Freeport City Council
September 22, 2016
Regular Council Meeting
Package

City of Freeport
REGULAR COUNCIL MEETING
6:00 p.m./Council Chambers/Freeport City Hall
September 22, 2016 Agenda

I. Meeting Called to Order
II. Invocation and Pledge of Allegiance
III. Recognition of Guests
IV. Approval of Past Minutes
- September 8, 2016 Tentative Budget Hearing Minutes (Attachment) **TAB 1**
- September 8, 2016 Council Workshop Minutes (Attachment) **TAB 2**

V. Consideration of Additions/~~Deletions~~ to Agenda
VI. Approval of Agenda with Additions/~~Deletions~~
VII. Staff Reports

A. City Clerk Matters
   1. RFQ for Legal Services
   3. Recommendations for Fiscal Services Job Description and Salary (Attachment) **TAB 3**
B. Staff Accountant
   1. Pay all bills in order
C. Planning & Zoning Dept.
   1. 2016 FAPA Planning Conference Update
D. Legal Matters
   1. Termination of Expired Contracts (Attachment) **TAB 4**
E. Engineering
F. Water Dept.
G. Sewer Dept.
   1. Councilwoman McLean
      - Update on Sewer Administration Office
H. Parks Dept.
   1. Disc Golf
   2. Old City Hall
   3. Waiver agreements for signature by council
   4. Pool closing

VIII. Old Business
IX. New Business

A. Mayor Russ Barley
   1. Carr Riggs & Ingram Engagement Letter for 2016 Audit (Attachment) **TAB 5**
B. Councilwoman Brannon
   1. Legislative Matters
C. Councilwoman Cuchens

The City of Freeport may take action on any matter during this meeting, including items that are not set forth within this agenda.

In accordance with Section 286.26, Florida Statutes, persons with disabilities needing special accommodations to participate in this meeting should contact the City Clerk's office at 850-835-2822 by 5:00 p.m. on the day prior to the meeting.

No verbatim record by a certified court reporter is made of these proceedings. Accordingly, any person who may seek to appeal any decision involving the matters noticed herein will be responsible for making a verbatim record of the testimony and evidence at these proceedings upon which any appeal is to be based (see Section 286.0105, Florida Statutes).

D. Councilwoman McLean
   1. Health Insurance for City Council Members & Mayor (Attachment) **TAB 6**
E. Councilman Farris
F. Councilwoman Laird

X. Public Comment

XI. Adjournment

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Tab 1

City of Freeport
TENTATIVE BUDGET HEARING
6:00 p.m./Council Chambers/Freeport City Hall a
September 8, 2016 Minutes

I. Meeting Opened

The September 8th 2016 Tentative Budget Hearing was called to order at 6:00 PM by Mayor Russ Barley. The meeting was held in City Council Chambers of Freeport City Hall.

Council members present: Councilman Eddie Farris, Councilwoman Kasey Cuchens, Councilwoman Janice McLean, Councilwoman Elizabeth Brannon, and Councilwoman Jennifer Laird.

Staff present: City Clerk Rebecca Podraza, City Attorney Clayton Adkinson, City Engineer Anna Hudson, City Engineer Cliff Knauer, Billing Supervisor Jennifer Douglas and Sewer Supervisor Robert Fawcett

II. Invocation and Pledge of Allegiance

The invocation was given by Councilman Farris, followed by the Pledge of Allegiance to the American Flag.

III. Tentative Budget & Millage

City Clerk Podraza opened the meeting and explained that the purpose of the Meeting is to approve the tentative budget and set the mileage rate for 4.7302. The Mayor then opened the floor for questions.

Councilwoman Brannon asked if the City will be adjusting the projected revenue for sewer and water, to reflect the rate increase in the 2016/2017 budget totals. Clerk Podraza informed the Council that it was not included because it is hard to project the amount until after the first year of the rate increase is in effect.

Councilwoman Brannon asked if the Fire Hydrant Fee is included somewhere else on the worksheet since that line item is reflecting a zero amount. Councilwoman McLean explained that it would not be reflected because the City has never charged the fee. It was never added to the bills.

Councilwoman Brannon asked if the Capital Improvement Projects line under the General Fund budget would be changed to: Capital Improvement Projects - Parks. Clerk Podraza informed the Council that it was decided to change the title that but it was not changed. She will take care of making that change. Councilwoman Brannon asked if it could be moved under Parks. It was explained that during the Workshop, Council decided to leave it under Administration so that it

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would not have to be designated just for the park and could be used for other projects at the Council's discretion.

City Attorney Adkinson explained the legal process for the budget roll back, and approval of the tentative budget and millage rate. At this time Attorney Adkinson asked if there were any comments from the public regarding the tentative budget or millage rate of 4.7302. No public comments were raised from the floor.

Council Action: Councilwoman McLean made a motion to adopt the tentative millage rate of 4.7302. Councilman Farris seconded the motion. Four ayes (McLean, Cuchens, Farris, Laird), one nay (Brannon); motion carried.

Council Action: Councilwoman McLean made a motion to adopt the tentative budget in the amount of $4,646,200.00. Councilman Farris seconded the motion. Four ayes (McLean, Cuchens, Farris, Laird), one nay (Brannon); motion carried.

Council Action: Councilwoman McLean made a motion to set the Final Budget Hearing and advertise for the meeting to be held at City Hall on September 20, 2016 at 6:00 pm. Councilman Farris seconded the motion. All ayes; motion carried.

Attorney Adkinson advised the Council that his office will advertise the Final Budget Hearing along with the budget summary. Councilwoman Cuchens reminded everyone that she will not be in attendance at the Final Budget hearing. She will be attending the Rural Economic Development Summit.

Adjournment
Mayor Russ Barley called for a motion to adjourn. Councilwoman McLean motioned to adjourn. The meeting adjourned at 6:15 pm.

FREEPORT CITY COUNCIL

_____
Mayor

_____
Council President

ATTEST:

_____
City Clerk

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Tab 2

City of Freeport
WORKSHOP
6:00 p.m./Council Chambers/Freeport City Hall a
September 8, 2016 Minutes

I. Meeting Opened

The September 8, 2016 Workshop was called to order at 6:00 PM by Mayor Russ Barley. The meeting was held in City Council Chambers of Freeport City Hall.

Council members present: Councilman Eddie Farris, Councilwoman Cuchens, Councilwoman Janice McLean, Councilwoman Elizabeth Brannon, and Councilwoman Jennifer Laird.

Staff present: City Clerk Rebecca Podraza, City Attorney Clayton Adkinson, and City Engineer Anna Hudson, City Engineer Cliff Knauer, Sewer Supervisor Robert Fawcett and Billing Supervisor Jennifer Douglas.

II. Invocation and Pledge of Allegiance

The invocation was given by Councilman Farris, followed by the Pledge of Allegiance to the American Flag.

III. Capital Improvement Plan

City Engineer Cliff Knauer reviewed the Capital Improvement Plan presentation to the Council and provided a draft copy of the updated Freeport CIP.

Engineer Knauer informed the Council that a grant application for the Bay Area Sewer Expansion was submitted through Billy Williams to the Walton County RESTORE Committee on Freeport's behalf. Councilwoman Cuchens inquired as to who put the application together. Engineer Knauer responded that he put the meat of the application together which included project limits, cost estimates, conceptual plan, and environmental components. Billy Williams will be presenting the grant on behalf of the City next week and Dewberry Employees will be present at the Committee Meeting.

Council reviewed the City Sewer and Water System projects. The system projects were discussed and ranked by priority. Grant opportunities for these projects were discussed. The construction of a new Sewer Plant was included in the discussion which was estimated at approximately $8,000,000.00 to $9,000,000.00 to construct and would take approximately twelve to eighteen months. This project would be conducted simultaneously with the US 331 Sewer Expansion project. If grant money is not obtainable to complete these projects then SRF and Rural Development may be contacted to begin conversations for a loan.

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City of Freeport
WORKSHOP
6:00 p.m./Council Chambers/Freeport City Hall a
September 8, 2016 Minutes

Adjournment

Mayor Russ Barley called for a motion to adjourn. Councilwoman McLean motioned to adjourn. The meeting adjourned at 7:17 pm.

FREEPORT CITY COUNCIL

_____
Mayor

_____
Council President

ATTEST:

_____
City Clerk

DRAFT

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ADMINISTRATIVE SUPPORT

Job Title	Beginning Hourly/Salary	End Cap Hourly/Salary	# of Employees	Job Essentials	Education/Certification Requirements
City Clerk	$42,500.00	$50,000.00	1	Directly responsible to the Mayor and City Council. Provide administrative support to the Mayor and Council as needed.	HS Dipoloma/GED. Associates Degree in Business Management preferred. Possession of, or ability to get, Certified Municipal Clerk designation.
Fiscal Services Clerk	$36,000.00	$48,000.00	1	Performs clerical and technical work related to the maintenance and preparation of City fiscal records including responsibilities for accounts payable, accounts receivable, payroll, general revenue and expenditure statements. Coordinates the accounting function including oversight with the Billing Department.	College degree in accounting, business management or related or the equivalent education and experience to perform the essential job duties. Government accounting experience preferred or related financial institution training and experience. Seven (7) years accounting experience preferred with a proven record of progressively increasing levels of responsibility
Receptionist	$11.50	$14.00	1	Reports directly to the Mayor. Answers and directs all incoming calls. Screens all calls for Managers.	HS Diploma/GED. Basic office and computer skills. Customer Service experience. Good communication skills and phone ediquitte. FL Drivers License.
Admin. Asst.	$14.00	$18.00	1	Provides a variety of complex clerical and administrative duties under the direction of the City Clerk. Provide support to the Clerk, City Planner, Mayor and Council as needed.	HS Diploma/GED. Must be highly skilled in administrative work, general office practices and computer skills with 3 years related experience. FL Drives License.
Custodian	$11.00	$14.00	1	Part-time position provides City employees and citizens with safe, attractive, comfortable, and clean public buildings and grounds. Exercises safety precautions on the job.	Bending and Lifting minimum of 50 pounds. FL Drivers License
Grounds Maint Worker	$14.00	$16.00	1	Maintain Grounds for all City Facilities & Wells	HS Diploma/GED FL Drivers License
Receptionist Trainee (90 Days)	$11.00	$11.50	0		

Tab 3

FISCAL SERVICES CLERK

JOB SUMMARY

Performs clerical and technical work related to the maintenance and preparation of City fiscal records including responsibilities for accounts payable, accounts receivable, payroll, general revenue and expenditure statements. Coordinates the accounting function including oversight with the Billing Department.

ESSENTIAL JOB FUNCTIONS

- Gathers, assembles, tabulates, checks and files all financial data.
- Prepares a wide variety of accounting, fiscal, statistical and related reports.
- Prepares workers compensation reports.
- Audits invoices for proper documentation, accuracy and accounting code classifications.
- Post journal entries.
- Performs a variety of pre-audit assignments and examines back-up documentation and contracts as required.
- Reviews requests for payments and checks for availability of funds.
- Verifies, prepares and disburses vendor payments.
- Reconciles accounts and prepares revenue and expenditure statements.
- Prepares and delivers financial presentations in the City Council meetings.
- Works closely with the City outside auditor to provide necessary information.
- Prepares the annual budget document for the City Council.
- Meets and works with each City department head to prepare budget summaries.
- Provides oversight to the billing department including the review of billing processes and the designation of job functions.
- Advises the Council of budget shortages and unanticipated revenues.
- Researches financial information as necessary for City staff and the Council.
- Posts receipts and disbursements to major accounts and prepares reports of fees received.
- Prepares and processes time cards, and vendor related payroll.
- Accurately maintains personnel and employee medical records.
- Responds to emergency calls after hours as may be required. Helps secure and protect all facilities during unusual or extreme conditions.
- Performs other job duties as may be necessary.

JOB REQUIREMENTS

- Thorough knowledge of computer accounting methods.
- Knowledge of bookkeeping terminology and methods.
- Knowledge of standard office procedures, practices and equipment.
- Knowledge of clerical skills, record keeping and filing.
- Ability to maintain financial records and prepare financial statements.
- Ability to understand and follow oral and written instructions.
- Excellent customer service skills.
- Ability to work with diverse groups and build consensus.
- Ability to be bonded.

EDUCATION AND EXPERIENCE

College degree in accounting, business management or related or the equivalent education and experience to perform the essential job duties. Government accounting experience preferred or related financial institution training and experience. Seven (7) years accounting experience preferred with a proven record of progressively increasing levels of responsibility.

WORKING CONDITIONS

Primarily inside office conditions, occasional field inspections, routine office noise.

PHYSICAL CONDITIONS

Essential and marginal functions may require maintaining physical condition necessary for sitting for prolonged periods of time; use of fingers and of both hands required; ability to kneel, stoop, sit, bend, and squat; adequate eyesight, hearing and speech.

SALARY

38,500.00 – 48,500.00

Revised 9/16/16

Tab 4

RESOLUTION NO. _____

WHEREAS, the City of Freeport, Florida regularly enters into contractual agreements, and;

WHEREAS, the City of Freeport, Florida tasked the City Clerk and City Attorney to review such agreements to help compile a listing of active contracts and determine any agreements that appear to be in effect but are, in fact, no longer valid, and;

WHEREAS, during that process multiple contractual agreements were identified that, based on the terms thereof, have expired, terminated, or simply ceased to be valid, and;

WHEREAS, the City of Freeport desires to formally recognize that such contracts are no longer in effect to clarify this matter for record-keeping purposes and to avoid the City participating in or honoring any contractual agreement that is no longer valid.

NOW THEREFORE, BE IT RESOLVED that City Council of the City of Freeport hereby declares the contractual agreements identified in Exhibit A, attached hereto and incorporated by reference, as terminated, based on the terms of those contractual agreements, and shall cease to honor or act under any such contractual agreement listed therein based upon said termination.

BE IT FURTHER RESOLVED that the City Council intends for this resolution to be self-executing as to those contractual agreements identified, and that no independent action shall be needed to terminate those agreements as those agreements have expired, terminated, or ceased to be valid based on the terms of the agreements, and no subsequent action with respect to any agreement referenced herein shall be deemed to require a similar action to any other agreement referenced herein.

This Resolution shall become effective upon adoption.

Adopted by the Freeport City Council in Regular Meeting on this ___ day of _____, 2016.

_____
Mayor

ATTEST:

_____
City Clerk

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4502 Highway 20 East, Suite A
Niceville, FL 32578

(850) 897-4333
(850) 897-4068 (fax)
www.cricpa.com

Tab 5

September 16, 2016

City Council
City of Freeport, FL
P.O. Box 339
Freeport, FL 32439

We are pleased to confirm our understanding of the services we are to provide the City of Freeport, Florida (City) for the year ended September 30, 2016. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Freeport, Florida as of and for the year ended September 30, 2016. 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 City of Freeport, Florida'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 City of Freeport, Florida'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 Proportionate Share of Net Pension Liability – Florida Retirement System.
3) Schedule of Proportionate Share of Net Pension Liability – Health Insurance Subsidy.
4) Schedule of Contributions – Florida Retirement System.
5) Schedule of Contributions – Health Insurance Subsidy.
6) Schedule of Funding Progress for Retirees' Health Insurance Other Postemployment Benefits Plan.
7) Schedule of Employer Contributions for the Retirees' Health Insurance Other Postemployment Benefits Plan.

We have also been engaged to report on supplementary information other than RSI that accompanies the City of Freeport, Florida'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 auditor's report on the financial statements:

1) Balance Sheets – General Fund – September 30, 2016 and 2015.
2) Statements of Revenues, Expenditures and Changes in Fund Balances – General Fund – years ended September 30, 2016 and 2015.
3) Statements of Net Position - Water Proprietary Fund – September 30, 2016 and 2015.
4) Statements of Net Position - Sewer Proprietary Fund – September 30, 2016 and 2015.
5) Statement of Revenues, Expenses and Changes in Net Position - Water Proprietary Fund – years ended September 30, 2016 and 2015.
6) Statement of Revenues, Expenses and Changes in Net Position - Sewer Proprietary Fund – years ended September 30, 2016 and 2015.

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 City of Freeport, Florida 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 City of Freeport, Florida's financial statements. Our report will be addressed to the City Council of the City of Freeport, Florida. 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 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 entity'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 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 that the City of Freeport, Florida 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 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, fraudulent financial reporting, or misappropriation of assets that comes 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, 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 City of Freeport, Florida'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 City of Freeport, Florida 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 the services in accordance with applicable professional 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 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, 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.

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 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 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. These non-attest services include, but are not limited to the following:

1. Assistance with the preparation of the financial statements.
2. Assistance with the calculation of depreciation.
3. Assistance with the preparation and uploading of the annual report.
4. Proposal of adjusting journal entries.

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.

We will provide copies of our reports to the City Council; 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 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 Auditor General of Florida. 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.

D. Timothy Herndon is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We estimate that our fee for these services should not exceed $24,000 for the September 30, 2016 audit and thereafter upon mutual consent, the engagement may be renewed at a fee mutually agreed upon. The above fee is based on anticipated cooperation from you 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. Our invoices 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 and to reimburse us for all out-of-pocket costs through the date of termination.

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, and, if the dispute cannot be settled through negotiation, the parties agree that before initiating arbitration, litigation or some other dispute resolution procedure, they will first to try in good faith to resolve the dispute through non-binding 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.

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

In the interest of facilitating our services to the City, 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 the City 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 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.

We appreciate the opportunity to be of service to the City of Freeport, Florida and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Carr, Riggs & Ingram, L.L.C

Carr, Riggs & Ingram, LLC

RESPONSE:

This letter correctly sets forth the understanding of the City of Freeport, Florida.

Signature: _____

Title: _____

Signature: _____

Title: _____

September 14, 2016

Tab 6

TO: City Council

Mayor Barley

City Clerk

Subject: Health Insurance for City Council Members and Mayor

Below is a breakdown of the cost to the City of Freeport to provide health insurance for any of the City Council members and the Mayor if they choose to take the health insurance.

COST AT THIS TIME

$1100.00 Per Month per person x 12 months = $13,200.00 per year

We are required to keep funds in reserve to cover ALL the Council and Mayor = $79,200.00

NEW PREMIUM COST (effective October 1, 2016)

$800.00 Per Month per person x 12 months = $9,600.00 per year

Required fund amount in reserve to cover ALL the Council and Mayor = $57,600.00

I propose that if a council member would like the Health Insurance that they pay for the premium. This would take effect in July 2017 in order for the existing members that have the health insurance be covered until the next election and that anyone running for office in July 2017 be aware that insurance will not be paid by the City.

I propose that if a Council Member would like the Health Insurance now provided by the City they will be required to pay for the insurance.