

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

A. B. FARMAND, C.P.A.
TERRY B. FARMAND, C.P.A.
MIKE B. FARMAND, C.P.A.

MEMBER:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

4237 ATLANTIC BOULEVARD
JACKSONVILLE, FLORIDA 32207
TELEPHONE 904/396-6838
FAX 904/346-0400

303 CENTRE STREET
SUITE 201
FERNANDINA BEACH, FLORIDA 32034
TELEPHONE 904/261-0114
FAX 904/359-0020

August 26, 1996

Honorable Jimmy L. Higginbotham
Nassau County Recreation and Water
Conservation and Control District No. 1
P.O. Box 1010
Fernandina Beach, FL 32035

Dear Mr. Higginbotham:

This letter will confirm our understanding regarding the accounting and consulting services that we will be providing the Board of Commissioners of the Recreation and Water Conservation and Control District No. 1 of Nassau County, Florida, for the year ending September 30, 1996

A. Audit of the Accounts and Records

1. We will prepare the District's financial statements in accordance with law, for the year ending September 30, 1996.
2. We will audit the accounts and records of the District for the year ending September 30, 1996 in accordance with generally accepted accounting principles.
3. Our fee for the above services shall be billed at our standard hourly rates, but not to exceed \$1,500.

B. Other Services

1. At your request, we will provide you with additional accounting or consultation services.

Honorable Jimmy B. Higginbotham
Recreation and Water Conservation
and Control District No. 1
Page 2

2. Our fee for these services shall be billed at our standard hourly rates as follows:

Partner	\$90.00
Senior Accountant	65.00
Junior Accountant	55.00
Bookkeeper	45.00
Secretarial	40.00

Thank you for your confidence in our firm. We are looking forward to working with you and having a pleasant and lasting relationship.

Please indicate your approval of this agreement by signing this letter in the space provided and returning it to us. A copy is enclosed for your files.

Very truly yours,

Farmand, Farmand & Farmand, P.A.

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

A. B. Farmand, CPA
Officer

Jim B. ...
Board of District Commissioner's Approval

Chairman

Title

September 30, 1996

Date

FARMAND, FARMAND & FARMAND, P.A.

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August 26, 1996

Honorable Jim B. Higginbotham
Nassau County Board of County Commissioners
P.O. Box 1010
Fernandina Beach, Fl 32035

Dear Mr. Higginbotham:

This letter will confirm our understanding regarding the accounting and consulting services that we will be providing the Board of County Commissioners of Nassau County, Florida, for the year ending September 30, 1996

A. Board's Financial Statements.

1. We will prepare the Board of County Commissioner's annual financial statements for all funds for the year ending September 30, 1996 pursuant to Section 218.36, Florida Statutes.
2. Our fee for the above services shall be billed at our standard hourly rates, but not to exceed \$17,500.

B. Sheriff's Investigative Funds.

1. We will audit the Sheriff's investigative funds for the year ending September 30, 1996 to account for funds received and expended by the Sheriff's office personnel.

2. Our fee for these services shall be billed at our standard hourly rates, but not to exceed \$2,000.
- C. Public Defender Cases and State Attorney and Public Defender Reimbursements.
1. We will review the reimbursements for State Attorney and Public Defender expenses pursuant to law for the year ending September 30, 1996.
 2. We will review the Public Defender cases filed in accordance with law for the year ending September 30, 1996.
 3. Our fee for the above services shall be billed at our standard hourly rates, but not to exceed \$3,000.
- D. Solid Waste Escrow Account.
1. We will audit the solid waste escrow account in accordance with applicable laws and regulations for the year ending September 30, 1996.
 2. Our fee for the above services shall be billed at our standard hourly rates, but not to exceed \$3,500.
- E. Other Services.
1. At your request, we will provide you with any additional accounting or consulting services.
 2. Our fee for these services shall be billed at our standard hourly rates as follows:

Partner	\$90.00
Senior Accountant	65.00
Junior Accountant	55.00
Bookkeeper	45.00
Secretarial	40.00

Thank you for your confidence in our firm. We are looking forward to working with you and having a pleasant and lasting relationship.

Honorable Jim B. Higginbotham
Board of County Commissioners
Page 3

Please indicate your approval of this agreement by signing this letter in the space provided and returning it to us. A copy is enclosed for your files.

Very truly yours,

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

A. B. Farmand, CPA
Officer

Jim B. Higginbotham
Board of County Commissioner's Approval

Chairman
Title

September 23, 1996
Date

FARMAND, FARMAND & FARMAND, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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FAX 904/359-0020

April 29, 1996

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, 1996, 1997, 1998, 1999 and 2000. We will audit the financial statements of the Nassau County: Board of County Commissioners, 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 unqualified opinions 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, relating to 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 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 28th 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 30th of each year.

We understand that you will provide us with adequate space to efficiently conduct the audits of the accounts and records and provide us with the use of necessary copying equipment for reproducing work papers 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.

Our fee for these services, shall be based upon the actual time spent at our standard hourly rates for the audits of the Nassau County: Board of County Commissioners, Supervisor of Elections, Clerk of the Circuit Court, Tax Collector, Sheriff and Property Appraiser, for each of the fiscal years ending September 30, 1996, 1997, 1998, 1999 and 2000.

Each year's fee shall be based upon the percentage increase or decrease in operating expenditures of the general, special revenue, debt service, expendable trust, enterprise and internal service funds. However, this percentage increase or decrease will be limited to 5% of the contract amount for that particular year. The base contract amount will be \$62,500 which is the fee for the 1994-1995 fiscal year.

The change in the operating expenditures will be calculated using the previous two (2) years audited financial statements. The audit fee for the 1995-96 fiscal year will be \$65,625 plus out-of-pocket expenses (original \$62,500 + 5% increase of \$3,125) calculated as follows:

<u>Fund's Name</u>	<u>Operating Expenditures 1994-95</u>	<u>Operating Expenditures 1993-94</u>	<u>Change Increase (Decrease)</u>
General Fund	\$ 6,660,371	\$ 5,939,017	\$ 721,354
Special Revenue Funds	14,932,544	15,855,000	(922,456)
Debt Service Fund	2,070,394	1,143,878	926,516
Expendable Trust Fund	-	-	-
Enterprise Fund	3,857,162	2,865,706	991,456
Internal Service Fund	<u>401,636</u>	<u>466,374</u>	<u>(64,738)</u>
Total Operating Expenditures	<u>\$27,922,107</u>	<u>\$26,269,975</u>	<u>\$1,652,132</u>

The above tabulation does not include any expenditures in the capital projects funds or the agency funds because there are no operating expenditures in these funds.

Accordingly, the change in operating expenditures for the 1994-95 over the 1993-94 fiscal years was an increase of \$1,652,132 as shown above. This calculates to an increase of 6.289% ($\$1,652,132 \div \$26,269,975$). Therefore, the contract amount will be limited to 5% as stated above. Also, future year contract amounts will be calculated in the same manner for each year of the contract. Accordingly, a letter showing the above calculations and the adjusted contract amount will be sent to you by April 30th of each year.

Nassau County Board of County Commissioners
April 29, 1996
Page 4

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. 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 five years ending September 30, 2001, 2002, 2003, 2004 and 2005. 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. Please sign the enclosed copy of the agreement as your approval of this contract 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

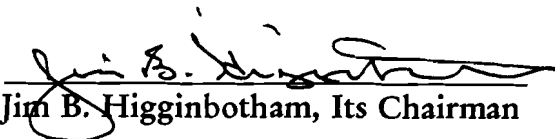


A.B. Farmand, C.P.A.
President

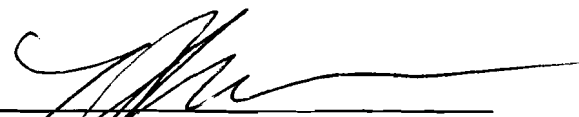
Nassau County Board of County Commissioners
April 29, 1996
Page 5

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

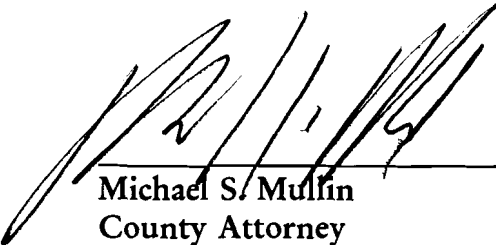
By: 
Jim B. Higginbotham, Its Chairman

Attest:


Thomas J. Greeson
Ex-Officio Clerk of the Board

(seal)

Approved as to Form;


Michael S. Mullin
County Attorney

CONTRACT

This contract entered into this 23rd day of September, 1980, between the Nassau County Board of County Commissioners, Nassau County, Florida, hereafter referred to as County and Farmand, Farmand, and Farmand, P.A., Certified Public Accountants, hereafter referred to as Auditors.

The parties hereto agree as follows:

1. The Auditors shall conduct examinations of the records, accounts, and procedures of the Nassau County Tax Collector, Nassau County Sheriff, Nassau County Property Appraiser, Nassau County Clerk of the Circuit Court and Nassau County Board of County Commissioners for the fiscal years ending September 30, 1980, 1981, and 1982.
2. The examinations shall be made of all the funds and account groups of the Nassau County Tax Collector, Nassau County Sheriff, Nassau County Property Appraiser, Nassau County Clerk of the Circuit Court and Nassau County Board of County Commissioners.
3. The examinations shall be financial audits as defined by Florida Statutes and Chapter 10.800, Rules of the Auditor General, for county audits.
4. The audit of the Board of County Commissioners Comprehensive Employment Training Act Funds shall be limited to a financial audit. The Federal Government issues CETA regulations which pertain to legal compliance of the various provision of the laws, such as allowable or unallowable expenditures, whether participants are eligible in accordance with CETA regulations, etc. An audit of legal compliance with federal grant provisions will be performed separately from this audit. Therefore, the CETA audit portion of the county total audit should pertain only to a financial audit and not with federal CETA regulations.
5. The audit of the Board of County Commissioners Federal Revenue Sharing and Anti-recession funds shall be performed pursuant to both the requirements of a financial audit and the requirements of the Federal Revenue Sharing Audit Guide and Standards.
6. The County shall provide adequate space for the Auditors to efficiently conduct the examinations. The County shall also provide the Auditors with appropriate staff members to reproduce documents, pull documents and whenever possible and practicable, prepare certain designated schedules.
7. The Auditors shall observe the adequacy of the system of internal control. If weaknesses are noted, appropriate recommendations should be reviewed with the appropriate public officials.

8. The examinations shall be made in accordance with generally accepted auditing standards and the Rules of the Auditor General.

9. The primary purpose of the examinations is to express an opinion on the financial statements. Such examinations are subject to the inherent risk that errors or irregularities may not be detected. If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, the Auditors will promptly notify the County.

10. The Auditors will assist the Nassau County Tax Collector, Nassau County Sheriff, Nassau County Property Appraiser and Nassau County Clerk of the Circuit Court with the preparation of all necessary financial statements for all the funds. These financial statements are the presentation of the Tax Collector, Sheriff, Property Appraiser and Clerk of the Circuit Court.

11. The Auditors shall express unqualified opinions on the financial statements of all funds of the Tax Collector, Sheriff, Property Appraiser, Clerk of the Circuit Court, Board of County Commissioners and the entire County report. If unable to express unqualified opinions, the Auditors should state the reasons for qualifications or disclaimers of opinion.

12. The Auditors shall hold exit conferences with the Tax Collector, Sheriff, Property Appraiser, Clerk of the Circuit Court and the Board of County Commissioners as required by Law and the Rules of the Auditor General at the conclusion of each year's examinations.

13. The Auditors shall provide the County 10 copies of the entire County Report which will include the report on the County taken as a whole and the reports of the Board of County Commissioners, Sheriff, Tax Collector, Clerk of the Circuit Court and Property Appraiser.

The reports shall be delivered to the County no later than March 31, of the year following the end of the fiscal year examined.

14. The County shall pay the Auditors their standard billing rates for services rendered, but not to exceed \$ 36,500 for the examination of the 1979-80 financial statement, \$ 38,300 for the examination of the 1980-81 financial statements, and \$ 40,200 for the examination of the 1981-82 financial statements, plus out of pocket expenses.

If unusual circumstances are encountered making it necessary for the Auditors to do additional work, the Auditors shall immediately report such conditions to the County and both parties may negotiate such additional compensation as appears justified.

Periodic progress billings shall be submitted as work progresses, but not more often than twice a month.

15. This contract is for a three year duration, however, the Board of County Commissioners may terminate this agreement after the completion of any one year examinations provided the termination is made in writing prior to the end of May of the fiscal year to be Audited.

IN WITNESS WHEREOF, the parties have signed this agreement as of the day and year herein first above written.

Nassau County Board of County Commissioners,

BY John F. Clayton Chairman

ATTEST:

Doyle B. Thomas Chief Deputy
Clerk of Circuit Court

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

BY Terry B. Farmand CPA Officer