

**CITY COUNCIL RESOLUTION NO. 2020-125**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE CITY, FLORIDA AUTHORIZING THE EXECUTION OF AN AMENDMENT TO THE SCOPE OF WORK OF THE CONTRACT WITH JAMES MOORE & CO., P.L., TO INCLUDE AUDITING SERVICES TO THE COMMUNITY REDEVELOPMENT AGENCY FOR FISCAL YEARS ENDING SEPTEMBER 30<sup>TH</sup> OF 2020, 2021, 2022, and 2023.**

**WHEREAS**, by City Council Resolution No. 2018-009, the City of Lake City, Florida (hereinafter the "City") authorized James Moore & Co., P.L., (hereinafter "James Moore") to provide outside auditing services (hereinafter the "Services") for the fiscal years ending September 30<sup>th</sup> of 2018, 2019, and 2020; and

**WHEREAS**, by City Council Resolution No. 2020-030, the City authorized additions to the Scope of Work of the contract with James Moore to include preparation of a fixed asset and depreciation schedule at a cost of \$4,000.00; and

**WHEREAS**, by City Council Resolution No. 2020-067, the City authorized a three (3) year extension to the auditing services provided by James Moore & Co., P.L. to include fiscal years ending September 30<sup>th</sup> of 2021, 2022 and 2023; and

**WHEREAS**, the City administration has received a response from James Moore relating to the City's inquiry about the costs associated with assistance from James Moore in the auditing services of the Community Redevelopment Agency (hereinafter the "CRA"); and

**WHEREAS**, the Services are not included in the Contract entered into

10/22/20

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pursuant to City Council Resolution No. 2018-009; and

**WHEREAS**, the City Council finds that the Services would benefit the City and be in the best interest of the City; and

**WHEREAS**, the City Council and James Moore desire to execute an addendum to the initial Contract to include the Services included within "Exhibit A", attached hereto, as well as the additional costs of \$5,000.00 per year.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAKE CITY, FLORIDA, AS FOLLOWS:**

**Section 1.** The above recitals are all true and accurate and are incorporated herein and made a part of this resolution.

**Section 2.** The City is hereby authorized to execute the proposal dated August 21, 2020, attached hereto, as an addendum to the aforementioned Contract and the Mayor is authorized to execute the same.

**PASSED AND ADOPTED** at a meeting of the City Council this \_\_\_\_ day of November 2020.

**CITY OF LAKE CITY, FLORIDA**

By: \_\_\_\_\_  
Stephen M. Witt, Mayor

ATTEST:

APPROVED AS TO FORM AND  
LEGALITY:

By: \_\_\_\_\_  
Audrey E. Sikes, City Clerk

By: \_\_\_\_\_  
Frederick L. Koberlein, Jr.,  
City Attorney



August 21, 2020

To the Honorable Mayor, City Council, and City Manager  
City of Lake City, Florida:

You have requested that we audit the financial statements of the governmental activities and each major fund of the Community Redevelopment Agency (the CRA) as of September 30, 2020, 2021, 2022 and 2023, and for the years then ended, and the related notes to the financial statements, which collectively comprise the CRA's financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) require that supplementary information, such as management's discussion and analysis (MD&A) or budgetary comparison information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis
2. Budgetary comparison schedules

### **Audit of the Financial Statements**

We will conduct our audit in accordance with U.S. GAAS and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, and the provisions of Chapter 10.550, Rules of the State of Florida, Office of the Auditor General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements. 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. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

121 Executive Circle Daytona Beach, FL 32114-1180 Telephone: 386-257-4100	133 East Indiana Avenue DeLand, FL 32724-4329 Telephone: 386-738-3300	5931 NW 1st Place Gainesville, FL 32607-2063 Telephone: 352-378-1331	2477 Tim Gamble Place, Suite 200 Tallahassee, FL 32308-4386 Telephone: 850-386-6184
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Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS; Government Auditing Standards of the Comptroller General of the United States of America; the provisions of Chapter 10.550, Rules of the State of Florida, Office of the Auditor General and will include tests of accounting records, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. Please note that the determination of abuse is subjective and Government Auditing Standards does not require auditors to detect abuse.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

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 basic financial statements are other than unmodified, we will 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.

We will issue a written report upon completion of our audit of the CRA's financial statements. Our report will be addressed to the governing body of the CRA. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of Government Auditing Standards, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

We also will issue a written report as required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, upon completion of our audit.

### **Management's Responsibilities**

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
4. For taking prompt action when instances of noncompliance are identified;

5. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
6. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
7. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements;
  - b. Additional information that we may request from management for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
8. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
9. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
10. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
11. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance;
12. For the accuracy and completeness of all information provided;
13. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information;
14. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter; and

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

### **Examination Engagement**

You have requested that we examine the CRA's compliance for the fiscal years ended September 30, 2020, 2021, 2022 and 2023, with the following statutes (collectively, "the Statutes"):

- Section 218.415, Florida Statutes, *Local Government Investment Policies*
- Sections 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Fund*

We are pleased to confirm our acceptance and our understanding of this examination engagement by means of this letter. Our examination will be conducted with the objective of expressing an opinion as to whether the CRA complied in all material respects with the Statutes.

### ***Practitioner Responsibilities***

We will conduct our examination in accordance with the attestation standards related to examinations of the American Institute of Certified Public Accountants. An examination-level attestation engagement involves performing procedures to obtain attest evidence about whether the CRA complied with the Statutes, in all material respects. The procedures selected depend on the practitioner's judgment, including

the assessment of the risks of material misstatement or misrepresentation of the subject matter, whether due to fraud or error.

Because of the inherent limitations of an examination, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or misrepresentations may not be detected exists, even though the examination is properly planned and performed in accordance with the attestation standards related to examinations of the American Institute of Certified Public Accountants. However, we will inform you of any material errors or fraud that comes to our attention, unless clearly inconsequential.

### *Management Responsibilities*

Our examination will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the design, implementation, and maintenance of internal control relevant to the Statutes, which is the best means of preventing or detecting errors or fraud;
2. For selecting and determining the suitability and appropriateness of the criteria upon which compliance with the Statutes will be evaluated; and
3. To provide us with:
  - a. Access to all information of which management is aware that is relevant to compliance with the Statutes, such as records, documentation, and other matters and that you are responsible for the accuracy and completeness of that information;
  - b. Additional information that we may request from management for the purpose of the examination; and
  - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain attest evidence.

As part of our examination process, we will request from you written confirmation concerning representations made to us in connection with the examination.

### *Reporting*

We will issue a written report upon completion of our examination of the CRA's compliance with the Statutes. Our report will be addressed to the governing body. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

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

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents or support for any other transactions we select for testing.

We do not host, are not the custodian of, and accept no responsibility for your financial and non-financial data. You acknowledge that you have sole responsibility for the storage and preservation of your financial and non-financial data.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

Zach Chalifour is the service leader for the audit services specified in this letter. His responsibilities include supervising the services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the reports.

Our fees for the audit of the financial statements and related services, including expenses, for each of the fiscal years included in this engagement are as follows:

<u>Year</u>	<u>CRA Audit</u>
2020	\$ 5,000
2021	5,000
2022	5,000
2023	5,000

This engagement may be renewed for additional periods at the option of both parties in conjunction with any renewals options per our primary engagement letter for the audit of the City of Lake City, Florida's financial statements. Any renewals will be evidenced by a new engagement letter. All other applicable terms and conditions of our primary engagement letter are hereby incorporated into this engagement. Should any terms conflict, the terms outlined in the primary engagement letter shall prevail.

It is acknowledged by both parties that the audit requirement for the CRA was established by Chapter 2019-163, Laws of Florida, which amended Section 163.387(8), Florida Statutes, to require an audit for all community redevelopment agencies with a total of revenues or expenditures in excess of \$100,000. Should this requirement not apply to the CRA in a given year, whether due to the financial activity of the CRA or an additional modification to the applicable statutes, the terms of this engagement letter shall not apply unless agreed upon by both parties.

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

We will perform the following nonattest services: preparation of financial statements. With respect to any nonattest services we perform, the CRA's management is responsible for (a) making all management

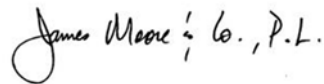
decisions and performing all management functions; (b) assigning a competent individual (Donna Duncan) to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

The audit documentation for this engagement is the property of James Moore & Co., P.L. and constitutes confidential information. However, we may be requested to make certain audit documentation available to a grantor or their designee, a federal or state agency providing direct or indirect funding, or the U.S. Government Accountability Office pursuant to authority given to it by laws or regulation, or to peer reviews. If requested, access to such audit documentation will be provided under the supervision of James Moore & Co., P.L. personnel. We will notify you of any such request. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

This engagement letter hereby incorporates any overall engagement terms outlined in the primary engagement letter for the City audit that have not been addressed herein.

We appreciate the opportunity to be of service to the CRA 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,

A handwritten signature in cursive script that reads "James Moore & Co., P.L.".

JAMES MOORE & CO., P.L.

RESPONSE:

This letter correctly sets forth the understanding of the City of Lake City, Florida.

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_