

June 27, 2016

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

Re: Addendum to the Engagement Letter Dated August 10, 2015 of the Engagement of Marcum LLP

This letter serves as an addendum (all previous terms of our engagement letter dated August 10, 2015 are still in effect) of our understanding of the services we are to provide for the City of Hallandale Beach, Florida (the City) for the year ended September 30, 2015.

When initially created, the estimated audit fee was 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. The circumstances noted in Appendix A, which is attached to our engagement letter dated August 10, 2015, and that were incurred during this year's audit are as follows:

- Changes to the staffing of the engagement as a result of the bullet point below.
- Many of the requested schedules were 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).
- One of the two material weaknesses identified was associated with internal controls of over financial close and reporting. The condition noted in this finding yielded numerous significant auditor adjustments as a result of our additional analysis and accounting assistance provided to the City which further delayed the receipt of requested items.
- The level of assistance provided by our staff to City personnel in order to proceed with the audit as well as the significant changes in the scope of our procedures due to additional risks identified as a result of the lack of internal controls over financial reporting. The 2 most significant areas where time was incurred was the accounting and reporting for "property held for sale" and "capital assets".

Fees

The excess amount of additional fees for the professional services provided is \$43,974 at our discounted rates (See attached calculation). We are requesting a final fee, further discounted, to \$25,000.

We appreciate the opportunity to be of continued 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



City of Hallandale Beach, Florida

June 27, 2016

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ACCEPTED

This letter correctly sets forth the agreement of the City.

Authorized Signature: _____

Title: _____

Date Signed: _____

City

\$ 121,000 Engagement Letter Fee
2,000 Additional for GASB 68
12,000 Additional to Prepare CAFR
\$ 135,000 Total dollars agreed upon

\$ 255,678 Costs incurred to date
(76,703) 30% reduction due to negotiated rates
178,974
135,000 Amount billed to date
43,974 Excess Costs at discounted rates
\$ (18,974) Additional Discount
\$ 25,000 Final Fee Request