
MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT

STANDARD AGREEMENT

for Auditor of Financial Statements

20-FD-03

THIS AGREEMENT, made and entered into this 18th day of June 2020, at Gulfport, Mississippi, by and between the Mississippi State Port Authority at Gulfport, P.O. Box 40, Gulfport, Mississippi 39502 (the "MSPA"), and

*Alexander, Van Loon, Sloan, Levens, Favre, PLLC
9490 Three Rivers Road
Gulfport, Mississippi 39503
(228) 863-0411 - Telephone
(228) 863-1165 - Facsimile*

(the "Contractor").

This Contract includes this Standard Agreement and all attachments and the Supplemental Conditions hereto (together, the "Agreement," the "Contract," or the "Contract Documents").

The Contractor for and in consideration of the conditions, agreements, and stipulations of the MSPA hereinafter expressed, does hereby agree to furnish to the MSPA services and the obligations and responsibilities as follows:

A. WORK TO BE PERFORMED:

Contractor shall perform the following procedures at the request of MSPA and/or State Auditor's Office ("SAO"):

- Examine the financial statements and underlying records (including the Schedule of Expenditures of Federal Awards ("SEFA")) for completeness and accuracy for inclusion in the State of Mississippi's *Comprehensive Annual Financial Report* ("CAFR") to commence with June 30, 2020 statements;
- Prepare a schedule of uncorrected misstatements, have MSPA management approve the schedule, and submit it to the SAO;

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- Provide SAO the planning materiality level(s) used on the audit for use in performing analysis for the CAFR;
 - Complete audit reports on the fair presentation of audited financial statements and the Schedule of Expenditures of Federal Awards in conformity with Generally Accepted Accounting Principles ("GAAP");
 - Prepare a letter to management on suggestions for improvement in internal control and correction of any noncompliance matters;
 - Conduct an exit conference with MSPA upon giving prior notice to the SAO;
 - Obtain a plan of corrective action from Auditee in accordance with instructions provided by SAO;
 - Submit to the SAO a completed "Request for Representations from Other Auditor";
 - Issue financial statement audit reports on the fair presentation of the financial statements of each selected fund in conformity with accounting principles generally accepted in the United States of America;
 - Following the completion of the audit of the fiscal year's financial statements, the Contractor shall issue a management report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Generally Accepted Government Auditing Standards* ("GAGAS");

For Single Audit Purposes, Contractor will perform the following procedures as requested by SAO:

- Changes to the grant activity schedules will be made in accordance with SAO instructions;
- For each major program selected for audit, prepare program-specific audit reports on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with the Uniform Grant Guidance, Subpart F;
- Review the Agency prepared Summary Schedule of Prior Year Findings for applicability of responses (if applicable);
- Prepare a letter to management on suggestions for improvement in internal control and instances of noncompliance;
- Conduct an exit conference with MSPA upon giving prior notice to the SAO;
- Submit to the SAO a completed "Request for Representations from Other Auditor."

Following the completion of the audit, Contractor shall issue:

- *A Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards (“GAGAS Report”), on the Contractor’s consideration of internal control over financial reporting and tests of compliance made as part of its audit of the financial statements. MSPA is responsible for providing Contractor with written responses in accordance with *Government Auditing Standards* to the findings included in the GAGAS Report within 30 days of being provided with draft findings. If such information is not provided on a timely basis prior to release of the report, the GAGAS Report will indicate the status of management’s responses.*

While the objective of the Contractor’s audit of the financial statements is not to report on the Agency’s internal control over financial reporting and the Contractor is not obligated to search for material weaknesses or significant deficiencies as part of its audit of the financial statements, this report will include any material weaknesses and significant deficiencies to the extent they come to our attention. This report will also include instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the financial statements or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives; or abuse that is material, either quantitatively or qualitatively. The report will describe its purpose and will state that it is not suitable for any other purpose.

- *A Report on Compliance with Requirements That Could Have a Direct and Material Effect on the Federal Program and on Internal Control Over Compliance in Accordance with the Program-Specific Audit Option Required by the Uniform Grant Guidance.*

In the required audit report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Uniform Grant Guidance, Contractor shall communicate the following:

- Significant deficiencies in internal control over major programs;
- Significant deficiencies that are also material weaknesses;
- Material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program;
- Known questioned costs which are greater than \$25,000 for a type of compliance requirement for a major program;

- Known questioned costs which are greater than \$25,000 for a federal program that is not audited as a major program;
- Circumstances concerning why the auditor's report on compliance for each major program is other than an unmodified opinion;
- Known or likely fraud affecting a federal award;
- Instances where the results of audit follow-up procedures disclosed that the Summary Schedule of Prior Year Findings prepared by the Agency materially misrepresents the status of any prior year audit finding.

Deficiencies that were not considered significant enough to be communicated as significant deficiencies and noncompliance that is less than \$25,000 shall be reported in a separate letter to management, which shall be referred to in the report on compliance and internal control over compliance.

In the required management report on internal control over financial reporting, Contractor shall communicate material instances of noncompliance and any significant deficiencies found during the audit. Significant deficiencies that are also material weaknesses shall be identified as such in the report.

As requested, Contractor shall provide the following documents to SAO:

- Draft and final reports on the fair presentation of the financial statements in conformity with generally accepted accounting principles;
- A report, *Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards* (GAGAS Report), on Contractor's consideration of internal control over financial reporting and tests of compliance made as part of its audit of the financial statements. MSPA is responsible for providing Contractor with written responses in accordance with *Government Auditing Standards* to the findings included in the GAGAS Report within 30 days of being provided with draft findings. If such information is not provided on a timely basis prior to release of the report, the GAGAS Report will indicate the status of management's responses;
- Engagement Letter;
- Journal Entries Summary – Including entries approved and made by Auditee* and a Summary of Passed Adjustments*;
- Signed Representations of Management as of the date of the Report and an update of representations as of the date of the CAFR report;

- Independence and Related Party statements for Contractor;
- Letters to Those Charged with Governance, including any management comments made regarding control deficiencies;
- Written findings to be included in the report, as applicable*;
- Summary of verbal findings presented to MSPA;
- Contractor representations to SAO.
- Subsequent Event Inquiries:
 - From fiscal year end (June 30) to the date of Contractor's audit report;
 - From the date of Contractor's audit report to the date of the CAFR report date; and
 - From the date of the CAFR report to the date of the Single Audit Report (as applicable).
- Corrective Action Plans, if applicable *.

** Information must be provided as prescribed by SAO. Submissions not in accordance with Auditing Standards, Uniform Guidance, or prescribed form by SAO will be returned to Contractor and Contractor will be required to resubmit the information until SAO is satisfied that it has been completed in accordance with the requirements as listed above.*

B. COMPENSATION:

This Agreement is subject to the fiscal and administrative provisions of the Mississippi State Port Authority and the State of Mississippi. Charges will accrue only after execution of this Agreement. Any amount of the MSPA's obligation hereunder shall not at any time exceed the amount stated in this Agreement. Unless otherwise provided for in this Agreement, the MSPA shall be represented by its Executive Director in all administrative matters relating to this Agreement.

The MSPA hereby agrees to pay for the services at the times, in the manner, and for the consideration, as herein expressed. All payments made under this Agreement must be approved by the MSPA Board of Commissioners. The MSPA Board of Commissioners' regularly scheduled meetings are generally held on the fourth Thursday of each month.

All invoices submitted by the Contractor to the MSPA for the Work being paid for on an actual cost basis shall be subject to audit or re-audit by the MSPA and its representatives. Books and records showing any charges thereto shall be retained and made available in Gulfport, Mississippi, for not less than three (3) years after completion of the Work and receipt of final payment for purposes of this provision.

When requesting payment for services or reimbursement of costs, the Contractor shall submit supporting documentation in sufficient detail to clearly document fees/costs incurred. Cost detail includes a detailed breakout of all costs incurred including direct labor, indirect costs, other direct costs, travel, etc. All requests for payment or reimbursement to the MSPA shall include sufficient documentation to justify reimbursement or payment to the Contractor, including invoices and proof of payment of an invoice.

The Contractor will be paid in arrears promptly on presentation of invoices, or such other data as the MSPA may herein specify, after rendition of service. All original invoices or payment applications shall be presented to the Mississippi State Port Authority, Attn: Accounts Payable, P.O. Box 40, Gulfport, MS 39502.

All fees shall be based on information provided by the Contractor's written proposal, attached, and incorporated herein as Exhibit "A."

TOTAL AGREEMENT NOT TO EXCEED \$127,850.00

C. TIME FOR PERFORMANCE:

Period of Performance for this Agreement shall commence on July 1, 2020 and expire on June 30, 2023 with a renewal option of two (2) years to commence on July 1, 2023 to June 30, 2024 and July 1, 2024 to June 30, 2025 subject to annual review.

D. GENERAL CONDITIONS:

The following provisions constitute a part of this Agreement:

1. Availability of Funds. It is expressly understood and agreed that the obligation of the MSPA to proceed under this Agreement is conditioned upon the appropriation of federal and/or State funds. If the funds anticipated for the continuing fulfillment of the Contract are, at any time, not forthcoming or insufficient, whether through the failure of the federal government to provide funds, the State of Mississippi's failure to appropriate funds, the discontinuance or material alteration of the program under which funds were provided, or if funds are not otherwise available to the MSPA for any reason whatsoever, the MSPA shall have the right, upon ten (10) working days' written notice to the Contractor, to terminate this Contract without damage, penalty, cost, or expenses to the MSPA of any kind whatsoever. The effective date of termination shall be as specified in the notice of termination.
2. Compliance with Laws. The Contractor understands that the MSPA is an equal opportunity employer and therefore maintains a policy which prohibits unlawful discrimination based on race, color, creed, sex, age, national origin, physical handicap, disability, genetic information, or any other consideration made unlawful by federal, State, or local laws. All such discrimination is unlawful, and the Contractor agrees during the term of the Contract to strictly adhere to this policy in its employment practices and provision of services. The Contractor shall comply with, and all activities under this Contract shall be subject to, all applicable federal, State, and local laws and regulations, as now existing and as may be hereafter amended or modified.

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3. E-Verification. If applicable, the Contractor represents and warrants that it will ensure its compliance with the Mississippi Employment Protection Act of 2008 and will register and participate in the status verification system for all newly hired employees. Miss. Code Ann. §§ 71-11-1, *et seq.* The term “employee” as used herein means any person that is hired to perform work within the State. As used herein, “status verification system” means the Illegal Immigration Reform and Immigration Responsibility Act of 1996 that is operated by the United States Department of Homeland Security, also known as the E-Verify Program, or any other successor electronic verification system replacing the E-Verify Program. The Contractor agrees to maintain records of such compliance. Upon request of the State of Mississippi and after approval of the Social Security Administration or Department of Homeland Security, when required, the Contractor agrees to provide a copy of each such verification. The Contractor further represents and warrants that any person assigned to perform services hereafter meets the employment eligibility requirements of all immigration laws. The breach of this Contract may subject the Contractor to the following:
- A. Termination of this Contract for services and ineligibility for any State or public contract in Mississippi for up to three (3) years with notice of such cancellation/termination being made public;
 - B. The loss of any license, permit, certification, or other document granted to the Contractor by an agency, department, or governmental entity for the right to do business in Mississippi for up to one (1) year; or
 - C. Both. In the event of such termination/cancellation, the Contractor would also be liable for any additional costs incurred by the State due to Contract cancellation or loss of license or permit to do business in the State.
4. Transparency. This Contract is subject to the provisions of the Mississippi Accountability and Transparency Act of 2008. Miss. Code Ann. §§ 27-104-151, *et seq.*
5. Authority to Contract. The Contractor warrants that: (a) it is a validly organized business with valid authority to enter into this Contract; (b) it is qualified to do business and is in good standing in the State of Mississippi; (c) entry into and performance under this Contract is not restricted or prohibited by any loan, security, financing, contractual, or other agreement of any kind; and (d) notwithstanding any other provision of this Contract to the contrary, there are no existing legal proceedings, either voluntary or otherwise, which may adversely affect its ability to perform its obligations under this Contract.
6. Independent Contractor Status. The Contractor shall, at all times, be regarded as and shall be legally considered an independent contractor and shall at no time act as an agent for the MSPA. Nothing contained herein shall be deemed or construed by the MSPA, the Contractor, or any third party as creating the relationship of principal and agent, master and servant, partners, joint venturers, employer and employee, or any such similar relationship between the MSPA and the Contractor. Neither the method of computation of fees or other charges, nor any other provision contained herein, nor any acts of the MSPA

or the Contractor hereunder, creates or shall be deemed to create a relationship other than the independent contractor relationship of the MSPA and the Contractor. The Contractor's personnel shall not be deemed in any way, directly or indirectly, expressly or by implication, to be employees of the MSPA. Neither the Contractor nor its employees shall, under any circumstances, be considered servants, agents, or employees of the MSPA and the MSPA shall be at no time legally responsible for any negligence or other wrongdoing by the Contractor, its servants, agents, or employees. The MSPA shall not withhold from the Contractor any federal or Mississippi unemployment taxes, federal or Mississippi income taxes, Social Security tax, or any other amounts for benefits to the Contractor. Further, the MSPA shall not provide to the Contractor any insurance coverage or other benefits, including Workers' Compensation, normally provided by the State of Mississippi for its employees.

7. Licenses and Permits. Unless otherwise stated in the Contract Documents to be the responsibility of the MSPA, the Contractor shall, at the Contractor's own cost, procure all its administrative resources, permits, and licenses and any other permits that may be required for performance of the Work herein and shall pay all charges and fees and give all notices necessary and incidental to the due and lawful prosecution of the Work. The MSPA will cooperate with the Contractor when it is feasible for the MSPA to do so in obtaining cooperation from local, county, or State governmental entities in order to facilitate the Work moving forward on time and on budget. The Contractor represents that it has obtained all necessary federal and/or State licenses to perform its services as contemplated under this Contract and that it will maintain said licenses throughout the term of this Contract.
8. Change in Scope of Work. The MSPA may order changes in the services consisting of additions, deletions, or other revisions within the general scope of the Contract. No claims may be made by the Contractor that the scope of the Work or of the Contractor's services has been changed, requiring changes to the amount of compensation to the Contractor or other adjustments to the Contract, unless such changes or adjustments have been made by written amendment to the Contract signed by the MSPA and Contractor. If the Contractor believes that any particular work is not within the scope of the Work, is a material change, or will otherwise require more compensation to the Contractor, the Contractor must immediately notify the MSPA in writing of this belief. If the MSPA believes that the particular work is within the scope of the Contract as written, the Contractor will be ordered to and shall continue with the work as changed and at the cost stated for the services within the Contract.
9. Ownership of Documents and Work Papers. The MSPA shall own all documents, files, reports, work papers, and working documentation, electronic or otherwise, created in connection with the Work, which is the subject of this Contract, except for the Contractor's internal administrative and quality assurance files and internal correspondence. The Contractor shall deliver such documents and work papers to the MSPA upon termination or completion of this Contract. Notwithstanding the foregoing, the Contractor shall be entitled to retain a set of such work papers for its files. The Contractor shall be entitled to

use such work papers only after receiving written permission from the MSPA and shall be subject to any copyright protections.

10. Record Retention and Access to Records. Provided an inspection is made during normal business hours of the Contractor, the MSPA or any duly authorized representatives, shall have unimpeded, prompt access to any of the Contractor's books, documents, papers, and records which are maintained or produced as a result of the Work for the purpose of making audits, examinations, excerpts, and transcriptions. The Contractor shall retain all records related to this Contract for three (5) years after final payment is made under this Contract and all pending matters are closed. However, if any audit, litigation, or other action arising out of or related in any way to the Work is commenced before the end of the three (5) year period, the records shall be retained for one (1) year after all issues arising out of the action are finally resolved.
11. Right to Inspect. The State of Mississippi, acting by and through the MSPA or any other authorized subdivision of the State, may at reasonable times, inspect the place of business of the Contractor which is related to the performance of this Contract.
12. Right to Audit. The Contractor shall maintain such financial records and other records as may be prescribed by the MSPA or by applicable federal and State laws, rules, and regulations. The Contractor shall retain these records for a period of three (5) years after final payment or until they are audited by the MSPA, whichever event occurs first. These records shall be made available during the term of the Contract and the subsequent three (5) year period for examination, transcription, and audit by the Mississippi State Auditor's Office, its designees, or other authorized bodies.
13. State Property. The Contractor will be responsible for the proper custody and care of any State-owned property furnished for the Contractor's use in connection with the performance of this Contract. The Contractor will reimburse the State for any loss or damage, except normal wear and tear.
14. Personnel. The Contractor represents that it has, or will secure, at its own expense, all personnel required in performing the Work under this Contract. Such personnel will not be employees of or have any contractual relationship with the MSPA. All of the services required hereunder will be performed by the Contractor under its supervision, and all personnel engaged in the Work will be fully qualified and will be authorized or permitted under State and local law to perform such services. The day-to-day supervision and control of the Contractor's employees is the sole responsibility of the Contractor.
15. Rejection and Approval of the Contractor's Personnel. The MSPA shall, throughout the term of the Contract, have the right of reasonable rejection and approval of staff assigned to the work by the Contractor. If the MSPA reasonably rejects staff, the Contractor must provide replacement staff satisfactory to the MSPA in a timely manner and at no additional cost to the MSPA.
16. Confidentiality.

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- A. *Public Records.* Notwithstanding any provision to the contrary contained herein, all parties recognize that the MSPA is a public agency of the State of Mississippi and is subject to the Mississippi Public Records Act. Miss. Code Ann. §§ 25-61-1 *et seq.* If a public records request is made for any information provided to the MSPA pursuant to this Contract and designated by the Contractor in writing as trade secrets or other proprietary confidential information, the MSPA shall follow the provisions of Miss. Code Ann. §§ 25-61-9 and 79-23-1 before disclosing such information. The MSPA shall not be liable to the Contractor for disclosure of information required by court order or required by law.
- B. *Trade Secrets.* The parties acknowledge that Mississippi law requires that information related to the personal or professional services provided, the price to be paid, and the term of the Contract shall not be deemed to be a trade secret or confidential commercial or financial information and that such information shall be available for examination, copying, or reproduction.
17. Copyrights. The Contractor agrees that the MSPA shall determine the disposition of the title to and the rights under any copyright by the Contractor or employees on copyrightable material first produced or composed under this Contract. Further, the Contractor hereby grants to the MSPA a royalty-free, nonexclusive, irrevocable license to reproduce, translate, publish, use, and dispose of, and to authorize others to do so, all copyrighted (or copyrightable) work not first produced or composed by the Contractor in the performance of this Contract but which is incorporated in the material furnished under the Contract. This grant is provided that such license shall be only to the extent the Contractor now has, or prior to the completion of full final settlements of agreement may acquire, the right to grant such license without becoming liable to pay compensation to others solely because of such grant.
18. Debarment and Suspension. The Contractor certifies to the best of its knowledge and belief that it, its corporate officers, principal owners, managers, auditors, and others in a position of administering governmental funds:
- A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transaction by any federal department or agency or any political subdivision or agency of the State of Mississippi;
- B. Have not, within a three (3) year period preceding this Contract, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, State, or local) transaction or Contract under a public transaction;
- C. Have not, within a three (3) year period preceding this Contract, been convicted of or had a civil judgment rendered against them for a violation of federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery,

falsification or destruction of records, making false statements, or receiving stolen property;

- D. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, State, or local) with commission of any of these offenses enumerated in subparagraphs B. and C. of this certification; and
- E. Has not, within a three (3) year period preceding this Contract, had one or more public transactions (federal, State, or local) terminated for cause or default.

19. Failure to Deliver. In the event of failure of the Contractor to deliver Work in accordance with the Contract terms and conditions, the MSPA, after due oral or written notice, may procure the services from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies that the MSPA may have.

20. Force Majeure. Each party shall be excused from performance for any period and to the extent that it is prevented from performing any obligation or service, in whole or in part, as a result of causes beyond the reasonable control and without the fault or negligence of such party. Such acts shall include, without limitation, acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations superimposed after the fact, fires, earthquakes, floods, or other natural disasters ("Force Majeure Events"). When such a cause arises, the Contractor shall notify the State immediately in writing of the cause of its inability to perform, how the Force Majeure event affects its performance, and the anticipated duration of the inability to perform. In the event of delays in delivery or in meeting completion dates due to Force Majeure Events, the MSPA will extend such dates for a period not to exceed the duration of the delay caused by such events, unless the State determines that termination of the Contract is in the State's best interest.

21. Anti-Assignment/Subcontracting. The Contractor acknowledges that it was selected by the MSPA to perform the services required hereunder based, in part, upon the Contractor's special skills and expertise. The Contractor shall not assign, subcontract, or otherwise transfer this Contract in whole or in part without the prior written consent of the MSPA, which the MSPA may, in its sole discretion, approve or deny without reason. Any attempted assignment or transfer of its obligations without such consent shall be null and void. No such approval by the MSPA of any subcontract shall be deemed in any way to provide for the incurrence of any obligation of the MSPA in addition to the total fixed price agreed upon in this Contract. Subcontracts shall be subject to the terms and conditions of this Contract and to any conditions of approval that the MSPA may deem necessary. Subject to the foregoing, this Contract shall be binding upon the respective successors and assigns of the parties.

22. Indemnification. The Contractor will indemnify, defend, save and hold harmless, protect, and exonerate the MSPA and the State of Mississippi and each entity's respective directors, officers, employees, and agents from and against all claims, demands, liabilities, suits, actions damages, losses, and any costs related thereto as a result of any and all claims proceeding (whether brought by private party or related to enforcement action), including,

without limitation, court costs, investigative fees and expenses, and attorneys' fees resulting from or relating directly or indirectly out of services rendered by the Contractor, its agents, or employees, pursuant to the Contract and submitted proposal and any amendments thereto or the negligence or willful misconduct of the Contractor or its subcontractors in connection with the Work pursuant to this Contract. This indemnity obligation is intended to be, and shall be interpreted to be, a separate and independent contractual obligation from the contractual provisions addressing the requirements and placement of insurance, including, but not limited to, insurance covering the MSPA.

23. Infringement Indemnification. The Contractor warrants that any materials and deliverables provided to the MSPA under this Contract, and their use by the MSPA, will not infringe or constitute an infringement of any copyright, patent, trademark, or other proprietary right. Should any such items become the subject of an infringement claim or suit, the Contractor shall defend the infringement action and/or obtain for the customer the right to continue using such items. Should the Contractor fail to obtain for the customer the right to use such items, the Contractor shall suitably modify them to make them non-infringing or substitute equivalent software or other items at the Contractor's expense.

The Contractor shall indemnify, defend, save and hold harmless, protect, and exonerate, at its own expense, the MSPA, its Commissioners, officers, employees, agents and representatives, and the State of Mississippi, against and pay all costs, including discovery costs, damages (including punitive damages), and attorneys' fees that a court finally awards for infringement based on the programs and deliverables provided under this Contract.

24. Insurance. The Contractor shall maintain during the period of performance of the Contract the following liability insurance coverage, from an insurance carrier(s) licensed or holding a Certificate of Authority from the Mississippi Department of Insurance, related to the work of the Contractor and in connection with the Contract.

- A. *Workers' Compensation and Employer's Liability Insurance.* This insurance shall protect the Contractor against all claims under applicable State workers' compensation laws. The Contractor shall also be protected against claims for injury, disease, or death of employees, which, for any reason, may not fall within the provisions of a workers' compensation law, but to the extent applicable could fall within the provisions of other State or Federal laws or regulations, including, by way of example and not as a limitation, claims brought under the United States Longshoremen's and Harbor Workers' Compensation Act or any other laws to which the Contractor or the Work may be subject pursuant to the Contractor's compliance obligations under Section 2 hereinabove. The liability limits shall not be less than the required statutory limits for workers' compensation and employer's liability limits in the amount of One Million and 00/100 Dollars (\$1,000,000.00). If Contractor is performing services under this Agreement and owns or charters a vessel or vessels, Contractor shall procure a Maritime Coverage Endorsement (WC 00 02 01 B), or its equivalent, to ensure that any *in rem* claims against a vessel owned or chartered by Contractor will be treated as a claim against Contractor. The

Contractor shall supply the MSPA endorsements from its carriers evidencing waiver of subrogation in favor of the MSPA.

- B. *Comprehensive General and/or Marine Liability Insurance.* This insurance shall include bodily injury, property damage, contractual, and other standard coverage contained in comprehensive general liability insurance, in an amount of not less than One Million and 00/100 Dollars (\$1,000,000.00) per occurrence and Two Million and 00/100 Dollars (\$2,000,000.00) aggregate.
- C. *Auto Liability Insurance.* This insurance shall be in the amount of not less than One Million and 00/100 Dollars (\$1,000,000.00) Combined Single Limit to protect it from any and all claims arising from the use of the following: (1) the Contractor's own automobiles and trucks; and (2) hired and non-owned automobiles and trucks. The aforementioned is to cover use of automobiles and trucks on and off the MSPA's premises.
- D. *Errors and Omissions/Professional Liability Coverage.* The MSPA may, in its discretion, require Contractor to procure and maintain Errors and Omissions/Professional Liability Coverage. This insurance shall be in the amount of not less than One Million and 00/100 Dollars (\$1,000,000.00) per occurrence.

Except for the Workers' Compensation Policy required by this Section, the MSPA, its Commissioners, officers, employees, agents, and representatives and the State of Mississippi (the "Interested Parties") shall be named as additional insureds on such policies. The Contractor shall provide that the insureds thereon waive subrogation against the State of Mississippi and the said agencies and subdivisions thereof. Endorsements for all policies shall be provided to the MSPA stating that the insureds thereon waive subrogation against the State of Mississippi and the said agencies and subdivisions thereof. The Contractor's respective policies shall provide primary coverage before any applicable policy otherwise covering the MSPA, and any insurance covering the MSPA shall be excess coverage over the Contractor's coverage. Endorsements so stating shall be provided to the MSPA by the Contractor. The policies required by this Section shall also provide for all Interested Parties to be provided with a minimum thirty (30) days' written notice prior to a cancellation or modification of each respective policy. While the Contractor shall provide the MSPA with endorsements as set forth in this paragraph, the failure to do so, or the failure of the endorsements or insurance provided to conform to the Contract, does not constitute waiver or estoppel as to the MSPA of their respective legal and equitable rights, including but not limited to the right to enforce the terms of the Contract. These contractual insurance provisions are intended to be, and shall be interpreted to be, separate and independent contractual obligations from the contractual provisions addressing the indemnity of the MSPA by the Contractor. Upon execution of the Contract, the Contractor shall promptly furnish the MSPA with certificates of insurance showing the Contractor's compliance with the insurance provisions of this Section.

25. No Limitation of Liability. Nothing in this Contract shall be interpreted as excluding or limiting any tort liability of the Contractor for harm caused by the intentional or reckless conduct of the Contractor or for damages incurred through the negligent performance of duties by the Contractor or the delivery of products that are defective due to negligent construction.

26. Interest of the Contractor and the Contractor's Employees. The Contractor covenants that neither it nor its employees presently have any interest and will not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Contract. The Contractor further covenants that in the performance of this Contract, no person having such interest will be employed.

27. Recovery of Money. Whenever, under the Contract, any sum of money shall be recoverable from or payable by the Contractor to the MSPA, the same amount may be deducted from any sum due to the Contractor under the Contract or under any other contract between the Contractor and the MSPA. The rights of the MSPA are in addition and without prejudice to any other right the MSPA may have to claim the amount of any loss or damage suffered by the MSPA on account of the acts or omissions of the Contractor.

28. Termination for Convenience Clause.

A. *Termination.* The MSPA may, when the interests of the MSPA so require, terminate this Contract in whole or in part, for the convenience of the MSPA. The MSPA shall give written notice of the termination to the Contractor specifying the part of the Contract terminated and when termination becomes effective.

B. *The Contractor's Obligations.* The Contractor shall incur no further obligations in connection with the terminated Work, and on the date set in the notice of termination the Contractor will stop Work to the extent specified. The Contractor shall also terminate outstanding orders and subcontracts as they relate to the terminated Work. The Contractor shall settle the liabilities and claims arising out of the termination of subcontracts and orders connected with the terminated Work. The MSPA may direct the Contractor to assign the Contractor's right, title, and interest under terminated orders or subcontracts to the MSPA. The Contractor must still complete the Work not terminated by the notice of termination and may incur obligations as are necessary to do so. The Contractor shall be entitled to compensation for services performed up to the date of termination and authorized and accepted by the MSPA.

29. Termination for Default.

A. *Default.* If the Contractor refuses or fails to perform any of the provisions of this Contract with such diligence as will ensure its completion within the time specified in this Contract or any extension thereof or otherwise fails to timely satisfy the Contract provisions or commits any other substantial breach of this Contract, the MSPA may notify the Contractor in writing of the delay or nonperformance. If delay or nonperformance is not cured in ten (10) days or any longer time specified in writing by the MSPA, such officer may terminate the Contractor's right to proceed with the Contract or such part of the Contract as to which there has been delay or a failure to properly perform. In the event of termination in whole or in part, the MSPA may procure similar services in a manner and upon terms deemed appropriate by the procurement officer. The Contractor shall continue performance

of the Contract to the extent it is not terminated and shall be liable for excess costs incurred in procuring similar goods or services.

- B. *The Contractor's Duties.* Notwithstanding termination of the Contract and subject to any directions from the procurement officer, the Contractor shall take timely, reasonable, and necessary action to protect and preserve property in the possession of the Contractor in which the State has an interest.
 - C. *Compensation.* Payment for completed services delivered and accepted by the State shall be at the Contract price. The State may withhold from amounts due the Contractor such sums as the MSPA deems to be necessary to protect the State against loss because of outstanding liens or claims of former lien holders and to reimburse the State for the excess costs incurred in procuring similar services.
 - D. *Excuse for Nonperformance or Delayed Performance.* The Contractor shall not be in default by reason of any failure in performance of this Contract in accordance with its terms (including any failure by the Contractor to make progress in the prosecution of the work hereunder which endangers such performance) if the Contractor has notified the MSPA within fifteen (15) days after the cause of the delay and the failure arises out of causes such as: acts of God; acts of the public enemy; acts of the State and any other governmental entity in its sovereign or contractual capacity; fires; floods; epidemics; quarantine restrictions; strikes or other labor disputes; freight embargoes; or unusually severe weather.
 - E. *Erroneous Termination for Default.* If, after notice of termination of the Contractor's right to proceed under the provisions of this clause, the MSPA determines for any reason that the Contract was not in default under the provisions of this clause or that the delay was excusable under the provisions of subparagraph D (Excuse for Nonperformance or Delayed Performance) of this clause, the rights and obligations of the parties shall, if the Contract contains a clause providing for termination for convenience of the State, be the same as if the notice of termination had been issued pursuant to such clause.
 - F. *Additional Rights and Remedies.* The rights and remedies provided in this clause are in addition to any other rights and remedies provided by law or under this Contract.
30. Termination upon Bankruptcy. This Contract may be terminated in whole or in part by the MSPA upon written notice to the Contractor, if the Contractor should become the subject of bankruptcy or receivership proceedings, whether voluntary or involuntary, or upon the execution by the Contractor of an assignment for the benefit of its creditors. In the event of such termination, the Contractor shall be entitled to recover just and equitable compensation for satisfactory work performed under this Contract, but in no case shall said compensation exceed the total Contract price.
31. Third-Party Action Notification. The Contractor shall give the MSPA prompt notice in writing of any action or suit filed, and prompt notice of any claim against the Contractor by any entity that may result in litigation related in any way to this Contract.

-
32. Disputes. Any dispute concerning a question of fact under this Agreement, which is not disposed of by the mutual agreement of the parties, shall be decided by the Executive Director of the MSPA or his or her designee. This decision shall be reduced to writing and a copy thereof mailed or furnished to the parties. Disagreement with such decision by either party shall not constitute breach under the terms of this Contract. Such disagreeing party shall be entitled to seek such other rights and remedies it may have at law or in equity.
33. Attorneys' Fees. Subject to other terms and conditions of this Contract, in the event the Contractor defaults in any obligations under this Contract, the Contractor shall pay to the State all costs and expenses (including, without limitation, investigative fees and costs for discovery, court costs, and attorneys' fees) incurred by the State in enforcing this Contract or otherwise reasonably related thereto. The Contractor agrees that under no circumstances shall the MSPA be obligated to pay any attorneys' fees or costs of legal action to the Contractor.
34. Waiver. No delay or omission by either party to this Contract in exercising any right, power, or remedy hereunder or otherwise afforded by contract, at law, or in equity shall constitute an acquiescence therein, or impair any other right, power, or remedy hereunder or otherwise afforded by any means, or operate as a waiver of such right, power, or remedy. No waiver by either party to this Contract shall be valid unless set forth in writing by the party making said waiver. No waiver of or modification to any term or condition of this Contract will void, waive, or change any other term or condition of this Contract. No waiver by one party to this Contract of a default by the other party will imply, be construed as, or require waiver of future or other defaults.
35. Severability. If any part of this Contract is declared to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of the Contract that can be given effect without the invalid or unenforceable provision, and to this end, the provisions hereof are severable. In such event, the parties shall amend the Contract as necessary to reflect the original intent of the parties, and to bring any invalid or unenforceable provisions in compliance with applicable law.
36. Applicable Law. The Contract shall be governed by and construed in accordance with the laws of the State of Mississippi, excluding its conflicts of laws provisions and, any litigation with respect thereto shall be brought in the courts of the State.
37. Time is of the Essence. The Contractor shall commence the Work as specified in this Agreement and shall complete the Work within the time specified in the Agreement. The Contractor shall conduct its operations as to cause the least possible obstruction and inconvenience to the MSPA.
38. Notices. All notices required or permitted to be given under this Contract must be in writing and personally delivered or sent by certified United States mail, postage prepaid, return receipt requested, to the party to whom the notice should be given at the address set forth

below. Notice shall be deemed given when actually received or when refused. The parties agree to promptly notify each other in writing of any change of address.

For the Contractor: Alexander, Van Loon, Sloan, Levens, Favre, PLLC
9490 Three Rivers Road
Gulfport, Mississippi 39503

For the MSPA: Mississippi State Port Authority
Attn: Executive Director & CEO
2510 14th Street, Suite 1450
Gulfport, MS 39501

39. Integrated Agreement/Merger. This Contract, including all Contract Documents, represents the entire and integrated agreement between the parties hereto and supersedes all prior negotiations, representations, or agreements, irrespective of whether written or oral. This Contract may be altered, amended, or modified only by a written document executed by the MSPA and the Contractor. The Contractor acknowledges that it has thoroughly read all Contract Documents and has had the opportunity to receive competent advice and counsel necessary for it to form a full and complete understanding of all rights and obligations herein. Accordingly, this Contract shall not be construed or interpreted in favor of or against the MSPA or the Contractor on the basis of draftsmanship or preparation hereof.
40. Modification or Renegotiation. The parties agree to renegotiate the Contract if federal and/or State revisions of any applicable laws or regulations, including the availability of funding, make changes in this Contract necessary, which determination of necessity solely rests with the MSPA.
41. Oral Statements. No oral statement of any person shall modify or otherwise affect the terms, conditions, or specifications stated in this Contract.
42. Headings. The headings in this Contract are for reference only and shall not affect the interpretation of this Contract.

END OF GENERAL CONDITIONS

This Agreement has been executed by and on behalf of the parties hereto, on the date first above written:

CONTRACTOR:

Alexander, Van Loon, Sloan, Levens, Favre, PLLC

By: Kimi Marmelich CPA CR.FA

Title: Partner

ATTEST:

MISSISSIPPI STATE PORT AUTHORITY
AT GULFPORT

Robert J. Knesal, Secretary

Jack Norris, President

MISSISSIPPI OFFICE OF THE STATE AUDITOR:

By: Stephane Palmate

Title: Director of Financial & Compliance

EXHIBIT A



PORT OF _____
_____ **PORT**
_____ MISSISSIPPI

PROPOSAL
FOR
PROVIDING AUDIT SERVICES

June 30, 2020, 2021, and 2022

Submitted by:



Alexander Van Loon Sloan Levens Favre, PLLC

Certified Public Accountants and Business Consultants
9490 Three Rivers Road, Gulfport, MS 39503 (228) 863-0411

Contact: Kim Marmalich, CPA, Cr.FA
kmarmalich@avlcpa.com

April 27, 2020



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ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
 Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC
 Wealth Management

April 27, 2020

Mississippi State Port Authority at Gulfport
 Jonathan Daniels, CEO and Executive Director
 2510 14th Street, Suite 1450
 Gulfport, MS 39501

We look forward to the opportunity to serve as your auditors and assist you and your management team in your continual efforts to achieve the excellence you are known for. We recognize the significant contributions from the Authority to our community and we would greatly value a continued relationship.

The partners and staff of Alexander, Van Loon, Sloan, Levens & Favre, PLLC, wish to thank you for the opportunity to present our proposal for providing professional auditing services for the Mississippi State Port Authority at Gulfport, (the Authority), for the years ending June 30, 2020, 2021, and 2022.

We believe that our firm is uniquely qualified to serve as the Authority's auditors and can offer outstanding value through the following:

- Our firm is well known for our quality and proven track record for providing value-added services.
- We are assigning a qualified team of experienced auditors to perform your audits for 2020-2023 to ensure that we maintain the highest level of professional skepticism.
- Our staff has extensive experience with governmental entities and Single Audits.
- Expert staff with Single Audit Certifications issued by the AICPA.
- Our auditors specialize in auditing only (not tax preparation). This sets us apart from other public accountants because our auditors have a more in-depth knowledge of accounting and auditing standards.
- We have developed a strong working relationship with the Mississippi State Auditor's Office.
- We have a thorough understanding of the Authority's leasing operations and are uniquely positioned to be of assistance to your management team during the implementation of GASB 87, one of the most complex standards to affect the Authority's financial reporting during this period.
- We perform thorough assessments of internal controls to ensure that safeguards are in place to protect you and your Board.
- A pro-active, risk-based audit approach customized to the Authority's control structure and risk profile.
- A business based in South Mississippi with 50 employees (including over 20 Certified Public Accountants (CPAs) certified with the State of Mississippi).

We look forward to meeting with the Board or selection committee, to answer any questions you may have or to provide you with any additional information required.

Sincerely,

Kim Marmalich, CPA, Cr.FA

Alexander, Van Loon, Sloan, Levens & Favre, PLLC

Kim Marmalich, CPA, Cr.FA

Audit and Assurance Services Partner

9490 Three Rivers Road | Gulfport, MS 39503 | (228) 863-0411 | Fax (228) 863-1165 | E-Mail: info@avlcpa.com | www.avlcpa.com

304 N. Vardaman Street | P.O. Box 749 | Wiggins, MS 39577 | (601) 928-4416 | Fax (601) 928-4417 | E-Mail: info@avlcpa.com | www.avlcpa.com

831 Hwy. 90 | Bay St. Louis, MS 39520 | (228) 467-1402 | Fax (228) 467-2594 | E-Mail: info@avlcpa.com | www.avlcpa.com

Member of the Alexander, Van Loon, Sloan, Levens & Favre, PLLC network of firms. For more information, please contact us at (228) 863-0411.

**REQUIRED STATEMENTS***Independence*

Alexander, Van Loon, Sloan, Levens & Favre, PLLC ("AVL") is independent of the Mississippi State Port Authority, as defined by auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

License to Practice

AVL and all assigned key professional staff are properly licensed to practice in the state of Mississippi. Documentation of such is available upon request.

Firm Tax Identification Number

AVL's EIN number is 64-0654714.

Acceptance of Conditions

AVL accepts all the General Terms and Conditions of the proposal document.

Specifically, AVL will be able to successfully perform all obligations of the "Auditor of Financial Statements" listed in Exhibit A.



FIRM QUALIFICATIONS AND EXPERIENCE

Profile

Alexander, Van Loon, Sloan, Levens & Favre, PLLC ("AVL") is one of South Mississippi's largest full-service public accounting and consulting firm. In 1967, Wynn Alexander opened his accounting practice in Wiggins, Mississippi, and, with a commitment to delivering the highest quality service to his clients, the firm has grown to 50 personnel, including six partners, with offices in Bay St. Louis, Biloxi, Gulfport and Wiggins. AVL is proud to be an equal opportunity employer.

AVL is a proactive firm of accountants and consultants providing services to individuals, business, government, and nonprofit organizations. We are committed to providing the close, personal attention that our clients have come to expect. We take pride in giving our clients the assurance that our professional assistance comes from years of advanced training, technical experience, and financial acumen. Our continual investment of time and resources in professional continuing education, state-of-the-art computer technology and extensive business relationships is indicative of our standard of excellence.

Although the firm has a number of clients outside the South Mississippi area, the majority of our clients are primarily concentrated in the counties of Harrison, Hancock, Jackson, Pearl River, and Stone which we service from our Bay St. Louis, Biloxi, Gulfport and Wiggins offices. This concentration allows us to provide quality and timely service to our clients, as well as to be actively involved in the communities where we live and work. All audit engagements are conducted from the Gulfport office.

Our firm's current partners are as follows:

	Years of Experience	Years with AVL
Cindy Sloan, CPA	35 years	33 years
Jerry W. Favre, Jr., CPA, CITP	27 years	27 years
R. Ben Young, CPA	35 years	14 years
Kim Marmalich, CPA, Cr.FA	21 years	20 years
Debbie Vignes, CPA	16 years	15 years
Chuck Benvenuti, CPA	42 years	1 year

Staff members are designated as follows:

	Number of Personnel
Partners	6
Quality Control Director	1
Director	1
Audit and Assurance Managers	1
Audit and Assurance Staff Members	3
Tax Manager	2
Senior Tax Professionals	4
Tax Staff Members	10
Other Professional Staff	3
Client Accounting Services Staff	9
Administrative	10
Total employees	50

We know that our growth and success is a testimony to our team approach of providing value-added services to our clients. We continue to put this philosophy into practice with each engagement.

**FIRM BACKGROUND (Continued)***Licenses*

AVL is a registered and licensed CPA firm with the Mississippi State Board of Public Accountancy and all of its partners and other certified professionals are members of the American Institute of Certified Public Accountants (AICPA) and the Mississippi Society of Certified Public Accountants (MSCPA). In addition, many are also members of the Gulf Coast Chapter of the MSCPA, as well as other professional and civic organizations. The firm was admitted as a member of the Private Companies Practice Section (PCPS) of the AICPA in August 1999 and is a participant of the G-400 firm network of the AICPA.

Membership

AVL has been a member of the AICPA's Governmental Audit Quality Center (Center) for CPA firms since 2005. The Center is a national community of CPA firms that demonstrates a commitment to governmental audit quality. The Center provides members with best practices, guidelines, and tools CPAs need to perform quality governmental audits and better serve their clients.

Members of the Center demonstrate their commitment by voluntarily agreeing to adhere to Center membership requirements, including designating a partner responsible for its governmental audit practice, establishing quality control programs, performing annual internal inspection procedures, and making the firm's Peer Review report findings publicly available. In addition, AVL participates in many members-only webinars that provide updates to professional literature and guidance for implementation. For more information, please see the Center's website at <http://gaqc.aicpa.org>.

Peer Review

In November 2017, our firm received a rating of *pass* for our Peer Review, the highest level of assurance, on our system of quality control for the accounting and auditing practice, which was designed to meet the requirements established by the American Institute of Certified Public Accountants. A copy of our November 14, 2017, Peer Review report issued by the firm of Warren Averett, LLC, of Montgomery, Alabama has been enclosed with this proposal package, see pages 18 and 19.

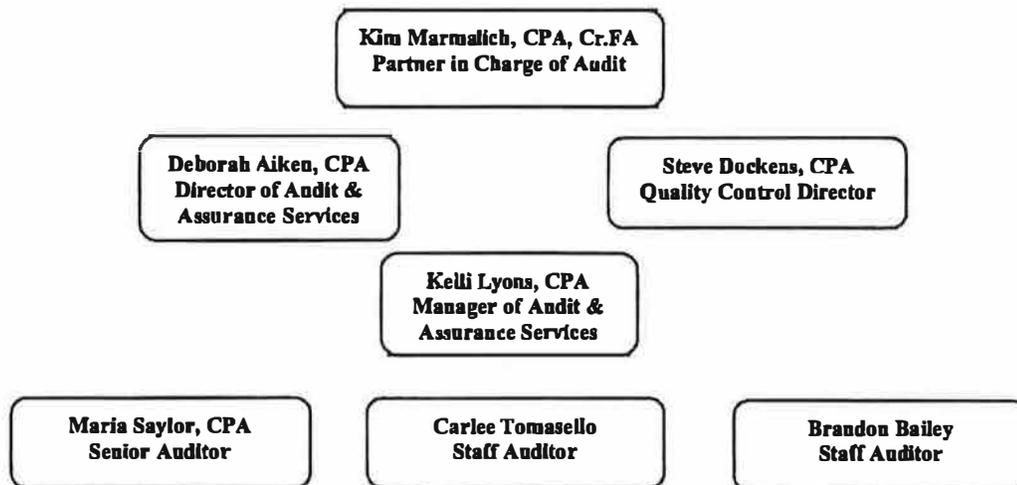
With 50 years of experience in the governmental financial services industry, thousands of successful projects and satisfied clients, Alexander, Van Loon, Sloan, Levens & Favre, PLLC, has earned a reputation for quality and integrity that is second to none. That reputation is one that must be re-earned every day.



Partner, Supervisory, & Staff Qualifications & Experience

Audit Team

We will staff the engagement utilizing a team approach. All members of the audit team are qualified under the Federal Government's Yellow Book to perform governmental audits and have also been trained relative to government accounting standards. As a result of the nature of the Authority, we will assign individual auditors who have previous experience with similar governmental entities. Each member of our team has demonstrated the ability to provide governmental clients with high-quality audits, as well as value-added ideas. The staff members assigned to the Authority's audit are as stated below. See resumes of supervisory staff on pages 6 through 9.



We understand that supervisory staff may be changed if those personnel leave the firm, are promoted or are assigned to another office. Other changes in supervisory personnel require the express prior written permission of the Authority and that the Authority retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the firm provided that replacements have substantially the same or better qualifications or experience.

Education

Our firm requires the professional staff to attend Continuing Professional Education classes (CPE) which target new, emerging accounting and auditing issues. In fact, members of our professional audit staff generally receive between 40 and 60 hours of continuing education every year and are all qualified to perform governmental audits under the *Yellow Book* standards. Annually, the audit staff attends various Governmental Accounting, Auditing and Non-Profit Seminars. We also attend the annual Governmental Accounting and Auditing Conference held in Jackson that is sponsored by the Mississippi Society of CPAs and the State Department of Audit. In addition, our firm sponsors an annual accounting and auditing update seminar. This seminar is open to the community and is attended by over 100 CPAs and accountants from a three or four state area. We are happy to provide complementary attendance to the CPAs on our clients' staff.



RESUMES



Kim Marmalich, CPA, Cr.FA
 Partner of Audit
 and Assurance Services

Kim has firm wide responsibility for the firm's assurance services. She was named a partner in January 2017, and she has over 20 years' experience providing audit, tax, and advisory services to numerous governmental, nonprofit, and for-profit clients in Southern Mississippi. Kim is responsible for reviewing all audit, review, agreed-upon procedures and other attest reports prior to issuance by the firm. Additional areas of expertise include planning and completion of operational reviews, agreed-upon procedures engagements, other attest and forensic accounting functions and projects, and litigation support.

Education:

B.S. Business
 Administration
 Accounting
 University of Southern
 Mississippi
 M.S. CPA License #4417
 Certified Public
 Accountant (CPA)

PROFESSIONAL & COMMUNITY AFFILIATIONS

AICPA - Member
 MSCPA - Member
 American Board of Forensic Accounting - Member
 AICPA Forensic and Valuation Services - Member

Leadership Gulf Coast – Class of 2012
 Emerging Leaders Academy – Class of 2017
 Mississippi Gulf Coast Chamber – Former Board Member
 Goodwill Industries of South Mississippi, Inc. – Former Treasurer
 Gulfport Chamber of Commerce - Member

RECENT GOVERNMENTAL PROJECTS

City of Ocean Springs, Mississippi. Single Audits.

East Central Harrison County Public Utility District. Audits.

Hancock County Port and Harbor Commission. Single Audits, agreed-upon procedures engagements, and special projects.

Harrison County Development Commission. Single Audits.

Harrison County Utility Authority. Single Audits and special projects.

Mississippi Gulf Coast Regional Convention and Visitors Bureau. Audits.

Mississippi State Port Authority at Gulfport. Single Audits, agreed-upon procedures engagements, and special projects.

Southern Rail Commission. Audits.

City of Diamondhead, Mississippi. Audit and special project.

City of Moss Point, Mississippi. Audits (Single Audits when required).



RESUMES (Continued)



Steven (Steve) Dockens, CPA
Quality Control Director

Steve joined the firm in October 2001 after 19 years of service with Moore & Powell, CPAs, a local CPA firm on the Mississippi Gulf Coast, where he was the partner in charge of audit services. He also completed two years service with KPMG Peat Marwick in Birmingham, Alabama before returning to the Mississippi Gulf Coast in 1984. Steve has been extensively involved in the audits of and management consulting services for governmental entities his entire career. Steve is considered a specialist in documentation and testing of internal controls. He has also been a featured speaker on fraud detection and risk management.

Education:

B.S. Accounting
University of South
Alabama

M.S. CPA License
1994

Alabama CPA License
1994 (Retired)

Steve supervised a team of auditors who prepared master Sarbanes-Oxley process documentation and control matrices for the Farm Credit Bank of Texas (FCBT). These master documents were utilized by over twenty associations within the FCBT District. Since that time, the firm has performed similar services for the Mississippi State Port Authority at Gulfport. In December 2017, Steve assumed the role of Quality Control Director for the firm. As such, he performs pre-issuance and post-issuance reviews of all audit, review, year-end compilation, and agreed-upon procedure engagements issued by the firm.

PROFESSIONAL & COMMUNITY AFFILIATIONS

AICPA
MSCPA
Institute of Certified Fraud Examiners

Samaritan Ministry of Jackson County – Board Member and Treasurer
Gulfport Kiwanis Club – Past President, Secretary, and Board Member

RECENT GOVERNMENTAL PROJECTS

City of Ocean Springs, Mississippi. Single Audits.

East Central Harrison County Public Utility District. Audits.

Hancock County Port and Harbor Commission. Single Audits, agreed-upon procedures engagements, and special projects.

Harrison County Development Commission. Single Audits.

Harrison County Utility Authority. Single Audits and special projects.

Mississippi Gulf Coast Regional Convention and Visitors Bureau. Audits.

Mississippi State Port Authority at Gulfport. Single Audits, agreed-upon procedures engagements, and special projects.

Southern Rail Commission. Audits.

City of Diamondhead, Mississippi. Audit and special project.

City of Moss Point, Mississippi. Audits (Single Audits when required).



RESUMES (Continued)



Deborah Aiken, CPA
Director of Audit
and Assurance Services

Deborah joined the firm in November 2003. Her responsibilities include directing audit and other assurance engagements as well as review of preliminary audit planning, supervision of staff, completion and review of all applicable workpaper sections, performance of planning and internal control testing. Prior to attaining her degrees from the University of Southern Mississippi, Deborah worked for a large national retail organization for 26 years. Her positions included Store Operations Manager, Merchandise Support Manager, Assistant Manager of Operations, and Assistant to Store General Manager. Deborah's experience gives her a unique perspective in conducting audit engagements.

Education:

Master of Business
 Administration
 B.S. Business
 Administration
 Accounting Emphasis

University of Southern
 Mississippi

MS CPA License #57-14

PROFESSIONAL & COMMUNITY AFFILIATIONS

AICPA
MSCPA
NABA

South Mississippi AIDS Task Force – Board Member

RECENT GOVERNMENTAL PROJECTS

City of Ocean Springs, Mississippi. Single Audits.

East Central Harrison County Public Utility District. Audits.

Hancock County Port and Harbor Commission. Single Audits, agreed-upon procedures engagements, and special projects.

Harrison County Development Commission. Single Audits.

Harrison County Utility Authority. Single Audits and special projects.

Mississippi Gulf Coast Regional Convention and Visitors Bureau. Audits.

Mississippi State Port Authority at Gulfport. Single Audits, agreed-upon procedures engagements, and special projects.

Southern Rail Commission. Audits.

City of Diamondhead, Mississippi. Audit.

City of Moss Point, Mississippi. Audits (Single Audits when required).



RESUMES (Continued)



Kelli Lyons, CPA
Manager of Audit
and Assurance Services

Kelli joined the firm in July 2005. Her responsibilities on various governmental, not-for-profit, and for-profit entities include preliminary audit planning and supervision of staff on engagements, completion and review of all applicable workpaper sections, preparation of general purpose financial statements, performance of planning and internal control testing, and performance of compilation and review engagements.

Education:

B.S. Accounting
 North Carolina State
 University

MS CPA License
 50179

PROFESSIONAL & VOLUNTARY AFFILIATIONS

AICPA
 MSCPA

Emerging Leaders Academy – Class of 2020
 Leadership Gulf Coast – Class of 2016 – Board of Trustees
 Gulf Coast Running Club

RECENT GOVERNMENTAL PROJECTS

East Central Harrison County Public Utility District. Audits.

Hancock County Port and Harbor Commission. Single Audits, agreed-upon procedures engagements, and special projects.

Harrison County Utility Authority. Single Audits.

Mississippi Gulf Coast Regional Convention and Visitors Bureau. Audits.

Mississippi State Port Authority at Gulfport. Single Audits, agreed-upon procedures engagements, and special projects



GOVERNMENTAL EXPERIENCE AND CAPACITY

Experience

Our firm and its audit staff have significant experience in governmental and nonprofit accounting, auditing, and consulting. The following is a listing of governmental and nonprofit audit clients that our staff has served in the last five years:

* Including Single Audit services based on Federal Programs

Special Governmental Entities (Listed in order of significance)

- Hancock County Port and Harbor Commission* – audits of fiscal years ended 2000 through current; agreed-upon procedures engagements related to compliance with POTW contract provisions.
- Harrison County Utility Authority* – audits of fiscal years ended 2012 through current; agreed-upon procedures engagements related to compliance with debt covenants and costs allocations.
- Harrison County Development Commission* – audits of fiscal years ended 2011 through 2014 and 2019 through current.
- Mississippi Gulf Coast Regional Convention & Visitors Bureau – audit of fiscal year ended 2016 through current.

Municipal Governments

- City of Ocean Springs* - audit of fiscal year end 2017 – current
- City of Diamondhead, Mississippi* – audits of fiscal years ended 2014 through 2016.
- City of Poplarville, Mississippi* – audits of fiscal years ended 1999 through 2015.
- City of Moss Point, Mississippi* – audit of fiscal year ended 2016.

Single Audit Experience

AVL has extensive experience performing Single Audits in accordance with OMB Circular A-133 and the Uniform Guidance. Most of the governmental audits that we perform have met the Single Audit threshold for at least the last seven years. Consequently, we have performed compliance testing of a large variety of major programs including grants from the federal departments of Transportation, Housing and Urban Development, Homeland Security, Commerce, Federal Aviation Administration, Interior, and Justice. Because of the complexities involved in such audits, we use mainly senior staff members to plan and perform internal control and compliance procedures. Our membership in the AICPA's Governmental Audit Quality Center provides us with regular updates and frequent opportunities to participate in webcasts covering needed guidance as described below.



PROPOSAL – Audit Approach

AVL will tailor the audit approach to the unique aspects of the Authority's structure and activities for each year. We use a risk-based approach, which focuses our attention on those areas that present the greatest risk of resulting in a material misstatement in the financial statements. We believe that this approach provides value to our clients by focusing on what is most likely to go wrong that could affect the financial statements and thereby enhancing the effectiveness and efficiency of the audit. The result is a targeted effort designed to address the Authority's circumstances and activities.

The Single Audit has two components: 1) financial audit of the basic financial statements and 2) compliance audit of the federal award programs. Since the Authority is an agency of the State of Mississippi, the State Auditors Office selects which programs are subject to Single Audit.

Financial Statement Audit

Planning

Our approach requires a greater understanding of the Authority and deeper knowledge of the Authority's governmental environment. This understanding and knowledge is gained in the formalized planning process as follows:

- Meet with Authority's management to gain an understanding of your operations and internal controls over financial reporting.
- Assess the risks that the Authority faces.
- Prepare a listing of every schedule and reconciliation we require the Authority to complete to help facilitate the audit procedures and provide a listing of confirmations for you to prepare.
- Create a tailored audit plan that directs our efforts toward procedures that respond to the most significant financial statement risks.
- Review of audit plan by the audit manager and partner.

Evaluating Internal Controls

The internal control evaluation is accomplished as follows:

- Obtain an understanding of the Authority's internal controls (including IT environment) through review of your documentation and discussions with management.
- Test and document selected transactions to gain additional understanding of the Authority's processes.
- Determine audit risk and analyze the effectiveness and adequacy of the Authority's controls.

Testing of internal controls over financial reporting is generally only required if reliance on internal control is planned in order to reduce the extent of substantive testing. However, auditing standards do require certain audit procedures aimed at detecting material misstatements caused by fraud.

Substantive Testing

Once planning is completed and all requested client-prepared schedules and confirmations have been received, we begin the fieldwork phase of the audit as follows:

- Perform substantive analytical procedures, tests of details, and fraud procedures.
- Perform required compliance testing.
- Obtain third party confirmations, as applicable.
- Review of workpapers by audit senior or manager, as applicable.

**PROPOSAL - Audit Approach (Continued)**

Most testing is generally performed at the Authority's offices. We will discuss with management any proposed adjustments and findings that we discover.

Compliance Audit of the Major Federal Award Programs*Planning*

We will perform the following:

- Identify applicable compliance requirements by reviewing grant documents and consulting most recent Uniform Grant Guidance Subpart F, as applicable.
- Create a tailored compliance audit program.
- Review Single Audit plan by audit manager.

Evaluating Internal Controls

In addition to obtaining an understanding of internal controls performed in the Financial Statement Audit, we will perform the following:

- Obtain an understanding of internal controls over federal award programs through review of the Authority's documentation and discussions with management.
- Test the operating effectiveness of internal controls over federal awards.
- Review by audit manager.

Compliance testing

AVL will consider the suggested audit procedures contained in the latest version of the Uniform Grant Guidance Subpart F and grant agreements, to design appropriate procedures to test the Authority's compliance with applicable requirements for each major program. Workpapers are reviewed by audit director.

Financial Statement Preparation

We recognize that most governmental units are not equipped to prepare their own financial statements. Therefore, our proposed fees will assume that the auditors will be preparing the financial statements for all years within the contract. However, management is responsible for the financial statements and you are required to designate an individual, preferably within senior management, with suitable skill, knowledge, or experience to oversee our assistance. The Management's Discussion and Analysis (MD&A) section of the report is the Authority's responsibility regardless of who prepares the financial report. Under *Government Auditing Standards*, it is a violation of our independence rules to prepare the MD&A for the client. We are permitted to provide technical advice relative to such but we cannot write it for you. Therefore, this report requirement would not be included in our estimated fees.


PROPOSAL – Audit Approach (Continued)
Completion and Reporting

The final phase of the audit will proceed as follows:

- Prepare drafts of the financial statements, reports on internal control and compliance, and recommendations to management.
- Engagement quality control review – an objective evaluation of the significant judgments made, and the conclusions reached in formulating the auditors' report.
- Discuss the drafts with management, any designated audit committee, and the Mississippi State Auditor, as applicable.
- Obtain required representations from management.
- Prepare final reports including required communications to the audit committee and/or governing board.
- Present the final reports to the audit committee and/or governing board, as requested.

Engagement Time-Line

The following schedule reflects our performance time-line:

	<u>No Later Than:</u>
Pre-fieldwork Audit Planning	July 13, 2020
Fieldwork Commencement	August 10, 2020
Fieldwork Completion	August 21, 2020
Draft Annual Financial Report to Authority	September 1, 2020
Deliver Final Annual Financial Report to Authority	September 15, 2020

We expect the Authority to provide trial balances, significant agreements in effect, minutes of Authority meetings from the prior year end to current date, original and final amended budgets, and required schedules by July 24th each year in order for our firm to adhere to the proposed time frame. Delays in receiving such information could affect the delivery date of the draft and final annual financial report.


PROFESSIONAL FEE AND EXPENSES

Our proposed fee for the audits of the Authority's annual financial statements as of and for the years ending June 30, 2020 through 2022, are as follows:

	June 30.			Total
	2020	2021	2022	
Basic Audit Engagement Fee	\$ 35,500	\$ 35,500	\$ 35,500	\$ 106,500
Single Audit Fee, if required	5,500	5,500	5,500	16,500
Implementation of Proposed Lease Standard*	-	-	4,850	4,850
Total Audit Engagement Fee	\$ 41,000	\$ 41,000	\$ 45,850	\$ 127,850
Total Hours	360	360	400	
Average Rate/Hour	\$114	\$114	\$115	

*GASB 87

We expect your staff to provide needed account reconciliations, schedules, documents, etc., to facilitate the completion of the audit in a timely and efficient manner. Accordingly, our proposed time requirement and fees are based on maximum cooperation from your staff. Government Auditing Standards prohibit auditors from performing bookkeeping services for clients. Bookkeeping services include reconciling accounts and posting adjusting entries. Some services, such as technical services, are permitted but would be treated as a separate engagement if performed by the auditors.

- We also expect that your staff will provide all schedules required.
- The above fees are based on the assumption that there will be no issues of noncompliance with laws and regulations identified by our audit procedures or other unexpected circumstances that would significantly increase the scope of our work.
- In the event that new professional literature is issued or becomes effective over the contract period (i.e., three years) that affects the accounting requirements and/or audit procedures relative to the Authority's audit, we will bill separately for those procedures based on actual time spent at 90% of our standard hourly rates then in effect.


PROFESSIONAL FEES & EXPENSES (Continued)
BUDGETED HOURS BY STAFF POSITION
For the Year Ending June 30, 2020

<u>Category</u>	<u>Budgeted</u>						
	<u>Hours</u>	<u>Partner</u>	<u>Director</u>	<u>Manager</u>	<u>Senior</u>	<u>Staff</u>	<u>Clerical</u>
Planning:							
Preliminary & Risk Assessments	40	4	4	6	18	4	4
Research	6	-	4	2	-	-	-
Internal Control Documentation & Analysis	18	-	4	4	10	-	-
Trial Balances & Adjustments	4	-	-	-	4	-	-
Minutes, Contracts, Ordinances, & Laws	4	-	-	-	4	-	-
Substantive Testing:							
Cash & Investments	16	-	-	-	-	16	-
Receivables	12	-	-	-	12	-	-
Prepays, Deposits, & Deferred assets	6	-	-	-	-	6	-
Property & Equipment	10	-	-	-	10	-	-
Construction in Progress	20	-	-	-	20	-	-
Long-term Debt	8	-	-	-	-	8	-
Net Assets	6	-	-	-	-	6	-
Revenues	20	-	-	-	20	-	-
Expenses & Accounts Payable	16	-	-	-	-	16	-
Payroll & Related Liabilities	8	-	-	2	-	6	-
Grant Compliance	6	-	-	-	6	-	-
State Compliance	4	-	-	-	4	-	-
Subsequent Events, Commitments & Contingencies, Risks & Uncertainties, etc.							
	10	-	-	-	6	4	-
Reporting:							
Financial Statements & Reports (Including Power Point Presentation)	46	-	16	2	8	16	4
Management Letter	6	-	-	4	2	-	-
Report Delivery & Other Conferences	4	2	2	-	-	-	-
Supervision & Review	40	6	30	4	-	-	-
Total - Basic Audit	310	12	60	24	124	82	8
Standard Hourly Rates		\$220	\$160	\$125	\$100	\$90	\$60
Total Standard Fee-Basic Audit	\$ 35,500	\$ 2,640	\$9,600	\$3,000	\$12,400	\$ 7,380	\$ 480
Average Hourly Rate based on Standard Fee	\$115						
As Required (Assuming One Major Program):							
Single Audit-Proposed Hours	50	2	2	8	32	6	-
Standard Hourly Rates		\$220	\$160	\$125	\$100	\$90	\$60
Standard Fee-Single Audit	\$ 5,500	\$440	\$320	\$1,000	\$3,200	\$ 540	\$ -



TECHNOLOGY

AVL is always looking for ways to provide value to our clients and maintain the highest quality standards. In addition, Hurricane Katrina taught us that disaster recovery plans are easier to execute when files are electronic. To that end, in 2006 we made a significant investment in technology and began to move from a paper-based system to a digital office. All offices are connected electronically so that information can be shared instantaneously.

Currently, our audits are conducted in an electronic environment. All audit workpapers and reports are prepared and reviewed online in our secure engagement software. This technology benefits our clients as follows:

- Faster turnaround time for financial statements and other deliverables (after initial setup).
- Instant access to all of your workpapers even while away from the office.
- Less time by client staff and firm staff devoted to filing, copying, sorting, and finding documents.
- Accessible workpapers and documents via email and the Internet.
- Elimination of the need for you to print your Word and Excel documents for us.
- Decreased paper consumption positively impacts the environment while saving cost.

**REFERENCES**

We are pleased to provide the following client references. We encourage you to inquire about the quality of our work and our service philosophy.

Client Name and Address	Contact and Phone Number
City of Ocean Springs 1018 Porter Avenue Ocean Springs, Mississippi 39564	Patty Gaston City Clerk (228) 230-1961
Hancock County Port and Harbor Commission Post Office Box 2267 Bay St. Louis, Mississippi 39521	Bill Cork Chief Executive Officer (228) 467-9231
Harrison County Utility Authority P.O. Box 2409 Gulfport, MS 39505	Cindy Breaux Chief Financial Officer (228) 868-8752



Alexander, Van Loon, Sloan, Levens & Favre, PLLC
1500 Mississippi Avenue, Suite 200
Birmingham, AL 35203
205.261.1000
www.alexanderavarett.com

Report on the Firm's System of Quality Control

November 14, 2017

To the Partners of Alexander, Van Loon, Sloan, Levens & Favre, PLLC and the Peer Review Committee of the Mississippi Society of Certified Public Accountants.

We have reviewed the system of quality control for the accounting and auditing practice of Alexander, Van Loon, Sloan, Levens & Favre, PLLC (the firm) 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 a compliance audit under the Single Audit Act and an audit of employee benefit plans.

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 Alexander, Van Loon, Sloan, Levens & Favre, PLLC 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*. Alexander, Van Loon, Sloan, Levens & Favre, PLLC has received a peer review rating of *pass*.

Warren Averett, LLC

Warren Averett, LLC

**MISSISSIPPI STATE BOARD
OF PUBLIC ACCOUNTANCY**

**CERTIFIED PUBLIC ACCOUNTANT
FIRM PERMIT**

F0107

issued to

**ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE,
PLLC
9490 THREE RIVERS RD,
Gulfport, MS 39503**

Firm permit to practice public accounting issued pursuant to Title 73, Chapter
53 of Mississippi Code 1972, and State Board *Rules and Regulations.*

Expires December 31, 2020



EXHIBIT A

EXHIBIT B

**MISSISSIPPI STATE PORT AUTHORITY
REQUEST FOR PROPOSALS FOR INSURANCE CONSULTING, BROKER AND RISK
MANAGEMENT**

SUBMISSION FORM RFP # 19-FD-09

Company Alexander, Van Loon, Sloan, Levens & Favre, PLLC

Address 9490 Three Rivers Road, Gulfport, MS 39503

Contact Person Kimberly Marmalich, CPA, CrFA

Telephone Number 228-863-0411

Email kmarmalich@avlcpa.com

NOTE: It is the Broker's responsibility to provide adequate information in their proposal package to enable the MSPA to ensure the proposal meets the required criteria. Items listed in the package shall be in the same order as listed in the specifications. Failure to do so could result in the rejection of the proposal.

EMPLOYEES NOT TO BENEFIT

I (we) hereby certify that if the contract is awarded to our firm, partnership, or corporation, no employee of MSPA, or members of his/her family, including spouse, parents, or children has received or been promised, directly or indirectly, any financial benefit, by way of fee, commission, finder's fee, political contribution or any similar form of remuneration on account of the act of awarding and/or executing this contract.

CONFLICTS OF INTEREST

The Broker is is not aware (mark one box) of any information bearing on the existence of any potential organizational conflict of interest. For the purposes of this declaration, the Broker should refer to Mississippi Code § 25-4-101, et seq. including, without limitation, § 25-4-105, and any other applicable law concerning conflicts of interest.

CONTINGENT FEES

The prospective Broker represents as a part of such Broker's bid or proposal that such Broker has has not (mark one box) retained any person or agency on a percentage, commission, or other contingent arrangement to secure this contract.

COLLUSION

I certify that this offer is made without prior understanding, agreement, or connection with any corporation, firm, or person submitting an offer for the same services, materials, supplies, or equipment and is in all respects fair and without collusion or fraud. I understand collusive bidding is

EXHIBIT A

EXHIBIT B

a violation of State and Federal laws and can result in fines, prison sentences, and civil damage awards. I hereby certify that the responses to the above representations, certifications, and other

statements are accurate and complete. I agree to abide by all conditions of the proposal and certify that I am authorized to sign for my company.

Signature: Kimberly Marmalich CMA

Name (Printed) Kimberly Marmalich

Title Audit and Assurance Services Partner

Signature Date: April 27, 2020



April 3, 2020

TO ALL PROPOSERS

ADDENDUM NUMBER 1

**Auditor of Financial Statements RFP
RFP# 20-FD-03**

This Addendum is hereby made a part of the proposal package to the same extent as though it were originally included therein. Receipt of this Addendum must be acknowledged in the space provided below. Please attach this signed addendum to your proposal package when it is submitted.

This Addendum extends the proposal receipt date. Proposals for this RFP must be received no later than Monday, April 27, 2020 at 3:00 PM (CST).

You may submit your proposal electronically at www.centralauctionhouse.com for free. You must register before submitting your proposal. If you submit your proposal electronically, you will not need to submit hard copies.

Alexander, Van Loon, Sloan, Levens & Favre, PLLC
Company

Kimberly R. Marmalich
Print Name

Kimberly R. Marmalich
Signature

April 27, 2020
Date

END OF ADDENDUM NUMBER 1