

EXHIBIT B  
City of Delray Beach Auditing Agreement

**AGREEMENT**

THIS AGREEMENT is made and entered into by and between the City of Delray Beach, a Florida municipal corporation ("City"), whose address is 100 NW 1<sup>st</sup> Avenue, Delray Beach, Florida 33444, and Caler, Donten, Levine, Cohen, Porter & Veil, P.A., a corporation (hereafter referred to as "Firm"), whose address is 505 South Flagler Drive, Suite 900, West Palm Beach, Florida 33401.

WHEREAS, the City desires to retain the services of the Firm to provide professional services in accordance with the City's Request for Proposals No. 2019-043, and the Firm's response thereto, all of which are incorporated herein by reference.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereafter set forth, the Firm and the City agree as follows:

ARTICLE 1. INCORPORATION OF REQUEST FOR PROPOSALS

The terms and conditions of this Agreement shall include and incorporate the terms, conditions, and specifications set forth in the City's Request for Proposals No. 2019-043 and the Firm's response thereto, including all documentation required thereunder.

ARTICLE 2. DESCRIPTION OF GOODS OR SCOPE OF SERVICES

The Contractor shall perform those professional auditing services identified in the scope of services accompanying the City's Request for Proposals, which are incorporated herein by reference.

ARTICLE 3. COMPENSATION

The City shall pay to the Firm, in compliance with the Fee Proposal attached hereto and incorporated herein, according to the terms and specifications of the referenced Request for Proposal.

ARTICLE 4. MISCELLANEOUS PROVISIONS

a. Notice Format. All notices or other written communications required, contemplated, or permitted under this Agreement shall be in writing and shall be hand delivered, telecommunicated, or mailed by registered or certified mail (postage prepaid), return receipt requested, to the following addresses:

- i. As to the City: City of Delray Beach  
100 NW 1<sup>st</sup> Street  
Delray Beach, Florida 33444  
Attn: City Manager
  
- ii. with a copy to: City of Delray Beach  
200 NW 1<sup>st</sup> Street  
Delray Beach, Florida 33444  
Attn: City Attorney  
Email: GelinL@mydelraybeach.com

iii. As to the Firm: Caler, Donten, Levine, Cohen, Porter, & Veil, P.A.  
505 South Flagler Drive, Suite 900  
West Palm Beach, Florida 33401  
Attn.: Scott L. Porter, CPA, Partner  
Email: sporter@cdlcpa.com  
Or Mark D. Veil, CPA, Partner  
email: mveil@cdlcpa.com

b. Headings. The headings contained in this Agreement are for convenience of reference only, and shall not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

c. Effective Date. The effective date of this Agreement shall be as of the date it has been executed by both the parties hereto.

#### ARTICLE 5. CONTRACT TERM

The Contract and Agreement shall be effective for a term of six years (6) years as of the effective date of this Agreement, with the option to renew for two (2) additional two (2) year terms, at the City's sole discretion.

The Initial Term of the Agreement shall provide auditing services for FY 2019 thru FY 2024. If the renewal terms are exercised, the first two (2) year renewal option shall provide professional auditing services for FY 2025 and FY 2026; the second two (2) year renewal option shall provide professional auditing services for FY 2027 and FY 2028.

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ARTICLE 6.

6.1 EXHIBITS

- i. Exhibit A: FEE PROPOSAL + LETTER OF ENGAGEMENT

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates hereinafter written.

[SEAL]

CITY OF DELRAY BEACH, FLORIDA

By: [Signature]  
Neal de Jesus, Interim City Manager

ATTEST:

By: [Signature]  
Katerri Johnson, City Clerk

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

By: [Signature]  
Lynn Gellin, City Attorney

CALER, DONTEN, LEVINE, COHEN, PORTER & VEIL, P.A.

[SEAL]

By: [Signature]

Scott L. Porter

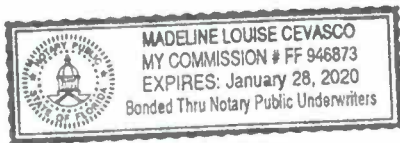
Printed Name  
Vice President

Title

STATE OF Florida  
COUNTY OF Palm Beach

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of Nov., 2019, by Scott L. Porter, as Vice President (name of officer or agent, title of officer or agent), of Caler Donten Levine Cohen ETAL (name of corporation acknowledging), a Florida (state or place of incorporation) corporation, on behalf of the corporation. He/She is personally known to me or has produced \_\_\_\_\_ (type of identification) as identification

[Signature]  
Notary Public – State of Florida





# Fee Schedule

## Fee Schedule - City (excluding Police and Fire audit fee listed separately)

Our fee proposal for the financial audit and compliance audit, including the Single Audit, for the City of Delray Beach is summarized below:

1.	Total Fee for Fiscal Year 2019	\$ 124,950
2.	Total Fee for Fiscal Year 2020	\$ 124,950
3.	Total Fee for Fiscal Year 2021	\$ 124,950
4.	Total Fee for Fiscal Year 2022	\$ 124,950
5.	Total Fee for Fiscal Year 2023	\$ 124,950
6.	Total Fee for Fiscal Year 2024	\$ 124,950
	<b>GRAND TOTAL FEES for FY 2019 THRU 2024:</b>	<b>\$ 749,700</b>

## Fee Schedule - Police Officers' Retirement System Audit

Our fee proposal for the financial audit and compliance audit of the Police Officers' Retirement System is as follows:

1.	Total Fee for Fiscal Year 2019	\$ 20,200
2.	Total Fee for Fiscal Year 2020	\$ 20,200
3.	Total Fee for Fiscal Year 2021	\$ 20,200
4.	Total Fee for Fiscal Year 2022	\$ 20,200
5.	Total Fee for Fiscal Year 2023	\$ 20,200
6.	Total Fee for Fiscal Year 2024	\$ 20,200
	<b>GRAND TOTAL FEES for FY 2019 THRU 2024:</b>	<b>\$ 121,200</b>

Note: Contractor shall invoice City of Delray Beach Police Officers' Retirement System directly.



### Fee Schedule - Firefighters' Retirement System Audit

Our fee proposal for the financial audit and compliance audit of the Firefighters' Retirement System is as follows:

1.	Total Fee for Fiscal Year 2019	\$ 20,200
2.	Total Fee for Fiscal Year 2020	\$ 20,200
3.	Total Fee for Fiscal Year 2021	\$ 20,200
4.	Total Fee for Fiscal Year 2022	\$ 20,200
5.	Total Fee for Fiscal Year 2023	\$ 20,200
6.	Total Fee for Fiscal Year 2024	\$ 20,200
	<b>GRAND TOTAL FEES for FY 2019 THRU 2024:</b>	<b>\$ 121,200</b>

Note: Contractor shall invoice City of Delray Beach Firefighters' Retirement System directly.

### Schedule of Hourly Professional Fees and Expenses (City, Police and Fire)

The schedule below summarizes our hourly fee schedule for any additional services provided to the City, Police Officers' Retirement System and Firefighters' Retirement System for the FY 2019 through 2024..

		<b>Std. Hourly Rates</b>	<b>Quoted Hourly Rates</b>
Partners		\$ 330	\$ 200
Managers		\$ 240	\$ 130
Supervisory Staff		\$ 175	\$ 110
Other (Staff)		\$ 120	\$ 90

Other Expenses: (specify)

None

Our audit fees include the City's Single Audit of its one federal grant program and all expenses, including but not limited to, travel related expenses and any other relevant out of pocket expenses, as well as vehicles, electronics, communications equipment, and any other equipment, facilities, or infrastructure necessary to carry out the audit engagement. All travel, lodging and subsistence expenses included in the total all-inclusive price is in accordance with Section 112.061, Florida Statutes.



We will continue our commitment to be a resource for the City; answering questions on routine matters, assisting with implementation of new GASB standards, preparing the annual *Financial Highlights*, and assisting in improving the efficiency of City operations – **all at no additional charge to the City.**

Our invoices will be rendered monthly as the work progresses. If we incur less time at our standard hourly rates than the above fees, we will bill you only for our actual time.

Our proposed fees are based on anticipated cooperation and schedule preparation from the City's personnel and the assumption that there are no unexpected circumstances or new entities that require additional accounting assistance or significant auditing procedures or changes, such as new auditing standards, new major funds or new major Single Audit programs.

CALER, DONTEN, LEVINE,  
COHEN, PORTER & VEIL, P.A.

By:   
Scott L. Porter, Shareholder



CALER, DONTEN, LEVINE,  
COHEN, PORTER & VEIL, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA  
LAURA E. CLARK, CPA  
LOUIS M. COHEN, CPA  
JOHN C. COURTNEY, CPA, JD  
DAVID S. DONTEN, CPA  
JAMES B. HUTCHISON, CPA  
JOEL H. LEVINE, CPA  
JAMES F. MULLEN, IV, CPA  
MICHAEL J. NALEZYTY, CPA  
THOMAS A. PENCE, JR., CPA  
SCOTT L. PORTER, CPA  
MARK D. VEIL, CPA  
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info@cdlcpa.com

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

November 26, 2019

The Honorable Mayor and City Commission  
City of Delray Beach  
Delray Beach, Florida

We are pleased to confirm our understanding of the services we are to provide for the City of Delray Beach, Florida, (the "City") for the fiscal year ending September 30, 2019 pursuant to our proposal for the City, as approved by the City Commission on November 19, 2019.

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, including the notes to the financial statements, which collectively comprise the basic financial statements of the City of Delray Beach, Florida, as of and for the year ended September 30, 2019. As part of our engagement to audit the basic financial statements of the City, we will not audit the financial statements of the South Central Regional Wastewater Treatment and Disposal Board (the "SCRWTDB"), a joint venture with the City of Boynton Beach, Florida, which will be audited by another auditor and included in the City's basic financial statements. The audit report of the other auditor will be furnished to us, and our opinion, insofar as it relates to the amounts included in the City's audited financial statements for the SCRWTDB, will be based solely on the report of the other auditor. The Delray Beach Police Officers' Retirement System and the Delray Beach Firefighters' Retirement System, which are single employer, defined benefit pension plans of the City, will be audited by us as separate engagements under contracts with the respective Boards of Trustees of the pension plans and will also be included in the City's basic financial statements. The Delray Beach General Employees' Retirement System, which is a single employer, defined benefit pension plan of the City, will be included as part of the aggregate remaining fund information in our audit of the basic financial statements of the City, but we will not issue a separate report on the financial statements of the Delray Beach General Employees' Retirement System. The Delray Beach Community Redevelopment Agency (CRA) and the Delray Beach Downtown Development Authority (DDA), discretely presented component units of the City, will be audited by us as separate engagements under contracts with the CRA and DDA and also included in the City's basic financial statements.

U.S. generally accepted accounting standards provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with U.S. generally accepted auditing standards (GAAS). These limited procedures will consist principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic



financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles (GAAP) and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedule(s) and related notes for the General Fund and other major special revenue funds.
- 3) Defined Benefit Pension Funds' Schedules.
- 4) Other Postemployment Benefits (OPEB) Schedules.

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the City's financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Combining and individual fund financial statements and schedules.
- 2) General Fund budgetary schedules.
- 3) Debt service schedules.
- 4) Schedule of Expenditures of Federal Awards and/or State Financial Assistance, as applicable.

The following other information included in the Comprehensive Annual Financial Report (CAFR) and accompanying the City's financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information:

- 1) Introductory Section of the CAFR.
- 2) Statistical Section of the CAFR.

We will also issue the reports required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida.

### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether the City's 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 supplementary information as detailed in the fourth paragraph of this engagement letter, when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control over financial reporting and compliance with the provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

- If a Single Audit is required, internal control over compliance related to major program(s) and an opinion (or disclaimer of opinion) on compliance with Federal and/or State statutes, regulations, and the terms and conditions of Federal and/or State awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Florida Single Audit Act and Chapter 10.550, Rules of the Auditor General for the State of Florida, as applicable.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report on internal control over compliance pursuant to the Uniform Guidance, the Florida Single Audit Act and Chapter 10.550, Rules of the Auditor General for the State of Florida, as applicable, will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, the Florida Single Audit Act and Chapter 10.550, Rules of the Auditor General for the State of Florida, as applicable. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards; 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 the Uniform Guidance; the Florida Single Audit Act; and Chapter 10.550, Rules of the Auditor General, and will include tests of the accounting records, a determination of major program(s) in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the City Commission. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will fully discuss the reasons with the City's management in advance. If, for any reason determined by us, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

#### **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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable 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 City or to acts by management or employees acting on behalf of the City. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, 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, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. 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 Federal and State programs. However, we will inform the appropriate level of City management of material errors, fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of City management of violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the year 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 direct confirmation of cash, investments and certain other assets and liabilities by correspondence with selected individuals, creditors, funding sources and financial institutions. Our procedures will also include obtaining an understanding of the component auditor for the SCRWTDB, including a determination of the component auditor's (1) understanding of and compliance with relevant ethical and independence requirements; (2) professional competence and understanding of GAAP, GAAS and the standards for financial audits contained in *Government Auditing Standards*; (3) knowledge of related parties, subsequent events and significant risks of material misstatement; and, (4) intent to issue an unrestricted audit report on the component that we will rely upon. Our determination of whether to refer to a component auditor in our opinion on the City's financial statements is a matter of professional judgment and is affected by our understanding of the component auditor. As part of our engagement, we will also request written representations from the SCRWTDB component auditor and the City Attorney. We may also request written representations other outside legal counsel engaged by the City and they may bill the City for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about management's responsibilities for the financial statements; schedule of expenditures of Federal awards and State financial assistance; Federal award programs and State financial assistance projects; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by U.S. generally accepted auditing standards.

#### **Audit Procedures – Internal Control**

Our audit will include obtaining an understanding of the City 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*.

If a Single Audit is required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, 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 award program and major State financial

assistance project. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance and Chapter 10.550, Rules of the Auditor General.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to City management and those charged with governance of the City, internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General.

### **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, 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* and Chapter 10.550, Rules of the Auditor General.

If a Single Audit is required, the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, requires that we also plan and perform the audit to obtain reasonable assurance about whether the City has complied with Federal and/or State statutes, regulations, and the terms and conditions of Federal and/or State awards applicable to major Federal award programs and major State financial assistance projects. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement*, and the requirements described in the *Florida Department of Financial Service's State Projects Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major Federal award programs and major State financial assistance projects. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major Federal award programs and State financial assistance projects in our report on compliance issued pursuant to the Uniform Guidance and Chapter 10.550, Rules of the Auditor General.

### **Other Services**

We will also assist in preparing the financial statements, schedule of expenditures of Federal awards and State financial assistance, as applicable, and related notes of the City in conformity with U.S. generally accepted accounting principles, the Uniform Guidance and Chapter 10.550, Rules of the Auditor General based on information provided by management. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the preparation of the financial statements, schedule of expenditures of Federal awards and State financial assistance, and related notes, as previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**

Management is responsible for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over Federal awards and

State financial assistance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and, (4) ensuring that management and financial information is reliable and properly reported. Management is responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of Federal awards and State financial assistance, as applicable, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including Federal and State statutes) and the provisions of contracts and grant agreements (including award agreements). Management's responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with (1) access to all information of which they are aware that is relevant to the preparation and fair presentation of the financial statements; (2) access (or arrangements to facilitate access) to component information (including component auditor's workpapers); (3) instructions issued by City management to components related to the consolidation process; (4) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (5) additional information that we may request for the purpose of the audit; and, (6) unrestricted access to persons within the City, persons at components (including management and those charged with governance) or component auditors, from whom we determine it necessary to obtain audit evidence.

Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written 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 as a whole.

Management is 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 affecting the City or its component units and involving (1) management; (2) employees who have significant roles in internal control; and, (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing us of any knowledge of any allegations of fraud or suspected fraud affecting the City or its component units received in communications from employees, former employees, grantors, vendors, regulators, or others. In addition, management is responsible for identifying and ensuring that the City complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we may report. Additionally, as required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, it is management's responsibility to evaluate and monitor noncompliance with Federal and State statutes, regulations, and the terms and conditions of Federal and State awards; take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings; promptly follow up and take corrective action on reported findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan, if necessary. If required, the summary schedule of prior audit findings should be available for our review by the first day of audit fieldwork.

Management is responsible for identifying all Federal awards and State financial assistance received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards and state financial assistance (including notes and noncash assistance received), as applicable, in conformity with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Management agrees to include our report on the schedule of expenditures of Federal awards and State financial assistance in any document that contains and indicates that we have reported on the schedule of expenditures of Federal awards and State financial assistance. Management also agrees to include the City's audited financial statements with any presentation of the schedule of expenditures of Federal awards and State financial assistance that includes our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that (1) management is responsible for presentation of the schedule of expenditures of Federal awards and State financial assistance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; (2) management believes the schedule of expenditures of Federal awards and State financial assistance, including its form and content, is fairly presented in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; (3) the methods of measurement or presentation have not changed from those used in the prior year (or, if they have changed, the reasons for such changes); and, (4) management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of Federal awards and State financial assistance.

Management is also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. Management agrees to include our report on the other supplementary information in any document that contains and indicates that we have reported on the other supplementary information. Management also agrees to include the audited financial statements with any presentation of the other supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that (1) management is responsible for presentation of the other supplementary information in accordance with GAAP; (2) management believes the other supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior year (or, if they have changed, the reasons for such changes); and, (4) management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the other supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Additionally, as required by Chapter 10.550, Rules of the Auditor General, it is management's responsibility to follow up and take corrective action on all reported audit findings. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other 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, attestation engagements, performance audits, or studies. Management is also responsible for providing management's views and a written response to the Auditor General on our current findings, conclusions, and recommendations, as well as management's planned corrective actions. Management's written response is required by Chapter 10.550, Rules of the Auditor General, to be included as part of the final audit report.

Management agrees to assume all management responsibilities relating to the financial statements, schedule of expenditures of Federal awards and State financial assistance, and related notes, and any other nonaudit services we provide. Management will be required to acknowledge in the management representation letter our assistance with preparation of the City's financial statements, schedule of



expenditures of Federal awards and State financial assistance, related notes, and supplementary information, and that management has reviewed and approved the financial statements, schedule of expenditures of Federal awards and State financial assistance, related notes and supplementary information prior to their issuance and have accepted responsibility for them. Further, management agrees to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them. We understand that the City has designated Laura Thezine, CPA, acting finance director, to oversee all our services.

*Government Auditing Standards* require that we communicate, during the planning stage of our audit, certain information to officials of the City, including the City Commission. Those required communications are included as part of this engagement letter and your signature below acknowledges that a copy of this letter has been provided to the City Commission.

#### **Engagement Administration, Fees and Other Matters**

We understand that City employees will prepare all cash or other confirmations requested and will locate any invoices and documentation selected by us for testing. Scott Porter is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. To ensure that the Firm's independence is not impaired under the AICPA Code of Professional Conduct, management agrees to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

The audit documentation for this engagement is the property of Caler, Donten, Levine, Cohen, Porter & Veil, P.A. ("CDL") and constitutes confidential information. However, we may be requested to make certain audit documentation available to a grantor or other agency pursuant to authority given to it by law or regulation. If requested, access to such audit documentation will be provided under the supervision of CDL personnel. Furthermore, upon request and with the City's authorization, we may provide copies of selected audit documentation to a grantor or other agency. That agency may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. In the event we are requested or authorized by the City or required by government regulation, subpoena, or other legal process to produce our audit documentation or our personnel as witnesses with respect to our engagement for the City, management agrees, so long as we are not a party to the proceeding in which the information is sought, to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such a request. We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. In that regard, we may share confidential information about the City with these service providers but we will remain responsible for the work provided by such third-party service providers. The audit documentation for this engagement will be retained for a minimum of five years after the date of the auditor's report or for any additional period requested in writing by a government agency, after which it will be destroyed. By your signature below, you acknowledge and agree that CDL is free to destroy all records related to this engagement in accordance with this document retention policy.

At the conclusion of the engagement, we will provide an electronic pdf copy and the requested number of printed copies of the CAFR and other required reports to the City; however, management is responsible for distribution of the CAFR and other reports to outside parties, such as creditors, the Electronic Municipal Market Access System (EMMA), the Auditor General and others. The electronic pdf copy of the reports we provide to you as part of our engagement will not be created or verified by us to be fully compliant with all accessibility requirements under Federal or State statutes, such as the Americans with

Disabilities Act (ADA). Unless restricted by law or regulation, or containing privileged and confidential information, copies of the reports are to be made available for public inspection. If a Single Audit is required, we will also complete and certify the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including the financial statements, schedule of expenditures of Federal awards and State financial assistance, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the Federal audit clearinghouse, state grantors and, if appropriate, to pass-through entities. We will coordinate with the City the electronic submission and certification of the Data Collection Form. The Data Collection Form and the reporting package must be submitted to the Federal audit clearinghouse and the Auditor General, within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period.

Our fee for these services will be at our standard hourly rates, and we agree that our fee for the year ending September 30, 2019 will not exceed \$124,950 as quoted in the negotiated fee schedule included in the final contract agreement for Financial Auditing Services RFP No. 2019-43, subject to the additional considerations enumerated below. Our hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The invoices for our fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 45 days or more overdue and may not be resumed until your account is paid in full. We also reserve the right to require that any unpaid balance for the engagement be paid prior to delivery of the final audit reports. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. The City will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. Our fee is based on anticipated cooperation from the City's personnel consistent with prior years and the assumption that there are no unexpected circumstances or new entities that require additional accounting assistance or significant auditing procedures or changes, such as new accounting or auditing standards, new major funds, new major Single Audit programs or additional audit procedures resulting from internal control and other deficiencies, or other unexpected circumstances. If additional time is necessary for our assistance to complete audit schedules, the application of new standards, delays caused by the City in the scheduled audit fieldwork dates, or other unexpected circumstances, we will perform the necessary procedures and bill the City for the additional time at the hourly rates specified in our proposal. Our engagement ends on the date we deliver the audit reports to the City, unless circumstances described earlier cause us not to issue a report. You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We may also issue a separate engagement letter covering the additional services. In the absence of any other written engagement letter from us for such additional services, our services will continue to be governed by the terms of this engagement letter. Our fee for any additional services will be at the following hourly rates specified in the contract negotiated fee schedule: Partner \$200; Manager \$130; Supervisory/Senior Staff \$110; and, Staff \$90.

It is our understanding that the City's books will be closed and all audit schedules, including final trial balances, will be provided to us one week prior to the start of year end fieldwork. The City will be ready for us to begin the interim and the year end audit fieldwork on December 9, 2019. In the event that our fieldwork dates are delayed or all requested audit schedules are not provided to us one week prior to the start of our fieldwork, the City acknowledges and agrees that we will not be responsible for any subsequent delays or failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against the City resulting from the City's failure to meet such deadlines. Our audit for each fiscal year will be a separate engagement that ends on the date we deliver the audit reports for that



fiscal year to the City, unless circumstances described earlier cause us not to issue a report. The term of the initial six year engagement may be renewed for two additional two year periods at the option of the City as specified in the City's final contract agreement for Financial Auditing Services RFP No. 2019-43. If the engagement is terminated by the City, the City shall be liable for time charges and expenses incurred by CDL through the date of termination.

Our audit is intended for the benefit of the City. The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction. If you intend to publish or otherwise reproduce the financial statements together with our report (or otherwise make reference to our Firm) in a document that contains other information, you agree to provide us with a draft of the document to read and comment on before it is printed and distributed. With regard to using our auditor's reports, management understands and agrees that our prior written consent shall be obtained to reproduce or use our reports in bond offering official statements, debt applications or other documents. Furthermore, the City agrees that the terms of this engagement do not encompass an undertaking by us (1) to consent, by means of separate letter or otherwise, to the inclusion of our auditor's report on the financial statements referred to above in a filing with a Federal or State regulatory agency or otherwise reissue our report for purposes of a securities offering or other financing transaction, or (2) to acknowledge reliance on our report by others. With regard to the electronic dissemination of the audited financial statements, including financial statements published electronically on a website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document. *Government Auditing Standards* require that we provide you with a copy of our most recent quality control review report. The City hereby acknowledges the receipt of a copy of our 2018 peer review report that was included with our 2019 proposal response.

CDL takes appropriate steps to secure all confidential client information on our computerized systems, however, the City is responsible for the security of all information when you transmit it to us, as well as the information retained by the City. The City is also responsible for the security of information management provides to us electronically using email or transmitted to us over the internet. The internet is an inherently public medium with multiple security concerns. Management understands that email is generally sent unencrypted and may be easily accessible by a party intercepting your communications. Because the nature of communications between the City and CDL may include sensitive and confidential financial information, management should take appropriate steps to utilize reasonable security features for transmitting the City's information to us. CDL will use its best efforts, consistent with our handling of all client accounts, to make the City's communications and files secure from unauthorized access. However, the City recognizes that no completely secure system for email, electronic documents or electronic data transfer has yet been devised. Accordingly, management acknowledges that they understand and agree to accept the limitations and risks associated with regular email and other electronic communications with CDL for the services we will provide. Furthermore, management hereby authorizes CDL to electronically submit to City employees or to others as management may request or as may be necessary to perform our engagement, any financial statements, schedules, and other information related to our services under this agreement. By your signature below, management acknowledges and agrees to hold CDL harmless from any loss or damages that might be caused by the electronic transmission or submission of City information, including any consequential, incidental, direct, indirect or special damages. Management also agrees to immediately contact and advise the CDL engagement partner with overall responsibility of our services, as named in this letter, if you believe either CDL or the City's computer systems, security or email accounts have been hacked

or otherwise compromised. Your signature below acknowledges that the City understands and agrees with these responsibilities.

Parties to this engagement agree that any dispute that may arise regarding the meaning, performance, or enforcement of this engagement will be submitted to mediation upon written request of any party to the engagement. The party requesting mediation shall select the mediation provider from the list of mediation training providers approved by the Florida Supreme Court. The mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association or such other rules as may be agreed upon by the parties. The results of this mediation shall not be binding upon either party. Costs of any mediation proceeding shall be shared equally by both parties. The City agrees that it will not, directly or indirectly, agree to assign or transfer any claim arising out of this engagement to anyone, or agree to share with anyone the proceeds of any such claim. The venue for any legal proceedings shall be Palm Beach County, Florida, and this agreement shall be governed by the laws of the State of Florida.

CDL shall indemnify and hold harmless the City and its personnel from any claims, liabilities, costs and expenses arising from the gross and willful negligence and intentional misconduct of CDL and its personnel relating to the services under this agreement during the time period the agreement is in effect. This provision shall survive the completion or termination of this engagement. Signature of this agreement by Caler, Donten, Levine, Cohen, Porter & Veil, P.A. shall act as the execution of a truth-in-negotiation certificate certifying that the estimated time charges and expense used to determine the compensation provided for in this agreement are accurate, complete and current as of the date of this agreement.

This engagement letter reflects the entire agreement between us relating to the services covered by this letter. It replaces and supersedes any previous proposals, correspondence and understandings, whether written or oral. If any portion of this agreement is held to be void, invalid or otherwise unenforceable, in whole or in part, the remaining portions of this agreement shall remain in effect. The agreements of the City and Caler, Donten, Levine, Cohen, Porter & Veil, P.A. contained in this engagement letter shall survive the completion or termination of this engagement.

We appreciate the opportunity to be of service to the City 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.

Very truly yours,

Approved:

**CALER, DONTEN, LEVINE,  
COHEN, PORTER & VEIL, P.A.**

**CITY OF DELRAY BEACH, FLORIDA**

By:   
Scott L. Porter, Shareholder

By:   
Neal de Jesus, Interim City Manager

RESOLUTION NO. 117-19

A RESOLUTION OF THE CITY OF DELRAY BEACH, FLORIDA APPROVING THE RECOMMENDATION OF AWARD AND AUTHORITY TO NEGOTIATE AN AGREEMENT WITH CALER, DONTEN, LEVINE, COHEN, PORTER & VEIL, P.A. FOR EXTERNAL FINANCIAL AUDITING SERVICES AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT AND TAKE ALL ACTIONS NECESSARY TO EFFECTUATE THIS AGREEMENT; PROVIDING AN EFFECTIVE DATE; AND FOR OTHER PURPOSES.

WHEREAS, pursuant to section 218.391 of the Florida Statutes, the City of Delray Beach convened an Auditor Selection Committee (“Committee”) consisting of Mayor Shelly Petrolia and two other members to select an external independent auditor to conduct the City’s annual financial audit; and

WHEREAS, the Committee, after reviewing the proposals submitted by various external independent financial auditing services, recommends that the City award the agreement to Caler, Donten, Levine, Cohen, Porter & Veil, P.A, for external financial auditing services; and

WHEREAS, the City desires to enter into negotiations to obtain an agreement with Caler, Donten, Levine, Cohen, Porter & Veil, P.A.;

WHEREAS, the City Commission deems approval of this Resolution to be in the best interest of the health, safety, and welfare of the residents and citizens of the City of Delray Beach and the public at large.

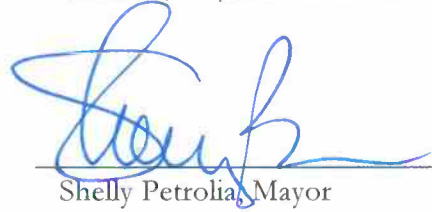
NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF DELRAY BEACH, FLORIDA, AS FOLLOWS:

Section 1. The foregoing recitals are hereby affirmed and ratified.


Section 2. The City Commission of the City of Delray Beach approves the recommendation of award to Caler, Donten, Levine, Cohen, Porter & Veil, P.A., and authorizes the City Manager, or designee, to commence negotiations with Caler, Donten, Levine, Cohen, Porter & Veil, P.A. and to execute the Agreement and any amendments and/or renewals thereto and take any other actions necessary to effectuate this Agreement.

Section 3. This Resolution shall become effective immediately upon adoption.

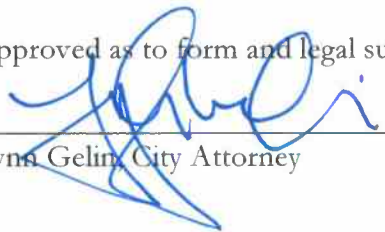
PASSED AND ADOPTED in regular session on the 19<sup>th</sup> day of November, 2019.

  
\_\_\_\_\_  
Shelly Petrolia, Mayor

ATTEST:

  
\_\_\_\_\_  
Katerri Johnson, City Clerk

Approved as to form and legal sufficiency:

  
\_\_\_\_\_  
Lynn Gelin, City Attorney



CITY OF DELRAY BEACH  
 CITY ATTORNEY'S OFFICE  
 200 NW 1<sup>ST</sup> Avenue, Delray Beach, FL 33444  
 561-243-7090



**LEGAL REVIEW FORM**

This form is to be used solely for the legal review of documents not including procurement agreements. Procurement Agreements are reviewed under a separate cover. This form shall only be completed by a member of the City Attorney's Office.

**Date of Review:10/22/19**

**Document Name:** Resolution 117-19

**Document Type:** Resolution

**Submitted by:**I. Triestman

This document is approved as to form and legal sufficiency.

This document is approved as to form and legal sufficiency; however the undersigned made the following change(s):\_\_\_\_\_.

This document is not approved as to form and legal sufficiency for the following reason(s):  
 \_\_\_\_\_.

**Please resubmit with the following corrections:**

\_\_\_\_\_  
 \_\_\_\_\_.

Lynn Gelin  
 Attorney

**Copy to:**

\_\_\_ City Attorney's Office (with a copy of the approved document)

\_\_\_ Other: \_\_\_\_\_