

RESOLUTION NO. 2008-211

**A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, APPROVING THE TERMS AND CONDITIONS ASSOCIATED WITH AN EXTENSION AGREEMENT FOR AUDIT SERVICES BETWEEN DAVIS MONK & COMPANY, AND ST. JOHNS COUNTY, FLORIDA, AND AUTHORIZING THE COUNTY ADMINISTRATOR TO EXECUTE THE EXTENSION AGREEMENT ON BEHALF OF THE COUNTY**

**WHEREAS**, the County and Davis Monk & Company entered into an Agreement for Audit Services on July 22, 2003; and

**WHEREAS**, the County has reviewed the terms and conditions associated with the Extension Agreement for Audit Services (attached hereto, and incorporated herein); and

**WHEREAS**, the County has determined that extending the term of the Agreement for Audit Services with Davis Monk & Company will serve the interests of the County.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, AS FOLLOWS:**

**Section 1.** The above Recitals are hereby incorporated into the body of this Resolution, and are adopted as Findings of Fact.

**Section 2.** The Board of County Commissioners hereby approves the terms, and conditions of the Extension Agreement for Audit Services between St. Johns County, Florida, and Davis Monk & Company, and authorizes the County Administrator to execute the Extension Agreement on behalf of the County.

**PASSED AND ADOPTED** by the Board of County Commissioners of St. Johns County, Florida, this 5<sup>th</sup> day of August, 2008.



**BOARD OF COUNTY COMMISSIONERS  
OF ST. JOHNS COUNTY, FLORIDA**

BY: Thomas G. Manuel  
Thomas G. Manuel, Chairman

**ATTEST:** Cheryl Strickland, Clerk

BY: Ram Halterman  
Deputy Clerk

**RENDITION DATE** 8/8/08

**Effective Date:** August 5, 2008

**EXTENSION AGREEMENT FOR  
AUDIT SERVICES**

**THIS EXTENSION AGREEMENT (“Extension Agreement”)** to the **Audit Services Agreement (“Original Agreement”)** between St. Johns County, Florida, and Davis Monk & Company is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, **2008**, by **St. Johns County, Florida (“County”)**, 4020 Lewis Speedway, St. Augustine, Florida 32084, and **Davis Monk & Company (“Davis Monk”)**, 4010 N.W. 25<sup>th</sup> Place, Gainesville, Florida 32606.

**RECITALS:**

**WHEREAS**, the **County** and **Davis Monk** entered into the **Original Agreement** (attached and incorporated herein), on **July 22, 2003; and**

**WHEREAS**, **Section 1**, sets forth an initial term of five years, with an “option to renew for two (2) two-year periods, under terms and conditions approved at the time of renewal; and

**WHEREAS**, the **County** has determined that its interests would be better served by extending the **Original Agreement** by a single three-year period, as opposed to renewing for two (2) two-year periods; and

**WHEREAS**, this **Extension Agreement**, amends the **Original Agreement**, in order to account for the single three-year extension, as well as, account for the amount of compensation during the period of extension.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and promises herein contained, the parties hereto, agree as follows:

**Section 1.** The above Recitals are incorporated by reference into the body of this **Extension Agreement**, and such Recitals are adopted as Findings of Fact.

**Section 2.** **Section 1 of the Original Agreement** is revised to read as follows:

1. This Agreement shall commence for the audit of the fiscal year ending September 30, 2003, and shall be for an initial five (5) year period with the option to extend and/or renew this Agreement for a single three-year period, under terms and conditions approved at the time of extension and/or renewal. The decision to extend and/or renew this Agreement will be at the discretion of the County.

**Section 3.** In light of **Section 2 of the Extension Agreement**, the **Extension Agreement** shall commence for the audit of the fiscal year ending September 30, 2008, and shall include the audit of the fiscal year ending September 30, 2009, and the audit of the fiscal year ending September 30,

2010. This **Extension Agreement** shall expire on its own, as of 11:59 pm on September 30, 2011.

**Section 4.** **Section 5 of the Original Agreement** is revised to read as follows:

5. During the term of this **Extension Agreement**, **Davis Monk** shall continue to provide audit services in the manner set forth in its proposal, and the **Original Agreement**. For the audit of the fiscal year ending September 30, 2008, **Davis Monk** agrees to compensation in the amount of \$213,000 (two hundred thirteen thousand dollars). For the audit of the fiscal year ending September 30, 2009, **Davis Monk** agrees to compensation in the amount of \$225,700 (two hundred twenty-five thousand, seven hundred dollars). For the audit of the fiscal year ending September 30, 2010, **Davis Monk** agrees to compensation in the amount of \$232,500 (two hundred thirty-two thousand, five hundred dollars). The fees are based on the amount of time required for the audit at various levels of responsibility, plus actual recoverable expenses. Such expenses include all travel, lodging, subsistence, and an allocation of office charges in support of **Davis Monk's** services, including computer usage, telephone, postage, photo reproduction, couriers, and similar expenses. To the extent necessary, **Davis Monk** will submit to the **County** updated hourly rate, and related information.

**Section 5.** This **Extension Agreement** shall be construed according to the laws of the State of Florida. Venue for any administrative and/or legal action arising under this **Extension Agreement** shall be in St. Johns County, Florida.

**Section 6.** If any word, phrase, sentence, part, subsection, section, or other portion of this **Extension Agreement**, or any application thereof, to any person, or circumstance is declared void, unconstitutional, or invalid for any reason, then such word, phrase, sentence, part, subsection, section, or other portion, or the proscribed application thereof, shall be severable, and the remaining portions of this **Extension Agreement**, and all applications thereof, not having been declared void, unconstitutional, or invalid, shall remain in full force, and effect.

**Section 7.** It is expressly noted that except for the revised Sections (noted above), all other provisions of the **Original Agreement** remain viable, applicable, in effect, and enforceable.

**IN WITNESS WHEREOF,** the parties hereto, by and through their duly authorized officials, have executed this **Extension Agreement** as of the day and year noted elsewhere in this **Extension Agreement**.

**ST. JOHNS COUNTY, FLORIDA**

**By:** \_\_\_\_\_  
**County Administrator**

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

**ATTEST—Cheryl Strickland, Clerk**

\_\_\_\_\_  
**Deputy Clerk**

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

**DAVIS MONK & COMPANY**

**BY:** \_\_\_\_\_  
**Managing Partner**

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

**WITNESS**

\_\_\_\_\_

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

**WITNESS**

\_\_\_\_\_

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

## AGREEMENT FOR AUDIT SERVICES

THIS AGREEMENT made and entered this 22<sup>nd</sup> day of July, 2003 by and between ST JOHNS COUNTY, Florida (hereinafter referred to as "County"), a public body existing under the laws of the State of Florida and DAVIS MONK & COMPANY, a partnership of professional corporations, (hereinafter referred to as the "Firm").

### WITNESSETH

**WHEREAS**, the County is desirous of entering into a contractual agreement with a audit firm to provide auditing services to the County; and

**WHEREAS**, the County previously solicited sealed proposals from qualified audit firms to provide auditing services for the County; and

**WHEREAS**, the County reviewed and evaluated all proposals received and recommended the selection of the Firm to provide said auditing services.

**NOW THEREFORE**, in consideration of the premises and the mutual covenants and promises herein contained, the parties hereto agree as follows:

1. This Agreement shall commence for the audit of the fiscal year ending September 30, 2003 and shall be for an initial five (5) year period with the option to renew for two (2), two-year periods, under terms and conditions approved at the time of renewal. The decision to renew this Agreement will be at the discretion of the County.
2. The Firm agrees to prepare twice monthly for County staff, including each of the elected official's representatives, the County Finance Director and the Director of the Office of Management and Budget, a review of the audit schedule, expected work papers and materials that are necessary to complete the audit in a timely manner, a hourly schedule of time used in completing the audit, and any other matter that is pertinent to the audit's completion. This review will be prepared in a format that is agreeable to the Firm and County. The review will be prepared during the audit's timeframe and over the term of the Agreement.
3. The Firm states that it fully understands the scope, nature, quantity and quality of services to be provided under this Agreement. Firm agrees to provide auditing services in accordance with the terms and conditions set forth in the following Attachments, which are incorporated herein by reference and made a part hereof.

Attachment A	Proposal to Audit St. Johns County, dated May 23, 2003
Attachment B	Professional Auditing Services Cost Proposal, dated May 23, 2003
Attachment C	Audit Engagement Letter, dated June 26, 2003
Attachment D	Report Listing

4. This Agreement, including all attachments incorporated in paragraph three (3) above, constitutes the entire agreement and understanding between the parties hereto and supersedes all previous discussion, representations, and understandings made with respect to the matters herein contained. This Agreement shall only be modified or amended by written agreement of the parties evidencing such modification or amendment.

5. The Firm agrees to provide the services specified at the fees and costs set forth in the proposal to the County. Said Auditing Services Proposal, along with the fee schedule, being attached hereto as Attachment A & B, incorporated herein by this reference and made a part hereof as fully as if set forth herein. The fees are based on the amount of time required for the audit at various levels of responsibility, plus actual recoverable expenses. Such expenses include all travel, lodging, subsistence and an allocation of office charges in support of the Firm's services, including computer usage, telephone, postage, photo reproduction, couriers and similar expenses.
6. Firm will be compensated monthly based on audit hours completed, and which is supported by the review that is prepared in accordance with paragraph 2 above during the audit. Billing settlement will be monthly in arrears. All fees must be billed via an hourly analysis statement and will be paid by the County via a check.
7. This Agreement shall be construed in accordance with the laws of the State of Florida. The County and the Firm irrevocably consent and submit to venue for any action, in law or equity, related to this Agreement in St Johns County, Florida.
8. The Firm shall prepare a schedule of finding and questioned costs to summarize the results of the audit in accordance with the requirements of OMB Circular A-133.
9. In connection with the planning and the performance of the audit, generally accepted auditing standards and *Government Auditing Standards* require that certain matters be communicated to the Finance Committee and Board of County Commissioners. The Firm will report these matters directly to the Finance Committee or Board of County Commissioners, as directed, any fraud of which the Firm becomes aware that involves senior management and any fraud (whether caused by senior management or other employees) of which the Firm becomes aware that causes a material misstatement of the financial statements.
10. Firm will advise the County about accounting principles and their application and will assist in the preparation of the financial statements.
11. Firm may provide additional auditing services not covered by this Agreement which may be requested by the County, at such cost and under such terms as may be agreed upon in writing by the parties and such additional services shall then be subject to all of the terms and conditions of this Agreement as fully as if set forth herein.
12. The audit schedule will require all financial statement "final draft" reports, compliance reports and federal and state single audit reports to be delivered by March 15<sup>th</sup> of each fiscal year.
13. The Firm will use due care in performing its duties and responsibilities and shall be responsible for any loss which the County sustains to the extent that such loss is proximately caused by the Firm's willful misconduct or gross negligence. The Firm shall have no liability to any party for failure of, or delay in its performance under this Agreement as a result of any act of God, fire, other catastrophe, electrical or computer failure, any events beyond the control of the Firm or fraud committed by third parties. In no event shall the Firm be construed as a fiduciary for any party. The Firm shall reimburse the County for any loss of funds (with interest at the Fed Funds rate) that the County may suffer as a result of or due to the negligence of or the intentional wrongful acts of commission or omission by the Firm.

14. Notwithstanding any provision included in any "Attachments" (regardless of date of execution), attached hereto, the County shall not indemnify or hold harmless the Firm or any of its agents, contractors or employees for any losses or damages arising from this Agreement. Notwithstanding the foregoing, the County shall be liable for all payments due and owed pursuant to this Agreement.
15. In the event either party is required to enforce any of the terms of this Agreement against the other party, the prevailing party, at the conclusion/completion of the judicial/administrative action shall be entitled to recover all costs, charges and expenses applicable thereto, including reasonable attorney's fees, including all such costs, expenses and attorney's fees for any retrial, rehearing or appeals.
16. The County may terminate this Agreement by giving 90 days advance written notice to Firm at the address listed below. Firm may terminate this Agreement with the County by giving 120 days advance written notice to the County at the address listed below. Additionally, official notices and correspondences between the parties shall be addressed to the following by certified mail:

St. Johns County Board of County Commissioners  
 Attn: Allen MacDonald, Finance Director  
 P.O. Box 300  
 St. Augustine, FL  
 32085-0300

Davis Monk & Company  
 Attn: Alan G. Nast, C.P.A., P.A.  
 4010 N.W. 25 Place  
 Gainesville, FL 32606

17. It is the intent of both the County and the Firm, and it is hereby provided, that if any section, subsection, sentence, clause, phrase, or provision of this Agreement is held to be invalid, or unconstitutional by a court of competent jurisdiction, such invalidity, or unconstitutionality shall be construed so as to render invalid or unconstitutional, the remaining provisions, sections, subsections, clauses, phrases, or provisions of this Ordinance.

IN WITNESS WHEREOF, the parties hereto, by and through their duly authorized officials, have executed this Agreement as of the day and year first above written.

St. Johns County, Florida

By: James E. Bryant  
 (Signature)

James E. Bryant  
 Chairman

July 23, 2003  
 (Date)

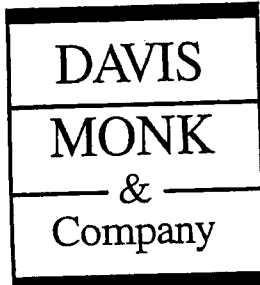
Davis Monk & Company

By: Harold L. Monk, Jr.  
 (Signature)

Harold L. Monk, Jr.  
 Managing Partner

7/30/03  
 (Date)

ATTACHMENT "B"



Certified Public Accountants  
& Business Consultants

*A Partnership Consisting of  
Professional Associations*

*Mailing address:*

P.O. Box 13494  
Gainesville, Florida 32604

*Location:*

4010 N.W. 25th Place  
Gainesville, Florida 32606

*Phone:*

(352) 372-6300  
(800) 344-5034

*Fax:*

(352) 375-1583

*Website:*

[www.davismonk.com](http://www.davismonk.com)

May 23, 2003

Richard A. MacDonald, Jr.  
Finance Director  
4010 Lewis Speedway, Room 178  
St. Augustine, Florida 32084

To the Audit Selection Committee:

Attached is our fee quotation pursuant to your Request for Proposal #03-69.

Sincerely,

**DAVIS, MONK & COMPANY**

Harold L. Monk, Jr., C.P.A., P.A.  
Managing Partner

HLM:djn

*Members:*

CPAmerica International

Florida Institute of  
Certified Public Accountants

American Institute of  
Certified Public Accountants

Horwath  
International

**ST. JOHNS COUNTY  
FEE QUOTATION**

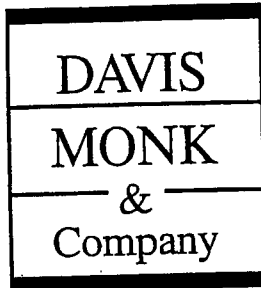
	2003 Rate	Hours	Maximum Fee						
			2003	2004	2005	2006	2007	2008	2009
Partner	\$100	500	\$ 50,000	\$ 52,000	\$ 54,500	\$ 57,500	\$ 60,500	\$ 64,000	\$ 68,000
Manager	85	400	34,000	35,000	36,500	38,500	40,500	42,500	45,000
Supervisor	70	400	28,000	29,000	30,500	32,500	35,000	37,500	39,500
Professional Staff	60	800	48,000	50,000	52,500	55,500	58,500	62,000	65,500
Clerical	25	100	2,500	2,600	2,800	3,000	3,200	3,400	3,600
Out-of-Pocket	--	--	3,000	3,100	3,300	3,500	3,700	3,900	4,100
<b>Total</b>		<u>2,200</u>	<u>\$165,500</u>	<u>\$171,700</u>	<u>\$180,100</u>	<u>\$190,500</u>	<u>\$201,400</u>	<u>\$213,300</u>	<u>\$225,700</u>

Rates for other professional services:

For additional work beyond the scope of services in the RFP, our proposed hourly rates for each classification of personnel are as specified above for 2003. Future years will be adjusted by a cost-of-living adjustment.

ATTACHMENT "C"

June 26, 2003



Certified Public Accountants  
& Business Consultants

*A Partnership Consisting of  
Professional Associations*

*Mailing address:*

P.O. Box 13494  
Gainesville, Florida 32604

*Location:*

4010 N.W. 25th Place  
Gainesville, Florida 32606

*Phone:*

(352) 372-6300  
(800) 344-5034

*Fax:*

(352) 375-1583

*Website:*

[www.davismonk.com](http://www.davismonk.com)

St. Johns County Board of County Commissioners  
St. Johns County, Florida

We are pleased to confirm our understanding of the services we are to provide for St. Johns County (the "County") commencing with the audit of the fiscal year ending September 30, 2003.

We will audit the basic financial statements of the County and each of the Constitutional Officers for each of the indicated years.

### Audit Objectives

The objective of our audit is the expression of an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of additional information 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/projects 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/project in accordance with the Single Audit Act, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization* and the Florida Single Audit Act.

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of management, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards; the rules of the Auditor General; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act; OMB Circular A-133; and the Florida Single Audit Act, and will include tests of accounting records and other procedures we consider necessary to enable us to express such

*Members:*

CPAmerica International

Florida Institute of  
Certified Public Accountants

American Institute of  
Certified Public Accountants

Horwath  
International

an opinion and to render the required reports. If our opinion on the financial statements or the Single Audit compliance opinion is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

### **Management Responsibilities**

Management is responsible for establishing and maintaining internal control and for compliance with the provisions of contracts, agreements, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal and state award programs are managed in compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, including the schedule of expenditures of federal and state awards, but the responsibility for the financial statements remains with you. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting and compliance, the selection and application of accounting principles, and the safeguarding of assets. Additionally, as required by OMB Circular A-133 and the Florida Single Audit Act, 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.

### **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 caused by error or fraud. As required by the Single Audit Acts, our audit will include test of transactions related to major programs/projects for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, fraud, other illegal acts, or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect errors, fraud, or other illegal acts that are immaterial to the financial statements or to major programs/projects. However, we will inform

you of any material errors and any fraud that comes to our attention. We will also inform you of any other illegal acts 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 matters that might arise during 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, 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 these inquiries. At the conclusion of our audit, we will require you to furnish us a letter (commonly referred to as a management representation letter) confirming your responsibility for your financial statements and certain other items and matters related to them. By signing this engagement letter and furnishing a management representation letter, you agree to indemnify us and hold us harmless for any liability and costs arising from known misrepresentations by management to the extent permitted by law.

#### **Audit Procedures – Internal Controls**

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinions on the basic financial statements and on compliance with requirements applicable to major programs/projects.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. 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 basic 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 basic financial statements. Tests of controls relative to the basic financial statements are required only if control risk is assessed below the maximum level. 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 the Florida Single Audit Act, we will perform tests of controls 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 and state project. 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 and the Florida Single Audit Act.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will communicate any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We will also inform you of any non-reportable conditions or other matters involving internal control, if any, as required by OMB Circular A-133 and the Florida Single Audit Act.

#### **Audit Procedures – Compliance**

Our audit will be conducted in accordance with the standards referred to in the section titled Audit Objectives. As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of 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 and the Florida Single Audit Act require 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/projects. Our procedures will consist of the applicable procedures described in the *OMB Circular A-133 Compliance Supplement*, and the *State Projects Compliance Supplement*. The purpose of those procedures will be to express an opinion on the County's compliance with requirements applicable to major programs/projects in our report on compliance issued pursuant to OMB Circular A-133 and the Florida Single Audit Act.

#### **Audit Administration, Fees, and Other**

We understand that your employees will assist in preparing cash, accounts receivable, or other confirmations we request and will locate any invoices selected by us for testing.

At the conclusion of the engagement, 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 a corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, 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. It is also management's responsibility to submit the reporting package pursuant to the requirements of the Florida Single Audit Act. At the conclusion of the engagement, we will provide information to management as to where the audit reports and reporting packages should be submitted and the number to submit.

To the extent provided by law, the workpapers for this engagement are the property of Davis Monk & Company and constitute confidential information. However, we may be requested to make certain workpapers available to granting agencies pursuant to authority given by law or regulation. If requested, access to such workpapers will be provided under the supervision of Davis Monk & Company personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to granting agencies. They may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

The workpapers for this engagement will be retained for a minimum of three years after the date the auditors' report is issued or for any additional period requested by granting agencies. 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 workpapers.

Our fees for these services will be as tabulated below. Our invoices will be rendered monthly as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 45 days or more overdue and will not be resumed until your account is paid in full. Additionally, interest of 1-1/2% per month will be charged on past due accounts.

Our maximum fees will be as follows.

2003	\$165,500
2004	\$171,700
2005	\$180,100
2006	\$190,500
2007	\$201,400

For additional services outside the scope of this agreement, the fees will be negotiated separately.

Our fee quotes are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss the reasons with you and arrive at a new fee estimate before we incur the additional costs.

*Government Auditing Standards* require that we provide you with a copy of our most-recent quality control review report. Our most recent peer review report accompanies this letter.

#### **Extension of Contract**

This agreement may be extended at the discretion of the County to include additional years service. If this agreement is extended to years beyond the fiscal year ending September 30, 2007, the fee for such additional periods will be negotiated at that time. All terms of this engagement will remain in effect unless they are specifically modified and agreed to by both the County and Davis, Monk & Company or their successors.

St. Johns County Board of County Commissioners  
St. Johns County, Florida  
June 26, 2003

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We appreciate the opportunity to be of service to the County 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 one of the copies and return it to us, and this letter will continue in effect until canceled by either party.

*Davis, Monk & Company*

DAVIS MONK & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS  
AND BUSINESS CONSULTANTS

**RESPONSE:**

This letter correctly sets forth the understanding of St. Johns County.

By: *James E. Bryant*  
James E. Bryant

Title: *James E. Bryant*  
Chairman

Date: *July 23, 2003*



July 17, 2002

To the Partners of  
Davis, Monk & Company  
and the SEC Practice Section Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Davis, Monk & Company (the firm) in effect for the year ended February 28, 2002. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. In addition, the firm has agreed to comply with the membership requirements of the SEC Practice Section of the AICPA Division for CPA Firms (the Section). Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system and the Section's membership requirements based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Section and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it or with the membership requirements of the Section since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Davis, Monk & Company in effect for the year ended February 28, 2002, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with professional standards. Also, in our opinion, the firm complied during that year with the membership requirements of the Section in all material respects.

As is customary in a peer review, we have issued a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matters described in the letter were not considered to be of sufficient significance to affect the opinion expressed in this report.

A handwritten signature in black ink that reads "Larry E. Atchison".

Larry E. Atchison  
Team Captain

Attachment "D"

## Attachment D St. Johns County Report Listing

- St. Johns County Comprehensive Annual Financial Report
- Constitutional Officer Reports:
  - Clerk of the Circuit Court
  - Sheriff
  - Property Appraiser
  - Tax Collector
  - Supervisor of Elections
- Housing Finance Authority
- Industrial Development Authority
- Federal and State Single Audit Reports  
Including U.S. Census Bureau Form SF-SAC
- Additional Court Costs
- E911
- Landfill Responsibility Attestation
- Florida State Department of Financial Services Form DBF-AA-401
- Conflict Council