

August 22, 2018

Members of the Board
Pinellas County License Board
8751 Ulmerton Road, Suite 2000
Largo, Florida 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 Pinellas County License Board (the Board), which comprise the governmental activities and general fund as of, and for the year ended September 30, 2018. 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. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

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

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 (GAS). 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, GAS does 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 regulations 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 regulations identified above.

Our services under this arrangement letter do not include services for tax return preparation, tax advice, or representation in any tax matter. Nevertheless, we may discuss with you certain tax considerations or provide you with tax information that may be relevant to our services. Any such discussions or information would be based upon limited tax research, limited due diligence, and limited analysis regarding the underlying facts. Because additional research or a more complete review of the facts could affect our analysis and conclusions, the information provided during these discussions should not be used as the basis for proceeding with any transaction or any tax return reporting.

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:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;

- b. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that they will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
- c. 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;
- d. 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;
- e. For report distribution; and
- f. 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 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 its 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.

Because Thomas Howell Ferguson P.A. (THF) will rely on the Board and its management and Board of Directors to discharge the foregoing responsibilities, the Board holds harmless and releases THF, its shareholders and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a known misrepresentation by a member of the Board's management that has caused, in any respect, THF's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

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 or issue a report, or withdrawing 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. Faith Bornoff M.Ed., 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 have requested us to perform certain non-audit services necessary for the preparation of the financial statements, including drafting the financial statements to be issued. The GAS independence standards 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. The Board has agreed that Ms. Faith Bornoff M.Ed, Executive Director, possesses suitable skill, knowledge, or experience and that the individual understands the audit and financial statement services to be performed sufficiently to oversee them. Accordingly, the management of the Board agrees to the following:

1. The Board has designated Ms. Faith Bornoff M.Ed, Executive Director, a senior member of management, who possesses suitable skill, knowledge, and experience to oversee the services;
2. Ms. Faith Bornoff M.Ed, 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; and
4. The Board accepts responsibility for the results and ultimate use of the services.

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

Other Relevant Information

THF may mention the Board's name and provide a general description of the engagement in THF's client lists and marketing materials.

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.

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 accordance with GAS, 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 out-of-pocket expenses, is \$21,000. This fee estimate is subject to adjustments based on unanticipated changes in the scope of services and/or the incomplete or untimely receipt by us of the information on the client preparation list. Our fees will be billed in installments to coincide with the performance of our work. All other provisions of this letter will survive any fee adjustment. 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 estimate and completion of our work is based upon the following criteria, which if not met, may cause the fees to increase:

- 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.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a shareholder or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. For this reason and because THF incurs significant costs associated with training and replacing experienced personnel assigned to client engagements, the Board agrees it will compensate THF in the amount equal to the annual compensation of the employee hired by the Board.

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 Florida Department of Economic Opportunity, Florida Auditor General, or other Florida government agencies 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.

The Board and THF agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by THF or the date of this arrangement letter if no report has been issued. In no event shall either party be liable to the other for claims of punitive, consequential, special, or indirect damages. THF's liability for all claims, damages and costs of the Board arising from this engagement is limited to the amount of fees paid by the Board to THF for the services rendered under this arrangement letter.

THF is committed to the safe and confidential treatment of the Board's proprietary information. THF is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The Board agrees that it will not provide THF with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of Board information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

Our firm employs measures in the use of electronic data transmission 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.

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 of the Board. 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.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Board of Directors
Pinellas County License Board

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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: *[Signature]*

Title: *Board chair*

Date: *8-28-18*

Management's Acknowledgement of Terms:

By: *[Signature]*

Title: *Executive Director*

Date: *8.28.18*

Copy to: (CEO or CFO, if point of contact is Audit Committee or Board of Directors)



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 engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2016. 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.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*, audits of employee benefit plans and examinations of service organizations (SOC I engagements).

In our opinion, the system of quality control for the accounting and auditing practice of Thomas Howell Ferguson, P.A. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2016, 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 24, 2016