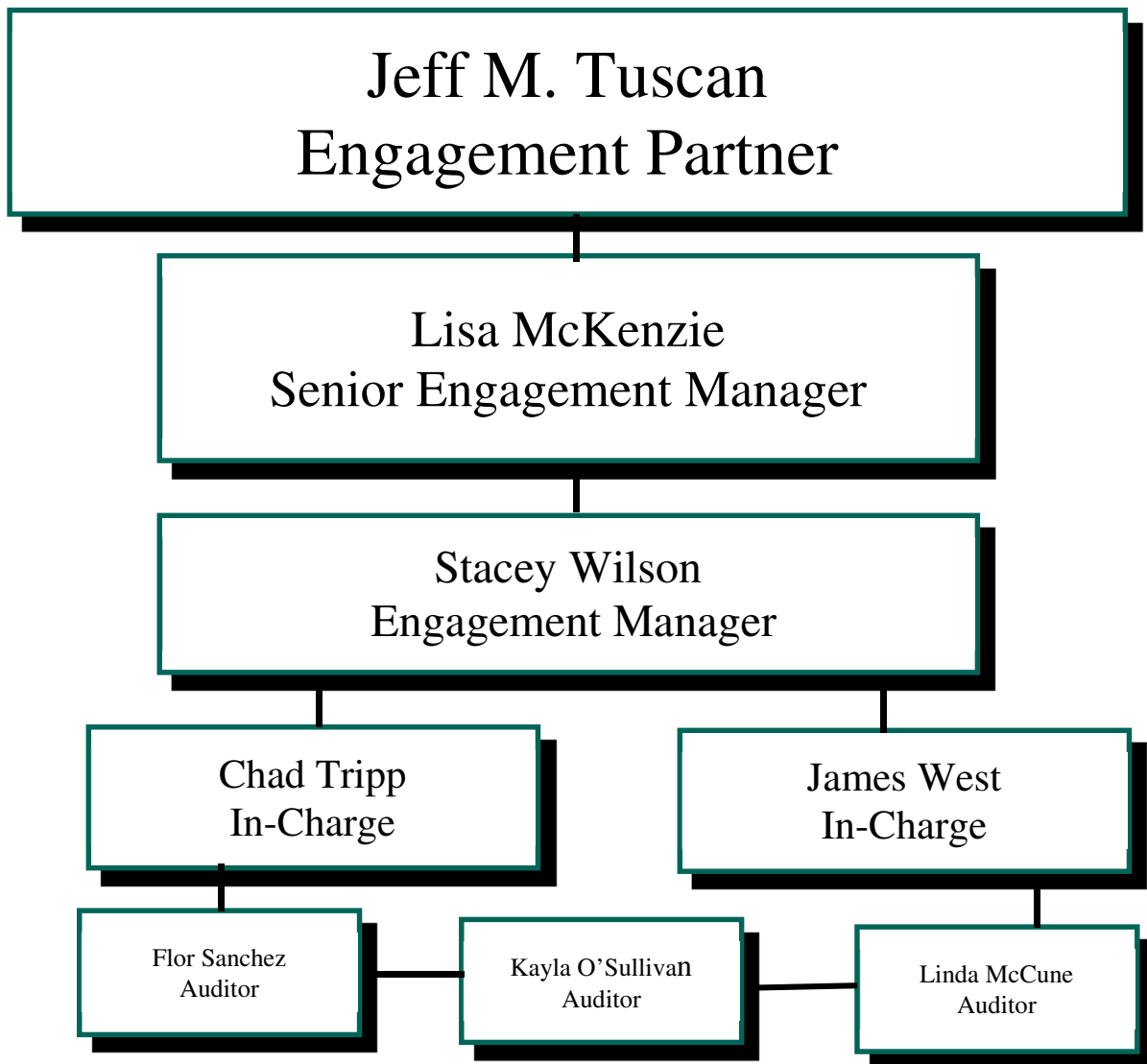
In our opinion, the system of quality control for the accounting and auditing practice of Tuscan & Company, PA, in effect for the year ended April 30, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Tuscan & Company, PA, has received a peer review rating of *pass*.


Baggett, Reutimann & Associates, CPAs, PA

(TUSCAN_REPORT18)

Government-Specialized Engagement Team Local Presence

Tuscan & Company realizes we are in the **service business** and that your **trust** must be earned. To serve our clients, we bring together a team of local professionals with the right mix of **industry background, entrepreneurial experience, governmental**, technical expertise and the **people skills** necessary to establish a strong working relationship. **It's people that make the difference in any professional relationship.**



Jeffrey M. Tuscan, CPA - Partner



Jeff Tuscan is a graduate of the University of Florida, with a Bachelor of Science degree in Accounting. His background includes public accounting experience with local and international accounting firms including Coopers & Lybrand, Fort Myers. Jeff has over 36 years of extensive experience in auditing, business consulting and client assistance.

Jeff's industry expertise includes state and local governments, Florida Single Audit Act, OMB Circular A-133, Uniform Guidance and non-profit organizations.

Jeff is a former owner of a touch screen computer software company. He was also a controller for a multi-million dollar farming and real estate concern. He currently co-owns an Alpaca ranch.

Professional Affiliations

Active in a host of professional and civic associations including:

- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants
- State of Florida FICPA State and Local Government Committee
- United Way of Lee County Allocation Committee
- Leadership Lee County, Class of 1998
- State of Florida FICPA Finance Advisory Committee
- Florida Gulf Coast University Accounting Advisory Council

Awards and Recognitions

- Awarded the prestigious Coopers & Lybrand Commitment Award (one of ten people nationwide)
- Co-wrote the Coopers & Lybrand Governmental Auditing and Single Audit Course
- Instructed many Coopers & Lybrand, Tuscan & Company, Government Finance Officers Association, FASD and FICPA sponsored educational courses and training, nationally and internationally



Lisa McKenzie, CPA, Senior Audit Manager

Professional Experience

Certified Public Accountant since 1990

24 years of public accounting experience in local accounting firms.

4 years Finance Director of a local non-profit agency.

Industry experience includes consulting, auditing, or reviewing non-profit, government, and various for-profit entities. Specific governmental experience includes audits of local governments, special districts and the Single Audit Act.

Professional Affiliations and Certifications

- Florida Institute of Certified Public Accountants
- QuickBooks Pro Advisor
- United Way of Lee County Allocations Committee

Education

University of Florida – Gainesville, FL, Bachelors of Science, 1986

Tab C
Management Plan and
Technical Approach

Understanding of the Work to Be Completed

Tuscan & Company understands the importance of the issues and responsibility held by the two Districts. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) as set forth by the American Institute of Certified Public Accountants and Government Auditing Standards issued by the Comptroller General of the United States and the Auditor General of the State of Florida Rule 10.550 for the fiscal years ending September 30, 2019 through September 30, 2021 and any possible extension years thereafter.

The audit will include the procedures and reports required by the “Yellow Book”, F.S. 218.39, and the State of Florida, Auditor General Rule 10.550. It will also comply with Federal and State Audit Acts, if applicable. We will also provide recommendations to assist your organization.

We will conduct the financial and compliance audit, as defined by Section 218.39 Florida Statutes, with the understanding of the applicable laws and regulations, including the applicable Florida Statutes, Regulations of the State Department of Financial Services and the Rules of the Auditor General. Also, we will be available to assist and/or help resolve any issues with an oversight or grantor agency.

We will draw on the vast base of our business and technical knowledge to ensure success. We will continuously strive to establish and maintain a positive business relationship with your management and personnel. We have and will provide solutions to issues that arise for your organization that make sense and increase your effectiveness and efficiency.

Our audit experience combined with our business experience provides Tuscan & Company the basis and capabilities to provide the requested services. We understand the requirements of the work. We also understand the ramifications of the work.

We have in-depth experience in governmental entity audits as well as management advisory services. Our experience and knowledge makes us extremely qualified.

Our goal is to serve as your advisor and auditor. We understand and are aware that the opportunity to serve you must be earned. We work very hard toward that goal. We believe Tuscan & Company is up to the challenge and will earn and continue to keep your respect and trust.

Additionally, the balance of the resources of Tuscan & Company are available to you as one of our valued clients. Our Firm is “Full Service”! To us, that means pro-active not reactive. We will stay involved. We will also recommend and advise when the need to do so is perceived. We are experienced enough to know our success is a reflection of your success which means our job is to increase your success not just report on it.

It is our philosophy to routinely communicate with our clients throughout the year and not just prior to a reporting deadline. In this way, we can be most effective and our clients benefit from our experience and expertise. Not only can we assist in planning but also advise or assist in other business situations or issues.

We expressly commit to meet or exceed your expectations.

Understanding of the Work to Be Completed, continued

Audit Scope

Our Firm is independent of the two Districts and licensed to practice in Florida. The scope of the audit will specifically be designed to allow us to:

- 1) Determine if the financial statements of the District present fairly its financial position and results of its operations in accordance with accounting principles generally accepted in the United States of America and Government Auditing Standards, and
- 2) Report on compliance and on internal control over financial reporting.
- 3) Report on compliance with Florida Statute Chapter 218.415.

Illegal Acts or Irregularities

Should our auditors become aware of any illegal acts or other irregularities, prompt notice will be given to the Board. In reporting illegal acts or irregularities, we will comply with Statements on Auditing Standards No. 53, "The Auditor's Responsibility to Detect and Report Errors and Irregularities," and No. 54 "Illegal Acts By Clients." We will comply with Statements on Auditing Standards No. 78 "Consideration of Internal Control in a Financial Statement Audit: An Amendment to SAS No. 55," and SAS No. 99 "Consideration of Fraud in a Financial Statement Audit." SAS No. 115 "Communicating Internal Control Related Matters Identified in an Audit" changed audit requirements.

A separate management report will be submitted with the above reports. Workpapers and reports shall be retained by our firm for a minimum of five years, from the date of the audit report.

Audit Reports

The audit reports will be completed, finalized, and delivered in accordance with the agreed upon time schedule requested by the Districts in the RFP.

The audit report will state the audit was performed in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards, and will be made up of the reports noted in the RFP, as applicable to the specific fiscal year's facts and circumstances.

Note: Additional reports will be required because the District exceeds certain grant related expenditure thresholds.

Please note: The report will contain a separate management letter and will be submitted as part of the above reports, as required by the State of Florida Auditor General and "Yellow Book" including management's response to our management letter. The management letter is a required document by State law and the "Yellow Book". Recent legislation requires all comments be written and addressed to the Board. We believe comments should be meaningful – no nuisance comments. All comments will be addressed and discussed with management as well.

Understanding of the Work to Be Completed, continued

As stated earlier, the reports submitted will be dependent upon the applicable receipt/expenditure of Federal and State grants. Fees will be adjusted accordingly.

Audit Workpapers and Reports

Workpapers and reports shall be retained by our Firm for a minimum of five years from the date of the audit report, unless we are notified in writing by any state agency or the District to extend the retention period. Copies of audit workpapers shall be made available upon request to the District, the State of Florida or its designee, or the General Accounting Office at the completion of the audit.

Exit Conferences

Exit conferences with the Districts' representatives will be held at the conclusion of fieldwork. Observations and recommendations will be summarized and discussed, first with the Districts' management, then with the Districts' Board at a public meeting. These conferences will include internal control and operational issues and recommendations as well as any compliance issues noted by us.

Optional:

Individual exit conferences will be held with individual Board members upon request, and billed separately to each District.

The Tuscan & Company Advantage

Lee County Mosquito/Hyacinth Control Districts

Needs:

- A firm that **understands** the individual District's issues and is in a position to help.
- Coordination: A firm that is **focused** on the engagement and can coordinate the work.
- Audit efficiency: A firm that **meets deadlines**. We have a hassle free approach.
- A firm that can **work with other professionals**.
- A firm that has broad-based government **expertise**.
- Professional service, **year-round commitment**.
- Professionals **experienced** in governmental issues.
- Professionals **committed** to service.

Tuscan & Company

Provides:

- Professionals that have a **proven track record** serving government entities. We will continue to **exceed your expectations. No surprises**. We are a proven commodity.
- No **auditor transition**. No retraining of the auditors mean no frustration to your staff or you.
- A history of meeting all deadlines.
- Professionals with a proven track record of working well with our clients' team of professionals.
- Professionals that have audited virtually every surrounding local government and have written national government training courses. We are members of State technical committees.
- A **commitment to our clients that is unparalleled**. Our practice grows due to our unwavering commitment to excellence and client service.
- **A full range of audit and related services delivered by local experienced professionals**.
- Professionals that have been available for follow-up and have taught update seminars to our clients.
- **Professionals that will respond when you need them**.

Work Plan

A successful engagement is one that is technically sound, performed timely and one that exceeds client expectations.

Tuscan & Company understands the importance of the issues and responsibility held by Lee County Mosquito/Hyacinth Control Districts. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) as set forth by the American Institute of Certified Public Accountants and Government Auditing Standards issued by the Comptroller General of the United States for fiscal years ending September 30, 2019 through 2021 and any extension years extendable by mutual agreement.

The Tuscan & Company audit approach incorporates four key components to ensure client satisfaction and a successful engagement. Our four key components for success are:

- **Using the right professionals**
- **Industry experience**
- **Communication with the client**
- **Technical expertise**

It is our philosophy to routinely communicate with our clients throughout the engagement and not just prior to a reporting deadline; we do not believe in surprises. In this way, we can be most effective. We believe the key to a successful audit conclusion is detailed planning prior to commencement of the audit.

The audit of the financial statements will be performed using a substantive test approach where the major focus will be on the most significant audit areas. This allows us to be cost effective and focus our efforts on the significant risk areas.

Prior to the audit we will submit a client assistance letter (example enclosed) which lists schedules and information which District Staff should have ready for our review at the start of audit fieldwork.

The significant areas of the audit and a general list of the more significant test procedures we will perform include but are not limited to the following:

Cash, Cash Equivalents and Investments

- 1) Obtain bank confirmations for all accounts
- 2) Test the bank reconciliations for accuracy
- 3) Test deposits in transit and outstanding checks
- 4) Obtain explanation for any material reconciling items
- 5) Test investment income
- 6) Disclosure of fair value amounts

Receivables/Due From Other Governments

- 1) Confirm/reconcile due to/from other Governments
- 2) Substantiate receivables

Work Plan, Continued

Inventory

- 1) Observe and test physical inventory
- 2) Test pricing
- 3) Trend analysis

Capital Assets

- 4) Perform inventory test
- 5) Test additions and deletions
- 6) Test depreciation expense

Accounts Payable, Accrued Liabilities and Debt

- 1) Perform a search for unrecorded liabilities and verify the proper cutoff of liabilities
- 2) Recalculate accruals for payroll, payroll taxes, compensated absences, and all other significant accruals
- 3) Review the unpaid invoices file for any additional liabilities
- 4) Confirm outstanding debt and verify payments made, if any

Revenues

- 1) Confirm and reconcile tax and other revenues
- 2) Document and test investment income revenue

Expenditures

- 1) Perform a detailed test of expenditures for proper classification and amount and agree a sample of expenditures to supporting documentation
- 2) Perform an analysis of expenditures with significant variations and obtain explanations for these variations. In addition, we will compare budgeted to actual expenditures for year-end
- 3) Test supporting documentation for a sample of expenditures that have large dollar balances
- 4) Reconcile wages and retirement expenditures
- 5) Reconcile capital outlay expenditures
- 6) Perform payroll test

Financial Statements

- 1) We will review a draft of the financial statements and audit findings, if any, with your management and Board along with recommendations to strengthen the system of internal controls and to improve operational efficiency.
- 2) All final audit reports will be reviewed with management and the Board before we issue them. We believe that the key to a successful audit depends on effective and perceptive audit planning in addition to close and constant supervision of the audit personnel in the field, as well as working closely with your staff.

Internal Control Testing

- 1) All significant internal control cycles will be documented and tested, preferably at interim.
- 2) Testing will include combination of walk-thru and specific testing.
- 3) Computer system will be tested

Work Plan, Continued

Compliance

- 1) Test compliance with enabling act
- 2) Test compliance with financial significant Florida Statutes

Transition

We will review the prior auditors work. We will document the Districts' systems and interview District staff at interim. We will do perm files at interim along with all system testing. We will do all confirm set-up early to ensure a smooth final fieldwork segment.

Progress Reports

We will test certain of the Districts' systems at interim. We will coordinate a mutually acceptable date.

We will, at least three (3) months in advance coordinate an exact date with your staff for final fieldwork. We will work with your staff on-site and they will be informed of any issues noted.

We understand you prefer fieldwork in January through March with a report draft in March. To make the draft deadline in March it is dependent upon us being able to get the FRS Audit and OPEB Actuary Reports timely as well as the Districts' being ready for audit by January. We close our office between Christmas and New Year's.

Responsibilities

In an effort to make the audit as efficient as possible, we will coordinate at least three (3) months in advance of interim and fieldwork.

We will send you a comprehensive client assistance letter of data and schedules. If completed prior to fieldwork, fieldwork generally runs more smoothly and efficiently.

To optimize efficiency, we request your staff complete the fund level statements on the accrual basis prior to fieldwork. All known entries should be posted by your staff.

We will audit the fund level statements and prepare a draft financial statement while waiting on the FRS audit and OPEB actuary.

September 30, 2019

Chris Gates
Lee County Mosquito/Hyacinth Control Districts
15191 Homestead Road
Lehigh Acres, FL 33971

Dear Chris:

This letter is a preliminary list of schedules and documentation needed for our audit of Lee County Mosquito/Hyacinth Control Districts (the "Districts") for the year ended September 30, 2019. We appreciate your assistance and cooperation. Please understand this is a preliminary list and additional information may be requested during fieldwork.

Please copy confirmations for banks, investments, debt, insurance coverage, attorneys, and tax revenue and tax collection fees on to your letterhead. Bank confirmations are enclosed. All confirmation letters should be copied by you on each District's letterhead. After all are prepared, **please return these documents to our office**, and we will forward them to the appropriate parties on your behalf.

Please prepare, by District, the following schedules and worksheets prior to the commencement of our fieldwork:

Trial Balance and Budgeting

1. Please provide us inquiry only access to QuickBooks and InCode Software.
2. Copy of 2019 budget and any amendments. Copies of Board of Commissioners approval should be included. Please confirm in writing that the final budget for FY 19 was posted to the website within 30 days of approval and that any amendment to the budget was posted within 5 days of approval by Board.
3. Fiduciary fund reconciliation along with support for ending balance.
4. Detail activity support for the fiduciary fund. Provide support for year-end balance and ensure fund reconciles to zero.
5. Details of any fund balance restrictions, commitments, or assignments.
6. A draft of the September 30, 2018 fund basis financial statements.

7. Completed MD&A section.

Cash & Investments

8. Copies of bank statements and account reconciliations for each account as of September 30, 2019. Copies of bank statements for the month of October 2019.
9. A bank transfer schedule of all transfers over \$5,000 for the period September 24, 2019 through October 7, 2019.
10. Listing of check sequence used in FY 2019, noting beginning check number and ending check number for each account.
11. Written confirmation noting all District bank accounts are designated as public funds.
12. Schedule of investment activity noting cost, market value, and losses (including realized and unrealized), if any.
13. A copy of all investment statements as of September 30, 2019 and summary of investments for the year. Detail for any cash/investment restrictions.

Receivables & Other Assets

14. Due to/from other governments detail schedule by name and invoice number at September 30, 2019. Please include copies of subsequent receipts.
15. Detail listing by date for taxes receivable, accounts receivable and due from other funds. Please include copies of subsequent receipts.
16. Schedule and supporting documentation for other assets at September 30, 2019.

Inventories

17. Provide priced, itemized listing of inventory reconciled to year end trial balance. Note, if any, inventory is obsolete.

Fixed Assets & Capital Outlay

18. A copy of the capital asset inventory listing. A detailed schedule of capital asset activity denoting beginning balance, additions, deletions and ending balance by asset (trial balance) category. Please include a copy of invoices for all additions. Please provide evidence of any deletions and proceeds from sale.
19. Detailed depreciation schedule reconciled to the September 30, 2019 trial balance, including beginning balance, current year additions, and current year deletions and ending balance by capital asset category.

20. Copies of evidence of annual fixed asset inventory observation.

Payables & Other Liabilities

21. Account payable lists prepared as of September 30, 2019.
22. Check register for all checks paid after September 30, 2019. Supporting detail should be pulled for all items over \$2,000 from October 1, 2019 through November 30, 2019.
23. Your unpaid invoice file should be made available when we arrive for fieldwork.
24. A schedule of deferred revenue calculation, if any.
25. A schedule of accrued payroll and related employer payroll taxes as of September 30, 2019 by fund, including a description of payroll and pay date cycle. Please include copy of payroll register that includes the pay period ended September 30, 2019.
26. Detail by employee, comprising accrued sick and vacation dollars noting name, hours accrued by employee and pay rate.
27. Detailed schedule of long-term debt by issue noting beginning balance, additions, payments and ending balance. Copies of payments should be attached. Ending balance should be reconciled to amortization schedules.

Revenues

28. Copy of Board approved ad valorem tax and total tax calculation as well as approved resolution. Include a detailed schedule noting each tax collection by receipt and type reconciled to the final trial balance. Also copies of all tax receipts and calculation of collection fees including copies of DR-420.

Expenses

29. Reconciliation of quarterly 941's to payroll expense and payroll taxes at September 30, 2019, as well as copies of 941's.
30. Recalculation of payroll expense noting employee name, salary or hourly rate, and salary paid by employee reconciled to the year-end trial balance.
31. Copies of all attorney invoices paid in fiscal year 2019.
32. Copy of self insurance policy coverages and detailed schedule of fees paid.
33. Detailed schedule of FRS payments and covered payroll by month printed from FRS website and reconciled to the year-end trial balance.

34. Fluctuation analysis for trial balance FY 2018 vs. FY 2019 and FY 2019 actual vs. FY 2019 budget. For all variances of \$10,000 and 20% please provide explanations.

Other

35. Copies of all Board meeting minutes for FY 2019 and any subsequent meeting minutes.
36. Written comments as to the current year status of prior year report to management comments.
37. Copy of the current year GASB #75 actuary report.
38. Copies of new debt obligations, contracts and lease agreements entered into during the current year.
39. A current employee list for the District.
40. A listing of the current Board of Commissioners and titles.
41. A copy of the most recent vacation and sick time policy.
42. Evidence of filing the filing:
- Filing with The County
 - Schedule of board meetings and ad for meetings
 - Map of district
 - Facilities report
 - Any changes to the codification
 - Filing with Auditor General
 - FY 18 Audit and State Annual Report
 - Filing with State Department of Banking and Finance
 - FY 18 Audit
 - FY 18 State Annual Report
 - Filing with Local Newspaper
 - Schedule of meetings
 - Copy of final budget ad
 - Postings on website
 - Please confirm in writing:
 - That the final FY 19 budget was posted within 30 days of approval
 - That any budget amendments were posted within 5 days of approval
43. Copy of approved original and final FY 2019 budget.
44. Copy of the prior year state annual report.
45. Copy of the District's enabling act and any subsequent amendments.

- 46. Copy of any debt and lease agreements.
- 47. Copy of fund balance, fixed asset and inventory Board approved policy.
- 48. Copy of fund balance segregated amounts and Board approval.

In general, a detailed schedule should be provided for each balance sheet account with supporting detail attached. Please contact us if you are unclear as to how to prepare these workpapers. We will gladly provide you a copy of an example workpapers. We appreciate your time and effort in preparing for the audit. We will be glad to answer any questions you may have.

Very truly yours,

Jeffrey M. Tuscan
For the Firm

Tab D
Work Schedule and Timeline

Time of Performance

We understand the Districts' audit is most efficient when performed in the following three segments interim, fieldwork and financial/reporting. We are committed to these segments. We will work with the District staff on mutually agreed upon dates while ensuring the achievement of final release and submission at the April Board meeting, understanding it is dependent upon the Auditor General releasing FRS data and OPEB actuary reports. We will plan interim in July through September and final fieldwork in January.

We believe the initial year of audit will require 500 to 550 hours. We plan to over staff to ensure a successful engagement.

As such, the following hours are estimated:

	<u>Interim</u>	<u>Fieldwork</u>	<u>Financial Reporting</u>	<u>Total</u>
Partner	10	20	30	60
Manager	30	80	40	150
In-charge	60	80	40	180
Staff	<u>60</u>	<u>80</u>	<u>20</u>	<u>160</u>
	<u>160</u>	<u>260</u>	<u>130</u>	<u>550</u>

To ensure efficiency we don't charge for telephone calls. This provides our clients the freedom to ask questions and seek advice throughout the year, therefore making the audit more efficient. Our client assistance letter is comprehensive. When completed before fieldwork the fieldwork goes more smoothly and efficiently.

Tab E
Cost Proposal

Fees & Costs

ANNUAL AUDIT

Our Firm monitors client acceptance, which minimizes the possibility of any scheduling conflicts.

Our goal is to provide the highest quality service that is cost effective and to establish a mutually beneficial long-term relationship that will last for many years. Every effort will be made to minimize and control fees. We understand fees are an important factor in selecting an auditor and that the selection committee is charged with prudent administration of the Districts' finances. Therefore, we believe our fee arrangement will provide each District the best value per dollar based on our industry commitment, experience and level of service.

This proposal also does not contemplate audit procedures required by significant law changes enacted after the effective date of this contract. Fees incurred due to these items will be billed at our standard hourly rates.

We also project 80-120 hours of assistance from the Districts' staff throughout the course of the audit.

This proposal assumes your records are adjusted and ready for the audit and that the requested assistance and records are provided and does not anticipate unforeseeable circumstances, change in operations, change in scope, or in-depth bookkeeping assistance or other client assistance. If we find the records are not ready for audit, we will notify you of such. We will request written approval to proceed. You will be billed per diem at our standard hourly rates.

Copying, faxing and other out-of-pocket expenses will be included in the audit fee.

Any additional services requested by your office, including accounting assistance and audit preparation assistance, will be billed separately based on time incurred and level of expertise required.

Our initial fee rate commitment to your organization is as follows:

Partner	\$230 per hour *
Manager	170 - 230 per hour *
Team Members	115 - 170 per hour *
Clerical	95 - 110 per hour *

* Hourly rates are adjusted annually by approximately CPI.

The period of this engagement may be extended by mutual consent of both parties.

Future year fee estimates may require adjustment if regulatory agencies significantly change the required audit procedures.

You will not be charged for the time, we estimate at 20 – 25 hours, invested by Tuscan & Company, which is considered to be part of our commitment to service, to plan the audit and to assist your staff. We will not quote you a low initial amount then try to make it up through change orders.

Fees & Costs, Continued

Not to exceed fees by entity are as follows:

	Fiscal Year Ended		
	<u>9/30/19</u>	<u>9/30/20</u>	<u>9/30/21</u>
Lee County Mosquito Control	\$30,000	\$31,000	\$32,000
Lee County Hyacinth Control	\$18,000	\$19,000	\$20,000
LCHCD/LCMCD Retiree			
Health Insurance Trust	\$ 5,000	\$ 6,000	\$ 6,000

You agree to hold us harmless and to release, indemnify, and defend us from any liability or costs, including attorney's fees, resulting from management's and/or employees' knowing misrepresentations to us.



Fee Schedule and Payment Policy – October 2018

Below is a summary of our fee structure. Please review it carefully and feel free to ask us any questions you have regarding our fees. We realize that the cost for services provided is an important matter to all of us and believe factual communication on the subject matter is an important ingredient for a successful relationship between us.

Fees for our services will be billed at our standard hourly rates. Full payment is required upon completion of your work. However, fees may be progress billed as our work is performed. The fee schedule for our professional team is as follows:

Jeffrey Tuscan, CPA	\$230/hour	Morgan Vanderslice	\$145/hour
Lisa McKenzie, CPA	\$200/hour	Linda McCune	\$125/hour
Stacey Wilson, CPA	\$170/hour	Kayla Philips	\$120/hour
Jennifer Wehrs, CPA	\$170/hour	Flor Sanchez	\$115/hour
Chad Tripp, CPA	\$150/hour	Sandra Hogencamp	\$95/hour
James West	\$145/hour		
Nydia Gonzalez	\$145/hour		

The expertise of the team member involved and the type of work performed determine hourly rates. Fees for expert witness and court time are charged at one and one half times the normal hourly rate.

Tax returns are billed on an hourly basis:

Average fee – Federal/State (Personal)	\$450
Average fee - Corporate & Partnership	\$600

Payment for all tax services is required upon pickup of work. We reserve the right to withhold our services if any invoice goes unpaid for thirty days. If the matter is not successfully resolved upon demand, you understand and agree to be liable for the costs of any collection efforts our office deems necessary to take, including attorney's fees if any attorney is consulted or retained. All unpaid invoices shall accrue a late charge at the rate of 1 ½% per month and a failure to resolve your account within the allotted time will result in these charges to be added to your fees.

Note: Rates are adjusted annually on May 1st.

Tab F

Engagement Letter Example

(A separate engagement letter noting each of the three entities to be audited will ultimately be prepared upon selection of our Firm as auditor)

May 24, 2019

Board of Commissioners
Lee County Mosquito Control District
15191 homestead Road
Lehigh Acres, FL 33971

We are pleased to confirm and agree to the services we are to provide Lee County Mosquito Control District (the “District”) for the years ending September 30, 2019 through 2021 and any extension years. We will audit the financial statements of the governmental activities, and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of Lee County Mosquito Control District as of and for the years ending September 30, 2019 through 2021 and any extension years. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as Management’s Discussion and Analysis (MD&A), to supplement Lee County Mosquito Control District’s basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Lee County Mosquito Control District’s RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management’s Discussion and Analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies Lee County Mosquito Control District’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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, as we will provide an opinion on it in relation to the financial statements as a whole:

INTEGRITY SERVICE EXPERIENCE

1. Budget to Actual Comparison – Major Fund

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America, and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and will include tests of the accounting records of Lee County Mosquito Control District and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of Lee County Mosquito Control District's financial statements. Our report will be addressed to the Board of Commissioners of Lee County Mosquito Control District. 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 are other than unmodified, we will discuss the reason 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 to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards. The reports on internal control and compliance will each include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and (2) the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, and that 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 paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware the Lee County Mosquito Control District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

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 from 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 entity 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 limitation of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements 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. 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. Our responsibility as auditors is limited to the period covered by our audit and does not extend to 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; compliance with laws, regulations, contract, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Controls

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.

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 and Government Auditing Standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we will perform tests of Lee County Mosquito Control District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit 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.

Other Services

We will also assist in preparing the financial statements and related notes of Lee County Mosquito Control District in conformity with U.S. generally accepted accounting principles 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.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and 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, contract, 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 and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulation and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is 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) additional information that we may request for the purpose of the audit; and (3) unrestricted access to the persons within the District from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatement

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 District 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 District that is received by you in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the 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. Your responsibilities include acknowledging to us in the written representation letter that: (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (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 supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of any previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement 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.

We will provide copies of our reports to Lee County Mosquito Control District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Tuscan & Company, P.A. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely matter to your Oversight Agency for Audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Tuscan & Company, P.A.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Oversight Agency for Audit. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on a mutually agreed upon date. Jeffrey M. Tuscan is the engagement partner and is responsible for supervising the engagement and signing the reports.

At the conclusion of the engagement, we will complete the State Annual Financial Report. We will provide copies of our reports to management; however, it is management's responsibility to submit the reporting package.

With regard to using the auditor's report, unless the auditor's report is used in its entirety, you understand that you must obtain our prior written consent, which will not be unreasonably withheld, to reproduce or use our report in bond offering official statements or other documents.

We anticipate that the books and records of the District to be accurate and current and not to require significant adjusting journal entries. As such, fees for our financial and compliance audit services will be based upon actual time spent at our standard hourly rates based on the time incurred. Our fees are estimated not to exceed \$_____, \$_____, and \$_____ for the fiscal years ending September 30, 2019 through 2021 and any extension years. This estimate does not include time to review the District prepared MD&A section or reconciliations to the fund statements. Invoices will be in such detail to demonstrate compliance with the terms of the contract.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes forty-five (45) days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. It also does not anticipate any changes in scope of the audit. If significant additional time is necessary, we will discuss it with you and bill you for the additional costs incurred. All unpaid invoices shall accrue interest at the rate of 1% per month, and a failure to resolve your account within the allotted time will result in these charges being added to your fees. Parties to this engagement agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation upon the written request of any party to the engagement. All mediations initiated as a result of this engagement shall be administered by the American Arbitration Association (AAA) and in accordance with the "Mediation Rules for Professional Accounting and Related Disputes" as then adopted by the AAA. Any mediation shall be non-binding.

The results of this mediation shall be binding only upon agreement of each party to be bound. Costs of any mediation proceeding shall be shared equally by both parties. Each party shall pay their own legal fees and costs.

We reserve the right to withhold our services if any invoices go unpaid for 40 days; and if the matter is not successfully resolved upon demand, you understand and agree to be liable for the cost of any collection effort our office deems it necessary to take, to include attorney fees if any attorney is consulted or retained.

We, however, reserve the right to withdraw from an engagement for any of the following acts including but not limited to lack of cooperation, if we do not obtain the necessary records we need to complete the audit, or if there is a lack of assistance, violation of state and/or law, or situations that prohibit us from complying with AICPA auditing standards and SASs.

We are pleased to be able to provide you with the above services. Because our employees are highly qualified, many employers would like to employ our staff on a permanent basis. Because of the extensive training and knowledge our staff has developed, their separation would be a tremendous resource loss to our firm. If any Tuscan & Company, P.A. employee is hired by you for any position during the engagement or within one year after the end of the engagement, we will invoice you for a placement fee of 30% of starting salary. The placement fee would be due and payable on the starting date of the employee.

We do not contemplate work outside the scope of the annual financial and compliance audit or other related assistance requested by you or your staff, including special projects as well as year-end assistance with account reconciliation. All such services rendered, if required, will be billed based on standard hourly rates and will be considered outside the scope of the estimated fee noted previously.

This fee estimate does not contemplate performance of the Single Audit as required by OMB Circular A-133 (Uniform Guidance) or compliance auditing required by Auditor General Rule 10.550, regarding the Florida Single Audit, Florida Statute 215.97 because the current level of grant receipts by the District is below the \$750,000 threshold. This fee estimate also does not contemplate audit procedures required by GASB #68 or other significant law changes enacted during the term of the contract. If grant receipts, expenditures, or significant law, audit on reporting standard changes ultimately require such audit procedures and reporting you will be billed based on our standard hourly rates. This fee assumes that no material unusual or unforeseen circumstances arise, which could cause an increase in audit effort, and that we receive the agreed-upon assistance from you and your staff. We will make every effort to keep fees to a minimum.

The engagement letter is extendable in three (3) year increments by mutual consent. Nothing herein shall constitute a waiver of the District's sovereign immunity as provided by Florida law.

You agree to hold us harmless and to release, indemnify, and defend us from any liability or costs, including attorney's fees, resulting from management's and/or employees' knowing misrepresentations to us.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Therefore, our most recent peer review report is attached for your review.

We appreciate the opportunity to be of service to Lee County Mosquito Control District 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.

Very truly yours,

Tuscan & Company, P.A.

This engagement agreement correctly sets forth the understanding and agreement of Lee County Mosquito Control District.

Officer Signature: _____

Title: _____

Date: _____



Affiliations

Florida Institute of Certified Public Accountants
American Institute of Certified Public Accountants
Private Companies Practice Section
Tax Division

May 24, 2019

Board of Commissioners
Lee County Mosquito Control District
15191 Homestead Road
Lehigh Acres, FL 33971

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the examination engagement Tuscan & Company, P.A. will provide for Lee County Mosquito Control District (“you” or “your”) for the years ended September 30, 2019 through 2021 and any extension years.

Jeffrey M. Tuscan, CPA is responsible for the performance of this examination engagement.

Scope, objective, and responsibilities

We will examine your compliance with investment provisions in accordance with the requirements of Section 218.415, Florida Statutes for the years ended September 30, 2019 through 2021 and any extension years.

The objective(s) of our examination is the expression of an opinion about whether your investments were authorized by law, and if applicable, in accordance with your investment policy based on the requirements of Section 218.415, Florida Statutes. Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and will include tests of your records and other procedures we consider necessary to enable us to express such an opinion.

We will issue a separate written report for Lee County Mosquito Control District upon completion of the engagement. The report will include a statement that the report is intended solely for the information and use of management, those charged with governance, and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement. If our opinion is other than unmodified, we will discuss the reason with you in advance. If circumstances occur related to the condition of your records, that availability of sufficient, appropriate evidence, or the existence of a significant risk of material misstatement or deviation from the criteria, which in our professional judgment prevent us from completing the examination or forming an opinion, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Our engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, fraud, or other violations of laws or regulations, that may exist. However,

INTEGRITY SERVICE EXPERIENCE

12621 World Plaza Lane, Building 55 • Fort Myers, FL 33907 • Phone: (239) 333-2090 • Fax: (239) 333-2097

we will inform you of any material errors or fraud that comes to our attention. We will also inform you of any other violations of laws or regulations that come to our attention. We will also inform you of any other violations of laws or regulations that come to our attention, unless clearly inconsequential.

We understand that you will provide us with the basic information required for our examination and that you are responsible for the accuracy and completeness of that information.

We may advise you about appropriate criteria or assist in the development of the subject matter, but the responsibility for the subject matter remains with you.

You are responsible for your compliance with investment provisions in accordance with the requirements of Section 218.415, Florida Statutes. For all accounting services we may provide to you, management agrees to assume all management responsibilities; oversee the services the services by designating an individual, preferable within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the result of the services.

At the end of the engagement, we will require a representation letter from management of Lee County Mosquito Control District.

Engagement administration and other matters

The workpapers supporting the services we perform are the sole and exclusive property of Tuscan & Company, P.A. and constitute confidential and proprietary information. We do not provide access to our workpapers to you or anyone else in the normal course of business. Unless required by law or regulation to the contrary, we retain our workpapers in accordance with our record retention policy that typically provides for a retention period of seven years.

Professional standards require us to be independent with respect to you in performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our relationship with you is limited to that described in this letter. As such, you understand and agree that we are acting solely as independent accountants. We are not acting in any way as a fiduciary or assuming any fiduciary responsibilities for you. We are not responsible for the preparation of any report to any governmental agency, or any other form, return, or report or for providing advice on any other service not specifically recited in this letter.

Mediation

Any disagreement, controversy, or claim (“Dispute”) that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice (“Mediation Notice”) to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Time Limitation

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying and Dispute. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a Dispute, any action or legal proceeding by you against us must be commenced within twenty-four (24) months (“Limitation Period”) after the date when we deliver our final examination report under this agreement to you, regardless of whether we do other services for you relating to the examination report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a Dispute.

Fees

Our fee for these services will be at our standard hourly rates based on time incurred and level of expertise required. We will make every effort to keep fees to a minimum. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of personnel assigned to your audit and are as follows:

Partner	\$230*
Manager	\$170 - 230*
Team Member	\$115-\$170*
Clerical	\$95 - 110*

*Hourly rates adjust on May 1 by approximately CPI

Actual fees incurred are dependent upon assistance required by the District. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit.

If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee estimate.

Other Fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceeding that we are asked to respond to in your behalf. You and your attorney will receive a copy of every subpoena or request we are asked to respond to. You can control the costs of any discovery process or document request by informing us which request you would like us to act on.

Agreement

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between us. 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, date, and return the enclosed copy to us.

Sincerely,

Tuscan & Company, P.A.

Response

This letter correctly sets forth the understanding of Lee County Mosquito Control District.

Officer Signature: _____

Title: _____

Date: _____

Tab G

Confirmation and Acknowledgment

Anti-Collusion

We confirm we have not attempted to influence anyone relate to the RFP.

Convicted Vendor List/Discriminatory Vendor List

We confirm Tuscan & Company, P.A. has not been placed on the convicted vendor list or the discriminatory vendor list.

Invoice Compliance

All invoices will be submitted as requested by the District.

Travel Expense

We will not bill for routine audit related travel costs.

IX. CERTIFICATION and ACKNOWLEDGEMENT

The undersigned, as an authorized agent of the proposer, hereby certifies (initial each statement):

- (X) The Proposer is in receipt of 0 addenda.
- (X) The Proposer is familiar with all instructions, terms and conditions, and specifications stated in this RFP, including the following:
- (X) The proposer understands there is a pre-proposal meeting scheduled on **Monday May 6th, 2019 beginning at 10:00 A.M. EST** at the District(s) Administration Building. Attendance is not mandatory; however, it is highly encouraged.
 - (X) The Proposer will be available for interviews, if selected for interview by District(s), during the afternoon on **July 18th, 2019 at 10:00 A.M.** Interviews expected to be one (1) hour.
- (X) The Proposer is qualified to perform the work and services outlined in this RFP.
- (X) The Proposer warrants that they have not employed or retained any company or person, other than a bona fide employee working solely for the Respondent to solicit or secure this agreement and they have not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee working solely for the Respondent any fee, commission, percentage, gift, or other consideration contingent upon or resulting from award or making of this agreement.
- (X) The Proposer represents and warrants that he is not currently on the Convicted Vendor List or on the Discriminatory Vendor List, nor are they under investigation for violation of the same.
- (X) The Proposal has been arrived at independently and submitted without collusion with any other Proposer, District(s) staff or District(s) contractor, and the contents of the Proposal have not been communicated by the Proposer or, to the Proposer's best knowledge and belief, by any one of its employees or agents to any person not an employee or agent of the Proposer, and will not be communicated to any person prior to the District's final action on this RFP by the District(s). Nothing in this paragraph shall be construed to prevent or preclude two or more companies or persons from joining together to submit a proposal for the work.
- (X) The offers, terms and conditions of the proposal will remain valid and effective and may be relied upon by the District(s) for a period of ninety (90) days following the Proposal closing date and time as identified in this RFP or addenda.

Signed By: Jeffrey M. Tuscan Title: Partner

Typed Name: Jeffrey M. Tuscan, CPA Company Name: Tuscan & Company, P.A.

Phone No.: (239) 333-2090 Fax No.: (239) 333-2097

Email: jtuscan@tuscan CPA.com

Bid Address: 12621 World Plaza Lane #55, Fort Myers, Florida 33907
P.O. Box or Street City State Zip

Order Address: 12621 World Plaza Lane #55, Fort Myers, Florida 33907
P.O. Box or Street City State Zip

Remit Address: 12621 World Plaza Lane #55, Fort Myers, Florida 33907
P.O. Box or Street City State Zip

Federal Tax ID No.: 26-0254161

DUNS No.: _____

Date: May 24, 2019



**REQUEST FOR PROPOSALS (RFP) TO PROVIDE
EXTERNAL AUDITING SERVICES TO:**

**Lee County Mosquito Control District & Lee County
Hyacinth Control District**

PREPARED BY: MAULDIN & JENKINS, LLC
Phone: 941-747-4483 | Fax: 941-747-6035

Wade P. Sansbury, CPA, Partner
Daniel Anderson, CPA, Manager
1401 Manatee Avenue West, Suite 1200
Bradenton, Florida 34205
wsansbury@mjcpa.com
Direct: 941-747-2255

June 3, 2019

www.mjcpa.com



ELECTRONIC COPY

Table of Contents

Transmittal Letter	1
Independence	3
License to Practice in Florida	3
Tab A: Firm Background	4
- <i>Organization and Size</i>	
- <i>Serving Governments for 100 Years</i>	
- <i>Primary Location to Serve the District</i>	
Tab B: Mauldin & Jenkins, LLC Experience and Qualifications	7
- <i>Complementary Engagements</i>	
- <i>Governmental Clients Served</i>	
- <i>Resumes of Key Personnel</i>	
- <i>Other Staff Resources (Technology Services and Fraud Examinations)</i>	
- <i>Other Staff Auditors and Accountants</i>	
- <i>Staff Continuity</i>	
- <i>Continuing Education of Partners and Staff</i>	
- <i>External Quality Control Review (Peer Review)</i>	
- <i>No Litigation, Federal/State Desk Reviews Disciplinary Action</i>	
Tab C: Management Plan and Technical Approach.....	20
- <i>Audit Approach</i>	
- <i>Proposed Segmentation of the Engagement</i>	
- <i>Sample Size and Approach and the Extent to Which Statistical Sampling is to be Used in the Engagement</i>	
- <i>Type and Extent of Analytical Procedures to be Used in the Engagement</i>	
- <i>Approach to be Taken in Determining Laws and Regulations to be Subject to Audit Test Work</i>	
- <i>Approach to be Taken in Drawing Audit Samples for Purposes of Tests of Compliance</i>	
- <i>Approach to be Taken to Gain and Document an Understanding of the District's Internal Control</i>	
- <i>Extent of the Use of EDP Software in the Engagement</i>	
- <i>Implementation of New GASB Pronouncements</i>	
- <i>Future GASB Pronouncements</i>	
- <i>Single Audits</i>	
- <i>Other Potential Problems</i>	
Tab D: Work Schedule and Timeline	34
Tab E: Cost Proposal.....	36
- <i>Additional Items Related to Our Audit Fees</i>	
Tab F: Engagement Letter	38
Tab G: Certification and Acknowledgement Page.....	45

Transmittal Letter

June 3, 2019

Auditor Selection Committee
Lee County Mosquito Control District
Lee County Hyacinth Control District
15191 Homestead Road
Lehigh Acres, Florida 33971

Ladies and Gentlemen:

We appreciate the opportunity to propose on providing audit services to the Lee County Mosquito Control District and the Lee County Hyacinth Control District (the "Districts"). We are pleased to submit a qualifications package including cost estimates to provide annual financial and compliance auditing services for the fiscal year ending September 30, 2019 through September 30, 2021.

We have read the Request for Proposal (RFP) and fully understand its intent and contents. We understand the time frame for performance of the annual financial audits as stipulated by the Districts, and agree to provide the services described in the proposal. We will conduct preliminary and final fieldwork and will issue all of the deliverables and reports substantially prior to the required due dates.

Mauldin & Jenkins is committed to client service. We are committed to building relationships with our clients, obtaining a thorough understanding of our client's organization and needs, working with clients as trusted advisors, and delivering a high quality final product on time. There are many factors necessary to achieve quality client service. The following are some features we would like to highlight which differentiate us from other firms:

- **Specific governmental experience:** Our Firm has made the governmental sector a primary industry focus. We have served the audit and compliance needs of numerous governmental entities over the years, and remain committed to serving this sector. **Mauldin & Jenkins presently provides over 100,000 hours of service to over 450 governmental units in the Southeast on an annual basis. Such experience results in the utilization of over 100 full-time equivalent professionals.**
- **Experience with Special Districts:** We currently serve approximately 450 governments throughout the Southeast. Of our client base, **approximately 175 clients are special purpose entities** like the Districts. **All individuals assigned to serve the Districts have significant experience serving special purpose governmental entities.**
- **Experienced personnel:** Personnel proposed for this engagement have numerous years of professional experience in the governmental sector and are dedicated to serving this industry. We make every effort to retain experienced and qualified staff which will assist in providing staff continuity. The quality of the proposed engagement team is the clearest evidence of our commitment to serve you.
- **Quality client service:** We pride ourselves in responding to the needs of our clients and meeting their deadlines. This responsiveness is not only the ability to meet specified audit deadlines, but also the ability to respond to other requests. These requests could be in the form of accounting advice throughout the year, assistance with bond offerings or in providing other professional services. Our ability to be responsive is enhanced by the open communications and good working relationship we

have with our clients. We emphasize continuous open communication during the audit and throughout the year in order to have a complete understanding of your operations, risks, needs, and concerns.

- **Organized to specifically meet your needs:** Our partners, managers and seniors in the Firm's Governmental Practice Division spend 100% of their time serving governments. By structuring the Firm's Governmental Practice Division in such a manner, we are able to create efficiencies in the audit process which typically result in our total hours being less than most other firms.
- **Education:** Presently, Mauldin & Jenkins clients have the opportunity to register and receive a minimum of **sixteen hours of complimentary** continuing education on an annual basis. We take our experience in serving governments, and choose timely and relevant topics to provide ongoing education to our clients. We believe education and training to be a key element of serving our governmental clientele.
- **Professional Leadership:** Along with being consistently ranked in the Top 100 by *Accounting Today* as well as *Inside Public Accounting* trade associations and magazines as one of the largest certified public accounting firms in the country, Firm personnel have held numerous professional leadership positions. This includes: Chair of the Board of Directors of the American Institute of Certified Public Accountants (AICPA); members of the AICPA Government Quality Institute; Chairman of the AICPA Single Audit Task Force; and President of the Florida Institute of Certified Public Accountants. We use this experience to perform more effective and efficient audits for our clients.
- **Fees:** We propose a fee of \$34,900 for the audit of the Districts' fiscal year 2019 financial statements. Our quoted fees will not change so long as there are no changes in the scope of the Districts' engagement.

We realize the difficulty in selecting an audit firm, however by selecting Mauldin & Jenkins, you will be provided excellent client service and operational best practices stemming from our service to hundreds of governmental entities. We understand the work requested and are committed to meeting your deadlines. This proposal represents a firm offer for 90 days.

Thank you very much for considering our Firm and allowing us to present our proposal. As a partner of Mauldin & Jenkins, Wade Sansbury is authorized to bind and make representations for the Firm. He will be the ultimate party responsible for the quality of the report and working papers.

Sincerely,
MAULDIN & JENKINS, LLC

Wade P. Sansbury

Wade Sansbury, CPA
Partner
Direct: 941-741-2255
wsansbury@mjcpa.com

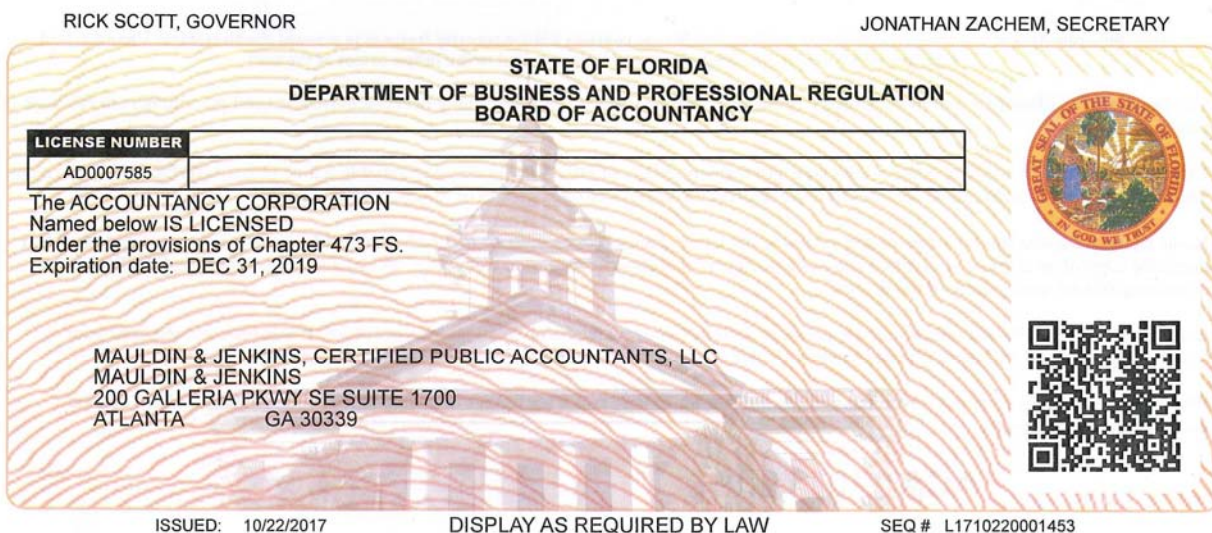
Independence

We hereby affirm that Mauldin & Jenkins, LLC is independent with respect to the Lee County Mosquito Control District and the Lee County Hyacinth Control Districts (the “Districts”), and any related outside entities as defined by generally accepted auditing standards.

We meet the independence standards of Generally Accepted Auditing Standards and the U.S. General Accounting Office *Government Auditing Standards* (2007 revision). We are also independent with respect to the District within the meaning of Rule 1.01 of the Code of Professional Ethics of the American Institute of CPAs and the applicable published rules and interpretations thereunder as well as Florida Statutes.

License to Practice in Florida

Mauldin & Jenkins is licensed to practice public accounting within the State of Florida. Our Firm’s Florida license number is AD0007585. Additionally, all assigned key professional staff are properly licensed and registered to practice public accounting within the State of Florida. We have included a copy of the Firm’s state licensure below.



**TAB A
FIRM BACKGROUND**

FIRM BACKGROUND

Organization and Size

Mauldin & Jenkins was incorporated in 1918, and has been actively engaged in governmental accounting and auditing since its inception. **The Firm is considered to be one of the largest firms in the country (top 100) with 55 partners and approximately 300 professional staff, serving clients throughout the Southeastern United States.** Mauldin and Jenkins is considered to be a large regional firm.

Mauldin and Jenkins has offices located in Bradenton, Florida; Atlanta, Macon and Albany, Georgia; Chattanooga, Tennessee; and Birmingham, Alabama. We have a practice structure with the scale to serve governmental clients well due to the efficient allocation of resources in our geographic area.

As noted in our transmittal letter, Mauldin & Jenkins provides and supervises over 100,000 hours of service to governmental entities on an annual basis. The Firm's governmental practice is the second largest niche in the Firm and is approximately 27% of the Firm's total practice. However, size and resources alone are not the most meaningful measure of success; in the end, our clients remain the best judges of Mauldin & Jenkins' value.

Other key information relative to the size and experience of Mauldin & Jenkins is as follows:

- **450** - approximate number of governments being served by the Firm across the Southeast
- **350,000** - approximate total hours of service provided annually to clients of the Firm
- **100,000** - approximate total hours of service provided annually to governmental clients of the Firm
- **40%** - percentage of governmental practice as compared to Firm's attestation practice
- **27%** - percentage of governmental practice as compared to Firm's overall practice
- **300** - total number of Firm personnel
- **55** - total number of Firm partners
- **12** - total number of **governmental** partners and directors
- **11** - total number of **governmental** managers
- **100** - total number of professionals with current **governmental** experience

Serving Governments for 100 Years

Mauldin & Jenkins' commitment to government began when our Firm was established in 1918. Since then, we have viewed service to governments as significant to the overall success of the Firm. Today, the governmental sector is an industry that has been specifically identified for our continued growth in professional services. Accordingly, all professionals, from entry-level accountants to partners (who select the governmental sector as their focus) are trained to understand the issues and meet the needs of state and local governmental entities.



Mauldin & Jenkins employs 22 partners, directors and managers who dedicate 100% of their time serving government clients. We also have numerous additional professionals with current experience in providing services to governmental entities – many of whom spend their time exclusively on government clients. Mauldin & Jenkins' dedicated professionals can bring a comprehensive understanding of the issues that face government entities as well as “bench strength” at all levels, allowing us to respond swiftly and effectively to your evolving needs.

The goal of our government practice is to help governments improve their financial processes and strategies so that they can in turn achieve their goal of improving the lives of their citizens. This shared commitment to the goals of our clients has resulted in a significant government clientele. As noted in our transmittal letter, we currently **serve approximately 450 governments in the Southeast. We know of no other local firm that can match our experience.**

Primary Location to Serve the District

The Bradenton office will be the office providing services to the District. For your audit, we propose to assign two partners (one engagement partner, Wade Sansbury, and one concurring quality control review partner, Miller Edwards, one manager, Daniel Anderson, and at least one staff to work on this engagement. Wade Sansbury and Daniel Anderson, are known across the Southeast for their involvement with governmental entities. They have significant experience in governmental audit and accounting, and will play significant roles in providing ongoing services to the District. These individuals will be deployed on the District's audit on a full-time basis with additional as needed resources on a part-time basis. Wade and Daniel spend 100% of their time serving local governments.

The Bradenton office currently employs **15 professionals with current experience in providing services to governmental entities** and who will meet the continuing professional education requirements set forth in the U.S. General Accounting Office *Government Auditing Standards*. A further profile of the Bradenton office and the Firm's **professional** staff as a whole is as follows:

Professional Staff by Level	Bradenton	Firm-Wide
Partners	7	55
Managers	7	58
Supervisors / Senior	5	82
Other Staff & Consultants	15	105
Total	34	300

TAB B
FIRM EXPERIENCE AND QUALIFICATIONS

MAULDIN & JENKINS, LLC EXPERIENCE AND QUALIFICATIONS

Complementary Engagements

As stated previously, Mauldin & Jenkins audits approximately 450 governmental entities throughout the Southeast. In addressing the District's interest in the qualifications and client references of Mauldin & Jenkins and the request for audits performed that are similar to that of the District, we have elected to report on the following current Mauldin & Jenkins clients, all of which are special purpose entities like the District. Should management of the District need additional references, we would be happy to provide such data.

1) Manatee County Mosquito Control District

General Information	Mosquito Control District located in Manatee County, Florida. The District reports \$8 million in assets and annual revenues of \$4 million.
Scope & Type of Engagement	Financial audits and compliance audits in accordance with Governmental Accounting Standards. (100 Hours)
Dates	September 30, 2011 through September 30, 2015
M&J Personnel	Wade Sansbury and Daniel Anderson
Contact Information	Mr. Mark Latham - (941) 981-3895 - marklatham@manateemosquito.com

2) Hardee County Industrial Development Authority

General Information	Special purpose government located in Wauchula, Florida. The Authority reports \$24 million in total assets and annual revenues of \$6 million. (100 Hours)
Scope & Type of Engagement	Financial audits and compliance audits in accordance with Governmental Accounting Standards.
Dates	September 30, 2016 through present
M&J Personnel	Wade Sansbury and Trey Scott
Contact Information	Mr. Bill Lambert - (863) 773-6149 - bill.lambert@hardeemail.com

3) Bayshore Gardens Park and Recreation District

General Information	Park and recreation District located in Bradenton, Florida. The District reports \$1.5 million in assets and annual revenues of \$637k. (75 hours)
Scope & Type of Engagement	Financial audits and compliance audits in accordance with Governmental Accounting Standards.
Dates	September 30, 2008 through present
M&J Personnel	Wade Sansbury and Trey Scott
Contact Information	Ms. Jodie Lawman - (941) 755-1912 - managerbgrd@outlook.com

4) Captiva Erosion Prevention District

General Information	Erosion Protection District located in Lee County. The District reports \$20 million in total assets and annual revenues of \$1 million. (75 hours)
Scope & Type of Engagement	Financial audits and compliance audits in accordance with Governmental Accounting Standards and the Uniform Guidance.
Dates	September 30, 2015 through present
M&J Personnel	Wade Sansbury and Daniel Anderson
Contact Information	Ms. Carolyn Weaver - (239) 472-2472 - MyCEPD@mycepd.com

5) Ocean Highway Port Authority

General Information	Port Authority located in Northeast Florida. The Authority reports \$15 million in total assets and annual revenues of \$1.9 million. (75 hours)
Scope & Type of Engagement	Financial audits and compliance audits in accordance with Governmental Accounting Standards.
Dates	September 30, 2013 through present
M&J Personnel	Wade Sansbury and Trey Scott
Contact Information	Ms. Barb Amerigan - (904) 491-7422 - ohpanc@gmail.com



Governmental Clients Served

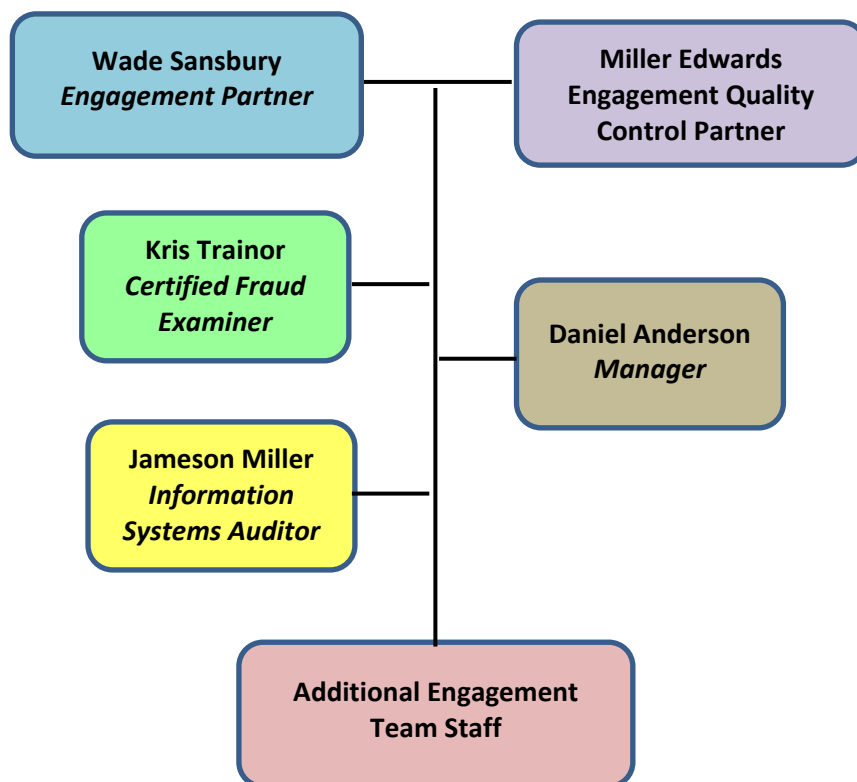
Perhaps the greatest indicator of our reliability as a professional service provider to state and local governments is our list of governmental clients. See below for a list of special purpose entities we are in the process of serving, or have served in the past three years:

- 1) Albany - Dougherty Inner City Auth.
- 2) Allendale County Hospital
- 3) Atlanta Development Auth.
- 4) Atlanta Economic Renaissance Corporation
- 5) Atlanta Housing Opportunity
- 6) Augusta Utilities (Water / Sewer Ops)
- 7) Augusta-Richmond County Regional Airport
- 8) Austell Natural Gas System
- 9) Barrow County Water & Sewer Authority
- 10) Bartram Trail Regional Library
- 11) Bayshore Gardens Park & Recreation District
- 12) Birmingham-Jefferson County Transit Auth.
- 13) Bradenton Downtown Development Auth.
- 14) Bristol Joint Sewer System
- 15) Bristol Public Library
- 16) Brunswick - Glynn Joint Water & Sewer Comm.
- 17) Catawba Water River Supply Project
- 18) Central Community Redevelopment Agency
- 19) Central Midlands Council of Govts.
- 20) Central Midlands Regional Transit Auth.
- 21) Central Savannah River Area Regional Comm.
- 22) Charleston Co. Aviation Comm.
- 23) Charleston Water System
- 24) Chatsworth Water Works Commission
- 25) Chattahoochee River 911 Auth.
- 26) Chattanooga Area Reg. Transportation Auth.
- 27) Chattanooga Area Regional Council of Govts.
- 28) Cherokee County Airport Auth.
- 29) City of Albany - Chehaw Park Auth.
- 30) City of Albany - Water, Gas & Light Comm.
- 31) City of East Point Retirement Plan
- 32) City of North Port, Fl. - Firefighters' Pension
- 33) City of Sandy Springs Development Auth.
- 34) Classic Center Auth. of Clarke County
- 35) Clayton Co. Pension Fund
- 36) Clayton County Water & Sewer Authority
- 37) Cobb County - Marietta Water Authority
- 38) Cobb County-Marietta Water Auth. Pension
- 39) Columbia County Board of Health
- 40) Columbia Development Corp.
- 41) Columbia Empowerment Zone
- 42) Columbia Housing Development Corp.
- 43) Convention and Visitors Bureau of Dunwoody
- 44) Crisp Co.- Cordele Industrial Development Auth.
- 45) Crisp Co.- Cordele Industrial Development Council
- 46) Crisp County Power Commission
- 47) DeKalb County Public Library
- 48) Dev. Auth. of City of Jeffersonville & Twiggs Co.
- 49) Development Auth. of Cherokee County
- 50) Development Auth. of City of Roswell, GA
- 51) Development Auth. of Lumpkin County
- 52) Development Auth. of Peachtree City
- 53) Disabilities Board of Charleston County
- 54) Downtown Atlanta Revitalization
- 55) Eatonton-Putnam Water & Sewer Authority
- 56) Eau Development Corporation
- 57) Edgefield County Water & Sewer Authority
- 58) Electric Power Board of Chattanooga
- 59) Ensor Forest Apartments
- 60) Forsyth County Public Library
- 61) Friends of Bulloch
- 62) Georgetown County Water & Sewer District
- 63) Georgia Charter Educational Foundation
- 64) Georgia Ports Auth. DB & OPEB Plan
- 65) Georgia Ports Auth. Defined Contribution Plan
- 66) Glynn County Airport Commission
- 67) Greenwood Commissioners of Public Works (WEG)
- 68) Greer Commission of Public Works
- 69) Griffin Spalding County Land Bank Auth.
- 70) Gwinnett Airport Authority
- 71) Gwinnett Civic/Cultural Center Operations
- 72) Gwinnett Convention and Visitors Bureau
- 73) Gwinnett County Airport Auth.
- 74) Gwinnett County Development Auth.
- 75) Gwinnett County Public Facilities Auth.
- 76) Gwinnett County Public Library
- 77) Gwinnett County Recreation Auth.
- 78) Gwinnett County Water and Sewerage Authority
- 79) Hamilton Co. Water & Wastewater Treatment Auth.
- 80) Hamilton County Election Commission
- 81) Heart of Georgia Altamaha Regional Commission
- 82) Henry County Water Authority
- 83) Historic Roswell Convention & Visitors Bureau
- 84) Housing Authority of Clayton County
- 85) Houston County Library System
- 86) Islamorada, Village of Islands, Florida
- 87) Jefferson Co. Economic and Industrial Dev Auth.
- 88) Keep Peachtree City Beautiful Commission
- 89) Kennesaw State University Athletic Department
- 90) Lakeland Area Mass Transit District
- 91) Lowcountry Regional Transit Authority
- 92) Lumpkin County Hospital Auth.
- 93) Lumpkin County Water & Sewerage Authority
- 94) Macon Transit Authority
- 95) Macon Water Authority
- 96) Macon-Bibb County Land Bank Authority
- 97) Manatee County Mosquito Control Dist
- 98) Manatee Technical Institute
- 99) MARTA/ATU Local 732 Employees Retirement
- 100) McIntosh Trail Community Service Board
- 101) McPherson Implementing Local Redev. Auth.
- 102) McPherson Planning Local Redevelopment Auth.
- 103) Middle Georgia Community Service Board
- 104) Milledgeville-Baldwin County Dev. Auth.
- 105) Mount Pleasant Waterworks
- 106) NE Corridor, LLC
- 107) New Bern Electrical System
- 108) Newton County Water & Sewerage Authority
- 109) North Fulton Regional Radio Auth.
- 110) Northeast Georgia Regional Commission
- 111) Northwest Florida State College Foundation
- 112) Ocean Highway and Port Auth. of Nassau County
- 113) Oconee Center Community Service Board
- 114) Orangeburg Co. Department of Disabilities & Special Needs
- 115) Pathways Center Community Service Board
- 116) Paulding County Airport Authority
- 117) Paulding County Industrial Development Authority
- 118) Peace River/Manasota Regional Water Supply Auth.
- 119) Peachtree City Convention & Visitor's Bureau
- 120) Peachtree City Water & Sewerage Authority
- 121) Phoenix Center Community Service Board
- 122) Public Bldg. Auth. of Knox Co. & City of Knoxville
- 123) Riverdale Downtown Development Auth.
- 124) River's Edge Community Service Board
- 125) Saluda Nursing Center
- 126) Sandy Springs Hospitality Board
- 127) Santee Waterree Regional Transit Auth.
- 128) Santee-Lynches Reg. Council of Govts.
- 129) Santee-Lynches Reg. Development Corp.
- 130) Sarasota School of Arts & Sciences
- 131) South Carolina Centers of Economic Excellence
- 132) South Florida Regional Transportation Auth.
- 133) Southeast Tennessee Development District
- 134) SOWEGA Council on Aging
- 135) Tampa Bay Water Authority
- 136) Toccoa-Stephens County Public Library
- 137) Town Center Area Community Imp. District
- 138) Two Notch Development Corp.
- 139) Waccamaw Regional Transportation Auth.
- 140) Walton County Water & Sewerage Authority

In addition to the clients listed on the previous page, we are the current auditors of approximately 115 cities, 55 counties, 55 school districts and 35 charter schools, and 40 state agencies. A listing of these clients can be made available upon request.

Resumes of Key Personnel

Please see the following pages for information on key individuals who are available to serve the District during the audit process. The Partner in charge of the engagement, Quality Control Review Partner, and manager assigned to supervise the audit **spend 100% of their time serving governmental entities**. The unit would be assembled as follows:



Wade Sansbury, CPA

Partner

Bradenton, Florida

941-741-2255

wsansbury@mjcpa.com

Wade Sansbury is a partner and a Certified Public Accountant with Mauldin & Jenkins. He is registered and licensed to practice in Florida and Georgia. Wade is a partner who **works exclusively (100%) in the governmental sector** of the Firm's audit practice. Wade has **over 23 years of experience** serving governmental clients. This experience has included serving special districts, cities, and counties. Wade will have the overall engagement responsibility for the District including planning, developing the overall audit approach, supervision of staff, and will be a main contact point for the District.



Technical Experience

During his career, Wade has served numerous governmental clients on behalf of the Firm including 23 special districts/authorities, 23 municipalities, and 6 counties. He currently serves 20 such entities in Florida.

Professional Associations and Education

- Bachelor of Business Administration in Accounting from Valdosta State University in 1995
- Member of the American Institute of Certified Public Accountants (AICPA)
- Member of the Florida Institute of Certified Public Accountants (FICPA)
- Member of the Government Finance Officers Association (GFOA)
- Member of the Florida Government Finance Officers Association (FGFOA)

Wade is currently serving as the Firm's Bradenton Office Managing Partner and is also a member of the Firm's seven member Executive Committee, which governs the actions and directions of the Firm. Wade also currently serves on the Bradenton Area EDC Investor Relations Committee. Note that Wade has many years of experience preparing financial statements in accordance with GASB 34 as well as preparing comprehensive annual financial reports meeting all of the requirements of the GFOA Certificate of Excellence Program. Wade also has extensive experience with multiple client computer systems and software and is a leader in the Firm for auditing such areas.

Audit Training

Wade annually exceeds the professional standards requirements requiring 80 hours of CPE every two year period and GAGAS standards requiring at least 24 hours of CPE that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. He attends annual Firm sponsored governmental accounting and auditing updates, as well as single audit updates, the FGFOA conference, AICPA sponsored courses, and various other courses. Wade has volunteered as instructor for various FGFOA chapter training courses across the state. His attendance as a participant and instructor at various training events ensures he is up to date on all GASB pronouncements.

Daniel Anderson, CPA

Manager
Bradenton, Florida

941-741-2213

danderson@mjcpa.com



Daniel Anderson is a manager and a Certified Public Accountant with Mauldin & Jenkins. He is registered and licensed to practice in the State of Florida. Daniel is a manager who works exclusively in the governmental sector of the Firm's audit practice. Daniel has approximately 10 years of experience serving governmental clients. His experience covers governmental accounting and auditing and has provided audit services to numerous governmental organizations, including special districts/authorities, cities, counties, and school districts. Daniel has significant experience with his client's computer system. Daniel will be responsible for developing the overall audit approach, supervision of staff, and will be a main contact point for the District. Daniel's Florida license number is AC42735 and is currently active through December 31, 2019.

Technical Experience

During his career, Daniel has served numerous governmental clients on behalf of the Firm including 7 special districts/authorities, 20 municipalities, 1 county, and 2 school districts. He currently serves 15 such entities in Florida. A condensed listing of governmental audit clients served by Daniel as manager is listed below:

- Manatee Co. Mosquito Control District
- Captiva Erosion Prevention District
- Bayshore Gardens Parks & Rec District
- Tampa Bay Water
- Hardee County IDA
- Lakeland Area Mass Transit District
- City of Crystal River
- City of Wildwood

Professional Associations and Education

- Bachelor of Science in Accounting from Florida State University in 2008
- Certified Public Accountant licensed by the State of Florida
- Member of the American Institute of Certified Public Accountants (AICPA)
- Member of the Florida Institute of Certified Public Accountants (FICPA)
- Member of the FICPA State & Local Government Committee
- Member of the Florida Government Finance Officers Association (FGFOA)

Note that Daniel has many years of experience preparing financial statements in accordance with GASB 34, as well as preparing CAFRs meeting all of the requirements of the GFOA Certificate of Excellence Program.

Audit Training

Daniel annually exceeds the professional standards requirements requiring 80 hours of CPE every two year period and GAGAS standards requiring at least 24 hours of CPE that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. He attends annual Firm sponsored governmental accounting and auditing updates, as well as single audit updates, the FGFOA conference, AICPA sponsored courses, and various other courses. Additionally, Daniel has served as an instructor at Firm sponsored CPE events, as well as FGFOA events at the state and local level.

Miller G. Edwards, CPA

Partner

478-464-8003

medwards@mjcpa.com

Miller is a member (i.e. partner) and a Certified Public Accountant with Mauldin & Jenkins. His experience covers a variety of clients in federal, state and local government. He is responsible for the Firm-wide governmental practice division of Mauldin & Jenkins. He is a past member of the Firm's seven member Executive Committee, which governs the actions and directions of the Firm, and is a member of the Firm's Audit and Accounting (A&A) Committee. Miller would serve as the engagement quality control review partner for the District's engagement.

**Technical Experience**

Beginning in June of 1986, Miller has over 30 years of experience in providing public accounting services to the governmental sector, all of which has occurred as an auditor with Mauldin & Jenkins. Since becoming a partner, Mauldin & Jenkins has become the leader in auditing state and local governmental units in the Southeast. Under Miller's leadership, Mauldin & Jenkins now serves approximately 450 governmental units. As a partner, Miller serves both large and small governmental units, and is involved directly, and indirectly, in serving over 70 such governmental entities over the past three years (in the capacity of engagement partner in-charge or quality control review partner). A detailed listing of these clients served is available upon request.

Professional Associations and Education

- Bachelor of Business Administration in Accounting and Risk Management & Insurance from the University of Georgia in 1986
- Certified Public Accountant licensed by the States of Florida, Georgia, and Alabama
- Member of the American Institute of Certified Public Accountants (AICPA)
- Member of the Florida Institute of Certified Public Accountants (FICPA)
- Member of the Government Finance Officers Association (GFOA)
- Member of the Florida Government Finance Officers Association (FGFOA)

Audit Training

Miller annually exceeds the minimum training requirements and standards. Miller spends a significant amount of time providing training to governmental accounting professionals through state conferences and our free Mauldin & Jenkins CPE provided to our clients.

Other Staff Resources (Technology Services and Fraud Examinations)

We have individuals with extensive experience and certifications relative to Information Systems Technology as well Fraud Examinations. The following two individuals are available to be of service to the District should the need arise:

Jameson A. Miller, CPA, CISA (Pending) **Director, Information Technology & Audit Services**



Jameson Miller is a director and has been with Mauldin and Jenkins since graduation from the University of Tennessee at Chattanooga. For 11 years, Jameson has provided audit services to public and private entities throughout the Southeast. In addition, he has experience managing and performing information system reviews.

Jameson has experience in the audits of general controls, application controls as well as electronic audit sampling and data extraction. He has extensive experience in SOX, SOC1, and GLBA compliance program implementation, testing and reporting. His technical expertise includes performing vulnerability and risk assessments and penetration testing of information systems using both technical and social engineering techniques. Further, Jameson has:

- Managed and performed regulatory compliance reviews including: Gramm Leach Bliley Act, and Sarbanes Oxley
- Managed and performed technical audits and security assessments of computer systems (penetration testing, vulnerability assessments, and application reviews)
- Performed SSAE 16 Service Organization Controls Audits (SOC 1, 2, 3)

Jameson is a member of the American Institute of Certified Public Accountants (AICPA), the Tennessee Society of Certified Public Accountants (TSCPA), and ISACA (Information Systems Audit and Control Association). He currently serves on the Board of Directors for the Chattanooga Chapter of the TSCPA. In addition, Jameson is an avid outdoor enthusiast and enjoys volunteering his spare time by serving on the Board of Directors of the Cumberland Trail Conference. Jameson is a licensed Certified Public Accountant with the State of Tennessee. He has passed the examination for the Certified Information Systems Auditor (CISA) designation through ISACA.

Kris Trainor, CPA and CFE **Certified Fraud Examiner**

Kris Trainor is a partner with Mauldin & Jenkins. Kris received his BBA in Accounting from Georgia Southern University. Since joining Mauldin & Jenkins in 1995, Kris has worked primarily on audit and consulting engagements. His experience ranges from fraud examinations, agreed-upon procedures, internal audits, financial statement audits, lender compliance, mortgage company audits, governmental audits, and loan servicing compliance audits. He also has audit and inventory experience in the manufacturing industry. Kris is a

member of the American Institute of Certified Public Accountants, the Georgia Society of Certified Public Accountants, the Association of Certified Fraud Examiners, Beta Gamma Sigma, and Beta Alpha Psi.



Other Staff Auditors & Accountants

Prior experience with government audits is as important for the staff as it is for management. Experience in governmental accounting and auditing minimizes the amount of time the staff will require to fully understand the complexities of the operations and financial accounting and reporting systems. Prior experience also enables the staff to recognize problems early in the engagement. This, in turn, allows the desired early consideration and resolution of problems. All staff assigned to the District's engagement will have prior experience serving government clients and/or will have substantial government audit training. All staff assigned to the District will be on-site throughout the entire engagement.

We would like to stress the fact that the majority of our governmental staff work on state and local governments 100% of their time. This reduces the "learning curve" on most audits by reducing the amount of "on-site training" that occurs at most national accounting firms. This is very evident in our proposed hours, which are typically much less than that of other firms. Our staff knows what is required and how to get the work done efficiently and effectively. Our staff members understand the laws and regulations specifically pertinent to Florida entities. We also normally have more high-level hours of service by our partners and managers (in the conduct of fieldwork) than the national firms, thereby reducing redundancy and other audit engagement inequities. We bring our experience to the field where timely decisions can be made.

Staff Continuity

We are committed to providing continuity of our engagement team members. We recognize that this is also an important factor for the District, as it limits the amount of retraining that needs to be performed each year. **Our staff retention rates of approximately 90%** are considered to be among the best in the profession (and much better than national firms). We are able to not only provide consistency with the partners and managers on our engagement teams, but seniors and staff as well.

Retention > 90%

It is also our goal to minimize disruptions to the District by staffing the engagement so as to provide continuity, both during and between audits. It is the Firm's policy not to rotate key audit staff, consultants or specialists off a multi-year contracted audit engagement. Consequently, it is not anticipated that any key audit personnel will be rotated away from the District's annual audit. In any business, however, turnover is inevitable. When this happens, we will provide resumes of suggested replacements and any changes in key personnel would always be discussed timely with District officials to their satisfaction.

Continuing Education of Partners and Staff

All members (i.e., partners) and staff of Mauldin & Jenkins receive substantial continuing education in audit and accounting – typically over 100 hours of such study per year. As soon as a staff person becomes a key ingredient to any type of niche service such as governmental audit, accounting and consulting, specific continuing education is sought. A good example includes sending our staff with over one year of governmental audit experience to various GFOA and AICPA training for audit, accounting and financial reporting courses. All partners and staff serving in the governmental sector join together in July each year for the M&J Annual Governmental Conference in which three days of audit, accounting and financial reporting training is provided.

Mauldin & Jenkins also provides week long audit efficiency training via Audit Watch every June to all staff persons with less than five years-experience. Further, every July staff persons from various levels of experience are provided with four days of training relative to the conduct of single audits and the preparation of Comprehensive Annual Financial Reports (CAFR's). All staff associated with the annual audit of the District will exceed all the continuing professional education requirements contained in the Yellow Book throughout the term of the contract.

External Quality Control Review (Peer Review)

In the mid 70s, the Private Companies Practice Section (PCPS) was founded by the American Institute of CPAs (AICPA) to establish a voluntary quality assurance program for CPA firms. There are requirements for membership in the section, which include mandatory continuing education for each member of the professional staff and a key element is a tri-annual independent review of a firm's quality control system in its practice of public accounting. Mauldin & Jenkins, LLC has been a member of the section from its inception. The peer review aspect has evolved from being voluntary to mandatory and Mauldin & Jenkins is in full compliance with the requirements of having a tri-annual review. In the peer reviewer's latest report dated October 30, 2017, our reviewing firm gave a rating of "pass" which is the highest form of assurance a reviewing firm can render on the system of quality control for our accounting and audit practice.

A copy of the report on our most recent external quality control review is provided on the following pages. **The quality control review included a review of specific government engagements.** No letter of comment was received as a result of this review. We are quite proud to be one of the few Southeast based firms to have undergone this review and to have received such an excellent opinion from a large reputable national firm. Our public company practice is also reviewed in accordance with CAQ requirements as administered through the Public Company Oversight Board (PCAOB). Also note, that as part of our quality control system, we perform internal peer reviews by office to ensure compliance with these standards during the two year break period between external peer reviews. Wade Sansbury, Miller Edwards, and Daniel Anderson, have all participated in this process. Additionally, we perform peer reviews for other firms across the country. As such, we have extensive knowledge and experience in this area which helps our Firm maintain sound quality control over our engagements.



Report on the Firm's System of Quality Control

To the Shareholders of Mauldin & Jenkins, LLC
and the National Peer Review Committee:

We have reviewed the system of quality control for the accounting and auditing practice of Mauldin & Jenkins, LLC (the firm), applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, and examinations of service organization's SOC 1 and SOC 2 engagements.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

PBMares, LLP | 725 Jackson Street, Suite 210 | Fredericksburg, VA 22401 | P 540.371.3566 | 1.800.296.3710 | F 540.371.3598

-2-

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Mauldin & Jenkins, LLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Mauldin & Jenkins, LLC has received a peer review rating of *pass*.

PBMares, LLP

PBMares, LLP
October 30, 2017

No Litigation, Federal/State Desk Reviews or Disciplinary Action

Mauldin & Jenkins has had no cases brought forth against the Firm over the past three years in which our Firm was a named party. Additionally, Mauldin & Jenkins has not had a federal or state desk review or field review of its audits during the past three years. Mauldin & Jenkins has not had any disciplinary actions taken (nor are any pending) against the Firm during the past three years with any state or federal regulatory bodies or professional organizations. We have a long standing history of providing excellent services to our clients and have had no prior record of substandard audit work.

TAB C
MANAGEMENT PLAN AND TECHNICAL APPROACH

MANAGEMENT PLAN AND TECHNICAL APPROACH

Audit Approach

Our Understanding of the District's Needs: We understand that the District is soliciting qualified certified public accounting firms to provide external auditing services to the Lee County Mosquito Control District and Lee County Hyacinth Control District for the fiscal year ending September 30, 2019. Specifically, we will provide the following:

- The expression of an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with U.S. Generally, Accepted Accounting Principles (GAAP), as revised, and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. The objective also includes reporting on:
 - a) Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
 - b) If required, 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 Uniform Guidance (which encompasses the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*).
- The audit shall be conducted in accordance with U.S. generally accepted accounting principles; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the rules of the Auditor General, and will include tests of the District's accounting records, a determination of major program(s) in accordance with the Super Circular Guide, and other procedures considered necessary to enable auditors to express such an opinion and to render the required reports.
- The audit shall include at a minimum, a financial and compliance examination, the purpose of which is to determine whether:
 - a) The financial statements present fairly the financial position of the District and the results of its financial operations in accordance with generally accepted accounting principles;
 - b) The District's internal accounting and other control systems to provide reasonable assurance that it is managing financial assistance programs and is in compliance with applicable laws, rules, and regulations; and
 - c) If required, the District has complied with applicable laws, rules, and regulations that may have a material effect on its financial statements and on each major assistance program.
- We understand that we are to prepare the audit report (including the financial statements and notes to the Financial Statements) at the completion of the audit.
- We will provide the District with an electronic copy of the financial audit at the time agreed upon with Mauldin & Jenkins and the District. We will present the results of our audit to the District Board if requested.

- We will be available to the District throughout the term of the contract to provide technical assistance including, but not limited to, the performance of special studies and the preparation of reports as may be required and authorized in writing by the District. Fees for any such special requests shall be subject to negotiation based on cost information provided by the proposer and limits established within the agreement.
- As noted in the RFP, the audit documentation for this engagement is the property of Mauldin & Jenkins, LLC and constitutes confidential information. However, pursuant to authority given by law or regulation, auditors may be requested to make certain audit documentation available to a federal agency providing direct or indirect funding, or the U.S. General Accounting Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities.

Tailored Approach – For each engagement we begin with a detailed audit plan based on our detailed understanding of the District’s policies, procedures, and risk areas. We obtain this understanding through the performance of walkthroughs and internal control documentation questionnaires. We then develop audit procedures based on our engagement specific risk assessment. We use Firm manuals specifically designed for governments to develop audit programs tailored to the District which incorporate the requirements set forth above. We anticipate that these procedures will enable us to express our professional opinion that the financial statements of the District present fairly, in all material respects, the financial position and results of operations of the various opinion units in conformity with accounting principles generally accepted in the United States of America.

Proposed Segmentation of the Engagement

Our professionals, who are knowledgeable with respect to audit requirements for governmental entities, will be assigned based on their expertise with respect to each segment. Our audit procedures, related documentation and quality review will be segregated by each segment as follows based on our review of the District’s prior financial statements, budgets, request for proposal, past experience, and other information available:



Segment I: Planning and Interim Procedures (typically in August/September)



Segment I: Planning and Interim Procedures

This segment includes:

- Obtaining a signed engagement letter for the financial and compliance audit;
- Meeting with District management to discuss the scope of the audit, timing of our work, and preparation of client schedules, and to address any concerns;
- Reviewing previously issued and interim financial reports, comment letters, monitoring reports, and other supporting workpapers;
- Reading minutes of District meetings;
- Reviewing the District's current year budget, as adopted and revised;
- Reviewing new debt agreements, and other various documentation;
- Obtaining an understanding of the District's accounting policies and procedures, including the financial and other management information systems utilized by the District;
- Obtaining an in-depth knowledge of the EDP equipment, software and systems in use;
- Performing analytical reviews to determine critical areas and assess risks;
- Performing a preliminary evaluation of the internal control structure at the account and assertion level;
- Designing and performing applicable tests of controls related to the financial statements and internal accounts;
- Making fraud inquiries and assessing the risks of material misstatement;
- Obtaining a list of cash, investment, debt, and selected revenue accounts for confirmation purposes, as applicable;
- Determining audit strategies for balance sheet and operating statement accounts based on audit risk;
- Obtaining a preliminary Schedule of Expenditures of Federal Awards to initiate planning and internal control testing for the single audit;
- Preparing year-end audit programs;
- Meeting with appropriate District personnel to discuss the results of our preliminary audit work.

Segment II: Final Audit Fieldwork Procedures (Typically in late November/December)

This segment includes:

- Conducting an analytical review of account balances based on closing balances;
- Testing the valuation, restrictions and cut-offs of cash and investment balances, as applicable;
- Testing receivable cut-offs and balances, including an analysis of subsequent receipts;
- Testing cut-off and valuation of inventory;
- Reviewing and testing supporting documentation for the allowance for doubtful accounts, prepaid items and other assets;
- Vouching capital asset additions and deletions, analyzing charges for appropriate accounting and testing depreciation;



Segment II: Year-end Procedures (Final Fieldwork)

- Testing accounts payable cut-offs and balances, including an analysis of subsequent disbursements;
- Testing accrued payroll, compensated absences, claims payable, OPEB payable, and other accrued liability cut-offs and balances;
- Testing debt balances and debt covenant compliance, as applicable;
- Testing compliance with applicable laws and regulations;
- Testing the classification of net position (unrestricted, restricted and net investment in capital assets);
- Performing analytical procedures and substantive testing of revenues and expenditures/expenses;
- Obtaining and auditing the final Schedule of Expenditures of Federal Awards;
- Completing compliance tests for the major programs selected for testing as required by the Federal Single Audit Act, as applicable;
- End of fieldwork exit conference.

Segment III: Review, Completion & Delivery Procedures (typically January/February of each year)



This segment includes:

- Reviewing workpapers to ensure quality and thoroughness of audit procedures;
- Summarizing the results of audit procedures;
- Obtaining attorney letters;
- Evaluating commitments, contingencies and subsequent events;
- Proposing audit adjustments;
- Summarizing and evaluating passed audit adjustments;
- Evaluating compliance exceptions;
- Reviewing draft financial statements and related note disclosures;
- Performing financial condition assessment procedures;
- Preparing drafts of audit reports and management letter;
- Delivering drafts of audit reports and letters to appropriate client officials;
- Finalizing all reports and management letter;
- Obtaining signed representation letter and the District's approval of the final financial statements;
- Drafting the Data Collection Form and obtaining the District's approval;
- Preparing and providing the District a PDF document and "camera ready" copy of the audited financial statements;
- Final exit conferences and presentations with appropriate District officials.

Following the completion of the audit, we will provide written draft reports to management for review and approval including the following:

- An independent auditor's report on the fair presentation of the Governmental Activities, Each Major Fund, and the Aggregate Remaining Fund Information, which collectively comprise the District's basic financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary information and the Schedule of Expenditures of Federal and State Awards "in relation to" the audited financial statements.
- An independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. Which will include any reportable conditions.

- An independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.550, *Rules of the Auditor General* of the State of Florida. These reports will include any reportable conditions or instances of noncompliance.
- A management letter that outlines any constructive suggestions for improvement to management.
- Any comments required by the Rules of the Auditor General, Chapter 10.554(1)(i).
- Acknowledgement and communication surrounding Statement of Auditing Standards (SAS) No. 114, *The Auditor's Communication with Those Charged with Governance*. We will provide, as required, communications to management on each of the following:
 - Our responsibility, as your auditors, under auditing standards generally accepted in the United States of America.
 - Accounting policies.
 - Management's judgments and accounting estimates.
 - Financial statement disclosures.
 - Related accounting matters.
 - Significant difficulties encountered in performing the audit.
 - Audit adjustments.
 - Disagreements with management.
 - Representations from management.
 - Management consultation with other accountants.
 - Significant issues discussed with management.
 - Other information in documents containing audited financial statements.
 - Independence.

Based on the District's request for proposal, we have also prepared a schedule of events, including level of staff and number of hours to be assigned to each proposed segment of the engagement, which is representative of the expected 2019 audit in the following tabular presentations:

Segmented Hours by Staff Level - District Audit				
Segments	Engagement Team Members by Level			
	Partner	Manager	Staff	Total
Segment I - Planning and Interim Procedures	11	14	10	35
Segment II - Final Audit Fieldwork Procedures	20	60	80	160
Segment III - Review, Completion & Delivery Procedures	9	16	-	25
Total Engagement	40	90	90	220

We at Mauldin & Jenkins would be flexible in the timing of certain events as requested by the District. We want to work with District personnel in an effective manner. We intend to do a great deal of planning and tailoring of our approach from our initial visits. We do not want our clients to feel that they have to reinvent the wheel every time we ask for something. However, to make this process cost the District as little as possible (both in dollars and their individual time), it is important to start only when ready and avoid auditing a moving target.

Mauldin & Jenkins believes that we are uniquely qualified to perform the audit of the District. In a time in which very significant changes continue to be implemented in the District's financial reporting model, it is imperative for the District's auditors to understand the District's financial reporting environment and processes. The team proposed to serve you is made up of individuals who have significant experience in auditing local governments of various sizes in the Southeast.

Sample Size and Approach and the Extent to Which Statistical Sampling is to be used in the Engagement

Our approach to auditing relies heavily on the use of audit sampling as provided in U.S. Auditing Standards AU-C Section 530, *Audit Sampling*. We would plan to utilize audit sampling whenever a decision is made to apply a specific audit procedure to a representative sample of items within the account balance or class of transactions with the objective being reaching a conclusion about the entire balance or class.

We anticipate using audit sampling on the following types of audit tests:

- Substantive tests of details of balance sheet account balances
- Substantive tests of details of transactions
- Tests of controls
- Tests of compliance with laws and regulations

Our use of audit sampling will be based on the guidance in AU-C Section 530 and the AICPA Audit and Accounting Guide - Audit Sampling.

Type and Extent of Analytical Procedures to be used in the Engagement

Analytical procedures can be applied to almost every financial statement balance in accordance with U.S. Generally Accepted Auditing Standards. It is, therefore, an efficient audit strategy to employ analytical procedures to the maximum extent possible. Analytical procedures may augment substantive tests of details depending on our overall risk assessment of District accounts.

The elements of analytical procedures we plan to consider are as follows:

- 1) Identify the factors on which a given accounting result should depend;
- 2) Determine the approximate relationship between the accounting result and those underlying factors;
- 3) Predict what the current results should be if that relationship continued;
- 4) Compare the actual current result to the prediction;
- 5) Investigate and corroborate significant variances between the actual result and the prediction;
- 6) Reach a conclusion as to the reasonableness of the reported result.

Types of analytical procedures employed will include:

- Reviewing changes from prior years for reasonableness.
- Reviewing accounts for items larger or smaller than expected when compared to budgets or forecasts.

- Reviewing and comparing logical relationships between years (e.g., payroll taxes and benefits to wages, etc.). Comparisons between years can be made more effective when logical relationships between elements of the financial statements that would be expected to conform to the predictable pattern are used to develop trends. This is primarily accomplished through the use of ratios.
- Analyzing and comparing nonfinancial information, such as number of taxable properties, geographical area, number of employees, etc.

All analytical procedures performed as substantive tests are documented on each applicable audit program.

Approach to be Taken in Determining Laws and Regulations to be Subject to Audit Test Work

Standards for testing and reporting on compliance with laws and regulations are established by Auditing Standards AU-C Section 935, *Compliance Audits*. We will use this guidance to perform tests to determine the District's compliance with certain provisions of laws and regulations (Florida Statutes, etc.), contracts, grant agreements, and debt agreements, where noncompliance could have a *direct and material effect* on the financial statements.

Our approach to be taken to determine the laws and regulations that will be subject to audit test work will include procedures designed to identify requirements found in legal or legislative data, administrative regulations, and documents associated with grant and contract arrangements. The following procedures and policies will be applied depending on the nature and materiality of the laws and regulations:

- During the planning phase, the type of audit to be performed, as it relates to compliance matters, will be communicated to all personnel assigned to the engagement.
- Obtain a list of all federal award programs from which the client received and expended funds and identify, using the prescribed risk-based approach, the major programs required to be audited. If a program-specific audit is required, identify the award program to be audited.
- Identify applicable state and local statutory and regulatory requirements and contractual requirements.
- Plan and document the audit procedures to be performed relative to material state and local statutory and regulatory requirements and contractual requirements.
- Perform and document federal, state, and local statutory, regulatory and contractual compliance audit procedures as deemed to be applicable and appropriate during the planning stage of the engagement.
- Make specific inquiries of management concerning the following matters:
 - The District's compliance with laws and regulations.
 - The District's policies relative to the prevention of statutory, regulatory and contractual violations.
 - The use of directives issued by the District and periodic representations obtained by the District from officials and other management personnel at appropriate levels of authority concerning compliance with laws and regulations.
- Specific testing for issues that are unique to Florida governments:
 - Testing as to whether or not the District complied with Section 218.415, *Florida Statutes*, regarding the investment of public funds.

- Testing as to the District's compliance with Section 166.241, *Florida Statutes*, regarding adoption and reporting of annual budget, such as the minimum information required to be included in the budget, when the budget must be posted on the District's website after adoption, requirements on posting budget amendments.
- Testing of debt covenant compliance requirements.
- Testing of the financial condition assessment procedures pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General* of the State of Florida, and determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), *Florida Statutes* and Chapter 2012-38, *Laws of Florida*.

Approach to be Taken in Drawing Audit Samples for Purposes of Tests of Compliance

Applicable auditing standards state that, in testing for compliance with laws and regulations, the number, selection, and testing of transactions is based on the auditor's professional judgment. None of the guidelines, primarily AU-C Section 250, explain whether this requirement to select a representative number for testing compliance means that audit sampling is necessary.

The two possible approaches to audit sampling are nonstatistical and statistical. AU-C Section 530 *Audit Sampling* indicates that both of these approaches are capable of producing sufficient evidential matter, if properly applied. The types of procedures that are applied are not determined by the sampling approach used. Either approach may be used to apply whatever tests of details deemed necessary in the circumstances. The importance of professional judgment cannot be overemphasized as it applies to the evaluation of the adequacy of evidential matter generated by the sampling approach. Regardless of the sampling approach selected, we will properly plan, perform, and evaluate the results of the sample. Professional judgment must be used to relate the sample results to other evidential matter when we form a conclusion about compliance with laws and regulations. It should be noted, however, that not all tests of compliance or controls are transaction related. If we decide to use audit sampling, attention is focused on which sampling approach (statistical or nonstatistical) to use. Substantial information is given in the AICPA Sampling Guide and several college and professional books on the use of various statistical sampling approaches.

The basic requirements that relate to all compliance related samples, statistical and nonstatistical, are as follows:

- **Planning.** We will relate the population to the objective of the audit test; i.e., defining the population and sampling unit.
- **Selection.** We will select items that can be expected to be representative of the population.
- **Evaluation.** We will project sample results to the population and consider sampling risk.

In a compliance sampling application, the population is defined as all items that constitute the account balance or class of transactions, or the portion of the balance or class, being tested (i.e., all expenditures of the District above a certain threshold required to be bid). The population for a substantive sample usually is the account balance or class of transactions excluding those items selected for testing because of individual significance. The term individually significant item encompasses two types of items:

- Individually significant dollar items
- Unusual items (that is, items that have audit significance by their nature)

Due to the nature of tests of controls, we ordinarily are not concerned with identifying individually significant items when tests of controls are performed using audit sampling.

Sampling results can be projected only to the population from which the sample is drawn. The use of the wrong population for a sampling application could mean that conclusions based on the sample are invalid for our purpose.

The sampling units are the individual items that are subjected to tests and that represent the components of the population. It is important to properly identify the sampling unit before the sample is selected to produce an efficient and effective sampling application. Examples of sampling units would be individual capital disbursements, etc. The determination of the specific sampling unit is influenced by the following considerations:

- The sampling unit should produce an efficient sampling plan.
- The sampling plan must be effective to accomplish its objectives.
- The nature of the audit procedures can determine the sampling unit to be used. AU-C Section 530 requires a “representative sample”. There are several commonly used methods of selecting samples that meet the criteria of representativeness stipulated by AU-C Section 530. The following are some of those methods:
 - **Random selection.** Regardless of the method of sampling used, statistical or nonstatistical, a random selection provides each item in the population an equal chance of being selected. Numerous random selection methods are discussed in the AICPA Sampling Guide, including stratified random sampling.
 - **Systematic sampling.** This method can be used with nonstatistical or statistical sampling to give every item in the population an equal chance of being selected if a random start is used. However, it may not produce an equal opportunity for all combinations of sampling units to be selected unless numerous random starts are made. The population is divided by the number of sample items to determine the sampling interval to use.
 - **Haphazard selection.** Under this method, nonstatistical sample items are selected in no specific pattern without bias for or against any items in the population. This could be done by selecting a sample of items from the paid invoices for the year if there were no bias for or against large ones. We may use this method provided care is taken to be sure no conscious bias is added to the selection process.

We will evaluate whether the sample selected seems representative of the population to be tested. If the sample does not seem representative, we would reselect.

For substantive tests of details, we will, if practical, stratify any remaining population. Generally, the remaining population should be divided into at least two subgroups that are more similar in dollar amount. One useful approach to stratification is to base this division on the average amount of an item in the remaining population. All items above the average amount would be one subgroup, and all items below that amount would be the other subgroup.

For all items in the population to have a chance to be selected, we will determine that the sample population actually includes all the items (e.g., capital disbursements, etc.) comprising the balance. There are many ways to determine the completeness of a sample population, including:

- If the sample is selected from a trial balance, we can foot the trial balance and reconcile the total to the account balance.
- If the items are numerically sequenced, we can scan the accounting records to account for the numerical sequence of items in the population and select the sample from that sequence.

The two sampling forms presented both include a step that allows the auditor to document how the completeness of the sample population was considered. Whenever practical, we will consider using random selection (with a random number table or microcomputer-generated numbers) or systematic selection. Haphazard selection may be used when the population is not numbered or when other circumstances make use of a random-based method impractical. Using one of these random-based methods does not make the sampling application statistical.

The evaluation of sample results has two aspects. We will need to project the noncompliance. Also, we will need to consider the sampling risk. In a statistical sample, sampling risk must still be considered and restricted to a relatively low level but cannot be objectively measured. This is the primary conceptual distinction between statistical and nonstatistical sampling. In the two nonstatistical sampling approaches presented in this section, sampling risk is assessed by considering whether the rate or amount of exceptions identified in the sample exceed the expected rate or amount of exceptions used in designing the sample.

Approach to be Taken to Gain and Document an Understanding of the District's Internal Control

Auditing standards generally accepted in the United States of America require the auditor to document our understandings of the internal control structure elements. The form and extent of documentation is flexible. Generally, the more complex an entity's internal control structure and the more extensive the procedures performed to obtain the understanding, the more extensive our documentation should be. In addition to memos, we plan to use specifically designed forms and questionnaires to document our understanding of the internal control structure. Recent changes in auditing standards, known as the risk assessment standards, denote that the auditor is not required to test internal control so as to rely on them to reduce other test work, but do not allow for only inquiry procedures related to internal control. We are required, and will perform, other procedures, such as walkthroughs and observation, related to controls over significant financial statement and audit assertions.

Auditing standards have established requirements for auditors related to consideration of internal control as part of an audit. They also provide guidance about how the entity's use of information technology (IT) affects the auditor's consideration of internal control in planning the audit. These same standards also requires an understanding of five interrelated components of internal control defined and described in more detail in COSO's *Internal control—Integrated Framework*. The five components are as follows: (1) Control environment, (2) Risk assessment, (3) Information and communication, (4) Monitoring, and (5) Control activities. The internal control structure and its policies and procedures are an important source of information about the types and risks of potential material misstatements that could occur in the financial statements and violations of statutory, regulatory and contractual requirements. This information is essential for effective audit planning and in designing effective and efficient audit tests.

In our understanding of the District's internal control structure, we will obtain knowledge about: (1) How internal control structure policies, procedures and records are designed, as well as how these are integrated into the computer systems of the District; (2) Whether internal control structure policies, procedures and records have been placed in operation, i.e., whether the District is using them; (3) Whether

internal control structure policies, procedures and records are designed effectively, i.e., whether they are likely to prevent or detect material misstatements or compliance violations on a timely basis; and, (4) Whether internal control structure policies, procedures and records are operating effectively.

We will gain our understanding of the District's internal control structure through the performance of inquiry of the District officials, observation and re-performance of procedures being performed by the District personnel, inspection of the District documentation, and review of relevant written policy and procedure manuals.

Additionally, we will perform an evaluation of the District's IT general controls and their effect on audit risk and on the extent of our required audit testing. Effective IT controls can reduce audit risk and therefore potentially reduce testing, while ineffective controls can result in increased audit risk and additional testing. An evaluation of the District's security management at all levels of control will also be reviewed.

Extent of the Use of EDP Software in the Engagement

All members of the audit staff have had significant training in computer aided auditing techniques. Mauldin & Jenkins uses a very detailed and structured approach in using computer aided auditing techniques, which has been extremely successful for us in our past engagements.

At the start of the engagement during our planning phase, we will assess the computer systems used by the District, and plan the specific computer aided auditing techniques to be used. This will decrease time spent in the initial file setup, trial balance setup, and data integrity testing. This approach will allow for more effective audits resulting in a fast sort, filter and analysis of multiple transactions in a population, and provide for drilling down on those items that have the highest risk.

When applicable, we will use CaseWare's IDEA software. IDEA is the world's most comprehensive and intuitive data analysis tool available. It gives us deeper insights into what is transpiring within the government to identify risks that may have gone undetected. It helps us spend less time looking for evidence and more time improving controls and processes. IDEA data analysis software helps us:

- Conduct more efficient and effective audits, while improving audit quality
- Increase value of audit findings with complete, 100% data coverage
- Identify risk and control issues before they impact the entity
- Improve productivity by automating procedures and eliminating manual tasks



Examples of uses of IDEA at the District are as follows:

- 1) Summarizing disbursements for a period by dollar range and compare to policy guidelines for complying with certain attributes (approvals and signature requirements, etc.);
- 2) Searching check register listings for unrecorded items or checks written during the fiscal year;
- 3) Converting bank or investment activity statements to Excel to provide for a quick listing of deposits for an entire period/year;
- 4) Converting vendor file information to Excel and comparing employee files with addresses for any similar or unusual items related to vendor files;
- 5) Analyzing general ledger detail transactions and journal entries for effective and efficient testing of all activity for the fiscal year as compared to the prior year;
- 6) Summarizing of large volumes of transactions to determine agreement to the general ledger;
- 7) Sampling for testing of internal controls.

The trial balance downloaded will then be used to agree to the ultimate draft of the District financial statements ensuring that all adjustments and balances are brought forward into the financial statements and providing a clean audit trail for review and support of the District's financial statements.

Implementation of New GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued over 50 pronouncements in the past 15 years, and continues to research various projects of interest to governmental units.

Considering the number of recently issued or pending GASB pronouncements, we believe proactive training on the parts of auditors and auditees to be of great importance. As in the past with our governmental clients (via free cpe and general discussions), our priority is to communicate all significant information to our clients and offer special training sessions relative to these subjects as needed.

Identification of Anticipated Potential Audit Problems

Future GASB Pronouncements

GASB has issued over 50 pronouncements in the past 15 years, and continues to research various projects of interest to governmental units. Subjects of note include:



- Re-examination of the financial reporting model;
- Revenue and expense recognition;
- Conduit debt;
- Cloud computing arrangements;
- Conceptual framework;
- Economic condition reporting.

Additionally, GASB has already issued new pronouncements that will be effective during the term of this proposed engagement period on the subjects of:

- GASB 75 – Other post-employment benefits (OPEB);
- GASB 81 – Irrevocable split-interest agreements;
- GASB 84 – Fiduciary activities;
- GASB 86 – Debt extinguishment;
- GASB 87 – Capital leases or operating leases;
- GASB 88 – Debt disclosures;
- GASB 89 – Capitalization of interest cost.

Considering the number of recently issued or pending GASB pronouncements, we believe proactive training on the parts of auditors and auditees to be of great importance. As in the past with our governmental clients (via free CPE and general discussions), our priority is to communicate all significant information to our clients and offer special training sessions relative to these subjects which is included as part of our audit fee.

Single Audits

Single audits can be quite cumbersome. Obtaining the needed information from a compliance and financial perspective can be difficult for the auditor and auditee. We anticipate similar difficulties in performing the audit of the District if a single audit is required. However, we do believe that with proper planning and communication by all sides, and with the assistance of District personnel, all potential problems should be easily overcome. As part of our preparation of this proposal, we have assumed the District does not have sufficient federal expenditures to require a single audit for year ending September 30, 2019. As such, the fee for completing a single audit, if one is determined to be needed at some point in the future, will be negotiated with management. We believe that with this consideration of proper planning of the procedures to be performed, and with the element of communication, all potential problems can be avoided.

Other Potential Problems

In addressing any issue, communication and timely resolution are critical. Mauldin & Jenkins prides itself in developing professional relationships and rapport with clients which facilitate open and honest communication. Mauldin & Jenkins' stance would be based on reporting meaningful information to the financial statement users, but understanding that the financial statements are the District's representations. To do less would compromise our independent status.

We use the following approach to seek a mutually agreeable resolution of accounting & reporting issues:

- Step 1** Define and understand the issue through discussion with the District's management and verified audit information.
- Step 2** Make an initial assessment of the impact of alternative accounting treatments.
- Step 3** If the impact has significant potential, gather research which may include the following: obtain the District's research and rationale for their position; gather additional details; draw on common practices within other Florida governments or other similar sized governments; utilize recognized Firm experts.
- Step 4** Discuss with District staff the Firm's preferred position and rationale.
- Step 5** Resolve the issue.

**TAB D
WORK SCHEDULE AND TIMELINE**

WORK SCHEDULE AND TIMELINE

The following tabular presentation is our estimate of time to complete the project requirements for the Districts' annual financial and compliance audit based on our understanding of the Districts' audit and our professional experience performing similar engagements.

Lee County Mosquito Control District Lee County Hyacinth Control District (Proposed time schedule for the fiscal year ended September 30, 2019)

	Dates	Partners	Manager	Sup / Sen / Staff	Total
Conduct of Interim Work	August 2019	5	8	10	23
We would visit District offices for several days at an agreeable time to gain an understanding of the District's internal control system and identify those items needed at year end. We would review year to date budget to actual reports to help assess our audit approach. We would spend time with District officials to determine the nature and extent of final fieldwork procedures. We would strive to gather enough information to be able to effectively communicate our needs for conduct of final fieldwork through the form of a letter requesting items needed, and determining sample sizes.					
Submission of audit plan and list of schedules to be prepared for final fieldwork	September 15, 2019	5	5	-	10
We will have available for the District, a list of items needed for final audit fieldwork no later than September 15th of each year.					
Pre-audit meeting with Finance Officer, and District Manager	January 2020	1	1	-	2
Conduct final fieldwork	Jan / Feb 2020	20	60	80	160
We would typically return to the District in late January or early February (or at an agreed upon date in which the District would be ready). It is important to us that the District be completely ready prior to starting. We have found auditing a moving target to be quite costly. We would begin at this point to conduct final audit procedures of a substantive and compliance nature.					
Delivery of draft reports, audit adjustments and recommendations to management	February 2020	-	1	-	1
Review of draft financial statements and preparation of reports	February 2020	6	14	-	20
We would be on-site as much as needed. We would also continue to discuss the specific elements of the financial statements and footnotes with the District as needed from our office.					
Delivery of final reports and management letter	March 2020	-	-	-	-
Exit Conference with Management	March 2020	1	1	-	2
In accordance with the proposal , we will meet with District management to summarize the results of the audit.					
Board of Presentation	March 2020	2	-	-	2
Total hours f/y/e 2019 audit		40	90	90	220

We at Mauldin & Jenkins would be flexible in the timing of certain events as requested by the Districts. We intend to do a great deal of planning and tailoring of our approach from our initial visits. We do not want our clients to feel that they have to reinvent the wheel every time we ask for something. However, to make this process cost the Districts as little as possible (both in dollars and their individual time); it is important to start only when ready and avoid auditing a moving target.

**TAB E
COST PROPOSAL**

COST PROPOSAL

As requested by the Districts, we have enclosed herewith an all-inclusive maximum fee proposal of the requested annual financial and compliance audit services for the September 30, 2019 through 2021, audits. The cost proposal contains all pricing information relative to performance of the audit and can be found below.

As noted in the preceding paragraphs, our fees include provision for the conduct and performance of the respective financial/compliance audits of the Districts as well as the preparation of the Districts' audited financial statements in a manner similar to the presentation provided to us as of and for the year ended September 30, 2018. The District has not been required to perform a single audit or state audit over the last several years. As such, our proposal does not include provision for single audits. If there is the need for an additional single audit, an additional \$4,000 will be charged per major program. Our proposed fees include all transportation, onsite visits, visitations with staff, general and administrative costs, per diem and travel expenses as set forth in Florida Statute 112.061. **There are no hidden costs associated with our proposal.**

Fiscal Year Ending	Lee County Mosquito Control District	Lee County Hyacinth Control District	Total
September 30, 2019	\$ 21,000	\$ 13,900	\$ 34,900
September 30, 2020	21,000	13,900	34,900
September 30, 2021	21,600	14,300	35,900

Additional Items Related to our Audit Fees

Note (1) – Unlimited Correspondence: It is Mauldin & Jenkins' policy to not charge for simple discussions and conversations that occur between the District and Mauldin & Jenkins that are only simple discussions (i.e., a phone call to ask certain questions that do not require additional research).

Note (2) – Free Periodic/Quarterly Continuing Education: As noted in our technical proposal, we provide free quarterly continuing education classes to our clients. This could amount to approximately \$1,500 of annual savings for the District's estimated finance department per person.

Note (3) – Additional Services: If it should become necessary for the District to request Mauldin & Jenkins to provide any additional services outside of the scope of the annual audit, then such additional work shall be performed only if set forth in an addendum to the contract between the District and Mauldin & Jenkins.

Note (4) – No Hidden Fees or Costs: The pricing schedules contain all pricing information relative to performance of the audit as required by the District. Our estimated number of hours and the associated fee estimate indicated are based on our professional judgment and experience with similar governmental entities. So long as there are no significant changes in the operations or the number of major programs of the District (as noted in note 5 below) and or the scope of services requested or significant problems requiring additional time, **our quoted fees will not change.**

Note (5) – Single Audit (Federal and/or State Grant Programs): At this time, it is our understanding no Single Audit is currently required, and no major programs currently exist nor expected going into the immediate future. Therefore, and due to the uniqueness and variety of federal and state grant programs, should a single audit ever be determined to be required, we will address such a need at that time, and no provision is made as of today.

**TAB F
ENGAGEMENT LETTER**

June 3, 2019

To the Board of Commissioners
Sample Special District

Attn: Management

We are pleased to confirm our understanding of the services we are to provide the Sample District (the District) for the year ended September 30, 2019. We will audit the financial statements of the governmental activities, the major fund, and the remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the District as of and for the year then ended. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis (MD&A).
2. Schedule of District's Proportionate Share of the Net Pension Liability - FRS
3. Schedule of District's Proportionate Share of the Net Pension Liability - HIS
4. Schedule of District Contributions – FRS
5. Schedule of District Contributions – HIS
6. Schedule of Changes in the District's Total OPEB Liability and Related Ratios
7. Budgetary comparisons for the General Fund

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Commissioners of the Citrus County Mosquito Control District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us

Sample District – Sample 2019 Engagement Letter

June 3, 2019

Page 2

to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will fully 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 to issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) 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 as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.

If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein.

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and 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 and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

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) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Sample District – Sample 2019 Engagement Letter

June 3, 2019

Page 3

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written 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 and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

With regard to an exempt offering document with which Mauldin & Jenkins is not involved, you agree to clearly indicate in the exempt offering document that Mauldin & Jenkins is not involved with the contents of such offering document.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. You agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Sample District – Sample 2019 Engagement Letter
June 3, 2019
Page 4

Audit Procedures—General

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 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. 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. 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 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; 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,

Sample District – Sample 2019 Engagement Letter
June 3, 2019
Page 5

accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

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 and *Government Auditing Standards*.

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 District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit 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*.

Other Services

We will also assist in preparing the financial statements and related notes of the District in conformity with U.S. generally accepted accounting principles 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*. We will perform these services in accordance with applicable professional standards. The other services are limited to the financial statements and related notes services previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

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.

We will provide copies of our reports to the Sample District; however, management is responsible for distribution of the reports and financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Mauldin & Jenkins and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Mauldin & Jenkins personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a regulatory body. If we are aware

Sample District – Sample 2019 Engagement Letter

June 3, 2019

Page 6

that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in September 2019 and to issue our reports no later than March 2020. Wade Sansbury 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 \$X for the year ended September 30, 2019. 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. 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 the Sample District 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

Wade Sansbury

RESPONSE:

This letter correctly sets forth the understanding of the Sample District.

By: _____

Title: _____

TAB G
CERTIFICATION AND ACKNOWLEDGEMENT PAGE

IX. CERTIFICATION and ACKNOWLEDGEMENT

The undersigned, as an authorized agent of the proposer, hereby certifies (Initial each statement):

- ☒ The Proposer is in receipt of Nil addenda.
- ☒ The Proposer is familiar with all instructions, terms and conditions, and specifications stated in this RFP, including the following:
 - ☒ The proposer understands there is a pre-proposal meeting scheduled on **Monday May 6th, 2019 beginning at 10:00 A.M. EST** at the District(s) Administration Building. Attendance is not mandatory; however, it is highly encouraged.
 - ☒ The Proposer will be available for interviews, if selected for interview by District(s), during the afternoon on **July 18th, 2019 at 10:00 A.M.** Interviews expected to be one (1) hour.
- ☒ The Proposer is qualified to perform the work and services outlined in this RFP.
- ☒ The Proposer warrants that they have not employed or retained any company or person, other than a bona fide employee working solely for the Respondent to solicit or secure this agreement and they have not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee working solely for the Respondent any fee, commission, percentage, gift, or other consideration contingent upon or resulting from award or making of this agreement.
- ☒ The Proposer represents and warrants that he is not currently on the Convicted Vendor List or on the Discriminatory Vendor List, nor are they under investigation for violation of the same.
- ☒ The Proposal has been arrived at independently and submitted without collusion with any other Proposer, District(s) staff or District(s) contractor, and the contents of the Proposal have not been communicated by the Proposer or, to the Proposer's best knowledge and belief, by any one of its employees or agents to any person not an employee or agent of the Proposer, and will not be communicated to any person prior to the District's final action on this RFP by the District(s). Nothing in this paragraph shall be construed to prevent or preclude two or more companies or persons from joining together to submit a proposal for the work.
- ☒ The offers, terms and conditions of the proposal will remain valid and effective and may be relied upon by the District(s) for a period of ninety (90) days following the Proposal closing date and time as identified in this RFP or addenda.

Signed By: Wade P. Sansbury Title: Partner

Typed Name: Wade P. Sansbury Company Name: Mauldin & Jenkins, LLC

Phone No.: 941-747-4483 Fax No.: 941-747-6035

Email: wsansbury@mjcpc.com

Bid Address: 1401 Manatee Avenue West, Suite 1200 Bradenton, Florida 34205
 P.O. Box or Street City State Zip

Order Address: _____
 P.O. Box or Street City State Zip

Remit Address: _____
 P.O. Box or Street City State Zip

Federal Tax ID No.: 58-0692043

DUNS No.: _____

Date: May 30, 2019

Lee County Mosquito Control District
 Lee County Hyacinth Control District
 RFP No. 19-105 – Independent Audit Services

www.mjcpa.com

MAULDIN & JENKINS, LLC

**1401 Manatee Avenue West, Suite 1200
Bradenton, Florida 34205**

**(941) 747-4483 (Phone)
(941) 747-6035 (Fax)**



CRI

Helping You Shine
by Illuminating Solutions



professional services

PROPOSAL FOR

Lee County Mosquito Control District (LCMCD)
Lee County Hyacinth Control District (LCHCD)
LCMCD/LCHCD Retiree Health Insurance Trust

May 31, 2019

PROPOSER

Carr, Riggs & Ingram, LLC
3000 Bayport Drive, Suite 500
Tampa, FL 33607
727-324-1232



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRlcpa.com

SUBMITTED BY

David Alvarez
Engagement Partner
dalvarez@CRlcpa.com



COVER LETTER and STATEMENT of INDEPENDENCE..... 1

TAB A FIRM BACKGROUND 3

TAB B FIRM EXPERIENCE and QUALIFICATIONS 5

TAB C MANAGEMENT PLAN and TECHNICAL APPROACH 16

TAB D WORK SCHEDULE and TIMELINE 29

TAB E COST PROPOSAL 30

TAB F ENGAGEMENT LETTER..... 33

TAB G CERTIFICATION and ACKNOWLEDGMENT 43

COVER LETTER AND STATEMENT OF INDEPENDENCE



May 31, 2019

Lee County Mosquito Control District
Lee County Hyacinth Control District
Attn: Chris Gates
15191 Homestead Road
Lehigh Acres, FL 33971

Re: Independent Audit Services
RFP No. 19-105

Dear Audit Committee:

Lee County Mosquito Control District has been providing uninterrupted mosquito control services to the citizens of Lee County for over sixty years. **Carr, Riggs & Ingram, LLC (CRI)** sincerely appreciates the opportunity to submit this proposal to provide independent audit services to the Lee County Mosquito Control District (LCMCD), Lee County Hyacinth Control District (LCHCD) and LCMCD/LCHCD Retiree Health Insurance Trust (the "Districts"). It would be an honor to work with you and assist you in meeting the District's financial reporting and compliance requirements. Beyond those requirements, we are committed to bringing additional value to the Districts by providing ongoing advice regarding appropriate accounting principles and their application, consultation about accounting issues that may arise, and recommendations for your consideration regarding internal controls and best practices. All terms and conditions of the RFP are understood and acknowledged. ***We are committed to completing the work and providing the required reports on time.***

We believe that we are well positioned to provide these services for the Districts:

- CRI is a **major certified public accounting firm, ranked 19th in size nationally**, employing over 2000 accounting, auditing, tax, and consulting professionals. CRI's roots are in Florida and the Southeast, yet our clients are located throughout the U.S., with **clients in all 50 states**.
- CRI has a significant presence in Florida, with **20 local Florida offices staffed by over 450 professionals**.
- CRI's partners and staff possess broad knowledge and deep experience in the area of governmental accounting, auditing, and consulting and bring **experience with Tyler Technology products to the Districts**, with multiple current clients using Tyler Technology software. We currently provide these services to over **200 cities, counties, school districts and other governmental entities**.
- **CRI's audit practice is heavily oriented to the public sector. Over 40% of our audit clients throughout the Southeast are audited under Government Audit Standards issued by the Government Accountability Office (Yellow Book).** CRI will also bring an experienced perspective to your audit with a team that is not only highly experienced but is currently providing services to Florida governments including: Florida State Fair Authority, City of Largo, City of Gulfport, City of Treasure Island, Pasco County, Pasco County Schools and Pinellas County Schools. **No other firm can match the government experience of CRI, especially as it relates to Florida counties.**



- **CRI's partners are active members of the team throughout the audit process.** They will be "in the field" working and supervising other members of the team. We have a proposed team of auditors who are all experienced in performing government audits and will not need to be trained by your personnel.
- The Tampa Bay office of CRI located at 3000 Bayport Drive, Suite 500, Tampa, FL 33607 will be the primary location for this engagement. David Alvarez will serve as the engagement partner and is authorized to make representations for the firm.
- We do not have any potential conflicts of interest with the Districts due to other clients, contracts or property interests.

We welcome the opportunity to continue to demonstrate the same teamwork, expertise and responsiveness that have made us one of the fastest growing public accounting firms in the United States. We appreciate your consideration, and we encourage you to contact us with any questions as you review our proposal. The Lee County Mosquito Control District (LCMCD), Lee County Hyacinth Control District (LCHCD) and LCMCD/LCHCD Retiree Health Insurance Trust will be one of the most important clients of CRI and we assure you that you will receive the highest level of service.

Sincerely,

David Alvarez, Partner
dalvarez@CRIcpa.com

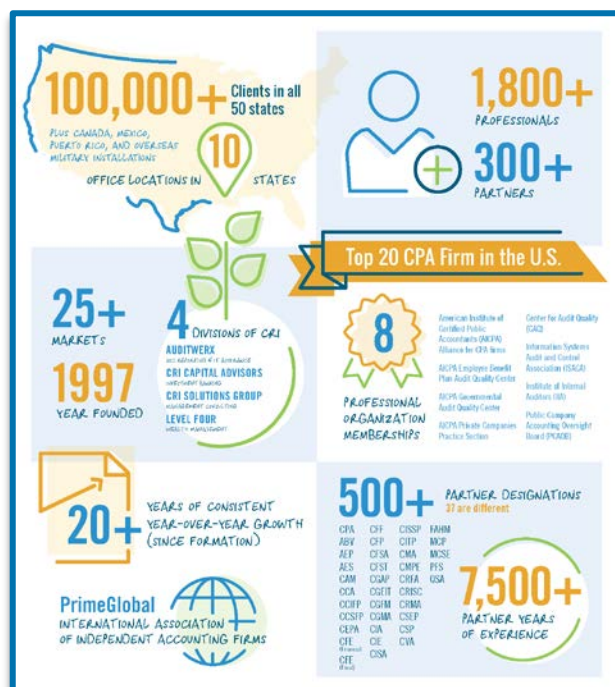
Carr, Riggs & Ingram, LLC
3000 Bayport Dr., Suite 500
Tampa, FL 33607
813.855.3036



FIRM'S OVERVIEW

Carr, Riggs & Ingram, LLC ("CRI") is a regional certified public accounting and consulting firm with over 1,800 professionals and 63 offices throughout Alabama, Florida, Tennessee, Georgia, Texas, Louisiana, Kentucky, New Mexico, North Carolina and Mississippi. ***Our firm currently ranks 19th among the largest accounting firms in the nation.*** Professionals of diverse backgrounds and experience have joined CRI and enable us to serve clients from start-ups to mature organizations.

CRI was founded in 1997 through multiple firms, based in southern Alabama and northwest Florida, merging together. From that initial creation of CRI other firms throughout the southeast have merged in. The firms that currently make up CRI have roots dating back over 40 years. The local Tampa Bay offices, which merged into CRI in October 2008, had been serving since 1965.



CRI employs more than 1,800 professionals, including over 400 partners. CRI serves clients in all 50 states, providing a wide variety of high-quality, cost-effective accounting, assurance, tax and consulting services to governmental entities (public sector), individuals, businesses (both publicly and privately held) and not-for-profit organizations.

FIRM OWNERSHIP

CRI is a Limited Liability Corporation operating as a partnership. We have over 200 equity partners.

ADDRESS

The physical and mailing address of the office that will be handling your audit and tax services is the Tampa office which is located at:

3000 Bayport Drive, Suite 500
Tampa, Florida 33607
Phone: 813.855.3036
Fax: 813.207.2998
dalvarez@CRIcpa.com



"During the 7 years we have worked with Carr, Riggs & Ingram, I have found that their team has tremendous expertise in local government financial operations. They have demonstrated a keen understanding of our risks and worked with our city officials to develop sensible solutions to mitigate those risks. Moreover, they have provided us with a number of suggested "best practices" in day-to-day operations and have helped document the way we do things. I can say without question that Carr, Riggs & Ingram has truly made a measurable difference for the City of Moultrie and its finance department. I would recommend them for any work for which they are under consideration."

*Gary McDaniel, Finance Director
 City of Moultrie, Georgia*

TAB B FIRM EXPERIENCE and QUALIFICATIONS



CRI delivers a depth of resources that ensures our understanding of your challenges and innovative solutions for overcoming them. Our governmental team's combined experience is derived from providing to a client base that includes:

- 450+ governmental entity clients across the South totaling approximately \$22 billion in total revenues, and
- Municipality clients of up to \$1.2 billion in total revenues.

We parlay this vast experience and derived best practices into proven solutions that benefit you.

Below we share specific, relevant client references; we encourage you to consult with them.

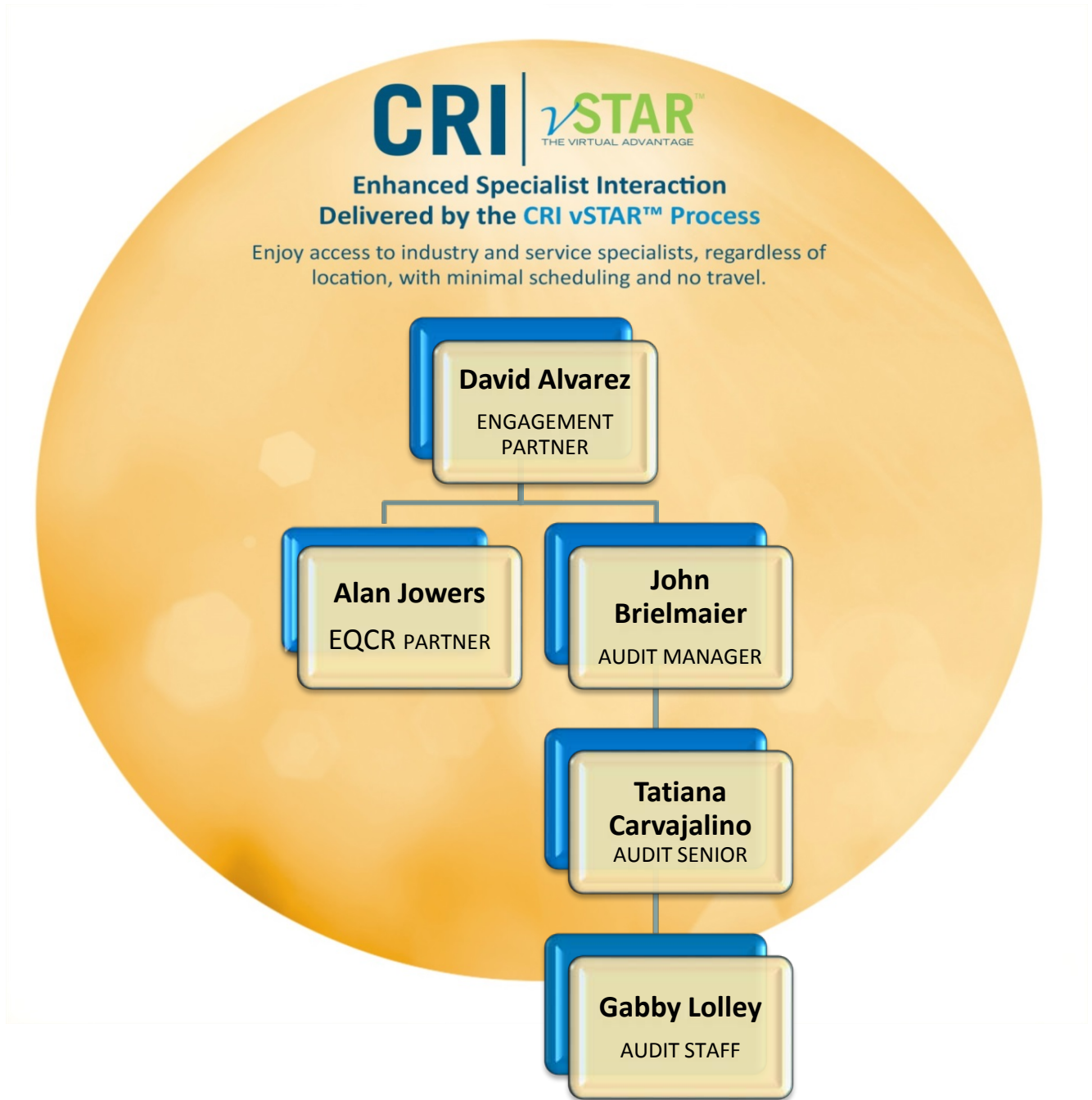
RELATIONSHIP	TIMELINE	SERVICE DESCRIPTION	RELEVANT POINTS TO CONSIDER
Florida State Fair Authority John Prestianni, Senior Director of Finance 813-627-4219	2010 – Present	Audit	• Special District • Client service experience • Responsiveness to client needs • Long-term relationship
Pasco County, FL Manny Long, Finance Director 352-521-4581	2017 – Present	Audit	• Unique governmental transactions • Client service experience • Responsiveness to client needs • Bond services
Lee County Mosquito Control District (LCMCD) Lee County Hyacinth Control District (LCHCD)	2014 – Present	Audit	• Special District • Client service experience • Responsiveness to client needs

TAB B FIRM EXPERIENCE and QUALIFICATIONS



We have assembled a team of professionals who will continue to ensure the highest level of personal dedication and professional excellence to you. Our team delivers exceptional services through a balanced blend of skills (service-driven, industry-specific, technical, and business) and experience that we know are important to you.

Brief profiles of each member of the team identified below follow on subsequent pages.





DAVID ALVAREZ, CPA, CVA, CGMA
Engagement Partner

813.855.3036 phone

dalvarez@CRIcpa.com

Representative Clients

- AMIkids, Inc.
- Florida Reliability Coordinating Council, Inc.
- Religious Community Services, Inc.
- Clearwater Marine Aquarium, Inc.
- Arbitration Forums, Inc.
- Personal Enrichment through Mental Health Services, Inc.
- Pinellas County School Board
- Pasco County School Board
- Pasco County, Florida
- Harris Corporation Retirement Plan
- Macfarlane, Ferguson & McMullen Profit Sharing Plan
- PEMHS 403(b) Plan

Experience

With more than 15 years of experience in public accounting, with 5 of those years being with KPMG, David has significant experience in serving governmental clients, not-for-profit, financial services, and public companies while at CRI as well as when he was with KPMG.

David has been an instructor at the firm wide CRI CPE week for the eighth consecutive year this May. He teaches courses on Employee Benefit Plans, Audit Sampling and Business Writing. In addition, David serves on the Quality Control Committee for CRI. David has recently spoken at the USF Accounting Circle annual CPE conference, Suncoast Chapter of the Florida Government Finance Officers Association and was a speaker at the 2018 annual conference of the Florida School Finance Officers Association in November.

David sits on the Florida Holocaust Museum Board of Directors and is a past board member of Clothes To Kids, Inc. and is the immediate past Board President.

Education, Licenses & Certifications

- Masters, University of South Florida
- Bachelors, Accounting, Florida State University
- Certified Public Accountant
- Chartered Global Management Accountant
- Certified Valuation Analyst

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Government Finance Officers Association (GFOA)
- Florida Government Finance Officers Association (FGFOA)



Alan Jowers, CPA
Audit Partner

813.855.3036 phone

ajowers@CRLcpa.com

Representative Clients (including previous clients)

- Pasco County
- Pinellas County Schools
- Santa Rosa County District School Board
- Duval County/City of Jacksonville
- Okaloosa Gas District
- Santa Rosa Island Authority
- Okaloosa County District School Board
- Celebration Community Development District
- Hammock Bay Community Development District
- Amelia National Community Development District
- Boggy Creek Improvement District
- Santa Rosa Island Authority
- Okaloosa County District School Board
- Celebration Community Development District
- Hammock Bay Community Development District
- Amelia National Community Development District
- Boggy Creek Improvement District

Experience

Alan has nearly 25 years' experience in public accounting, primarily on financial statement assurance engagements. His practice includes audits, reviews and compilations of local governmental entities, condominium and homeowner associations, non-profit organizations and nonpublic companies. He currently has direct engagement responsibility for over 50 audits of local governmental entities, including counties, cities, school boards, utility districts and Florida community development districts.

Alan is licensed to practice as a certified public accountant in Florida and Georgia. He is a member of the Board of Directors of the Florida Institute of Certified Public Accountants (FICPA), has been an active member of the FICPA's State and Local Governmental Committee and is a past chair of its Common Interest Realty Association Committee.

Education, Licenses & Certifications

- Master of Accountancy, University of Alabama
- BS, Accounting, Florida State University
- Certified Public Accountant

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA) – member of the Board of Governors
- Governmental Finance Officers Association (GFOA)
- Florida Governmental Finance Officers Association (FGFOA) – member of Technical Resource Committee

Continuing Education

- OMB Single Audit: Practical Exercises
- ASB Special Topics & Update
- Cyber Security
- FASB Update
- Financial Statement Preparation & Private Company Council
- Auditing Update
- Risk Assessment and Sampling
- Part 1: A-133; Part 2: A-133; Part 3: A-133 Risk Assessment
- Audit Efficiencies; Advanced A&A Issues
- GASB & Yellow Book Update



JOHN BRIELMAIER, CPA
Audit Manager

813.855.3036 phone

jbrielmaier@CRLcpa.com

Representative Clients

- AMIkids, Inc.
- Carlton Manor, Inc.
- Operation PAR, Inc.
- Personal Enrichment through Mental Health Services
- District School Board of Pinellas County
- District School Board of Pasco County
- Pasco County Government
- City of Largo, Florida
- Lee County Mosquito Control District
- Lee County Hyacinth Control District
- Sun Print Management
- City of Cape Coral – Special Project for Internal Audit Department

Experience

With over 7 year of experience in public accounting, John accumulated the knowledge necessary for serving governmental and not-for-profit clients, as well as small businesses.

In all of John's engagements he is responsible for managing the staff level professionals. John is very hands on with his clients and provides significant real time support to clients and to all his engagement teams during the course of the engagement. John also has special training in ITGC (information technology general controls) auditing procedures.

John is also on the Board of Directors of Creative Pinellas, Inc. and the Tampa Bay Community Development Corporation.

Education, Licenses & Certifications

- BS, Accounting, University of South Florida
- Certified Public Accountant
- Certified Information Technology Professional (CITP)
- Certified Information Systems Auditor (CISA)

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Information Systems Audit and Control Association (ISACA)



TATIANA CARVAJALINO
Audit Senior

813.855.3036 phone

tcarvajalino@CRLcpa.com

Representative Clients

- Morton Plan Mease Foundation, Inc.
- Status Medical Group
- Operation PAR, Inc.
- The Arc Tampa Bay, Inc.
- Pasco County, Florida
- Pasco County School Board
- Clearwater Marine Aquarium
- Florida State Fair Authority
- Shephard's Beach Resort
- Sun City Center Community Association
- Florida Agency for Health Care Administration
- AHF MCO of Florida, Inc.
- Wellcare of Florida, Inc. d/b/a Staywell Health Plan of Florida

Experience

Within her third year of public accounting experience, Tatiana has been involved with several types of audit engagements for clients in industries including governmental entities, not-for-profit and for-profit clients and healthcare.

As a senior level accountant, Tatiana is responsible for fulfilling components of the engagement required for completion. She will be the primary professional in the field during field work. She is currently working towards obtaining the CPA license.

Tatiana is an active member of the Junior League of Tampa and is a committee member for Girl Power.

Education, Licenses & Certifications

- BS, Accounting, University of South Florida
- Actively sitting for CPA Exam



GABBY LOLLEY

Audit Staff

813.855.3036 phone

glolley@cricpa.com

Representative Clients

- Morton Plant Mease Foundation, Inc.
- The ARC of Tampa Bay, Inc.
- Mid Florida Community Services, Inc.
- AMI Kids, Inc. and Affiliates
- Pasco County Property Appraiser
- Pasco County Sheriff's Office
- Pasco County Board of County Commissioners
- Lee County Mosquito Control District
- Lee County Hyacinth Control District
- Walton County Clerk of Court
- Holmes County Clerk of Court
- Army Aviation Center Federal Credit Union
- Enterprise City Board of Education
- Opp City Board of Education
- Pinellas County School Board
- City of Opp
- City of Largo
- Waterworks and Sewer Board of the City of Selma
- Town of Howie in the Hills

Experience

Gabby is a staff auditor in the Tampa office of Carr, Riggs & Ingram, LLC who joined the firm in October 2017. She graduated from Troy University in 2016 with a Bachelor's degree in Accounting and in 2017 with a Masters of Accountancy.

During her time at Carr, Riggs & Ingram, Gabby has become well acquainted with governmental and non-profit audits. Gabby's experience also includes a Secretary/Treasurer position for the Troy University Accounting Society (2015-2016), a member of Delta Mu Delta Honor Society (2016-2017) and a volunteer for the Junior League of St. Petersburg (2018-2019).

Education, Licenses & Certifications

- BSBA – Accounting, Troy University
- MS Accounting, Troy University
- Certified Public Accountant - Alabama

Professional Affiliations

- Alabama Society of Certified Public Accountants (ASCPA)



QUALITY CONTROL PROGRAMS AND PROCEDURES

Our audit, tax, consulting, and client accounting services documentation is maintained electronically. Compliance with our methodology is regularly reviewed and evaluated as part of our internal quality program, which is further discussed below. Comprehensive policies and procedures governing all of our practices and addressing professional and regulatory standards and implementation issues are constantly updated for new professional developments and emerging issues.

Each audit has an assigned engagement quality review (EQR) partner with the appropriate experience. This role is one of the most important elements of our quality assurance process, as it provides for a timely, independent review of all key accounting and auditing issues. The EQR partner also reviews the financial statements and related supporting documentation—including the disclosures—to evaluate their fair presentation under accounting principles generally accepted in the United States of America (GAAP).

Our partners' work is reviewed annually, and the inspection process includes periodic testing of the effectiveness of our quality controls and a continuous improvement program.

- **Internal Inspection:** A permanent team of subject matter experts annually perform 150+ reviews of a risk-based sample of partners and engagements.
- **Single Audit Reviews:** CRI worked with all our Florida offices in order to implement a multi-tier review process where all single audits, firm-wide, are subjected to an additional layer of review by our Single Audit Specialist, Lorri Kidder.
- **Continuous Process Improvement Reviews:** In addition to #1 above, this ongoing process reviews each audit partner twice annually, representing 300+ reviews each year.



CRI is enrolled in the AICPA Peer Review Program, through which our external reviews are conducted by another independent public accounting firm. We have our accounting and auditing practice triennially reviewed as a member in this program. The most recent review of our firm was performed in 2016 by EideBailly. The quality control reviews did include a review of specific local government engagements.

A copy of our most recent report is presented below.

While we were disappointed with the results of the peer review, we viewed this as an opportunity to create an unprecedented monitoring process that allows us to make continuous improvements to our procedures on a real-time basis, and to create a new system which prevents engagements not meeting our rigorous quality control standards from being issued.

CRI has spent an extraordinary amount of resources addressing this issue. We have performed complete look back reviews on all engagements to identify all Single Audit and other issues, which provided a basis for improvements to our quality control policies and procedures. We have modified our processes to require Engagement Quality Control Reviews on every Single Audit engagement, as well as other public-interest entities.

TAB B FIRM EXPERIENCE and QUALIFICATIONS



In addition, on your engagement, there will be a Single Audit Partner and an engagement quality control partner that are firm-designated single audit specialists and both have obtained the AICPA's Advanced Single Audit Certification. Rest assured that your Single Audit will be performed to the highest quality and attention to detail. It is also important to note there were no engagements where the audit opinion previously issued needed to be reissued or that financial statements needed to be restated as a result of the peer review.

Recently, **CRI received the Single Audit Resources Center (SARC) Award for Excellence in Knowledge, Value and Overall Client Satisfaction.** SARC's award recognizes audit firms that provide an outstanding service to its clients based on feedback received from an independent survey.

The Firm's governmental audit work is subject to normal, Federal and State desk reviews and field reviews. No adverse findings have resulted from those reviews within the past three (3) years.

There has been no disciplinary actions instituted or proposed against the Firm during the last three (3) years.

There were no findings from State or Federal reviews during the past three (3) years of the Firm's governmental client audit work.



System Review Report

To the Partners of Carr, Riggs & Ingram, LLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Carr, Riggs, & Ingram, LLC (the "firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

We noted the following deficiency during our review:

1. Deficiency – The firm's quality control policies and procedures with respect to engagement performance, including engagement partner review, as well as firm training for partners and staff, do not provide partners and staff with a means of ensuring that all necessary procedures are performed and/or procedures performed are appropriately documented, in the performance of Single Audit engagements. As a result, we identified performance and documentation deficiencies in each of the Single Audit engagements reviewed, and in the case of several engagements, deficiencies such that the engagements were considered to not have been performed in accordance with professional standards in all material respects.

Recommendation – The firm should provide appropriate training to all firm personnel assigned to Single Audit engagements to ensure an understanding of the procedures required to be performed, as well as related documentation requirements. We also recommend that the firm consider whether additional quality control policies should be implemented with respect to these engagements, including a requirement for EQCR to be performed on all Single Audit engagements and the establishment of defined qualification requirements to serve as an engagement partner on Single Audit engagements.

www.eidebailly.com

800 Nicollet Mall, Ste. 1300 | Minneapolis, MN 55402-7033 | T 612.253.6500 | F 612.253.6600 | EOE

TAB B FIRM EXPERIENCE and QUALIFICATIONS



In our opinion, except for the deficiencies previously described, the system of quality control for the accounting and auditing practice of Carr, Riggs, & Ingram, LLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Carr, Riggs, & Ingram, LLC has received a peer review rating of *pass with deficiency*.

Eide Bailly LLP
March 7, 2017

TAB C MANAGEMENT PLAN and TECHNICAL



From the RFP we understood your team to express the following needs, requests, and/or issues. We've detailed our proposed solutions below and are happy to discuss other related projects as they arise and upon request.

NEEDS & ISSUES		SOLUTIONS & SERVICES
Technical	Management is requesting independent audits of Lee County Mosquito Control District, Lee County Hyacinth Control District and LCMCD/LCHCD Retiree Health Insurance Trust in accordance with Government Auditing Standards, Florida Statutes and Rules of the Auditor General.	Perform external audit services in accordance with auditing standards generally accepted in the United States of America (GAAS), in order to express an opinion on the Foundation's financial statements.
Technical	Management is requesting an audit of the Schedule of Expenditures of Federal Awards and State Financial Assistance ("Single Audit"), as necessary.	Perform external audit services in accordance with Uniform Guidance/OMB Circular A-133 and the State of Florida in the event the Districts meet the requirements for such audit.
Technical	We will prepare the annual financial report and perform compliance procedures in accordance with Florida Statutes 218.415.	Perform procedures in accordance with Florida Statutes
Relational	The District's management expect open and continuous communication with their CPA firm in order to avoid surprise findings at the end of the audit.	- Utilize our extensive not-for-profit experience to provide proactive accounting and operational support. - Communicate directly with management regarding timing, status and results of our procedures throughout our relationship. - Anticipate and respond to concerns of management and/or the Audit Committee (if/when formed).
Timeliness	Management has laid out a detailed timeline for audit planning, procedures, reporting and presentation to those charged with governance.	CRI has the ability and technical expertise to meet all of managements proposed timeline criteria.
Value added services	The District's is looking for a partner that can provide services that enhance financial reporting efficiencies.	- Based on CRI expertise with Tyler Technology's software we bring best practice, improvement observations and improvement suggestions to management. - We will provide 2 hours of technical research per request at no additional charge.

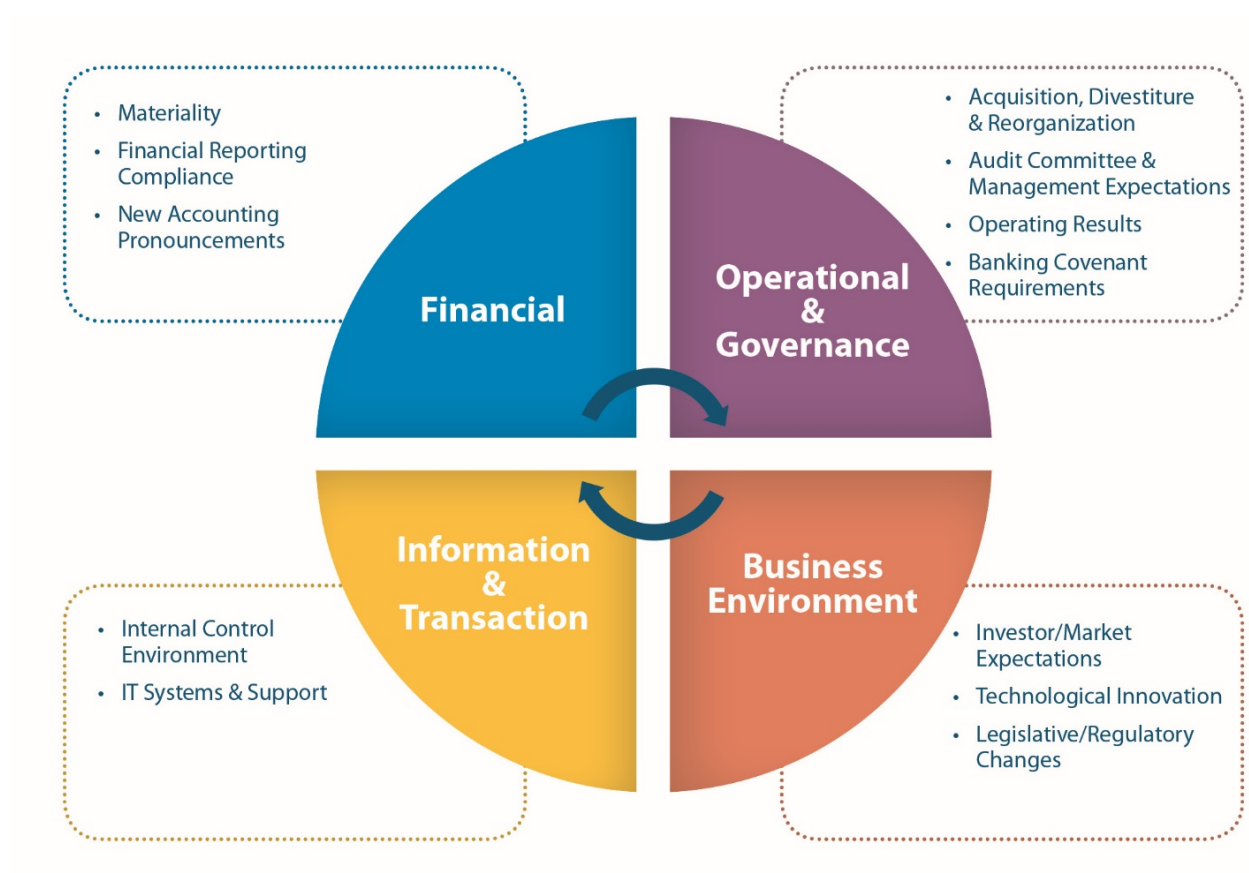


Our proposed services require a coordinated effort between us and Organization's team. Planning and continual communication are essential to developing the appropriate procedures, working collaboratively to resolve any identified issues, and meeting your timelines.

CRI's audit approach occurs within a framework of our client's business and industry; therefore, we assess risk by:

- Understanding management's perspectives and goals, and
- Considering business conditions and threats that could prevent management from achieving its business objectives.

We assess risks in the following areas:





Our ultimate intent is to drill down from these broad risks to specific financial reporting risks. We understand both these risks and management's processes and procedures for mitigating them (i.e. internal controls) in order to develop our procedures to carry out our audit responsibilities.

Although our audits are conducted through a structured, risk-based model, we focus on understanding the client's needs, requirements, and expectations. We work collaboratively with management and the Audit Committee (or similar function) to develop a communication and work plan to continuously improve client service, by doing so we help in moving your team from simple **compliance** to providing you with a **competitive advantage**.

In planning, we concentrate on "key risks," (items with a greater risk of a material misstatement, a material weakness in internal controls, or other matters resulting in the issuance of an inappropriate audit report). We focus on "material" items (i.e. those items that would be important to the user of your financial statements). When evaluating materiality of identified misstatements, certain quantitative and qualitative factors must be considered—which may include:

- Impact on operating trends (revenue/income, expenses, net income, etc.).
- Nature of the misstatement (i.e., did the misstatement result from an unlawful transaction?).
- Impact on liquidity, capital/surplus, earnings capacity, etc.
- Impact to loan covenants and contractual and regulatory requirements.

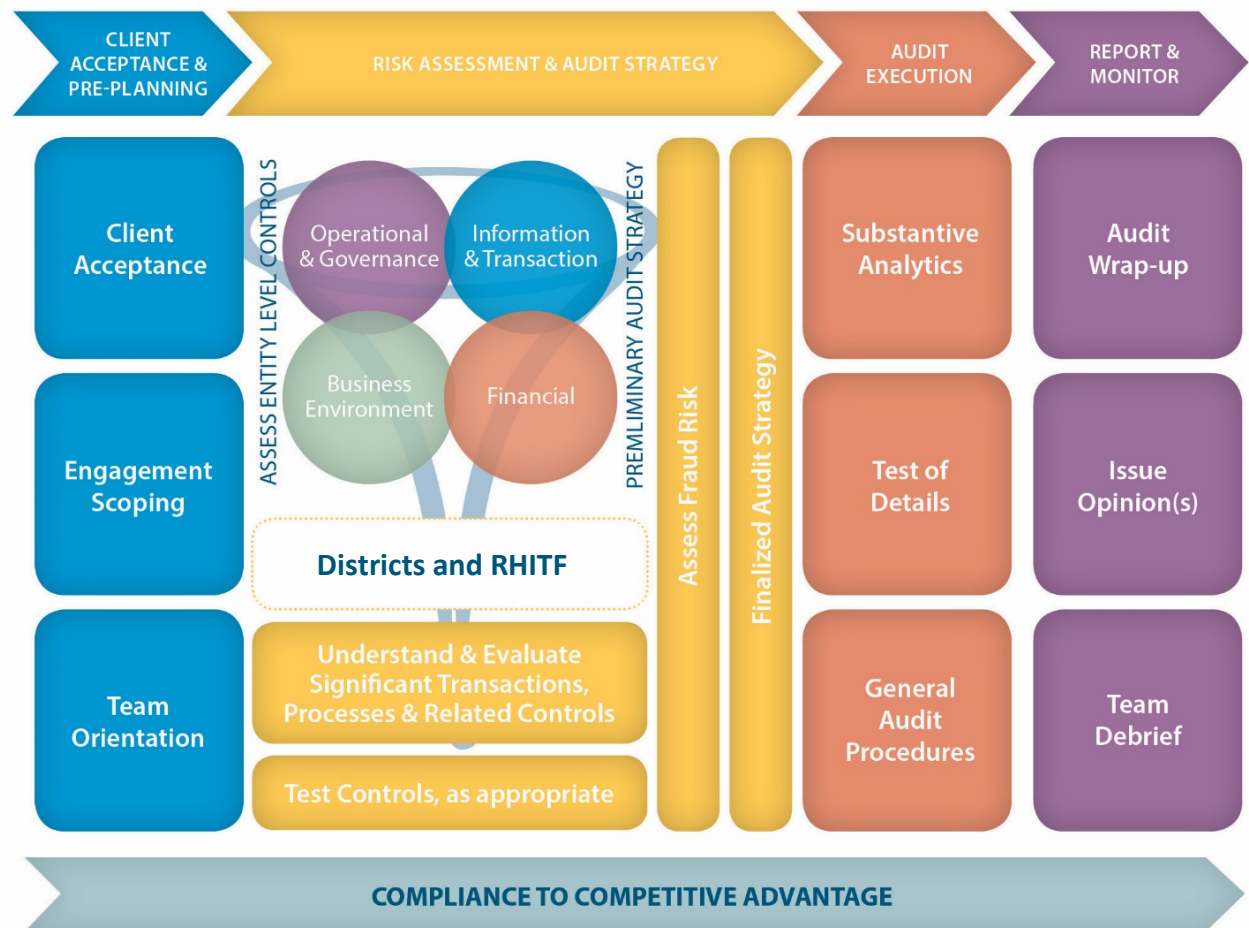
Consistent communication is a key to completion of the audit. By ensuring constant involvement, we are in a better position to respond to your issues timely and efficiently. Therefore, we plan to meet with your management to:

- Set-up the audit by reviewing the mapping of Organization's financial information (financial statements and notes) to significant processes and IT systems to ensure that all significant account balances, transactions, procedures, and systems are tested as deemed necessary.
- Discuss ongoing changes—specifically new accounting pronouncements and key business transactions in their early stages, enabling us to agree on the resolution of various complex business issues on a timely basis.



AUDIT APPROACH

Our audit approach is a four-stage approach, as depicted in the summary below. Our client acceptance and risk assessment procedures occur during detailed conversations and observations with your team. The results of those procedures allow us to tailor an audit program to your specific risks and needs. We then execute the audit, report the results, and evaluate continuous improvement opportunities for ongoing service and benefit to you. Our approach assumes we will be providing the requested services including an examination of the financial statements, a financial audit as defined in F.S. 11.45(1)(c) and a compliance audit required by Subpart F of the Uniform Guidance and rules of the Auditor General





Stage 1: Client Acceptance & Pre-planning

- Perform client acceptance procedures where necessary.
- Collaborate with management to agree to expectations and scope.
- Assign appropriate staff to engagement based on client needs and assessed risk.

Stage 2: Risk Assessment & Audit Strategy

- Interview client personnel and others, as necessary to understand client-specific objectives and risks.
- Assess environmental and other external risks and potential impact on the audit planning.
- Assess entity level controls including: control environment, risk assessment, information & communication, and monitoring controls.
- Assess management's fraud and IT risk assessment models. Develop independent fraud and IT risk assessment.
- Assess IT General Computer (ITGC) controls, such as IT Environment, Developing & Delivering IT, and Operating IT & Monitoring IT.
- Assess materiality.
- Perform preliminary analytical procedures.
- Map financial statements to significant transactions, processes, IT systems and related controls.
- Develop understanding of significant processes and related controls.
- Determine existence of/reliance on SSAE 16 (formerly SAS 70(s)).
- Test controls including ITGC, as and if deemed appropriate. Tests will include a mix of:
 - inquiry,
 - observation,
 - examination and
 - re-performance.
- Determine reliance on Internal Audit, if applicable (e.g. controls or detailed tests).
- Determine reliance on specialist(s), if applicable (e.g. valuations, pension costs, etc.).
- Finalize risk assessments and develop final audit strategy.

Stage 3: Audit Execution

- Where possible, develop detailed analytical procedures to use as substantive tests to reduce tests of details. Examples include:
 - ratio analysis,
 - regression analysis,
 - trend analysis,
 - predictive tests or
 - reasonableness tests.
- Where possible utilize Computer-Assisted Audit Techniques (CAATs), such as IDEA or ACL to automate testing for more coverage and less disruption to the client.
- Where possible, perform targeted testing (also known as "coverage" testing) of account balances to tests large portions of account balances.
- Perform tests of details, including sampling, if applicable or necessary.
- Perform general audit procedures, as and if applicable, such as tests related to:
 - commitments and contingencies,
 - legal letters,
 - management representations,
 - reviews of Board minutes,
 - related party transactions,
 - debt covenants and
 - going concern.
- Perform other tests for compliance such as Yellow Book or Single Audit Tests.

Stage 4: Report & Monitor

- Continually monitor the audit and provide feedback as agreed during scoping or more frequently, as deemed appropriate.
- Conclude the audit (i.e. issue opinions and/or reports).
- Develop and present required communications, including management letter comments.
- Perform an internal team de-briefing to identify areas for improvement.
- Welcome the opportunity for an external de-briefing with our clients to improve.



GAAP provides a conceptual framework for accounting, financial reporting, and disclosure. Your application of GAAP varies depending on your facts and circumstances—and interpretations.

Our general audit approach as described above is tailored to address the nature and inherent risk of each area. For significant areas, we will:

- Meet with management to gain an understanding of management’s processes and controls.
- Assess and test such controls, as necessary.
- Perform substantive analytical audit procedures and tests of details, as appropriate.

In certain complex areas, we may use functional specialists (e.g. information technology [IT], valuation of investments, and review of actuarial assumptions and calculations) to assist in the evaluation of complicated transactions and judgmental account balances. Additionally, we will review the financial statement disclosures and evaluate the overall transparency of Organization’s financial reporting.

Taking into account various items related to the Habitat for Humanity of Pinellas and West Pasco, such as—but not limited to—industry expertise, knowledge of your Organization, preliminary risk assessments, materiality, and the judgmental nature of the accounts, we have outlined below the key areas of audit focus and our proposed strategy.

PROPOSED AUDIT STRATEGY						
Significant Areas	Level of Risk	Test of Controls	Substantive Procedures			Notes
			Analytics	Test of Details	Use of CAATs	
Initial audit procedures	High	✓	✓	✓	✓	- First time audit - all areas will be impacted. - We also will perform the requisite predecessor/successor communications.
Fraud risks	Medium	✓	✓	✓	✓	- Will meet AICPA requirements of fraud testing. - Fraud is considered an intentional act that results in a material misstatement of the financial statements. - We will gather information to identify risks of material misstatement due to fraud, and evaluate processes that address fraud.
Financial reporting	Medium	✓	✓	✓	✓	- Period-end financial reporting is critical; financial reporting compiles/reconciles detailed information from underlying processes and systems.
Other estimates and contingencies	Medium	✓	✓	✓		- Compensated absences – we will perform tests of details and substantive analytics to substantiate accuracy of account balance.
Manual journal entries	Medium	✓		✓	✓	- Manual journal entries are risky.
Entity level controls	Medium	✓	✓	✓	✓	- We will gain an understanding of the control environment, risk assessment, monitoring, information and communication channels to determine the nature, timing, and extent of reliance on and tests of controls; we use all of the above to build the audit approach. - Our goal is to leverage management’s processes to the degree possible, which increases efficiency.



PROPOSED AUDIT STRATEGY						
Significant Areas	Level of Risk	Test of Controls	Substantive Procedures			Notes
			Analytics	Test of Details	Use of CAATs	
Capital assets and related expenditures	Medium	✓	✓	✓	✓	- Capital assets are significant due to the account balance and susceptibility to misappropriation.
Accounts payable and related expenditures	Medium	✓	✓	✓		- Accounts payable are significant due to the account balance and number of transactions impacting accounts payable and the related expense accounts.
Payroll, related liabilities, payroll expenditures, and OPEB liability	High	✓	✓	✓	✓	- Payroll liability accounts and related expenditures are significant due to the account balance and payroll expenditures comprise a significant portion of the District's expenditures. OPEB liability changes are based on future benefit assumptions and actuarial calculations.
Long-term debt / debt covenants	Medium	✓	✓			- Debt is not significant. - We will perform tests of compliance through substantive analytics and confirmation of certain data with creditors and other third-parties.
Revenue recognition	Medium	✓	✓	✓		- We will test revenue systems and processes and perform a combination of substantive analytical procedures. Almost all revenue is ad valorem taxes collected by Lee County and remitted to the District.
Cash and cash equivalents	Low	✓		✓		- Cash is significant because of the large account balance and number of transactions impacting account.
Inventory	High	✓	✓	✓	✓	-Inventories of chemicals and repair parts are significant due to the account balance, number of transactions and issues related to estimates associated with lower of costs or market calculations.
IT systems	High	✓	✓	✓	✓	- Underlying financial and operational systems supporting the key business cycles play a critical role in the ability to generate and compile complete and accurate financial data. - The IT security, computer operations and program change controls for financially significant applications are vital.



TESTING AND RISK MITIGATION OPTIONS

We assess risks in the following areas – Financial, Operational and Governance, Information and Transaction and Business Environment.

Our ultimate intent is to drill down from these broad risks to specific financial reporting risks. We understand both these risks and management’s processes and procedures for mitigating them (i.e. internal controls) in order to develop our procedures to carry out our audit responsibilities.

Although our audits are conducted through a structured, risk-based model, we focus on understanding the client’s needs, requirements and expectations. We work collaboratively with management and the Commission to develop a communication and work plan to continuously improve client service, by doing so we help in moving your team from simple **compliance** to providing you with **fiscal accountability and stewardship**.

Consistent communication is a key to completion of the audit. **By ensuring constant involvement, we are in a better position to respond to your issues timely and efficiently. Therefore, we plan to meet with your Finance Director and team prior to beginning the audit in order to:**

- Understand and map the District’s internal controls, financial information (financial statements and notes) and significant processes and IT systems to ensure that all significant account balances, transactions, procedures, and systems are tested as deemed necessary. In addition, we will outline a mutually agreeable time schedule for the entire process.
- Discuss ongoing changes—specifically new accounting pronouncements and key business transactions in their early stages, enabling us to agree on the resolution of various complex business issues on a timely basis.

TYPE AND EXTENT OF ANALYTICAL PROCEDURES

Analytical review procedures will be used in planning the nature, timing and extent of most audit procedures performed by CRI. Examples of analytical procedures used include comparisons to prior year balances and amounts from the District’s financial reports as well as comparisons to current year budgets using the District’s budget documents. Likewise, they will be used on an overall basis to test the results of the procedures we perform. We will reference documents such as policy manuals, budgets, organizational charts and any other financial documents or reports that the District has prepared.

Throughout the audit, we will use analytical procedures such as historical trend comparisons, and prior-year actual to current-year actual comparisons on selected, related groups of accounts using from the District’s financial reports and budget documents. These are invaluable audit procedures that assist us in streamlining our audit work while “zeroing” in on major issues for management’s consideration. Thus, this approach provides advantages for both the District as well as the auditors.



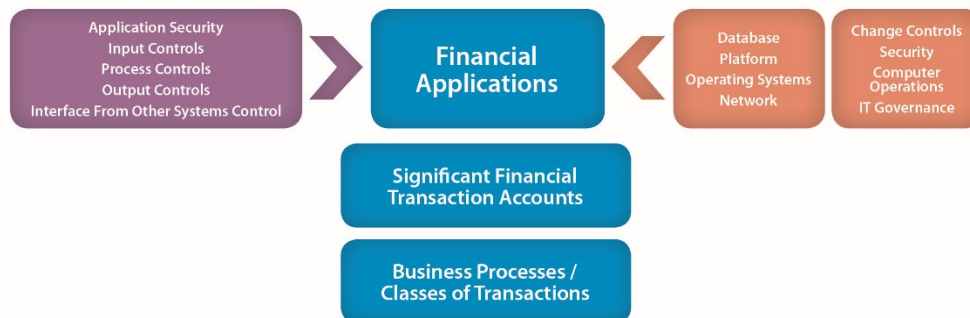
APPROACH TO UNDERSTANDING INTERNAL CONTROL STRUCTURE

Our understanding of the internal control structure will include the following:

- Obtaining an understanding of the District’s control environment, risk assessments, control activities, information and communication and monitoring systems as they relate to operations.
- This understanding is obtained through review of the existing policies and procedures, flowcharts, inquiries of personnel, inspection of documents and records, and observation of the activities and operations. This understanding would include accounting and administrative controls in place to ensure that the Districts complies with applicable laws and regulations and internal accounting policies and procedures.
- Documenting that understanding by summarizing key internal controls that we intend to place reliance on for substantive testing
- Utilizing a transactional walk-through to determine whether a policy or procedure has been placed in operation.
- Assessing control risk by evaluating the effectiveness of the District’s internal control structure policies and procedures in preventing or detecting material misstatements in the financial statements.
- Reviewing internal control structure policies and procedures relevant to specific assertions that are likely to prevent or detect material misstatements in those assertions.
- Performing dual tests of controls and transactions (accounting and administrative) to evaluate the effectiveness of such policies and procedures.

In today’s IT-centric world, understanding the manual process and supporting systems (i.e. how the numbers come together) underlying internal controls over financial reporting (ICFR) is increasingly important. External information systems threats from hackers—coupled with internal transaction errors and fraud—require the implementation, testing and improvement of strong IT controls. CRI’s dedicated IT audit and assurance team has adopted an integrated audit approach that includes a review of relevant IT systems with input into the financial reporting process. We complete a review of IT policies and procedures and conduct “hands-on” testing against best practices and appropriate regulations, yielding financial audit effectiveness including uncovering IT deficiencies.

IT Components in the Audit





Our integrated audit approach includes review and testing of both IT general controls and financial application controls related to ICFR including:

- Security—Physical and Access Controls,
- Change Management for Systems and Configurations,
- Application/System Development and Customization,
- IT Risk Management,
- Data Backup and Recovery/Business Continuity Plans,
- Electronic Banking Wire and ACH Security, and
- Segregation of Duties within Systems and IT function.

Additionally, CRI's data analytics and data mining expertise and computer-aided audit tools (CAATs) allow us to perform procedures on entire populations of system transactions, which allow us to develop a focused set of methodical analyses for your data.

Our IT audit professionals throughout the firm maintain certifications and credentials including Certified Information Systems Auditor (CISA), Certified Information Systems Security Professional (CISSP), Certified Information Technology Professional (CITP) and other IT certifications requiring regular annual CPE hours. Finally—and maybe most importantly—our auditors not only have the required technical expertise, but also the unique ability to communicate IT topics in a manner easily understood by non-technical personnel. This capability is critical when reporting to both management and board members. These resources can be called upon as needed.

LAWS & REGULATIONS TESTING

The District's compliance with governing laws, regulations, rules and other finance-related legal requirements is the responsibility of the District's management. As part of our audit of the financial statements, we will perform tests of compliance with certain provisions of laws, regulations, rules and other finance-related legal requirements. It is up to the auditor as to the extent of tests in this area. We will combine our knowledge of governmental entities to develop a customized program that is designed to test compliance with significant and/or sensitive laws and regulations. It is important to note that the independent auditor's role in compliance auditing is one of the most significant environmental differences between governmental and private sector auditing.

The objectives of our substantive test of legal compliance follow:

- To determine material events of noncompliance.
- To provide a basis for reporting on the District's compliance with such laws and regulations.
- To bring to the District's attention any noncompliance issues that if left undetected could be embarrassing to the District.

Further, we will review federal and state monitoring reports received by the District, communicate with the cognizant agency and confirm with the EEOC regarding any violations. We will review and perform all procedures prescribed in OMB's Compliance Supplement related to expenditures of federal funding.



MANAGEMENT LETTER

CRI considers the management letter one of the most important aspects of an audit engagement. Every client is different, and we write our management letters to meet the specific needs of each client. Our sole goal is to make our clients aware of opportunities to improve operating efficiency and effectiveness.

Management Letter comments typically pertain to the following:

- Findings other than those relating to internal control.
- Other matters that are not reportable conditions but are nonetheless worthy of mention.

Our Management Letter comments generally fall into three categories:

- Specific recommendations - the course of action is relatively clear.
- Alternative approaches - the appropriate corrective action varies.
- Symptoms of possible problems - an investigation is recommended to determine whether the problem exists or will occur in the future.

The identification of potential management letter comments is the responsibility of every engagement team member. CRI feels that management letter comments add a voluntary, constructive dimension to our services and provide tangible evidence of our concern for the District's welfare. Also, when they accompany comments on significant deficiencies, management letter comments can provide the District with a more complete analysis of our observations.

Our approach to the management letter includes evaluating cost/benefit relationships of any comment suggested. Our efforts are focused on constructive suggestions about significant operational matters. We believe it is more effective to develop specific comments in a few areas rather than many comments of a general nature.

We will have an exit conference with your Finance Director, District Manager and appropriate staff to discuss any internal control or management comments we might have and to go over the financial statements and footnotes.

Our "no surprises" approach to management letter comments has led to a good working relationship between our clients and our engagement team. During fieldwork, we will verbally inform the District of any exceptions noted, in order to provide District personnel the opportunity to resolve open issues. We will also provide our comments in writing to the District prior to the scheduled exit conference. At the exit conference, we will review the comments in detail and consider management's responses about whether they believe conditions are practicable to correct, areas in which changes have already been made to correct known conditions, as well as situations that appear to be isolated instances. At this stage, certain comments may be communicated verbally to management. Once the final points have been determined, we provide management the opportunity to incorporate responses to the management letter comments. Finally, we will ensure we discuss and respond to any questions the District members have on our comments.



DOCUMENT MANAGEMENT

CRI utilizes technology to provide for a “near paperless” audit. In addition to more traditional means of communication such as email, CRI uses Smartsheet and Share File to request, receive and communicate in reference to documents, schedules and reports. Smartsheet is an encrypted collaboration website used to share documents and manage the audit process. On its face, the client “workspace” will look similar to a spreadsheet, making it intuitive to navigate. Share File is another encrypted site used for content sharing and collaboration, typically used to encrypt and email large documents. We will provide management a document request listing through Smartsheet. These items will primarily entail a final trial balance and supporting documentation for significant accounts for all Districts and RHITF. Management is responsible for providing sufficient response to analytical analysis performed by CRI. Management is responsible for providing supporting documentation for detail testing of internal controls and account balances.

AUDIT PROJECT MANAGEMENT

We take deadlines, both yours and ours, seriously. CRI utilizes a combination of status meetings and technology tools to manage the audit process and to provide for continuous communication related to the status of each audit entity, progress against established milestones and of any potential corrective actions identified during the audit process. The principal tool for the communication of project management will be Smartsheet. Each audit entity will have its own “worksheet” within the District’s workspace on Smartsheet. The worksheet will serve as a tracking mechanism for progress against established milestones.

PROJECT RESPONSIBILITIES

Management is responsible for providing the information described above and for taking responsibility for financial statements. Further detail of management responsibilities is laid out in the attached example of our engagement letter.

IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

During planning of the engagement, CRI will ask the District to identify point(s) of contact and schedule status update meetings at intervals deemed appropriate by the District. The frequency of the update meetings with the audit entity and the Director of Finance or their designee(s) can be increased or decreased as needed, but typically are held weekly during audit fieldwork. As part of these status update meetings, the project calendar will be reviewed for areas in which timelines may be off-track in order to re-organize the audit plan with the goal of providing for delivery of the final audit reports by the identified deadlines.

CRI is committed to meet the audit schedules outlined in the RFP.

We currently are not anticipating any potential problems with the audit. Should any matters arise during the audit, we would take the following steps:

1. Meet with the audit entity and Finance Director, as appropriate.
2. Determine what options are available to resolve the problem and evaluate the options for cost effectiveness, efficiency and any potential impact on the audit timeline.
3. Determine if additional personnel resources are needed from CRI or from the District to provide for resolution. This could include additional audit staff or specialists.



4. Establish and agree upon an action plan for resolution.
5. Execute the action plan to obtain remediation of the identified issue.

DEVELOPMENT OF THE AUDIT PROGRAM

IMPLEMENTATION PLAN

We understand that the audit can be disruptive and stressful but by taking the following steps we have consistently been able to minimize the audit discomfort for our clients which has led to outstanding working relationships and timely completion of audits:

- 1) **Test the key audit areas early** – to facilitate a timely completion we would test some/all of the following key audit areas early in the process: Payroll, Expenditures, Revenue, Pension, and OPEB. Based on your preferences, we would aim to complete the majority of the testing over some/all of these areas prior to the end of the fiscal year.
- 2) **Apply efficient and tailored procedures** – testing controls in key areas is a proven approach to efficiently gain audit comfort. We have audited governments with a variety of control structures and we are experienced in tailoring our control testing and substantive testing to most efficiently address the audit risks and optimize the comfort gained.
- 3) **Use a consistent and experienced team** – we use team members that are specialized in the government industry, work primarily on government audits, and participate in multiple government-specific training sessions each year to keep them abreast of latest requirements. None of our staff will need you to explain modified accrual accounting, GASB requirements, Uniform Guidance or State Single Audit Act requirements, or any other government-specific requirements. We also keep consistent team members assigned from year-to-year because we understand that everyone benefits from the efficiencies achieved through consistent staffing.
- 4) **Utilize specialists to focus on the single audit testing** - we utilize a separate team of single audit specialists who focus on the grant testing. The single audit partner and manager will coordinate with the financial statement audit team to ensure knowledge is shared and the testing approach is efficient as possible but having distinct assigned responsibilities allows both teams to progress simultaneously without the risk of distraction.

TAB D WORK SCHEDULE and TIMELINE



CRI will be onsite for one week during interim and two/three weeks for yearend fieldwork. CRI will perform engagement wrap up and financial statement preparation in our offices. CRI will coordinate with management to develop a timeline, which would allow us to be mutually accountable for completing the projects in an efficient and timely manner

The following graphs depicts the timing and key elements of our typical audit process.

TIMING OF AUDIT PROCEDURES														
PHASE	2019								2020					
	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	
Client Acceptance & Pre-Planning														
Appointment of audit firm														
Ongoing consultation on major issues and developments														
Entrance conference with BCC and Constitutional Officers														
Hold CRI engagement team planning meetings														
Risk Assessment & Audit Strategy														
Gain understanding of significant processes and key controls														
Perform testing of key controls to reduce substantive testing														
Determine nature, timing and extent of substantive procedures														
Perform selected substantive procedures as of interim date														
Finalize and communicate plan to management/governance														
Audit Execution														
Conduct remaining substantive tests based on the results of audit procedures performed to date														
Discuss results of audit work with management														
Report & Monitor														
Review financial statements and provide comments to management														
Provide electronic, signed opinions and reports to Department of Financial Services														
Exit conference and present audit reports to management														



We value creating mutually-rewarding, long-term relationships with our clients. Our goal is to provide high quality, responsive service that yields returns far greater than your investment in our professional fees. Please find below our proposal of fees to provide the requested services for the upcoming three respective fiscal years. We will not bill travel or other reimbursable fees as a part of this contract.

UNIQUE SAVINGS OPPORTUNITY WITH CRI

CRI offers the unique opportunity to utilize the **CRI vSTAR™ process**, our virtual audit process that combines minimal hardware, collaborative software, and cameras to allow us to perform all or part of our audit engagement virtually and in real time. **CRI vSTAR™** clients will enjoy reduced or eliminated travel costs – which translates into savings.

SERVICE	CRI FEES FOR MOSQUITO CONTROL DISTRICT		
	2019	2020	2021
Perform external audit services in accordance with auditing standards generally accepted in the United States of America (GAAS).	\$27,500	\$27,500	\$27,500
Perform State and/or Federal Single Audits as needed.	\$7,500	\$7,500	\$7,500

SERVICE	CRI FEES FOR HYACINTH CONTROL DISTRICT		
	2019	2020	2021
Perform external audit services in accordance with auditing standards generally accepted in the United States of America (GAAS).	\$16,500	\$16,500	\$16,500
Perform State and/or Federal Single Audits as needed.	\$4,500	\$4,500	\$4,500

SERVICE	CRI FEES FOR LCMCD/LCHCD RETIREE HEALTH INSURANCE TRUST		
	2019	2020	2021
Perform external audit services in accordance with auditing standards generally accepted in the United States of America (GAAS).	\$12,000	\$12,000	\$12,000



If the Entity requests additional services outside of this proposal, professional fee hourly rates are as follows, but may be negotiated depending on the project request:

CLASSIFICATION	HOURLY RATE
Partner	\$275-\$300
Manager	\$210-\$250
Senior	\$150-\$190
Staff	\$100-\$100
IT Specialist	\$250
Fraud Specialist	\$250

Our professional fees are based on the key assumptions that the Districts will:

- Make available documents and work papers for review at Lee County Mosquito Control District's headquarters location, although we may choose to review at alternate locations.
- Prepare certain schedules and analyses and provide supporting documents as requested.
- Assist us in obtaining an understanding of the accounting systems of the Entity.
- Not experience a significant change in business operations or financial reporting standards.



WEBSITE

CRI shines a light on best practices via thousands of articles, videos, informative charts, and descriptive testimonials. With sections dedicated to illuminating insights by industries and services, our easy-to-navigate website highlights trending topics that detail new standards, changing regulations, and other current business topics. From cybersecurity to the new revenue recognition standard, we are ready to proactively answer your questions.



CRInsights

CRInsights are your doorway to in-depth yet down-to-earth explanations of complex topics. We understand that just because a topic makes perfect sense to a CPA doesn't mean that it should to our clients.

- The Busy CFO & Controller's Toolkit for Successfully Implementing the New Revenue Recognition Standard
- 6 Key Ways to Strengthen Your Cybersecurity Posture
- Back to Basics: 5 Key Financial Considerations for Construction Companies
- The Not-for-Profit's Guide to Fraud Prevention



NEWSLETTER

Our team is dedicated to keeping our clients informed, and we prove it by creating a custom monthly e-newsletter with widely-applicable topics. The articles are designed to help you improve your business and personal finances. Popular topics include:

- 3 Things To Improve Business Operations Immediately
- Financial Statement Audits Aren't Designed to Identify Fraud
- Are You a Big "Phish?" Protect from Cybersecurity Whaling Attacks
- You Might Have Money Hiding In Plain Sight

Sign up at CRIcpa.com.

May 31, 2019

Mr. Russell T. Baker
Deputy Director of Administration & CFO
Lee County Mosquito Control District
15191 Homestead Road

We are pleased to confirm our understanding of the services we are to provide Lee County Mosquito Control District ("District") for the years ended September 30, 2019, 2020 and 2021. We will audit the financial statements of the governmental activities, the major fund and the statement of revenues, expenses and changes in fund balance - budget and actual, including the related notes to the financial statements, which collectively comprise the basic financial statements of District as of and for the years ended September 30, 2019, 2020 and 2021. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Funding Progress for Other Post-Employment Benefits
- 3) Schedules of Proportionate Share of Net Pension Liability Florida Retirement System and Health Insurance Subsidy Program (Last 10 fiscal years)
- 4) Schedules of Employer Contributions – Florida Retirement System and Health Insurance Subsidy Program (Last 10 fiscal years)

We have also been engaged to report on supplementary information other than RSI that accompanies the District'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, and 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 auditors' report on the financial statements:

- 1) Schedule of expenditures of federal awards.

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 over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 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).

The Government Auditing Standards report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (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 report on internal control over compliance will include a paragraph that states that 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. Both reports will state that 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; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, of the District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our Single Audit. Our report will be addressed to the Board of Commissioner of the District. 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 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 we may withdraw from this engagement.

Audit Procedures—General

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 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 awards; federal 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, 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 award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

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*, and the Uniform Guidance.

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 District'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 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. The purpose of these procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the District and any other nonattest services 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*. We will perform the services in accordance with applicable professional standards. The other services include, but are not limited to, the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal 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 and regulations (including federal statutes) 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.

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 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 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.

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 stated fairly 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 make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information 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 supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (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 supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

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 electronically 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 certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Carr, Riggs & Ingram, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State of Florida Auditor General or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Carr, Riggs & Ingram, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the State of Florida Auditor General. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

Interim audit and planning: August and September

Chemical, fuel and aircraft parts: October 1st each year, if on a weekend then the following Monday.

Year end: January - March

Issued Reports by: May 12th

Completed audit report to Board Commissioners: May

David Alvarez is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fees for these services will be a total all-inclusive maximum price for the engagement as defined in the scope of work listed in the RFP for each of the years listed below starting with the fiscal year ending September 30, 2019. We will not bill for any out-of-pocket expenses.

	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>
Financial Audit	\$27,500	\$27,500	\$27,500
Single Audit (as needed)	\$7,500	\$7,500	\$7,500

The fees proposal listed above does not include additional services that may be required to audit and present the financial information for the Districts employee credit union which may become a component unit.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees based on the hourly rates listed below. We also may issue a separate engagement letter covering the additional services. In the absence of any written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Hourly rates for additional services

Partner	\$240
Manager	\$140
Senior Staff	\$100
Staff	\$80
IT Specialist	\$200
Fraud Specialist	\$200

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Dispute Resolution

In the event of a dispute between the parties which arises out of or relates to this contract or engagement letter, the breach thereof or the services provided or to be provided hereunder, if the dispute cannot be settled through negotiation, the parties agree that before initiating arbitration, litigation or other dispute resolution procedure, they will first try, in good faith, to resolve the dispute through non-binding mediation. All parties agree that an alternative form of dispute resolution shall not be undertaken by either party until the expiration of fifteen (15) calendar days following notice being provided to the other party indicating that the dispute cannot be settled through mediation. The mediation will be administered by the American Arbitration Association under its *Dispute Resolution Rules for Professional Accounting*

and Related Services Disputes. The costs of any mediation proceedings shall be shared equally by all parties.

Limitation of Liability

Except as provided in this agreement, CRI shall not be liable for incidental, consequential, exemplary, special, punitive or ancillary damages of any kind alleged as a result of any cause of action from this agreement, whether arising out of breach of contract, tort or otherwise. Unless otherwise stated in this agreement, both CRI and you agree that the total cumulative liability of CRI (including its employees, directors, officers or agents), shall not exceed the amount of fees earned by CRI related to this engagement during the twelve months preceding the event giving rise to the claim, as such amount shall serve as a reasonable prospective estimate of any damages which you may suffer through any breach by CRI of the terms of this agreement, as such damages may be speculative or impossible to calculate. If there are unpaid fees owed to CRI, this cumulative liability will be reduced by the value of the unpaid fees with no additional interest or charges, as CRI retains the right to offset any sums claimed as due and owed by you, by any sums to which it is legally entitled. This limitation shall apply whether or not further damages are foreseeable, or whether either party (or its employees, agents, officers or directors) have been advised of the possibility of such damages.

Statute of Limitations

The parties agree that there shall be a one-year statute of limitation (from the delivery of the service or termination of the contract) for the filing of any requests for arbitration, lawsuit, or proceeding related to this agreement. If such a claim is filed more than one year, or the minimum durational period having been determined as permissible by applicable statutory law or by a court of competent jurisdiction, subsequent to the delivery of the service or termination of the contract, whichever occurs first in time, then it shall be precluded by this provision, regardless of whether or not the claim has accrued at that time.

Electronic Data Communication and Storage and Use of Third Party Service Provider

In the interest of facilitating our services to your company, we may send data over the Internet, securely store electronic data via computer software applications hosted remotely on the Internet, or allow access to data through third-party vendors' secured portals or clouds. Electronic data that is confidential to your company may be transmitted or stored using these methods. We may use third-party service providers to store or transmit this data, such as, but not limited to, providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws and professional standards. We also require our third-party vendors to do the same.

You recognize and accept that we have no control over, and shall not be responsible for, the unauthorized interception or breach of any communications or data once it has been sent or has been subject to

unauthorized access, notwithstanding all reasonable security measures employed by us or our third-party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third-party service providers during this engagement.

To enhance our services to you, we will use a combination of remote access, secure file transfer, virtual private network or other collaborative, virtual workspace or other online tools or environments. Access through any combination of these tools allows for on-demand and/or real-time collaboration across geographic boundaries and time zones and allows CRI and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use certain of these tools and in addition to execution of this acknowledgement and engagement letter, you may be required to execute a separate client acknowledgement or agreement and agree to be bound by the terms, conditions and limitations of such agreement. You agree that CRI has no responsibility for the activities of its third-party vendors supplying these tools and agree to indemnify and hold CRI harmless with respect to any and all claims arising from or related to the operation of these tools. While we may back up your files to facilitate our services, you are solely responsible for the backup of your files and records; therefore, we recommend that you also maintain your own backup files of these records. In the event you suffer a loss of any files or records due to accident, inadvertent mistake, or Act of God, copies of which you have provided to us pursuant to this agreement, we shall not be responsible or obligated to provide you a copy of any such file or record which we may retain in our possession.

We appreciate the opportunity to be of service to Lee County Mosquito Control District 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.

Very truly yours,

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC

RESPONSE:

This letter correctly sets forth the understanding of Lee County Mosquito Control District.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

IX. CERTIFICATION and ACKNOWLEDGEMENT

The undersigned, as an authorized agent of the proposer, hereby certifies (initial each statement):

- ☒ The Proposer is in receipt of 1 addenda.
- ☒ The Proposer is familiar with all instructions, terms and conditions, and specifications stated in this RFP, including the following:
 - ☒ The proposer understands there is a pre-proposal meeting scheduled on **Monday May 6th, 2019 beginning at 10:00 A.M. EST** at the District(s) Administration Building. Attendance is not mandatory; however, it is highly encouraged.
 - ☒ The Proposer will be available for interviews, if selected for interview by District(s), during the afternoon on **July 18th, 2019 at 10:00 A.M.** Interviews expected to be one (1) hour.
- ☒ The Proposer is qualified to perform the work and services outlined in this RFP.
- ☒ The Proposer warrants that they have not employed or retained any company or person, other than a bona fide employee working solely for the Respondent to solicit or secure this agreement and they have not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee working solely for the Respondent any fee, commission, percentage, gift, or other consideration contingent upon or resulting from award or making of this agreement.
- ☒ The Proposer represents and warrants that he is not currently on the Convicted Vendor List or on the Discriminatory Vendor List, nor are they under investigation for violation of the same.
- ☒ The Proposal has been arrived at independently and submitted without collusion with any other Proposer, District(s) staff or District(s) contractor, and the contents of the Proposal have not been communicated by the Proposer or, to the Proposer's best knowledge and belief, by any one of its employees or agents to any person not an employee or agent of the Proposer, and will not be communicated to any person prior to the District's final action on this RFP by the District(s). Nothing in this paragraph shall be construed to prevent or preclude two or more companies or persons from joining together to submit a proposal for the work.
- ☒ The offers, terms and conditions of the proposal will remain valid and effective and may be relied upon by the District(s) for a period of ninety (90) days following the Proposal closing date and time as identified in this RFP or addenda.

Signed By:  Title: Partner

Typed Name: David Alvarez Company Name: Carr, Riggs & Ingram, LLC

Phone No.: 813.855.3036 Fax No.: 813.299.2998

Email: dalvarez@cricpa.com

Bid Address: 3000 Bayport Drive, Suite 500, Tampa, Florida 33607

P.O. Box or Street	City	State	Zip
--------------------	------	-------	-----

Order Address: 3000 Bayport Drive, Suite 500, Tampa, Florida 33607

P.O. Box or Street	City	State	Zip
--------------------	------	-------	-----

Remit Address: 3000 Bayport Drive, Suite 500, Tampa, Florida 33607

P.O. Box or Street	City	State	Zip
--------------------	------	-------	-----

Federal Tax ID No.: 72-1396621

DUNS No.: 828603527

Date: May 31, 2019



Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

Proposal to Provide Independent Auditing Services

LEE COUNTY MOSQUITO/HYACINTH CONTROL DISTRICT **RFP No. 19-105**

Proposal Due: June 03, 2019 - 4:00PM

Submitted to:

Lee County Mosquito/Hyacinth Control District
Attn: Chris Gates
15191 Homestead Road
Lehigh Acres, FL 33971

Submitted by:

Racquel McIntosh, Vice-President
Grau & Associates
951 Yamato Road, Suite 280
Boca Raton, Florida 33431
Tel (561) 994-9299 / (800) 229-4728
Fax (561) 994-5823
rmcintosh@graucpa.com / www.graucpa.com

Table of Contents

	<u>PAGE</u>
COVER LETTER	1
STATEMENT OF INDEPENDENCE	3
FIRM BACKGROUND	4
FIRM EXPERIENCE AND QUALIFICATIONS	5
MANAGEMENT PLAN AND TECHNICAL APPROACH	17
WORK SCHEDULE AND TIMELINE.....	21
COST PROPOSAL	22
ENGAGEMENT LETTERS	23
CERTIFICATION AND ACKNOWLEDGMENT.....	31
SUPPLEMENTAL INFORMATION	32



June 03, 2019

Lee County Mosquito/Hyacinth Control District
Attn: Chris Gates
15191 Homestead Road
Lehigh Acres, FL 33971

Re: Request for Proposal for Professional Auditing Services for the fiscal year ending September 30, 2019-2021, with an option for two (2) additional annual renewals.

Grau & Associates (Grau) is pleased to respond to the Lee County Mosquito/Hyacinth Control District's (the "Districts") Request for Proposal (RFP) and look forward to working with you on your audit. We are a team of knowledgeable professionals with extensive experience in audits for organizations just like yours, and we know how to work with you to complete an effective and efficient audit.

Our practice is unique as 95% of work is either audit or work related to governments. **Since our focus is on government, we fully understand the professional services and work products required to meet your RFP requirements.** We currently audit over 300 governments.

In addition to our firm's focus, Grau & Associates is a great fit for your audit for a variety of other reasons, including:

- **Experience**

Grau is proud of the fact that the personnel we assign to your audit are some of the most experienced auditors in the field. Unlike many other firms, our auditors work almost exclusively with governmental entities, which mean they are more knowledgeable and efficient on audits like yours. Our engagement partners have decades of experience and take a hands-on approach to our assignments, which all ensures a smoother process for you. Also, due to Grau's very low turnover rate for our industry, you won't have to worry about retraining your auditors from year to year.

- **Client Base**

Of the over 300 governmental audits performed, 88% were for Special Districts within the State of Florida. We also audit 14 municipalities within the State, 8 Pension Plans, and 1 OPEB Trust.

- **Service**

Our clients are pleased with the level of personalized service they receive from our talented professionals. Because of our extensive experience, we are adept at making the transition to a new firm as smooth as possible. We work with you to resolve any issues and keep in regular contact so there are no surprises when the final report delivers. In fact, your engagement team will report any potential audit adjustments to you on a regular basis so you will have adequate time to research and respond.

- **Florida Association of Special District ("FASD") Member**

We have been members of the FASD for over 10 years. The FASD represents all special districts and works to unify and strengthen districts across the State. We see excellent value in the organization through its educational and legislative efforts. Over the years we have provided accounting and auditing presentations as part of the education efforts of the organization.

- **Responsiveness**

We pride ourselves on our high level of responsiveness. We answer emails and telephone calls within 24 hours, and usually right away. We are always accessible to clients during business hours, and make every effort to answer any questions as they arise. Additionally, we don't just complete your audit and disappear. We understand the "big picture" and think beyond the traditional auditor's perspective. We remain in touch for the entire year, suggesting ways you can improve your District's performance, procedures and controls. We will update, advise and educate you on new or revised reporting requirements so you are sure to always remain compliant.

- **Reputation**

Our reputation in our field is impeccable. **We have never been involved in any litigation, proceeding or received any disciplinary action. Additionally, we have never been charged with, or convicted of, a public entity crime of any sort.** We have the professional staff available to perform the engagement and resources required to complete the work. We are financially stable and have never been involved in any bankruptcy proceedings.

- **Standards**

Grau & Associates is a professional association / licensed certified public accounting firm serving clients through the state of Florida. We are a member of the American Institute of Certified Public Accountants (AICPA) and the Florida Institute of Certified Public Accountants (FICPA). Additionally, individuals are members of both the (GFOA) and (FGFOA). Grau is also a member of the Governmental Audit Quality Center (GAQC). Our audit will follow the Auditing Standards of the AICPA, Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States, and the Rules of the Auditor General of the State of Florida, and any other applicable federal, state and local regulations. We will deliver our reports in accordance with your requirements.

This proposal is a firm and irrevocable offer for 90 days. We certify this proposal is made without previous understanding, agreement or connection either with any previous firms or corporations offering a proposal for the same items. We also certify our proposal is in all respects fair, without outside control, collusion, fraud, or otherwise illegal action, and was prepared in good faith. Only the person(s), company or parties interested in the project as principals are named in the proposal. Grau has no existing or potential conflicts, and anticipates no conflicts during the engagement. Our Federal I.D. number is 20-2067322.

Grau & Associates would be a perfect fit with the District and we would be happy to answer any questions or provide additional information as needed. Please do not hesitate to call or email either of our Partners Racquel McIntosh (rmcintosh@graucpa.com) or, Antonio J. Grau, CPA (tgrau@graucpa.com) at (561) 994-9299. We thank you for considering our firm's qualifications and experience, and look forward to serving you.

Very truly yours,

Grau & Associates



Racquel McIntosh

STATEMENT OF INDEPENDENCE

Grau & Associates affirms we meet the independence requirements of the Standards for Audit of Governmental Organization Programs, Activities and Functions published by the U.S. General Accounting Office, Governmental Auditing Standards (GAS) issued by the Comptroller General of the United States and the Laws and Rules of Florida Board of Accountancy or any subsequent amendments or superseding revisions. As defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Office's Government Auditing Standards, Grau & Associates, their partners and employees are independent of the Districts, the Board of Commissioners, and employees of the Districts.

Firm's Professional Relationships

We have not had any professional relationships involving the Districts, the elected officials, CFO, and Executive Director.

FIRM BACKGROUND

Grau & Associates is a professionally licensed association and Certified Public Accounting firm. We are registered and licensed under the laws of the State of Florida, providing comprehensive financial and compliance auditing, attestation and accounting, and other management consulting services. The Partners, Consultant and Managers of Grau are members of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants.

Your engagement will be done out of our Boca headquarters located at 951 Yamato Road, Suite 280, Boca Raton, Florida 33431, which has a total of 17 employees, 15 professional staff, including 2 Partners, 13 professionals and 2 administrative professionals. The number of professional staff by employee classification is as follows:

Team Member	Total Professional Staff	Total CPAs	Government Staff
Partners	2	2	2
Managers	3	3	3
Advisory Consultant	1	1	1
Supervisor / Seniors	4	2	4
Staff Accountants	5	1	5
Total	15	9	15

As the successor firm of Grau & Company, we have **provided governmental auditing services in Florida for over 30 years** to various special districts, municipalities, stand-alone enterprise funds, pension plans, and OPEB trusts. Because of the wide array of governmental audits we perform, our staff works on government audits year round. This results in the District having some of the most experienced auditors in the industry resulting in a high audit quality and product.

Compliance with Government Education Requirements

In order to maintain our high level of technical competence, we provide continuing professional education programs for all partners and professional staff members, which exceed national and state standards. All of the audit professionals of Grau & Associates meet/exceed the education requirements as set forth in Government Auditing Standards, published by the Comptroller General of the United States, and our continuing professional education programs (CPE) ensure that all audit professionals meet the requirements to participate in audits of government agencies.

Memberships

The firm is a member of the Government Audit Quality Center (GAQC) sponsored by the AICPA. An audit partner is responsible for the quality of audits performed by the firm. All of the firm's CPA's are properly licensed as CPA's and members in good standing of both the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants. In addition, certain firm professionals are members or have been members of the following professional groups:

- Florida Association of Special Districts (FASD)
- FICPA Committee on State and Local Government
- Florida Government Finance Officers Association (FGFOA)
- Special Review Committee of the Government Finance Officers Association
- FICPA Young CPAs Committee

FIRM EXPERIENCE AND QUALIFICATIONS

Similar Engagements with Other Government Entities

Boca Raton Airport Authority

Scope of Work	Financial Audit
Engagement Partner	Antonio J. Grau
Dates	Annually since 2014
Client Contact	Ariadna Camilo 903 NW 35TH Street Boca Raton, FL 33431 (561) 391-2202 Ext. 207

ACME Improvement District

Scope of Work	Financial Audit, CAFR
Engagement Partner	Racquel McIntosh
Dates	Annually since 2012
Client Contact	Tanya Quickel 12300 Forest Hill Blvd. Wellington, Florida 33414 (561) 791-4000

Spring Lake Improvement District

Scope of Work	Financial Audit
Engagement Partner	Racquel McIntosh
Dates	Annually since 2017
Client Contact	Joe DeCerbo 115 Spring Lake Blvd. Sebring, FL 33876 863-655-1715

South Trail Fire Protection & Rescue District

Scope of Work	Financial Audit
Engagement Partner	Racquel McIntosh
Dates	Annually since 2006
Client Contact	Vicky Deleacaes 5531 Halifax Avenue Fort Myers, FL 33912 (539) 433-0080

Special District Experience

While we do not currently audit a Mosquito Control District, we have audited these Districts in the past. We have provided auditing services to special districts for over 20 years and currently audit over 300 special districts. We currently audit the following types of special districts.

- Airport Authority
- Improvement
- Water Control/Drainage
- Wastewater Treatment
- Fire Rescue & Control
- Community Development

Over the last 36 months the firm has provided audit services for various types of special districts, municipalities, health insurance trusts similar in size and scope to the Districts. The tables below summarize our clients similar to the Districts.

Number of clients with FRS and OPEB:

Type of Government	FRS	OPEB
Special Districts	9	10
Municipalities	10	10

The table below shows the number of special district clients with taxes similar to the Districts.

Taxes Similar To:	# of clients	Amount
Mosquito Control	5	\$11 - \$26 million
Hyacinth Control	5	\$1 - \$4 million

Taxes for our municipal clients range from \$800,000 - \$59,000,000.

Experience in Preparing Governmental Financial Statements

We currently assist all of our clients in preparing their financial statements. Some clients prepare a comprehensive annual financial report and others just basic financial statements. In drafting the financial statements, we ensure that all applicable GASBs have been implemented, that the report is in accordance with GAAP and that the GFOA checklist items are all included in the report. Once prepared the financial statements are presented to the government for review and approval prior to finalizing.

Partner, Supervisory and Staff Qualifications and Experience

You will have a partner and our consultant available for any technical assistance. In addition, an audit manager and a senior will be assigned to the engagement that will perform the majority of fieldwork. Additional staff are available to assist with the engagement should the need arise. Please see Page 33 for licenses.

Name	Years performing government audits	CPE within last 2 years	Professional Memberships
ANTONIO J. GRAU, CPA/CFP/PFS/ABV (Partner)	Over 30	Government Accounting, Auditing: 66 hours Accounting, Auditing and Other: 25 hours	AICPA FICPA FGFOA GFOA
*ANTONIO S. GRAU, CPA (Concurring Review Consultant)	Over 40	Government Accounting and Auditing: 32 hours Accounting, Auditing and Other: 62 hours	AICPA FICPA ICPA
RACQUEL MCINTOSH, CPA (Partner in-charge of engagement)	Over 14	Government Accounting and Auditing hours: 59 Accounting, Auditing and Other: 45 hours	AICPA FICPA FGFOA FASD
VINETTE HALL, CPA (Manager)	Over 12	Government Accounting and Auditing hours: 32 Accounting, Auditing and Other: 54 hours	AICPA FICPA
JAIME MEDLICOTT, CPA (Senior)	Over 5	Government Accounting and Auditing hours: 32 Accounting, Auditing and Other: 70 hours	AICPA FICPA

*Part-time Employee

Continuity

We would like to emphasize our commitment to maintaining professional staff continuity in servicing this engagement. Many of our clients rely on having the same resources available to them because it reflects a commitment to their organization and a deeper understanding of what their organization is trying to achieve. Our staff builds a relationship based upon integrity, trust, and mutual respect, which is a primary reason that we maintain long-term professional relationships.

In assigning staff to engagements, we place high importance on maintaining continuity of staff from one year to the next. This is important from both a client service as well as an engagement efficiency perspective. **As our staff gains familiarity with a client, they are able to complete the engagement more efficiently and are able to identify recommendations for improvement within our client's operations.**

As with any accounting firm, it may become necessary to replace a member of the engagement team. When this occurs they are replaced with someone of at least comparable skills and experience. While we strive to maintain continuity, the turnover that is inherent in today's environment provides for staff rotation and the additional benefit of a fresh approach. We have been very successful over the years in appropriately staffing our jobs and this has resulted in high client retention rates and tremendous growth for the firm.

Position Descriptions

Engagement Partner

The engagement will be performed under the direct supervision of an Engagement Partner. The Engagement Partner will participate extensively during the various stages of the engagement and has direct responsibility for engagement policy, direction, supervision, quality control, security, confidentiality of information of the engagement and communication with client personnel.

The Engagement Partner will also be involved in:

- ❖ coordinating all services;
- ❖ directing the development of the overall audit approach and plan;
- ❖ performing an overriding review of work papers;
- ❖ resolving technical accounting and reporting issues;
- ❖ reviewing, approving and signing reports, management letters, and other audit engagement products; and,
- ❖ ascertaining client satisfaction with all aspects of our engagement, such as services and the personnel assigned.



Concurring Review and Advisory Consultant

A Concurring Review Consultant will be available as a sounding board to advise in those areas where problems are encountered. He will also perform a second review of all reports to be issued by Grau & Associates.

Audit Manager and Senior

The assigned personnel will work closely with the partner and the District to ensure that the financial statements and all other reports are prepared in accordance with professional standards and firm policy. Responsibilities will include:

- ❖ planning the audit;
- ❖ preparing or modifying audit programs, as needed;
- ❖ evaluating internal control and assessing risk;
- ❖ communicating with the client and the partners the progress of the audit; and
- ❖ verifying that financial statements and all reports issued by the firm for accuracy, completeness and that they are prepared in accordance with professional standards and firm policy.

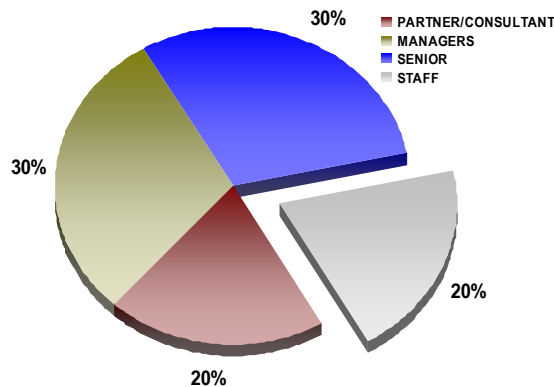
Information Technology Consultants and Personnel

We have partnered with True Digital Security, a firm recognized as one of the countries most advanced IT service providers, to work side by side with our audit team. We believe partnering with an industry expert provides additional assurance to the District that its IT systems are being checked and evaluated accurately. True Digital Security is at the cutting edge of the rapidly evolving environment of network and database security, internet security and vulnerability testing. In today's information age, an in-house IT auditor may not have the most up-to-date experience and training for handling sensitive information and financial database security. Please refer to Page 39 for more information on True Digital Security.

Composition of Engagement Team

In contrast to the majority of both national and local firms, **Grau's proposed engagement team is comprised of an exceptionally large percentage of high-level audit professionals**. This gives us the ability to **quickly recognize problems** and be **more efficient** as a result of our Team's **DECADES** of governmental auditing experience.

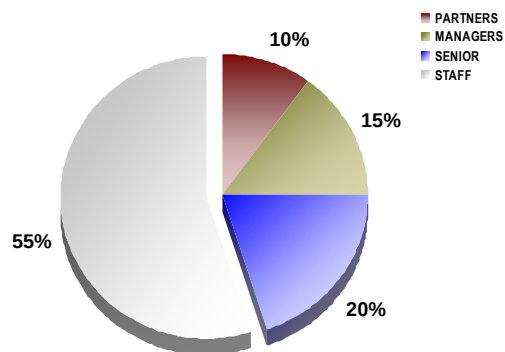
Grau & Associates



Eighty percent of engagement will be performed by Partners, Management and Senior Staff

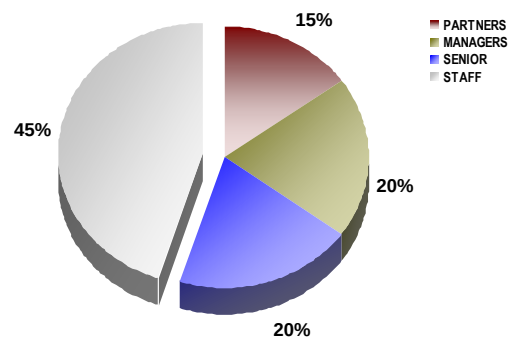
VS.

Typical Local CPA Firm:



Fifty-five percent of engagement is performed by "Management"

Typical National CPA Firm



Forty-five percent of engagement is performed by "Management"

Resumes

The resumes of your engagement team can be found on the following pages.

Antonio J. Grau, CPA, Partner

e-mail: tgrau@graucpa.com



Education

Bachelor of Arts, Business Administration, 1983 University of South Florida; Accredited in Business Valuation by the AICPA, 1998; Personal Financial Specialist, 1997; Accredited in Advanced Single Audit by the AICPA, 2016.

Professional History

CPA, in Florida since February 28, 1985, Certificate No. 15330		
Grau & Associates	Partner	2005-Present
Grau & Company	Partner	1995-2005
Grau & Company	Audit Manager	1987-1995
International Firm	Auditor	1985-1986
Grau & Company	Staff Accountant	1983-1984

Clients Served (partial list)

(>300) Various Special Districts	Key Largo Water Treatment District
Brevard Workforce Board	Mae Volen Senior Center, Inc.
Broward Education Foundation	North Lauderdale Academy High School
City of Cooper City	Orlando Housing Authority
City of Lauderdale Lakes	Palm Beach County Workforce Development Board
City of Lauderhill	Peninsula Housing Programs
City of Lauderhill General Pension	School Board of Broward County
City of North Lauderdale	School Board of Miami-Dade County
City of Oakland Park	School Board of Palm Beach County
City of Weston	South Florida Water Management District
Delray Beach Housing Authority	Southwest Florida Workforce Development Board
East Central Regional Wastewater Treatment Fac.	Town of Davie
Florida Community College at Jacksonville	Town of Highland Beach
Florida Department of Management Services	Town of Hypoluxo
Greater Boca Raton Park & Beach District	Village of Golf
Highland County School District	Village of Wellington
Hispanic Human Resource Council	West Palm Beach Housing Authority

Professional Education (over the last two years)

<u>Course</u>	<u>Hours</u>
Government Accounting and Auditing	66
Accounting, Auditing and Other	25
Total Hours	91 (includes 4 hours of Ethics CPE)

Other Qualifications

As a member of the Government Finance Officers Association Special Review Committee, Mr. Grau participated in the review process for awarding the GFOA Certificate of Achievement in Financial Reporting. Mr. Grau was the review team leader for the Quality Review of the Office of Management Audits of School Board of Miami-Dade County.

Professional Associations/Memberships

American Institute of Certified Public Accountants	Florida Government Finance Officers Association
Florida Institute of Certified Public Accountants	Government Finance Officers Association Member
City of Boca Raton Financial Advisory Board Member	

Antonio S. Grau, CPA, Concurring Review Consultant

e-mail: asgrau@graucpa.com



Education

Bachelor Degree, Business Administration, 1966, University of Miami, Certificate of Educational Achievement from the AICPA in Governmental and Not-For-Profit Accounting and Auditing, 1994/1995.

Professional History

CPA in Florida since April 29, 1970, Certificate No. 2623

Grau & Company	Partner	1977-2004
Public Company	Financial Officer	1972-1976
International Firm	Auditor	1966-1972

Clients Served (partial list)

Mr. Grau was the head of the governmental audit department of Grau & Company, and performs the concurring review and advises on all the governmental audits of the firm.

Atlanta Housing Authority	Hispanic Human Resource Council
Broward County Housing Authority	Mae Volen Senior Center, Inc.
City of Dania Beach	Miami Beach Housing Authority
City of Lauderdale Lakes	North Lauderdale Academy High School
City of Lauderhill	Palm Beach County Workforce Development Board
City of Lauderhill General Pension	School Board of Miami-Dade County
City of Miami Springs	South Florida Water Management District
City of Oakland Park	Town of Hypoluxo
City of Sweetwater Pension	Town of Lauderdale-By-The-Sea
Florida Community College at Jacksonville	Town of Miami Lakes
Highland County School District	Town of Southwest Ranches
Downtown Development Authority of the City of Miami	Village of Biscayne Park
/ Community Development Block Grants	West Palm Beach Housing Authority

Professional Education (over the last two years)

<u>Course</u>	<u>Hours</u>
Government Accounting and Auditing	32
Accounting, Auditing and Other	62
Total Hours	94 (includes 4 hours of Ethics CPE)

Other Qualifications

Mr. Grau was the review team leader for the Quality Review of the Office of Management Audits of School Board of Miami-Dade County.

Professional Associations/Memberships

Member, American Institute of Certified Public Accountants	Institute of Certified Public Accountants (1996-1997)
Member, Florida Institute of Certified Public Accountants	Institute of Certified Public Accountants (1991 - 1993)
Past member, State and Local Government Committee, Florida	
Past member, Quality Review Acceptance Committee, Florida	
Past member of BKR International Committee on Government and Non-Profit Accounting and Auditing	

Racquel C. McIntosh, CPA, Partner

e-mail: rmcintosh@graucpa.com / 561-939-6669



Education

Master of Accounting, MACC; Florida Atlantic University, December 2004;
Bachelor of Arts – Majors: Accounting and Finance; Florida Atlantic University, May 2003

Professional History

Grau & Associates	Partner	2014-Present
Grau & Associates	Manager	2009-2014
Grau & Associates	Senior Auditor	2007-2009
Grau & Associates	Staff Auditor	2006-2007
Grau & Company	Staff Auditor	2005-2006

Clients Served *(partial list)*

(>300) Various Special Districts	Indian Trail Improvement District
Boca Raton Airport Authority	Ranger Drainage District
Brevard Workforce Development Board	San Carlos Park Fire Protection & Rescue District
Broward Education Foundation	South Central Reg. Wastewater Treatment & Disposal Bd.
Central Broward Water Control District	South Trail Fire Protection & Rescue District
Citrus County Mosquito Control District	Southwest Florida Workforce Development Board
City of Cooper City	Spring Lake Improvement District
City of West Park	Town of Highland Beach
City of Weston	Town of Hypoluxo
East Central Reg. Wastewater Treatment Fac.	Town of Lantana
East Naples Fire Control & Rescue District	Town of Hillsboro Beach
Greater Boca Raton Beach & Park District	Village of Golf
Indian River Mosquito Control District	Village of Wellington (ACME Improvement District)

Professional Education *(over the last two years)*

<u>Course</u>	<u>Hours</u>
Government Accounting and Auditing	59
Accounting, Auditing and Other	45
Total Hours	104 <i>(includes 4 hours of Ethics CPE)</i>

Professional Associations/ Memberships

American Institute of Certified Public Accountants	FICPA State & Local Government Committee
Florida Institute of Certified Public Accountants	FICPA Atlantic Chapter Board Member
FICPA Young CPAs Committee	FGFOA Palm Beach Chapter

Vinnette Hall, CPA, Manager

e-mail: vhall@graucpa.com / 561-939-6675



Education

Bachelor of Science – Florida Atlantic University; Major: Accounting, 2003

Master of Science - Major: Operations/Production Management & Strategy; Carnegie Mellon University, 1995

Bachelor of Arts - Major: Economics; Harvard University, 1992

Professional History

Grau & Associates	Manager	2017-Present
Grau & Associates	Consultant	2010-2017
Grau & Associates	Senior Auditor	2004-2009
North Broward Hospital District	Chief Internal Auditor	2014-2016
Spears, Safer, Harmon & Co. PL	Staff Accountant	2004

Clients Served (partial list)

(>300) Various Special Districts	South Indian River Water Control District
Aid to Victims of Domestic Abuse, Inc.	Southwest Florida Workforce Board
CareerSource Broward	Town of Davie
Central Broward Water Control District	Town of Haverhill
City of West Park	Town of Hypoluxo
City of Weston	Town of Highland Beach
Indian River Mosquito Control District	Town of Lantana
Indian Trail Improvement District	Town of South Palm Beach
Ranger Drainage District	Town of Pembroke Park
South Central Reg. Wastewater Treatment & Disp. Bd.	Village of Wellington (ACME Improvement District)

Professional Education (over the last two years)

<u>Course</u>	<u>Hours</u>
Government Accounting and Auditing	32
Accounting, Auditing and Other	54
Total Hours	<u>86</u> (includes 4 hours of Ethics CPE)

Professional Associations

American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
Florida Government Finance Officers Association

Jaime Medliott, CPA, Senior Auditor

e-mail: jmedlicott@graucpa.com / 561-939-6679



Education

Bachelor of Science - Major: Accounting/Master of Accounting; University of Florida, 2010

Professional History

Grau & Associates	Senior Auditor	2014-Present
Security Pro Systems	Accounting Manager	2013-2014
Ultimate Software	Senior Accountant	2013
Ernst & Young LLP	Assurance	2010-2013
Crowe Horwath LLP	Audit Intern	2008-2010

Clients Served (partial list)

(>300) Various Special Districts	Nova Southeastern University
3Cinteractive	Office Depot
AMSA Group	Pal Mar Water Control District
City of Fort Lauderdale	Pinellas Park Water Management District
City of North Lauderdale	SEACOR
City of Weston	Shoes for Crews
Coventry Health Care	Sunshine Water Control District
East Central Regional Wastewater Treatment Fac.	Telefonica
Florida Public Transportation Association	Town of Lantana
ING	Town of Lauderdale By The Sea
Key Largo Wastewater Treatment Plant	Village of Golf
Loxahatchee Groves Water Control District	Village of Wellington
Martin Memorial	

Professional Education (over the last two years)

<u>Course</u>	<u>Hours</u>
Government Accounting and Auditing	32
Accounting, Auditing and Other	70
Total Hours	<u>102</u> (includes 4 hours of Ethics CPE)

Professional Associations

American Institute of Certified Public Accountants
Florida Government Finance Officers Association
FICPA Young CPAs Committee

Florida Institute of Certified Public Accountants

Peer Review

Grau participates in an external quality review program requiring an on-site independent examination of our auditing practice. Grau has consistently received a pass rating on the quality of our audit practice. Our peer review included mostly government engagements. A copy of the report on the firm's most recent quality review can be found below.



Gregory, Sharer & Stuart, P.A.
Certified Public Accountants and Business Consultants



FICPA Peer Review Program
Administered in Florida by the
Florida Institute of CPAs



AICPA Peer Review Program
Administered in Florida by the
Florida Institute of CPAs

System Review Report

To the Owners of Grau & Associates
And the Peer Review Committee of the Florida Institute of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Grau & Associates (the firm) in effect for the year ended June 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Grau & Associates in effect for the year ended June 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Grau & Associates has received a peer review rating of *pass*.

Gregory, Sharer & Stuart, P.A.

Gregory, Sharer & Stuart, P.A.
November 2, 2016

March 2, 2017

Antonio Jose Grau Jr, CPA
Grau & Associates
2700 N Military Trl Ste 350
Boca Raton, FL 33431

Dear Mr. Grau:

It is my pleasure to notify you that on March 2, 2017 the Florida Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is December 31, 2019. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Paul N. Brown
Paul N. Brown, CPA, CGMA
Director of Technical Services

cc: Daniel Joseph Hevia, CPA

Firm Number: 4390114

Review Number: 474720

100 Second Avenue South, Suite 600 | St. Petersburg, Florida 33701-4336
(727) 821-6161 | Fax (727) 822-4573 | www.gscpa.com

325 W. College Ave. | P.O. Box 5437 | Tallahassee, FL 32314 | (904) 224-2727 | (800) 342-3197 | Fax: (904) 222-8190 | www.ficpa.org



In addition to scheduled Peer Reviews, our firm continually monitors performance to ensure the highest quality of services. An Audit Partner is responsible for monitoring quality control of all appropriate engagements.

Disciplinary Action

During the last three (3) years, Grau & Associates has not been involved in any litigation, proceeding or disciplinary action from any state or federal regulatory body or professional organizations.

Results of State and Federal Reviews

During the last three (3) years, all state and federal reviews of the firm's reports and working papers have been accepted without change or revision to issued reports.

MANAGEMENT PLAN AND TECHNICAL APPROACH

Firm Methodology and Philosophy

We strive to make our audit approach a positive one that emphasizes open and honest lines of communication. We are confident our firm will meet and exceed your needs and expectations and we welcome this opportunity. We possess the experience and knowledge, and have an excellent audit team ready to ensure a timely, cost effective and successful independent audit. We will assist the District in making informed decisions, strengthening its internal controls and accurately reporting financial information.

Grau believes that the key to any successful audit lies in the capabilities of the audit team. Our team of professionals is formidable in terms of their experience and commitment.

Our **concentration in the governmental sector** allows us to bring the most qualified resources and auditors to the job which makes us **unique in comparison to other proposers**. Our staff performs governmental engagements year round. When not working on your audit, your team is refining their audit approach for next year's audit.

Our philosophy is a simple one: to invest in the best trained personnel and technology to achieve the highest quality audits for our clients.

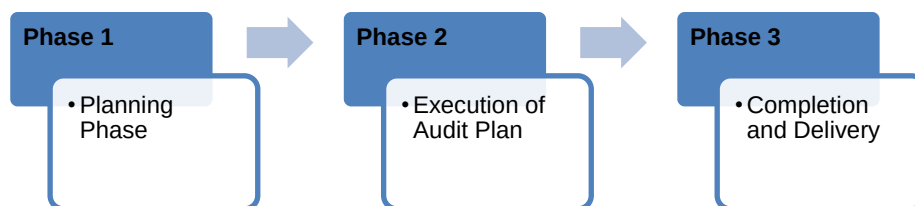
We will deliver a quality audit that not only meets the requirements set forth in the RFP, but will **exceed those expectations**. We have retained and continuously trained our current staff, and expanded our information technology and other resources – investing for the future! This allows us to quickly respond to new work and our client's needs.

We encourage you to ask other proposers to share whether their audit staff as listed, work exclusively on governmental audit engagements.

We follow a risk-based audit approach and the Auditing Standards of the AICPA, Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States, the Rules of the Auditor General of the State of Florida, as well as applicable Federal, State and Local regulations. Grau has a full understanding of the scope of the work to be performed and will provide the required reports in the timeframe required in this RFP.

a. Proposed segmentation of the engagement

The phases for our audit will be broken down as follows:



Phase I: Planning Phase

Grau believes a well-planned audit is crucial to the success of this engagement, and as such we put significant efforts in the planning stages of the audit, especially in the initial year, to ensure an effective and efficient audit. Further, as appropriate, our audit will be planned to provide for a low level of audit risk.

There are 3 steps in our planning phase.

Step 1: *Meet with the District's key management:* Grau will be available to meet with key management immediately upon award of the contract. During this time, we also interview District Commission to give them an opportunity to discuss their concerns as well. This gives us further insight and knowledge into the District's core issues. During these initial meetings, our discussion will include:

- our audit approach
- lines of communication
- scheduling to minimize disruption of your staff
- audit scope and alternatives
- areas management and Commission have concerns
- areas we deem high risk
- timeline for audit services

Step 2: Gather Information: During this phase, an understanding of the District, its internal controls, business process, computer system, financial reporting system, and organizational structure is obtained so that the audit team can properly assign risk and focus the audit procedures in those areas that are high risk. We will meet with key personnel to obtain an understanding of your operations. Each area above will be evaluated with the District's management and then tests will be performed to determine the effectiveness of controls in those areas.

All information gathered will be documented in our electronic workpapers using memos, charts and spreadsheets. In addition, the District's policy manuals will be stored in our electronic permanent file for future use.

Other Planning Procedures include:

- Review budgets, organization charts, and audit pertinent procedure manuals
- Design "walkthroughs" as deemed necessary
- Review minutes from the District's various committees and the Council
- Review agreements, debt related documents, resolutions, and contracts, etc.
- Prepare a list of schedules and work papers to be prepared by the District's personnel

Step 3: Prepare Audit Programs: In contrast to many firms who only utilize a single partner or individual to develop their audit programs or simply use the standard boiler plate programs, we use the combined efforts of our experienced **audit team to tailor audit programs for the District**. With Grau's focus on client service, and our knowledge and experience, you can be assured that it will be the most effective and efficient approach to the audit of the District.

A final estimation will be made by the Partner at that time of the audit team members' assignment and the amount of time allocated to the risk areas. Please see Section 2.

Phase II – Execution of Audit Plan

This phase of the audit includes 3 steps: the *planning fieldwork*, *IT assessment* and *year-end fieldwork*.

Step 1: Planning Fieldwork – This includes many planning activities mentioned earlier and consists mainly of testing the internal control systems, computer systems, sampling of transactions for high risk areas, test of compliance and grant program transactions, if applicable. Our specific audit procedures are streamlined and involve customized procedures that help clients manage their increased responsibilities.

Step 2: IT Assessment – Given the significance of information technology in today's environment it is imperative that the security systems in place are adequate and working effectively. This segment of the engagement includes testing the security of the financial data and the security of the network as a whole. Our IT partners will perform vulnerability assessments, penetration tests, and other tests to ensure the security, integrity and validity of data.

Step 3: Year End Fieldwork – This is the largest part of the audit process and includes both substantive audit tests and analytical review. Our processes will focus on the operating statement activities, year-end test of balances and reconciliations, confirmation procedures, and compiling the information in order to provide meaningful and materially accurate financial statement for the stakeholders of the District. Principal techniques used to acquire evidence on which the expression of our opinion on the fairness of the financial statements is reached are as follows:

- *Observation* – to ascertain compliance
- *Confirmation* – third party evidence

These procedures will be performed by the most experienced and trained senior auditors and managers who work exclusively on governmental audits. Extensive partner involvement will be used in high risk areas and throughout the engagement to coordinate, monitor and review the work performed. **No staff auditor will ever be involved in a high risk area.** The engagement partner and manager will meet with District representatives on all material matters as they arise and report promptly any potential audit issues.

We will complete all fieldwork, including that required by the Single Audit Act, if necessary, and will provide you with a preliminary draft of the audit reports, by the date set forth in the Request for Proposal.

Phase III: Reporting

This phase of the audit is divided into 3 steps:

Step 1: Financial Reporting – During this step, the audit team will complete the tasks related to financial reporting, including drafting the financial statements. We perform procedures through the date of our audit report and ensure that all audit procedures are extended, as necessary. Tasks to be performed include:

- Final analytical review procedures
- Review and inquires for subsequent events, contingencies and commitments
- Update to attorney's letter and minutes

Step 2: Management Letter – As each potential management letter point is identified in the audit process, the audit team will document the condition and our recommendation, and the benefits of the recommended action. Any critique of operations will be confidential and constructive. **We do not recommend change for the sake of change.**

All recommendations must be cost effective, simple to effectuate, and will take into account why the deficiency occurred. Further, we pledge to assist you in identifying and solving problems before they become critical. Our audit team's diverse experience, and their independent and objective views, ensures valuable and meaningful comments, observations, and conclusions.

Step 3: Audit Reports – The final step in our audit involves the preparation and review of the various audit reports. All of our financial audits go through a stringent independent and technical review. A closing conference will be held with the District's management, to review all the draft reports and make any financial revisions before issuing the final reports.

The above 3 phases of this engagement will be completed so that your reports will be issued by your deadline as outlined in the RFP.

b. Level of staff and assignment to each proposed segment of the engagement

	Partners	Managers	Seniors
Preliminary Planning	✓	✓	✓
Perform Audit Plan	-	✓	✓
Completion and Delivery	✓	✓	-
Total			

Communications

Progress reports with the District staff audit liaison are done at a minimum of weekly. However, as items arise throughout the engagement they are discussed immediately.

Tasks to be performed by the District as enumerated in Section VI (E) of the RFP are acceptable to us. We will request certain permanent file documents from the predecessor and review their workpapers. Any information not provided by the predecessor will be requested from the Districts.

We emphasize a continuous, year-round dialogue between the District and our management team. We typically begin our audit process with an entrance conference. We regularly communicate through personal telephone calls and electronic mail throughout the audit and on a regular basis. Our clients have the ability to transmit information to us on our secure client portal with the ability to assign different staff with separate log on and viewing capability. This further facilitates efficiency as all assigned users receive electronic mail notification as soon as new information has been posted into the portal. We strive to continue to keep an open line of communication through the fieldwork and ending with an exit conference.

WORK SCHEDULE AND TIMELINE

Audit Phase and Tasks	JUL/ SEP	OCT / DEC	JAN / MAR
I. <u>Planning Phase</u>			
Planning discussions with financial management			
Understanding the entity and environment			
Develop understanding of IT controls & systems			
Preliminary analytical reviews on financial statements			
Conduct risk assessments			
Develop audit plan			
Request the District's assistance & documentation needs			
II. <u>Internal Control Phase</u>			
Conduct tests of internal controls and systems			
Inventory count			
Perform information technology evaluation & follow-up			
Conduct Single Audit Testing, if applicable			
Provide the District with list of all schedules to be prepared			
Review and finalize audit plan			
III. <u>Fieldwork Phase</u>			
Perform analytical procedures & respond to variances			
Perform substantive tests of account balances			
Perform compliance testing of transaction classes			
Review subsequent events, contingencies & commitments			
Review preliminary results with financial management			
IV. <u>Reporting Phase</u>			
Perform final analytical procedures			
Review the financial statements			
Hold audit exit conference with financial management			
Issue opinion report on financial statements			
Issue internal control & compliance report and single audit report			
Issue management letter, if applicable			
The District to provide responses to management comments and Single Audit findings , if applicable			

The time split between onsite and offsite fieldwork will vary depending on the availability of electronic information and other factors. Once awarded, as part of the entrance conference, the determination will be made with management.

If at year end the District's conversion to Tyler is not complete or if no history is migrated to Tyler you can send us a Quickbooks file and we can retrieve the trial balance, general ledger detail, and schedules. If Tyler is in use and the District is utilizing the SAAS version, we can be provided a separate log on for view/download access to the financial system. In addition, if the District utilizes an online document management system we would also be able to have view access to invoices, cash receipts and permanent file information. These tools save time for the finance staff as it reduces the list of items requested for the audit.

COST PROPOSAL

The total all-inclusive not to exceed proposed fees for the Financial Audits for fiscal years ending September 30, 2019 - 2021 are as follows:

Total Price for Audit Services Lee County Mosquito Control District	
FYE 2019	\$24,000
FYE 2020	\$24,500
FYE 2021	\$25,000
Grand Total Price for Audit Services (3 Years)	\$73,500
Total Price for Audit Services Lee County Hyacinth Control District	
FYE 2019	\$13,000
FYE 2020	\$13,300
FYE 2021	\$13,600
Grand Total Price for Audit Services (3 Years)	\$39,900

Total Price for the LCHCD/LCMCD Retiree Health Insurance Trust	
FYE 2019	\$8,000
FYE 2020	\$8,200
FYE 2021	\$8,400
Grand Total Price for Audit Services (3 Years)	\$24,600

The above fees are based on the assumption that the District maintains its current level of operations. Should conditions change the fees would be adjusted accordingly upon approval from all parties concerned.

If it should become necessary for the Districts to request the auditor to render any additional services to either supplement the services requested in their RFP or to perform additional services, such additional work agreed to between the Districts and the firm shall be performed at the rates below.

	RATES
Partners	\$225
Managers	\$150
Supervisory Staff	\$125
Staff	\$100

We anticipate travel costs for the audits to be approximately \$2,000. We do not have any reimbursable fees that would be billed to the Districts.

ENGAGEMENT LETTER FOR EACH DISTRICT (ASSUMES NO SINGLE AUDIT)

XXX, 2019

To Board of Supervisors
Lee County XXX Control District
15191 Homestead Road
Lehigh Acres, FL 33971

We are pleased to confirm our understanding of the services we are to provide Lee County XXX Control District, Lee County, Florida ("the District") for each of the fiscal years ended September 30, 2019, 2020 and 2021 with an option for two one-year renewals. We will audit the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Lee County XXX Control Districts as of and for each of the fiscal years ended September 30, 2019, 2020 and 2021 with an option for two one-year renewals. In addition, we will examine the District's compliance with the requirements of Section 218.415 Florida Statutes.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary comparison schedule
- 3) OPEB Schedules
- 4) FRS schedules

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. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the District's financial statements. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion on the financial statements is 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 an opinion, we may decline to express an opinion or issue a report, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) 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 as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that 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 District's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Examination Objective

The objective of our examination is the expression of an opinion as to whether the District is in compliance with Florida Statute 218.415 in accordance with Rule 10.556(10) of the Auditor General of the State of Florida. Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and will include tests of your records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion

of our examination of the District's compliance. The report will include a statement that the report is intended solely for the information and use of management, those charged with governance, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion on the District's compliance is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the examination or are unable to form or have not formed an opinion, we may decline to express an opinion or issue a report, or may withdraw from this engagement.

Other Services

We will assist in preparing the financial statements and related notes of the District in conformity with U.S. generally accepted accounting principles 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*. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for compliance with Florida Statute 218.415 and will provide us with the information required for the examination. The accuracy and completeness of such information is also management's responsibility. You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. In addition, you will be required to make certain representations regarding compliance with Florida Statute 218.415 in the management representation letter. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for designing, implementing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and 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 and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

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) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written 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 and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures—General

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 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. Our responsibility as auditors is limited to the period covered by our audit and does not extend to 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; 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*.

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 and *Government Auditing Standards*.

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 District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit 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*.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Grau & Associates and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a cognizant or oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Grau & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. Notwithstanding the foregoing, the parties acknowledge that various documents reviewed or produced during the conduct of the audit may be public records under Florida law. The District agrees to notify Grau & Associates of any public record request it receives that involves audit documentation.

Our fee for these services will not exceed \$XXXXX for the September 30, 2019 audit. The fees for fiscal year 2020 and 2021 will not exceed \$XXXXX and \$XXXXX, respectively, unless there is a change in activity by the District which results in additional audit work. If the option to renew is exercised, the fees for fiscal year 2022, and 2023 will not exceed \$XXXX and \$XXXX.

All accounting records for the fiscal year ended September 30, 2019 must be provided to us no later than XXXX, 201X, in order for us to complete the engagement by XXXX, 201X.

We will complete the audit within prescribed statutory deadlines or as determined by management, with the understanding that your employees will provide information needed to perform the audit on a timely basis.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Invoices will be submitted in sufficient detail to demonstrate compliance with the terms of this agreement. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we

elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate.

This agreement may be renewed each year thereafter subject to the mutual agreement by both parties to all terms and fees. The fee for each annual renewal will be agreed upon separately.

The District has the option to terminate this agreement with or without cause by providing thirty (30) days written notice of termination to Grau & Associates. Upon any termination of this agreement, Grau & Associates shall be entitled to payment of all work and/or services rendered up until the effective termination of this agreement, subject to whatever claims or off-sets the District may have against Grau & Associates.

We will provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2016 peer review report accompanies this letter.

We appreciate the opportunity to be of service to Lee County XXX Control District 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.

Very truly yours,

Grau & Associates

Racquel McIntosh

RESPONSE:

This letter correctly sets forth the understanding of Lee County XXX Control District.

By: _____

Title: _____

Date: _____

ENGAGEMENT LETTER FOR XXX RETIREE HEALTH INSURANCE TRUST

XXXX, 2019

Board of Trustees
LCHCD/LCMCD Retiree Health Insurance Trust
15191 Homestead Road
Lehigh Acres, FL 33971

We are pleased to confirm our understanding of the services we are to provide the LCHCD/LCMCD Retiree Health Insurance Trust ("the Trust") for the fiscal years ended September 30, 2019 – 2021 with an option for two one-year renewals. We will audit the financial statements of the Trust, which comprise the statement of fiduciary net position and the related statement of changes in fiduciary net position for the fiscal years ended September 30, 2019 - 2021 with an option for two one-year renewals.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Trust's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Trust's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Schedule of Changes in Net OPEB Liability and Related Ratios
2. Schedule of employer Contributions
3. Schedule of Annual Money-Weighted Rate of Return of Pension Plan Investments
4. Management's Discussion and Analysis

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Trust and other procedures we consider necessary to enable us to express such an opinion. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion on the financial statements is 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 an opinion, we may decline to express an opinion or issue a report, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) 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 as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that 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 Trust's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Trust is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes in conformity with U.S. generally accepted accounting principles 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*. You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable 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 and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

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) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written 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. As part of our engagement, we may propose standard adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of the proposed entries and the impact they have on the financial statements.

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 Trust 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 Trust received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Trust complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to using the audit's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures—General

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 Trust or to acts by management or employees acting on behalf of the Trust. 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 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. Our responsibility as auditors is limited to the period covered by our audit and does not extend to 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; 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 Trust 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*.

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 and *Government Auditing Standards*.

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 Trust's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit 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*.

Other Services

We will assist in preparing the financial statements and related notes of the Trust in conformity with U.S. generally accepted accounting principles 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*. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Grau & Associates and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a cognizant or oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Grau & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. Notwithstanding the foregoing, the parties acknowledge that various documents reviewed or produced during the conduct of the audit may be public records under Florida law. The Trust agrees to notify Grau & Associates of any public record request it receives that involves audit documentation.

Our fee for these services will not exceed \$XXX, \$XXX, \$XXX respectively for each of the fiscal years ended September 30, 2019 - 2021. If the option to renew is exercised, the fees for fiscal year 2022, and 2023 will not exceed \$XXXX and \$XXXX.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Invoices will be submitted in sufficient detail to demonstrate compliance with the terms of this agreement. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate.

This agreement may be renewed each year thereafter subject to the mutual agreement by both parties to all terms and fees. The fee for each annual renewal will be agreed upon separately.

We will provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2016 peer review report accompanies this letter.

We appreciate the opportunity to be of service to LCHCD/LCMCD Retiree Health Insurance Trust 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.

Very truly yours,

Grau & Associates

Racquel McIntosh

RESPONSE:

This letter correctly sets forth the understanding of LCHCD/LCMCD Retiree Health Insurance Trust.

By: _____

Title: _____

Date: _____

CERTIFICATION AND ACKNOWLEDGMENT

IX. CERTIFICATION and ACKNOWLEDGEMENT

The undersigned, as an authorized agent of the proposer, hereby certifies (initial each statement):

- (*RM*) The Proposer is in receipt of 0 addenda.
- (*RM*) The Proposer is familiar with all instructions, terms and conditions, and specifications stated in this RFP, including the following:
- (*RM*) The proposer understands there is a pre-proposal meeting scheduled on **Monday May 6th, 2019 beginning at 10:00 A.M. EST** at the District(s) Administration Building. Attendance is not mandatory; however, it is highly encouraged.
 - (*RM*) The Proposer will be available for interviews, if selected for interview by District(s), during the afternoon on **July 18th, 2019 at 10:00 A.M.** Interviews expected to be one (1) hour.
 - (*RM*) The Proposer is qualified to perform the work and services outlined in this RFP.
 - (*RM*) The Proposer warrants that they have not employed or retained any company or person, other than a bona fide employee working solely for the Respondent to solicit or secure this agreement and they have not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee working solely for the Respondent any fee, commission, percentage, gift, or other consideration contingent upon or resulting from award or making of this agreement.
 - (*RM*) The Proposer represents and warrants that he is not currently on the Convicted Vendor List or on the Discriminatory Vendor List, nor are they under investigation for violation of the same.
 - (*RM*) The Proposal has been arrived at independently and submitted without collusion with any other Proposer, District(s) staff or District(s) contractor, and the contents of the Proposal have not been communicated by the Proposer or, to the Proposer's best knowledge and belief, by any one of its employees or agents to any person not an employee or agent of the Proposer, and will not be communicated to any person prior to the District's final action on this RFP by the District(s). Nothing in this paragraph shall be construed to prevent or preclude two or more companies or persons from joining together to submit a proposal for the work.
 - (*RM*) The offers, terms and conditions of the proposal will remain valid and effective and may be relied upon by the District(s) for a period of ninety (90) days following the Proposal closing date and time as identified in this RFP or addenda.

Signed By: *Racquel McIntosh* Title: Vice President

Typed Name: Racquel McIntosh Company Name: Grau & Associates

Phone No.: (561) 994-9299 Fax No.: (561) 994-5823

Email: rmcintosh@graucpa.com

Bid Address: 951 Yamato Road, Suite 280 Boca Raton FL 33431

	P.O. Box or Street	City	State	Zip
--	--------------------	------	-------	-----

Order Address:	<u>951 Yamato Road, Suite 280 Boca Raton FL 33431</u>			
----------------	---	--	--	--

	P.O. Box or Street	City	State	Zip
--	--------------------	------	-------	-----

Remit Address:	<u>951 Yamato Road, Suite 280 Boca Raton FL 33431</u>			
----------------	---	--	--	--

	P.O. Box or Street	City	State	Zip
--	--------------------	------	-------	-----

Federal Tax ID No.: 20-2067322

DUNS No.: _____

Date: 5/31/2019



Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

Supplemental Information

Licenses

STATE OF FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION BOARD OF ACCOUNTANCY	
LICENSE NUMBER	
AD64305	
The ACCOUNTANCY CORPORATION Named below IS LICENSED Under the provisions of Chapter 473 FS. Expiration date: DEC 31, 2019	
GRAU & ASSOCIATES 2700 N. MILITARY TRAIL #350 BOCA RATON FL 33431	
	
	

STATE OF FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION BOARD OF ACCOUNTANCY	
LICENSE NUMBER	
AC0015330	
The CERTIFIED PUBLIC ACCOUNTANT Named below IS LICENSED Under the provisions of Chapter 473 FS. Expiration date: DEC 31, 2019	
GRAU, ANTONIO JOSE 2700 NORTH MILITARY TRAIL SUITE 350 BOCA RATON FL 33431	
	
	

STATE OF FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION BOARD OF ACCOUNTANCY	
LICENSE NUMBER	
AC0002623	
The CERTIFIED PUBLIC ACCOUNTANT Named below IS LICENSED Under the provisions of Chapter 473 FS. Expiration date: DEC 31, 2020	
GRAU, ANTONIO S 20790 SONETO DR BOCA RATON FL 33433-2723	
	
	

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
BOARD OF ACCOUNTANCY



LICENSE NUMBER

AC38797

The CERTIFIED PUBLIC ACCOUNTANT
Named below IS LICENSED
Under the provisions of Chapter 473 FS.
Expiration date: DEC 31, 2019

MCINTOSH, RACQUEL CECELIA
8139 BELLAGIO LANE
BOYNTON BEACH FL 33472



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
BOARD OF ACCOUNTANCY



LICENSE NUMBER

AC36847

The CERTIFIED PUBLIC ACCOUNTANT
Named below IS LICENSED
Under the provisions of Chapter 473 FS.
Expiration date: DEC 31, 2020

HALL, VINNETTE G
4200 NW 39TH AV
FORT LAUDERDALE FL 33309



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
BOARD OF ACCOUNTANCY



LICENSE NUMBER

AC48099

The CERTIFIED PUBLIC ACCOUNTANT
Named below IS LICENSED
Under the provisions of Chapter 473 FS.
Expiration date: DEC 31, 2019

MEDLICOTT, JAIME GRAY BARDEN
2700 N MILITARY TRAIL SUITE 350
BOCA RATON FL 33431



Partial List of Clients

The following is a partial list of clients served and related experience:

SPECIAL DISTRICTS	Governmental Audit	Single Audit	Utility Audit	Current Client	Year End
Boca Raton Airport Authority	✓	✓		✓	9/30
Central Broward Water Control District	✓			✓	9/30
Coquina Water Control District	✓			✓	9/30
East Central Regional Wastewater Treatment Facility	✓		✓	✓	9/30
Greater Boca Raton Beach and Park District	✓			✓	9/30
Greater Naples Fire Control and Rescue District	✓			✓	9/30
Hobe-St. Lucie Conservancy District	✓			✓	9/30
Indian River Mosquito Control District	✓				9/30
Indian Trail Improvement District	✓			✓	9/30
Key Largo Waste Water Treatment District	✓	✓	✓	✓	9/30
Loxahatchee Groves Water Control District	✓			✓	9/30
Old Plantation Water Control District	✓			✓	9/30
Pal Mar Water Control District	✓			✓	9/30
Pinellas Park Water Management District	✓			✓	9/30
Pine Tree Water Control District (Broward)	✓			✓	9/30
Pinetree Water Control District (Wellington)	✓			✓	9/30
Ranger Drainage District	✓			✓	9/30
Renaissance Improvement District	✓			✓	9/30
San Carlos Park Fire Protection and Rescue Service District	✓			✓	9/30
South Central Regional Wastewater Treatment and Disposal Board	✓	✓	✓	✓	9/30
South Indian River Water Control District	✓	✓		✓	9/30
South Trail Fire Protection & Rescue District	✓			✓	9/30
Spring Lake Improvement District	✓			✓	9/30
St. Lucie West Services District	✓			✓	9/30
Sunshine Water Control District	✓			✓	9/30
West Villages Independent District	✓			✓	9/30
Various Community Development Districts (255)	✓			✓	9/30
.TOTAL	281	4	3	280	

MUNICIPALITIES OR RELATED COMPONENT UNITS	Attestation Services	Consulting Services	Governmental Audit	Single Audit	Utility Audit	CAFR	Current Client	Year End
City of Cooper City			✓	✓	✓	✓		9/30
City of Lauderhill			✓	✓	✓	✓		9/30
City of Miami (Program Specific Audits)			✓				✓	9/30
City of North Lauderdale			✓	✓	✓	✓	✓	9/30
City of North Palm Beach (Internal Audit)	✓							9/30
City of Pompano Beach (Joint Venture, 40%)			✓	✓		✓		9/30
City of West Park			✓	✓		✓	✓	9/30
City of Weston			✓	✓	✓	✓	✓	9/30
Town of Cloud Lake			✓				✓	9/30
Town of Davie			✓	✓	✓	✓		9/30
Town of Glen Ridge			✓				✓	9/30
Town of Haverhill			✓				✓	9/30
Town of Highland Beach			✓	✓	✓	✓	✓	9/30
Town of Hillsboro Beach			✓	✓	✓		✓	9/30
Town of Hypoluxo		✓	✓				✓	9/30
Town of Lantana			✓	✓	✓	✓	✓	9/30
Town of Lauderdale by the Sea		✓	✓		✓	✓	✓	9/30
Town of Mangonia Park			✓		✓			9/30
Town of Pembroke Park			✓				✓	9/30
Town of South Palm Beach			✓			✓	✓	9/30
Village of Golf			✓		✓	✓	✓	9/30
Village of Wellington			✓		✓	✓	✓	9/30
TOTAL	1	2	21	10	12	13	16	

RETIREMENT PLANS

	Financial Audit	ERISA/DOL	Current Client	Year End
Campbell Property Management 401(k)	✓	✓	✓	12/31
CareerSource Central Florida 403 (b)	✓	✓		6/30
City of Cooper City General Employee Retirement Plan	✓			9/30
City of Lauderhill General Employee Retirement Plan	✓		✓	9/30
City of Parkland Police Pension Fund	✓		✓	9/30
City of Sunrise General Employees' Retirement System	✓		✓	9/30
Cross County Home Services and Affiliates 401(k) Plan	✓	✓	✓	9/30
Florida Public Utilities 401(k) and Pension Plans	✓	✓		12/31
Jacksonville Police and Fire Pension Fund	✓			9/30
Pinetree Water Control District Defined Contribution Retirement Plan	✓			9/30
San Carlos Park Fire Protection and Rescue Service District	✓		✓	9/30
Town of Davie General Employees Retirement Plan	✓			9/30
Town of Hypoluxo Defined Contribution Retirement Plan	✓		✓	9/30
Town of Lauderdale By The Sea Volunteer Firefighters Pension Plan	✓		✓	9/30
TOTAL	14	4	8	

NON-PROFIT CLIENTS SERVED AND RELATED EXPERIENCE

	Attestation Services	Financial Audit	Consulting Services	Governmental Audit	Single Audit	Tax Services	Current Client	Year End
Aid to Victims of Domestic Abuse, Inc.		✓		✓	✓	✓	✓	6/30
Alliance for Human Services, Inc.		✓				✓		6/30
Broward County Human Rights Board/Division (Joint Venture, 30%)	✓		✓					N/A
Broward Education Foundation		✓		✓	✓	✓		6/30
CareerSource Brevard				✓	✓	✓	✓	6/30
CareerSource Broward				✓	✓			9/30
CareerSource Central Florida				✓	✓	✓	✓	6/30
CareerSource Palm Beach County		✓		✓	✓	✓	✓	6/30
CareerSource Polk		✓		✓	✓	✓	✓	6/30
Christian Manor	✓	✓	✓	✓	✓	✓		12/31
Delray Beach Community Land Trust				✓		✓		9/30
Family Promise	✓							12/31
Florida Public Transportation Association, Inc.	✓	✓				✓		9/30
Florida Transit Association Finance Corporation		✓				✓		9/30
Hispanic Human Resources Council	✓	✓	✓	✓	✓	✓	✓	9/30
Mae Volen Senior Center	✓	✓		✓	✓	✓	✓	6/30
National Board for Registration of Registrars		✓				✓		3/31
National Cancer Registration Board		✓				✓		6/30
North Lauderdale Academy High School	✓			✓				6/30
Northwood Development Corporation	✓	✓	✓	✓	✓	✓		9/30
Palm Beach Community College Foundation			✓	✓		✓		6/30
Pasco-Hernando Workforce Board				✓	✓	✓		6/30
Southwest Florida Workforce Development Board				✓	✓	✓		6/30
Urban League of Palm Beach County				✓	✓			6/30
TOTAL	8	13	5	17	14	19	7	

OUR IT PARTNERS / CONSULTANTS

Information technology has changed the financial management and reporting landscape for organizations of every size. Grau and Associates believes it is no longer enough to verify that your department's accounting software runs properly. In today's environment, a range of policies, procedures, and IT best practices are required to ensure your system is reliable, redundant, and fully compliant.

We've partnered with True Digital Security, one of the technology industry's leading managed service and security providers, to assess the integrity of your financial information systems, and to make recommendations on how to improve them.

As part of our engagement, an experienced True Digital Security engineer will:



- Assess your IT strategic planning and risk management posture, as they relate to your financial reporting requirements;
- Evaluate the viability of your data backup and retention policies and processes;
- Review the physical security and access controls surrounding your financial management systems;
- Verify appropriate segregation of duties among key staff;
- Assess change management and documentation;
- Make specific recommendations on how to optimize your environment.

Headquartered in West Palm Beach, True Digital Security was founded in 1986 and is staffed by more than 25 full-time engineers. They were the first managed service provider (MSP) to support small- and medium-sized Florida organizations, and have been consistently named among the top providers in the country. MSPmentor, the industry's leading online resource, ranked True Digital Security as one of the Top 100 providers in the world and the highest-rated provider in South Florida. In February, *CRN*, the tech industry's top magazine, named True Digital Security to its "Pioneer250" list of innovative service providers.

True Digital Security provides a full range of IT project management, specializing in the areas of storage, virtualization, and security—including compliance. They routinely conduct network assessments for organizations ranging in size from 20 to over 2,000 employees.

ADDITIONAL SERVICES

Consulting / Management Advisory Services

Grau & Associates also provide a broad range of other management consulting services. Our expertise has been consistently utilized by Governmental and Non-Profit entities throughout Florida. Examples of engagements performed are as follows:

Accounting systems	Fixed asset records	Organizational structures
Development of budgets	Cost reimbursement	Financing alternatives
IT Auditing	Indirect cost allocation	Grant administration and compliance

Arbitrage

The federal government has imposed complex rules to restrict the use of tax-exempt financing. Their principal purpose is to eliminate any significant arbitrage incentives in a tax-exempt issue. We have determined the applicability of these requirements and performed the rebate calculations for more than 150 bond issues, including both fixed and variable rate bonds.