

FARMAND, FARMAND & FARMAND, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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TERRY B. FARMAND, C.P.A.
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MEMBER:
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August 17, 1993

Nassau County Board of County Commissioners
P.O. Box 1010
Fernandina Beach, FL 32034

We are pleased to confirm our understanding of the auditing services we are to provide for the Nassau County Board of County Commissioners for the years ending September 30, 1993, 1994 and 1995. We will audit the financial statements of the Nassau County: Board of County Commissioners including the Supervisor of Elections, Clerk of the Circuit Court, Tax Collector, Sheriff and Property Appraiser.

The audits shall be financial and compliance audits as defined by Florida Statutes and Chapter 10.550 Rules of the Auditor General. The audits shall also be performed in accordance with all applicable rules of the Auditor General.

The audits will be made in accordance with generally accepted auditing standards; Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and the Provisions of OMB Circular A-128 Audits of State and Local Governments. Such audits will include tests of the accounting records of all the above listed Nassau County Governmental units and other procedures we consider necessary to enable us to express an unqualified opinion that the financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles, and to report on the compliance by the Nassau County governmental units with laws and regulations and related internal control structures. If our opinions are other than unqualified, we will fully discuss the reasons with you in advance.

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 engagements, and they may bill you for responding to these inquiries. At the conclusion of our audits, we will also request certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audits will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and

perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. However, 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, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us. We will advise you, however, of any matters of that nature that come to our attention. Our responsibility as auditors is limited to the period covered by our audits and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

We understand that we will be provided with the basic information required for our audits and that the governmental unit being audited is responsible for the accuracy and completeness of that information. We will advise you regarding appropriate accounting principles and their application as they relate to the preparation of the financial statements, but the responsibility for the financial statements remains with the governmental unit being audited. This responsibility includes the maintenance of adequate records and related internal control structure policies and procedures, the selection and application of accounting principles, and the safeguarding of assets.

Our audits are not specifically designed and cannot be relied on to disclose reportable conditions, that is, significant deficiencies in the design or operation of the internal control structure. However, during the audits, if we become aware of such reportable conditions or ways that we believe management practices can be improved, we will communicate them to you in a separate letter.

Each year's audits shall commence as soon as possible but no later than September 1st of each year. The audits shall be completed, exit conferences held and draft auditors' reports presented by no later than February 15th of each year following the September 30th year end. Such audit reports for the above Nassau County governmental units shall be released by no later than March 15th of each year.

We understand that you will provide us with adequate space to efficiently conduct the examinations of the accounts and records and provide us with the use of necessary copying equipment for reproducing workpapers at the audit site.

During the term of this agreement, we will comply with Rule 21A-26.002, Rules of the Florida Board of Accountancy which requires minimum capitalization or adequate public liability insurance for public accounting corporations. We shall provide you with our proof of coverage, which shall be in the form of public liability insurance with limits of not less than \$250,000.

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Our fee for these services, shall be based upon the actual time spent at our standard hourly rates, provided that the total fee shall not exceed \$62,500 for the audits of the Nassau County: Board of County Commissioners including the Supervisor of Elections, Clerk of the Circuit Court, Tax Collector, Sheriff and Property Appraiser plus out of pocket expenses for each of the fiscal years ending September 30, 1993, 1994 & 1995.

If unusual circumstances are encountered making it necessary for us to do additional work, we shall immediately report such conditions to you and both parties may negotiate such additional compensation as appears justified. Periodic progress billings shall be submitted as the work progresses but no more often than twice a month.

The Nassau County Audit Report shall include the audit reports of the above Nassau County Governmental Units as well as the audit reports of related dependent districts such as the Recreation and Water Conservation and Control District Number 1 and the Nassau County Housing Finance Authority. The fee for auditing these dependent districts shall be billed directly to those districts pursuant to separate agreements.

The Board of County Commissioners may exercise an option to renew this agreement for an additional three years ending September 30, 1996, 1997 and 1998. If the Board elects to exercise this option, then compensation for our audit services will be negotiated at that time.

We appreciate the opportunity to be of service to the Nassau County Board of County Commissioners and to the Nassau County Constitutional Officers and we believe this letter accurately summarizes the significant terms of our engagement. The manual execution of this letter below in the name of the firm constitutes our offer to be bound by the terms hereof. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. Upon your execution hereof as hereinafter provided, you and we shall regard this engagement letter as our agreement, effective the date first mentioned above.

Very truly yours,

Farmand, Farmand & Farmand, P.A.
Certified Public Accountants

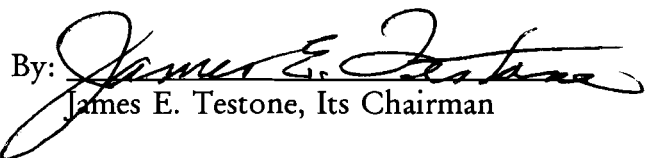


A.B. Farmand, C.P.A.
President


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The foregoing engagement letter correctly sets forth the terms and conditions under which the firm shall be retained by the Board of County Commissioners of Nassau County, Florida, and by its execution as provided below, said Board accepts the terms of said letter as the agreement intended between the parties.

Board of County Commissioners
Nassau County

By: 
James E. Testone, Its Chairman

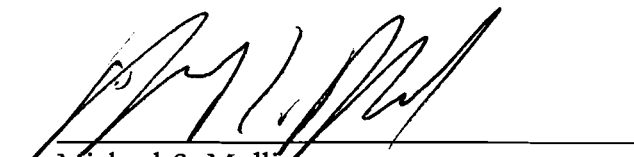
Attest:



Thomas J. Greeson
Ex-Officio Clerk of the Board

(seal)

Approved as to Form;



Michael S. Mullin
County Attorney