



June 25, 2014

Honorable Mayor and City Commission
Renee Miller, City Manager
City of Hallandale Beach, Florida
400 South Federal Highway
Hallandale Beach, Florida 33009

Re: Engagement of Marcum LLP Under the Agreement Between City of Hallandale Beach, Florida and Marcum LLP dated July 29, 2010

We are pleased to confirm our understanding of the services Marcum LLP (Marcum or the Firm) are to provide the City of Hallandale Beach, Florida (the City) for the year ended September 30, 2014, the second option year of our agreement with the City. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the City as of and for the year ended September 30, 2014. Accounting standards generally accepted in the United States of America 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 part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 auditing standards generally accepted in the United States of America. These limited procedures will consist 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 generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedules
- 3) Schedule of Funding Progress – Pension Trust Funds and Other Post Employment Benefits
- 4) Schedule of Employer Contributions – Pension Trust Funds



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We have also been engaged to report on supplementary information other than RSI that accompanies the City's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic 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 auditing standards generally accepted in the United States of America, and will provide an opinion on it in relation to the basic financial statements as a whole:

- 1) Schedule of Expenditures of Federal Awards and State Financial Assistance (as applicable)
- 2) Combining and Individual Fund Financial Statements and Schedules

The following other information accompanying the basic financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditors' report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section
- 2) Statistical Section

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic 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 the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with the provisions of laws, regulations, contracts, and grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Florida Single Audit Act and Chapter 10.550, *Rules of the Auditor General of 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

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report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting 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 over financial reporting and on compliance. The OMB Circular A-133 and the Florida Single Audit Act and Chapter 10.550, Rules of the Auditor General report on internal control over compliance will include a paragraph 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 OMB Circular A-133 and the Florida Single Audit Act. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; 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; and the provisions of OMB Circular A-133, the Florida Single Audit Act and Chapter 10.550 and Rules of the Auditor General of the State of Florida and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133 and the Florida Single Audit Act, and other procedures we consider necessary to enable us to express such opinions and to render the required reports.

We will make reference to the auditors of the Hallandale Beach Police Officers' and Firefighters' Personnel Retirement Trust in our report on your financial statements.

If during the course of our work it appears for any reason that we will not be in a position to render an unmodified opinion on the financial statements or the Single Audit compliance opinions are other than unmodified, or that our report will require an emphasis-of-matter paragraph, we will discuss this with you. If for any reason, we are unable to complete the audit or we are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement. If, in our professional judgment, the circumstances require us to do so, we may resign from the engagement prior to completion.

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 basic financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement,

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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 limitation 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 programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential and of any 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 period 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 tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards and state financial assistance; federal award and state financial assistance programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the basic 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,

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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*.

As required by OMB Circular A-133, the Florida Single Audit Act, and Chapter 10.550, Rules of the Auditor General of the State of Florida, 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 and state financial assistance program. 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 OMB Circular A-133, The Florida Single Audit Act, and Chapter 10.550, Rules of the Auditor General of the State of Florida.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133, The Florida Single Audit Act, and Chapter 10.550, Rules of the Auditor General of the State of Florida.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the City's compliance with provision 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*.

OMB Circular A-133, The Florida Single Audit Act, and Chapter 10.550, Rules of the Auditor General of the State of Florida requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement and the State of Florida Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133 and the Florida Single Audit Act.

Management Responsibilities

Management is responsible for the basic financial statements, schedule of expenditures of federal awards and state financial assistance, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying all government award programs received and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards and state financial assistance (including notes and non cash assistance received) in accordance with the requirements of OMB Circular A-133 and the Florida Single Audit Act. As part of the audit, we will review your financial statements, schedule of expenditures of federal awards and state financial assistance and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards and state financial assistance and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the written representation letter that you have reviewed and approved the financial statements, schedule of expenditures of federal awards and state financial assistance and related notes prior to their issuance and have accepted responsibility for them.

Management is responsible for (a) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities; to help ensure that appropriate goals and objectives are met; (b) following laws and rules; (c) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (d) ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the

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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.

You are 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 government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, grantors, regulators, or others. In addition, you are 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 report. Additionally, as required by OMB Circular A-133, the Florida Single Audit Act and Chapter 10.550, Rules of the Auditor General of the State of Florida, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review at the commencement of the audit.

You are responsible for preparation of the schedule of expenditures of federal awards and state financial assistance in conformity with OMB Circular A-133, the Florida Single Audit Act and Chapter 10.550, Rules of the Auditor General of the State of Florida. You agree 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. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards and state financial assistance no later than the date the schedule of expenditures of federal awards and state financial assistance is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards and state financial assistance in accordance with OMB Circular A-133, the Florida Single Audit Act, and Chapter 10.550, Rules of the Auditor General; (2) you believe the schedule of expenditures of federal awards and state financial assistance, including its form and content, is fairly presented in accordance with OMB Circular A-133, The Florida Single Audit Act, 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 period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or

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interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards and state financial assistance.

You are 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. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the 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 period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including 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. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. 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. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

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We will provide copies of our reports to the City however, management is responsible for distribution of the reports and the basic financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your 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.

Communication with Those Charged with Governance

As part of our engagement, we are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process as well as other matters we believe should be communicated to those charged with governance. Generally accepted auditing standards do not require the auditor to design procedures for the purpose of identifying other matters to communicate with those charged with governance. Such matters include, but are not limited to, (1) the initial selection of and changes in significant accounting policies and their application; (2) the process used by management in formulating particularly sensitive accounting estimates and the basis for our conclusions regarding the reasonableness of those estimates; (3) all passed audit adjustments; (4) any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the financial statements or our report; (5) our views about matters that were the subject of management's consultation with other accountants about auditing and accounting matters; (6) major issues that were discussed with management in connection with the retention of our services, including, among other matters, any discussions regarding the application of accounting principles and auditing standards; (7) serious difficulties that we encountered in dealing with management related to the performance of the audit; and (8) matters relating to our independence as your auditors.

Reproduction of Auditors' Report

If you intend to publish or otherwise reproduce the financial statements and make reference to our Firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed. In addition, to avoid unnecessary delay or misunderstanding, it is important that you give us timely notice of your intention to issue any such document.

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Assistance By Your Personnel

We will ask that your personnel, to the extent possible, prepare required schedules and analyses, and make selected invoices and other required documents available to our staff. This assistance by your personnel will serve to facilitate the progress of our work and minimize our time requirements.

Background Checks

As a matter of Firm policy, we perform background checks, which may require out-of-pocket expenses, on potential clients and/or on existing clients, on an as-determined basis. The terms and conditions of this engagement are expressly contingent upon the satisfactory completion of our investigatory procedures and we reserve the right to withdraw from any relationship should information which we deem to be adverse come to our attention. The results of all background checks and other investigatory procedures are submitted to, and reviewed by, our Firm's Client Acceptance Committee.

Independence

Professional standards require that a firm and its members maintain independence throughout the duration of the professional relationship with a client. In order to preserve the integrity of our relationship, no offer of employment shall be discussed with any Marcum LLP professionals assigned to the audit, including within the one year period prior to the commencement of the year end audit. Should such an offer of employment be made, or employment commences during the indicated time period, we will consider this an indication that our independence has been compromised. As such, we may be required to recall our auditors' report due to our lack of independence. In the event additional work is required to satisfy independence requirements, such work will be billed at our standard hourly rates. Furthermore, we strive to staff your engagement with quality, superbly trained professionals. In recognition of the extensive investment we have made to recruit and develop our personnel, we ask that you agree to the following. In the event that any of our employees accepts a position of employment with your Organization, or any of its related parties at any time while we are performing services for you or within one year thereafter, you agree to pay us a placement fee equal to one third of the employee's annual compensation in effect on the date such employment was contracted. Such fee is payable when the employee accepts such a position.

Access to Working Papers

The working papers prepared in conjunction with our engagement are the property of Marcum LLP and constitute confidential information subject to the Public Records Laws of the Florida Statutes. These working papers will be retained by us in accordance with applicable laws and

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our Firm's policies and procedures. However, we may be required, by law or regulation, to make certain working papers available to regulatory authorities for their review, and upon request, we may be required to provide such authorities with photocopies of selected working papers.

The Firm is required to undergo a "Peer Review" every three years. During the course of a Peer Review engagement, selected working papers and financial reports, on a sample basis, will be inspected by an outside party on a confidential basis. Consequently, the accounting and/or auditing work we performed for you may be selected. Your signing this letter represents your acknowledgement and permission to allow such access should your engagement be selected for review.

As a result of our prior or future services to you, we may be required or requested to provide information or documents to you or a third-party in connection with a legal or administrative proceeding (including a grand jury investigation) in which we are not a party. If this occurs, our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to compensation for our time and reimbursement for our reasonable out-of-pocket expenditures (including legal fees) in complying with such request or demand. This is not intended, however, to relieve us of our duty to observe the confidentiality requirements of our profession.

Third-Party Service Providers

The Firm may, from time to time, and depending on the circumstances, use third-party service providers to assist us with the audit of your financial statements. We may share confidential information about you with the third-party service providers, but remain committed to maintaining the confidentiality of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. Furthermore, the Firm will remain responsible for the work performed by such third-party service providers.

Dispute Resolution Procedure, Waiver of Jury Trial and Jurisdiction and Venue for Any and All Disputes Under This Engagement Letter and Governing Law

AS A MATERIAL INDUCEMENT FOR US TO ACCEPT THIS ENGAGEMENT AND/OR RENDER THE SERVICES TO THE ORGANIZATION IN ACCORDANCE WITH THE PROVISIONS OF THIS ENGAGEMENT LETTER:

The Firm and the City each hereby knowingly, voluntarily and intentionally waive any right either may have to a trial by jury with respect to any litigation based hereon, or arising out of, under or in connection with this engagement letter and/or the services provided hereunder, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of either party.

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The Firm and the City each expressly agree and acknowledge that the Circuit Court of the 17th Judicial Circuit, in and for Broward County, Florida and the United States District Court for the Southern District of Florida, shall each have exclusive and sole jurisdiction and venue for any respective state or federal actions arising from, relating to or in connection with this engagement letter, or any course of conduct, course of dealing, statement or actions of either party.

The terms and provisions of this engagement letter, any course of conduct, course of dealing and/or action of the Firm and/or the City and our relationship with you shall be governed by the laws of the State of Florida to the extent said laws are not inconsistent with the Federal Securities Laws and Rules, Regulations and Standards thereunder. In any litigation brought by either the Firm or the City, the prevailing party shall be entitled to an award of its reasonable attorneys' fees and costs incurred, including through all appeals.

We acknowledge your right to terminate our services at any time, and you acknowledge our right to resign at any time (including instances where in our judgment, our independence has been impaired or we can no longer rely on the integrity of management), subject in either case to our right to payment for all direct and indirect charges including out-of-pocket expenses incurred through the date of termination or resignation or thereafter as circumstances and this agreement may require, plus applicable interest, costs, fees and attorneys' fees.

No action, regardless of form, arising out of the services under this agreement may be brought by either party more than one year after the date of the last services provided under this agreement.

The City hereby indemnifies Marcum LLP and its partners, principals, and employees, and holds them harmless from all claims, liabilities, losses, and costs arising in circumstances where there has been a known misrepresentation by a member of the City's management, regardless of whether such person was acting in the City's interest. This indemnification will survive termination of this letter of engagement.

Other Services

We are always available to meet with you and/or other management personnel at various times throughout the year to discuss current business, operational, accounting and auditing matters affecting your City. Whenever you feel such meetings are desirable please let us know; we are prepared to provide services to assist you in any of these areas. We will be pleased, at your request to attend your Commission meeting(s).

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Timeline

Our engagement ends on delivery of our audit 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.

Fees

As a result of our planning process, the above described professional services will be completed for a fee of \$122,000 for the fiscal year ended September 30, 2014. This amount is composed of \$117,000, which reflects an increase of 3% over prior year's fee, and an additional \$5,000 for the additional procedures that will be performed as a result of the City's implementation of the financial module of the new ERP System. To the extent that certain circumstances, including but not limited to those listed in Appendix A, arise during the engagement, our fee may be significantly affected and additional fees may be necessary. Additional services provided beyond the described scope of services will be discussed with you before providing those services. Our invoices for these fees will be rendered as the work progresses, and are due and payable upon presentation. Prior to the commencement of the services described above, any past due balances are required to be paid in full. In accordance with our Firm policies, should any invoice remain unpaid for more than thirty days, we reserve the right to defer providing any additional services until all outstanding invoices are paid in full. Amounts past due 60 days from the invoice date will incur a finance charge of 1% per month. Nothing herein shall be construed as extending the due date of payments required under this agreement, and you agree that we are not responsible for the impact on your organization of any delay that results from such non-payment by you.

Agreement

This letter comprises the complete and exclusive statement of the agreement between the parties, superseding all proposals oral or written and all other communications between the parties. If any provision of this letter is determined to be unenforceable, all other provisions shall remain in force.

It is hereby understood and agreed that this engagement is being undertaken solely for the benefit of the City and that no other person or entity shall be authorized to enforce the terms of this engagement.

If you agree with the terms of our engagement, as described in this letter, please sign the letter and return a copy to us and we will send you an executed original.

City of Hallandale Beach, Florida

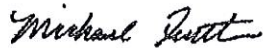
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This agreement is renewable at the option of the City. We appreciate the opportunity to be of service to the City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

Very truly yours,

Marcum LLP



Michael D. Futterman, CPA
Partner

ACCEPTED

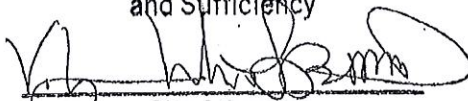
This letter correctly sets forth the agreement of the City.

Authorized Signature: 

Title: City Manager

Date Signed: 8/26/14

Approved as to Form
and Sufficiency


City Attorney

APPENDIX A

City of Hallandale Beach, Florida Circumstances Affecting Timing and Fee Estimate

The estimated fee is based on certain assumptions. Circumstances may arise during the engagement that may significantly affect the targeted completion dates and our fee estimate. As a result, additional fees may be necessary. Such circumstances include but are not limited to the following:

1. Changes to the timing of the engagement at your request. Changes to the timing of the engagement usually require reassignment of personnel used by Marcum LLP (Marcum) in the performance of services hereunder. However, because it is often difficult to reassign individuals to other engagements, Marcum may incur significant unanticipated costs.
2. All requested schedules are not (a) provided by the accounting personnel on the date requested, (b) completed in a format acceptable to Marcum (c) mathematically correct, or (d) in agreement with the appropriate underlying records (e.g., general ledger accounts). Marcum will provide the accounting personnel with a separate listing of required schedules and deadlines.
3. Weaknesses in the internal control.
4. Significant new issues or unforeseen circumstances as follows:
 - a. New accounting issues that require an unusual amount of time to resolve.
 - b. Changes or transactions that occur prior to the issuance of our report.
 - c. Changes in the Organization's accounting personnel, their responsibilities, or their availability.
 - d. Changes in auditing requirements set by regulators.
5. Significant delays in the accounting personnel's assistance in the engagement or delays by them in reconciling variances as requested by Marcum. All invoices, contracts and other documents which we will identify for the City, are not located by the accounting personnel or made ready for our easy access.
6. A significant level of proposed audit adjustments are identified during our audit.
7. Changes in audit scope caused by events that are beyond our control.
8. Untimely payment of our invoices as they are rendered.