

PROFESSIONAL FINANCIAL AUDITING SERVICES
AGREEMENT

THIS AGREEMENT entered into this 28th day of April, 2006, by and between the **BOARD OF COUNTY COMMISSIONERS OF NASSAU COUNTY, FLORIDA**, a political subdivision of the State of Florida, hereinafter referred to as the "County", and **PURVIS GRAY AND COMPANY, LLP**, hereinafter referred to as the "Auditor".

WHEREAS, the County and the Auditor desire to enter into this Agreement in order to provide for the terms of the engagement by which the Auditor will perform the financial auditing services.

NOW, THEREFORE, FOR and IN CONSIDERATION of ten and no/100 dollars (\$10.00) and other mutually agreed upon consideration, the parties agree as follows:

1. General and Specific Conditions in RFP.

The General Conditions and Specific Conditions set forth in the attached Request for Proposals (RFP), and Auditor's Response to the RFP and Audit Engagement Letter are included in this Agreement and become part of the Agreement. If there is any conflict between the Audit Engagement letter, the RFP, and this Agreement, the Audit Committee shall resolve any conflict.

2. General Conditions.

Insurance - without limiting its liability under this Agreement, the Auditor shall procure and maintain during the life of this Agreement professional liability/errors and omission coverage on an annual aggregate of one million dollars (\$1,000,000.00) per claim. The Auditor will provide a certificate of insurance to the County upon request. Said insurance to remain in full force and effect during the term(s) of the Agreement.

3. Term.

This Agreement shall be for a period of three (3) years with an option for two (2) subsequent years, subject to the annual review and recommendation of the Audit Committee, the satisfactory negotiation of terms (including a cost acceptable to both the County and the Auditor), and the annual availability of an appropriation.

4. Scope of Work to be Performed.

See Section II(B) of the RFP.

5. Auditing Standards.

See Section II(C) of the RFP.

6. Reports to be Issued.

See Section II(D) of the RFP.

7. Special Considerations.

See Section II(E) of the RFP.

8. Time requirements for Services.

a. Regarding financial statements for the fiscal year ending September 30, 2005, the reporting deadline for the audit and all required reports shall be not later than September 30, 2006.

b. Preliminary Board financial statements and County-wide Financial Statements with all necessary individual, combining, and combined statements and schedules needed to meet the requirements of the *Comprehensive Annual Financial Report* shall be delivered to the County by February 25th of each year. The County understands that in order to meet this deadline, the books of the County will need to be closed, in good order, and ready for audit by December 1st of each year.

c. Final Financial Statements with all necessary individual, combining, and combined statements and schedules needed to meet the requirements of the *Comprehensive Annual Financial Report* shall be delivered to the County by March 30th of each year.

d. The combined audit reports of the County-wide financial statements and the individual audit reports of the County and the Constitutional Officers required by the Florida Auditor General shall be delivered to the County by March 30th of each year.

9. Assistance to Be Provided to the Auditor and Report Preparation.

a. The Board of County Commissioners' staff and Constitutional Officers' staff and responsible management personnel will be available during the audit to assist the Auditor by providing certain audit schedules, information, documentation, and explanations. The County will provide the Auditor with reasonable workspace, desks, and chairs. The Auditor will also be provided with access to one (1) telephone line and photocopying facilities. No long distance calls shall be charged to the County.

b. Report Preparation. All reports shall be the responsibility of the Auditor (prepare, assemble, type, print, and bind). These shall include, but not be limited to, the following:

i. Financial Statements with all necessary individual, combining, and combined statements and schedules needed to meet the requirements of the *Comprehensive Annual Financial Report* ("CAFR") Certificate of Achievement for Excellence in Financial Reporting Program.

ii. Combined and individual financial statements audit reports for the Board of County

Commissioners, Clerk of the Circuit Court, Supervisor of Elections, Sheriff, Tax Collector, and Property Appraiser.

iii. Countywide Annual Financial Report of Units of Local Government.

10. Auditor Independence.

The Auditor affirms that it is independent of Nassau County, as defined by generally accepted auditing standards and the United States General Accounting Office's *Government Auditing Standards (2003 revision as amended)*. The Auditor shall give the County written notice of any professional relationships involving the County or any of its agencies entered into during the period of the Agreement.

11. Additional Responsibilities.

As discussed in the Audit Engagement Letter (Audit Procedures-General), Auditor is responsible for planning and performing the audit to obtain reasonable assurance that material misstatements caused by fraud or error are detected. Auditor is not responsible for detecting immaterial misstatements caused by fraud or error.

12. Planning.

There shall be a planning stage, and said planning stage will involve meetings with the Auditor and designees of the Board of County Commissioners and the Clerk, or his

designee, to set forth time frames and schedules for conferences during the audit and the exit conference. The requirements in the RFP as to reports to the Audit Committee are in addition to the conferences and exit conference referenced herein.

13. Invoices.

Invoices shall be submitted simultaneously by the Auditor to the Clerk's office, attention Chris Lacambra or his designee, and to the Director of Administrative Services or his designee. Said invoices shall contain such detail as required by the Clerk and Director of Administrative Services to determine the percentage of completion in hours. A meeting shall occur prior to any work commencing to address the documentation to be required by the Clerk and County Administrator as to invoices. The meeting shall be with the Auditor, the Clerk or his designee, and the County Administrator or his designee.

14. Compensation.

The fee for audit services shall not exceed \$249,300.00 for the 2005 audit, \$238,000.00 for the 2006 audit and \$245,000.00 for the 2007 audit for the audits of the Board of County Commissioners, Clerk of the Circuit Court, Supervisor of Elections, Sheriff, Tax Collector, and Property Appraiser.

15. Other Services/Specifications.

Any additional work approved by the Board of County Commissioners and the Clerk will be billed separately based upon the Auditor's quoted hourly rates.

16. Manner of Payment.

The Board of County Commissioners shall make progress payments to the Auditor on the basis of work completed and recommended by the Clerk of the Courts, County Administrative Services Department Head, or his/her designee, and the County Administrator. Progress payment requests shall be submitted in sufficient detail to the Clerk to demonstrate compliance with the Agreement.

17. Termination.

This Agreement shall continue and remain in full force and effect as to all its terms, conditions, and provisions as set forth herein. If either party is in default under the provisions of this Agreement, the non-defaulting party may terminate this Agreement by first giving written notice of the default and giving time, not exceed thirty (30) days, within which to correct the default. If the default is not corrected within that time period, the non-defaulting party may terminate this Agreement by written notice.

18. Termination without Cause. The Board of County Commissioners may terminate this Agreement upon thirty (30) days written notice. If the Agreement is terminated under this provision, the County shall be responsible for all audit costs and fees incurred by Purvis Gray prior to termination.

19. Miscellaneous.

a. The County and the Auditor each bind the other and their respective successors and assigns in all respects to all of the terms, conditions, covenants, and provisions of this Agreement. Nothing herein shall be construed as creating any personal liability on the part of any officer, employee, or agent of the County or the Constitutional Officers, nor shall it be construed as giving any right or benefit hereunder to anyone other than the County, Constitutional Officers, or Auditor.

b. If unusual circumstances are encountered making it necessary for the Auditor to do additional work, the Auditor shall immediately report such conditions to the County Administrator and the Clerk of the Court, and the parties shall negotiate such additional compensation as appears justified. Periodic progress billings shall be submitted as the work progresses, but not more often than two (2) times a month.

c. This Agreement may be amended by mutual written agreement of the parties hereto. Further, this Agreement, Scope of Services, Time of Completion, and other material terms and conditions may be changed only by written amendment.

d. In the performance of this Agreement, the Auditor will be acting in the capacity of an independent contractor and not as an agent, employee, partner, joint venturer, or associate of the County or the Constitutional Officers. The Auditor shall be solely responsible for the means, method, technique, sequences, and procedures utilized by the Auditor in the full performance of this Agreement.

e. This Agreement may be renewed for an additional two (2) year period, subject to the annual review and recommendation of the Audit Committee, satisfactory negotiation of terms, and subject to annual appropriation, under the same terms and conditions unless either party desires to change a specific provision of this Agreement.

20. Entire Agreement.

This Agreement represents the entire understanding and agreement between the County and the Auditor with respect to the subject matter hereof.

21. Effective Date.

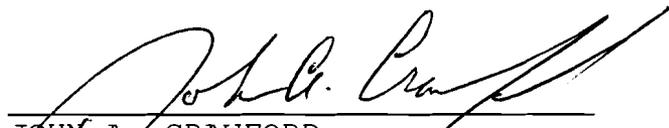
This Agreement shall be deemed effective as of the date and year first above-written. Time is of the essence.

BOARD OF COUNTY COMMISSIONERS
NASSAU COUNTY, FLORIDA



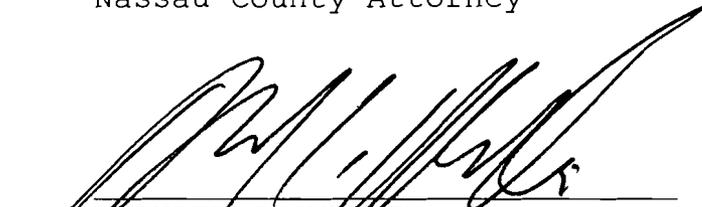
THOMAS D. BRANAN, JR.
Its: Chairman

ATTEST:



JOHN A. CRAWFORD
Its: Ex-Officio Clerk

Approved as to form by the
Nassau County Attorney



MICHAEL S. MULLIN

PURVIS GRAY AND COMPANY, LLP



By: Ronald D. Whitesides
Its: Partner

NASSAU COUNTY, FLORIDA
AUDIT SELECTION COMMITTEE
REQUEST FOR PROPOSALS
FOR
PROFESSIONAL AUDITING SERVICES
December 23, 2005

Nassau County Courthouse Annex
76347 Veterans Way
Yulee, FL 32097

NASSAU COUNTY, FLORIDA

REQUEST FOR PROPOSALS

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NASSAU COUNTY, FLORIDA
REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

Nassau County is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending September 30, 2005, 2006 and 2007 with the option of auditing its financial statements for each of the 2 subsequent fiscal years. The Nassau County government is comprised of the Board of County Commissioners and the following constitutional officers: Clerk of Circuit Court; Property Appraiser; Sheriff; Supervisor of Elections; and the Tax Collector. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) 1999 *Government Auditing Standards* (1994 revision as amended), the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* as well as the following additional requirements:

- Section 11.45, Florida Statutes
- Regulations of the Florida Department of Financial Services
- Rules of the Florida Auditor General (Chapter 10.550-Local Government Entity Audits)
- Audit and Accounting Guide-Audits of State and Local Government Units ("The AICPA Guide")
- Florida Single Audit Act (Florida Statutes 215.97)
- Any other standards that are or become applicable

Nassau County, Florida, encompasses 726 square miles in the northeast corner of Florida bordering Georgia (north), the Atlantic Ocean (east), and Jacksonville (south). The land area for the County is equal to 652 square miles, with the remaining 74 square miles representing inland waterways. The County is divided into three incorporated areas: Hilliard in the northwest region, Callahan in the south mid-west and Fernandina Beach (the County seat) in the east.

The County operates under a non charter commission/administrator form of government, with a governing board consisting of five county commissioners, elected at-large to staggered four-year terms. Each commission member must meet district residency requirements.

In addition to the Board of County Commissioners, there are five independently elected constitutional officers as follows:

Clerk of Circuit Court	Sheriff	Tax Collector
Property Appraiser	Supervisor of Elections	

All of the Constitutional Officers and County Commissioners are governed by and derive their operating authority from the constitution and laws of the State of Florida.

Section 218 Florida Statutes requires an annual financial audit of all County agencies. Section 11.45(1)(c) defines a financial audit as “an examination of financial statements in order to express an opinion on the fairness with which they are presented in conformity with generally accepted accounting principals and an examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements. Financial audits must be conducted in accordance with generally accepted auditing standards and government auditing standards as adopted by the Board of Accountancy.”

In order to assist the proposal development, the total County government is more fully described as follows:

1. Board of County Commissioners. The officials are an independently elected five member Board established by Article VIII, Section 1(e), of the Florida Constitution. Generally, the Board adheres to the accounting principles, standards and procedures prescribed by the State of Florida, Department of Financial Services, Bureau of Accounting, as set forth in the **Uniform Accounting System Manual** which closely conforms to the publication of the National Committee in Governmental Accounting entitled, **Governmental Accounting, Auditing and Financial Reporting (GAAFR)**, and other promulgations of the National Council on Governmental Accounting, and the **Industry Audit Guide for State and Local Governments** published by the American Institute of Certified Public Accountants (AICPA).

The Board appoints a county administrator to administer all policies emanating from its statutory powers and authority.

The Clerk of the Circuit Court is the chief financial officer of the County. The Clerk is the ex-officio Clerk to the Board of County Commissioners, Auditor, Recorder and Custodian of all County funds as provided by

Article VIII, Section 1(d), of the Florida Constitution. Accounting records and minutes of official Board actions are prepared and maintained by the Clerk of the Circuit Court. Governmental funds are accounted for on the modified accrual basis of accounting. Proprietary funds are accounted for on the full accrual basis.

Included within the audit of the Board of County Commissioners shall be those dependent special districts, authorities, boards and commissions who fall within the definitions outlined in the **Codification of Governmental Accounting and Financial Reporting Standards**.

2. Clerk of the Circuit Court. This officer is independently elected as established by Article V, Section 16, and Article VIII, Section 1(d) of the Florida Constitution. The office is a separate entity for financial reporting purposes as provided by Chapter 218, Florida Statutes. Financial operations are conducted on the modified accrual basis of accounting. The operations of the office are governed primarily by Chapter 28, Florida Statutes. The Clerk performs the duties of Clerk to the Board as a **budget officer**, with funding provided by the Board in the form of operating subsidies. The Clerk performs the duties of the Clerk of the Circuit Court as a **fee officer**, wherein revenues collected by the office are retained for the purpose of defraying the cost of operation.
3. Property Appraiser. This officer is independently elected as established by Article VIII, Section 1(d) of the Florida Constitution. The office is a separate entity for financial reporting purposes as provided by Chapter 218, Florida Statutes. The Property Appraiser is not a fee officer as defined in Section 218.31(8), Florida Statutes, but rather derives funding by allocating current year appropriations among each of the entities levying ad valorem taxes during the preceding year (with the exception of the District School board and municipalities which are apportioned to the County) by the ratio of taxes levied by that entity to the total taxes levied by all taxing entities. Financial operations are conducted on the modified accrual basis.
4. Sheriff. This officer is independently elected as established by Article VIII, Section 1(d) of the Florida Constitution. The office is a separate entity for financial reporting purposes as provided by Chapter 218, Florida Statutes. The Sheriff is not a fee officer as defined in Section 218.31(8), Florida Statutes, and therefore operates as a budget officer, with funding provided by the Board in the form of operating subsidies. In return, the Sheriff is responsible for collection of revenues within the jurisdictional

area of the Sheriff, and for the subsequent remittance of such collections to the Board of County Commissioners. Financial operations are conducted on the modified accrual basis of accounting. The operations of the office are governed primarily by the provisions of Chapter 30, Florida Statutes.

5. Supervisor of Elections. This officer is independently elected as established by Article VIII, Section 1(d) of the Florida Constitution. The office is a separate entity for financial reporting purposes as provided by Chapter 218, Florida Statutes. The Supervisor of Elections is not a fee officer as defined in Section 218.31(8), Florida Statutes, and therefore operates as a budget officer, with funding provided by the Board in the form of operating subsidies. In return, the Supervisor of Elections is responsible for collection of revenues within the jurisdictional area of the Supervisor of Elections, and for the subsequent remittance of such collections to the Board of County Commissioners. Financial operations are conducted on the modified accrual basis of accounting. The Supervisor of Elections is the official custodian of the Books of Registration, with exclusive control of matters pertaining to registration of electors and the administration of elections.

6. Tax Collector. This officer is independently elected as established by Article VIII, Section 1(d) of the Florida Constitution. The office is a separate entity for financial reporting purposes as provided by Chapter 218, Florida Statutes. The Tax Collector is a fee officer as defined in Section 218.31(8), Florida Statutes. The Tax Collector's budget is established independently of the local governing body, even though said budget may be reported to the local governing body or may be composed of funds either generally or specially available to a local governing authority involved.

There is no expressed or implied obligation for Nassau County to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

Costs for developing and presenting submittals in response to this Request for Proposals are entirely the obligation of the proposer and shall not be charged in any manner to Nassau County.

Nassau County reserves the right to reject any proposal, which may be considered irregular, show serious omission, unauthorized alteration of form, unauthorized alternate proposals, any proposals submitted after January 27, 2006, or incomplete proposals.

Nassau County reserves the right to accept or reject any and all proposals and to waive all nonmaterial irregularities in any or all proposals submitted.

All questions concerning this proposal shall be directed to:

Chris Lacambra
Deputy Comptroller
Clerk Financial Services
Nassau County Clerk of Courts
76347 Veterans Way
Yulee, Florida 32097

To be considered, one original and ten (10) copies of the proposal shall be delivered to Clerk Financial Services, 76347 Veterans Way, Yulee, Florida 32097 for receipt no later than January 27, 2006, at 4:00 p.m. Proposals must be submitted in a sealed envelope clearly **marked with the name of the audit firm** and **“Proposal, Request for Proposals-Professional Auditing Services”**.

Proposers may withdraw their proposals prior to the indicated opening time. The request for withdrawal must be submitted in writing to the Deputy Comptroller’s office. After the deadline, proposals become a record of the County and will not be returned to the proposer.

A preproposal conference for firms interested in submitting a proposal will be held at 2:00 p.m. on January 11, 2006 at 76347 Veterans Way, Yulee, Florida 32097 in Clerk’s Conference Room to answer questions about the engagement. After this preproposal conference, any inquiries concerning the request for proposals should be addressed to Chris Lacambra, Deputy Comptroller. All interested audit firms will be provided with a copy of the minutes of the preproposal conference by January 18, 2006.

Proposals submitted will be evaluated by a 6 member Audit Selection Committee, consisting of each county constitutional officer and one member of the Board of County Commissioners.

During the evaluation process, the Audit Selection Committee and the Board of County Commissioners reserve the right, where it may serve the Board of County Commissioners’ best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the Board of County Commissioners or the Audit Selection Committee, firms submitting proposals may be requested to make oral presentations as part of the

evaluation process.

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between Nassau County and the firm selected.

It is anticipated the selection of a firm will be completed no later than March 15, 2006. Following the notification of the selected firm it is expected a contract will be executed between both parties no later than March 31, 2006.

B. Term of Engagement

A 3-year contract with an option to audit for 2 subsequent years is contemplated, subject to the annual review and recommendation of the Audit Committee, the satisfactory negotiation of terms (including a cost acceptable to both the Board of County Commissioners and the selected firm), and the annual availability of an appropriation.

C. Subcontracting

If subcontracting is to be done, that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the Board of County Commissioners.

II. NATURE OF SERVICES REQUIRED

A. General

Nassau County is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending 2005, 2006, and 2007, with the option to audit Nassau County's financial statements for each of the 2 subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

Nassau County desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles.

Nassau County also desires the auditor to express an opinion on the fair presentation of its combining and individual fund financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the introductory section of the report or the statistical section of the report. The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The auditor is not required to audit the schedule of expenditures of federal and state awards. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

C. Auditing Standards To Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with:

generally accepting auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's 2003 *Government Auditing Standards* (1994 revision as amended), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Audits of State and Local Governments, Section 11.45 Florida Statutes, regulations of the Florida Department of Financial Services, Rules of the Florida Auditor General **Local Governmental Entity Audits** (Chapter 10.550), Audit and Accounting Guide **Audits of State and Local Government Units**, the Florida Single Audit Act, and any other required standards that are or become applicable.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal and state awards "in relation to" the audited financial statements.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements.
3. A report on compliance and internal control over compliance applicable to each major federal program.
4. Rate Covenant Certificate as required by Section 7.02 of Article VII of the Variable Rate Demand Solid Waste System Revenue Refunding Bonds Series 1999 Trust Agreement dated as of August 1, 1999.
5. Prepare the State of Florida Annual Local Government Financial Report to the Florida Department of Financial Services.
6. A report on the Local Governmental Entity Financial Condition Assessment as required by the Florida Auditor General.
7. Any other attestations/audits as may be required by Florida Statutes or Florida Administrative Code. This includes, but is not limited to:
 - b. A report on the fair presentation of the Schedule of Activity, Landfill Management Escrow Account, to comply with rule 62-701.630(5) of the Florida Administrative Code.
 - b. A report on the fair presentation of the Statement of County Funded Court-Related Functions, Section 29.0085, Florida Statutes.

In the required report[s] on compliance and internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report. Nonreportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report[s] on compliance and internal controls.

The reports on compliance and internal controls shall include all instances of noncompliance.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

- Elected official responsible for the operations of the unit of the County being audited
- Clerk of the Circuit Court/Comptroller
- Audit Committee
- When appropriate, to the next higher authority in the organization

Reporting to the audit committee. Auditors shall assure themselves that Nassau County's audit committee is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit
10. A report on Local Governmental Entity Financial Condition Assessment as required by the Florida Auditor General
11. Management Letter

E. Special Considerations

1. Nassau County will send its comprehensive annual financial report (CAFR) to the Government Finance Officers Association (GFOA) of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to provide special assistance to Nassau County to meet the requirements of that program. **Note: A CAFR will not be submitted to GFOA for the 2004-2005 fiscal year. The County cannot meet GFOA's March 31, 2006 submittal deadline.**
2. Nassau County currently anticipates it will prepare one or more official statements in connection with the sale of debt securities, which will contain the general purpose financial statements and the auditor's report thereon. The auditor shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters."
3. Nassau County has determined that the United States Department of Housing and Urban Development will function as the cognizant agency in accordance with the provisions of the Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
4. The Schedule of Expenditures of Federal and State Awards and related auditor's report, as well as the reports on compliance and internal controls are not to be included in the comprehensive annual financial report, but are to be issued separately.
5. A list of findings and other weaknesses from Nassau County's most recent financial statement audit are attached to this document (Appendix A).
6. The auditor will be required to prepare the financial statements and accompanying notes for the Clerk of the Circuit Court, Board of County Commissioners, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector.

The constitutional officers reserve the right to take over the responsibility of preparing their financial statements from the auditor at any time during the contract period. If electing to prepare their financial statements, the constitutional officer will notify the auditor and the Board of County Commissioners in writing of its plans at the beginning of each engagement

year.

All work, including any schedules and notes, prepared on behalf of the constitutional officers shall be the property of the constitutional officers.

Financial statement fees paid to the awarded firm will be based on either the supplemental fee schedule or other negotiated fees. The awarded firm shall separately show the cost of the preparation of the financial statements for each constitutional officer on the fee schedule.

Any services requested beyond the scope of this contract will be funded by the requesting Constitutional Officer.

7. The auditor will prepare all sections of the Comprehensive Annual Financial Report (CAFR); however, the Clerk of the Court, Clerk Financial Services reserves the right to take over the responsibility of preparing the CAFR from the auditor at any time during the contract period. If electing to prepare the CAFR, the Clerk's office will notify the auditor in writing of its plans at the beginning of each engagement year.

In addition, the Clerk of the Court requires that the auditor use the Clerk's purchased software to prepare the CAFR. The auditor shall prepare the CAFR on-site and link the purchased software to its Munis accounting system. All work, including any schedules and notes, prepared on behalf of the Clerk shall be the property of the Clerk.

CAFR fees paid to the awarded firm will be based on either the supplemental fee schedule or other negotiated fees.

F. Insurance

Each contractor shall maintain appropriate insurance(s) required to perform the respective operation(s) and activities proposed as required by State statutes and regulations. Each contractor shall have a minimum of \$1,000,000 in professional liability coverage.

G. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by Nassau County of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their

designees:

- Nassau County
- United States Department of Housing and Urban Development
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments or by Nassau County as part of an audit quality review process
- Auditors of entities of which Nassau County is a subrecipient of grant funds

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE GOVERNMENT

- A. The auditor's principal contact with Nassau County will be Chris Lacambra, Deputy Comptroller, or a designated representative, who will coordinate the assistance to be provided by Nassau County to the auditor.

Additional information (2003-2004 CAFR, budget, etc.) concerning the County can be found on our website www.nassauclerk.com.

- B. Fund Structure

Nassau County uses the following fund types and account groups in its financial reporting:

<u>Fund Type</u>	<u>Number of Individual Funds</u>	<u>Number With Legally Adopted Annual Budgets</u>
General fund	1	1
Special revenue funds	34	34
Debt service funds	10	10
Capital projects funds	10	10
Enterprise funds	2	2
Agency funds	3	0

- C. Budgetary Basis of Accounting

Nassau County prepares its budgets on a basis consistent with generally accepted accounting principles.

D. Pension Plans

Nassau County participates in the following pension plan:

	<u>Multiple-Employer</u>
	<u>Cost-Sharing</u>
Name of Plan	Florida Retirement System (FRS)

E. Component Units

Nassau County is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100. Using these criteria, component units are included in Nassau County's financial statements. However, both the Nassau County Recreation and Water Conservation and Control District No.1 and the Nassau County Housing Finance Authority have had no activity for several years.

F. Joint Ventures

Nassau County does not participate in joint ventures with other governments.

G. Computer Systems

Hardware

Type of Equipment Number Make of Equipment Networked?

Contact Joe Blanchard, IT Director, at 904-548-4500 for information.

Software

Make Vendor Major Applications

See above.

Data Bases

Type Uses Access

See above.

H. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact Chris Lacambra, Deputy Comptroller in Clerk Financial Services at 76347 Veterans Way, Yulee, FL 32097, ph. 904-548-4800. Nassau County will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued	December 23, 2005
Due date for notification of interest	January 10, 2006
Deadline to submit questions by firms	January 11, 2006
Pre-proposal meeting	January 11, 2006 @ 2:00 p.m.
Due date for proposals	January 27, 2006 @ 4:00 p.m.
Evaluate and rank firms	TBD
Oral presentations, as needed	TBD

B. Notification and Contract Dates

Board negotiation of contract	TBD
Contract date	TBD

C. Date Audit May Commence

Nassau County will have all records ready for audit and all management personnel available to meet with the firm's personnel at any date after the execution of contract between the parties.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. Trial balances will be prepared by the constitutional officers.

B. Electronic Data Processing (EDP) Assistance

The availability of EDP personnel to assist the auditor in performing the engagement will be limited, so the need should be specifically addressed in submitted proposals. EDP personnel will also be available to provide systems documentation and explanations. The auditor will be provided computer time and the on-site use of Nassau County's computer hardware and software. The auditor will be provided inquiry only access to the accounting systems.

C. Work Area, Telephones, Photocopying and FAX Machines

Nassau County will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to one telephone line. No long distance calls shall be charged to the County.

D. Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Submission of Notification of Interest

Firms interested in submitting a proposal must submit by January 10, 2006 their "Notification of Interest" in the format attached to the letter transmitting this Request for Proposal. Failure to do so will disqualify firms from submitting a proposal.

2. Preproposal Conference and On-site Inspections

A conference for firms interested in submitting proposals will be held at 2:00 p.m. on January 11, 2006 in the Nassau County Courthouse Annex, Clerk Conference Room, located at 76347 Veterans Way, Yulee, FL 32097. Both verbal and written questions will be accepted during the conference. Minutes of the preproposal conference will be distributed by

January 18, 2006 to all firms that submit a "Notification of Interest."

3. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

Chris Lacambra
Deputy Comptroller
Clerk Financial Services
76347 Veterans Way, Yulee, FL 32097
904-548-4800

CONTACT WITH PERSONNEL OF BOARD OF COUNTY COMMISSIONERS OR CONSTITUTIONAL OFFICERS, INCLUDING THE BOARD MEMBERS AND CONSTITUTIONAL OFFICERS, EXCEPT FOR CHRIS LACAMBRA REGARDING THIS REQUEST FOR PROPOSALS SHALL BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

4. Submission of Proposals

The following material is required to be received by 4:00 p.m. on January 27, 2006 for a proposing firm to be considered:

a. A master copy (so marked) of a Technical Proposal and ten (10) copies to include the following:

i. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's

understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for ninety (90) days.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI. B. of this request for proposals.

v. Executed copies of Proposer Warranties, attached to this request for proposal (Appendix D)

- b. The proposer shall submit an original and ten (10) copies of a dollar cost in a separate sealed envelope marked as follows:

SEALED DOLLAR COST
PROPOSAL
FOR
NASSAU COUNTY
FOR
PROFESSIONAL AUDITING SERVICES
DATE _____

- c. Proposers should send the completed proposal in a sealed envelope clearly marked with the name of the audit firm, "Proposal, Request for Proposals-Professional Auditing Services". Proposers should send the completed proposal to the following address:

Chris Lacambra
Deputy Comptroller
Clerk Financial Services
76347 Veterans Way
Yulee, Florida 32097

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the proposals, competence and capacity of the firms seeking to undertake an independent audit of Nassau County in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the proposals of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items Nos. 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that is independent of Nassau County as defined by generally accepted auditing standards/the U.S. General Accounting Office's *Government Auditing Standards* (1994).

The firm also should provide an affirmative statement that it is independent of all of the component units of Nassau County as defined by those same standards.

The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving Nassau County or any of its elected or appointed officials, agencies, component units or primary government for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give Nassau County written notice of any professional relationships involving Nassau County or any of its elected or appointed officials, agencies, component units or primary government entered into during the period of this agreement.

3. License to Practice in the State of Florida

An affirmative statement should be included that the firm and all assigned key professional staff are properly registered/licensed to practice in the State of Florida.

4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the proposals of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall disclose for the past five years if a successful errors and omissions claim was made against the firm arising out of the rendering of or failure to render professional services.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Proposals and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in the State of Florida. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, proposals, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

The proposer should identify the extent to which staff to be assigned to the audit reflect Nassau County's commitment to Affirmative Action.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of Nassau County. However, in either case, Nassau County retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of Nassau County, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better proposals or experience.

6. Prior Engagements with Nassau County

List separately all engagements within the last five years, ranked on the basis of total staff hours, for Nassau County by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Similar Engagements With Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal. In developing the work plan, reference should be made to such sources of information as Nassau County's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

- c. Sample size and the extent to which statistical sampling is to be used in the engagement
- d. Extent of use of EDP software in the engagement
- e. Type and extent of analytical procedures to be used in the engagement
- f. Approach to be taken to gain and document an understanding of Nassau County's internal control structure
- g. Approach to be taken in determining laws and regulations that will

be subject to audit test work

- h. Approach to be taken in drawing audit samples for purposes of tests of compliance

9. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from Nassau County.

10. Report Format

The proposal should include sample formats for required reports.

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

C. Sealed Dollar Cost

1. Total All-Inclusive Maximum Cost

The sealed dollar cost should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum cost is to contain all direct and indirect costs including all out-of-pocket expenses.

Nassau County will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost. Such costs should not be included in the proposal.

The first page of the sealed dollar cost should include the following information:

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the cost, and authorized to sign a contract with the Board of County Commissioners.
- c. A Total All-Inclusive Maximum Cost for the 2004-2005 fiscal year engagement.

2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The second page of the sealed dollar cost should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix E), that supports the total all-inclusive maximum cost. The cost of special services described in Section II E of this request for proposal should be disclosed as separate components of the total all-inclusive maximum cost.

3. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Cost and Reimbursement Rates

Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at the rates used by the Board of County Commissioners for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the sealed dollar cost in the format provided in the attachment (Appendix E). All expense reimbursements will be charged against the total all-inclusive maximum cost submitted by the firm.

In addition, a statement must be included in the sealed dollar cost stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing Board of County Commissioners rates for its employees.

4. Rates for Additional Professional Services

If it should become necessary for Board of County Commissioners to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between Board of County Commissioners and the firm. Any such additional work agreed to between Board of County Commissioners and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost.

5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost proposal. Interim billing shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

VII. EVALUATION PROCEDURES

A. Audit Selection Committee

Proposals submitted will be evaluated by a six (6) member Audit Selection Committee consisting of each county constitutional officer and one member of the Board of County Commissioners.

B. Review of Proposals

The Audit Selection Committee will rank the top three (3) firms and provide that ranking to the Board of County Commissioners. The Audit Selection Committee will use a point formula during the review process to score proposals. Each member of the Audit Selection Committee will first score each technical proposal by each of the criteria described in Section VII. C. below. The full Audit Selection Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed dollar cost will be opened and additional points will be added to the technical score based on the cost. The maximum score for cost will be assigned to the firm offering the lowest total all-inclusive maximum cost. Appropriate fractional scores will be assigned to other proposers.

The Board of County Commissioners reserves the right to retain all proposals submitted.

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and cost. The following represent the principal selection criteria that will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in the State of Florida
- b. The firm has no conflict of interest with regard to any other work performed by the firm for Nassau County
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

2. Technical Proposals: (Overall Total Maximum Points - 95)

a. Expertise and Experience (Subtotal Maximum Points – 65)

- (1) The firm's past experience and performance on comparable government engagements (Maximum Points – 25)
- (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation (Maximum Points – 25)
- (3) The firm's ability to plan the engagement, efficiently utilize computer automation and comply with all federal and state reporting requirements (Maximum Points – 15)

b. Audit Approach (Subtotal Maximum Points – 30)

- (1) Adequacy of proposed staffing plan for various segments of the engagement (Maximum Points – 10)

(2) Adequacy of sampling techniques (Maximum Points – 10)

(3) Adequacy of analytical procedures (Maximum Points – 10)

3. Cost: (Maximum Points - 5)

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM

D. Oral Presentations

During the evaluation process, the Audit Selection Committee may, at its discretion, request oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Audit Selection Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Selection

Pursuant to Florida Statutes, Section 218.391, the Board of County Commissioners shall select the highest-ranked firm recommended by the Audit Selection Committee and negotiate a contract. If the Board does not reach agreement with the firm, it shall proceed to negotiate with the next highest-ranked firm, and if no accord is reached, then to the next highest ranked firm. The Board of County Commissioners, in negotiating with firms, may reopen formal negotiations with any of the three top-ranked firms, but it may not negotiate with more than one firm at a time.

It is anticipated that a firm will be selected no later than March 15, 2006. Following notification of the firm selected, it is expected a contract will be executed between both parties no later than March 31, 2006.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between Nassau County and the firm selected.

Nassau County reserves the right without prejudice to reject any or all proposals.

APPENDICES

- A. Findings from Recent External and Internal Audits
- B. Organizational Chart
- C. List of Key Officials, Office Locations and Telephone Numbers
- D. Proposer Warranties
- E. Format for Schedule of Professional Fees and Expenses to Support the Total All-Inclusive Maximum Cost

APPENDIX A

FINDINGS FROM RECENT EXTERNAL

External Audits:

<u>Report</u>	<u>Finding</u>	<u>Resolved?</u>
Board of County Commissioners	Budget over-expenditure	Yes
Clerk of the Circuit Court	Poor internal controls over cash	Yes
Clerk of the Circuit Court	Budget over-expenditure	Yes
Clerk of the Circuit Court	Fine & Forfeiture Fund not established	Yes

APPENDIX B

ORGANIZATIONAL CHART

The Board of County Commissioners and Constitutional Officers organizational charts will be provided upon request.

APPENDIX C

LIST OF KEY PERSONNEL, OFFICE LOCATIONS AND TELEPHONE NUMBER

<u>Name and Title</u>	<u>Location of Office</u>	<u>Telephone</u>
John Crawford, Clerk/Comptroller	Clerk Administrative Services	904-548-4500
Chris Lacambra, Deputy Comptroller	Clerk Financial Services	904-548-4800
Joe Blanchard, IT Director	Clerk IT Department	904-548-4500
Mike Mauldin, Director of IT Admin	Clerk IT Department	904-548-4500
Mike Mullin, County Attorney	County Govt. Complex	904-548-4590

APPENDIX D

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Florida laws with respect to foreign (non-state of Florida) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of Nassau County.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official:

Name (typed):

Title:

Firm:

Date: _____

APPENDIX E

Page 1

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE [YEAR] FINANCIAL STATEMENTS

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	—	—	—	
Managers	—	—	—	
Supervisory staff	—	—	—	
Staff	—	—	—	
Other (specify):	—	—		
Subtotal				
Total for services Described in Section II E of the RFP (Detail on subsequent pages)				
Out-of-pocket expenses:				
Meals and lodging				
Transportation				
Other (specify): _____				
Total all-inclusive maximum cost for 2005 audit				_____
Total all-inclusive maximum cost for 2006 audit				_____
Total all-inclusive maximum cost for 2007 audit				_____

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum cost.

APPENDIX E

Page 2

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE [YEAR] FINANCIAL STATEMENTS:

COMBINING SCHEDULE - ALL SERVICES

DESCRIBED IN RFP SECTION II E

Nature of Service To Be Provided

Schedule

Total Cost

EACH SERVICE DESCRIBED IN RFP SECTION II E SHOULD BE SUPPORTED BY AN INDIVIDUAL SCHEDULE IN THE FORMAT PROVIDED ON PAGE 3 OF THIS APPENDIX.

Appendix E

Page 3

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE [YEAR] FINANCIAL STATEMENTS:

SUPPORTING SCHEDULE FOR [NAME OF SERVICE]

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	—	—	—	
Managers	—	—	—	
Supervisory staff	—	—	—	
Staff	—	—	—	
Other (specify): _____	—	—	—	
Subtotal				
Out-of-pocket expenses:				
Meals and lodging				
Transportation				
Other (specify): _____				
Total cost for [NAME OF SERVICE] for 2005 fiscal year				_____
Total cost for [NAME OF SERVICE] for 2006 fiscal year				_____
Total cost for [NAME OF SERVICE] for 2007 fiscal year				_____

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum cost

March 16, 2006

AUDIT ENGAGEMENT LETTER

Board of County Commissioners
Nassau County, Florida
c/o Finance and Accounting
76347 Veterans Way
Yulee, Florida 32097

We are pleased to confirm our understanding of the services we are to provide for Nassau County, Florida for the years ended September 30, 2005, 2006 and 2007. 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 County's basic financial statements, as of and for the years ended September 30, 2005, 2006 and 2007. We will also audit the financial statements of each of Nassau County, Florida's nonmajor funds presented as supplemental information in the accompanying combining and individual fund statements as of and for the years ended September 30, 2005, 2006 and 2007. Also, the following additional information will be subjected to the auditing procedures applied in our audits of the financial statements:

1. Schedule of expenditures of federal awards.
2. Schedule of state awards.
3. Combining individual fund and account group statements and schedules.
4. Budgetary comparison schedules.
5. Management's discussion and analysis.

Also, the document we submit to you will include the following additional information that will not be subject to the auditing procedures applied in our audits of the financial statements, and for which our auditor's report will disclaim an opinion.

1. Statistical section.

Audit Objectives

The objective of our audits is the expression of an opinion as to whether your 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 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 as required by *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*.

Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505

MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Audit Objectives (Concluded)

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

Our audits 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; the provisions of OMB Circular A-133; and Chapter 10.550, *Rules of the Auditor General*, and will include tests of accounting records, a determination of major programs in accordance with OMB Circular A-133 and Chapter 10.550, and other procedures we consider necessary to enable us to express such 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 applicable laws, regulations, 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 audits 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. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements. 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. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us 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. 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.

Management Responsibilities (Concluded)

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 (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud or illegal acts could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud, or illegal acts 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 and regulations. 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 findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review on the completion of fieldwork.

As part of the audit, we will prepare a draft of your financial statements and related notes. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Audit Procedures—General

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. We will plan and perform the audits to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or 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. As required by the Single Audit Act Amendments of 1996 and OMB Circular A-133 and Chapter 10.550, our audits 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 grant 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 to major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that comes 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 audits 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 this inquiry. At the conclusion of our audits, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures—General (Concluded)

Identifying and ensuring that Nassau County complies with laws, regulations, contracts, and agreements is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Nassau County's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Audit Procedures—Internal Controls

In planning and performing our audits, we will consider the internal control sufficient to plan the audits in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinions on Nassau County, Florida's financial statements and on its compliance with requirements applicable to major programs.

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 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. Tests of controls relative to the 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 Chapter 10.550, *Rules of the Auditor General*, 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 and state 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 and Chapter 10.550.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the Board of County Commissioners of 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 entity'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 nonreportable conditions or other matters involving internal control, if any, as required by *Government Auditing Standards*, OMB Circular A-133 and Chapter 10.550.

Audit Procedures—Compliance

Our audits 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 financial statements are free of material misstatement, we will perform tests of Nassau County, Florida'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*.

Audit Procedures—Compliance (Concluded)

OMB Circular A-133 and Chapter 10.550 require that we also plan and perform the audits 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 the applicable procedures described in the OMB Circular A-133, *Compliance Supplement* and the State Single Audit Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of Nassau County, Florida's major programs. The purpose of those procedures will be to express an opinion on Nassau County, Florida's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133 and Chapter 10.550.

Audit Administration, Fees, and Other

We understand that your employees will provide us with certain audit schedules and will locate any invoices selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. However, it is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal and state awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the designated federal and state 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. At the conclusion of the engagement, we will provide information to management as to where the reporting packages should be submitted and the number to submit.

The audit documentation for this engagement is the property of Purvis, Gray and Company and constitutes confidential information. However, pursuant to authority given by law or regulations, we may be requested to make certain audit documentation available to the County, a federal agency providing direct or indirect funding, or the U.S. Government Accountability 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 Purvis, Gray and Company personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The workpapers for this engagement will be retained for a minimum of five years after the date the auditors' report is issued or for any additional period requested by Nassau County, Florida. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the workpapers.

Our fee for these services will be \$249,300 for the 2005 audit, \$238,000 for the 2006 audit and \$245,000 for the 2007 audit. Our invoices for these fees will be rendered and payable within a normal time after received. The above fee is 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 it with you and arrive at a new fee estimate before we incur the additional costs.

Board of County Commissioners
Nassau County, Florida
Yulee, Florida

-6-

March 16, 2006

Audit Administration, Fees, and Other (Concluded)

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. Our 2004 peer review report accompanies this letter.

We appreciate the opportunity to be of service to Nassau County, Florida 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.

Sincerely,

PURVIS, GRAY AND COMPANY

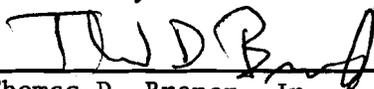


Ronald D. Whitesides, C.P.A.
Partner

RDW/asb
Enclosures

RESPONSE:

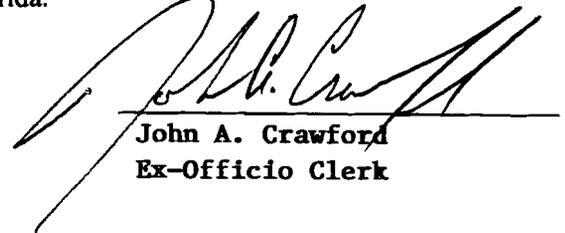
This letter correctly sets forth the understanding of Nassau County, Florida.

By: 
Thomas D. Branan, Jr.

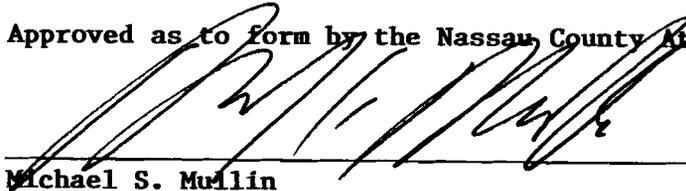
Title: Chairman, Nassau County Board of
County Commissioners

Date: _____

ATTEST:


John A. Crawford
Ex-Officio Clerk

Approved as to form by the Nassau County Attorney:


Michael S. Mullin



Fowler, Holley, Rambo, Haynes & Stalvey, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Curtis G. Fowler, C.P.A., P.F.S., C.F.P. • Carlton W. Holley, C.P.A. • C. Wayne Rambo, C.P.A., C.V.A. • Scott Y. Haynes, C.P.A. • Richard A. Stalvey, C.P.A.

3208 Wildwood Plantation Drive • Post Office Box 1887 • Valdosta, GA 31603-1887 • (229) 244-1559 • (800) 360-3123 • Fax (229) 245-7369

October 28, 2004

To the Partners of
Purvis, Gray & Company
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Purvis, Gray & Company (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2004. The firm has informed us that it did not audit SEC issuers for the year ended May 31, 2004. 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. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms 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 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 applicable to non-SEC issuers of Purvis, Gray & Company in effect for the year ended May 31, 2004, 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.

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.

Fowler, Holley, Rambo, Haynes & Stalvey, P.C.

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Attachment to the Peer Review Report of
Purvis, Gray & Company

Description of the Peer Review Process

Overview

Firms enrolled in the AICPA Center for Public Company Audit Firms (the Center) Peer Review Program have their system of quality control periodically reviewed by independent peers. These reviews are system and compliance oriented with the objective of evaluating whether:

The reviewed firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers has been designed to meet the requirements of the Quality Control Standards established by the AICPA.

The reviewed firm's quality control policies and procedures applicable to non-SEC issuers were being complied with to provide the firm with reasonable assurance of complying with professional standards.

A peer review is based on selective tests and directed at assessing whether the design of and compliance with the firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers provides the firm with reasonable, not absolute, assurance of complying with professional standards. Consequently a peer review on the firm's system of quality control is not intended to, and does not, provide assurance with respect to any individual engagement conducted by the firm or that none of the financial statements audited by the firm should be restated.

The Center's Peer Review Committee (PRC) establishes and maintains review standards. At regular meetings and through report evaluation task forces, the PRC considers each peer review, evaluates the reviewer's competence and performance, and examines every report, letter of comments, and accompanying response from the reviewed firm that states its corrective action plan before the peer review is finalized. The Center's staff plays a key role in overseeing the performance of peer reviews working closely with the peer review teams and the PRC.

Once the PRC accepts the peer review reports, letters of comments, and reviewed firms' responses, these documents are maintained in a file available to the public. In some situations, the public file also includes a signed undertaking by the firm agreeing to specific follow-up action requested by the PRC.

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The firm did not audit SEC issuers for the year ended May 31, 2004.

Planning the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers

To plan the review of Purvis, Gray & Company, we obtained an understanding of (1) the nature and extent of the firm's accounting and auditing practice, and (2) the design of the firm's system of quality control sufficient to assess the inherent and control risks implicit in its practice. Inherent risks were assessed by obtaining an understanding of the firm's practice, such as the industries of its clients and other factors of complexity in serving those clients, and the organization of the firm's personnel into practice units. Control risks were assessed by obtaining an understanding of the design of the firm's system of quality control, including its audit methodology, and monitoring procedures. Assessing control risk is the process of evaluating the effectiveness of the reviewed firm's system of quality control in preventing the performance of engagements that do not comply with professional standards.

Performing the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers

Based on our assessment of the combined level of inherent and control risks, we identified practice units and selected engagements within those units to test for compliance with the firm's system of quality control. The engagements selected for review included engagements performed under the Government Auditing Standards and audits of Employee Benefit Plans. The engagements selected for review represented a cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagement reviews included examining working paper files and reports and interviewing engagement personnel.

The scope of the peer review also included examining selected administrative and personnel files to determine compliance with the firm's policies and procedures for the elements of quality control pertaining to independence, integrity, and objectivity; personnel management; and acceptance and continuance of clients and engagements. Prior to concluding the review, we reassessed the adequacy of scope and conducted a meeting with firm management to discuss our findings and recommendations.



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October 28, 2004

To the Partners of
Purvis, Gray & Company
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Purvis, Gray & Company (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2004 and have issued our report thereon dated October 28, 2004. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in that report, which should be read in conjunction with this letter.

ENGAGEMENT PERFORMANCE

Comment – The firm’s quality control policies and procedures include various practice aids to assist in the performance of engagements and in complying with professional standards. Our review noted that the current practice aids were not always consulted when performing engagements. As a result, we noted a few instances in which (a) management representation letters and letters of communication with audit committees did not appropriately address uncorrected financial statement misstatements, (b) engagement letters did not indicate that it is management’s responsibility to adjust the financial statements to correct material misstatements and (c) certain reports did not appropriately report on budgetary information when presented as part of the basic financial statements rather than as required supplementary information or did not appropriately report on prior years summarized information in not-for-profit engagements. These deficiencies did not cause the reports or financial statements to be misleading and, based upon discussions with personnel, we were satisfied that appropriate communications had been made with the clients regarding the matters addressed in this finding.

Recommendation – We recommend the firm emphasize to appropriate personnel the importance of consulting the practice aids subscribed to by the firm during the performance of audit engagements. Further, we recommend this matter be monitored during the firm’s monitoring procedures.

Fowler, Holley, Rambo, Haynes & Stalvey, P.C.

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December 6, 2004

CPCAF Peer Review Committee
c/o American Institute of Certified Public Accountants
Center for Public Company Audit Firms
Harborside Financial Center
201 Plaza Three
Jersey City, NJ 07311-3881

Ladies and Gentlemen:

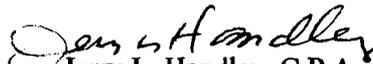
This letter represents our response to the letter of comments issued in connection with our firm's peer review for the year ended May 31, 2004. The matters discussed in this letter will be given special emphasis in our monitoring procedures.

Engagement Performance

At various times during November 2004, all of the firm's professional personnel were reminded of the importance of consulting with the practice aids when preparing correspondence related to audit engagements. In addition, the importance of consulting with the firm's practice aids will be discussed at our next partners and managers meeting and our next staff training session.

Sincerely,

PURVIS, GRAY AND COMPANY


Jerry L. Handley, C.P.A.
Audit Partner

JLH/tmc

Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505

MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

APPENDIX E

Page 1

(Revised 4/25/06)

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE 2005 FINANCIAL STATEMENTS

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	200	\$ 210	\$ 150	\$ 30,000
Managers	380	180	130	49,400
Supervisory Staff	430	150	110	47,300
Staff	<u>1,040</u>	110	85	<u>88,400</u>
Audit Subtotal	<u><u>2,050</u></u>			<u><u>\$ 215,100</u></u>
 Section II E Services:				
Write-up and Mapping				
Property Appraiser	20			\$ 2,200
Tax Collector	40			4,000
Sheriff	60			5,800
Supervisor of Elections	20			2,200
Clerk of the Courts	40			4,000
Board of County Commissioners	<u>140</u>			<u>16,000</u>
	<u>320</u>			<u>\$ 34,200</u>
 Out-of-Pocket Expenses				 (All Inclusive)
Meals and Lodging				(All Inclusive)
Transportation				(All Inclusive)
 Total All-inclusive Maximum Cost for 2005 Audit				 <u><u>\$ 249,300</u></u>
 Total All-inclusive Maximum Cost for 2006 Audit (Decreased due to less mapping time anticipated)				 <u><u>\$ 238,000</u></u>
 Total All-inclusive Maximum Cost for 2007 Audit				 <u><u>\$ 245,000</u></u>

APPENDIX E

Page 2

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE 2005 FINANCIAL STATEMENTS:

COMBINING SCHEDULE - ALL SERVICES

DESCRIBED IN RFP SECTION II E

<u>Name of Service To Be Provided</u>	<u>Schedule</u>	<u>Total Cost</u>
Financial Statement Write-up and Mapping of Nassau County Trial Balances for:		
Property Appraiser		\$ 2,200
Tax Collector		4,000
Sheriff		5,800
Supervisor of Elections		2,200
Clerk of the Courts		4,000
Board of County Commissioners		<u>16,000</u>
Total		<u>\$ 34,200</u>

**EACH SERVICE DESCRIBED IN RFP SECTION II E SHOULD BE SUPPORTED BY AN
INDIVIDUAL SCHEDULE IN THE FORMAT PROVIDED ON PAGE 3 OF THIS APPENDIX.**

APPENDIX E

Page 3

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE 2005 FINANCIAL STATEMENTS:

SUPPORTING SCHEDULE FOR FINANCIAL STATEMENT WRITE-UP AND MAPPING

	<u>Hours</u>	Standard	<u>Quoted Hourly</u>	
		Hourly Rates	Rates	Total
Partners	20	\$ 210	160	\$ 3,200
Managers	40	180	150	6,000
Supervisory Staff	80	150	110	8,800
Staff	<u>180</u>	110	90	<u>16,200</u>
Write-up	<u><u>320</u></u>			<u><u>\$ 34,200</u></u>

Section II E Services:

Write-up and Mapping Hours by Staff Level

	<u>Partner</u>	<u>Manager</u>	<u>Senior</u>	<u>Staff</u>	<u>Total</u>	<u>Dollars</u>
Property Appraiser	0	4	8	8	20	\$ 2,200
Tax Collector	0	4	8	28	40	4,000
Sheriff	0	4	8	48	60	5,800
Supervisor of Elections	0	4	8	8	20	2,200
Clerk of the Courts	0	4	8	28	40	4,000
Board of County Commissioners	20	20	40	60	140	16,000
	<u>20</u>	<u>40</u>	<u>80</u>	<u>180</u>	<u>320</u>	<u>\$ 34,200</u>

Out-of-Pocket Expenses	(All Inclusive)
Meals and Lodging	(All Inclusive)
Transportation	(All Inclusive)

Section II E Costs for 2005 Audit \$ 34,200

Section II E Costs for 2006 Audit \$ 14,000

Section II E Costs for 2007 Audit \$ 14,500

**AUDIT PROPOSAL
AND
COMMITMENT TO SERVE**

**NASSAU COUNTY, FLORIDA
FINANCIAL AUDIT SERVICES**

JANUARY 27, 2006

**BY: PURVIS, GRAY AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS**

OFFICE LOCATIONS:

**222 N.E. FIRST STREET
P.O. BOX 23999
GAINESVILLE, FLORIDA 32602
(352) 378-2461**

**2347 S.E. 17TH STREET
OCALA, FLORIDA 34471
(352) 732-3872**

**2201 CANTU COURT, SUITE #100
SARASOTA, FLORIDA 34232
(941) 379-2800**

**443 EAST COLLEGE AVENUE
TALLAHASSEE, FLORIDA 32301
(850) 224-7144**

**CONTACTS: RONALD D. WHITESIDES, C.P.A. (GAINESVILLE)
ROBERT O. DALE, C.P.A. (GAINESVILLE)**

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January 27, 2006

Audit Selection Committee
Attention: Mr. Chris Lacambra, Deputy Comptroller
Clerk Financial Services
76347 Veterans Way
Yulee, Florida 32097

We appreciate the opportunity to present Purvis, Gray and Company to your Audit Committee and would take great pride in being retained as auditors for Nassau County, Florida.

We have received the Request for Proposals for Audit Services for Nassau County, Florida's annual financial audit and understand the scope of the work to be performed and give you our commitment to meet or exceed the performance specifications contained therein. This Proposal is a firm and irrevocable offer for ninety days.

Purvis, Gray and Company is a statewide CPA firm with offices in Gainesville, Ocala, Sarasota, and Tallahassee. We believe that our past experience in serving other counties, cities, special districts and utilities throughout the state of Florida provides us with unique insight and ability to serve as your auditors. Our firm is currently providing auditing services to eight Florida counties, twenty Florida municipalities, four rural electric cooperatives, and twenty water or sewer utilities. We also audit financial institutions, hospitals, contractors, builders, and engineering firms, and have gained contacts and knowledge in those industries essential to our understanding of your business environment.

Since our organization in 1946, Purvis, Gray and Company's number one priority has been client service. We are extremely proud of our record of client service, and encourage you to contact our current and former clients in this regard. Exceptional client service is what sets our firm apart as the firm most qualified to serve as auditors of Nassau County, Florida.

Our record of quality service is founded in a philosophy of always providing value service to our clients. We provide value service by understanding our clients' businesses and the industries in which they operate. To help us understand the needs of Florida counties, our partners and managers sit on local government committees of the FICPA and the Florida Government Finance Officers Association, Inc. (FGFOA), as well as other related national and state committees. We regularly attend and send speakers to conferences of the FGFOA and FACC.

The best way to provide value service is with quality personnel, and we pride ourselves on finding and hiring the best employees. We look for leaders with business and common sense, who will apply that knowledge in conducting your audit. Because of that, the individuals comprising your audit team are highly experienced in all areas of governmental and utility accounting and auditing, and have been assembled on your audit team for those attributes. You will not have to train our auditors; we do not randomly rotate staff, and you will regularly see partners in the field.

Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
2201 Cantu Court, Suite #100 • Sarasota, Florida 34232 • (941) 379-2800 • FAX (941) 379-2899

MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Audit Selection Committee
Attention: Mr. Chris Lacambra, Deputy Comptroller
Clerk Financial Services
Yulee, Florida

If selected, Purvis, Gray and Company can and will perform all the auditing and accounting services needed by Nassau County, Florida. We have extensive experience and are well received in the national bond markets, we have audited hundreds of different federal and state grant programs, and we have assisted in countless other governmental and utility consulting projects. We also have a large Information Technology Department run by CPA's, and have provided tax and business development services for over fifty years to all of the firm's clients.

Your audit would be conducted primarily out of our Gainesville office, with assistance from our other offices as needed. Personnel from all our offices routinely work together on audit engagements, employing our firm-wide approach to client service delivery. There will be no participation from other firms on this engagement.

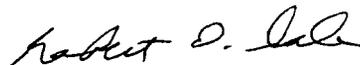
Further information about our firm follows in this document. If we can supply you with additional information or discuss this commitment further with you, we will be available at your convenience.

Respectfully submitted,

PURVIS, GRAY AND COMPANY



Ronald D. Whitesides, C.P.A.
Audit Partner



Robert O. Dale, C.P.A.
Audit Partner

RDW/ROD/asb

GENERAL ELEMENTS

Independence

The legal name of our firm is Purvis, Gray and Company, LLP, d.b.a. Purvis, Gray and Company, CPA's. We are organized as a Florida Limited Liability Partnership, authorized to do business in the state of Florida.

We are independent certified public accountants as defined by generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. None of our partners or staff currently have any relationship with Nassau County, Florida which would impair this independence. Also, we have had no professional relationships involving Nassau County or any of its elected or appointed officials, agencies, or component units for the past five years.

We confirm that we will give Nassau County, Florida written notice of any professional relationships entered into involving Nassau County, Florida or any of its officials, agencies or component units during the period of this agreement.

License to Practice in Florida

Purvis, Gray and Company is properly licensed and registered for public practice as certified public accountants in the state of Florida, and all assigned professional staff are properly licensed and registered to practice as certified public accountants in the state of Florida.

Purvis, Gray and Company is a member of the American Institute of Certified Public Accountants (AICPA), and the Florida Institute of Certified Public Accountants, Inc. (FICPA), and several of the partners and staff of Purvis, Gray and Company are members of the Government Finance Officers Association (GFOA), the Florida Government Finance Officers Association (FGFOA), the American Public Power Association (APPA), the Florida Municipal Electric Association (FMEA), and the Florida Rural Water Association (FRWA).

Primary Service Office

Purvis, Gray and Company
222 N.E. First Street
Gainesville, Florida 32601
Contact: Ronald D. Whitesides, C.P.A.
(352) 378-2461

Purvis, Gray and Company operates on a department basis rather than an office basis. Audit department personnel from different offices routinely work together. Although the Gainesville office will be the primary service office, audit department personnel from other offices will be employed as part of this audit team. The audit department consists of five partners and twenty-one professional audit staff, all of whom have significant experience on governmental engagements. Please see Partners, Supervisory and Staff Qualifications and Experience section of this proposal for a listing of personnel and roles of those personnel assigned to the Nassau County audit. It is anticipated that all personnel assigned to the Nassau County audit would work on the engagement on a full-time basis.

GENERAL ELEMENTS
(Concluded)

Continuing Professional Education Required Under Government Auditing Standards

Members of the audit team assigned to Nassau County, Florida's audit have attended numerous courses on governmental accounting and auditing, and have participated in audits of cities and counties. All of our Audit Department personnel meet the governmental education requirements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Quality Control Review

Purvis, Gray and Company is a member of the AICPA's Center for Public Company Audit Firms. Our firm places a high priority on quality control and has undergone a peer review by the AICPA at least every three years since 1979. Because our firm has a concentration of governmental and utility audit clients, several specific governmental and utility audit engagements are selected for review by a peer review team. Our most recent review was completed in October 2004, and a copy of that report follows this page. The peer review referenced above included a section of local government engagements.

No Record of Substandard Work

Purvis, Gray and Company is not aware of any federal or state desk reviews nor have there been field reviews of its audits during the past three years by state regulatory bodies or professional organizations. We have no record of substandard work and have no enforcement actions pending by the State Board of Accountancy or any other regulatory agency, nor have we had any such actions during the past five years. All reports filed with state and federal agencies have been accepted as satisfactory during the past three years.

Litigation

We warrant that there is no action, suit, proceeding, inquiry or investigation, at law or equity before or by a court, governmental agency, public board or body, pending or, to the best of our knowledge, threatened, which would in any way prohibit, restrain or enjoin the execution or delivery of our obligations or diminish our obligations or diminish our financial ability to perform the terms of the proposed contract.



Fowler, Holley, Rambo, Haynes & Stalvey, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Curtis G. Fowler, C.P.A., P.F.S., C.F.P. • Carlton W. Holley, C.P.A. • C. Wayne Rambo, C.P.A., C.V.A. • Scott Y. Haynes, C.P.A. • Richard A. Stalvey, C.P.A.

3208 Wildwood Plantation Drive • Post Office Box 1887 • Valdosta, GA 31603-1887 • (229) 244-1559 • (800) 360-3123 • Fax (229) 245-7369

October 28, 2004

To the Partners of
Purvis, Gray & Company
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Purvis, Gray & Company (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2004. The firm has informed us that it did not audit SEC issuers for the year ended May 31, 2004. 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. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms 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 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 applicable to non-SEC issuers of Purvis, Gray & Company in effect for the year ended May 31, 2004, 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.

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.

Fowler, Holley, Rambo, Haynes & Stalvey, P.C.

SERVING VALDOSTA AND SOUTH GEORGIA SINCE 1956

James E. Folsom, C.P.A. • Josie Miller, C.P.A. • R. Arden DeLoach, Jr., C.P.A. • Nancy A. Hoofnagle, C.P.A. • Susan E. Pinkerton, C.P.A. • Robert D. Elliott, C.P.A.
Chris S. Griner, C.P.A. • Suzanne S. DeMersseman, C.P.A.

www.valdostacpa.com • MEMBER OF AGN INTERNATIONAL

TECHNICAL QUALIFICATIONS

Firm Expertise and Experience

Firm Background

Purvis, Gray and Company was founded in 1946, in Gainesville, Florida, and has grown into an organization with over eighty professionals and support personnel providing a full-range of services to a broad client base. Our firm has offices in Sarasota, Ocala, Gainesville and Tallahassee. Accordingly, we consider the entire state of Florida our primary practice area.

Our firm's practice is diversified, and we render all the services customarily identified with accounting firms. In addition to auditing and tax capabilities, we have one of the largest Information Technology Departments of any Florida CPA firm, with personnel experienced in assisting clients with systems, management information and data processing and providing support for the Audit Department in auditing clients with sophisticated data processing systems.

For over fifty years, Purvis, Gray and Company has been of service to many local governments. Over 50% of our audit engagements are governmental clients. Five of our partners and all of our audit staff have extensive governmental experience.

■ **Audit Department**

The Audit Department is the largest department in the firm. All of the Audit Department staff have met the continuing education requirements for auditing governmental entities. The mission of the department is to achieve technical excellence which can be used to provide the highest level of quality service to our clients. We feel that this higher level of service sets us apart from other firms.

Our auditors are familiar with governmental and utility accounting and auditing and will not have to be trained by your staff. They understand county organization and fund structures and the different bases of accounting for governmental, proprietary and fiduciary fund types, including GASB Statement No. 34. They understand issues like utility ratemaking and property recordkeeping for the water, sewer, and stormwater utilities, and are familiar with state-shared revenue programs, federal and state grants, the Florida Retirement System, landfills, self-insurance funds and other issues common to county governments.

Our audit staff has extensive experience with computers and typically utilizes a wired or wireless local area network of laptop computers in the field. We conduct our audits in a 'paperless' environment utilizing an audit software tool called CaseWare. Typically, we are provided inquiry access to client accounting systems in order to facilitate the audit process and, as a result we are familiar with a wide variety of governmental accounting packages.

■ **General Business Department**

The firm's General Business Department performs primarily nonaudit accounting services, including the preparation of compiled and reviewed financial statements and the provision of management advisory services. This department is also responsible for the preparation of payroll and income tax returns for individuals and businesses including corporate, partnership, estate, and trust tax returns. Our General Business Department has assisted audit clients in the past on a number of issues involving sales tax, tangible personal property taxes, gross receipts tax, and payroll taxes, as well as issues involving cafeteria or other employee benefit plans.

TECHNICAL QUALIFICATIONS

(Continued)

Firm Expertise and Experience *(Continued)*

Firm Background *(Continued)*

■ **Information Technology Department**

In addition to our audit and general business capabilities, our firm has an experienced Information Technology Department employing full-time programmer/analysts supervised by a C.P.A. partner. The department operates IBM System AS/400 computers, microcomputers, local and wide area networks. We have developed software packages for the public sector, including local governmental units, utilities, for-profit, and not-for-profit organizations.

The firm's audit approach normally starts with a review of the auditee's information systems functions. During this review, Purvis, Gray and Company's Information Technology Department often acts as a liaison between the auditors and the client's Information Systems Department. A typical review includes an analysis, discussion, and evaluation of the client's hardware configuration, data security, software, and systems, including general and application controls.

With our Information Technology Department, Purvis, Gray and Company can go beyond the services required of a traditional audit. Mr. Joe W. Bolton, C.P.A., C.D.P., is one of the first CPA's in the state of Florida licensed to perform web site certifications. We have helped local governments evaluate and select software, reviewed and reported on operations of various departments, and have performed numerous special purpose consulting reports. These special purpose reports include the following:

- Comprehensive Review of Criminal Justice Information Technology (County)
- Operational Review of Information Technology Department (County)
- Development of Complete Athletic Event Ticketing System (Universities of Florida and South Carolina)

Since our Information Technology Department is run by CPA's, often their combined experience with computer technology and accounting can help clients "bridge the gap" between their finance needs and technology needs.

■ **Tax Department**

The Tax Department of Purvis, Gray and Company is often used in troubleshooting problem tax areas associated with audits of local governmental units. Our tax professionals deal with issues such as bond arbitrage rebate calculations, payroll tax problems, ERISA compliance for employee benefit plans, state sales taxes, taxation of nonprofit entities, and other tax topics. In addition, our Tax Department provides tax research support to our Audit Department.

■ **Consulting**

The consulting practice of Purvis, Gray and Company utilizes members of the Audit, General Business, Tax, and Information Technology Departments to perform a wide-range of consulting and business development services for our clients. Our consulting personnel have performed engagements in all of the following broad categories:

- **Accounting System Reviews and Documentation**
 - Internal Control Reviews
 - Procedures Documentation
 - Performance Audits and Cost Reduction Studies
 - Feasibility/Efficiency Studies

TECHNICAL QUALIFICATIONS

(Continued)

Firm Expertise and Experience (Continued)

Firm Background (Concluded)

■ Consulting (Concluded)

● Accounting System Reviews and Documentation (Concluded)

Budget Review and Budget Preparation
GASB Statement No. 34 Implementation
Building Permit and Inspection Services Reviews

● Utility and Cost Studies

Utility Rate/Revenue Studies (Electric, Water, Wastewater and Sanitation)
Review Power Supply Alternatives
Other Utility Studies
Overhead/Indirect/Other Cost Studies
Landfill Closure and Postclosure Analysis
IRS Arbitrage Rebate Calculations and Consultation
Utility Billing System Setup and Revision
Water-Sewer Work Order Systems and Property Records

● Business Valuations and Reorganizations

Business Ownership Succession
Business Valuations
Mergers and Acquisitions
Business Formations
Business Liquidations

● Other Financial Services

Fraud/Defalcation Engagements
Expert Testimony
Personal Financial/Retirement Planning
Other Financial Services
Tax Representation

Due to our extensive involvement in the electric, water, wastewater and stormwater utility industries, individuals participating in our consulting practice stay current on the issues facing those competitive industries. In addition to revenue sufficiency and rate studies, we have assisted our clients in negotiations of power supply and sale contracts, made recommendations on power supply alternatives, reviewed billing systems for billing inaccuracies, assisted in the development of work order and continuing property record systems, performed merger and utility system acquisition feasibility studies, assisted with landfill closure and postclosure analysis and funding, developed electric utility deregulation plans, and assisted in many other areas.

New independence rules govern the performance of consulting services for clients audited under *Government Auditing Standards*. Any consulting services performed Nassau County, Florida, would be in compliance with those new standards.

TECHNICAL QUALIFICATIONS
(Continued)

Firm Expertise and Experience (Continued)

Firm Organization

MANAGING PARTNER

Larry D. Kieszek, C.P.A.

ACCOUNTING AND AUDITING DEPARTMENT

Partners:

Robert O. Dale, C.P.A.
Jerry L. Handley, C.P.A.
Joseph J. Welch, C.P.A.
Mark A. White, C.P.A.
Ronald D. Whitesides, C.P.A.

Professional Staff:

Terry W. Kite, C.P.A.
Helen Y. Painter, C.P.A.
Ryan M. Tucker, C.P.A.
James E. Kading, C.P.A.
Diane L. Shupe, C.P.A.
Michael L. Kurek, C.P.A.
Steven P. Pratto, C.P.A.
Timothy M. Westgate, C.P.A.
Bethany B. Carr, C.P.A.
Jesse J. Perez, C.P.A.
Kimberly A. Webb, C.P.A.

Lisa H. Seiffer, C.P.A.
Jason R. Creel, C.P.A.
Dana C. Davis, C.P.A.
David L. Harrell
Timothy D. Evans
Marie F. Dennis
Sehui Kim
Marquett O. Becker
Karen H. Willard
Jordan J. Steffens

GENERAL BUSINESS DEPARTMENT

Partners:

Fred L. Doerr, C.P.A.
James W. Patray, III, C.P.A.
S. Todd McMullen, C.P.A.

Professional Staff:

Lisa M. Marousky, C.P.A.
Andrew R. Spahn, C.P.A.
Eric J. Benton, C.P.A.
Helen A. Ingmarsson
Daniel R. Galasso
Heather J. Whitson

Rachel A. Clements
Nancy F. Harrison
Tracy M. Christie
Angela M. Sistarelli-Temple
Anna L. Miller
Nancy J. Moore

INFORMATION TECHNOLOGY DEPARTMENT

Partner:

Joe W. Bolton, C.P.A., C.D.P.

Network Consulting:

Michael A. Wojcik, MCSE
Michael L. Pilcher, MCSE
Ronald L. McVicar

Programmer/Analysts:

Leah G. Oehmig
David H. Webb
Timothy C. Harrell
Stephen A. Waugh

TAX DEPARTMENT

Partners:

John Michael Williams, C.P.A.
David A. Gaitanis, C.P.A.
Steven T. Lee, C.P.A.

Professional Staff:

Joshua C. Chase, C.P.A.

Rodger A. Young, C.P.A.

PARAPROFESSIONALS - (Eleven Not Listed)

SUPPORT STAFF - (Eleven Not Listed)

TECHNICAL QUALIFICATIONS

(Continued)

Firm Expertise and Experience (Continued)

Commitment to Clients

In addition to sponsoring continuing professional education seminars, our partners and managers have demonstrated a commitment as members of the following organizations and committees, and as instructors at professional conferences. Following are examples of this commitment:

■ **Professional Committee Memberships**

- Accounting Standards Executive Committee (AcSEC)
- Chair of the Technical Issues Committee of the AICPA's Private Companies Practice Section
- Computer Auditing Subcommittee of the Auditing Standards Board of the AICPA
- Electronic Evidence Task Force of the Auditing Standards Board of the AICPA
- Technology Subcommittee of the Special Committee on Assurance Services of the AICPA
- FICPA Committee on State and Local Government
- FICPA Governmental Standards Review Committee
- FICPA Committee on Professional Ethics
- FICPA NetLink Committee
- Florida Government Finance Officers Association (FGFOA) Technical Resources Committee
- National Government Finance Officers Association (GFOA) Reviewer For Certificate of Achievement for Excellence in Financial Reporting

■ **Instructors of Professional Conferences**

- National Accounting and Auditing Advanced Technical Symposium - Application of FASB Statement No. 107—Fair Value Disclosure and as Moderator for the Accounting and Auditing Update
- PCPS National Conference on Current Accounting and Auditing Issues
- FSU Accounting Conference—Update on Accounting and Auditing Standards
- FICPA Annual Accounting Conference—Auditing Efficiency
- FICPA Accounting Show—Audits of Nonprofit Organizations
- FGFOA Annual Conference—State-Shared Revenues and Local Option Taxes For Local Governments
- FGFOA Annual Institute—State-Shared Revenues
- Mid-America Accounting Conference—Auditing and Accounting Update for the Small Firms
- University of Florida Accounting Conference—GASB Update
- Florida Association of Court Clerks—GASB Update
- RUS Florida/South Carolina Office Manager and Bookkeepers Conference—RUS Update
- RUS Florida/South Carolina Office Manager and Bookkeepers Conference—Taxation of Tax-Exempt Entities
- RUS Accounting Workshop—Workorder Costing and Continuing Property Record Systems
- RUS General Manager and Trustees Conference—Internal Controls to Prevent and Detect Employee Theft
- Instructor for "Providing Assurance on the World Wide Web" Course for the AICPA
- Florida Association of Court Clerks - Fixed Assets and GASB No. 34
- FGFOA Annual Institute—Utility Accounting - Specialized Areas
- Southwest Florida GFOA—What to Expect From Your Auditors
- Gulf Coast CPAs - Implementing GASB No. 34
- Southwest Florida GFOA - GASB Statement Nos. 34 and 38 - Financial Statement Disclosures

TECHNICAL QUALIFICATIONS

(Continued)

Firm Expertise and Experience (Continued)

Similar Audit Experience

Our firm is one of the premier audit firms for audits of state and local governments in the state of Florida. Our experience includes the following audits during the last five years and indicates the primary office from which each governmental audit is staffed:

Counties

- * Alachua County, Florida (Gainesville)
- * Bradford County, Florida (Gainesville)
- * Citrus County, Florida (Ocala/Tallahassee)
- * DeSoto County, Florida (Sarasota)
- # Gadsden County, Florida (Tallahassee)
- * Liberty County, Florida (Tallahassee)
- * Marion County, Florida (Ocala)
- * Osceola County, Florida (Gainesville)
- # Sarasota County, Florida (Sarasota)
- * Flagler County, Florida (Gainesville/Tallahassee)

Special Districts

- Sun 'N Lake of Sebring Improvement District (Gainesville/Sarasota)
- Withlacoochee Regional Water Supply Authority (Gainesville)
- Dog Island Conservation District (Tallahassee)
- * Gainesville-Alachua County Regional Airport Authority (Gainesville)
- Quincy-Gadsden Airport Authority (Tallahassee)
- * Marion County School Board (Ocala)
- * Sarasota Manatee Airport Authority (Gainesville/Tallahassee)

Municipalities

- # City of Fort Myers, Florida (Sarasota/Ocala)
- * City of Fort Meade, Florida (Sarasota)
- * City of Sarasota, Florida (Sarasota)
- * City of Fernandina Beach, Florida (Gainesville/Tallahassee)
- # City of Mount Dora, Florida (Ocala)
- * City of Deltona, Florida (Ocala)
- * City of Lake City, Florida (Gainesville)
- * City of Atlantic Beach, Florida (Gainesville)
- * City of Jacksonville Beach, Florida (Sarasota/Tallahassee)
- * City of Lake Wales, Florida (Sarasota/Ocala)
- * City of St. Cloud, Florida (Ocala)
- # City of Green Cove Springs, Florida (Gainesville)
- * City of Leesburg, Florida (Ocala)
- * City of Belleview, Florida (Ocala)
- * City of Dunnellon, Florida (Ocala)
- * City of Bushnell, Florida (Ocala)
- City of Eustis (Gainesville)
- City of Ocala (Ocala)

TECHNICAL QUALIFICATIONS

(Continued)

Firm Expertise and Experience (Continued)

Similar Audit Experience (Continued)

Community Redevelopment Agencies

- City of Jacksonville Beach Downtown Redevelopment Agency
- City of Jacksonville Beach Southend Redevelopment Agency
- # City of Fort Myers Community Redevelopment Agency
- # City of Fort Myers Downtown Redevelopment Agency
- City of Lake Wales Community Redevelopment Agency
- City of Sarasota Community Redevelopment Agency

Our firm has audited Rural Utilities Service (RUS) electric cooperatives and municipal and county electric, water, sewer and natural gas utilities for over fifty years. In addition, we currently audit four clients with airport facilities, several with yacht basins, and five with golf courses. Some of our current and recent experience follows:

Electric Generating and Transmission and/or Distribution Utilities

- City of Jacksonville Beach, Florida
- # City of Green Cove Springs, Florida
- City of Leesburg, Florida
- City of Ocala
- # City of Mount Dora
- City of St. Cloud, Florida
- City of Bushnell, Florida
- City of Fort Meade, Florida
- Central Florida Electric Cooperative, Inc. (Chiefland, Florida)
- Peace River Electric Cooperative, Inc. (Wauchula, Florida)
- Sumter Electric Cooperative, Inc. (Sumterville, Florida)
- Talquin Electric Cooperative, Inc. (Quincy, Florida)
- Withlacoochee River Electric Cooperative, Inc. (Dade City, Florida)

Water, Sewer and Gas Utilities

- Withlacoochee Regional Water Supply Authority (Water)
- Bonita Springs Utilities, Inc. (Water and Sewer)
- Talquin Electric Cooperative, Inc. (Water and Sewer)
- # City of Fort Myers, Florida (Water and Sewer)
- City of Fort Meade, Florida (Water, Sewer and Natural Gas)
- City of Sarasota, Florida (Water and Sewer)
- # City of Palmetto, Florida (Water and Sewer)
- # City of Green Cove Springs, Florida (Water and Sewer)
- City of Leesburg, Florida (Water, Sewer and Natural Gas)
- City of Bushnell, Florida (Water)
- City of Jacksonville Beach, Florida (Water and Sewer)
- City of St. Cloud, Florida (Water, Sewer and Natural Gas)
- City of Lake City, Florida (Water, Sewer and Natural Gas)
- City of Archer, Florida (Water)
- City of Belleview, Florida (Water and Sewer)
- City of Dunnellon, Florida (Water and Sewer)
- City of Atlantic Beach, Florida (Water and Sewer)
- City of Ocala, Florida (Water and Sewer)

TECHNICAL QUALIFICATIONS

(Continued)

Firm Expertise and Experience (Continued)

Similar Audit Experience (Concluded)

Airport Facilities

Gainesville-Alachua County Regional Airport Authority
Quincy-Gadsden Airport Authority
Lake Wales Airport

Golf Courses

City of Jacksonville Beach, Florida
City of Fernandina Beach, Florida
City of Fort Myers, Florida
City of Sarasota, Florida
Gainesville Golf and Country Club
Golden Hills Golf and Turf Club, Inc.

* OMB Circular A-128/A-133 "Single Audits" and, beginning in 2001, Florida Single Audits.

Not a current client.

Certificate of Achievement for Excellence in Financial Reporting

We have provided expertise and assistance to the following local governments, which helped them receive the Certificate of Achievement for Excellence in Financial Reporting:

City of Marco Island, Florida (1998 to 2003)
Sarasota County, Florida (1999 to 2003)
Alachua County, Florida (1992 to 1996 and 2002 to Present)
City of Fort Myers, Florida (1997 to 2004)
City of Jacksonville Beach, Florida (1992 to Present)
City of St. Cloud, Florida (1990 to Present)
City of Palmetto, Florida (1997 to 1999)
City of Green Cove Springs, Florida (1985-1987, 1990-1992 and 1999 to 2004)
City of Leesburg, Florida (1983-1989 and 1996 to Present)
City of Mount Dora, Florida (1999 to Present)
Osceola County, Florida (2000 to Present)
City of Sarasota, Florida (2002 to Present)
City of Eustis, Florida (2001 to Present)
Marion County, Florida (2001 to Present)
City of Bushnell, Florida (2001 to Present)
City of Deltona, Florida (2000 to Present)
City of Ocala, Florida (2000 to Present)

Mr. Mark A. White, C.P.A., is also a reviewer for the GFOA Certificate of Achievement Committee.

Education and Training

As members of the Center for Public Company Audit Firms of the AICPA, each CPA is required to obtain forty hours of continuing professional education each year. Over 50% of our audit engagements are governmental and utility clients; accordingly, many of our continuing professional education programs are related to governmental and utility accounting and auditing. We hold annual workshops in which we discuss the *Rules of the Auditor General*, the Florida Constitution and Statutes, and the Attorney General's opinions as each relates to local governments. The workshops are open to our clients at no charge.

TECHNICAL QUALIFICATIONS

(Continued)

Firm Expertise and Experience (Concluded)

Education and Training (Concluded)

The workshop material is presented by nationally prominent accounting professors and other individuals who have had extensive experience auditing both municipal and county governments. Our partners and managers also attend the annual and institute meetings of the FGFOA, where they attend and teach continuing education classes that deal with new GASB pronouncements and accounting and auditing issues that affect local governments.

Members of the audit team assigned to Nassau County, Florida's audit have attended numerous courses on governmental accounting and auditing and have participated in many audits of cities and counties. In addition, all of our Audit Department personnel meet the governmental education requirements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State of Florida Board of Accounting requirements.

The following is a brief list of some of the governmental continuing education class topics that our partners and staff have recently taught:

- GASB Statement Nos. 34 and 38 - Financial Statement Disclosures
- Investment Primer and Risk Classification
- GASB Statement No. 34 - The New Financial Reporting Model
- Financial Reporting Update
- Auditing Update - Hot Topics For Fiscal Officers and Auditors
- The New Single Audit Requirements
- Pension Accounting - The New GASB's
- State-Shared and Local Option Revenues For Cities and Counties
- Governmental Compliance Auditing in Florida - Local Laws and Regulations
- Implementing the New OMB Circular A-133
- GASB Statement No. 29 - Governmental/Nonprofit Accounting
- What to Expect From Your Auditors

Similar Engagements with Other Governmental Entities

Governmental References

Due to our extensive local government client list, it was not practical to list contact names and phone numbers for all of our clients included in this proposal. Listed below are references for five Florida government audit engagements performed by Purvis, Gray and Company within the last year. Each of these engagements was either entirely or partly staffed from our Gainesville office. Please feel free to contact these references.

TECHNICAL QUALIFICATIONS

(Continued)

Similar Engagements with Other Governmental Entities (Continued)

Governmental References (Continued)

ENGAGEMENT: Osceola County, Florida

Scope of Work: Audit of all Board of County Commissioners and certain Constitutional Officer operations, including Single Audit of federal grant programs. Participates in the GFOA Certificate of Achievement Program.

Date: Fiscal year ended September 30, 2004

Engagement Partner: Jerry L. Handley, C.P.A.

Engagement Manager: Terry W. Kite, C.P.A.

Total Hours: 2,000

Total Assets: \$1,071,000,000

Total Revenues: \$415,330,000

Principal Client Contacts: Mr. Tom P. Klinker, C.P.A., Director of Finance (407) 343-2705
Mr. Edwin J. Hunzeker, County Manager
Kissimmee, Florida
(407) 343-2380

ENGAGEMENT: Marion County, Florida

Scope of Work: Audit of Board of County Commissioners and each Constitutional Officer, including Single Audit of federal grant programs. Participates in the GFOA Certificate of Achievement Program.

Date: Fiscal year ended September 30, 2004

Engagement Partner: Mark A. White, C.P.A.

Engagement Manager: Helen Y. Painter, C.P.A.

Total Hours: 1,750

Total Assets: \$414,879,000

Total Revenues: \$245,059,000

Principal Client Contacts: Mr. David Ellspermann, Clerk of the Circuit Court
Mr. John Garri, C.P.A., Finance Director
Ocala, Florida
(352) 620-3980

TECHNICAL QUALIFICATIONS
(Continued)

Similar Engagements with Other Governmental Entities (Continued)

Governmental References (Continued)

ENGAGEMENT: Alachua County, Florida

Scope of Work: Audit of Board of County Commissioners and each Constitutional Officer, including Single Audit of federal grant programs. Participates in the GFOA Certificate of Achievement Program.

Date: Fiscal year ended September 30, 2004

Engagement Partner: Ronald D. Whitesides, C.P.A.

Engagement Manager: Terry W. Kite, C.P.A.

Total Hours: 1,700

Total Assets: \$553,960,000

Total Revenues: \$175,689,000

Principal Client Contact: Mr. Steve J. Carr, Assistant Clerk/Finance Director
Gainesville, Florida
(352) 374-3605

ENGAGEMENT: City of Jacksonville Beach, Florida

Scope of Work: Audit of all City operations, including Single Audit of federal grant programs. Participates in the GFOA Certificate of Achievement Program, also includes electric utility (FMPA all requirements).

Date: Fiscal year ended September 30, 2004

Engagement Partner: Joseph J. Welch, C.P.A.

Engagement Manager: Ryan M. Tucker, C.P.A.

Total Hours: 650

Total Assets: \$335,923,000

Total Revenues: \$109,926,000

Additional Electric Utility

Services Provided: Rate reduction program and deregulation transition plan. Establishing work order and continuing property record system.

Principal Client Contacts: Mr. George D. Forbes, City Manager
Mr. Harry E. Royal, C.P.A., Director of Finance
Jacksonville Beach, Florida
(904) 247-6274

TECHNICAL QUALIFICATIONS

(Continued)

Similar Engagements with Other Governmental Entities (Concluded)

Governmental References (Concluded)

ENGAGEMENT: City of Atlantic Beach, Florida

Scope of Work: Audit of all City operations, including Single Audit of federal and/or state grant programs. Enterprise funds include water and wastewater.

Date: Fiscal year ended September 30, 2004

Engagement Partner: Ronald D. Whitesides, C.P.A.

Total Hours: 400
Total Assets: \$61,117,000
Total Revenues: \$21,426,000

Principal Client Contact: Mr. Nelson Van Liere, Director of Finance
Atlantic Beach, Florida
(904) 247-5877

Other Local Government and Utility References

We have included some additional contacts and telephone numbers below for your convenience, and would encourage you to contact these individuals, or any of our other clients.

Ms. Sue Heath, Finance Director
City of Green Cove Springs, Florida
(904) 529-2200

Mr. Joseph L. Cone, City Manager
Ms. Dorothy H. Tyre, Finance Director
Lake City, Florida
(386) 752-2031

Mr. Vince Ruano, City Manager
City of Bushnell, Florida
(352) 793-2591

Mr. Jim Duncan, General Manager
Sumter Electric Cooperative, Inc.
Sumterville, Florida
(352) 793-3801

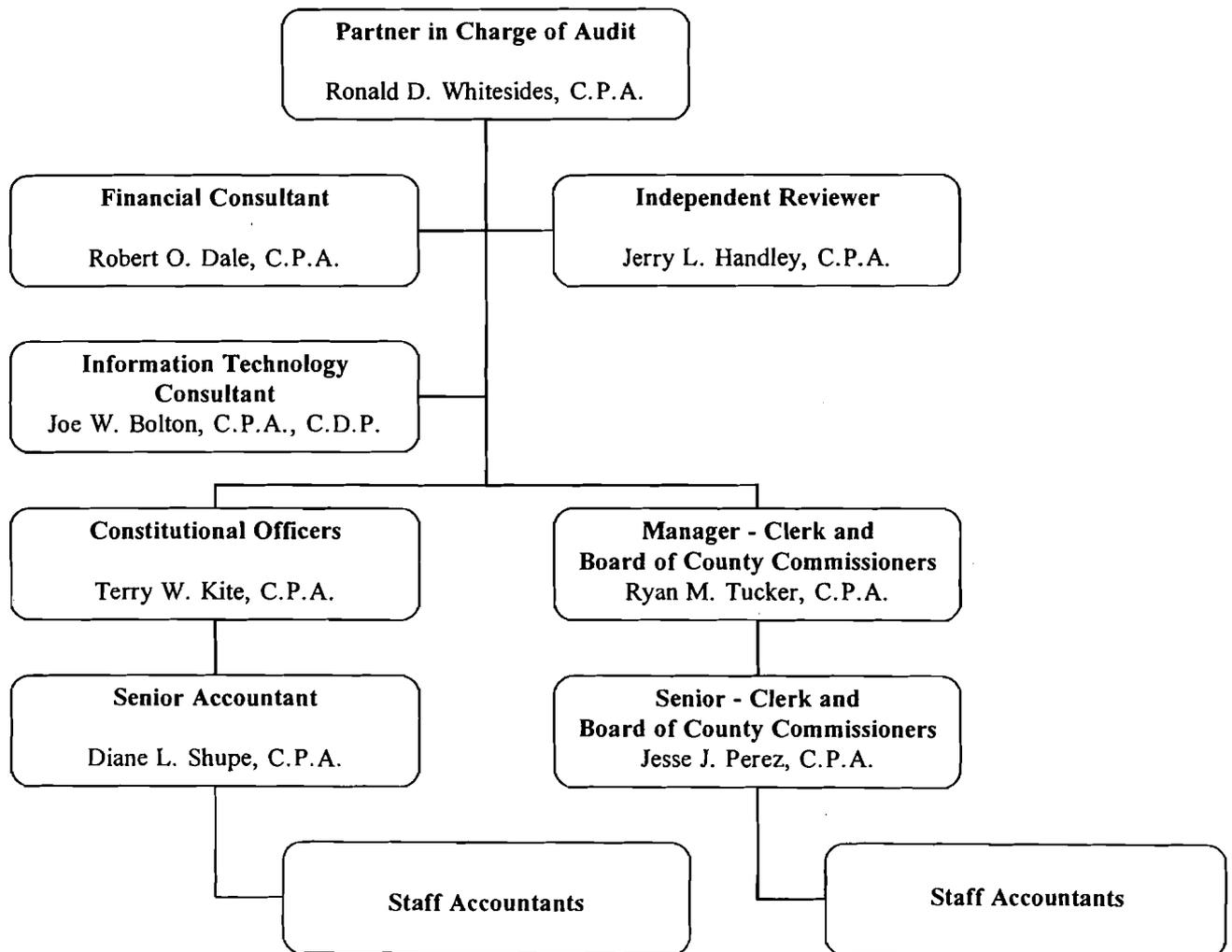
TECHNICAL QUALIFICATIONS

(Continued)

Partners, Supervisory and Staff Qualifications and Experience

The firm that will be the most qualified to serve as auditors for Nassau County, Florida will be the one that can demonstrate its qualifications through past experience, education and high quality control considerations. Our firm's approach to staffing audit engagements is to choose partners, managers and staff based upon the expertise, experience and technical ability needed to perform the audit engagement efficiently and provide the highest level of client service. The individuals assigned to this engagement possess the necessary technical skills and experience to ensure that the County receives the highest level of service.

Mr. Ronald D. Whitesides, C.P.A., will be the partner in charge of the County's audit engagement. Mr. Whitesides has over fifteen years of experience in accounting and auditing for governmental bodies, nonprofit organizations and commercial enterprises. He will be assisted by three other partners: Mr. Robert O. Dale, C.P.A., on certain financial matters; Mr. Joe W. Bolton, C.P.A., C.D.P., on information technology matters; and Mr. Jerry L. Handley, C.P.A., as technical consultant and independent reviewer. The remaining personnel assigned to the County's audit will consist of two managers, two senior accountants, and four other staff accountants as shown below.



TECHNICAL QUALIFICATIONS

(Continued)

Partners, Supervisory and Staff Qualifications and Experience (Concluded)

Role of the Partner in Charge

Overall responsibility for excellent client service. Will work closely with client's management and audit managers to ensure that all work is properly planned, executed and completed. Conducts entrance, exit and interim work conferences with client and participates extensively in audit fieldwork.

Role of the Technical Consultant and Independent Reviewer

Consultation and review of technical accounting and auditing issues, and final "cold" review on audited financial statements.

Role of the Financial Consultant

Providing technical expertise on finance-related issues, including financial instruments, risk analysis, etc.

Role of the Information Technology Consultant

Perform internal control reviews of County's computerized information systems and assist with custom report writing and PC download functions. Troubleshoot client computer problems, assist with hardware/software evaluations and other computer-related areas.

Role of the Audit Manager/Seniors

Primary individuals responsible for planning, conducting and completing all fieldwork and report preparation. Will work closely with County Board and Officers' management in the field, supervise all staff and keep partner in charge and client fully informed on job status.

■ Concurrent Commitments/Staff Changes

Governmental audits are a major part of our audit business and, from October through February each year, we keep four to six different audit crews in the field on governmental engagements. Your audit team will be committed to your engagement for the agreed upon dates.

As a result of our low staff turnover rate and commitment to client service, we typically do not have significant staff changes on our audit engagements. If it did become necessary to implement staff changes on your audit, it would be discussed with you in advance. We feel that our philosophy in this area sets us apart from others who routinely churn staff assignments, placing inexperienced new staff in the field at the client's expense.

■ Résumés

Résumés for the partner in charge, partner consultants, manager, and senior staff accountants are included at the end of this document.

TECHNICAL QUALIFICATIONS

(Continued)

Prior Engagements with Nassau County

Purvis, Gray and Company has had no prior engagements with Nassau County in the past five years.

Specific Audit Approach

Segmentation of the Audit

The engagement will be conducted by segmenting the County audit into broad divisions: the Board of County Commissioners plus component units and the Constitutional Officers. From there, it will be further segmented by entity and fund type. Where possible, across-fund/entity testing will be employed (e.g., cash, payroll, due to/from governmental fund types, fixed assets, payables). Audit personnel will be assigned to each group based upon their relative skill and the complexity of the area.

Level of Staff and Hours to be Assigned

	<u>Audit Hours by Segment</u>			<u>Audit Hours by Staff Level</u>				
	<u>Fieldwork</u>	<u>Write-up</u>	<u>Total</u>	<u>Partner</u>	<u>Manager</u>	<u>Senior</u>	<u>Staff</u>	<u>Total</u>
Property								
Appraiser	80	20	100	10	20	20	50	100
Tax Collector	200	40	240	10	40	60	130	240
Sheriff	340	60	400	20	80	80	220	400
Supervisor								
of Elections	80	20	100	10	20	20	50	100
Clerk of Courts	250	40	290	20	60	80	130	290
BOCC and Single								
Audits	<u>1,100</u>	<u>140</u>	<u>1,240</u>	<u>150</u>	<u>200</u>	<u>250</u>	<u>640</u>	<u>1,240</u>
Totals	<u>2,050</u>	<u>320</u>	<u>2,370</u>	<u>220</u>	<u>420</u>	<u>510</u>	<u>1,220</u>	<u>2,370</u>

Work Plan

The audit can be broken down into three distinct phases:

- Interim Work and Planning (prior to the County's year-end).
- Post Year-End Fieldwork (at or subsequent to year-end).
- Post Fieldwork Exit Conferences, Draft and Final Report Preparation and Presentation (subsequent to audit fieldwork).

It is our custom to work closely with the County Clerk, Finance Director, other Constitutional Officers and Managers of each component unit during each of these phases. During all phases, the engagement partner and managers will be available at request for weekly status and update meetings.

Due to the engagement date for this year, the first year's audit plan would vary from our typical timeline but the remaining years on the contract we would continue our firm's established and proven timetable. The primary change is that work typically performed prior to September will be performed along with work scheduled subsequent to September. Because we audit so many local governments including counties, we have extensive experience in planning and executing the audit cycle. Adjustments will be made in the proposed work plan to coordinate with your needs and schedule. Following is the proposed audit approach for your audit in most years.

TECHNICAL QUALIFICATIONS

(Continued)

Specific Audit Approach (Continued)

Work Plan (Continued)

Prior to September

- Entrance conferences; Chairman or other designee of the Board of County Commissioners (if desired), County Administrator, Finance Director, key accounting personnel, and separately with each Constitutional Officer.
- Review the County's (Board and Officers) operating systems, budget, organizational charts, internal controls, data processing operations, financial reports, internal audit reports, Commission and other Board minutes, ordinances, resolutions, and regulatory correspondence, etc. Determine preliminary materiality limits and assess risk areas.
- Review the County's (Board and Officers) federal and state financial assistance programs. Identify major programs and related compliance requirements, plan approach for internal control and compliance testing required by the Single Audit Act Amendments of 1996, as implemented by OMB Circular A-133 (as revised), and the Florida Single Audit Act.
- Establish estimated time requirements by entity and functional area.
- Prepare preliminary audit programs.
- Review and assess the County's fraud prevention and detection system.
- Perform interim fieldwork sometime between June and October. Interim procedures focus heavily on sampling, internal control and compliance testing and review of significant unusual transactions during the audit period (see further discussion of interim procedures in the 'Interim Fieldwork' section, below).
- Perform preliminary analytical review procedures to identify trouble areas and issues. Resolve at earliest possible date.
- Perform year-end cutoff procedures (such as inventory counts, finalize confirmations, determine status of in-process construction).

Subsequent to September

- During preliminary and post year-end procedures, weekly progress conferences will be held with the Finance Director and key personnel, and audit partner, manager and seniors.
- Complete audit fieldwork—sampling, vouching, internal control tests, compliance tests and substantive tests.
- Complete Federal and State Single Audits—internal control and compliance tests.
- Perform Purvis, Gray and Company independent (in-house) reviews and post fieldwork analytical review. Perform financial condition assessment.

TECHNICAL QUALIFICATIONS

(Continued)

Specific Audit Approach (Continued)

Work Plan (Concluded)

Subsequent to September

(Concluded)

- Hold exit conferences with the Chairman or other designee of the Board of County Commissioners, County Administrator, Finance Director, key personnel, and each Constitutional Officer, and deliver preliminary financial statements and comments.
- Obtain Management Discussion and Analysis, and incorporate into report.
- Deliver final drafts of independent auditors' reports on internal control and compliance, as well as special reports, management letter, and management report.
- Deliver final report to Board of County Commissioner. Prepare and deliver separate special reports to finance. Actual delivery dates will be established with County management in the planning phase and will be met by Purvis, Gray and Company.

Interim Fieldwork

One of our firm's goals is to perform as much audit work as possible during interim fieldwork. This allows us to better schedule our annual workload, but also minimizes the pressure on your staff to maintain timetables and meet deadlines after year end. In addition, it permits the earliest possible identification and resolution of contentious or controversial accounting and auditing issues.

In addition to procedures described on the preceding page under "Work Plan," procedures typically performed during interim fieldwork each year will include, among other things, the following:

- Prepare or arrange for audit correspondence.
- Review and document/update understanding of internal controls.
- Review and document/update understanding of EDP system and controls.
- Review and document/update understanding of federal and state award internal controls and compliance.
- Conduct SAS 99 fraud review.
- Perform test of controls over disbursements, receipts and payroll, and utility billing.
- Perform tests of compliance with grant provisions for federal and state awards.
- Audit bond issuance transactions, if any.
- Audit other debt service expenditures and balances.
- Audit capital project and redevelopment project expenditures, to-date.
- Review rate ordinances.
- Recalculate monthly enterprise revenues.
- Review and test cost accumulation process on utility work order additions and retirements.
- Test original budgets and amendments to-date.
- Review restricted cash and reserve requirements - bond issues.
- Identify and resolve new or unusual accounting and auditing issues.

TECHNICAL QUALIFICATIONS

(Continued)

Specific Audit Approach (Continued)

Staffing Level

The names and level of staff assigned to the County's audit can be found in the preceding section of this proposal. The core fieldwork team consists of an audit partner, two managers, two senior accountants and staff accountants as needed. During the audit, the partner will be in the field for significant portions of field work and managers will be present during the entire field work phase.

Sampling

We anticipate performing a triple purpose sampling of transactions that will combine the testing of compliance with laws and regulations, substantive tests of transactions and tests of control procedures. The sample size for the triple purpose test will be based on the statistical theory of attribute sampling. Under this approach, an assessment of control risk is made and a tolerable deviation rate and an expected deviation rate are determined to compute the sample size. A sample size between 25 and 60 is normally sufficient to obtain testing objectives. Additional audit sampling may be utilized for substantive testing as deemed appropriate.

An audit sampling program will be used to select random samples for testing. We will also utilize spreadsheet software for performing analytical procedures.

Audit Software

The audit team will be equipped with laptop computers which will be connected through a wired or wireless network. Software employed during the audit will include CaseWare (our paperless audit system), trial balance - write-up programs, Microsoft Excel, Microsoft Word, flow charts and amortization-present value type programs. We will also request inquiry access to your accounting system in order to assist us in completing the audit. As this is our normal procedure with most governmental audit engagements, we are familiar with a wide variety of governmental accounting software programs. We will fully examine all computer operations for internal control purposes.

Approach to Reviewing and Auditing Information Systems

Our approach to reviewing and auditing your computerized information systems will be based upon the following professional pronouncements:

- SAS No. 48, *The Effects of Computer Processing on the Audit of Financial Statements*
- SAS No. 78, *Consideration of the Internal Control in a Financial Statement Audit - An Amendment of SAS No. 55*
- SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*

The information technology consultant assigned to the engagement team is familiar with all types of computer equipment and systems. Accordingly, we will be able to conduct an efficient review and assessment of your system. Our procedures will include gaining an understanding of your technology systems' control environments, accounting applications, control activities, and assessing control risk.

Analytical Procedures

Analytical procedures will be used extensively on this engagement. Initial applications will be used in general planning to improve the firm's understanding of the County's operations and to identify areas for increased attention. Analytical procedures will also be used to facilitate the development of the audit program.

TECHNICAL QUALIFICATIONS (Continued)

Specific Audit Approach (Continued)

Analytical Procedures (Concluded)

During the audit fieldwork, analytical procedures will be used as substantive tests to significantly reduce or eliminate certain tests of details. Analytical procedures will be used in the following, and additional audit areas to improve the efficiency of various audit tests; note that testing in addition to analytic procedures will be applied to these areas:

- Governmental Fund Type Revenues
- Payroll
- Debt and Debt Service Expenditures
- Inventories
- Proprietary Fund Type Revenues, Including Utility Billing
- General and Proprietary Fund Type Expenditures

Finally, analytical procedures, including financial condition assessment procedures, will be used in the overall review stage to assist in assessing the propriety of conclusions reached in the evaluation of the overall financial statement presentation. A copy of the financial condition assessment will be provided to the Finance Director annually.

Internal Control

We will use practice aids developed by the AICPA, FICPA, Practitioner's Publishing Company and other sources to assist us in gaining an understanding of and in documenting the Board and Officer's internal controls. These aids are widely used in the industry to assure compliance with auditing standards.

During the interim work and planning phase of the audit, we will perform procedures to obtain an understanding of your controls. Understanding the internal control will include review and documentation of the control environment, risk assessment system, information and communication system, monitoring activities, and control activities. Based upon this understanding, we will assess control risk. Area assessed at below maximum control risk will be tested by further documenting and testing the applicable internal controls and through analytical review. Areas assessed at maximum control risk will be tested through substantive means and analytical review.

Materiality will be computed during the interim work and planning phase of the audit based on guidance provided in the audit guide for state and local governments (e.g., by major fund). The extent of testing will be determined based upon the combination of assessed control risk and computed materiality levels.

The auditor is also responsible for assessing internal control over major federal and state awards programs. As such, the internal control over each major federal program and state project will be reviewed.

Compliance with Laws and Regulations

As auditors for other governmental entities, we have acquired a broad base of understanding related to determining appropriate laws and regulations that are applicable to the County audit. We will determine laws and regulations that are subject to audit test work through discussions with Finance Department personnel, review of minutes and review of contracts and grant documents. The FICPA practice aid, *Compliance Auditing in Florida*, will also be used for guidance in this regard. Obviously, a complete review of County activities during the interim phase of the audit, as well as our prior experience with the County, should make us aware of any unfamiliar compliance issues.

Testing for compliance with the above noted laws and regulations, will be incorporated into the other sampling and testing to the extent possible.

TECHNICAL QUALIFICATIONS

(Continued)

Specific Audit Approach (Concluded)

Compliance with Laws and Regulations (Concluded)

Specific laws and regulations relevant to federal and state financial assistance programs that will be tested to satisfy the requirements of the Single Audit Act will be identified by reading the grant documents, consulting the *Compliance Supplement for Single Audits of State and Local Governments* issued by the OMB, making inquiries of grant administrators and, if needed, making inquiries to the federal or state agency that administers the program.

■ **Overall Financial Statement Compliance—"Yellow Book"**

The auditor is responsible for testing compliance with laws and regulations that would have a material effect on the County's overall financial statements, as well as the separate financial statements of each Constitutional Officer. As such, we will design our audit programs to ensure compliance with the following key areas:

- T.R.I.M. Procedures
- Budgetary Appropriation Limits
- Key Rate Ordinances
- Debt Covenants
- Key State Laws
- Significant Contract Provisions

■ **Federal Award Compliance - OMB Circular A-133**

The auditor is responsible for testing compliance with all major federal award programs. As such, each major program will be tested for the compliance requirements applicable to that program.

■ **State Award Compliance - Auditor General**

The State of Florida Auditor General also requires compliance tests be performed on major state financial assistance projects, and an opinion rendered thereon. We will perform the appropriate procedures.

Potential Complications

We are familiar with the finances and activities of Counties, we have read your prior audit report, and we anticipate no significant complications in performing the audit. It should be noted, however, that if we are unable to review prior year work papers from the predecessor auditor we will have to negotiate a fee for the additional time that would be required to establish beginning balances as required by generally accepted auditing standards. Predecessor auditors are required to share key work papers with successor auditors and normally this is freely shared; however, if litigation or the threat of litigation exists, it is conceivable the predecessor auditor may not share prior year work papers on advice of counsel despite requirements to do so.

We conduct a number of new audits each year where our client is transitioning to new auditors, and we will make this process as painless as possible. We will commence fieldwork in accordance with an agreed-upon timetable and identify issues early to allow the maximum amount of time to resolve them. Your audit is a large audit engagement, and requires adequate planning, communication, and organization, and we commit to provide this.

TECHNICAL QUALIFICATIONS

(Continued)

Potential Complications (Continued)

SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*

The auditor has a responsibility to plan and perform the audit to obtain reasonable assurance about whether material fraud has occurred during the audit period, resulting in financial statements with material misstatements, or the misappropriation of assets. This SAS establishes standards and provides guidance to auditors in fulfilling that responsibility, as it relates to fraud. The standard requires the auditor to gather information necessary to identify risks of material misstatement due to fraud, by inquiring of management and others within the entity about the risks of fraud, considering the results of the analytical procedures performed in planning the audit, considering overall fraud risk factors, and considering certain other information as it might relate to fraud.

Other Information

■ **Audit Improvement Process**

One of the goals of our audit approach is to improve and refine the audit process each year. The purposes of the refinements are:

- To increase audit efficiency and effectiveness;
- Minimize audit disruption to the client; and
- Lower audit hours and minimize fee increases.

The improvement process involves working closely with client staff to define and improve existing audit problem areas, developing better planning processes and year-round contact with your engagement team. Our commitment to maintaining a stable engagement team with minimum staff rotation has also been a major factor in our audit improvement process.

■ **Value-added Services/Technical Assistance**

Our clients receive a variety of value-added services as a part of our audit process:

- Partner participation in the audit fieldwork process;
- Experienced staff in the field conducting the audit, providing a high level of quality service;
- Audit fee includes year-round phone call troubleshooting and research questions;
- Better recommendations to improve controls, profitability, economy and efficiency; and
- Providing continuing professional education to our client's staff.

We are proud of the history we have developed in helping Florida Counties improve their financial position and accounting systems as a result of our various value-added services. We urge you to discuss this matter with your staff, and contact our other references in this regard.

■ **Utilization of County Resources**

- If County staff is already preparing certain schedules for management or other internal use, we will attempt to use those schedules for our purposes.
- We will review audit correspondence needs and coordinate with County staff. The audit correspondence will be prepared on County letterhead.
- Most of the document-pulling will need to be done by County staff. Documents with long-term financial impact (i.e., ordinances, resolutions, contracts and agreements) will only be requested once; copies will be retained in our files.

TECHNICAL QUALIFICATIONS

(Concluded)

Potential Complications *(Concluded)*

Other Information *(Concluded)*

■ **Management Recommendations**

In addition, as we perform the audit fieldwork, we will draw upon our firm's fifty years of experience to other local governments to look for ways that the County can be more efficient, cost effective and improve its controls. We will offer independent business advice and make ourselves available to staff and elected officials to discuss any or all of our comments and recommendations. Our governmental industry concentration has helped set our firm apart from others by providing meaningful management recommendations.

■ **Tax Exempt Bond Experience**

Purvis, Gray and Company has assisted governmental clients with well over a billion dollar of tax exempt bond issuances. Should Nassau County undertake a major borrowing, we are well qualified assist as needed.

RÉSUMÉS

Name: Ronald D. Whitesides

Office Location: Gainesville

Position in Firm: Audit Partner and Member of Concurring Review Team

Educational Credentials: Graduated University of Florida, Masters in Accounting, August 1991

Professional Credentials: Received CPA Certificate in 1992; Member AICPA, FICPA and FGFOA

Years in Accounting: 15

Years With Firm: 13

GENERAL GOVERNMENT EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
City of Atlantic Beach, Florida*	9/94 to 9/01	Partner
	9/04 to Present	
City of Lake City, Florida*	9/98 to Present	Partner
Alachua County, Florida*	9/93 to 9/96,	
	9/02 to Present	Partner
Flagler County*	9/04 to Present	Partner
City of Fernandina Beach*	9/04 to Present	Partner
Florida Gas Utility	9/03 to Present	Partner
City of Green Cove Springs, Florida*	9/99 to 9/04	Partner
Gadsden County, Florida*	9/00 to 9/03	Partner
City of Keystone Heights, Florida*	9/93 to 9/04	Partner
City of Jacksonville Beach, Florida*	9/93 to 9/98	Manager
City of Alachua, Florida*	9/93 to 9/01	Manager
City of Fort Myers, Florida*	9/97 to 9/98	Manager
City of Fort Meade, Florida*	9/97 to 9/98	Manager
University of Florida Division of Parking	6/93 to 6/95	Senior Accountant
Wakulla County, Florida*	9/96 to 9/98	Senior Accountant
Office of the Auditor General of the State of Florida	6/93 to 6/94	Staff Accountant
Hardee County, Florida*	9/93 to 9/94	Staff Accountant
University of Florida Division of Housing	6/94 to 6/95	Staff Accountant

NOT-FOR-PROFIT EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
American Orchid Society	6/04 to Present	Partner
Florida Leadership and Educational Foundation, Inc.	12/96 to Present	Partner
University of Florida College of Veterinary Medicine	6/04 to Present	Partner
Gainesville Area Chamber of Commerce, Inc.	12/93 to Present	Partner
Southern Legal Counsel, Inc.	12/93 to Present	Partner
Council for Economic Outreach, Inc.	12/00 to Present	Partner
Alliance for Economic Development, Inc.	12/00 to 12/04	Partner
Florida Institute of Certified Public Accountants, Inc.	6/99 to 6/04	Partner
FICPA Political Action Committee, Inc.	6/99 to 6/04	Partner
FICPA Education Foundation, Inc.	6/99 to 6/04	Partner

Name: Ronald D. Whitesides (Continued)

NOT-FOR-PROFIT EXPERIENCE (Concluded)

ENGAGEMENT	DATES	POSITION
Cris Collinsworth Foundation	6/99 to 6/02	Partner
Oak Hall Private School, Inc.	6/94 to 6/01	Manager
Ronald McDonald House of Gainesville, Inc.	12/96 to 12/98	Manager
Gainesville Golf and Country Club	12/93 to 12/94	Senior Accountant
The Imaginarium Group, Inc.	9/94 to 9/95	Senior Accountant
Bates Realities - HUD Project	12/93 to 12/94	Staff Accountant

HEALTH CARE EXPERIENCE

ENGAGEMENT	DATES	POSITION
Citrus Memorial Hospital	9/04 to Present	Partner
Meridian Behavioral Healthcare, Inc.*	6/97 to Present	Partner
North Florida Regional Freestanding Surgery Center, L.P.	12/93 to Present	Partner
North Florida Regional GI Center, L.P.	12/98 to Present	Partner
University of Florida College of Dentistry	6/04 to Present	Partner
Rural Health Care, Inc.*	11/93 to 11/00	Manager
University of Florida Tissue Bank, Inc.	6/95 to 6/01	Manager
Southeast Tissue Alliance, Inc.	12/01 to 12/02	Manager
Central Florida Health Care, Inc.*	6/93 to 1/96	Senior Accountant
District 3 Community Health Purchasing Alliance, Inc.	6/94 to 6/96	Senior Accountant
Family Practice Medical Group, Inc.	6/94 to 6/95	Senior Accountant
Mental Health Services, Inc.*	6/94 to 6/96	Senior Accountant
Marion-Citrus Mental Health Centers, Inc.*	6/96 to 6/97	Senior Accountant

* OMB Circular A-128/A-133 Audits

UTILITY EXPERIENCE

ENGAGEMENT	DATES	POSITION
City of Green Cove Springs, Florida	9/99 to 9/04	Partner
City of Alachua, Florida	9/93 to 9/01	Partner
City of Jacksonville Beach, Florida	9/93 to 9/98	Manager
Withlacoochee River Electric Cooperative, Inc.	12/93 to 12/97	Manager
Peace River Electric Cooperative, Inc.	12/93 to 12/98	Manager
City of Fort Meade, Florida	9/97 to 9/98	Manager
Glades Electric Cooperative, Inc.	12/93 to 12/94	Staff Accountant

Note: Listing is electric utilities only; several other municipal clients operate water, wastewater, and natural gas utilities.

OTHER EXPERIENCE

ENGAGEMENT	DATES	POSITION
MM Parrish Construction, Inc.	12/00 to Present	Partner
Parrish Construction Group, Inc.	12/00 to Present	Partner
Gulf Construction Services, L.P.	12/03 to Present	Partner

Name: Ronald D. Whitesides (Concluded)

OTHER EXPERIENCE (Concluded)

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
Loncala, Incorporated	12/98 to Present	Partner
Family Center Condominium Association, Inc.	12/94 to Present	Partner
Medical Arts Condominium Association, Inc.	12/98 to Present	Partner
Applied Technology and Management, Inc.	12/99 to Present	Partner
Applied Management Consulting, Inc.	12/99 to Present	Partner
Tallahassee Diagnostic Imaging Center Partnership	12/00 to 12/02	Partner
Trade-PMR, Inc.	12/99 to 12/03	Partner
Jones, Edmunds and Associates, Inc.	12/94 to 12/97	Senior Accountant
Smith and Gillespie Engineers, Inc.	12/95 to 12/97	Senior Accountant

CONTINUING PROFESSIONAL EDUCATION

All CPE requirements have been met for the AICPA, State Board of Accountancy and "Yellow Book." Attended FGFOA's annual conference each year; a listing of specific courses attended is available upon request.

Name: Robert O. Dale

Office Location: Gainesville

Position in Firm: Audit Partner

Educational Credentials: Graduated University of Florida, August 1972, BSBA, Major in Accounting

Professional Credentials: Received CPA Certificate in 1974, Member AICPA, FICPA and GFOA; Chair of the Technical Issues Committee of the AICPA Private Companies Practice Section from 1993 to 1996; Speaker at the University of Florida Accounting Conference and the Florida State University Accounting Conference; Speaker at the PCPS National Accounting Conference and the National Accounting and Auditing Advanced Technical Symposium; Attended the AICPA National Banking School held at the University of Virginia.

Appointed to serve on the AICPA's Senior Standard Setting Committee from 1997 to 2000; the Accounting Standards Executive Committee (AcSEC), which is responsible for issuing Statements of Position (SOP) of the AICPA and Industry Audit and Accounting Guides.

As a member and Chair of the Technical Issues Committee from 1990 to 1996, Mr. Dale met annually with Board members of the FASB and GASB to provide input into the standard setting process on behalf of local and regional CPA firms. Many of the standards directly affecting not-for-profit and local government organizations were developed during this time and the opportunity to discuss these issues as they were formulated has provided significant additional insight into their application.

Years in Accounting: 33

Years With Firm: 28

GENERAL GOVERNMENT EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
Osceola County, Florida	9/01 to Present	Partner
City of Green Cove Springs, Florida	9/01 to Present	Partner
City of Archer, Florida	9/77 to 9/82 & 9/88 to Present	Partner

UTILITY EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
Withlacoochee River Electric Cooperative, Inc.	12/87 to Present	Partner
Suwannee Valley Electric Cooperative, Inc.	1973 – 1982 and 1987 – 1995	Partner
Sumter Electric Cooperative, Inc.	2004 to Present	Partner

Name: Robert O. Dale (Continued)

NOT-FOR-PROFIT AND HEALTH CARE EXPERIENCE

ENGAGEMENT	DATES	POSITION
Research Foundation of the University of Central Florida	6/04 to Present	Partner
The Florida State University Research Foundation, Incorporated	6/94 to 6/04	Partner
University of Florida Research Foundation, Inc.	6/87 to 6/96 & 6/00 to 6/02	Partner
Florida Sheriffs Youth Ranches, Inc.	9/91 to Present	Partner
Alachua County Organization for Rural Needs, Inc. (ACORN)	12/90 to 12/01	Partner
Southern Legal Counsel, Inc.	12/91 to Present	Partner
Southeast Tissue Alliance, Inc. (f/k/a University of Florida Tissue Bank, Inc.)	6/98 to 6/02	Partner
University of Florida Law Center Association, Inc.	6/89 to Present	Partner
University Village Apartments, Inc.	6/90 to Present	Partner
University of Florida Division of Housing (Bond Management Reports)	6/90 to Present	Partner
United Way of Alachua County, Inc.	12/88 to 12/02	Partner
Florida 4-H Foundation, Inc.	6/90 to Present	Partner
The Villages Foundation, Inc.	6/98 to 6/02	Partner
Tallahassee Diagnostics Imaging Center	12/02 to Present	Partner

FINANCIAL INSTITUTIONS EXPERIENCE

ENGAGEMENT	DATES	POSITION
Villages Bancorporation, Inc.	12/97 to Present	Partner
Florida Rural Electric Credit Union	12/90 to 12/01	Partner
Newberry Bank	9/94 to 12/97	Partner
Liberty National Bank	12/96 to 12/97	Partner
Citizens National Bank of Leesburg (Merged With Huntington National Bank)	12/89 to 12/96	Partner
Citizens First Bank of Ocala (Merged With Citizens National Bank of Leesburg in December 1995)	12/92 to 12/95	Partner
Gainesville State Bank	12/88 to 12/91	Partner
Keystone State Bank	12/88 to 12/91	Partner
Ocala National Bank	12/87 to 12/92	Partner
Florida Home Builders Association Credit Union	12/88 to 12/90	Partner
North Central Florida Credit Union	12/86 to 12/87	Partner
Florida Credit Union (Formerly the Educational Credit Union)	9/74 to 9/81	Partner

Name: Robert O. Dale (Concluded)

OTHER

Numerous commercial audits and reviews including construction, manufacturing and professional services clients.

CONTINUING PROFESSIONAL EDUCATION

All CPE requirements have been met for the AICPA, State Board of Accountancy and "Yellow Book." A list of specific courses attended is available upon request.

Name: Jerry L. Handley

Office Location: Gainesville

Position in Firm: Audit and Concurring Review Partner

Educational Credentials: Graduated University of Florida, June 1972, BSBA, Major in Accounting

Professional Credentials: Received CPA Certificate in 1974, Member AICPA, FICPA, GFOA and FGFOA

Years in Public Accounting: 33

Years With Firm: 33

GENERAL GOVERNMENT EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
Osceola County, Florida	9/00 to Present	Partner
Alachua County, Florida	9/92 to 9/96 & 9/02 to Present	Partner
Gadsden County, Florida	9/79 to 9/88	Partner
Hardee County, Florida	9/91 to 9/00	Partner
Liberty County, Florida	9/89 to Present	Partner
Bradford County, Florida	9/94 to Present	Partner
Wakulla County, Florida	9/95 to 9/00	Partner
Office of the Auditor General of the State of Florida	6/92 to 6/93	Partner
Gilchrist County, Florida	9/79 to 9/80	Partner
Taylor County, Florida	9/90 to 9/95	Partner
City of Palmetto, Florida	9/97 to 9/99	Partner
City of Fort Myers, Florida	9/97 to 9/99	Partner
City of Jacksonville Beach, Florida	9/93 to 9/99	Partner
City of Leesburg, Florida	9/83 to 9/89 & 9/96 to 9/00	Partner
City of Alachua, Florida	9/83 to Present	Partner
City of Belleview, Florida	9/85 to 9/99	Partner
Town of Havana, Florida	9/83 to 9/87	Partner
City of Archer, Florida	9/82 to 9/87	Partner
Town of Bronson, Florida	9/82 to 9/86 & 9/98 to Present	Partner
Town of La Crosse, Florida	9/83 to 9/00	Partner
Town of McIntosh, Florida	9/83 to 9/00	Partner
City of Quincy, Florida	9/78 to 9/87	Partner
City of Trenton, Florida	9/78 to Present	Partner
City of Green Cove Springs, Florida	9/86 to 9/88; 9/79 to 9/82 & 9/99 to Present	Partner
City of St. Cloud, Florida	9/90 to 9/99	Partner
Gadsden Memorial Hospital, Inc. (Quincy, Florida)	9/80 to 9/84	Partner
City of Cedar Key, Florida	9/87 to Present	Partner
City of Atlantic Beach, Florida	9/89 to 9/94	Partner

Name: Jerry L. Handley (Continued)

**GENERAL GOVERNMENT EXPERIENCE
(Concluded)**

ENGAGEMENT	DATES	POSITION
City of Gainesville, Florida (General Government)	9/78 to 9/79	Partner
	9/77 to 9/78	Manager
	9/75 to 9/77	Senior
City of Gainesville, Florida (Grant Audits)	9/74 to 9/79	Senior and Partner
City of Starke, Florida	9/73 to 9/74	Senior Accountant

NOT-FOR-PROFIT EXPERIENCE

ENGAGEMENT	DATES	POSITION
Lakeshore Towers	9/86 to 9/91	Partner
Sunset Apartments	9/86 to 9/93	Partner
Horizon House Apartments	9/86 to 9/93	Partner
Florida Institute of Certified Public Accountants, Inc.	6/73 to 6/96	Partner
District III Mental Health Board	6/79 to 6/84	Partner
Santa Fe Community College Endowment Corporation, Inc.	12/75 to Present	Partner
Peaceful Paths, Inc. (Formerly Sexual and Physical Abuse Resource Center, Inc. [SPARC])	9/92 to Present	Partner
Florida Association of Court Clerks, Inc.	6/90 to Present	Partner
University of Florida Parking Administrative Services	6/90 to Present	Partner
Central Florida Community College Foundation, Inc.	6/83 to 6/93	Partner
Saint Francis House, Inc.	9/90 to Present	Partner
Gadsden County Senior Citizens Project, Inc.	12/88 to 12/94	Partner
Tallahassee Symphony Orchestra	4/90 to 4/95	Partner
Central Florida Community Action Agency, Inc.	9/87 to 9/94	Partner
Florida Rural Water Association, Inc.	6/81 to 6/89	Partner
Rural Health Care, Inc.	11/87 to Present	Partner
Neighborhood Housing & Development Corporation	9/98 to Present	Partner
United Gainesville Community Development Corporation, Inc.	6/98 to Present	Partner

UTILITY EXPERIENCE

ENGAGEMENT	DATES	POSITION
Gulf Coast Electric Cooperative, Inc.	12/76 to 12/78	Senior
Clay Electric Cooperative, Inc.	12/73 to 12/76	Senior
Tri-County Electric Cooperative, Inc.	4/73 to 4/78	Senior
	12/81 to 12/91	Partner
Sumter Electric Cooperative, Inc.	12/92 to Present	Partner

Name: Jerry L. Handley (Concluded)

UTILITY EXPERIENCE
(Concluded)

ENGAGEMENT	DATES	POSITION
Talquin Electric Cooperative, Inc.	12/78 to Present	Partner
Peace River Electric Cooperative, Inc.	12/78 to Present	Partner
City of Jacksonville Beach, Florida	9/93 to 9/98	Partner
City of St. Cloud, Florida	9/90 to 9/00	Partner
City of Leesburg, Florida	9/83 to 9/89	Partner
City of Alachua, Florida	9/83 to Present	Partner
Town of Havana, Florida	9/83 to 9/87	Partner
City of Quincy, Florida	9/78 to 9/87	Partner
City of Green Cove Springs, Florida	9/79 to 9/88	Partner

The above list is not all-inclusive. Please note that all municipal clients have water, wastewater, and natural gas utilities.

OTHER

Performed over eighty peer or quality reviews of other CPA firms for the AICPA or FICPA within the last ten years.

CONTINUING PROFESSIONAL EDUCATION

All CPE requirements have been met for the AICPA, State Board of Accountancy and "Yellow Book." A list of specific courses attended is available upon request.

Name: Joe W. Bolton

Office Location: Gainesville

Position in Firm: Partner in Charge of Information Technology Department

Educational Credentials: BSBA in Accounting, University of Florida, 1973, with a Technical Concentration in Computer Science

Professional Credentials: Received CPA Certificate in 1975; Member AICPA and FICPA; Received Certificate in Data Processing (CDP) in 1987; Certified to Perform WebTrust E-Commerce Web Site Certifications

Years in Accounting: 32

Years With Firm: 32

INFORMATION SYSTEMS EXPERIENCE

Design, Development and Implementation of Accounting Systems
Evaluation and Selection of Software
Flow of Transactions Documentation
Internal and Computer Controls Evaluation
Third Party Operational Reviews
Software Design and Development
WebTrust - Web Site Certifications

GENERAL GOVERNMENT AND UTILITY EXPERIENCE

Over the years, Mr. Bolton has participated at all levels in the auditing of various agencies. These include extensive experience in governmental audits, RUS Electric Cooperatives, not-for-profit and private sector companies.

His expertise has been utilized by our auditing staff and clientele in performing operational and internal control reviews of information system activities as they relate to the audit function.

In addition to his audit experience, he has designed and implemented various automated accounting systems, including the following industry applications:

- **Public Sector Accounting**
 - General Ledger/Financial Reporting
 - Accounts Payable/Checkwriting
 - Payroll/Checkwriting/Human Resources
 - Fixed Assets

- **Utility Accounting**
 - Utility Billing
 - Materials Inventory
 - Bill of Materials Processing
 - Construction Work Order Accounting

Name: Joe W. Bolton (Concluded)

**GENERAL GOVERNMENT AND UTILITY EXPERIENCE
(Concluded)**

- **Not-For-Profit Accounting Systems**
- **Commercial Construction**
- **Residential Construction**
- **Time and Billing Systems**
- **Collection Agency**
- **Athletic Ticketing and Booster Tracking**
- **Drycleaning/Laundry (Including P.O.S. Systems)**
- **Legal Accounting**
- **False Alarm Reduction Billing System**

Many of these applications have been recognized by IBM's National Solution Center. Using these applications, IBM has recognized our firm as an "Industry Application Specialist," and has recommended many of our solutions to their clients.

Mr. Bolton has served as a member of the Computer Auditing Subcommittee and the Task Force on "Electronic Evidence" for the Auditing Standards Board, and the Information Technology Subcommittee for the Special Committee on Assurance Services of the AICPA. He is certified to perform WebTrust E-Commerce Web Site Certifications and has instructed the certification course for the AICPA. He has served as a member of the FICPA's Committee on Management Advisory Services and the NetLink Web Site Committee.

CONTINUING PROFESSIONAL EDUCATION

All CPE requirements have been met for the AICPA and the State Board of Accountancy. A list of specific courses attended is available upon request.

Name: Terry W. Kite

Office Location: Gainesville

Position in Firm: Audit Manager

Educational Credentials: Graduated University of Florida, 1971, BSBA, Major in Accounting

Professional Credentials: Received CPA Certificate in 1974; Member AICPA, FICPA, FICPA Committee on State and Local Government for 1986-1987 and 1987-1988, and FGFOA

Years in Accounting: 34

Years With Firm: 25

Years With Auditor General - State of Florida: 9

GENERAL GOVERNMENT EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
Alachua County, Florida	9/92 to 9/96;	
	9/02 to Present	Manager
Flagler County, Florida	9/04 to Present	Manager
Marion County, Florida	9/01 to Present	Manager
Bradford County, Florida	9/94 to Present	Manager
Liberty County, Florida	9/89 to Present	Manager
Gainesville-Alachua County Regional Airport Authority	9/97 to Present	Manager
Sun 'N Lake of Sebring Improvement District	9/98 to Present	Manager
Marion County District School Board	6/00 to Present	Manager
City of Keystone Heights, Florida	9/00 to Present	Manager
City of Ocala, Florida	9/00 to Present	Manager
Gadsden County, Florida	9/79 to 9/03	Manager
City of Leesburg, Florida	9/05 to Present,	
	9/97 to 9/99	Manager
Baker, Bradford, Clay, Nassau, Putnam and St. Johns Counties, Florida (Auditor General - State of Florida)	1972 to 1979	Auditor/Audit Manager
City of Green Cove Springs, Florida	9/79 to 9/82;	
	9/85 to 9/86	Manager
Gilchrist County, Florida	9/79 to 9/80	Manager
City of Waldo, Florida	9/81	Manager
Town of Havana, Florida	9/83	Manager
Calhoun County, Florida	9/87 to 9/92	Manager (Consultant to Another Firm)
Franklin County, Florida	9/88 to 9/92	Manager (Consultant to Another Firm)
Gulf County, Florida	9/88 to 9/92	Manager (Consultant to Another Firm)
Taylor County, Florida	9/89 to 9/90	Manager (Consultant to Another Firm)
North Florida Water Management District	9/90 to 9/91	Manager
Hardee County, Florida	9/91 to 9/00	Manager
Office of the Auditor General of the State of Florida	6/92 to 6/93	Manager
Town of La Crosse, Florida	9/93 to 9/00	Manager
Wakulla County, Florida	9/95 to 9/00	Manager

Name: Terry W. Kite (Continued)

GENERAL GOVERNMENT EXPERIENCE (Concluded)

ENGAGEMENT	DATES	POSITION
City of Palmetto, Florida	9/97 to 9/99	Manager
Osceola County, Florida	9/00 to 9/02	Manager

NOT-FOR-PROFIT EXPERIENCE

ENGAGEMENT	DATES	POSITION
Meridian Behavioral Healthcare, Inc.	6/97 to Present	Manager
Peaceful Paths, Inc. (Formerly Sexual and Physical Abuse Resource Center, Inc. [SPARC])	6/92 to 6/04	Manager
District III Mental Health Board	6/80 to 6/84	Manager
Florida Institute of Certified Public Accountants, Inc.	6/80 to 6/83	Staff Assistant/Senior
United Gainesville Community Development Corporation, Inc.	6/83 to 6/84	Manager
ManagerMental Health Services, Inc.	6/87 to 6/96	Manager
Rural Health Care, Inc.	6/90 to 6/96	Manager
Gainesville Golf and Country Club	12/90 to 12/00	
Central Florida Health Care, Inc.	6/93 to 1/96	Manager
Rock Creek Owners Association, Inc.	3/95 to 3/02	Manager
Winter Haven Baptist Manor, Inc.	12/96 to 12/00	Manager
Ronald McDonald House of Gainesville, Inc.	12/97 to 12/99	Manager

GRANT EXPERIENCE

ENGAGEMENT	DATES	POSITION
Osceola County, Florida - SHIP Program Grants, Section 8 Program	9/00 to Present	Manager
Bradford County, Florida - SHIP Program Grants	9/94 to Present	Manager
City of Ocala, Florida - COPS Grant	9/00 to Present	Manager
Marion County, Florida - SHIP Program Grants	9/01 to Present	Manager
Gadsden County, Florida - Community Development Block Grants	9/79 to 9/83	Manager
Gadsden County, Florida - Revenue Sharing Entitlement	9/79 to 9/88	Manager
City of Green Cove Springs, Florida - Federal Revenue Sharing Entitlement	9/79 to 9/82	Manager
Peace River Electric Cooperative, Inc.	12/80 to 12/83	Staff Assistant/Senior
	12/83 to 12/86	Manager
City of Green Cove Springs, Florida - Section 8 Public Housing Authority	9/80 to 9/82; 9/85 to 9/86	Manager
Hardee County, Florida - Community Development Block Grants, SHIP Program Grants	9/92 to 9/00	Manager

Name: Terry W. Kite (Continued)

UTILITY EXPERIENCE

ENGAGEMENT	DATES	POSITION
City of Leesburg, Florida - Section 8 Program, Public Housing Authority	9/97 to 9/98	Manager
City of Leesburg, Florida - Federal Aviation	9/97 to 9/98	Manager
Sumter Electric Cooperative, Inc.	12/97 to 12/98	Manager

SINGLE AUDIT EXPERIENCE

ENGAGEMENT	DATES	POSITION
Liberty County, Florida*	9/89 to Present	Manager
Bradford County, Florida*	9/94 to Present	Manager
City of Ocala, Florida**	9/00 to Present	Manager
City of Keystone Heights, Florida**	9/00 to Present	Manager
Marion County District School Board**	6/00 to Present	Manager
Marion County, Florida**	9/01 to Present	Manager
Gadsden County, Florida*	9/82 to 9/03	Manager
City of Green Cove Springs, Florida***	9/85 to 9/86	Manager
Calhoun County, Florida***	9/87 to 9/92	Manager (Consultant to Another Firm)
Franklin County, Florida***	9/88 to 9/92	Manager (Consultant to Another Firm)
Gulf County, Florida***	9/88 to 9/92	Manager (Consultant to Another Firm)
Taylor County, Florida***	9/89 to 9/92	Manager (Consultant to Another Firm)
Northwest Florida Water Management District	9/90 to 9/91	Manager
Hardee County, Florida*	9/91 to 9/00	Manager
Office of the Auditor General of the State of Florida	6/92 to 6/93	Manager
Wakulla County, Florida*	9/95 to 9/00	Manager
Winter Haven Baptist Manor, Inc.**	12/96 to 12/00	Manager
City of Leesburg, Florida**	9/97 to 9/99	Manager
Gainesville-Alachua County Regional Airport Authority**	9/97 to 9/00	Manager
City of Palmetto, Florida**	9/97 to 9/99	Manager
Osceola County, Florida**	9/00 to 9/02	Manager

- * OMB Circular A-128/A-133 Audits
- ** OMB Circular A-133 Audit
- *** OMB Circular A-128 Audit

FOR-PROFIT EXPERIENCE

ENGAGEMENT	DATES	POSITION
Housing and Urban Development Multi-Family Housing:		
Gadsden Arms Apartments	12/01 to Present	Manager
Cedar Park Apartments	12/97 to 12/01	Manager
Escambia Arms Apartments	12/97 to 12/01	Manager
Glen Springs Manor	12/97 to 12/01	Manager
Marion Manor Apartments	12/97 to 12/01	Manager

Name: Terry W. Kite (*Concluded*)

FOR-PROFIT EXPERIENCE (*Concluded*)

ENGAGEMENT	DATES	POSITION
Havana Heights Apartments	12/97 to 12/01	Manager
Townhouse Enterprises Apartments	12/97 to 12/01	Manager

CONTINUING PROFESSIONAL EDUCATION

All CPE requirements have been met for the AICPA, State Board of Accountancy and "Yellow Book." A list of specific courses attended is available upon request.

Name: Ryan M. Tucker

Office Location: Tallahassee

Position in Firm: Audit Manager

Educational Credentials: Graduated Florida State University, 1998; B.S. in Finance and Accounting

Professional Credentials: Received CPA Certificate in 1999; Member AICPA, FICPA and FGFOA

Years in Accounting: 8

Years With Firm: 8

GENERAL GOVERNMENT EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
Gadsden County, Florida*	9/98 to 9/04	Audit Manager
Alachua County*	9/02 to Present	Audit Manager
Liberty County, Florida*	9/98 to Present	Audit Manager
Hardee County, Florida*	9/98 to 9/00	Staff Accountant
Sarasota County, Florida*	9/99 to 9/03	Senior Accountant
Wakulla County, Florida	9/98 to 9/00	Staff Accountant
Flagler County, Florida*	9/04	Manager
City of Belleview, Florida*	9/98 to 9/00	Staff Accountant
City of Leesburg, Florida*	9/98 to 9/00	Staff Accountant
City of Atlantic Beach, Florida*	9/98 to 9/00	Staff Accountant
City of Dunnellon, Florida*	9/99 to 9/00	Senior Accountant
City of Deltona, Florida*	9/00	Senior Accountant
City of Lake City, Florida	9/03 to Present	Audit Manager
City of Jacksonville Beach, Florida*	9/01, 9/04 to Present	Audit Manager
Town of Altha, Florida*	9/03	Audit Manager
City of Fernandina Beach, Florida*	9/04 to Present	Audit Manager
Northwest Regional Data Center	6/03 to 6/05	Audit Manager

NOT-FOR-PROFIT EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
University of Florida Tissue Bank, Inc.	6/98 to 6/99	Staff Accountant
United Way of Marion County, Inc.	12/98 to 12/00	Staff Accountant
Association of Retarded Citizens - Marion, Inc.	6/98 to 12/00	Staff Accountant
Marion-Citrus Mental Health Centers, Inc.	6/98 to 6/01	Staff Accountant
Florida Low Income Housing Association, Inc.*	12/98 to 12/00	Staff Accountant
Childhood Development Services, Inc.*	6/00 to 6/02	Senior Accountant
Gainesville Golf and Country Club, Inc.	12/98 to 12/00	Staff Accountant
Pediatric Primary Care Foundation, Inc.	6/00	Senior Accountant
Florida Association of Court Clerks, Inc.	6/98, 6/02, 6/04	Senior Accountant
Florida Health Reinsurance Program	12/01 to Present	Audit Manager
Florida Bankers Association, Inc.	9/01 to Present	Audit Manager
Florida Home Builders Association	10/01 to Present	Audit Manager

Name: Ryan M. Tucker (Concluded)

NOT-FOR-PROFIT EXPERIENCE (Concluded)

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
North Florida Workforce Development Board, Inc.	6/01 to Present	Audit Manager
Florida Health Maintenance Organization Consumer Assistance Plan	12/02 to Present	Audit Manager
Florida Institute of Certified Public Accountants	6/02 to 6/04	Audit Manager
Florida State University Research Foundation	6/02 to 6/04	Audit Manager

*OMB Circular A-133 Audits

UTILITY EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
Sun 'N Lake of Sebring Improvement District	9/98 to 9/00	Staff Accountant
Withlacoochee River Electric Cooperative, Inc.	12/98 to 12/03	Senior Accountant
Peace River Electric Cooperative, Inc.	12/98 to 9/00	Staff Accountant
Sumter Electric Cooperative, Inc.	12/99 to Present	Audit Manager
Talquin Electric Cooperative, Inc.	12/00 to 12/03	Senior Accountant

OTHER EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
Villages Bancorporation, Inc.	12/98 to 12/00	Staff Accountant
Tallahassee Diagnostics Imaging Center	12/03 to Present	Manager

CONTINUING PROFESSIONAL EDUCATION

All CPE requirements have been met for the AICPA, State Board of Accountancy and "Yellow Book." A list of specific courses attended is available upon request.

Name: Diane L. Shupe

Office Location: Gainesville

Position in Firm: Senior Accountant

Educational Credentials: Graduated with Honors from University of Florida, BA in Accounting

Professional Credentials: Received C.P.A. Certificate in 1985; Member AICPA and FICPA

Years in Accounting: 21

Years With Firm: 3

GENERAL GOVERNMENT EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
City of Cedar Key, Florida	9/01 to Present	Senior Accountant
City of Archer, Florida	9/01	Senior Accountant
Marion County, Florida	9/01 to Present	Senior Accountant
City of Ocala, Florida	9/01 to Present	Senior Accountant
Bradford County, Florida	9/01 to Present	Senior Accountant
Osceola County, Florida	9/01 to Present	Senior Accountant
City of Keystone Heights, Florida	9/01 to Present	Senior Accountant
City of Leesburg, Florida	9/01	Senior Accountant
Gadsden County, Florida	9/01 to Present	Senior Accountant
City of Ft. Meade, Florida	9/03	Senior Accountant
City of Jacksonville Beach, Florida	9/03	Senior Accountant
City of Deltona	9/02	Senior Accountant
Gainesville Alachua County Regional Airport Authority	9/02 to Present	Senior Accountant
DeSoto County Sheriff	9/03	Senior Accountant
Alachua County Sheriff	9/01 to 9/02	Senior Accountant

UTILITY EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
Central Florida Electric Cooperative, Inc.	12/01 to Present	Senior Accountant
Withlacoochee River Electric	12/04 to Present	Senior Accountant

NOT-FOR-PROFIT EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
Cris Collingsworth Foundation	12/01	Senior Accountant
Peaceful Paths	6/04	Senior Accountant
United Way	9/04 to Present	Senior Accountant

Name: Diane L. Shupe (Concluded)

FOR-PROFIT EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
The Family Center Condominium Association, Inc.	12/01	Senior Accountant
North Florida Regional Medical Arts Condominium Association, Inc.	12/01	Senior Accountant
Association for Retarded Citizens	6/04 to Present	Senior Accountant
Childhood Development Services	6/04 to Present	Senior Accountant

CONTINUING PROFESSIONAL EDUCATION

All CPE requirements have been met for the AICPA, State Board of Accountancy and "Yellow Book." A list of specific courses attended is available upon request.

Name: Jesse J. Perez

Office Location: Gainesville

Position in Firm: Senior Accountant

Educational Credentials: Graduated Florida State University, B.S. in Accounting, B.S. in Finance

Professional Credentials: Received CPA Certificate in 2003; Member AICPA and FICPA

Years in Accounting: 4

Years With Firm: 4

GENERAL GOVERNMENT EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
Osceola County	9/03 to Present	Staff Accountant
Alachua County	9/03 to Present	Staff Accountant
Flagler County	9/04 to Present	Staff Accountant
Gadsden County	9/01-9/02	Intern
City of Green Cove Springs	9/03 to 9/04	Staff Accountant
City of Marco Island	9/03	Staff Accountant
City of Atlantic Beach	9/04 to Present	Staff Accountant
City of Lake City	9/03 to Present	Staff Accountant
Gainesville Alachua County Regional Airport Authority	9/03 to Present	Staff Accountant

NOT-FOR-PROFIT EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
Meridian Behavioral Healthcare, Inc.	6/03 to Present	Staff Accountant
Alliance for Economic Development	12/03	Staff Accountant
Council for Economic Outreach	12/03 to Present	Staff Accountant
Gainesville Area Chamber of Commerce, Inc.	12/03 to Present	Staff Accountant
Florida Sheriff's Youth Ranch	9/03	Staff Accountant
Florida 4-H Foundation, Inc.	6/03 to Present	Staff Accountant
Florida Institute of Certified Public Accountants	6/01 to 6/02	Intern
Florida Banker's Association, Inc.	6/02	Intern
American Orchid Society, Inc.	6/04	Staff Accountant

HEALTHCARE EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
Meridian Behavioral Healthcare, Inc.	6/03 to Present	Staff Accountant
North Florida Regional Freestanding Surgery Center, L.P.	12/03 to Present	Staff Accountant
North Florida GI Center, L.P.	12/03 to Present	Staff Accountant

Name: Jesse J. Perez (Concluded)

FOR-PROFIT EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
M.M. Parrish Construction Company, Inc.	12/04 to Present	Staff Accountant
Applied Technology and Management, Inc.	12/04 to Present	Staff Accountant

GRANTS EXPERIENCE

<u>ENGAGEMENT</u>	<u>DATES</u>	<u>POSITION</u>
Alachua County	9/03 to Present	Staff Accountant
City of Green Cove Springs	9/03 to Present	Staff Accountant

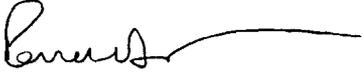
CONTINUING PROFESSIONAL EDUCATION

All CPE requirements have been met for the AICPA, State Board of Accountancy and "Yellow Book." A list of specific courses attended is available upon request.

APPENDIX D

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Florida laws with respect to foreign (non-state of Florida) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of Nassau County.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: 
Name (typed): Ronald D. Whitesides, C.P.A.
Title: Audit Partner
Firm: Purvis, Gray and Company
Date: January 27, 2005