

May 20, 2015

Members of the Board  
Pinellas County License Board  
8751 Ulmerton Road, Suite 2000  
Largo, FL 33771

To the Board of Directors:

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested that we audit the financial statements of the Pinellas County License Board (the Board), which comprise the governmental activities and general fund as of, and for the year ended September 30, 2015. We will also report on whether supplementary information is fairly stated in all material respects in relation to the financial statements as a whole. We will also perform certain limited procedures on required supplementary information (RSI) but will not express an opinion or provide assurance on RSI.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

Our acceptance of this engagement is subject to our satisfactorily completing our normal engagement acceptance procedures, including review of the audit documentation of your previous auditors. We will notify you promptly if we become aware of anything during our acceptance procedures or the review of audit documentation that results in our not being able to continue this engagement.

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, *Government Auditing Standards* do not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the Board'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.

We will also communicate to the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

Our report(s) on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and circulars identified above. Our report(s) on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement, or loan program questioned costs of which we become aware, consistent with requirements of the standards and circulars identified above.

### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

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

- a. The preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. 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;
- c. For establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;

d. To provide us with:

- (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
- (2) Additional information that we may request from management for the purpose of the audit; and
- (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit including among other items:

- a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
- b. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Board complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the RSI and supplementary information in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the RSI and supplementary information in any document that contains the supplementary information and that indicates that the auditor has reported on such RSI and supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Directors is responsible for informing us of their views about the risks of fraud or abuse within the entity, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the entity.

### **The Board's Records and Assistance**

If circumstances arise relating to the condition of the Board's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdraw from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Board's books and records. The Board will determine that all such data, if necessary, will be so reflected. Accordingly, the Board will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Board personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with Ms. Patsy Buker, Executive Director. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

In connection with our audit, you may request us to perform certain non-audit services necessary for the preparation of the financial statements. The independence standards of the *Government Auditing Standards* issued by the Comptroller General of the United States (GAS) require that the auditor maintain independence so that opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Board, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit service to be performed. Accordingly, the management of the Board agrees to the following:

1. The Board has designated Ms. Patsy Buker, Executive Director and a senior member of management, who possesses suitable skill, knowledge, and experience to oversee the services.
2. Ms. Patsy Buker, Executive Director, will assume all management responsibilities for subject matter and scope of any non-audit services to be performed.
3. The Board will evaluate the adequacy and results of the services performed.
4. The Board accepts responsibility for the results and ultimate use of the services.

GAS further requires we establish an understanding with the management and those charged with governance of the Board of the objectives of the non-audit service, the services to be performed, the Board's acceptance of its responsibilities, the auditor's responsibilities, and any limitations of the non-audit service. We believe this letter documents that understanding.

### **Other Relevant Information**

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In addition, we may utilize financial information you have provided to us in connection with this engagement for purposes of creating benchmarking data to be used by THF professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

We will also respond to inquiries and provide routine consulting services as specifically requested. Routine consulting services include the normal communications we have with our clients. Generally, these consulting services address a wide variety of nonpolicy matters that facilitate the delivery of our basic attest services. Such routine consulting services include research and advice relating to the application of regulatory requirements, professional standards, and best practices. Ms. Patsy Buker, Executive Director, will be responsible for overseeing, evaluating the adequacy of, accepting the results of, and for making all management decisions with respect to the routine consulting services.

In the interest of facilitating our services to the Board, we may communicate by facsimile transmission, by secure email transfer over the internet that allows encrypted uploads and downloads of documents between our clients and personnel, or by traditional email over the internet. We may also use a private client portal that allows us to make documents available instantly to our clients. Such communications may include information that is confidential to the Board. Our firm employs measures in the use of facsimile machines and computer technology designed to maintain data security. While we will use reasonable efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, the Board recognizes and accepts that we have no control over the unauthorized interception of these communications once they have been sent and consents to our use of these electronic devices during this engagement.

In accordance with *Government Auditing Standards*, a copy of our most recent peer review report is enclosed for your information.

### **Other Terms of our Engagement**

Our fee will be based on hours worked by the various levels of personnel, at rates applicable to each, plus out-of-pocket expenses and an additional charge of \$12 per hour to cover the cost of administrative expenses not separately billed. Calculated on this basis, our fee estimate for the audit services, including administrative and out-of-pocket expenses, will not to exceed \$19,000.

Our fees will be billed in installments to coincide with the performance of our work. Services other than those specified above will be subject to a separate written arrangement.

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee and completion of our work is based upon the following criteria:

- a. Anticipated cooperation from Board personnel.
- b. Timely responses to our inquiries.
- c. Timely completion and delivery of client assistance requests.
- d. Timely communication of all significant accounting and financial reporting matters.
- e. The assumption that unexpected circumstances will not be encountered during the engagement.

Our fees for other accounting or consulting services requested by the Board including participation at various meetings other than those associated with the audit, will be billed based on the time necessary to perform these services at our standard rates, plus administrative and out-of-pocket expenses. For significant additional services, we will provide an estimate of the total project cost prior to commencement of the work.

In the event we are requested or authorized by the Board or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Board, the Board will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of THF. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of THF audit personnel and at a location designated by our firm.

If any term or provision of this Agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

**Reporting**

We will issue a written report upon completion of our audit of the Board's financial statements. Our report will be addressed to the Board of Directors. 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.

This letter constitutes the complete and exclusive statement of agreement between THF and the Board, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties. It is hereby understood and agreed that this engagement is being undertaken solely for the benefit of the Board and that no other person or entity shall be authorized to enforce the terms of this engagement.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities. A copy has been enclosed for your files. We appreciate your business.

Sincerely,

*Thomas Howell Ferguson P.A.*

Pinellas County License Board

Agreed and accepted.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



# Gregory, Sharer & Stuart

Certified Public Accountants and Business Consultants

Richard H. Caton, CPA  
M. Timothy Farrell, CPA  
Thomas H. Gregory, CPA  
Daniel J. Hevia, CPA  
Robert L. Ingham, CPA  
Troy Kimbrough, CPA  
James G. Newman, CPA  
Paula D. Popovich, CPA  
Larry W. Sharer, CPA  
Byron C. Smith, CPA  
Charles L. Stuart, CPA  
Richard G. Ulrich, CPA  
Carlos R. Vila, CPA

## System Review Report

To the Shareholders of Thomas Howell Ferguson, P.A.  
And the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Thomas Howell Ferguson, P.A. (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice applicable to non-SEC issuers of Thomas Howell Ferguson, P.A. in effect for the year ended May 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Thomas Howell Ferguson, P.A. has received a peer review rating of *pass*.

*Gregory, Sharer & Stuart, P.A.*

Gregory, Sharer & Stuart, P.A.  
August 1, 2013

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