

**AMENDMENT TO THE**  
**PROFESSIONAL FINANCIAL AUDITING SERVICES**  
**AGREEMENT**

THIS AGREEMENT entered into this 16th day of July, 2008, 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 entered into an Agreement for Professional Auditing Services on April 28, 2006 and desire to renew and amend the 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 that the Professional Financial Auditing Services Agreement dated April 28, 2006 shall be amended as follows:

1. Term.

This Agreement shall be renewed for a two year period for the audit for the fiscal year ending September 30, 2008 and the audit for the fiscal year ending September 30, 2009 ~~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.~~

7. Special Considerations.

See Section II(E) of the RFP except for:

6. The Auditor will be required to prepare the financial statements and accompanying notes for the ~~Clerk of the Circuit Court, the Board of County Commissioners,~~ Property Appraiser, Sheriff, ~~Supervisor of Elections,~~ and Tax Collector. The fee for the preparation shall not exceed \$7,200.00 for the September 30, 2008 audit and \$7,950.00 for the September 30, 2009 audit.

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 letter.~~

~~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.~~

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~~ Final review of 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~~ completed by February 25<sup>th</sup> 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 1<sup>st</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> 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) except for the Comprehensive Annual Financial Report ("CAFR"). 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.~~

~~iii.~~ 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.

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

13. Invoices.

Invoices shall be submitted simultaneously by the Auditor to the Clerk's office, attention ~~Chris Lacambra~~ John A. Crawford 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~~ \$252,400.00 for the ~~2005~~ September 30, 2008 audit, ~~\$238,000.00~~ \$262,500.00 for the ~~2006~~ September 30, 2009 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.

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.~~ This Agreement and the executed Audit Engagement Letter for the years ended September 30, 2008 and September 30, 2009 dated July 11, 2008 attached hereto represents the entire understanding

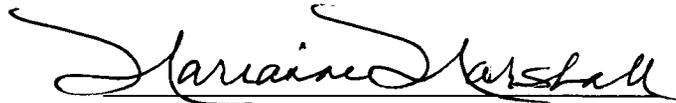
and agreement between the County and the Auditor with respect to the subject matter hereof.

21. Effective Date.

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

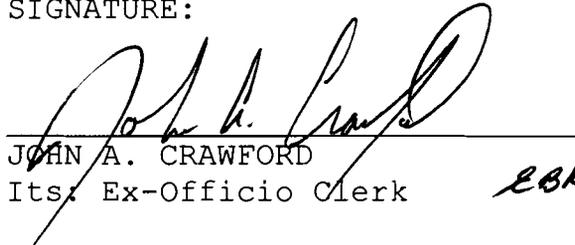
All other terms and conditions set forth in the Agreement for Professional Financial Auditing Services dated April 28, 2006 shall remain in full force and effect.

BOARD OF COUNTY COMMISSIONERS  
NASSAU COUNTY, FLORIDA



MARIANNE MARSHALL  
Its: Chair

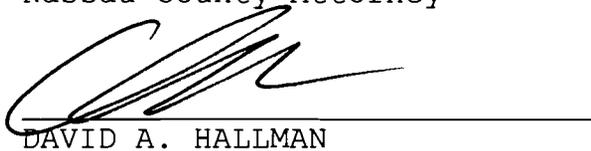
ATTEST AS TO CHAIR'S  
SIGNATURE:



JOHN A. CRAWFORD  
Its: Ex-Officio Clerk

*EBK 7/25/08*

Approved as to form by the  
Nassau County Attorney



DAVID A. HALLMAN

PURVIS GRAY AND COMPANY, LLP



By: 7/25/08 Ronald D. Whitesides  
Its: Partner

08 JUL 15 PM 12:45

July 11, 2008

**AUDIT ENGAGEMENT LETTER**

Board of County Commissioners  
Nassau County, Florida  
c/o Mr. Edward Sealover, County Administrator  
96160 Nassau Place  
Yulee, Florida 32097

We are pleased to confirm our understanding of the services we are to provide Nassau County (the County) for the years ended September 30, 2008 and 2009. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of the County as of and for the years ended September 30, 2008 and 2009. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany the County's basic financial statements. As part of our engagement, we will apply certain limited procedures to the County's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis; and
- Governmental Accounting Standards Board (GASB) Required Supplemental Other Postemployment Benefit Information.

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

- Schedule of Expenditures of Federal and State Awards;
- Budgetary Comparison Information for the General Fund and Major Special Revenue Funds and Related Notes; and
- Combining and Individual Fund Statements and Schedules.

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

- Introductory Section and Statistical Tables Required by the CAFR Program.

**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

Board of County Commissioners  
Nassau County, Florida  
c/o Mr. Edward Sealover, County Administrator  
Yulee, Florida

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July 11, 2008

### **Audit Objectives**

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

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550 *Rules of the Auditor General* of the State of Florida.

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

Our audit will be conducted in accordance with generally accepted auditing standards established by the Auditing Standards Board (United States); 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* of the State of Florida and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133 and Chapter 10.550, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are 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 opinions, we may decline to express opinions or to issue a report as a result of this engagement.

### **Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will review the County-prepared draft of your financial statements, schedule of expenditures of federal awards, and related notes prepared by the County and make recommendations for improvements or corrections. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter that you have reviewed and approved and changes we recommend to the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Board of County Commissioners  
Nassau County, Florida  
c/o Mr. Edward Sealover, County Administrator  
Yulee, Florida

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July 11, 2008

**Management Responsibilities (Concluded)**

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for federal and state award program compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us, including identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review upon commencement of audit fieldwork.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions.

**Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Board of County Commissioners  
Nassau County, Florida  
c/o Mr. Edward Sealover, County Administrator  
Yulee, Florida

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July 11, 2008

**Audit Procedures—General (Concluded)**

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

**Audit Procedures—Internal Controls**

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

As required by OMB Circular A-133 and Chapter 10.550, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal 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 significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, OMB Circular A-133 and Chapter 10.550.

**Audit Procedures—Compliance**

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, 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*.

Board of County Commissioners  
Nassau County, Florida  
c/o Mr. Edward Sealover, County Administrator  
Yulee, Florida

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July 11, 2008

**Audit Procedures—Compliance (*Concluded*)**

OMB Circular A-133 and Chapter 10.550 require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Circular A-133 *Compliance Supplement* and the State of Florida Single Audit Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the County's major programs. The purpose of these procedures will be to express an opinion on the County'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 prepare all cash, accounts receivable, or other confirmations we request as well as prepare various schedules and reconciliations as have been prepared the past two years. It is imperative that these schedules and reconciliations be prepared accurately and prior to commencement of the audit if we are to meet the time and fee budget and perform the audit for the agreed-upon fee.

At the conclusion of the engagement, we will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. We will provide the original copy of our reports to the County; 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 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, LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to your cognizant or oversight agency or its designee, 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, LLP 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 audit documentation for this engagement will be retained for a minimum of five years after the report release. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Board of County Commissioners  
Nassau County, Florida  
c/o Mr. Edward Sealover, County Administrator  
Yulee, Florida

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July 11, 2008

**Audit Administration, Fees, and Other (Concluded)**

We expect to begin our audit in late November or early December each year and to issue our reports no later than March 31 of each ensuing year. I will be the engagement partner and will be responsible for supervising the engagement and signing the report. Our fees for these services will be \$252,400 for the 2008 audit and \$262,500 for the 2009 audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. 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.

*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 2007 peer review accompanies this letter.

We appreciate the opportunity to be of service to the County and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

PURVIS, GRAY AND COMPANY, LLP



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

RDW/asb  
Enclosures

**RESPONSE:**

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

By: 

Title: Chair

Date: July 16, 2008

**ATTEST AS TO THE CHAIR'S SIGNATURE:**

  
JOHN A. CRAWFORD  
EX-OFFICIO CLERK  
EBK 7/16/08

**APPROVED AS TO FORM BY THE  
NASSAU COUNTY ATTORNEY:**

  
DAVID A. HALLMAN



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

Curtis G. Fowler, CPA, PFS, CFP • Carlton W. Holley, CPA • C. Wayne Rambo, CPA, CVA • Richard A. Stalvey, CPA

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

September 12, 2007

To the Partners of  
Purvis, Gray and 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 and Company (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2007. The firm has informed us that it did not audit SEC-issuers for the year ended May 31, 2007. 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 the non-SEC issuers of Purvis, Gray and Company in effect for the year ended May 31, 2007, 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 applicable professional standards.

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

SERVING VALDOSTA AND SOUTH GEORGIA SINCE 1956

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

**Attachment to the Peer Review Report of Purvis, Gray and 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 objectives 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 peer 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.

Firms that perform audits or play a substantial role in the audit of one or more SEC issuers, as defined by the Public Company Accounting Oversight Board (PCAOB), are required to be registered with and have their accounting and auditing practice applicable to SEC issuers inspected by the PCAOB. The firm did not audit SEC issuers for the year ended May 31, 2007.

*SERVING VALDOSTA AND SOUTH GEORGIA SINCE 1956*

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Robert D. Elliott, CPA • Tally M. Wisenbaker, III, CPA • Dustin C. Wilkes, CPA

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

To plan the review of Purvis, Gray and 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, audits performed under FDICIA 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.