

RESOLUTION NO. 16 - 2393

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA APPROVING THE RENEWAL OPTION WITH MARCUM LLP FOR AUDITING SERVICES; PROVIDING FOR APPROVAL; PROVIDING FOR AUTHORIZATION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on June 11, 2013 under Resolution No. 13-2169 the Town Commission approved Marcum LLP as the Town's independent auditors of the Town's financial statements; and

WHEREAS, Section 218.391(8), Florida Statutes provides that renewal of contracts entered into pursuant to the auditor selection process provided for therein, may be renewed without the use of the auditor selection procedures; and

WHEREAS, pursuant to Section 218.391(8), Florida Statutes the Town has continued to engage Marcum LLP to provide auditing services until the year ended September 30, 2015 with the option to renew for the professional audit services for Fiscal Years 2016 and 2017; and

WHEREAS, it is in the best interest of the Town to renew the contract with Marcum LLP for auditing services as provided for in the attached Engagement Letter (see Attachment "A.")

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, AS FOLLOWS:

Section 1. Recitals. The above recitals are true and correct and incorporated into this Resolution by this reference.

Section 2. Approval. The Town Commission hereby approves the renewal option of the engagement letter to conduct financial audits between Marcum LLP and the Town attached hereto as Attachment "A."

Section 3. Authorization of Town Manager. The Town Manager is hereby authorized to take all steps necessary to complete the execution of this engagement letter.

Section 4. Effective Date. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED this 13th day of September 2016.


Motion by Vice Mayor Cohen,
Second by Commissioner Paul.

FINAL VOTE ON ADOPTION

Commissioner Daniel Gielchinsky	<u>yes</u>
Commissioner Michael Karukin	<u>Absent</u>
Commissioner Tina Paul	<u>yes</u>
Vice Mayor Barry Cohen	<u>yes</u>
Mayor Daniel Dietch	<u>yes</u>

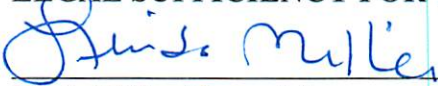


Daniel Dietch, Mayor

ATTEST: 

Sandra Novoa, MMC, Town Clerk

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY FOR THE TOWN OF SURFSIDE ONLY:**



Linda Miller, Town Attorney



August 4, 2016

Honorable Mayor, Town Commission and Town Manager
Town of Surfside
9293 Harding Avenue
Surfside, FL 33154

Re: Engagement of Marcum LLP

We are pleased to confirm our understanding of the services Marcum LLP ("Marcum," the "Firm," "we," "us" or "our") are to provide Town of Surfside, Florida (the Town) for the fiscal years ending September 30, 2016 and 2017. We will audit the financial statements of the Town's 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 Town as of and for the fiscal year ending September 30, 2016 and 2017. 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 Town's basic financial statements. Such information, although not 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 Town'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 – OPEB
- 3) Budgetary Comparison Schedules
- 4) Schedule of Changes in the Town's NPL and Related Ratios
- 5) Schedule of Town Contributions

We have also been engaged to report on supplementary information other than RSI that accompanies the Town'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 will provide an opinion on it in relation to the basic financial statements as a whole:



Town of Surfside

August 4, 2016

Page 2

1) Combining and Individual Fund Statements and Schedules

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditors' report will not provide an opinion or any assurance on that other information.

1) Introductory Section

2) Statistical Section

Audit Objectives

The objective of our audit is the expression of opinions as to whether the Town's 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 Town and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Audit. Our reports will be addressed to the Honorable Mayor, Town Council and Town Manager

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 reasons with Management 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 within the same time period (that will not include an opinion) on internal control related to the financial statements and compliance with 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 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 and compliance, and the results of that testing, and not to provide an opinion on the entity's internal control and on compliance, (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 and (3) that the report is not suitable for any other purpose. If during our audit we become aware that the Town 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 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 Town or to acts by management or employees acting on behalf of the Town. 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 or governance 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 or governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential and 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 the Town's 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 for the financial statements; compliance with laws, regulations, contracts, 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 Town 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 American Institute of Certified Public Accountants (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 Town'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*.

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. The Town is 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

Town of Surfside

August 4, 2016

Page 5

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 at the conclusion of the audit engagement 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 Town involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts 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 entity complies with applicable laws, regulations, contracts, agreements, and grants 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. 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 generally accepted accounting principles (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 our written audit findings and recommendations once they have been provided. 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 any other nonaudit/nonattest services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, and that you have reviewed and approved the financial statements prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit/nonattest 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.

We will provide copies of our reports to the Town, however, management is responsible for the distribution of our reports and the financial statements to those charged with governance and to others.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on the Town's 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.

Communication with Those Charged with Governance

As part of our engagement, we are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process as well as other matters we believe should be communicated to those charged with governance. Generally accepted auditing standards do not require the auditor to design procedures for the purpose of identifying other matters to communicate with those charged with governance. Such matters include, but are not limited to, (1) the initial selection of and changes in significant accounting policies and their application; (2) the process used by management in formulating particularly sensitive accounting estimates and the basis for our conclusions regarding the reasonableness of those estimates; (3) all passed audit adjustments; (4) any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the financial statements or our report; (5) our views about matters that were the subject of management's consultation with other accountants about auditing and accounting matters; (6) major issues that were discussed with management in connection with the retention of our services, including, among other matters, any discussions regarding the application of accounting principles and auditing standards; (7) serious difficulties that we encountered in dealing with management related to the performance of the audit; and (8) matters relating to our independence as the Town's auditors.

Reproduction of Auditors' Report

If the Town intends to publish or otherwise reproduce the financial statements and make reference to our Firm, you agree to provide us with printers' proofs or masters for our review and

Town of Surfside

August 4, 2016

Page 7

approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed. In addition, to avoid unnecessary delay or misunderstanding, it is important that you give us timely notice of the Town's intention to issue any such document.

If the Town elects to issue public debt and not have us associated with the proposed offering. We agree that our association with the proposed offering is not necessary providing that the Town agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. The Town agrees that the following disclosure will be prominently displayed in any such official statement or memorandum.

Marcum LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Marcum LLP, also has not performed any procedures relating to this official statement.

Assistance By Your Personnel

We will ask that the Town's personnel, to the extent possible, prepare required schedules and analyses, and make selected invoices and other required documents available to our staff. This assistance by the Town's personnel will serve to facilitate the progress of our work and minimize our time requirements.

You acknowledge that your confidential information may be transmitted to us through an information portal or delivery system established by us or on our behalf. You shall notify us in writing of your employees, representatives, or other agents to be provided access to such portal or system; upon the termination of such status, you shall immediately notify us in writing. You acknowledge that the Firm is not responsible for the actions of your current and former employees, representatives, or other agents in connection with the transmission of your information.

Background Checks

As a matter of Firm policy, we perform background checks, which may require out-of-pocket expenses, on potential clients and/or on existing clients, on an as-determined basis. The terms and conditions of this engagement are expressly contingent upon the satisfactory completion of our investigatory procedures and we reserve the right to withdraw from any relationship should information which we deem to be adverse come to our attention. The results of all background checks and other investigatory procedures are submitted to, and reviewed by, our Firm's Client Acceptance Committee.

Independence

Professional standards require that a firm and its members maintain independence throughout the duration of the professional relationship with a client. In order to preserve the integrity of our relationship, no offer of employment shall be discussed with any Marcum professionals assigned to the audit, including within the one year period prior to the commencement of the year-end audit. Should such an offer of employment be made, or employment commences during the indicated time period, we will consider this an indication that our independence has been compromised. As such, we may be required to recall our auditors' report due to our lack of independence. In the event additional work is required to satisfy independence requirements, such work will be billed at our standard hourly rates. Furthermore, we strive to staff your engagement with quality, superbly trained professionals. In recognition of the extensive investment we have made to recruit and develop our personnel, we ask that you agree to the following. In the event that any of our employees accepts a position of employment with your Organization, or any of its related parties at any time while we are performing services for you or within one year thereafter, you agree to pay us a placement fee equal to the employee's annual compensation in effect on the date such employment was contracted. Such fee is payable when the employee accepts such a position.

Access to Working Papers

The working papers prepared in conjunction with our engagement are the property of Marcum and may constitute confidential information subject to the Laws of the Florida pertaining to Public Records. These working papers will be retained by us in accordance with applicable laws and with our Firm's policies and procedures. However, we may be required, by law or regulation, to make certain working papers available to regulatory authorities for their review, and upon request, we may be required to provide such authorities with photocopies of selected working papers.

The Firm is required to undergo a "Peer Review" every three years. During the course of a Peer Review engagement, selected working papers and financial reports, on a sample basis, will be inspected by an outside party on a confidential basis. Consequently, the accounting and/or auditing work we performed for you may be selected. Your signing of this letter represents the Town's acknowledgement and permission to allow such access should the Town's engagement be selected for review.

As a result of our prior or future services to you, we may be required or requested to provide information or documents to you or a third-party in connection with a legal or administrative proceeding (including a grand jury investigation) in which we are not a party. If this occurs, our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to compensation for our time and reimbursement for our reasonable out-of-pocket expenditures (including reasonable attorney fees) in complying with such request or demand. This will be discussed with the Town prior to incurring any time or associated costs.

This is not intended, however, to relieve us of our duty to observe the confidentiality requirements of our profession.

Third-Party Service Providers

The Firm may, from time to time, and depending on the circumstances, use third-party service providers to assist us with the audit of the Town's financial statements. We may share confidential information about the Town with the third-party service providers, but remain committed to maintaining the confidentiality of the Town's information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of the Town's information. Furthermore, the Firm will remain responsible for the work performed by such third-party service providers and the confidentiality of any Town records provided to them by the Firm.

Dispute Resolution Procedure, Waiver of Jury Trial and Jurisdiction and Venue for Any and All Disputes Under This Engagement Letter and Governing Law

AS A MATERIAL INDUCEMENT FOR US TO ACCEPT THIS ENGAGEMENT AND/OR RENDER THE SERVICES TO THE ORGANIZATION IN ACCORDANCE WITH THE PROVISIONS OF THIS ENGAGEMENT LETTER:

The Firm and Town each hereby knowingly, voluntarily and intentionally waive any right either may have to a trial by jury with respect to any litigation based hereon, or arising out of, under or in connection with this engagement letter and/or the services provided hereunder, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of either party. The Firm and Town each expressly agree and acknowledge that the 11th Judicial Circuit Court, in and for Miami-Dade County, Florida, and the United States District Court for the Southern District of Florida, shall each have exclusive and sole jurisdiction and venue for any respective state or federal actions arising from, relating to or in connection with this engagement letter, or any course of conduct, course of dealing, statement or actions of either party arising after the date of the signing of this engagement letter by the Town.

The terms and provisions of this engagement letter, any course of conduct, course of dealing and/or action of the Firm and/or the Town and our relationship with you shall be governed by the laws of the State of Florida to the extent said laws are not inconsistent with the Federal Securities Laws and Rules, Regulations and Standards thereunder. In any litigation brought by either the Firm or the Town as to the other, the prevailing party shall be entitled to an award of its reasonable attorneys' fees and costs incurred, including through all appeals.

We acknowledge your right to terminate our services at any time, and you acknowledge our right to resign at any time (including instances where in our judgment, our independence has been impaired or we can no longer rely on the integrity of management), subject in either case to our

Town of Surfside

August 4, 2016

Page 10

right to payment for all direct and indirect charges including out-of-pocket expenses incurred through the date of termination or resignation or thereafter as circumstances and this agreement may require, plus applicable interest, costs, fees and attorneys' fees.

You and we agree that our respective liability to the other arising out of this engagement or services provided shall not exceed the total amount paid for the services described herein. This shall be the maximum monetary liability of each party to the other.

No action, regardless of form, arising out of the services under this agreement may be brought by either party more than one year after the date of the last services provided under this agreement.

Subject to and without waiver of the provisions of Section 768.28, Florida Statutes and the above limitation of monetary liability, the Town hereby indemnifies Marcum LLP and its partners, principals, and employees, and holds them harmless from all claims, liabilities, losses, and costs arising as a direct result of a **known and intentional misrepresentation** of fact that is provided by an employee or officer of the Town to the Firm for a matter applicable to the services which are the subject of and being provided by the Firm under this engagement letter, regardless of whether such person was acting in the Town's interest. This indemnification will survive termination of this letter of engagement.

Other Services

We will perform, in accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida, an examination pursuant to AICPA *Professional Standards*, AT Section 601, promulgated by the American Institute of Certified Public Accountants regarding the compliance of the Town with Section 218.415, Florida Statutes, Local Government Investment Policies. There is no additional cost for this service.

If the Town may be required to undergo a single audit in accordance with the Federal Single Audit Act Amendments of 1996 and the provisions of the Uniform Guidance or for the Florida Single Audit Act, we will discuss with you the additional fees which will be dependent on the number of programs determined to be a major program based on the determination required by the Uniform Guidance. Also, a new engagement letter will have to be provided that meets the requirements of the Federal 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).

We are always available to meet with you and/or other management personnel at various times throughout the year to discuss current business, operational, accounting and auditing matters affecting the Town. Whenever you feel such meetings are desirable please let us know; we are prepared to provide services to assist you in any of these areas.

Timeline

Our engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Fees

Our invoices for these services will be rendered as the work progresses, and are due and payable in accordance with the Agreement. In the event that you dispute any of the fees or expenses on a specific invoice, you agree to notify us within twenty (20) days of receipt of the invoice of such dispute. If you fail to notify us within the twenty (20) day period, your right to dispute such invoice will be waived. Prior to the commencement of the services described above, any past due balances are required to be paid in full. In accordance with our Firm policies, should any invoice remain unpaid for more than thirty days, we reserve the right to defer providing any additional services until all outstanding invoices are paid in full. Amounts past due 60 days from the date of our delivery of an invoice to the Town's Finance Director for services rendered will incur a finance charge in accordance with Florida's Prompt Payment Act. Nothing herein shall be construed as extending the due date of payments required under the agreement, as amended, and you agree that we are not responsible for the impact on the Town of any delay that results from such non-payment by you.

As a result of our planning process, we believe that the above described professional services can be completed for an estimated fee of \$59,000 and \$60,800 for fiscal years ending September 30, 2016 and 2017 respectively (excluding any Federal or State single audit requirements). The estimate of our fee is based on certain assumptions, including the required assistance described above. To the extent that certain circumstances including, but not limited to those listed in Appendix A, arise during the engagement, our fee estimate may be significantly affected and additional services and associated fees may be necessary. Additional services provided beyond the described scope of services will be billed separately upon discussion and prior written approval of the Town.

We reserve the right to defer providing any additional services until all past due invoices are paid in full. The Town agrees that we are not responsible for the impact on the Town of any delay that results from such non-payment by you.

Agreement

This letter comprises the complete and exclusive statement of the agreement between the parties, superseding all proposals, oral or written, and all other communications between the parties. If any provision of said combined statement of agreement is determined to be unenforceable, all other provisions shall remain in force.

Town of Surfside

August 4, 2016

Page 12

It is hereby understood and agreed that this engagement is being undertaken solely for the benefit of the Town and that no other person or entity shall be authorized to enforce the terms of this engagement.

Michael D. Futterman is the Engagement Partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

If you agree with the terms of our engagement as described in this letter, please sign this PDF version of the engagement letter and return it to us.

This agreement is renewable at the option of Town. We appreciate the opportunity to be of service to the Town and believe this letter accurately summarizes the combined statement of agreement regarding our engagement. If you have any questions, please let us know.

Very truly yours,

Marcum LLP



Michael D. Futterman, CPA
Partner

ACCEPTED

This letter correctly sets forth the agreement of the **Town of Surfside**;

Authorized Signature: _____

Title: _____

Date signed: _____

APPENDIX A

Town of Surfside Circumstances Affecting Timing and Fee Estimate

The estimated fee is based on certain assumptions. Circumstances may arise during the engagement that may significantly affect the targeted completion dates and our fee estimate. As a result, additional fees may be necessary. Such circumstances include but are not limited to the following:

1. Changes to the timing of the engagement at your request. Changes to the timing of the engagement usually require reassignment of personnel used by Marcum in the performance of services hereunder. However, because it is often difficult to reassign individuals to other engagements, Marcum may incur significant unanticipated costs.
2. All requested schedules are not (a) provided by the accounting personnel on the date requested, (b) completed in a format acceptable to Marcum (c) mathematically correct, or (d) in agreement with the appropriate underlying records (e.g., general ledger accounts). Marcum will provide the accounting personnel with a separate listing of required schedules and deadlines.
3. Weaknesses in the internal control.
4. Significant new issues or unforeseen circumstances as follows:
 - a. New accounting issues that require an unusual amount of time to resolve.
 - b. Changes or transactions that occur prior to the issuance of our report.
 - c. Changes in the Organization's accounting personnel, their responsibilities, or their availability.
 - d. Changes in auditing requirements set by regulators.
5. Significant delays in the accounting personnel's assistance in the engagement or delays by them in reconciling variances as requested by Marcum. All invoices, contracts and other documents which we will identify for the Organization, are not located by the accounting personnel or made ready for our easy access.
6. A significant level of proposed audit adjustments are identified during our audit.
7. Changes in audit scope caused by events that are beyond our control.
8. Untimely payment of our invoices as they are rendered.