

## **AGREEMENT FOR PROFESSIONAL SERVICES**

**THIS AGREEMENT** is made as of the \_\_\_ day of \_\_\_\_\_ in the year 2010, between The City of Leesburg, a Florida Municipal Corporation, whose address is 501 West Meadow Street, Post Office Box 490630, Leesburg, Florida 34749-0630 (hereinafter referred to as the "CITY"), and **MOORE, STEPHENS, LOVELACE, P.A.** whose address is 1201 S. Orlando Avenue, Suite 400, Winter Park, Florida 32789, (hereinafter referred to as the "PROFESSIONAL").

**NOW, THEREFORE,** in consideration of the mutual benefits accruing to the parties to this Agreement, and for other good and valuable considerations, the parties agree as follows:

**1. Services.** The PROFESSIONAL shall perform the following services: **SEE EXHIBIT "A"**. Nothing herein shall limit the CITY's right to obtain proposals or services from other contractors for similar projects. The services shall be performed for a total annual price of \$87,500.00 per year. The annual cost of the services shall not exceed this amount unless the CITY has executed a written change order approving any increase in price. Additional work outside the scope of services detailed in **EXHIBIT "A"** will be covered under a separate task order. The cost of the task order will be based on the schedule of hourly rates attached as **EXHIBIT "B"**.

**A. Audit Time Line.** Following execution of the agreement, representatives of the CITY and PROFESSIONAL shall meet to establish a mutually agreeable audit schedule. Work by the PROFESSIONAL will begin no later than the second week of July each year.

**2. Compensation.** In no event shall the annual expense under this Contract exceed \$85,000 (Eighty Five Thousand Dollars) unless an amendment to this agreement has been executed in accordance with the CITY's policy and procedures in effect at the time an amendment may be required.

The CITY shall make payment on all invoices in accordance with the Florida Prompt Payment Act, sections 218.70 through 218.79, Florida Statutes. Invoices received by the 10<sup>th</sup> day of any month will be paid during that month. The payment schedule according to the RFP for services provided is structured as follows.

By October 1st, 20% of the total annual fee,  
By January 1<sup>st</sup>, 70 % of the total annual fee,  
By February 1st, 90% of the total annual fee.

The CITY shall withhold the sum of 10% of the total annual payment each year until the audit is presented to the City Commission at a regular meeting.

**3. Labor and Materials.** All work will be done in a competent and workmanlike manner, using quality, new materials. PROFESSIONAL shall guarantee all materials and workmanship furnished under this agreement for a period of one (1) year from completion.

**4. Insurance.** The PROFESSIONAL shall provide and maintain at all times during the term of the contract, without cost or expense to the CITY, policies of insurance insuring the PROFESSIONAL against any and all claims, demands or causes of action whatsoever, for injuries received or damage to property relating to the performance of duties, services and/or obligations of the PROFESSIONAL under the terms and provisions of the contract.

- A. Such policies of insurance shall insure the PROFESSIONAL in accordance with the following minimum limits:
- B. General Liability insurance on forms no more restrictive than the latest edition of the Commercial General Liability policy (CG 00 01 or CG 00 02) of the Insurance Services Office or equivalent without restrictive endorsements, with the following minimum limits and coverage:

Each Occurrence/General Aggregate	\$1,000,000
Products-Completed Operations	\$1,000,000
Personal & Adv. Injury	\$ 500,000
Fire Damage	\$ 50,000
Medical Expense	\$ 5,000
Contractual Liability	\$ 300,000

- C. Automobile liability insurance, including owned, non-owned, and hired autos with the following minimum limits and coverage:

Combined Single Limit	\$300,000
or	
Bodily Injury (per person)	\$100,000 (per accident)
Property Damage	\$100,000

- D. Workers' compensation insurance based on proper reporting of classification codes and payroll amounts in accordance with Florida Statute, Chapter 440, and/or any other applicable law requiring workers' compensation (Federal, maritime, etc). If not required by law to maintain workers compensation insurance, the contractor must provide a notarized statement that if he or she is injured; he or she will not hold the City responsible for any payment or compensation.
- E. Professional liability and/or specialty insurance (medical malpractice, engineers, architect, consultant, environmental, pollution, errors and omissions, etc.) insurance as applicable, with minimum limits of \$1,000,000 and annual aggregate of \$1,000,000.
- F. All liability insurance, except professional liability, shall be written on an occurrence basis.
- G. Except for Workers Compensation and Professional Liability, the CITY, a Political Subdivision of the State of Florida, shall be named as additional insured as their interest may appear on the general liability policy.

- H. Certificate(s) of insurance shall provide for a minimum of forty-five (45) days prior written notice to the City of any change or cancellation of the required insurance. Certificate(s) of insurance shall identify “RFP No. 100032 – Financial Auditing Services” in the Description of Operations section of the Certificate.

Certificate holder shall be:           CITY OF LEESBURG  
  PURCHASING DIVISION  
  P.O. BOX 490630  
  LEESBURG, FL 34749-0630

- I. The PROFESSIONAL shall be responsible for subcontractors and their insurance. All deductibles or self-insured retention shall appear on the certificate(s) and shall be subject to approval by the CITY. At the option of the CITY, the insurer shall reduce or eliminate such deductible or self-insured retention; or the contractor shall be required to procure a bond guaranteeing payment of losses and related claims expenses.
- J. All insurance companies must be authorized to transact business in the State of Florida. The CITY shall be exempt from, and in no way liable for, any sums of money, which may represent a deductible in any insurance policy. The payment of such deductible shall be the sole responsibility of the vendor and/or subcontractor providing such insurance.
- K. Failure to obtain and maintain such insurance as set out above will be considered a breach of contract and may result in termination of the contract for default.
- L. Neither approval by the CITY of any insurance supplied by the PROFESSIONAL, nor a failure to disapprove that insurance, shall relieve the vendor of full responsibility of liability, damages, and accidents as set forth herein.
- M. The Certificate of Insurance shall be delivered to the CITY by PROFESSIONAL prior to starting work, together with evidence that the premiums have been paid.
- N. All required insurance shall be provided by insurers acceptable to the CITY with an A.M. Best rating of at least “A.”
- O. The PROFESSIONAL waives its right of recovery against the CITY to the extent permitted by its insurance policies.
- P. Insurance required of the PROFESSIONAL, or any other insurance of the PROFESSIONAL shall be considered primary, and insurance of the CITY, if any, shall be considered excess as applicable to any claims, which arise out of the agreement, contract or lease.

**5. Indemnification.** The PROFESSIONAL agrees to make payment of all proper charges for labor required in the aforementioned work and PROFESSIONAL shall indemnify CITY and hold it harmless from and against any loss or damage, claim or cause of action, and any attorneys' fees and court costs, arising out of: any unpaid bills for labor, services or materials furnished to this project; any failure of performance of PROFESSIONAL under this Contract; or

the negligence of the PROFESSIONAL in the performance of its duties under this Contract, or any act or omission on the part of the PROFESSIONAL, his agents, employees, or servants. PROFESSIONAL shall defend, indemnify, and save harmless the CITY or any of their officers, agents, or servants and each and every one of them against and from all claims, suits, and costs of every kind and description, including attorney's fees, and from all damages to which the CITY or any of their officers, agents, or servants may be put by reason of injury to the persons or property of others resulting from the performance of PROFESSIONAL'S duties under this Contract, or through the negligence of the PROFESSIONAL in the performance of its duties under this Contract, or through any act or omission on the part of the PROFESSIONAL, his agents, employees, or servants.

**6. Codes, Laws, and Regulations.** PROFESSIONAL will comply with all applicable codes, laws, regulations, standards, and ordinances in force during the term of this Agreement.

**7. Permits, Licenses, and Fees.** PROFESSIONAL will obtain and pay for all permits and licenses required by law that are associated with the PROFESSIONAL's performance of the Scope of Services.

**8. Access to Records.** PROFESSIONAL will maintain accounting records, in accordance with generally accepted accounting principles and practices, to substantiate all invoiced amounts. Said records will be available for examination by the CITY during PROFESSIONAL's normal business hours. Said records will be maintained for a period of five (5) years after the date of invoice.

**9.** The audit documentation for the services will be retained for a minimum of at least five (5) years after the report release or for any additional period requested by the CITY.

**10. Contingent Fees Prohibited.** The PROFESSIONAL warrants that he or she has not employed or retained any company or person, other than a bona fide employee working solely for the PROFESSIONAL, to solicit or secure this Agreement and that he or she has not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee working solely for the PROFESSIONAL any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or making of this Agreement. In the event of a breach of this provision, the CITY shall have the right to terminate this Agreement without further liability, and at its discretion, deduct from the contract price, or otherwise recover, the full amount of any such fee, commission, percentage, gift or consideration paid in breach of this Agreement.

**11. Ownership of Documents.** The final Comprehensive Annual Financial Report (CAFR) is the property of the CITY.

**12. Audit Documentation.** The audit documentation prepared and used by the PROFESSIONAL to provide the audit services is the property of the PROFESSIONAL. All documentation shall be permanently kept on file at the office of the PROFESSIONAL. Such documentation will be made available to the CITY if requested in accordance with applicable professional standards.

**13. Internet Posting.** The PROFESSIONAL agrees the CITY has the right, at no additional cost, to post a copy of the Comprehensive Annual Financial Reports (CAFR) on the CITY's website.

**14. Independent Contractor.** The PROFESSIONAL is an independent contractor and as such will be responsible for paying his own Federal income tax and self-employment tax, or any other taxes applicable to the compensation paid under this agreement.

**15. Assignment.** Neither party shall have the power to assign any of the duties or rights or any claim arising out of or related to the Agreement, whether arising in tort, contract, or otherwise, without the written consent of the other party. These conditions and the entire Agreement are binding on the heirs, successors, and assigns of the parties hereto.

**16. No Third Party Beneficiaries.** This Agreement gives no rights or benefits to anyone other than the PROFESSIONAL and the CITY.

**17. Jurisdiction.** The laws of the State of Florida shall govern the validity of this Agreement, its interpretation and performance, and any other claims related to it. In the event of any litigation arising under or construing this Agreement, venue shall lie only in Lake County, Florida.

**18. Term and Termination.** The term of this Agreement shall be for an initial term, up through and including three (3) years. The CITY may extend this agreement up to three (3) additional one (1) year periods. All or part of this Agreement may be terminated by the CITY for its convenience on thirty (30) days written notice to the PROFESSIONAL. In such event, the PROFESSIONAL will be entitled to compensation for services competently performed up to the date of termination.

**19. Nonappropriation.** The PROFESSIONAL understands and agrees that this Contract is subject to the availability of funds to the CITY to purchase the specified products/services. As used herein, a "nonappropriation" shall be defined as an occurrence wherein the CITY, in any fiscal period, does not allocate funds in its budget for the purchase of the specified products/services or other amounts owed pursuant to this Contract, from the source of funding which the CITY anticipates using to pay its obligations hereunder, and the CITY has not other funds, from sources other than ad valorem taxes, which it deems to be available to pay its obligations under this Contract. The CITY may terminate this Contract, with no further liability to the PROFESSIONAL, effective the first day of a fiscal period provided that:

- (a) a nonappropriation has occurred, and
- (b) the CITY has provided the PROFESSIONAL with written notice of termination of less than fifteen (15) days before the proposed termination date.

Upon the occurrence of such nonappropriation the CITY shall not be obligated for payment for any fiscal period for which funds have not been appropriated.

**20. Contact Person.** The primary contact person under this Agreement for the PROFESSIONAL shall be Daniel J. O'Keefe. The primary contact person under this Agreement for the CITY shall be Jerry Boop, Finance Director.

**21. Approval of Personnel.** The CITY reserves the right to approve the contact person and the persons actually performing the services on behalf of PROFESSIONAL pursuant to this Agreement. If CITY, in its sole discretion, is dissatisfied with the contact person or the person or persons actually performing the services on behalf of PROFESSIONAL pursuant to this Agreement, CITY may require PROFESSIONAL assign a different person or persons be designated to be the contact person or to perform the PROFESSIONAL services hereunder.

**22. Disclosure of Conflict.** The PROFESSIONAL has an obligation to disclose to the CITY any situation that, while acting pursuant to this Agreement, would create a potential conflict of interest between the PROFESSIONAL and his duties under this Agreement.

**23. Documents Comprising Contract.** The Contract shall include this Agreement for Professional Services, as well as the following documents, which are incorporated herein by reference.

- A. City of Leesburg's RFP 100032 issued on February 1, 2010 and all of its addenda;
- B. PROFESSIONAL'S Certificate of Insurance required under Section 17 of RFP and Section 4 of this Agreement;
- C. Engagement letter dated June 1, 2010; and
- D. AUDITOR'S Proposal.

If there is a conflict between the terms of this Agreement and the above referenced documents, then the conflict shall be resolved as follows: the terms of this Agreement shall prevail over the other documents, and the terms of the remaining documents shall be given preference in their above listed order.

**20. Authority to Obligate.** Each person signing this agreement on behalf of either party individually warrants that he or she has full legal power to execute this Agreement on behalf of the party for whom he or she is signing, and bind and obligate such party with respect to all provisions contained in this agreement.

[Rest of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the respective dates under each signature.

**THE CITY OF LEESBURG, FLORIDA**

By: \_\_\_\_\_  
Mayor

**ATTEST:**

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
City Attorney

**“MOORE, STEPEHENS AND  
LOVELACE, P.A.”**

By: Daniel J. O'Keefe

Printed: Daniel J. O'Keefe

Its: Shareholder  
(title)

Date: June 7, 2010

**EXHIBIT “A”**  
Letter of Engagement

June 1, 2010

City of Leesburg, Florida  
Board of City Commissioners

Dear Board of City Commissioners:

We are pleased to confirm our understanding of the services we are to provide the City of Leesburg, Florida (the “City”) for the term of this contract. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of the City as of and for each of the next 3 fiscal years, commencing with the fiscal year ending September 30, 2010. 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 accompany the City’s basic financial statements. As part of our engagement, we will apply certain limited procedures to the City’s RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management’s Discussion and Analysis
- 2) Budgetary Comparison Schedules
- 3) Pension and OPEB Required Supplementary Information

Supplementary information other than RSI also accompanies the City’s basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and will provide an opinion on it in relation to the basic financial statements:

- 1) Schedule of expenditures of federal awards
- 2) Supplementary Information

The following additional information accompanying the basic financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor’s report will disclaim an opinion.

- 1) Introductory Section
- 2) Statistical Section

**Audit Objectives**

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

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and each major state project in accordance with Section 215.97, Florida Statutes, “Florida Single Audit Act.”

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, specific legislative or regulatory bodies, federal awarding agencies and, if applicable, pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, a determination of major state project(s) in accordance with Section 215.97, F.S., and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements, the Single Audit or the Florida Single Audit Act compliance opinions are other than unqualified, we will fully discuss the reasons with you in advance. If we are unable to complete the audit or form an opinion, or have not formed an opinion, due to delay, interference, hindrance, lack of cooperation or other material fault of the city, its management or staff, we may decline to express opinions or issue a report as a result of this engagement.

### **Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information, as well as all representations contained therein. Management is also responsible for preparation of the schedule of expenditures of federal awards, in accordance with the requirements of OMB Circular A-133. As part of the audit, we will prepare the financial statements. The City will provide the required data. We will prepare the financial statements in the required format. We will review the schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and the schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any non-audit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for monitoring ongoing activities, to help ensure that appropriate goals and objectives are met. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and the respective changes in financial position and, where applicable, cash flows 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 ensuring that management and financial information is reliable and properly recorded. Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the 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 or illegal acts affecting the government 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. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review on October 1, 2010.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or 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.

### **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. 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 entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse. As required by the Single Audit Act Amendments of 1996, OMB Circular A-133, and Section 215.97, F.S., our audit will include tests of transactions related to major federal and state award programs for compliance with applicable laws and regulations and the provisions of contracts and agreements. Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you 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.

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 the financial statements and related matters.

#### **Audit Procedures—Internal Controls**

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

As required by OMB Circular A-133, and Section 215.97, F.S., we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. 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*, OMB Circular A-133, and Section 215.97, F.S.

#### **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's compliance with applicable laws and regulations and the provisions of 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*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Circular A-133 *Compliance Supplement* and the "State Projects Compliance Supplement" for the types of compliance requirements that could have a direct and material effect on each of the City's major programs/projects. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance, issued pursuant to OMB Circular A-133 and Section 215.97, F.S.

## **Engagement Administration, Fees, and Other**

We expect to begin our audit no later than the second week in July and to issue our reports no later than March 31. Daniel J. O'Keefe is the engagement shareholder 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 at our standard hourly rates, plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.), except that we agree that our gross fee, including expenses, will not exceed \$85,000 for the financial audit and \$2,500 for the FDEP Landfill Report. This fee includes any additional time or expenses associated with establishing a new engagement and the audit of a new client.

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our Firm policies, work may be suspended if your account becomes thirty (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(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fees are based on anticipated cooperation from your personnel and the assumption we will not encounter, during the course of the audit, unexpected circumstances such as, but not limited to severe weather conditions that make it impossible to continue our work for a significant period of time, an unusually large number of grants requiring our attention when compared to the typical municipal government similarly situated to yours, or significant turnover in your staff prior to or during the audit resulting in difficulty assembling or interpreting the necessary data, thereby increasing materially the time and expense of our work. If we encounter such circumstances and as a result believe significant additional time will be required to conduct and complete the audit, we will discuss the situation with you and negotiate a mutually accepted enhancement of the fee estimate before incurring any additional expenses.

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

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

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan), along with the Data Collection Form, to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

## **Law**

This agreement will be interpreted in accordance with Florida law and the terms and conditions as required by the Florida Board of Accountancy, where applicable.

The audit documentation for this engagement is the property of Moore Stephens Lovelace, P.A. and constitutes confidential information. However, pursuant to authority given to it by law or regulation we may be requested to make certain audit documentation available to the federal or state agencies or their designee, or the U.S. General Accounting Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Moore Stephens Lovelace, P.A. personnel. Furthermore, upon request, we may provide photocopies of selected audit documentation to federal or state agencies. The federal or state agencies may intend, or decide, to distribute photocopies 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 or for any additional period requested by the City. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We do not waive any rights or privileges granted under federal or state laws, statutes, or regulations with regard to client/accountant privileges.

### **Mediation**

Parties to this engagement agree that any dispute that may arise regarding the meaning, performance, or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation upon the written request of any party to the engagement. In the event that the parties cannot agree to a mediator, each will choose one and the two mediators will choose a third, who will serve as sole mediator. The results of this mediation shall be binding only upon agreement of each party to be bound. Costs of any mediation proceeding shall be shared equally by both parties.

### **Term**

This engagement is for a limited period of time and is further limited by scope. Any other services performed on your behalf shall be by separate agreement. If at any time during the engagement, you fail to make prompt payments or cooperate with the staff performing this engagement, we reserve the right to suspend performance until such time as payment is made or cooperation resumes. Our engagement to serve as your independent auditor is contingent upon the results obtained from our client acceptance and continuance due diligence procedures. In the event circumstances arise that cause us to believe that we can no longer adequately meet our obligations, or if we believe that continued performance would require us to compromise our ethical standards, we reserve the right to immediately suspend or terminate this contract. You understand that if this contract is suspended or terminated, reports or documents may not be prepared timely and you agree to hold Moore Stephens Lovelace, P.A. and its employees harmless for any damages suffered. In no event will our Firm be liable for incidental or consequential damages, even if we have been advised of the possibility of such damages.

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

We appreciate the opportunity to be of service to the City 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,

**MOORE, STEPHENS, LOVELACE, P.A.**

**RESPONSE:**

This letter correctly sets forth the understanding  
of **CITY OF LEESBURG, FLORIDA.**

By: Executed on page 7

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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*Attachment*

**EXHIBIT “B”**

**Insert PROFESSIONALS fee schedule here.**