



**Downtown Improvement Board
Regular Monthly Meeting**

**Tuesday September 26th, 2023,
7:30**

AGENDA

- I. Call to Order
 - a. Remarks from Chairman
- II. Recurring Agenda
 - a. Meeting was properly noticed
 - b. *Approval of the proposed meeting agenda for September 26th, 2023
 - c. *Approval of the minutes from the regular meeting of the DIB on August 29th, 2023
 - d. *Approval of the August Financials
- III. On-Going Business
 - a. PPD Report
 - b. Spotless Report
 - c. Marketing Report
 - d. Palafox Market
- IV. New Business
 - a. Gallery Night Insurance update- Dawn Grace (time sensitive)
 - b. Roundtable Recap Discussion
 - c. *Extend Trolley service and add stops
 - d. *Landscape Jefferson Street Alley Way & Trash Compactor (Quote to be provided)
 - e. Seville Tower Trash Co-Op Update
 - f. Foo Foo Fest Update and potential sponsorship for extension of project
 - g. Trashcan Update
 - h. Tree Inventory/Tracking- Chris McKean
 - i. *Executive Director 4th Qtr Bonus
- V. Old Business
- VIII. Public Comment
- IX. Adjournment

**Next meeting – October 24th, 2023
(*) = approval item**



Downtown Improvement Board
Regular Monthly Meeting
Tuesday August 29th, 2023, 7:30
AGENDA

Attendance: Chris McKean, Chairman, Jean Pierre N'Dione, Nathan Holler, William Merrill, Rafael Simpson, Gregg Harding, Jennifer Brahier, Mike Kohler, Walker Wilson, Executive Director, Cailin Feagles, Director of Operations and Events

I. Call to Order

- a. Chris McKean, Chairman, calls the meeting to order at 7:30 AM
- b. Welcome Rafael Simpson to the Board

II. Recurring Agenda

- a. Mr. Wilson confirmed that the meeting was properly noticed.
- b. The proposed meeting agenda was motioned by Jean Pierre N'Dione and seconded by William Merrill and unanimously approved.
- c. The minutes of the regular meeting held on July 25, 2023, were motioned, seconded, and unanimously approved.
- d. The July financials were motioned, seconded, and unanimously approved.
 - Waste Co-Op income down for the month, over for the year.
 - Palafox Market income over for the year
 - Palafox Market expenses are over due to the addition of the trolley.

III. On-Going Business

- a. PPD Report
 - Introduction of third CRA officer, Officer Rodel
 - PPD is prioritizing security cameras at Jefferson Street Garage and the skatepark
- b. Spotless Report
 - Spotless will be working on weed abatement in the early hours of the morning.
 - Pressure washing is nearly complete with four streets left.
 - There will be a third full-time Spotless employee starting next week.
- c. Marketing Report
 - Ideaworks maintained website content, social content, and calendar of events.
 - Preparation for FooFoo Fest- Magic Carpet and All I Want campaign that will be starting up soon.
 - Creation of Palafox Market trolley signs and Palafox Market promotion.
 - The new website is progressing and is currently working on integrating the Palafox Market site with an anticipated launch date before the end of the year.
- d. Palafox Market
 - Palafox Market trolley has proven to be very successful. There is a motion to extend the Palafox Market trolley through September. The motion is seconded and unanimously approved.
 - The Holiday Market is set to begin on November 8th.



IV. New Business

- a. *Ben Bergosh Boy scout Dog Bowl Project- \$350 Donation to project
 - There is a motion to donate \$350 to the project. Motion is seconded and unanimously approved.
- b. *Donation to Friends of Downtown for Christmas Lights- \$85,000
 - Motioned, seconded, and unanimously approved.
- c. Gallery Night Discussion
 - Walker Wilson will continue to discuss with the Gallery Night Board.
- d. Trashcan Update
 - There will be an update regarding Big Belly Trash cans at next month's meeting.
 - Walker Wilson to put together a price comparison and to look into purchasing other tops for the current trashcans.
- e. Schedule DIB Roundtable
 - DIB Roundtable scheduled for Tuesday, September 12, 2023 5:30 PM-7 PM
- f. Seville Tower Trash Co-Op Discussion
 - Installing a trash compactor behind Seville Tower for nearby businesses
 - Contract needed for new construction for new waste co-op participants.
 - The addition of a grease trap to be revisited at next month's meeting.
 - There needs to be maintenance of Jefferson Street Garage alleyway and by the compactor.

V. Old Business

VIII. Public Comment

IX. Adjournment

- Meeting adjourned at 9:37 AM

Next meeting – September 26th, 2023

(*) = approval item

DOWNTOWN IMPROVEMENT BOARD

Profit & Loss Budget Performance- For Mgmt Use Only

Accrual Basis

August 2023

	Aug 23	Budget	\$ Over Budget	Oct '22 - Aug 23	YTD Budget	\$ Over Budget	Annual Budget
Ordinary Income/Expense							
Income							
1301 · Co-Op Participation	6,152.24	5,104.88	1,047.36	63,031.59	56,153.72	6,877.87	61,258.60
4010 · Ad Valorem Revenue	55,470.84	55,470.83	0.01	626,330.55	610,179.17	16,151.38	665,650.00
4015 · CRA Interlocal Income	0.00	0.00	0.00	404,623.78	404,623.00	0.78	404,623.00
4020 · Website Membership and Map	0.00	41.67	-41.67	0.00	458.33	-458.33	500.00
Program Revenue							
4030 · Palafox Market Vendor Payments	19,605.00	13,333.33	6,271.67	185,271.84	146,666.67	38,605.17	160,000.00
4036 · Palafox Market Merchandise	0.00			130.00	0.00	130.00	0.00
Total Program Revenue	19,605.00	13,333.33	6,271.67	185,401.84	146,666.67	38,735.17	160,000.00
4085 · LTU - Sidewalk Pressure Washing	0.00	0.00	0.00	6,500.00	6,500.00	0.00	6,500.00
4900 · Sales Tax Collected - Rent	-1,282.56	-904.17	-378.39	-12,532.83	-9,945.83	-2,587.00	-10,850.00
4901 · Sales Tax Collected - Merch	0.00			-9.07			
Total Income	79,945.52	73,046.54	6,898.98	1,273,345.86	1,214,635.06	58,710.80	1,287,681.60
Gross Profit	79,945.52	73,046.54	6,898.98	1,273,345.86	1,214,635.06	58,710.80	1,287,681.60
Expense							
3001 · Compactor - Waste Services	6,459.33	4,970.31	1,489.02	57,712.01	54,673.43	3,038.58	59,643.74
3002 · Compactor Lease	0.00	0.00	0.00	0.00	10.00	-10.00	10.00
3004 · Compactor - Security Fees	131.94	85.09	46.85	2,113.05	936.01	1,177.04	1,021.10
3007 · Compactor - Electric	45.78	48.65	-2.87	496.29	535.11	-38.82	583.76
5000 · CRA Interlocal Payment	0.00	0.00	0.00	504,623.78	504,623.00	0.78	504,623.00
5001 · Salaries, Benefits & Taxes							
5001.9 · Payroll Admin Fees	3.50			21.00			
5003.5 · 403(b) Employer Contribution	932.43			7,394.60	0.00	7,394.60	0.00
5001 · Salaries, Benefits & Taxes - Other	7,180.37	8,711.19	-1,530.82	60,319.34	69,689.54	-9,370.20	75,497.00
Total 5001 · Salaries, Benefits & Taxes	8,116.30	8,711.19	-594.89	67,734.94	69,689.54	-1,954.60	75,497.00
5006 · Board Meetings	0.00	20.83	-20.83	110.78	229.17	-118.39	250.00
5007 · Annual Meeting	0.00	0.00	0.00	0.00	250.00	-250.00	250.00
5009 · Bank Charges	0.00	41.67	-41.67	169.00	458.33	-289.33	500.00
5004 · Insurance Expense-Other	30.33			333.63	0.00	333.63	0.00
5005 · Workers Comp Insurance	41.42	42.58	-1.16	579.62	468.42	111.20	511.00
5030 · Insurance- General Liability	951.33	643.33	308.00	10,464.63	7,076.67	3,387.96	7,720.00
5011 · Interest Expense	0.00	16.67	-16.67	0.00	183.33	-183.33	200.00
5012 · Office Rent	1,323.14	1,313.17	9.97	13,164.76	14,444.83	-1,280.07	15,758.00
5013 · Office Supplies	0.00	83.33	-83.33	1,268.62	916.67	351.95	1,000.00
5014 · Office Equipment/Software	117.00	333.33	-216.33	3,974.12	3,666.67	307.45	4,000.00
5015 · Postage	1.14	16.67	-15.53	431.94	183.33	248.61	200.00
5016 · Telecommunications	450.30	666.67	-216.37	4,650.64	7,333.33	-2,682.69	8,000.00
5017 · Website Support	0.00	407.58	-407.58	0.00	4,483.42	-4,483.42	4,891.00
5018 · Website Hosting							
5018 · Website Hosting - Other	9,787.50	208.33	9,579.17	10,098.84	2,291.67	7,807.17	2,500.00
Total 5018 · Website Hosting	9,787.50	208.33	9,579.17	10,098.84	2,291.67	7,807.17	2,500.00
5019 · Computer Support/Email Leasing	323.99	208.33	115.66	3,586.19	2,291.67	1,294.52	2,500.00
5020 · Dues, Subscriptions, Publicatio	9.99	250.00	-240.01	3,911.17	2,750.00	1,161.17	3,000.00
5021 · Travel Entertainment & Educ.	18.22	250.00	-231.78	2,584.01	2,750.00	-165.99	3,000.00
5023 · Marketing Consultants							
5023 · Marketing Consultants - Other	4,182.50	4,583.33	-400.83	64,625.35	50,416.67	14,208.68	55,000.00
Total 5023 · Marketing Consultants	4,182.50	4,583.33	-400.83	64,625.35	50,416.67	14,208.68	55,000.00
5024 · Bookkeeping	0.00	1,000.00	-1,000.00	8,855.00	11,000.00	-2,145.00	12,000.00
5025 · Audit	0.00	0.00	0.00	11,750.00	11,750.00	0.00	11,750.00
5026 · Legal Counsel							
5026 · Legal Counsel - Other	0.00	666.67	-666.67	4,840.00	7,333.33	-2,493.33	8,000.00
Total 5026 · Legal Counsel	0.00	666.67	-666.67	4,840.00	7,333.33	-2,493.33	8,000.00
5027 · Economic Development	571.59	6,250.00	-5,678.41	20,978.95	68,750.00	-47,771.05	75,000.00
5028 · Arts and Culture	0.00	385.25	-385.25	0.00	4,237.75	-4,237.75	4,623.00

DOWNTOWN IMPROVEMENT BOARD

Profit & Loss Budget Performance- For Mgmt Use Only

Accrual Basis

August 2023

	Aug 23	Budget	\$ Over Budget	Oct '22 - Aug 23	YTD Budget	\$ Over Budget	Annual Budget
5029 · Donation to Friends of Downtown	0.00	75,000.00	-75,000.00	0.00	75,000.00	-75,000.00	75,000.00
5227 · PPD Security	0.00	0.00	0.00	60,000.00	60,000.00	0.00	60,000.00
6000 · Palafox Market							
6001 · Palafox Market Project Mgmt	5,192.31	6,447.00	-1,254.69	45,370.80	51,576.00	-6,205.20	55,874.00
6003 · Permits / Street Closure	0.00	0.00	0.00	500.00	0.00	500.00	1,200.00
6004 · Portable Toilet Rental	3,105.00	1,083.33	2,021.67	14,265.00	11,916.67	2,348.33	13,000.00
6005 · Market Anniversary Celebration	0.00	0.00	0.00	48.42	2,000.00	-1,951.58	2,000.00
6006 · Farm Visit- Mileage Reimburseme	0.00	41.67	-41.67	0.00	458.33	-458.33	500.00
6007 · Marketing	2,845.80	833.33	2,012.47	27,108.76	9,166.67	17,942.09	10,000.00
6011 · Market App Program Fee	0.00	125.00	-125.00	1,957.68	1,375.00	582.68	1,500.00
6012 · Market Security	1,600.00	850.00	750.00	12,000.00	9,350.00	2,650.00	10,200.00
6013 · Palafox Market Event	0.00			750.00			
6015 · Bathroom Construction	3,390.00	3,390.00	0.00	37,290.00	37,290.00	0.00	40,680.00
6000 · Palafox Market - Other	2,956.60	1,183.00	1,773.60	12,340.53	13,013.00	-672.47	14,196.00
Total 6000 · Palafox Market	19,089.71	13,953.33	5,136.38	151,631.19	136,145.67	15,485.52	149,150.00
7000 · Ambassador Program							
7001 · Ambassador Program Labor	10,993.42	11,250.00	-256.58	149,484.58	123,750.00	25,734.58	135,000.00
Total 7000 · Ambassador Program	10,993.42	11,250.00	-256.58	149,484.58	123,750.00	25,734.58	135,000.00
5041 · Pressure Washing	0.00	0.00	0.00	0.00	6,500.00	-6,500.00	6,500.00
Total Expense	62,644.93	131,406.31	-68,761.38	1,160,173.09	1,235,128.02	-74,954.93	1,287,681.60
Net Ordinary Income	17,300.59	-58,359.77	75,660.36	113,172.77	-20,492.96	133,665.73	0.00
Other Income/Expense							
Other Income							
4980 · Sales Tax Collection Allowance	22.39			277.00	0.00	277.00	0.00
4960 · Interest Income	1,414.17			8,852.48			
Total Other Income	1,436.56			9,129.48	0.00	9,129.48	0.00
Other Expense							
5901 · Fraudulent Charges	0.00			-343.98			
Total Other Expense	0.00			-343.98	0.00	-343.98	0.00
Net Other Income	1,436.56			9,473.46	0.00	9,473.46	0.00
Net Income	18,737.15	-58,359.77	77,096.92	122,646.23	-20,492.96	143,139.19	0.00

DOWNTOWN IMPROVEMENT BOARD
Balance Sheet - For Management Use Only
As of August 31, 2023

	Aug 31, 23
ASSETS	
Current Assets	
Checking/Savings	
101 · Cash - Synovus- 0237 Operating	21,619.77
103 · Synovus - Money Market	489,669.19
Total Checking/Savings	511,288.96
Other Current Assets	
161 · Prepaid Expenses	572.00
140.9 · Due from Downtown Pens Alliance	80.25
140.5 · Due from Friends of Downtown	1,444.00
162 · City of P-Clean Up Deposit/Perm	1,000.00
164 · Prepaid Insurance	659.12
Total Other Current Assets	3,755.37
Total Current Assets	515,044.33
Fixed Assets	
Puppy Pit Stop Project	72,745.00
240 · Equipment	169,220.56
260 · Furniture & Fixtures	6,982.81
275 · Website Capitalized	10,850.00
300 · Less Accumulated Depreciation	-139,306.58
Total Fixed Assets	120,491.79
TOTAL ASSETS	635,536.12
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
450 · Accounts Payable	3,824.86
Total Accounts Payable	3,824.86
Other Current Liabilities	
481 · Sales Tax Payable	1,282.56
453 · 403(b) Employer Contribution	932.43
458 · Due to 403(b) - Employee Contr	778.86
471 · Payroll Liabilities	2,064.80
4849 · Deferred Revenue Sign Maint	5,000.00
490 · Deferred Revenue-Prop Taxes	55,470.76
Total Other Current Liabilities	65,529.41
Total Current Liabilities	69,354.27
Total Liabilities	69,354.27
Equity	
32000 · Unrestricted Net Assets	461,409.64
587 · Fund Balance	
302-001 · Audit Reclass	187,142.98
587 · Fund Balance - Other	-205,017.00
Total 587 · Fund Balance	-17,874.02
Net Income	122,646.23
Total Equity	566,181.85
TOTAL LIABILITIES & EQUITY	635,536.12

Treasurer's Report - DIB

MEMORANDUM

To: DIB Board

From: Walker Wilson, Executive Director

Subject: Treasurer's Report

Date: Sep

Total Income DIB **Aug:** \$79,945.52

Total Expense DIB **Aug:** \$62,644.93

Notes:

DIB - Aug 23

<u>Code</u>	<u>Description</u>	<u>DIB Notes</u>	<u>YTD</u>
Income	<i>Overview</i>	<i>\$6,800K Over Budget</i>	<i>\$58K Over Budget</i>
1301	Co-Op Participation	\$1,000 Over Budget	\$6,800 Over Budget
4030	Palafox Market	\$6,200 Over Budget	\$38K Over Budget
Expense			
Expense	<i>Overview</i>	<i>\$68K Uner Budget</i>	<i>\$75K Under Budget</i>
3001	<i>Compactor Co-Op</i>	<i>\$1,400 Over Budget</i>	<i>\$3K Over Budget</i>
5001	Salaries, Benefits & Taxes	\$500 Under Budget	\$2K Under Budget
5023	Marketing	\$400 Under Budget	\$14K Over Budget
5027	Economic Development	\$5,600 Under Budget	\$47K Under Budget
6000	Palafox Market	\$5K Over Budget	\$15K Over Budget
7000	Ambassador Program	\$250 Under Budget	\$25K Over Budget



MARKETING REPORT

DOWNTOWN PENSACOLA



August 2023 Marketing, PR and Production

Production Highlights

August was quite a busy month as we geared up for several big upcoming downtown campaigns and special events: Magic Carpet/Foo Foo Festival, Holiday Lights, the “All I Want” holiday retail promotion, Shop Small Saturday, Holiday Market and Repast are all coming up soon!

August Challenges and Opportunities

With so many things launching simultaneously, we have been focused on keeping all of the supporting marketing materials and event promotion moving along seamlessly and ensuring that the DIB staff have all the support they need. We are also in the middle of the new website buildout, and August brought our first design presentation from the website team, as well as a number of decision points related to the Palafox Market pages, ADA compliance, merchant signup processes and site security. In August we also promoted Palafox Market’s “Chill Out” event with PR, social ads, reels and organic social media marketing.

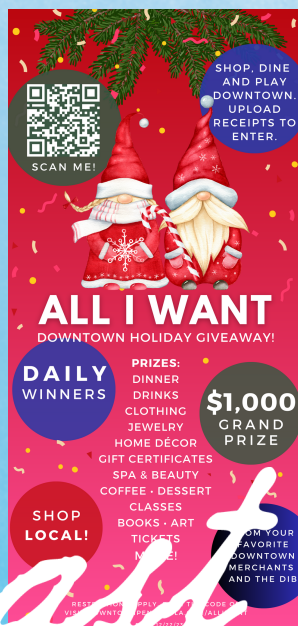
Project Snapshot

20 Design/content
projects completed

15 On-site mini photo shoot
locations

162 Social media posts
+ stories produced

5 Special campaigns and
marketing strategies



Repost

Metric	Details	Notes
545,678	Combined Instagram + Facebook Reach	The top post had a reach of 256,782 and 4,572 reactions, higher than typical.
1,183	New Social Media Followers	This includes @palafoxmarket Instagram + @downtownpensacola Facebook and Instagram
5,432	Instagram Followers on @palafoxmarket	@palafoxmarket was launched in March 2023
4,543	Website Users	This is down 18% from last month

Grant Funds Raised YTD

\$62,751.25

Coming in September

- Repast Invitations and Program
- Magic Carpet PR and Promotion-Regional
- "All I Want" Landing Page Production
- New Palafox Market Web Pages
- Daily Prizes "All I Want"
- Repast Artifacts Selection/Photography
- New Website-Milestones
- Palafox Market Vendor Facebook Group
- Holiday Marketing Strategy
- Media Response-Foo Foo



Merchant Round Table

September
19th, 2023
5:30pm

AGENDA

- 1) Introduction of new DIB Board Members
- 2) DIB expansion of Ambassador Program
 - a) There are 2 additional PPD officers downtown.
 - b) There are currently 3 cleaning ambassadors from Spotless Logistics. There will be a 4th ambassador starting on October 1st.
 - c) Spotless Logistics has taken on the Jefferson Steet Parking Garage.
 - d) Quarterly pressure washing has been set in place since last roundtable meeting.
 - e) ADD EMAILS
- 3) DIB Marketing efforts
- 4) What are the challenges we are facing heading into 2023/2024
 - a) Some of the issues regarding the current design of trash cans as well as trash overflowing.
 - b) There is an abundance of trash in parking lots left behind for Saturday and Sunday mornings especially in private and premium parking lots.
 - c) There are concerns regarding enforcement of open container and noise ordinances downtown.
 - d) Gallery Night vendors have been setting up prior to 4 PM. This

has been corrected with the new permit provided from the city.

- e) Merchants would like to see additional events to drive people downtown.

5) General Updates

- a) FooFoo Fest- Magic Carpet in Museum Plaza begins on November 2nd- November 27th
- b) Christmas lights setup will begin on Monday, September 25th. Lights will be turned on November 8th, 2023.
- c) Palafox Market Holiday Market will begin on November 8th.
- d) Repast will be on Sunday, October 29th 2023. Tickets will go on sale in early October.

4th QTR 2022/23

Executive Director Accomplishments:

- Secured funding to expand Christmas Lights for First City Light Festival
- Held Roundtable with Downtown Merchants
- Had conversations with city officials and trashcan reps about replacing trashcans on Palafox
- Met with engineer and architect about new trash compactor room for Seville Tower
- Met with new CEO of FI West to discuss opportunities for collaboration with DIB.
- Attended Wahoos game to talk about downtown Pensacola on game broadcast
- Met with CRA staff to discuss a partnership for a downtown trolley circuit
- Co-Hosted Real News with Rick Outzen giving 20+business owners in downtown an opportunity to promote their business
- Attend city council meetings to present Dib budget for approval
- DIB staff attend Inweekly Best of the Coast for winning in three categories for DIB & Palafox Market
- Met with gallery night board & city staff to discuss resolution to setup issues gallery night was facing
- Held prep meetings for repast dinner
Meet with downtown merchants to plan and prepare plan for holiday haul, All I want, Holiday Market, and Christmas Light ceremony
- Met with Mayors office to discuss Palafox Market bathroom construction
- Held discussions with Visit Pensacola, City, Cat Country, & PPD/PFD on potential for NYE celebration
- Worked with Gary & Ben Bergosh on Eagle Scout project to bring dog water stations to downtown business owners.

PENSACOLA DOWNTOWN IMPROVEMENT BOARD
TERMS OF ENGAGEMENT
SEPTEMBER 22, 2023

We are pleased to confirm our understanding of the services we are to provide to the Pensacola Downtown Improvement Board (the "Board") for the year ended September 30, 2023.

Audit Scope and Objectives

We will audit the Board's general fund and governmental activities as of and for the year ended September 30, 2023, which collectively comprises the financial statements. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the 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 RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of budget to actual for the General Fund

We will examine the compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*, of the Board as of September 30, 2023. Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include tests of your records and other procedures we consider necessary to enable us to express an opinion as to whether the Board, complied, in all material respects, with Chapter 10.550, *Rules of the Auditor General*. If, for any reason, we are unable to complete the examination, we will not issue a report as a result of this engagement. Our examination 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, 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, unless clearly inconsequential.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and 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. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include 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*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. 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 waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or 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 an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS 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 on 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. 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.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls. Management is in a unique position to perpetrate fraud because of management's ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- Improper revenue recognition due to fraud. Overstatement of revenues (e.g., through premature revenue recognition or recording fictitious revenues) or an understatement of revenues (e.g., through improperly shifting revenues to later period).

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. 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. Accordingly, we will express no such opinion. 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 Chapter 10.500, *Rules of the Auditor General*.

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 County'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*.

Other Services

We will also assist in preparing the financial statements and related notes of the Client in conformity with accounting principles generally accepted in the United States of America and Chapter 10.500, *Rules of the Auditor General* 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 statements 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.

You agree to assume all management responsibilities for 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.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility 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, and for 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 accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). 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, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (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. 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 GAAS and *Government Auditing Standards*.

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 of each opinion unit 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, or contracts or grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). 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 previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and 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.

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 Warren Averett, LLC and is confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available 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 Management of any such request. If requested, access to such audit documentation will be provided under the supervision of Warren Averett, LLC'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.

We will begin field work in November 2023, and to issue our reports by December 2023. Kristen R. McAllister, CPA, CGFM, 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 \$13,500. Other requested services will generally be billed at our rates discussed in the proposal. Upon completion of services provided, this agreement shall terminate. This agreement has an option to renew annually at the discretion of the Client. However, either party to this agreement may terminate by giving the other party 30 days written notice and Warren Averett, LLC shall be entitled to whatever remuneration for services provided that has accrued through the date of termination.

During the course of our engagement, we may communicate with Management using electronic media (e-mail or client portal). Management understands and authorizes this method of communication with the understanding this may include sensitive material including drafts of financial statements and final copies of financial statements for distribution through electronic means.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account including service providers located outside of the United States. 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. Furthermore, we will remain responsible for the work provided by any such third-party service providers. By signing this letter, you consent to allow us to disclose your financial and tax return information, if applicable, or other information to our service providers located abroad. If you want to limit the amount of information that may be disclosed to any third-party service provider, please notify us in writing as an attachment to this letter.

Reporting

We will issue a written report upon completion of our audit the financial statements. Our report will be addressed to those charged with governance. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. 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.

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

state (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 report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Board 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.

We appreciate the opportunity to be of service to the Board and believe this letter accurately summarizes the significant terms of our engagement. If management has any questions, please let us know. If management agrees with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



Kristen R. McAllister, CPA, CGFM
Member
Warren Averett, LLC

Confirmed on behalf of the DIB by:

Signature & Title

Date