

March XX, 2019

Wesley Davis  
Property Appraiser  
Indian River County, Florida  
1800 27<sup>th</sup> Street, Bldg B  
Vero Beach, FL 32960

Jason E. Brown  
County Administrator  
Indian River County, Florida  
1801 27<sup>th</sup> Street, Bldg A  
Vero Beach, FL 32960

Dear Sirs;

This letter will confirm our arrangements to provide consulting services to *the Indian River County, Florida Property Appraiser (the "PA") and Indian River County, Florida* (collectively, the "*Parties*"), to assist the Parties in performing a review of certain books and records of the Indian River County, Florida Property Appraiser.

Rehmann will provide the following services:

Disbursement transactions from October 1, 2018 through January 7, 2019

- Rehmann will review supporting documentation for all disbursements exceeding \$500.00, determine if they were properly classified, and summarize by vendor.
- Rehmann will verify the top 10 vendors for legitimacy and cross reference all vendor addresses with employee addresses.
- Rehmann will compare actual expenditures with budgeted expenditures for the period and obtain explanations for significant variances.

Payroll records from October 1, 2018 through January 7, 2019

- Rehmann will identify the most current base salary per employee, recalculate gross wages for the period, and compare the result to payroll registers for that period, identifying any variances.

Cash account activity from October 1, 2018 through January 31, 2019

- Rehmann will scan bank statements for significant or unusual items and test the clerical accuracy of the reconciliations. We will test outstanding items and trace into subsequent bank statements.

#### Personal expenditures

- Rehmman will identify all employee reimbursements and allowances paid between October 1, 2018 and January 7, 2019, summarize the activity by employee, and determine if the written policy was followed with respect to payment.

#### IT System

- Rehmman will review and document the IT procedures for protecting the integrity of financial and non-financial data, i.e. system back-up and restore processes, system access controls, tracking of manual changes to the tax roll or QuickBooks data.

#### Data Analytics

- Rehmman will perform a Benford's Law Analysis on the general ledger detail to identify anomalies in the data and obtain explanations as needed.

Upon completion of the engagement, we will discuss our preliminary comments and observations with the Parties. We will then prepare a written report, if required, formalizing our findings, comments, recommendations, and other items deemed worthy of the Parties' attention.

Since our procedures do not constitute an audit of the PA's internal controls or financial statements, we will not express an opinion on the PA's internal controls, financial statements or any elements, accounts or items thereof, solely as a result of these procedures. Also, we will not express an opinion on the effectiveness of the PA's internal control over financial reporting or any part thereof solely as a result of these procedures.

We will perform services for the Parties based on present professional standards, laws and regulations. Management is responsible for identifying and ensuring that the PA complies with applicable laws and regulations.

Our fees for these consulting services will be charged at rates that are commensurate with the value of our professional services rendered and are not expected to exceed \$8,500. The not to exceed rate is dependent on the books and records being in good order and provided timely based on the schedule agreed to by the Parties.

Our invoices for said fees will be rendered as work progresses and are payable on presentation.

Our fees are based on anticipated cooperation from the Parties, continued readiness and proactive assistance on their part in providing us with complete and accurate information (whether financial or nonfinancial in nature) considered necessary by us, and the assumption that unexpected circumstances will not be encountered during the review.

If significant additional time is necessary, we will discuss the related circumstances with management and arrive at a new fee estimate, which will occur before we incur the additional time. In these circumstances, we may also issue a change order form (an attached example is provided).

Our engagement ends on delivery of our comments or report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.



## Rehmann Engagement Letter Terms

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**ADDITIONAL SERVICES** - The Parties may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with management regarding the scope of the additional services and the estimated fees. We also may issue a change order form (an attached example is provided), or a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our attest services will continue to be governed by the terms of this engagement letter.

**CODE OF CONDUCT** - Management is responsible for identifying any violations by employees of the Parties' code of conduct.

**CHANGES IN STANDARDS, LAWS AND REGULATIONS** - We perform services for the Parties based on present professional standards, laws and regulations. While we may on occasion be able to communicate with management with respect to changes in professional standards, laws and regulations, as a general principle we cannot undertake with clients to advise them of every change that may occur. The Parties can always obtain reassurance in this regard by contacting us for an updated review of the Parties' situation.

**MANAGEMENT'S REPRESENTATIONS** - The procedures we will perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. Accordingly, false, misleading, incomplete, or omitted representations could cause us to expend unnecessary efforts or could cause material error or a fraud to go undetected by our procedures. In view of the foregoing, the Parties agrees that we shall not be responsible for any material misstatements in the Parties' financial statements that we may fail to detect as a result of false, inaccurate, incomplete, or misleading representations that are made to us by management. In addition, the Parties further agrees to indemnify and hold us harmless for any liability and all reasonable costs, including legal fees, that we may incur as a result of the services performed under this engagement in the event there are false or misleading representations made to us by any member of the Parties' management.

**CLIENT ASSISTANCE** - We understand that the Parties' employees will prepare all documents we request and will locate and refile any documents selected by us for testing. In addition, management will provide us with copies of all minutes and other corporate documents that we believe may have a bearing on our evaluation of the Parties' financial affairs.

**WORK SPACE** - The Parties shall provide reasonable work space for Rehmann personnel at work sites, as well as occasional clerical support services. The Parties understands that Rehmann's performance is dependent on the Parties' timely and effective satisfaction of its own activities and responsibilities in connection with this engagement, as well as timely decisions and approvals by Parties personnel.

**ACCURACY AND COMPLETENESS OF INFORMATION** - Management agrees to ensure that all information provided to us is accurate and complete in all material respects, contains no material omissions and is updated on a prompt and continuous basis. In addition, management will also be responsible for obtaining all third-party consents, if any, required to enable Rehmann to access and use any third-party products necessary to our performance.

**EMAIL** - The Parties acknowledges that (a) Rehmann, the Parties and others, if any, participating in this engagement may correspond or convey documentation via Internet e-mail unless the Parties expressly requests otherwise, (b) no party has control over the performance, reliability, availability, or security of Internet e-

mail, and (c) Rehmann shall not be liable for any loss, damage, expense, harm or inconvenience resulting from the loss, delay, interception, corruption, or alteration of any Internet e-mail due to any reason beyond Rehmann's reasonable control.

**OFFERS OF EMPLOYMENT** - Professional standards require us to be independent with respect to the Parties in the performance of our services. Any discussions that management has with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we request that management inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

Neither party shall, during the term of this engagement letter and for one (1) year after its termination, solicit for hire as an employee, consultant or otherwise any of the other party's personnel without such other party's express written consent. If the Parties desires to offer employment to a Rehmann associate and the associate is hired in any capacity by the Parties, a market-driven compensation placement fee may apply.

**ADDITIONAL FEES AND BILLING POLICIES** - It must be understood that the nature of our engagement requires us to exercise our independent professional judgment with respect to various issues. In reaching our conclusions, we must retain the right to judge the nature and scope of the work required in order to conform to professional standards, as well as the work we deem necessary to enable us to reach the conclusions and form the opinions required of us, if applicable. If our judgment as to the scope of the work required causes us to reassess our estimate of fees for this engagement, we will so advise the Parties. We reserve the right to refrain from performing additional work (and thereby incurring additional time charges) unless and until the Parties has confirmed its understanding of, and agreement to, any additional estimated charges.

Our fee estimate is based upon our discussions with management, in which management has disclosed no unusual problems or issues which would require us to conduct a review of unusual scope or otherwise expend time and effort in excess of that normally anticipated in an engagement of this type. The estimate also assumes that we will have the full cooperation of Parties personnel, as required, and that there is a reasonable continuity of Parties personnel familiar with the matters to which our engagement relates. In addition, our fee is based on the experience level of our personnel, at their respective standard hourly rates, performing certain procedures at certain timeframes. If we are caused to vary from that planning formula, additional fees will need to be charged to allow for more experienced personnel performing the work, reallocation of our client priority, overtime, etc. Further, management will provide us with the schedules and records that we request (which ordinarily are detailed in a request list in advance of our fieldwork) and that all such schedules and records will be provided to us timely in accordance with the scheduled fieldwork dates, to be mutually agreed upon. If the requested schedules and records are not provided to us in accordance with the scheduled dates and we are unable to continue our work, we will resume our work as soon as the schedules and records are provided to us and our professionals assigned to the engagement again become available. As a result of well-publicized events, global economic convergence, and the continued evolution of the accounting profession, accounting and auditing standard setters and regulators are continually evaluating the need for changes that may affect the Parties. Such changes may result in changes in financial reporting and expanding the nature, timing and scope of activities we are required to perform to provide the services discussed in this letter. Proposed changes and shortened deadlines could result in a reduction of the level of assistance and

## Rehmann Engagement Letter Terms

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preparedness the Parties is able to provide. We expect that our clients may continue to look to us to assist them with these changes. To the extent any changes require us to increase the time required to provide the services described in this letter or to complete new tasks required by such changes, we reserve the right to adjust our fees appropriately. We will endeavor to advise the Parties of anticipated changes to our fees on a timely basis.

In accordance with our Firm policies, work may be suspended if the Parties' account becomes 30 days or more overdue and will not be resumed until the account is paid in full or we have a definitive payment agreement approved by our Firm administrator in Saginaw, Michigan. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. The Parties will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Our terms and conditions impose a late charge of 1.5% per month, which is an annual percentage rate of 18%. Balances not paid within 30 days of the receipt of invoice are past due and a late charge of 1.5% will be applied to the entire past due amount.

**MAXIMUM LIABILITY** - The Parties agrees that our maximum liability to the Parties for any negligent errors or omissions committed by us in the performance of the engagement will be limited to the amount of our fees for this engagement, except to the extent determined to result from our gross negligence or willful misconduct.

**CLAIMS** - Because there are inherent difficulties in recalling or preserving information as the period after an engagement increases, the Parties agrees that, notwithstanding the statute of limitations of any particular State or U.S. Territory, any claim based on the engagement must be filed within 12 months after performance of our service, unless management has previously provided us with a written notice of a specific defect in our services that forms the basis of the claim.

**TERMINATION OF SERVICES** - We reserve the right to suspend or terminate services for reasonable cause such as failure to pay our invoices on a timely basis or failure to provide adequate information in response to our inquiries necessary for successful performance of our services. Our engagement will be deemed to be completed upon written notification of termination, even if we have not completed the service and issued our report. The Parties are obligated to compensate us for the time expended to that point and to reimburse us for all out-of-pocket expenditures through the date of termination.

We acknowledge the Parties' right to terminate our services at any time, and the Parties acknowledges our right to withdraw at any time, including, but not limited to, for example, instances where, in our judgment, (a) the conditions in the first paragraph of the "Audit Objective" section of this letter exist, (b) our independence has been impaired, (c) we can no longer rely on the integrity of management, or (d) management or the Audit Committee, if applicable fails to reasonably support our efforts to perform the engagement in accordance with what we believe is necessary to comply with professional standards, subject in either case to our right to payment for charges incurred to the date of termination or resignation.

In the event that we determine to resign, and the Parties seeks damages allegedly resulting from such resignation, our maximum liability to the Parties in the event we are held liable because of such resignation shall be limited to the fees actually paid to us for current year work performed up to the date of resignation.

**INFORMAL ADVICE** - As part of our engagement we may provide advice on operating, internal control over financial reporting and other matters that come to our attention. Informal advice is not considered to be a consulting service unless we have entered into a separate engagement.

**THIRD PARTY PROCEEDINGS** - As a result of our prior or future services to the Parties, we might be requested or subpoenaed to provide testimony, information, or documents to management or a third party in a legal, administrative, mediation, or arbitration or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be billable to the Parties as a separate engagement. We shall be entitled to compensation for our time at our standard hourly rates and reasonable reimbursement for our expenses (including our legal fees) in complying with this request. For all such requests, we will observe the confidentiality requirements of our profession and will notify management promptly of the request. This paragraph will survive the termination of this agreement for any reason, and will be binding upon successors to the Parties.

**PEER REVIEW** - Our Firm, as well as other major accounting firms, participates in a "peer review" program covering our audit and accounting practices. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for the Parties may be selected by the other firm for their review. If it is, the other firm is bound by professional standards to keep all information confidential. If management objects to having the work we perform for the Parties reviewed by our peer reviewer, please notify us in writing.

**PROMOTIONAL MATERIALS** - The Parties consents to Rehmann's use of your Parties name and a factual description of the services to be performed by Rehmann under this agreement in Rehmann's advertising and promotional materials and other proposal opportunities.

**MEDIATION** - If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to binding arbitration or litigation. Costs of any mediation proceeding shall be shared equally by all parties.

**GOVERNING LAW** - This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, without regard to the principles of conflicts of law thereof.



EXAMPLE CHANGE ORDER

Client: Indian River County, Florida Property Appraiser and Indian River County, Florida (collectively, the "Parties")

Date:

Project Description (and estimated completion date, if appropriate):

Four horizontal lines for project description

Estimated Additional Fees: \$ \_\_\_\_\_

We believe it is our responsibility to exceed the Parties' expectations. This Change Order is being prepared because performance by us of the above project and/or additional service efforts was not anticipated in our original Agreement dated March XX, 2019. The estimated fees for the above project have been mutually agreed upon by the Parties and Rehmann. It is our goal to ensure that the Parties is never surprised by the price for any Rehmann service and, therefore, we have adopted the Change Order Policy. The estimated additional amount above is due and payable upon completion of the project described.

If management agrees with the above project description and the estimated fee amount, please authorize and date the Change Order below. A copy is enclosed for the Parties' records. Thank you for letting us serve the Parties.

Agreed to and accepted:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date