

CONTRACT NUMBER: 324-18

PROFESSIONAL SERVICES AGREEMENT BETWEEN OWNER AND CONSULTANT

RFP #324-18 AUDIT SERVICES

This Agreement for audit services is made and entered into this 1st day of November, 2018, by and between Dawson County, a political subdivision of the State of Georgia, whose address for the purposes of this agreement is 25 Justice Way, Suite 2214, Dawsonville, GA 30534, (hereinafter referred to as the "Owner/Auditee") and Bates, Carter & Company (hereinafter referred to as the "Consultant/Auditor")(sole proprietorship, general or limited partnership, professional corporation or business corporation) whose agent and address for the purposes of this agreement is Kristi L. Griffin, 525 Candler Street, Gainesville, GA 30051.

In consideration of the mutual promises, covenants, and payment set forth herein and for other good and valuable consideration, the County and Consultant agree to perform in accord with the terms of this Agreement.

WITNESSETH THAT:

WHEREAS, the Auditee is a governmental entity and

WHEREAS, the Auditee is required to be audited on a regular basis in accordance with certain specified audit standards; and

WHEREAS, the Auditor is a organized under the laws of the State of Georgia engaged in the practice of accountancy and business of performing professional audit services; and

WHEREAS, the Auditee desires to utilize the professional services of the Auditor, in accordance with the needs, requirements, terms and conditions contained in a Request for Proposals, Number 324-18 (the "RFP"), and the proposal (the "Auditor's Proposal") submitted by the Auditor in response to the RFP, which RFP and Auditor's Proposal are attached hereto and by this reference incorporated herein; and

WHEREAS, the Auditee awarded the contract for audit services to the Auditor in accordance with the RFP and in reliance upon the representations and certifications contained in the Auditor's Proposal; and

WHEREAS, the Auditor and Auditee desire to document the terms and conditions of their Agreement.

NOW, THEREFORE, for and consideration of the mutual covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, it is agreed as follows:

ARTICLE 1

THE CONTRACT AND THE CONTRACT DOCUMENTS

1.1 The Contract

1.1.1 The Contract between the Owner and the Consultant, consists of the Contract Documents and shall be effective on the date this Agreement is executed by the last party to execute it. If any items in the Contract conflict with the law of the State of Georgia law, law of the State of Georgia shall prevail.

1.2 The Contract Documents

1.2.1 The Contract Documents consist of this Document, the **Request for Proposals #324-18 AUDIT SERVICES** and all addenda, all Change Orders issued hereafter, and any other amendments executed by the parties hereafter. Documents not enumerated in this paragraph are not Contract Documents and do not form part of this Contract.

1.3 Entire Agreement

1.3.1 This Contract constitutes the entire and exclusive agreement between the Owner and the Consultant with reference to the Scope of Services. Specifically, but without limitation, this Contract supersedes all prior written or oral communications, representations and negotiations, if any, between the Owner and Consultant.

1.4 No Privity with Others

1.4.1 Nothing contained in this Contract shall create, or be interpreted to create, privity or any other contractual agreement between the Owner and any person or entity other than the Consultant.

1.5 Intent and Interpretation

1.5.1 The intent of this Contract is to require complete, correct and timely execution of the Work. Any work that may be required, implied or inferred by the Contract Documents, or any one or more of them, as necessary to produce the intended result shall be provided by the Consultant for the Contract Price.

1.5.2 This Contract is intended to be an integral whole and shall be interpreted as internally consistent. What is required by any one Contract Document shall be considered as required by the Contract.

1.6 Ownership of Contract Documents

1.6.1 The Contract Documents, and each of them, shall remain the property of the Owner. The Consultant shall have the right to keep one record set of the Contract Documents upon completion of the work; provided, however, that in no event shall Consultant use, or permit to be used, any or all of such Contract Documents on other work without the Owner's prior written authorization.

1.7 Unobligated Funds

1.7.1 This Agreement shall terminate absolutely and without further obligation at such time as appropriated and otherwise unobligated funds are no longer available to satisfy the obligations of the County under this Agreement.

ARTICLE II

CONTRACT DEFINITIONS

The following terms shall have the following meanings whether in the singular or in the plural:

- 2.1 Agreement Execution.** The Agreement Execution means the date both parties execute this Agreement.
- 2.2 Contract.** The word contract has the identical meaning as the word Agreement.
- 2.3 Contract Documents.** The contract documents consist of this Agreement between the County and the Consultant, the request for proposals, addenda issued before the execution of this Agreement, the Consultant's statement of proposal and required response forms, change orders and modifications issued after execution of this Agreement, a written amendment to this Agreement signed by both parties, and a supplemental Agreement in the form of change work order signed by both parties.
- 2.4 Contract Price.** The contract price means the total monies, adjusted in accordance with any provision set forth herein, payable to the Consultant pursuant to a change work order or a supplemental Agreement.
- 2.5 Contract Time.** The contract time means the period of time stated herein for completion of work.
- 2.6 Cost of Work.** The cost of work means the fixed price or estimated cost necessary to perform the work described in the scope of services or any change work order.
- 2.7 County.** The County means Dawson County, Georgia, a political subdivision of the State of Georgia.
- 2.8 Deliverables.** Deliverables means all reports, drawings, plans, designs, and other documents prepared by the Consultant identified in the scope of services as deliverable to the County.
- 2.9 Drawings.** The drawings, if any, shall be the graphic and pictorial portions of the contract documents whether completed or partially completed.
- 2.10 Liaison.** Liaison means the representative of the County who shall act as a liaison between the County and the Consultant for all matters pertaining to this Agreement including review of Consultant's plans and work.
- 2.11 Multi-year Contract.** Multi-year contract means a contract for the purchase of supplies or services for more than one (1), but not more than five (5), fiscal years. A multi-year contract may provide that performance under the contract during the second and subsequent years of the contract is contingent upon the appropriation of funds, and (if it does so provide) may provide for a cancellation payment to be made to the Consultant if appropriations are not made.
- 2.12 Project.** Project means a task or set of tasks assigned pursuant to the Scope of Work and/or a Change Work Order.
- 2.13 Specifications.** Specifications mean the written technical provisions including all appendices thereto, both general and specific, which form part of the contract documents.
- 2.14 Sub-consultant.** A sub-consultant means any person, firm, partnership, joint venture, company, corporation or entity with an Agreement with the Consultant or Consultant's sub-consultants to provide part of the work required by a change work order.

2.15 Change Work Order. A Change Work Order shall mean a written order to the Consultant executed by the County, issued after execution of this Contract, authorizing and directing a change in the work or an adjustment in the Contract Price or the Contract Time. The Contract Price and the Contract Time may be changed only by Change Order.

2.16 Work. The work means any and all obligations, duties and responsibilities, including furnishing equipment, consulting, design, labor, and any other service or thing necessary to the successful completion of the project assigned to or undertaken by the Consultant under this Agreement or change work order.

2.17 Term of Agreement. Term of Agreement means a fixed duration that the contract will be in effect. The signing parties are obligated to adhere to the terms and conditions within the contract until the expiration, or end date, of the contract or if the contract is terminated as specified herein.

ARTICLE III

THE WORK

3.1 Scope of Services

3.1.1 The Consultant shall perform all of the Work required, implied or reasonably inferable from this Contract, all in accordance with scope of service, amendments and the Consultants response to the RFP document and in accordance with the with the terms of this agreement.

3.1.2 The term "Work" shall mean whatever is done by or required of the Consultant to perform and complete its duties under this Contract, including the following: design of the whole or a designated portion of the Project; furnishing of any required insurance; provision of required certifications and documentation of associated testing results, if required in the RFP; provision or furnishing of labor, supervision, services, materials, supplies, equipment, fixtures, appliances, facilities, tools, transportation, storage, power, permits and licenses required of the Consultant, fuel, heat, light, cooling and all other utilities as required by this Contract. The work to be performed by the Consultant is generally described in Exhibit "A":

ARTICLE IV

CONTRACT TIME

4.1 Time and Liquidated Damages

4.1.1 The Consultant shall complete the work within time specified in the RFP upon receipt of the notice to proceed.

4.1.2 The Owner reserves the right to insert a liquidated damages provision in any change work order.

4.2 Substantial Completion

4.2.1. "Substantial Completion" shall mean that state in the progression of the Work when the Work is sufficiently complete in accordance with this Contract that the Owner can enjoy beneficial use of the work and can utilize the work for its intended purpose.

4.3 Time is of the Essence

4.3.1 All limitations of time set forth in the Contract Documents are of the essence of this Contract.

ARTICLE V

CONTRACT PRICE

5.1 The Contract Price

5.1.1 The Owner shall pay the Consultant the fee as provided in the schedule of fees and expenses in accord with "Exhibit B" and set forth in the project specified within as the Fee Proposal for RFP. Additional services shall be compensated in the manner set forth in the "Exhibit B" at the same rates as set forth in the schedule of fees and expenses submitted by the Consultant in the Auditor's proposal.

5.2.1 The Consultant agrees that the Consultant shall not be compensated for customary overhead items that are not referenced within "Exhibit B". The parties agree that the Owner shall review and approve any proposed billing rate adjustments of the Consultant before any such billing rate adjustments shall be implemented.

ARTICLE VI

PERSONNEL OF THE CONSULTANT

6.1 Personnel

6.1.1 The Consultant shall employ and assign only qualified and competent personnel to perform any service or task involved in the Project. The Consultant shall designate one such person as a Project Manager, and the Project Manager shall be deemed to be the Consultant's authorized representative, who shall be authorized to receive and accept any and all communications from the Owner.

6.1.2 The Consultant hereby agrees to replace any personnel or sub-consultant at no cost or penalty to the Owner, if the Owner reasonably determines that the performance of any personnel sub-consultant is unsatisfactory.

6.2 Personnel, Sub-Consultants and Suppliers

6.2.1 *Terms of Subcontracts.* All sub-contracts and purchase orders with sub-consultants shall afford Consultant rights against the sub-consultant that correspond to those rights afforded to the Owner against the Consultant in accord with the terms of this Agreement, including the right to suspend or terminate the sub-contract. Further, the parties hereto agree that no relationship of agency or employment or otherwise shall be created between the Owner and any sub-consultant of the Consultant, and the Consultant shall insert a provision to this effect within all sub-contracts between the Consultant and any sub-consultant.

6.2.2 The Consultant shall remain responsible to the County for all acts, defaults, omissions or negligence of the Consultant's sub-consultants and suppliers. At the term of this Contract, the Consultant shall submit Attachment "C" to the Purchasing Manager.

6.3 Notice of Personnel Changes

6.3.1 The Consultant key personnel identified within the statement of qualifications/proposal as submitted with Consultant's Technical Proposal shall not be changed or substituted without the prior written approval of the Owner.

ARTICLE VII

PAYMENT TO THE CONSULTANT

7.1 Payment

7.1.1 The Owner shall pay to the Consultant on the basis of an executed task work order, and all invoices submitted by the Consultant shall be detailed to reflect the hours per task by personnel category and employee name at the billing rates referenced in "Exhibit B" and incorporated herein by reference. The billing rate shall include any other direct expenses. The Consultant shall not be entitled to payment for overtime. Invoices shall be paid per Owner policies and procedures, which is typically 30 calendar days from receipt. If any dispute arises regarding an invoice, then the Consultant may separate the disputed portion of the invoice and resubmit the undisputed portion of the invoice, which will be paid pursuant to Owner policies and procedures. The disputed portion of the invoice shall be paid upon resolution of the dispute. After completion by the Consultant of the work, the Owner shall pay the Consultant all outstanding invoices. The Consultant agrees that acceptance of final payment shall be full and final settlement of all claims against the Owner for work completed or performed, materials furnished, costs incurred, or otherwise arising out of a change work order, and shall release the Owner from any claim from the Consultant resulting from such change work order and project.

7.1.2 The Consultant warrants that upon submittal of an Application for Payment, all work for which payments have been received from the Owner shall be free and clear of liens, claims, security interest or other encumbrances in favor of the Consultant or any other person or entity whatsoever. The Consultant shall promptly pay each Sub-Consultant out of the amount paid to the Consultant on account of such Sub-Consultant's work, the amount to which such Sub-Consultant is entitled. In the event the Owner becomes informed that the Consultant has not paid a Sub-Consultant as herein provided, the Owner shall have the right, but not the duty, to issue future checks in payment to the Consultant of amounts otherwise due hereunder naming the Consultant and such Sub-Consultant as joint payees.

7.1.3 No progress payment, nor any use or occupancy of the Project by the Owner, shall be interpreted to constitute an acceptance of any work not in compliance with this Contract.

7.2 Withheld Payment

7.2.1 The Owner may decline to make payment, may withhold funds, and, if necessary, may demand the return of some or all of the amounts previously paid to the Consultant to protect the Owner from loss because of:

- a) Claims of third parties against the Owner;
- b) Failure by the Consultant to pay Sub-Consultants or others in a prompt and proper fashion;
- c) Evidence that the balance of the work cannot be completed in accordance with the Contract for the unpaid balance of the Contract Price;
- d) Evidence that the work will not be completed in the time required for substantial or final completion;
- e) Persistent failure to carry out the work in accordance with the Contract; or
- f) Damage to the Owner or a third party to whom the Owner is, or may be, liable

7.3 Completion and Final Payment

7.3.1 When all of the work is finally complete and the Consultant is ready for a final inspection, Consultant shall notify the Owner in writing. Thereupon, the Owner will make final inspection of the work and, if the work is complete in compliance with this Contract and this Contract has been fully performed, then the Consultant will promptly issue a final Application for Payment certifying to the Owner that the Project is complete and the Consultant is entitled to the remainder of the unpaid Contract Price, less any amount withheld pursuant to this Contract. Consultant will return Attachment "C" to the Purchasing Manager at 25 Justice Way, Suite 2223, Dawsonville, Georgia 30534 at time of final Application for Payment.

7.3.2 Acceptance of final payment shall constitute a waiver of all claims against the Owner by the Consultant except for those claims previously made in writing against the Owner by the Consultant, pending at the time of final payment, and identified in writing by the Consultant as unsettled at the time of its request for final payment, as attested to in Attachment "C".

ARTICLE VIII

THE OWNER

8.1 Information, Services and Things Required From Owner

8.1.1 The Owner shall furnish to the Consultant, at the time of executing this Contract, any and all written and tangible material in its possession that are necessary to facilitate the completion of this project in a timely manner, if any.

8.2 Right to Stop Work

8.2.1 If the Consultant fails or refuses to perform the work in accordance with this Contract, the Owner may order the Consultant to stop the work, or any described portion thereof, until the cause for stoppage has been corrected, no longer exists, or the Owner orders that work be resumed. In such event, the Consultant shall immediately obey such order. The stop work order referenced herein must be in writing and must specify in detail the alleged failure of the Consultant in accordance with the contract documents.

8.3 Owner's Right to Perform Work

8.3.1 If the Consultant's work is stopped by the Owner under Paragraph 8.2 and the Consultant fails within seven (7) days of such stoppage to provide adequate assurance to the Owner that the cause of such stoppage will be eliminated or corrected, then the Owner may, without prejudice to any other rights or remedies the Owner may have against the Consultant, proceed to carry out the subject work. In such a situation, an appropriate Change Order shall be issued deducting from the Contract Price the cost of correcting the subject deficiencies, plus compensation for the Project Manager's additional services and expenses necessitated thereby, if any. If the unpaid portion of the Contract Price is insufficient to cover the amount due the Owner, then the Consultant shall pay the difference to the Owner.

8.4 Suspension and Termination

8.4.1 If the County directs a suspension of performance because of no fault of the Consultant, then the County agrees to pay the Consultant as full compensation for such suspension the Consultant's reasonable costs actually incurred and paid costs, of demobilization and remobilization, preserving and protecting work in place, and storage of materials or equipment purchased for the project.

8.4.2 If the County lifts the suspension of performance, then the County shall notify the Consultant in writing, and the Consultant shall promptly resume performance of the work order unless the Consultant has exercised its right of termination.

ARTICLE IX

THE CONSULTANT

9.1 The Consultant shall perform the work strictly in accordance with this Contract.

9.2 The Consultant shall supervise and direct the work using the Consultant's best skill, effort and attention. The Consultant shall be responsible to the Owner for any and all acts or omissions of the Consultant, its employees, Sub-Consultants, and others engaged in the work on behalf of the Consultant.

9.3 Warranty

9.3.1 The Consultant warrants to the Owner that all labor furnished to progress the work under this Contract will be competent to perform the tasks undertaken, that the product of such labor will yield only first-class results, that materials and equipment furnished will be of good quality and new unless otherwise permitted by this Contract, and that the work will be of good quality, free from faults and defects and in strict conformance with this Contract. All work not conforming to these requirements may be considered defective. The Consultant shall use that degree of skill and care ordinarily exercised under similar conditions by reputable members of Consultant's profession practicing in the same or similar locale at the time of performance and in compliance with the Project at issue.

9.4 The Consultant shall comply with all lawful requirements applicable to the work and shall give and maintain any and all notices required by applicable law pertaining to the work.

9.5 Cleaning the Site and the Project

9.5.1 The Consultant shall keep the site reasonably clean during performance of the work as stipulated in the RFP document. Upon final completion of the work, the Consultant shall clean the site and the Project and remove all waste, together with all of the Consultant's property.

9.6 Access to Work

9.6.1 The Owner and the Project Manager shall have access to the work at all times from commencement of the work through final completion. The Consultant shall take whatever steps necessary to provide access when requested.

9.7 Indemnity

9.7.1 The Consultant hereby agrees to indemnify and hold the County harmless to the fullest extent permitted by law from any and all claims, liability, damages, loss, cost and expense of every type whatsoever, including without limitation reasonable attorneys' fees and expenses in connection with the Consultant's performance of this Agreement, to the extent that the same results from the (1) negligent act, error or omission or willful misconduct of the Consultant, Sub-Consultant, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, or (2) the breach by the Consultant of any material provision of this Agreement.

9.7.1.2 The Consultant shall initiate a Notice of Claim or dispute against the Owner arising out of or related to this Contract or any change work order issued pursuant to this contract through a written notice

submitted to the Owner. Such written notice shall be received by the Owner no later than seven (7) days after the event or the first appearance of the circumstances causing the claim and shall set forth in detail all known facts and circumstances supporting the claim. The Consultant hereby agrees and acknowledges that if the Consultant fails to provide written notice of a claim as set forth herein, then such failure shall constitute a waiver of any claim for additional compensation or time extension related thereto. In claims against any person or entity indemnified under this Paragraph 9.7 by an employee of the Consultant, a Sub-Consultant, any one directly or indirectly employed by them or anyone for whose acts they may be liable, the indemnification obligation under this Paragraph 9.7 shall not be limited by a limitation on amount or type of damages, compensation or benefits payable by or for the Consultant or a Sub-Consultant under workers' compensation acts, disability benefit acts or other employee benefit acts.

ARTICLE X

CONTRACT ADMINISTRATION

10.1 Administration

10.1.1 The Dawson County Project Manager shall be the Owner's representative from the effective date of this Contract until final payment has been made for work site operations. Any and all change orders must be submitted through the Dawson County Project Manager to the County Manager. Acceptance of the change order will be reflected on the project purchase order issued by the Purchasing Manager.

10.1.2 The Owner and the Consultant shall communicate with each other in the first instance through the Project Manager for all site work.

10.1.3 The Owner's Representative shall be the initial interpreter of the requirements of the drawings and specifications and the judge of the performance by the Consultant.

10.1.4 The Owner's Representative shall have authority to reject work that is defective or does not conform to the requirements of this Contract.

10.1.5 The Owner's Representative will review the Consultant's Applications for Payment and will certify those amounts then due the Consultant as provided in this Contract.

10.1.6 The Owner's Representative, shall, upon request from the Consultant, conduct inspections to determine the date of final completion, will receive records, written warranties and related documents required by this contract and will issue a final Certificate for Payment upon compliance with the requirements of this Contract.

10.2 Claims by the Consultant

10.2.1 All Consultant claims shall be initiated by written notice and claim to the Owner at the attention the Purchasing Department. Such written notice and claim must be furnished within seven (7) days after occurrence of the event or the first appearance of the condition giving rise to the claim.

10.2.2 Pending final resolution of any claim of the Consultant, the Consultant shall diligently proceed with performance of this Contract and the Owner shall continue to make payments to the Consultant in accordance with this Contract. The resolution of any claim under this paragraph 9.7 shall be reflected by a Change Order executed by the Owner and the Consultant.

10.2.3 *Claims for Additional Time*

10.2.3.1 If the Consultant is delayed in progressing any task, which at the time of delay is then critical or which during the delay becomes critical, as the sole result of any act or neglect to act by the Owner or someone acting on the Owner's behalf or by changes ordered in the work, unusual delay in transportation, unusually adverse weather conditions not reasonably anticipated, fire or any causes beyond the Consultant's control, then the date for achieving completion of the work shall be extended upon the written notice and claim of the Consultant to the Owner's Representative for such reasonable time as the Owner's representative may determine. Any notice and claim for an extension of time by the Consultant shall be made not more than fifteen (15) days after the occurrence of the event or the first appearance of the condition giving rise to the claim and shall set forth in detail the Consultant's basis for requiring additional time in which to complete the Project.

10.2.4 *Claims for Weather Delays*

10.2.4.1 Claims for weather delays shall not be considered unless work is not feasible for more than one-half of a day due to weather conditions. Claims for weather delays shall not be considered for Sundays unless the Consultant consistently works on Sundays prior to the claim. Weather Days are to be turned in within four weeks of the occurrence.

ARTICLE XI

CHANGES IN THE WORK

11.1 **Changes Permitted**

11.1.1 *County's Right to Order Changes.* The County may unilaterally make changes in the services or the work within the general scope of the project, which may consist of additions, deletions or revisions. Any change order shall mean a written order to the Contractor executed by the Owner issued after the execution of this Contract and Agreement authorizing and directing a change in services. The price and time may be changed only through a change order. If the change order requires additional services or directs the omission of certain services covered by this Contract, then an equitable adjustment in price shall be made, but any claim for any such adjustment shall be asserted within thirty (30) days of receipt of the written change order. Change Orders are to be processed through the Dawson County Project Manager with the County Manager's signature required as authorization. All Change Orders must be processed by the County Purchasing Manager on the issued Project Purchase Order for record.

11.1.2 Changes in the work shall be performed under applicable provisions of this Contract and the Consultant shall proceed promptly with such changes.

11.2 **Change Order Defined**

11.2.1 Change Order shall mean a written order to the Consultant executed by the Owner, issued after execution of this Contract, authorizing and directing a change in the work or an adjustment in the Contract Price or the Contract Time. The Contract Price and the Contract Time may be changed only by Change Order. Acceptance of the change order will be reflected on the project purchase order issued by the Purchasing Manager.

11.3 **Changes in the Contract Price**

11.3.1 Any change in the Contract Price resulting from a Change Order shall be determined as follows: (a) by mutual agreement between the Owner and the Consultant as evidenced by (1) the change in the Contract Price being set forth in the Change Order, (2) such change in the contract Price, together with any conditions or requirements related thereto, being initialed by both parties and (3) the Consultant's execution of the Change Order, or (b) if no mutual agreement occurs between the Owner and the Consultant, then as

provided in Subparagraph 11.3.2 below. Acceptance of the change order will be reflected on the project purchase order issued by the Purchasing Manager.

11.3.2 If no mutual agreement occurs between the Owner and the Consultant as contemplated in Subparagraph 11.3.1 above, the change in the Contract Price, if any, shall then be determined by the Owner on the basis of the reasonable expenditures or savings of performing, deleting or revising the work attributable to the change, including, in the case of an increase or decrease in the Contract Price, a reasonable allowance for direct job site overhead and profit. In such case, the Consultant shall present, in such form and with such content as the Owner requires an itemized accounting of such expenditures or savings, plus appropriate supporting data for inclusion in a Change Order.

ARTICLE XII

CONTRACT TERMINATION

12.1 Termination by the Consultant

12.1.1 If the work is stopped for a period of ninety (90) days by an order of any court or other public authority or as a result of an act of the Government, through no fault of the Consultant or any person or entity working directly or indirectly for the Consultant, the Consultant may, upon ten (10) days' written notice to the Owner, terminate performance under this contract and recover from the Owner payment for the actual reasonable expenditures of the Consultant for all work executed.

12.1.2 If the Owner shall persistently or repeatedly fail to perform any material obligation to the Consultant for a period of thirty (30) days after receiving written notice from the Consultant of its intent to terminate hereunder, then the Consultant may terminate performance under this Contract by written notice to the Owner. In such event, the Consultant shall be entitled to recover from the Owner as though the Owner had terminated the Consultant's performance under this Contract for convenience pursuant to Subparagraph 12.2.1.

12.1.3 The Consultant may terminate this Agreement with the County by providing thirty (30) calendar days written notice. The Consultant shall continue until completion of any outstanding work orders or other ongoing projects unless otherwise agreed by the County, even if the Consultant must work to extend beyond the effective date of termination.

12.2 Termination by the Owner

12.2.1 *for Convenience*

12.2.1.1 The Owner may for any reason whatsoever terminate performance under this Contract by the Consultant for convenience. The Owner shall give written notice of such termination to the Consultant specifying when termination becomes effective, which shall be a minimum of thirty (30) days from the written notice.

12.2.1.2 The Consultant shall incur no further obligations in connection with the work and the Consultant shall stop work when such termination becomes effective. The Consultant shall also terminate outstanding orders and subcontracts. The Consultant shall settle the liabilities and claims arising out of the termination of subcontracts and orders. The Owner may direct the Consultant to assign the Consultant's right, title and interest under terminated orders or subcontracts to the Owner or its designee.

12.2.1.3 The Consultant shall transfer title and deliver to the Owner such completed or partially completed work and materials, equipment, parts, fixtures, information and Contract rights as the Consultant has.

12.2.1.4 The Consultant shall submit a termination claim to the Owner specifying the amounts due because of the termination for convenience together with costs, pricing or other data required by the Owner. If the Consultant fails to file a termination claim within one (1) year from the effective date of termination, then the Owner shall pay the Consultant an amount derived in accordance with subparagraph (b) below.

(a) The Owner and the Consultant may agree to the compensation, if any, due to the Consultant hereunder.

(b) Absent agreement of the amount due to the Consultant, the Owner shall pay the Consultant the following amounts:

- i. Contract prices for labor, materials, equipment and other services accepted under this Contract;
- ii. Reasonable costs incurred in preparing to perform and in performing the terminated portion of the work, and in terminating the Consultant's performance, plus a fair and reasonable allowance for overhead and profit thereon (such profit shall not include anticipated profit or consequential damages); provided however, that if it appears that the Consultant would have not profited or would have sustained a loss if the entire Contract would have been completed, no profit shall be allowed or included, and the amount of compensation shall be reduced to reflect the anticipated rate of loss, if any;
- iii. Reasonable costs of settling and paying claims arising out of the termination of subcontracts or orders pursuant to Subparagraph 12.2.1.2 of this Paragraph. These costs shall not include amounts paid in accordance with other provisions hereof;
- iv. The total sum to be paid the Consultant under this Subparagraph 12.2.1 shall not exceed the total Contract Price, as properly adjusted, reduced by the amount of payments otherwise made, and shall in no event include duplication of payment.

12.3.2 *for Cause*

12.3.2.1 If the Consultant persistently or repeatedly refuses or fails to prosecute the work in a timely manner, supply enough properly skilled workers, supervisory personnel or proper equipment or materials, or it fails to make prompt payment to Sub-Consultants or for materials or labor, or persistently disregards laws, ordinances, rules, regulations or orders of any public authority having jurisdiction, or otherwise is guilty of a substantial violation of a material provision of this Contract, then the Owner may by written notice to the Consultant, without prejudice to any other right or remedy, terminate the employment of the Consultant and take possession of the site and of all materials, equipment, tools, construction equipment and machinery thereon owned by the Consultant and may finish the work by whatever methods it may deem expedient. In such case, the Consultant shall not be entitled to receive any further payment until the work is finished.

12.3.2.2 If the unpaid balance of the Contract Price exceeds the cost of finishing the work, such excess shall be paid to the Consultant. If such costs exceed the unpaid balance, then the Consultant shall pay the difference to the Owner. This obligation for payment shall survive the termination of the Contract.

12.3.2.3 In the event the employment of the Consultant is terminated by the Owner for cause pursuant to subparagraph 12.2.2 and it is subsequently determined by a Court of competent jurisdiction that such termination was without cause, such termination shall thereupon be deemed a Termination for Convenience under Subparagraph 12.2.1 and the provisions of Subparagraph 12.2.1 shall apply.

ARTICLE XIII

INSURANCE

13.1 Consultant's Insurance Requirements

13.1.1 The Consultant shall maintain in full force and effect at all times during the Contract period Comprehensive General Liability and Automobile Insurance in an amount equal to One Million (\$1,000,000.00) Dollars.

13.1.2 The Consultant shall provide to the Owner Certificates of Insurance naming the Owner as additional insured party under the policy or policies of all Insurance as required by Paragraphs 13.1.1, 13.1.4 and 13.1.5.

13.1.3 The insurance policy or policies as aforesaid shall provide that thirty (30) days written notice be given to the Owner prior to cancellation thereof.

13.1.4 The Consultant shall maintain in full force and effect at all times during the Contract period Workers' Compensation Insurance as provided by Georgia law in such form as to protect Contractor and the County with the County being named as an additional insured for any claims for damages or bodily injury, including death and damage to property that may arise from acts or omissions of Contractor under this Contract.

13.1.5 The Consultant shall maintain in full force and effect at all times during the Contract period all other Professional Insurance policies as required in the RFP document.

13.1.6 Contractor agrees to protect, defend, indemnify and hold harmless the County, the County's commissioners, agents and employees from and against any liability, damage, claim, including attorney fees and expenses of litigation, suit, lien, and judgment for injuries to or death of any person or damage to property or other rights of any person caused by the Contractor, the Contractor's employees, servants, agents or subContractors. The Contractor's obligation to protect, defend, indemnify, and hold harmless extends to any claim for the alleged infringement of any patent, trademark, copyright, or any actual or alleged unfair competition, disparagement of product or service, or other business tort or any actual or alleged violation of trade regulations arising out of the performance of Contractor's duties in accord with this Contract, as well as any other claim. The Contractor shall maintain worker's compensation and comprehensive general liability insurance in such form as to protect Contractor and the County with the County being named as an additional insured for any claims for damages or bodily injury, including death and damage to property that may arise from acts or omissions of Contractor under this Contract.

ARTICLE XIV

MISCELLANEOUS

14.1 Governing Law

14.1.1 The parties agree that this Agreement shall be construed with and is to be governed by the law of the State of Georgia and venue for any dispute shall be Dawson County, Georgia

14.8 Term of Agreement

14.8.1 This Agreement shall commence on the 1st day of January, 2019 and shall terminate on day of December 31, 2019 with four (4), one (1) calendar year renewals permitted if both parties agree. This contract shall be automatically renewed in accord with the terms hereof, unless the County takes action to terminate the Contract by providing thirty (30) days' notice of the intent not to renew the terms thereof.

14.9 Multi-year Contract

14.9.1 This Contract and Agreement shall terminate absolutely and without further obligation on the part of the Owner at the close of the calendar year in which this Contract is executed and at the close of each succeeding calendar year for which the Contract may be renewed. The Contract shall be automatically renewed in accord with the term hereof, unless the Owner takes action to terminate the Contract by provided thirty (30) days' notice of the intent not to renew the terms hereof.

14.9.2 This Contract shall terminate immediately and absolutely at such time as appropriated and otherwise unobligated funds are no longer available to satisfy the obligations of the County under the terms of this Contract or any renewal.

14.10 Notices

14.10.1 All notices, demands or requests required or permitted to be given pursuant to this Agreement shall be in writing and given or served either in person or by United States Mail, postpaid, registered or certified with Return Receipt Requested, showing the name of the recipient and the date of delivery. Notices shall be addressed to the party or parties identified and at the address as set forth in the introductory paragraph of this Agreement, and the date upon which such notice is delivered shall be deemed the effective date thereof. Either party may, from time to time, by five (5) days' prior written notice to the other party, specify a different agent or address to which notices can be delivered. Rejection or other refusal to accept a notice or inability to deliver a notice because of a changed agent or address of which no notice was given shall constitute receipt of the notice on the date when personal service is attempted or the date of the postmark, if mailed.

Notice shall be delivered as follows:

Owner:
Dawson County Board of Commissioner
Attn: Melissa Hawk
25 Justice Way, Suite 2223
Dawsonville, GA 30534
Phone: 706-344-3500 x42223
Email: mhawk@dawsoncounty.org

Consultant:
Bates, Carter & Company, LLP
Attn: Kristi L. Griffin
525 Candler Street
Gainesville, GA 30501
Phone: 770-532-5151
Email: kgriffin@batescarter.com

14.11 Date of Performance

14.11.1 If the time period by which any right, option or election provided under this Agreement must be exercised, or by which any act required hereunder must be performed, or by which the Closing must be held, expires on a Saturday, Sunday or legal holiday, then such time period shall be automatically extended through the close of business on the next regularly scheduled business day.

14.2 Successors and Assigns

14.2.1 The Owner and Consultant bind themselves, their successors, assigns and legal representatives to the other party hereto and to successors, assigns and legal representatives of such other party in respect to covenants, agreements and obligations contained in this Contract. The Consultant shall not assign this Contract without written consent of the Owner.

14.3 Severability

14.3.1 The parties agree that each of the provisions included in this Agreement is separate, distinct and severable from the other and remaining provisions of this Agreement, and that the invalidity of any provision shall not affect the validity of any other provision of this Agreement.

14.4 Merger

14.4.1 The parties agree that the terms of this Agreement, include the entire Agreement between the parties and that no other representation either oral or written may be used to contradict the terms of this Agreement. If there is any conflict between the terms of the contract documents, the latter shall prevail and take precedence.

14.5 Confidential Information

14.5.1 While performing services for the Owner, the Contractor shall not disclose any confidential business information that may become known to the Contractor. Personnel acting on behalf of the Contractor shall be instructed to not remove any of the Owner's documents or materials and to not disclose any confidential information to any persons other than Owner personnel, unless written authorization from the Owner is provided.

All documents and materials prepared pursuant to the RFP and this Contract shall be the property of Dawson County. The Owner shall have the unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, any reports, data, maps, or other materials prepared in accord with the terms of this Contract and Agreement.

14.6 Litigation and Arbitration

14.6.1 The Owner and the Contractor agree to resolve through negotiation, mediation or arbitration any disputes between the parties arising out of or relating to this Contract and Agreement. If the parties do not resolve the dispute through negotiation and do not agree to mediation, then arbitration shall be the exclusive and final method of resolving any disputes related to this agreement. Arbitration proceedings shall be in accord with O.C.G.A. § 9-9-1, the Georgia Arbitration Code. Venue for any litigation arising for arbitration shall be the Superior Court of Dawson County, Georgia. A demand for arbitration shall be made within a reasonable term after the claim, dispute or other matter in question occurs but, not later than one-hundred eighty (180) days after such claim, dispute or other matter.

14.7 Condition Precedent – Litigation

14.7.1 This Contract shall be governed by the Laws of the State of Georgia. The Consultant hereby agrees that as a condition precedent to the filing of any legal action against the Owner arising out of or related to this Agreement, the Consultant shall first provide the Owner thirty (30) days' written notice of its intent to file such action. Such notice shall include an identification of the anticipated parties to the action and a description of all anticipated claims and causes of action to be asserted.

14.12 Rights Cumulative

14.12.1 All rights, powers, and privileges conferred hereunder shall be cumulative and not restrictive of those given by law.

14.13 Non-Waiver

14.13.1 No failure of the Auditee to exercise any right or power given to the Auditee under this Agreement, or to insist upon strict compliance by the Auditor with the provisions of this Agreement, and no custom or practice of the Auditee or the Auditor at variance with the terms and conditions of this Agreement, shall constitute a waiver of the Auditee's right to demand exact and strict compliance with the terms and conditions of this Agreement.

14.14 Continuity

14.14.1 Each of the provisions of this Agreement shall be binding upon and inure to the benefit and detriment of the Auditor and the Auditee and the heirs, devisees, legatees, legal representatives, successors and assigns of the Auditor and the Auditee.

14.15 Captions

14.15.1 The brief headings or titles preceding each provision hereof are for purposes of identification and convenience only and should be completely disregarded in construing this Agreement.

14.16 Counterparts

14.16.1 This Agreement is executed in two (2) counterparts which are separately numbered but each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

14.17 No Assignment, No Third Party Beneficiaries

14.17.1 This Agreement is a personal retention of Auditor as an independent contractor. Auditor must perform by its own forces and may not delegate, subcontract, assign, transfer, or otherwise obtain its performance of this Agreement, without the express written consent of Auditee.

14. Nothing herein shall be construed as conferring upon or giving to any person, other than the parties hereto, any rights or benefits under or by reason of this Agreement.

14.18 Engagement Letter

14.18.1 The engagement letter, Exhibit "D", is incorporated into this agreement.

ARTICLE XV

COVENANTS AND REPRESENTATIONS

15.1 Covenants of the Auditor

15.1.1 The Auditor shall perform professional audit services in accordance with the Auditor's Proposal and the Audit Requirements, Reporting and Delivery Requirements, General Terms and Conditions, and Special Terms and Conditions contained in Sections III, VI, VII of the RFP, and any attachments thereto, all of which are by this reference incorporated herein.

15.2 Covenants of the Auditee

15.2.1 The Auditee will provide to Auditor all information reasonably necessary, useful or customary pursuant to both standard accounting and auditing practices and customary within Auditee's trade or business activities.

15.3 Representations

15.3.1 To induce the Auditee to enter into this Agreement, the Auditee shall be entitled to rely upon the representations and certifications made by the Auditor in the Auditor's Proposal, without independent investigation and verification, and each such representation or certification shall be deemed to be material to this Agreement. The person negotiating and executing this Agreement on behalf of the Auditor has the full right, power, and authority to enter into, execute and perform this Agreement in accordance with the terms hereof, and when executed and delivered, this Agreement will constitute a valid and binding obligation of the Auditor and will be enforceable in accordance with the terms thereof.

ARTICLE XVI

CONTINGENCIES

16.1 Contingent Obligations of the Auditee

16.1.1 The obligations of the Auditee are subject to the following conditions:

16.1.2 The ability of the Auditee to carry out the terms of this Agreement in accordance with the laws and Constitution of the State of Georgia.

16.1.3 The timely performance by the Auditor of each and every covenant, agreement, and obligation imposed upon the Auditor in this Agreement.

16.1.4 The truth and accuracy as of the Date Hereof of each and every representation made by the Auditor.

16.1.5 This Agreement is expressly made subject to other laws affecting its subject matter. In the event of any conflict between such laws and this Agreement, such laws shall take precedence.

16.2 Contingent Obligations of the Auditor

16.2.1 The obligations of the Auditor are subject to the following conditions:

16.2.2 The timely performance by the Auditee of each and every covenant, agreement, and obligation imposed upon the Auditee in this Agreement.

-Signature Page to Follow-

IN WITNESS WHEREOF, the Undersigned have set their hands and seals on the day and date appearing below the signatures of their authorized representatives.

OWNER (AUDITEE):
DAWSON COUNTY, GEORGIA

By: [Signature]
Name: Billy Thurmond
Title: Chairman
Date: 11-01-18

Attest:

By: [Signature]
Name: Kristen Cloud
Title: County Clerk

CONSULTANT (AUDITOR):

By: [Signature], CPA
Name: Kristi L. Griffin
Title: Audit
Date: 11.16.18

Attest:

By: [Signature], Notary
Name: Nora L. Roe
Title: Executive Assistant



EXHIBIT "A"

A. SCOPE OF WORK

1. The auditor will ensure the audit is designed to accomplish the following objectives:

a. To determine whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information and the respective changes in financial position and, where applicable, cash flows, thereof [and the respective budgetary comparison for the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Fund] in conformity with accounting principles generally accepted in the United States of America. In addition, to determine whether the combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

b. To obtain an understanding of the five components of internal control that is sufficient to assess the risks of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. Because an audit of a government's financial statements is based on opinion units, the auditor's consideration of internal control in assessing the risks of material misstatement should address each opinion unit. The auditor should obtain a sufficient understanding by performing risk assessment procedures to (a) evaluate the design of controls and (b) determine whether they have been implemented. The auditor should use such knowledge to identify types of potential misstatements; consider factors that affect the risks of material misstatement; and design tests of controls, when applicable, and subsequent procedures. In acquiring an understanding of and assessing internal control, the auditor should consider computer controls as well as the controls over manual portions of the system.

c. To plan and perform the audit to obtain reasonable assurance about whether the financial statements, including note disclosures, are free of material misstatement, whether caused by error or fraud, and material misstatements arising from illegal acts that have a direct and material effect on the determination of financial statement amounts. Illegal acts are defined in auditing standards as violations of laws or governmental regulations. Although not explicitly stated in auditing standards, the phrase "laws and governmental regulations" generally has been interpreted to implicitly include the provisions of contract and grant agreements. U.S. Auditing Standards – AICPA (Clarified) AU-C Section 250 paragraph 13 requires the auditor to consider laws and regulations that are generally recognized by auditors to have a direct and material effect on the determination of financial statement amounts. The auditor's responsibility to detect and report misstatements resulting from illegal acts having a direct and material effect on the determination of financial statement amounts is the same as that for misstatements caused by error or fraud. In addition, the auditor should be aware of the possibility

that illegal acts that may, in particular circumstances, be regarded as having material but indirect effects on financial statements may have occurred. If specific information comes to the auditor's attention that provides evidence concerning the existence of possible illegal acts that could have a material indirect effect on the financial statements, the auditor should apply audit procedures specifically directed to ascertaining whether an illegal act has occurred.

d. To provide reasonable assurance of detecting material misstatements that result from violations of provisions of contracts or grant agreements that could have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives. If specific information comes to the auditor's attention that provides evidence concerning the existence of possible violations of provisions of contracts or grant agreements that could have a material indirect effect on the financial statements, the auditor should apply audit procedures specifically directed to ascertaining whether such violations have occurred. If during the course of the audit, auditors become aware of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives, the auditor should apply audit procedures specifically directed to ascertain the potential effect on the financial statements or other financial data significant to the audit objectives.

e. To evaluate whether the County has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the financial statements or other financial data significant to the audit objectives. Auditors should use this information from previous engagements in assessing risk and determining the nature, timing, and extent of current audit work, including determining the extent to which testing the implementation of the corrective actions is applicable to the current audit objectives.

f. To ensure that audit documentation is prepared in sufficient detail to provide a clear understanding of the nature, timing, and extent of auditing procedures performed to comply with generally accepted government auditing standards and other applicable standards and requirements; the results of the audit procedures performed and the audit evidence obtained; the conclusions reached on significant matters; and that the accounting records agree or reconcile with the audited financial statements. Auditors should also document, before the audit report is issued, evidence of supervisory review of the work performed that supports findings, conclusions, and recommendations contained in the audit report.

g. (For federal awards made prior to December 26, 2014. Additional Requirements for Audit in Accordance with the Single Audit Act and OMB Circular A-133.) The Single Audit Act and OMB Circular A-133 require nonfederal entities that expend \$500,000 or more of federal awards in a fiscal year to have a single audit. Entities that expend less than \$500,000 in a fiscal year in

federal awards are exempt from audit requirements in the Single Audit Act and Circular A-133.) To determine whether the County complied with laws, regulations, and the provisions of contracts or grant agreements pertaining to federal awards that may have a direct and material effect on each major program. With regard to internal control over compliance, the auditor is required to do the following (in addition to meeting the requirements of Government Auditing Standards): (1) perform procedures to obtain an understanding of internal control over federal programs that is sufficient to plan the audit to support a low assessed level of control risk for major programs, (2) plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program, and (3) perform tests of internal control (unless the internal control is likely to be ineffective in preventing or detecting noncompliance).

h. (For federal awards after December 26, 2014. Additional Requirements for Audit in Accordance with the Single Audit Act and UGG Subpart F.) The Single Audit Act and UGG Subpart F require nonfederal entities that expend \$750,000 or more of federal awards in a fiscal year to have a single audit. Entities that expend less than \$750,000 in a fiscal year in federal awards are exempt from audit requirements in the Single Audit Act and UGG Subpart F.) To determine whether the County complied with Federal statutes, regulations, and the terms and conditions of Federal awards that may have a direct and material effect on each of its major programs. With regard to internal control over compliance, the auditor is required to do the following (in addition to meeting the requirements of Government Auditing Standards): (1) perform procedures to obtain an understanding of internal control over federal programs that is sufficient to plan the audit to support a low assessed level of control risk for major programs, (2) plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program, and (3) perform tests of internal control (unless the internal control is likely to be ineffective in preventing or detecting noncompliance).

i. (For federal awards beginning calendar year and fiscal year 2018). Additional Requirements for Audit in Accordance with the Single Audit Act and UGG Subpart F.) The Single Audit Act and UGG Subpart F require nonfederal entities that expend \$750,000 or more of federal awards in a fiscal year to have a single audit. Entities that expend less than \$750,000 in a fiscal year in federal awards are exempt from audit requirements in the Single Audit Act and UGG Subpart F.) New requirements include the Conflict of Interest Policy (200.112), the Internal Controls (200.303) and the Procurement Standards (200.317-200.326). To determine whether the County complied with Federal statutes, regulations, and the terms and conditions of Federal awards that may have a direct and material effect on each of its major programs. With regard to internal control over compliance, the auditor is required to do the following (in addition to meeting the requirements of Government Auditing Standards): (1) perform procedures to obtain an understanding of internal control over federal programs that is sufficient

to plan the audit to support a low assessed level of control risk for major programs, (2) plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program, and (3) perform tests of internal control (unless the internal control is likely to be ineffective in preventing or detecting noncompliance).

j. To verify and test expenditures of the government's Special Purpose Local Option Sales Tax proceeds. In accordance with the Official Code of Georgia Annotated, Section 48-8-121, a schedule shall be included in each annual audit which shows for each project in the resolution or ordinance calling for imposition of the Special Purpose Local Option Sales Tax the original estimated cost, the current estimated cost if it is not the original estimated cost, amounts expended in prior years, and amounts expended in the current year. The auditor shall verify and test expenditures sufficient to provide assurance that the schedule is fairly presented in relation to the financial statements. The auditor's report on the financial statements shall include an opinion, or disclaimer of opinion, as to whether the schedule is presented fairly in all material respects in relation to the financial statements taken as a whole. The auditor will verify the calculation accuracy of all inter-government payments (SPLOST, Tax, TAVT, etc.) to insure payments and distributions are correct.

k. To verify and test expenditures of the government's proceeds from the Governor's emergency fund or a special project appropriation in accordance with the Official Code of Georgia Annotated, Section 36-81-8.1. A properly completed grant certification form shall be filed on each grant with the annual audit report for each year in which such grant funds are expended or remain unexpended. If required under this Code section, the auditor shall certify that the grant funds were used solely for the express purpose or purposes for which the grant was made. The Georgia Department of Audits and Accounts can assist with the identification of grants subject to these reporting requirements and has a Grant Certification package available containing instructions and example formats.

l. To certify that funds were expended in compliance with the expenditure requirements of the Official Code of Georgia Annotated, Section 46-5-134 for governments collecting or expending any 9-1-1 charges or wireless enhanced 9-1-1 charges. This Code section requires that an annual report of expenditures be prepared and certified by the recipient local government as well as the local government auditor through December 31, 2018. Beginning with the fiscal year 2019, the auditor will ensure fees are being received in accordance with the Official Code of Georgia Annotated, Section 38-3-188.

2. The auditor will prepare the required audit reports including those required by Government Auditing Standards and (for federal awards prior to December 26, 2014) Office of Management and Budget Circular A-133 (for federal awards after December 26, 2014 and for federal awards beginning calendar year and fiscal year 2018) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

2 CFR 200 (Uniform Grant Guidance (UGG)) Subpart F and the Official Code of Georgia Annotated at the completion of the audit.

a. Reference should be made that the audit was conducted in accordance with generally accepted government auditing standards. In the same or in separate report(s), the auditor should include a description of the scope of the auditor's testing of internal control over financial reporting and compliance with laws, regulations, and provisions of contracts or grant agreements. Auditor should state in the report whether the tests performed provided sufficient, appropriate evidence to support an opinion on the effectiveness of internal control over financial reporting and on compliance with laws, regulations, and provisions of contracts or grant agreements. When the auditor reports separately (including separate reports bound in the same document) on internal control over financial reporting and on compliance with laws and regulations and provisions of contracts or grant agreements, they should state in the financial statement audit report that they are issuing those additional reports.

b. The auditor's report on the financial statements should include an opinion, or disclaimer of opinion, as to whether the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds is presented fairly in all material respects in relation to the financial statements taken as a whole.

c. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. The report should include a description of the scope of the auditor's testing of internal control over financial reporting and compliance with provisions of laws, regulations, contracts or grant agreements. The auditor should report, as applicable to the objectives of the audit, and based upon the audit work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws and regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; and (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; (4) abuse that has a material effect on the audit.

c. (For federal awards prior to December 26, 2014) - Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133. This report should include an opinion (or disclaimer of opinion) on whether the auditee complied with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program, and where applicable, refer to the separate schedule of findings and questioned costs. The report on internal control related to major programs should describe the scope of testing of internal control and the results of the tests and, where applicable, refer to the separate schedule of findings and questioned costs.

(For federal awards after to December 26, 2014) - Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With UGG Subpart F. This report should include an opinion (or disclaimer of opinion) on whether the auditee complied with Federal statutes, regulations, and the terms and conditions of Federal awards which could have a direct and material effect on each major program, and where applicable, refer to the separate schedule of findings and questioned costs. The report on internal control related to major programs should describe the scope of testing of internal control and compliance and the results of the tests and, where applicable, refer to the separate schedule of findings and questioned costs.

d. In accordance with OMB Circular A-133 (*for federal awards prior to December 26, 2014*) or UGG Subpart F Section 515(a) (*for federal awards after December 26, 2014*), and all changes for federal awards after calendar year or fiscal year 2018, the auditor's report(s) may be in the form of either combined or separate reports. The auditor's report(s) shall include an opinion (or disclaimer of opinion) on whether the financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles and an opinion (or a disclaimer of opinion) on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole. Auditors should follow the guidance contained in the American Institute of Certified Public Accountants' Audit Guide: Government Auditing Standards and Circular A-133 Audits.

e. In accordance with OMB Circular A-133 (for federal awards prior to December 26, 2014) or UGG Subpart F Section 515(a) (for federal awards after December 26, 2014) and all changes for federal awards after calendar year or fiscal year 2018, a schedule of findings and questioned costs is required and should include the following three sections: (1) a summary of the auditor's results; (2) findings related to the financial statements that are required to be reported in accordance with generally accepted government auditing standards; and (3) findings and questioned costs for federal awards.

f. Report on Grants to Counties program, as defined in the Official Code of Georgia Annotated, Sections 48-14-3 and 36-17-1.

Report on State of Georgia Grant Certification Form(s).

Report on Annual Report of 9-1-1 Expenditures

3. The auditor will provide, at a minimum, ten (10) printed copies and one (1) electronic copy saved on a CD of each of the above reports as required as well as three (3) copies with working papers included in addition to each of the above reports.

4. The auditors shall use a written management letter to communicate violations of provisions of contracts or grant agreements or abuse that have an effect on the financial statements that is less than material but warrant the attention of those charged with

governance; the management letter should also communicate information about ways to improve operational efficiency and effectiveness or otherwise improve internal control or other policies or procedures (other than those for which communication is required by generally accepted auditing standards or *Government Auditing Standards*). If the management letter contains items required to be communicated to officials by auditing standards, the auditor should refer to the management letter in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The schedule of findings and questioned costs should include all audit findings required to be reported under (for federal awards prior to December 26, 2014) OMB Circular A-133, UGG Subpart F Section 515(a) (or for awards after December 26, 2014); a separate communication (such as a management letter) may not be used to communicate such matters.

5. The auditor must offer recommendations for appropriate corrective action for each item reported in accordance with U.S. Auditing Standards – AICPA (Clarified) AU-C Section 265 paragraph .11; or included in the Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards or in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance In Accordance with OMB Circular A-133 (for federal awards prior to December 26, 2014), or UGG Subpart F Section 515(a) (for federal awards after December 26, 2014), and all changes for federal awards after calendar year or fiscal year 2018; or contained in the management letter.
6. Any other reports required shall be submitted to the County upon request.
7. A preliminary draft of all reports shall be submitted to the County prior to their release. The County will review and approve the release of all draft reports. Draft reports should be submitted to Vickie Neikirk, Chief Financial Officer, 25 Justice Way, Suite 2214, Dawsonville, Georgia, 30534, vneikirk@dawsoncounty.org
8. The auditor shall send copies of the reports listed above directly to Vickie Neikirk, Chief Financial Officer, 25 Justice Way, Suite 2214, Dawsonville, Georgia, 30534, vneikirk@dawsoncounty.org
9. The auditor must execute a form of Agreement for Audit Services between the auditor and the County. A sample agreement begins on page 63.
10. As discussed in the AICPA Audit Guide “Audits of Local Governments” Section 202 Establishing Terms of the Engagement - both GAAS and the Yellow Book require the auditor to establish a written understanding with the client about the services to be performed for each engagement. The auditor and client ought to have a clear understanding about certain matters normally found in engagement letters, related to such matters as the need for receiving written management representations, any agreed-upon client assistance, and limitations on the responsibility for the detection of fraud and

defalcations. One of the preconditions for an audit is to obtain the agreement of management that they acknowledge and understand their responsibilities. That agreement generally is obtained through the use of an engagement letter. The auditor will submit a draft engagement letter that, if accepted by the auditee, will be incorporated into the contract with the auditor.

11. The auditor is to notify the County's contract monitor immediately upon becoming aware that the County is subject to audit requirements that may not be encompassed in the terms of the contract to include the knowledge that any and all relevant legal, regulatory or contractual requirements may not be met.

12. The auditor shall adjust his/her auditing techniques and reporting formats and criteria at the time that professional auditing or federal auditing requirements change to ensure the new standards and requirements are met. Prior to this change, the County's contract monitor must be notified in writing so that a contract amendment can be executed. Any additional hours used by the auditor as a result of such changes that would cause the auditor to exceed the proposed hours as submitted in the Cost Proposal shall be treated as provided by the Additional Audit Work Section of the Integrated Agreement beginning on page 63.

13. If it should become necessary for the County to request the auditor to render any additional services to either supplement the services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the County and the firm. Any such additional work agreed to between the County and the firm shall be performed at the same rates as set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

- End of Exhibit "A" -

EXHIBIT "B"

The Consultant/Auditor's Price Proposal pages for this agreement to follow this Exhibit "B" cover page.

-End of Exhibit "B"

Schedule of Professional Fees and Expenses
For the Audit of the 2018 Financial Statements
Bates, Carter and Company, LLP

	<u>Hours</u>	<u>Standard Rates</u>	<u>Total</u>
<i>Dawson County, Georgia</i>			
Partners	29	\$ 200	\$ 5,800
Managers	114	125	14,250
Staff	238	100	23,800
Clerical	2	75	150
Number of Hours and Fee	383		\$ 44,000
Other Fees (Production Cost & Mileage)			508
All-Inclusive Maximum Price			\$ 44,508

NOTE: The following reporting is included in the above-defined all-inclusive maximum price:

<u>Other Reporting</u>	<u>Cost</u>
DCA Report of Local Government Finances	\$1,000
GA DOT Local Road and Street Questionnaire	250
GA DHR Schedule of Completed State Awards	250
Annual Report of E-911 Expenditures	0
Landfill Financial Assurance Report	500
Dawson County Development Authority (separate opinion)	1,500
Dawson County Industrial Building Authority (separate opinion)	1,500
Dawson County Family Connection Form 990	1,000
TOTAL Other Reporting Included in price above	\$6,000
Dawson County Family Connection (Optional separate statements)	\$ 4,500
Single Audit per major program, if needed	\$ 3,500
Amount of additional professional services, in hours, provided without additional costs	10

NOTE 1: Please see "Standard Rates" noted above for hourly rates for additional work. Additional work will only be completed and charged when both Dawson County and BatesCarter agree to the necessity of the work.

Schedule of Professional Fees and Expenses
For the Audit of the 2019 Financial Statements
Bates, Carter and Company, LLP

	Hours	Standard Rates	Total
<i>Dawson County, Georgia</i>			
Partners	29	\$ 200	\$ 5,800
Managers	114	125	14,250
Staff	238	100	23,800
Clerical	2	75	150
	<u>383</u>		<u>\$ 44,000</u>
Number of Hours and Fee			\$ 44,000
3% Inflation factor			1,320
Other Fees (Production Cost & Mileage)			508
			<u>\$ 45,828</u>
All-Inclusive Maximum Price			\$ 45,828

NOTE: The following reporting is included in the above-defined all-inclusive maximum price:

<u>Other Reporting</u>	<u>Cost</u>
DCA Report of Local Government Finances	\$1,000
GA DOT Local Road and Street Questionnaire	250
GA DHR Schedule of Completed State Awards	250
Annual Report of E-911 Expenditures	0
Landfill Financial Assurance Report	500
Dawson County Development Authority (separate opinion)	1,500
Dawson County Industrial Building Authority (separate opinion)	1,500
Dawson County Family Connection Form 990	<u>1,000</u>
TOTAL Other Reporting Included in price above	\$6,000
Dawson County Family Connection (Optional separate statements)	<u>\$ 4,500</u>
Single Audit per major program, if needed	<u>\$ 3,500</u>
Amount of additional professional services, in hours, provided without additional costs	<u>10</u>

NOTE 1: Please see "Standard Rates" noted above for hourly rates for additional work. Additional work will only be completed and charged when both Dawson County and BatesCarter agree to the necessity of the work.

NOTE 2: The cost proposal includes a 3% inflation factor that has been included in the all-inclusive maximum price for each of the fiscal years ending December 31, 2019 through 2022.

Schedule of Professional Fees and Expenses
For the Audit of the 2020 Financial Statements
Bates, Carter and Company, LLP

	Hours	Standard Rates	Total
<i>Dawson County, Georgia</i>			
Partners	29	\$ 200	\$ 5,800
Managers	114	125	14,250
Staff	238	100	23,800
Clerical	2	75	150
Number of Hours and Fee	383		\$ 44,000
3% Inflation factor			2,6800
Other Fees (Production Cost & Mileage)			508
All-Inclusive Maximum Price			\$ 47,188

NOTE: The following reporting is included in the above-defined all-inclusive maximum price:

<u>Other Reporting</u>	<u>Cost</u>
DCA Report of Local Government Finances	\$1,000
GA DOT Local Road and Street Questionnaire	250
GA DHR Schedule of Completed State Awards	250
Annual Report of E-911 Expenditures	0
Landfill Financial Assurance Report	500
Dawson County Development Authority (separate opinion)	1,500
Dawson County Industrial Building Authority (separate opinion)	1,500
Dawson County Family Connection Form 990	1,000
TOTAL Other Reporting Included in price above	\$6,000

Dawson County Family Connection (Optional separate statements)	\$ 4,500
Single Audit per major program, if needed	\$ 3,500

Amount of additional professional services, in hours, provided without additional costs	10
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NOTE 1: Please see "Standard Rates" noted above for hourly rates for additional work. Additional work will only be completed and charged when both Dawson County and BatesCarter agree to the necessity of the work.

NOTE 2: The cost proposal includes a 3% inflation factor that has been included in the all-inclusive maximum price for each of the fiscal years ending December 31, 2019 through 2022.

Schedule of Professional Fees and Expenses
For the Audit of the 2021 Financial Statements
Bates, Carter and Company, L.L.P

	Hours	Standard Rates	Total
Dawson County, Georgia			
Partners	29	\$ 200	\$ 5,800
Managers	114	125	14,250
Staff	238	100	23,800
Clerical	2	75	150
Number of Hours and Fee	383		\$ 44,000
3% Inflation factor			4,080
Other Fees (Production Cost & Mileage)			508
All-Inclusive Maximum Price			\$ 48,588

NOTE: The following reporting is included in the above-defined all-inclusive maximum price:

<u>Other Reporting</u>	<u>Cost</u>
DCA Report of Local Government Finances	\$1,000
GA DOT Local Road and Street Questionnaire	250
GA DHR Schedule of Completed State Awards	250
Annual Report of E-911 Expenditures	0
Landfill Financial Assurance Report	500
Dawson County Development Authority (separate opinion)	1,500
Dawson County Industrial Building Authority (separate opinion)	1,500
Dawson County Family Connection Form 990	1,000
TOTAL Other Reporting Included in price above	\$6,000
Dawson County Family Connection (Optional separate statements)	\$ 4,500
Single Audit per major program, if needed	\$ 3,500

Amount of additional professional services, in hours, provided without additional costs	10
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NOTE 1: Please see "Standard Rates" noted above for hourly rates for additional work. Additional work will only be completed and charged when both Dawson County and BatesCarter agree to the necessity of the work.

NOTE 2: The cost proposal includes a 3% inflation factor that has been included in the all-inclusive maximum price for each of the fiscal years ending December 31, 2019 through 2022.

Schedule of Professional Fees and Expenses
For the Audit of the 2022 Financial Statements
Bates, Carter and Company, LLP

	Hours	Standard Rates	Total
<i>Dawson County, Georgia</i>			
Partners	29	\$ 200	\$ 5,800
Managers	114	125	14,250
Staff	238	100	23,800
Clerical	2	75	150
Number of Hours and Fee	383		\$ 44,000
3% Inflation factor			5,522
Other Fees (Production Cost & Mileage)			508
All-Inclusive Maximum Price			\$ 50,030

NOTE: The following reporting is included in the above-defined all-inclusive maximum price:

<u>Other Reporting</u>	<u>Cost</u>
DCA Report of Local Government Finances	\$1,000
GA DOT Local Road and Street Questionnaire	250
GA DHR Schedule of Completed State Awards	250
Annual Report of E-911 Expenditures	0
Landfill Financial Assurance Report	500
Dawson County Development Authority (separate opinion)	1,500
Dawson County Industrial Building Authority (separate opinion)	1,500
Dawson County Family Connection Form 990	1,000
TOTAL Other Reporting Included in price above	\$6,000
Dawson County Family Connection (Optional separate statements)	\$ 4,500
Single Audit per major program, if needed	\$ 3,500
Amount of additional professional services, in hours, provided without additional costs	10

NOTE 1: Please see "Standard Rates" noted above for hourly rates for additional work. Additional work will only be completed and charged when both Dawson County and BatesCarter agree to the necessity of the work.

NOTE 2: The cost proposal includes a 3% inflation factor that has been included in the all-inclusive maximum price for each of the fiscal years ending December 31, 2019 through 2022.

EXHIBIT "C"

AFFIDAVIT OF PAYMENT OF CLAIMS

(SUBMIT TO THE PURCHASING MANAGER AT TME OF FINAL INVOICE)

_____ this _____ day of _____,

20_____ appeared before me _____, a Notary

Public, in and for _____, and being by me first duly

sworn states that all sub-consultants and suppliers of labor and materials have been paid all sums

due them to date for work performed or material furnished in the performance of the contract

between:

Dawson County Board of Commissioners and _____ (Consultant),

last signed _____, 20__ for the AUDIT SERVICES.

BY: _____

TITLE: _____

DATE: _____

(Seal)

Subscribed and sworn to before the _____ day

of _____,

My commission expires on the _____ day

of _____,

NOTARY PUBLIC

(Notary Seal)

EXHIBIT "D"

ENGAGEMENT LETTER

The Consultant/Auditor's engagement letter for this agreement to follow this Exhibit "D" cover page.



November 16, 2018

Board of Commissioners and Management of DAWSON COUNTY, GEORGIA
25 JUSTICE WAY
DAWSONVILLE, Georgia 30534

We are pleased to confirm our understanding of the services we are to provide DAWSON COUNTY, GEORGIA for the year ended December 31, 2018. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of DAWSON COUNTY, GEORGIA as of and for the year ended December 31, 2018. 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 DAWSON COUNTY, GEORGIA's basic financial statements. Such information, although not a 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 DAWSON COUNTY, GEORGIA'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 U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis
- Schedule of the Net Pension Liability - ACCG Defined Benefit Plan
- Schedule of Contributions - ACCG Defined Benefit Plan
- Schedule of Notes to Required Supplementary Information - ACCG Defined Benefit Plan

We have also been engaged to report on supplementary information other than RSI that accompanies DAWSON COUNTY, GEORGIA's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the 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 we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- Schedule of Expenditures of Federal Awards
- Combining Statements for Nonmajor Governmental Funds and Agency Funds
- Budgetary Comparison 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 auditor's report will not provide an opinion or any assurance on that other information.

- Transmittal letter and other information in the introductory section
- Statistical section

Audit Objectives

The objective of our audit is the expression of opinions as to whether your 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 over financial reporting and compliance with the provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with

Government Auditing Standards in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states 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 the Uniform Guidance. 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 the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Commissioners of DAWSON COUNTY, GEORGIA. We will make reference to Jason Bull, C.P.A.'s audit of DAWSON COUNTY HEALTH DEPARTMENT in our report on your financial statements. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

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 financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, 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 government or to acts by management or employees acting on behalf of the government. 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 limitations 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 on 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 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; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the 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, 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 the Uniform Guidance, 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 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 the Uniform Guidance.

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 the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of DAWSON COUNTY, GEORGIA's compliance with provisions 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*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of DAWSON COUNTY, GEORGIA's major programs. The purpose of these procedures will be to express an opinion on DAWSON COUNTY, GEORGIA's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of DAWSON COUNTY, GEORGIA in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. We will also assist in the preparation of the Report of Local Government Finances, the Georgia Department of Transportation Local Road and Street Questionnaire, the Schedule of Completed State Awards, the Landfill Financial Assurance Report, and the Dawson County Family Connection Form 990. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management 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, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

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) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. Because the DAWSON COUNTY HEALTH DEPARTMENT has a different year end than the County, there will need to be an additional subsequent events review of their activities closer to the date that your audit is finished. We ask that you make arrangements for management and those charged with governance at DAWSON COUNTY HEALTH DEPARTMENT to have their auditor's perform this update and to report their results to us. We believe that this will be less costly and less disruptive to DAWSON COUNTY HEALTH DEPARTMENT than having this review performed directly by our firm.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that 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 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 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 government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government 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 the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on March 25, 2019.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. 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. 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 in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (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 schedule of expenditures of federal awards.

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. 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.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of 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.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide.

You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, or other confirmations we request and will locate any documents selected by us for testing.

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 electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, 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. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to DAWSON COUNTY, GEORGIA; however, management is responsible for distribution of the reports and the 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.

The audit documentation for this engagement is the property of Bates, Carter & Co., LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a Cognizant or Oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Bates, Carter & Co. LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a Cognizant or Oversight agency or its designee. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit of the Constitutional Offices on approximately February 25, 2019, and the audit of the General Fund to begin on approximately March 25, 2019, and to issue our

reports no later than June 30, 2019. Kristi L. Griffin, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$38,508, and will be billed upon completion. Our fees for preparation of the Report of Local Government Finances will be \$1,000; our fees for preparation of the Local Road and Street Questionnaire and the Schedule of Completed State Awards will be \$250 each; our fees for the preparation of the Landfill Financial Assurance Report will be \$500; and our fees for the preparation of the Dawson County Family Connection Form 990 will be \$1,000. If Uniform Guidance is needed, fees associated with these services will not exceed \$3,500 per major federal program. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Payment is due when bills are rendered. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

You have requested that we provide you with our most recent external peer review report, accordingly, our most recent peer review accompanies this letter.

We appreciate the opportunity to be of service to DAWSON COUNTY, GEORGIA and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Kriste L. Luffin, CPA

Bates, Carter, & Co. L.L.P.

RESPONSE:

This letter correctly sets forth the understanding of DAWSON COUNTY, GEORGIA.

Signature	<u><i>Darryl Bentley</i></u>
Title	<u><i>County Manager</i></u>
Date	<u><i>11/19/10</i></u>

Enclosure



OFFICE LOCATION
510 OFFICE PARK DRIVE • SUITE 100
BIRMINGHAM, AL 35223
T 205.871.8873
F 205.871.8863

MAILING ADDRESS
P.O. Box 530085
BIRMINGHAM, AL 35253-0085

MEMBERS
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CENTER FOR AUDIT QUALITY
GAQC
ESPAQC

WWW.DLHCPA.COM

Report on the Firm's System of Quality Control

To the Members of Bates, Carter & Co., LLP
and the Peer Review Committee of the
Georgia Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Bates, Carter & Co., LLP in effect for the year ended June 30, 2017. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

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.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Bates, Carter & Co., LLP in effect for the year ended June 30, 2017 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*. Bates, Carter & Co., LLP has received a peer review rating of *pass*.

D. Piazza LaRocca Hester & Co., LLC

December 15, 2017



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PO DRAWER 2396
GAINESVILLE, GEORGIA 30503
WWW.BATESCARTER.COM

November 16, 2018

Board of Directors
DAWSON COUNTY DEVELOPMENT AUTHORITY
44 COMMERCE DRIVE
DAWSONVILLE, Georgia 30534

We are pleased to confirm our understanding of the services we are to provide for the DAWSON COUNTY DEVELOPMENT AUTHORITY for the year ended December 31, 2018. We will audit the financial statements of the business-type activities of the DAWSON COUNTY DEVELOPMENT AUTHORITY as of and for the year ended December 31, 2018. 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 DAWSON COUNTY DEVELOPMENT AUTHORITY's basic financial statements. Such information, although not a 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 DAWSON COUNTY DEVELOPMENT AUTHORITY'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.

In the past, the DAWSON COUNTY DEVELOPMENT AUTHORITY has decided not to present this MD&A. Should you decide so again, our report will be modified to include the following statement: the DAWSON COUNTY DEVELOPMENT AUTHORITY did not present the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the DAWSON COUNTY DEVELOPMENT AUTHORITY and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the DAWSON COUNTY DEVELOPMENT AUTHORITY's financial statements. Our report will be addressed to the Board of Directors of the DAWSON COUNTY DEVELOPMENT AUTHORITY. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) 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 as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and 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 and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the DAWSON COUNTY DEVELOPMENT AUTHORITY, a component unit of DAWSON COUNTY, GEORGIA, is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

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 financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, 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 government or to acts by management or employees acting on behalf of the government. 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 limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements 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. However, we will inform the appropriate level of management of any material errors, 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. Our responsibility as auditors is limited to the period covered by our audit and does not extend to 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 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; 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 government and its environment, including internal control, sufficient to assess the risks of material misstatement of the 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, 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*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. 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 and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the DAWSON COUNTY DEVELOPMENT AUTHORITY's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit 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*.

Other Services

We will also assist in preparing the financial statements and related notes of the DAWSON COUNTY DEVELOPMENT AUTHORITY in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management 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 and all accompanying information 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 include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that 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.

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 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 government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of 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 other 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.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the DAWSON COUNTY DEVELOPMENT AUTHORITY; however, management is responsible for distribution of the reports and the 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.

The audit documentation for this engagement is the property of Bates, Carter & Co., LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to state regulatory agencies or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Bates, Carter & Co., LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the regulatory or grantor agency. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately March 25, 2019 and to issue our reports no later than June 30, 2019. Kristi L. Griffin, C.P.A. is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fees for the audit services will be \$1,500, which includes out-of-pocket costs. Our invoices for these fees will be rendered as work progresses and are payable on presentation. A service charge will be added to past due accounts. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the period of the contract. Accordingly, our most recent peer review report accompanies this letter.

We appreciate the opportunity to be of service to the DAWSON COUNTY DEVELOPMENT AUTHORITY and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Kristi L. Gifford, CPA
BATES, CARTER & CO., LLP

RESPONSE:

This letter correctly sets forth the understanding of the DAWSON COUNTY DEVELOPMENT AUTHORITY.

Management Signature:  _____

Title: Development Authority of Dawson County, Chair

Date: December 4, 2018



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525 CANDLEN STREET, NE
P.O. DRAWER 2396
GAINESVILLE, GEORGIA 30503
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November 16, 2018

Board of Directors
INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY
135 PROMINENCE COURT, SUITE 170
DAWSONVILLE, Georgia 30534

We are pleased to confirm our understanding of the services we are to provide for the INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY for the year ended December 31, 2018. We will audit the financial statements of the business-type activities of the INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY as of and for the year ended December 31, 2018. 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 INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY's basic financial statements. Such information, although not a 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 INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY'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.

In the past, the INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY has decided not to present this MD&A. Should you decide so again, our report will be modified to include the following statement: the INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY did not present the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY's financial statements. Our report will be addressed to the Board of Directors of the INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) 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 as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and 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 and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY, a component unit of DAWSON COUNTY, GEORGIA, is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

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 financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, 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 government or to acts by management or employees acting on behalf of the government. 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 limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements 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. However, we will inform the appropriate level of management of any material errors, 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. Our responsibility as auditors is limited to the period covered by our audit and does not extend to 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 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; 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 government and its environment, including internal control, sufficient to assess the risks of material misstatement of the 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, 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*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. 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 and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit 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*.

Other Services

We will also assist in preparing the financial statements and related notes of the INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management 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 and all accompanying information 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 include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that 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.

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 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 government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of 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 other 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.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY; however, management is responsible for distribution of the reports and the 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.

The audit documentation for this engagement is the property of Bates, Carter & Co., LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to state regulatory agencies or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Bates, Carter & Co., LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the regulatory or grantor agency. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately March 25, 2019 and to issue our reports no later than June 30, 2019. Kristi L. Griffin, C.P.A. is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fees for the audit services will be \$1,500, which includes out-of-pocket costs. Our invoices for these fees will be rendered as work progresses and are payable on presentation. A service charge will be added to past due accounts. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the period of the contract. Accordingly, our most recent peer review report accompanies this letter.

We appreciate the opportunity to be of service to the INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Kristi L. Huffin, CPA

BATES, CARTER & CO., LLP

RESPONSE:

This letter correctly sets forth the understanding of the INDUSTRIAL BUILDING AUTHORITY OF DAWSON COUNTY.

Management Signature: *Dayle W. Bates*
Title: *CHAIRMAN*
Date: *11/12/18*



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810 OFFICE PARK DRIVE • SUITE 100
BIRMINGHAM, AL 35223
T 205.871.8073
F 205.871.9983

MAILING ADDRESS
P.O. Box 530095
BIRMINGHAM, AL 35253-0095

MEMBERS
AICPA
ALABAMA SOCIETY OF CPAs
CENTER FOR AUDIT QUALITY
BAGC
EBPAQC

WWW.DLHCPA.COM

Report on the Firm's System of Quality Control

To the Members of Bates, Carter & Co., LLP
and the Peer Review Committee of the
Georgia Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Bates, Carter & Co., LLP in effect for the year ended June 30, 2017. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

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.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Bates, Carter & Co., LLP in effect for the year ended June 30, 2017 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*. Bates, Carter & Co., LLP has received a peer review rating of *pass*.

D. Piazza LaRocca Heeter & Co., LLC

December 15, 2017