

2014

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT, made this 2nd day of January 2014, by and between **PRINCETON** (hereinafter referred to as “**PRINCETON**”), a municipal corporation of the State of New Jersey, and **HODULIK AND MORRISON, P.A.**, 1102 Raritan Avenue, P.O. Box 1450, Highland Park, New Jersey 08904 (hereinafter referred to as “**AUDITOR**”).

WITNESSETH:

WHEREAS, **PRINCETON** is required by *N.J.S.A. 40A:5-4* to undertake an annual audit and certain related activities which requires the services of an independent Registered Municipal Accountant; and

WHEREAS, the governing body of **PRINCETON**, by Resolution dated January 2, 2014, has appointed the **AUDITOR** for a period commencing and ending as indicated herein; and

WHEREAS, the **AUDITOR** has offered to provide such service in response to the Request For Proposals (RFP) issued by **PRINCETON**,

BE IT THEREFORE AGREED by the parties as follows:

A. Term of Contract - This Contract shall be for the fiscal year 2014 audit.

B. Scope of Services:

1. The **AUDITOR** agrees to audit the 2014 books, accounts and financial transactions of **PRINCETON** in accordance with generally accepted auditing standards; audit requirements as set forth in “Requirements of Audit”, issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; applicable sections of New Jersey Statutes Title 40A and New Jersey Administrative Code - Title 5, Department of Community Affairs; Federal Office of Management and Budget (OMB) Circular A-133, “Audits of State and Local

Governments”; Government Auditing Standards issued by the Comptroller General of the United States; Federal Single Audit Act of 1984, and State of New Jersey’s Office of Management and Budget Circular Letter 98-07, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid; and “Audits of State and Local Governmental Units” - a publication prepared by the American Institute of Certified Public Accountants. In addition to the regular report of audit, a synopsis will be prepared for each member of the governing body, the Municipal Clerk, Chief Financial Officer and Tax Collector.

Under generally-accepted auditing standards, the **AUDITOR** agrees that it has the responsibility, within the inherent limitations of the auditing process, to plan the examination to search for errors or irregularities (as defined in authoritative professional literature) that would have a material effect on the financial statements of **PRINCETON**. This search for material errors or irregularities ordinarily is accomplished by performing those auditing procedures that in the **AUDITOR**’s judgment are appropriate in the circumstances to form an opinion on the financial statements as a whole. The audit, which is based on the concept of selective testing of data being audited is subject to the inherent risk that material errors or irregularities, if they exist, will not be detected.

In conducting the 2014 audit, the **AUDITOR** shall be aware of the possibility that illegal acts (as defined in authoritative professional literature) may have occurred that may have a material effect on **PRINCETON** financial statements. Audits conducted in accordance with generally accepted auditing standards are of limited effectiveness in discovering possible illegal acts and cannot be expected to provide assurance that illegal acts will be detected, although procedures that are performed primarily for the purpose of forming an opinion on the financial statements as a whole may also bring possible illegal acts to the **AUDITOR**’s attention.

The scope of services is also more fully set forth in the **AUDITOR**'s proposal for professional services attached as Exhibit A.

2. The **AUDITOR** shall prepare 2014 tax and utility verification notices (circulars); process and mail; receive and verify responses; and submit a report thereon.

C. Payment for Services:

1. Payment for all services shall be tendered by **PRINCETON** after its review and approval of itemized vouchers presented by the **AUDITOR** on a monthly basis, identifying the individual providing professional services and describing the services provided.

2. Payment by **PRINCETON** to the **AUDITOR** for all services provided pursuant to this Agreement shall be in an amount not to exceed fifty thousand (\$50,000.00) dollars.

D. Affirmative Action

The parties hereby incorporate into this Agreement the mandatory language of Section 5.3 of the Regulations promulgated by the Treasurer of the State of New Jersey pursuant to P.L. 1975, c. 127, as amended and supplemented from time to time, as set forth in Exhibit B.

E. Execution of Affidavits

The **AUDITOR** agrees to execute the Affirmative Action Affidavit attached hereto and to execute any disclosure certification pertaining to conflicts of interest which **PRINCETON** hereafter may require members of and consultants to **PRINCETON** bodies to execute.

F. Insurance

The **AUDITOR** shall be covered by professional liability insurance. A copy of the **AUDITOR** Insurance Certificate (professional liability) shall be furnished to **PRINCETON**'s Chief Financial Officer.

G. Breach or Non-Performance

In the event that either party deems the other to have breached this Agreement or to have failed to perform its obligations under this Agreement, it shall serve written notice of its intention to revoke this Agreement, and forty-five (45) days after service of such notice, the Agreement shall be deemed to have been revoked by the party giving such notice.

H. Assignment

This Agreement for Professional Services may not be assigned by either party.

I. Responsibilities

The **AUDITOR** shall perform his responsibilities in a good, professional and workmanlike manner in conformity with the responsibilities, demand and ethics of his profession.

J. The **AUDITOR** shall file with **PRINCETON**'s Chief Financial Officer its New Jersey Business Registration Certificate as required by P.L. 2004 c.57 Law of the State of New Jersey within thirty (30) days of the execution of this Agreement per Exhibit C.

K. The **AUDITOR** shall comply with the provisions of the New Jersey Local Unit Pay-to-Play Act, *N.J.S.A. 19:44A-20.7 et seq.* per attached Exhibit D.

IN WITNESS WHEREOF, **PRINCETON** has caused these presents to be executed by its duly authorized representative, and the **AUDITOR** has set his hand and seal hereunder on the day and year first above written.

ATTEST:

Linda S. McDermott, Clerk

WITNESS:

PRINCETON

By: _____
Liz Lempert, Mayor

HODULIK and MORRISON, P.A.

By: _____
Robert S. Morrison

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EXHIBIT A

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

MEMBERS OF
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

JO ANN BOOS, CPA, PSA

November 18, 2013

Kathryn Monzo, Director of Finance
400 Witherspoon Street
Princeton, New Jersey 08540

We are pleased to have the opportunity to submit our proposal for municipal auditing services for the 2013 audit of Princeton New Jersey school year as well as the accompanying information regarding Hodulik & Morrison, P.A.

As the enclosed information indicates, our practice is heavily concentrated in the specialty of governmental accounting and auditing. In this arena, we provide a full range of services to our clients, including audit, management advisory, and operational/performance services.

Our firm's objective is to assist our clients towards improving both the levels of service provided to constituents and their accountability to those constituents for the cost of good government. The audit process is often looked upon by officials being reviewed as an adversarial event. We do not view audits as such. Instead, we look at our audits as an opportunity to work with responsible local officials to improve the reliability and accuracy of financial data and strengthen management's control over financial activities.

Our firm has developed an excellent reputation in the governmental accounting field, both with our clients and the State of New Jersey's regulatory agencies, for the quality and cost effectiveness of our services. Our firm's principals have made it a point to be active within our professional societies and with the regulatory agencies whose pronouncements could impact upon our clients.

We would like to take this opportunity to enumerate some of the attributes and policies of our firm that distinguish our practice from our competitors. The major points are summarized as follows:

- Direct lines of communication will be established between management and the Principal responsible for the engagement. This encourages a strong working relationship. We have always encouraged our clients to contact us whenever the need arises. Often, a future problem can be avoided by an informal phone consultation.
- We encourage our clients to use us as a sounding board for changes and innovations being considered at the local unit level. Our policy is to maintain an open line of communication with our clients committees and management. This policy benefits both the firm and its

clients, as we can provide a disaffected perspective on contemplated changes, and can advise all our clients of ideas that prove truly beneficial.

- We are proactive with respect to the impact that changing laws and regulations may have on our clients. We monitor the various rulemaking publications, and advise our clients of any rulemaking or policy directives that may affect their operations.
- We are focused on the governmental arena. Our practice is heavily concentrated in the area of governmental accounting, with over 85% of our billings for 2012 resulted from the performance of auditing, management advisory and special services for governmental units. With such a specialized area of practice, we have been able to tailor our staff training to focus on governmental accounting and auditing, as opposed to the much broader, and hence less in-depth training that must be provided to staff in a less focused firm.
- We recognize that an important attribute of a firm is its ability to service the needs of its clients. We feel that this is our firm's strongest suite, and we would encourage you to contact our clients for a verification of this fact.

We believe that our qualifications and previous experience with the Princetons make us uniquely qualified to serve as your auditors. As discussed in the various attachments, the first year audit of Princeton will be unique in that additional audit scrutiny will be required to form an opinion on the combined beginning balances. Furthermore, as the processes by which transactions are executed, as well as the internal controls over these processes will have changed based upon the unification, our proposal also contemplates the need for additional emphasis on internal control, including systemic controls to strengthen access limitations and improve segregation of duties controls. Our proposal also contemplates the performance of internal control evaluations and testing at every office collecting revenue.

As included in Appendix C, our proposed fee for the 2013 audit, which includes the expansion of our normal procedures to focus additional audit scrutiny on beginning balances, transactional processing in the unified Princeton, and evaluations and testing of internal control at every office collecting revenue, whether or not the amounts are material to the financial statements, is \$55,000. Assuming that material weaknesses in internal controls or material noncompliance with laws and regulations are not disclosed by our audit, we would expect to perform a subsequent engagement for 2014 for a fee that would not exceed \$50,000.00.

We appreciate the opportunity that you have presented us. We would be pleased to meet with the Council or its finance/audit committee to review our proposal and our credentials. We believe that our engagement as auditors for Princeton will be a mutually beneficial relationship. We would be pleased to meet with the Administration and the Council to further discuss our engagement.

Very truly yours,



Robert S. Morrison
HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants
Public School Accountants

APPENDIX C
THIS IS THE FORMAL FINANCIAL PROPOSAL
Payment Conditions and Rate Schedule

1. Compensation for municipal auditing services outlined shall be billed at hourly rates, reimbursements outlined below and travel and shall be paid in an amount not to exceed the sum of \$55,000 for the FY 2013 Audit. Hourly Rates are appended.

2. Vouchers or invoices may be rendered monthly for services performed. Such billings shall be due when rendered.

3. Direct charges include disbursements that are actual expenses incurred by the Professional and/or his associated firm in connection with the project may be reimbursed for:

- a. Out-of-State transportation and subsistence for professional and technical staff.
- b. Furnishing and maintaining field office facilities when same are authorized and approved by East Brunswick.
- c. Telegrams and long distance (out-of-State) telephone calls.
- d. Payment of permit fees, application fees, review fees and similar charges.
- e. Computer expenses including time and proprietary program charges.
- f. Outside printing, reproduction, binding, collating and other graphic services.
- g. Messenger service, postage and handling of drawing and specifications, reports, contracts and other bulky items.

4. The Professional, upon performing services totaling 70% of the encumbered amount whether all such services have been billed or not shall provide the Town with an estimate as to whether additional funds are anticipated to be necessary to conclude the matter. If such additional funds are necessary, the Professional shall provide an estimated amount thereof. Any additional funds necessary to conclude the matter shall be authorized by a new or amended Professional Service Resolution, adopted by the Princeton Mayor and Council.

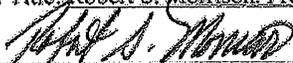
If the Professional determines in accordance with the provisions hereof that, having expended 70% of the encumbered amount that the remaining 30% will be insufficient to complete the tasks set forth in this Agreement, the Professional shall immediately notify the Administrator and the Chief Financial Officer requesting that the Mayor and Council approve an amended Professional Service Budget and Resolution prior to the rendering of any additional services beyond the encumbered amount.

The Town shall not be responsible for the payment of any sums in excess of the original encumbered amount unless there has been compliance with this paragraph.

Signature: The undersigned hereby acknowledges and accepts the established payment terms.

Name of Respondent/Firm: Hodulik & Morrison, P.A.

Print Name and Title: Robert S. Morrison, President

Signature: 

Date: November 18, 2013

ATTEST:


Witness

Princeton, NJ
Request For Proposal
Municipal Auditor Services

Appendix C

Financial Proposal

Hourly Rates:

Principal/Shareholder	\$135.00/hr.
Senior Accountant	125.00/hr.
Staff Accountant	115.00/hr.

EXHIBIT B

**AFFIRMATIVE ACTION/ EQUAL EMPLOYMENT GOAL COMPLIANCE
ATTACHMENT**

for

**PROCUREMENT AND SERVICE CONTRACTS, INCLUDING
PROFESSIONAL SERVICES AGREEMENTS**

Pursuant to N.J.A.C. 17:27-3.5(a)1 and 4.3(a)1, each vendor (also referred to herein as “contractor”) shall submit to Princeton (also referred to as “public agency” or “agency”), after notification of award but prior to execution of a goods and services contract with Princeton, one of the following three documents:

- (1) Appropriate evidence that the contractor is operating under an existing Federally approved or sanctioned affirmative action program; or
- (2) A certificate of employee information report approval, issued in accordance with N.J.A.C. 17:27-4; or
- (3) An employee information report (Form AA302) provided by the Division and distributed to Princeton to be completed by the contractor, in accordance with N.J.A.C. 17:27-4. A contractor shall not be eligible to submit nor shall Princeton accept an employee information report unless the contractor certifies and agrees to the following: The contractor, where appropriate, certifies that he or she has never before applied for a certificate of employee information report in accordance with rules promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time; and agrees to submit immediately to the Division a copy of the employee information report.

A contractor shall not enter into a binding subcontract with a subcontractor unless the subcontractor has submitted to said contractor one of the three documents listed above.

During performance of this contract, the contractor agrees as follows:

A. The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that all employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including

apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the public agency compliance officer setting forth provisions of this nondiscrimination clause.

B. The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

C. The contractor or subcontractor, where applicable, will send to each labor union or representative or workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under this act and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

D. The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer, pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time and the Americans with Disabilities Act.

E. The contractor or subcontractor agrees to make good faith efforts to afford equal employment opportunities to minority and women workers consistent with:

- (1) Good faith efforts to meet targeted county employment goals established in accordance with N.J.A.C. 17:27-5.2; or
- (2) Good faith efforts to meet targeted county employment goals determined by the Division, pursuant to N.J.A.C. 17:27-5.2.

F. The contractor or subcontractor agrees to inform in writing its appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, labor unions, that it does not discriminate on the basis of age, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.

G. The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personnel testing conforms with the principles of job-related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions;

H. In conforming with the targeted employment goals, the contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, creed, color, national origin, ancestry,

marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

I. The contractor and its subcontractors shall furnish such reports or other documents to the Division of Contract Compliance and EEO as may be requested by the Division from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Division of Contract Compliance and EEO for conducting a compliance investigation pursuant to **Subchapter 10 of the Administrative Code (N.J.A.C. 17:27)**.

As required by N.J.S.A. 10:2-1 (“Discrimination in employment on public works; contract provisions; set-aside programs”), the contractor agrees as follows:

A. In the hiring of persons for the performance of work under this contract or any subcontract hereunder, or for the procurement, manufacture, assembling or furnishing of any such materials, equipment, supplies or services to be acquired under this contract, no contractor, nor any person acting on behalf of such contractor or subcontractor, shall, by reason of race, creed, color, national origin, ancestry, marital status, gender identity or expression, affectional or sexual orientation or sex, discriminate against any person who is qualified and available to perform the work to which the employment relates;

B. No contractor, subcontractor, nor any person on his behalf shall, in any manner, discriminate against or intimidate any employee engaged in the performance of work under this contract or any subcontract hereunder, or engaged in the procurement, manufacture, assembling or furnishing of any such materials, equipment, supplies or services to be acquired under such contract, on account of race, creed, color, national origin, ancestry, marital status, gender identity or expression, affectional or sexual orientation or sex;

C. There may be deducted from the amount payable to the contractor by Princeton, under this contract, a penalty of \$50.00 for each person for each calendar day during which such person is discriminated against or intimidated in violation of the provisions of the contract; and

D. This contract may be canceled or terminated by Princeton, and all money due or to become due hereunder may be forfeited, for any violation of this section of the contract occurring after notice to the contractor from Princeton of any prior violation of this section of the contract.

EXHIBIT C

BUSINESS REGISTRATION & SALES & USE TAX ADDENDUM

P.L. 2004, c.57 (N.J.S.A. 52:32-44) imposes the following requirements on contractors and subcontractors that **knowingly** provide goods or perform services for a contractor fulfilling this contract:

A. Proof of Contractor's Business Registration

The contractor must provide a copy of its business registration certificate issued by the Department of the Treasury or such other form or verification that the contractor is registered with the Department of the Treasury. Proof of business registration must be submitted no later than at the time of execution of this contract.

B. Proof of Subcontractors' Business Registration

The contractor shall not enter into any contract with a subcontractor under this contract unless the subcontractor first provides proof of valid business registration to the contractor. Also, if the contractor subcontracts any of the work:

1. The contractor shall provide written notice to its subcontractors of the responsibility to submit proof of business registration to the contractor. Subcontractors through all tiers of the project must provide written notice to their subcontractors to submit proof of business registration, and subcontractors shall collect such proofs of business registration.
2. The contractor shall forward copies of proof of the subcontractors' business registrations to the contracting agency.
3. The contractor shall maintain and submit to the contracting agency a list of subcontractors and their addresses that may be updated from time to time during the course of the contract performance.
4. Before final payment is made by the contracting agency under this contract, the contractor shall submit to the contracting agency a complete and an accurate list of all subcontractors, along with their proof of business registration (if not previously provided), used in fulfillment of the contract. If no subcontractors were used, the contractor shall attest to same prior to final payment.

A contractor or subcontractor who fails to provide proof of business registration or provides false information of business registration shall be liable for a penalty of \$25 for each day of violation, not to exceed \$50,000 for each proof of business registration not properly provided under a contract with a contracting agency.

C. Sales and Use Tax

For the term of this contract, the contractor and each of its affiliates shall collect and remit to the Director of the Division of Taxation in the Department of the Treasury the use tax due pursuant to the "Sales and

Use Tax Act,” P.L. 1966, c.30 (C.54:32B-1 et seq.) on all their sales of tangible personal property delivered into this State.

In the event the contractor subcontracts any of its work, the contractor shall include within its subcontracts the requirement that, for the term of this contract, the subcontractor and each of its affiliates shall collect and remit to the Director of the Division of Taxation in the Department of the Treasury the use tax due pursuant to the “Sales and Use Tax Act,” P.L. 1966, c.30 (C.54:32B-1 et seq.) on all their sales of tangible personal property delivered into this State.

Information on the law and its requirements is available by calling (609) 292-9292.

EXHIBIT D

NEW JERSEY "LOCAL UNIT PAY-TO-PLAY LAW" COMPLIANCE

Political Contribution Disclosure

This Agreement has been awarded to CONTRACTOR/CONSULTANT based on the merits and abilities of CONTRACTOR/CONSULTANT to provide the goods or services as described herein. This Agreement was not awarded through a "fair and open process" as that phrase is defined in *N.J.S.A. 19:44A-20.7*. As such, CONTRACTOR/CONSULTANT hereby certifies that CONTRACTOR/CONSULTANT (including persons and other business entities having an interest in CONTRACT/CONSULTANT as defined by *N.J.S.A. 19:44A-20.7*) has neither made a contribution, that is reportable pursuant to the Election Law Enforcement Commission pursuant to *N.J.S.A. 19:44A-1 et seq. (i.e., in excess of \$300.00)*, in the one (1) year period preceding the award of this Agreement that would, pursuant to P.L. 2004, c.19 affect its eligibility to perform this Agreement, nor will it make a reportable contribution during the term of this Agreement to any municipal committee of a political party if a member of that political party is serving in an elective public office for Princeton when the Agreement is awarded, or to any candidate committee of any person serving in an elective public office for Princeton when the Agreement is awarded.