



Keefe, McCullough & Co., LLP
Certified Public Accountants

PROPOSAL FOR EXTERNAL AUDIT SERVICES
RFP 007-13

FOR

CITY OF KEY WEST

SUBMITTED ON JUNE 26, 2013

KEEFE, MCCULLOUGH & CO., LLP, C.P.A.'S
6550 NORTH FEDERAL HIGHWAY, SUITE 410
FT. LAUDERDALE, FLORIDA 33308

PHONE: 954-771-0896
FAX: 954-938-9353

FIRM CONTACT PERSONS:

William G. Benson, C.P.A.
Israel J. Gomez, C.P.A.



PROPOSAL FOR EXTERNAL AUDIT SERVICES
RFP 007-13

FOR

CITY OF KEY WEST

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TRANSMITTAL LETTER



June 26, 2013

City Clerk and City Audit and Finance Committee
City of Key West, Florida
3126 Flagler Avenue
Key West, FL 33040

Dear City Clerk and Members of the City Audit and Finance Committee:

We are pleased to propose to perform auditing services for the City of Key West (the "City"). It is our understanding that our proposal covers the annual financial and compliance audit of the various funds of the City for the fiscal years ending September 30, 2013, 2014 and 2015, with the City's option of the two subsequent fiscal years (five years maximum).

Our examination of these financial statements will be conducted in accordance with the following:

1. Section 11.45, Florida Statutes;
2. Requirements of the Florida Department of Financial Services;
3. Rules of the Florida Auditor General (Chapter 10.550, Local Government Entity Audits);
4. Audit and Accounting Guide – Audits of State and Local Governmental Units (The AICPA Guide);
5. The Provisions of Federal Single Audit Act and OMB Circular No. A-133, Executive Office of the President, Office of Management and Budget, Washington, D.C.;
6. Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, published by the Comptroller General of the United States (Yellow Book);
7. Florida single Audit Act (Florida Statutes 215.97);
8. Governmental Accounting Standards Board Statement No. 34, and any other required statements applicable to the City of Key West;
9. Any other applicable Federal, state and local laws or regulations.

Keefe, McCullough & Co., LLP, C.P.A.'s is committed to performing the auditing services as outlined in the City's RFP No. 007-13.

The following individuals are authorized to make representations for the firm:

William G. Benson, C.P.A., Partner
Israel J. Gomez, C.P.A.

Keefe, McCullough & Co., LLP, C.P.A.'s
6550 North Federal Highway, Suite 410
Ft. Lauderdale, Florida 33308
954-771-0896

We believe our firm to be the best qualified to perform your audit engagements based on our substantial governmental experience obtained over the entire period of our firm's existence, our firm's commitment to continue to provide the necessary continuing professional education to qualify all of our professional governmental accounting staff in this specialized area, our absolute dedication to excellence and quality in our practice and our unique service philosophy which has resulted in a loyal and satisfied clientele over many years.

We hereby attest to our authority to submit this proposal and to individually bind Keefe, McCullough & Co., LLP, C.P.A.'s to perform this audit in accordance with the resulting contract agreement should the firm be selected. This proposal is a firm and irrevocable offer for sixty (60) days from the date of the proposal.

Regards,

KEEFE, McCULLOUGH & CO., LLP



William G. Benson, C.P.A.



TECHNICAL PROPOSAL

TECHNICAL PROPOSAL

1. General Requirements

Keefe, McCullough & Co., LLP, C.P.A.'s has grown as a firm for over forty (40) years and we are located in Fort Lauderdale to serve the South Florida area. Our office consists of nine partners, approximately sixty (60) professional accounting staff members and administrative support personnel. We have the capacity to handle the City's auditing needs and significant experience representing Florida municipalities and other governmental entities. All of the firm's professional accounting staff are a part of the governmental audit staff. We are members of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants.

Our practice includes audit engagements, management advisory services, tax planning and tax return preparation, and consulting services. We believe our growth can be attributed to our ability to give each client, regardless of size, personalized and timely service of the highest quality.

Our service philosophy is based on the premise that every engagement receives personal overall supervision from a firm partner or partners. This approach guarantees that the same person will be in charge of your audit year after year. In addition, while the primary purpose of our auditing services is completing the audit of your financial statements and rendering an opinion on their fairness, we pride ourselves in continually looking for, and communicating by management letter or informal discussion, recommendations that may result in more efficient operations, stronger accounting and administrative controls or cost savings to our clients.

Our firm's attention does not cease when your financial statements have been completed. We will be accessible to you throughout the year to provide answers to questions and consulting services, as needed.

Our firm presently provides auditing services for a number of governmental entities, community mental health centers, employee benefit plans, not-for-profit organizations, and other entities. We are very proud to have served as independent auditors for governmental units similar to yours and numerous not-for-profit organizations.

We believe that engagement tenure is indicative of the quality and continuity of our service, our flexibility in handling growth situations, and dealing with changing management and personnel. We feel that we excel in dealing with our clients on an individual basis and tailoring our service to meet their specific requirements.

We have substantial experience in the area of compliance auditing in accordance with *Government Auditing Standards* ("The Yellow Book") and the OMB Circulars "Audits of State and Local Governments" and "Audits of Institutions of Higher Education and Other Nonprofit Organizations." We have many clients with substantial grant revenue that require Federal Single Audit and Florida Single Audit procedures. Due to the concentration of this type of work in our practice, we provide each member of our professional accounting staff with eighty hours of continuing professional education every two years. Of this total, twenty-four hours directly relate to governmental or other "Yellow Book" type engagements.

Our firm recognizes that the most important product we can provide to a client is prompt and effective service of the highest quality. All our efforts, as a firm are directed toward achieving that goal. We are confident we can serve you to your complete satisfaction and we are committed to utilizing the highest level of skills available in our firm to accomplish that very important responsibility.

TECHNICAL PROPOSAL

2. Independence

The firm should provide an affirmative statement that it is independent of the City of Key West as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards* (1988).

We are independent of the City of Key West, Florida and of all its component units as defined by auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States.

The firm should also list and describe the firm's (and/or proposed subcontractors') professional relationships involving the City of Key West or any of its agencies for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

Keefe, McCullough & Co., LLP is the City's current auditing firm, and we have been performing auditing services for the City of Key West for the past five (5) years. We look forward to continuing our relationship with the City.

In addition, the firm shall give the City of Key West written notice of any professional relationships entered into during the period of this agreement.

We agree to notify the City in writing of any professional relationships entered into during the period of this agreement.

3. License to Practice in Florida

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in the State of Florida.

Keefe, McCullough & Co., LLP, is properly licensed in the State of Florida by the Department of Professional Regulation. Our license number is AD 0010282. Further, all members of the firm that are designated as Certified Public Accountants are properly licensed in the State of Florida.

4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

Our office consists of nine partners, approximately sixty (60) professional accounting staff members and administrative support personnel. Our governmental audit staff consists of thirty-five professionals. Keefe, McCullough & Co., LLP, C.P.A.'s has grown as a firm for over forty (40) years and we are located in Fort Lauderdale to serve the South Florida area.

The number and level of full-time and part-time staff to be assigned to the engagements would be discussed and approved by client finance personnel. We have listed additional information regarding a proposed staffing plan in Section IV.

TECHNICAL PROPOSAL

4. (continued)

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

Our firm participates in the American Institute of Certified Public Accountants Peer Review Program and we have received unmodified opinions on all of our previous peer reviews. We have provided the most recent quality control review documentation for your reference in Section III. This quality control review included a specific review of the City of Coconut Creek audit workpapers, financial statements and reports.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary actions taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

Because our firm performs a substantial number of "Yellow Book" type engagements, we routinely receive desk reviews from various State of Florida departments (DCF, FDOT or DOEA). We have had no field reviews during the last three years, and we are not aware of any disciplinary action ever taken or now pending against our firm or any of our professional accounting staff.

5. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Florida. The firm should also provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations .

Our proposed audit team is comprised of the following principal supervisory and management staff:

William G. Benson, C.P.A.
Israel J. Gomez, C.P.A.

Engagement Partner
Second Review Partner

A profile of each audit team member is included in Section IV, which lists specific governmental experience, qualifications, continuing professional education and memberships in professional organizations relevant to the performance of the audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also shall indicate how the quality of staff over the term of the agreement will be assured.

Due to our firm's concentration of governmental and not-for-profit clients, we sponsor continuing professional education courses annually regarding a variety of governmental subjects, including Governmental Accounting Standards Board (GASB) pronouncements. One eight-hour governmental seminar is offered to our governmental clients. In addition, our entire professional governmental accounting staff takes eighty hours of "governmental qualified" continuing education courses every two years.

TECHNICAL PROPOSAL

5. Partner, Supervisory and Staff Qualifications and Experience (continued)

A profile of each audit team member is included in Section IV, which lists specific governmental experience, qualifications and continuing professional education.

We have experienced very low turnover of our professional accounting staff members and our firm philosophy emphasizes direct partner involvement in each engagement including various phases of the audit fieldwork and review processes. We believe this partner involvement positively impacts engagement staff continuity.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City of Key West. However, in either case, the City of Key West retains the right to approve or reject replacements.

We understand that the engagement partners, managers, other supervisory staff and specialists mentioned in this request for proposal may only be changed with the express prior written permission of the City.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the City of Key West, which retains the right to approve or reject replacements.

We understand that consultants and firm specialists mentioned in this request for proposal may only be changed with the express prior written permission of the City.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

We understand that other audit personnel mentioned in this request for proposal may only be changed with the express prior written permission of the City.

6. Prior Engagements with the City of Key West.

List separately all engagements within the last five years, for the City of Key West, by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

Scope of work:	External Audit Services
Date:	2008 to present
Engagement Partners:	William G. Benson, C.P.A./Israel J. Gomez, C.P.A.
Office Location:	Fort Lauderdale, Florida
Principal Client Contact:	Mr. Roger Wittenberg, Finance Director
Phone Number:	305-809-3822

TECHNICAL PROPOSAL

7. Similar Engagements with Other Governmental Entities

For the firm's office that will be assigned responsibility for the audit:

- a. List the most significant engagements (maximum of 5) performed in the last five years similar to the engagement described in this Request for Proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, the name and telephone number of the principal client contact, and the extent of their participation in the GFOA Certificate program.

Mr. Roger Wittenberg, Finance Director

City of Key West

Phone: 305-809-3700

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Date of work: 2008 through present

Engagement partner(s): William G. Benson, C.P.A./ Israel J. Gomez, C.P.A.

Total hours: 1,100

Mr. Dave Keller, Assistant City Manager/Chief Financial Officer

City of Weston, Florida

Phone: 954-385-2000

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Date of work: 2004 through present

Engagement partner(s): Cynthia L. Calvert, C.P.A.

Total hours: 1,000

Ms. Kristi Caravella, Ph.D., Director of Financial Services

City of Plantation, Florida

Phone: 954-797-2202

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Date of work: 1994 through present

Engagement partner(s): William G. Benson, C.P.A.

Total hours: 900

Ms. Peta-Gay Lake, Assistant Director of Finance

City of Coconut Creek

Phone: 954-973-6730

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Date of work: 2009 through present

Engagement partner(s): Cynthia L. Calvert, C.P.A.

Total hours: 600

Ms. Minal Shah, CPA, Assistant City Manager

City of Sunny Isles Beach

Phone: 305-792-1775

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Date of work: 2011 through present

Engagement partner(s): Cynthia L. Calvert, C.P.A.

Total hours: 450

TECHNICAL PROPOSAL

7. Similar Engagements with Other Governmental Entities (continued)

b. List all current similar engagements including scope of work, preparer of financial statements and participation in the GFOA Certificate program.

Mr. Brian K. Raducci, Finance Director

City of Aventura

305-466-8900

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): Israel J. Gomez, C.P.A.

Ms. Peta-Gay Clemetson, Assistant Director of Finance

City of Coconut Creek

954-973-6730

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): Cynthia L. Calvert, C.P.A.

Ms. Nicki Satterfield, Assistant Finance Director

City of Dania Beach

954-924-3672

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): Cynthia L. Calvert, C.P.A.

Mr. Roger Wittenberg, Finance Director

City of Key West

305-809-3822

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): Israel J. Gomez, C.P.A.

Mr. Frank DiPaolo, Director of Finance

City of Lighthouse Point

954-943-6500

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): David Tad Williams, C.P.A.

Mr. Gerard Pirri, Finance Director

City of North Bay Village

305-756-7171

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): Kenneth G. Smith, C.P.A.

Mr. Peter L. Rosaco, Financial Director

City of Marathon

305-743-0033

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): Cynthia L. Calvert, C.P.A.

TECHNICAL PROPOSAL

7. Similar Engagements with Other Governmental Entities (continued)

Ms. Kristi Caravella, Ph.D., Director of Financial Services

City of Plantation

954-797-2202

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): William G. Benson, C.P.A.

Mr. Alfredo Riverol, Finance Director

City of South Miami

305-663-6343

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): Israel J. Gomez, C.P.A.

Ms. Minal Shah, CPA, Assistant City Manager

City of Sunny Isles Beach

305-792-1775

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): Cynthia L. Calvert, C.P.A.

Mr. David Keller, Assistant City Manager/Chief Financial Officer

City of Weston

954-385-2000

Scope of work:

Annual financial and compliance audits of the City

Assistance in helping the City obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): Cynthia L. Calvert, C.P.A.

Ms. Maria Camacho, Finance Director

Town of Golden Beach

305-932-0744

Scope of work:

Annual financial and compliance audits of the Town

Assistance in helping the Town obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): Kenneth G. Smith, C.P.A.

Ms. Georgina Rodriguez, CPA, CGFO, Finance Director

Town of Pembroke Park

954-966-4600

Scope of work:

Annual financial and compliance audits of the Town

Assistance in helping the Town obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): Kenneth G. Smith, C.P.A.

Mr. Gary S. Clinton, CPA, CPFO, Finance Director

Village of Pinecrest

305-234-2121

Scope of work:

Annual financial and compliance audits of the Village

Assistance in helping the Village obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): Cynthia L. Calvert, C.P.A.

Mr. John L. Tomlinson, Finance Director

Village of Sea Ranch Lakes

954-943-8862

Scope of work:

Annual financial and compliance audits of the Village

Assistance in helping the Village obtain the Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association

Engagement partner(s): Cynthia L. Calvert, C.P.A.

8. Specific Audit Approach

The proposal shall set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal. In developing the work plan, reference shall be made to such sources of information as the City of Key West's budget, financial and other management information.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement.
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- c. Extent to which statistical sampling is to be used in the engagement.
- d. Extent of use of MIS software in the engagement.
- e. Type and extent of analytical procedures to be used in the engagement.
- f. Approach to be taken to gain and document an understanding of the City of Key West's internal control structure.
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance.

We have provided below a preliminary engagement work plan to perform the financial and compliance audits which involve the government-wide financial statements, the various funds, and the capital assets and long-term debt of the City.

In performing the financial and compliance audits for the City we will follow very detailed and comprehensive audit programs. Further, it is our policy to utilize the talents of our client's personnel wherever and whenever it is feasible to do so in the course of any engagement in order to most efficiently and economically perform the engagement.

The following is a summary of the audit work plan:

Segment 1: Preliminary and Risk Assessment Work

The first segment will be performed by two professional staff members and will encompass approximately 300 hours.

Obtain an understanding of the accounting and management systems including documentation of the system of internal control through conferences with the various key finance department personnel and standardized checklists.

Obtain information needed to identify risk assessment by making certain inquiries and considering fraud risk factors and other information.

Obtain an understanding of the various funds, capital assets and long-term debt utilized.

Review the grants, contracts and various revenue sources and complete "Single Audit" checklist for determination of compliance audit and reporting requirements for both Federal and State single audit purposes.

Review of bond indenture covenants and pertinent ordinances for determination and completion of compliance audit requirements.

8. Specific Audit Approach (continued)

Assess control risk and determine extent of testing.

Review and perform certain transaction and procedural tests which will include the examination of source documents. These tests of the system will include tests of cash receipts and disbursements, sales and utility billing, compliance, and payroll. Audit samples will be determined based on transaction size and number of total transactions.

Perform preliminary analytical review procedures.

Review commission and other pertinent minutes.

Perform compliance audit procedures where necessary.

Coordinate preparation of confirmation requests.

Working paper review.

Plan the additional segments of the financial audit procedures with the City's finance personnel including a list of schedules and working papers to be prepared by client personnel.

Segment 2: Final Work

The second segment will be performed by three professional staff members and will encompass approximately 500 hours.

Perform various tests and validation procedures on selected asset, liability and equity accounts in all funds and for capital assets and long-term debt.

Examine certain revenue and expenditure accounts in all funds.

Send confirmations where applicable.

Send correspondence to attorneys as necessary.

Perform final compliance testing as necessary.

Perform final analytical procedures.

Obtain a management representation letter.

Working paper review and proposed journal entry approval.

Exit conference with City Manager and Finance Director.

Sample sizes in the various phases of the engagement would be determined based on population sizes, audit objectives and nature of transaction and/or account. We have standardized checklists and audit software that assists in the selection of these samples. Additionally, we would utilize both "statistical" and "non-statistical" methods to select certain test transactions.

8. Specific Audit Approach (continued)

We will also utilize various forms of analytical procedures to accomplish certain audit objectives. We anticipate areas of concentration subject to analytical procedures to be services revenues and expenditures. We retain the right to use judgment as to the extent of analytical procedures to be used based mainly on the results of other testing completed.

In addition, we utilize personal computers and paperless audit software, where applicable, in connection with our audit workpaper preparation and documentation

Segment 3: Reports

The third segment will be performed by three professional staff members and will encompass approximately 300 hours.

Preparation of the Basic Financial Statements.

Preparation of Reports on Internal Controls and Compliance.

Preparation of Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Program and State Project in accordance with OMB Circular A-133.

Preparation of Report to City Management which will include any material weaknesses and any irregularities and illegal acts.

Preparation of the management letter.

Review of the Annual Local Government Financial Report filed with the Florida Department of Financial Services to verify that it is in agreement with the financial statements.

Review of the financial statements, reports and other information.

Cold review of the financial statements, reports and other information.

9. Identification of Anticipated Potential Audit Problems

The proposal shall identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City of Key West.

At this time we are not aware of any potential audit problem areas. If selected, we will communicate any potential problem areas we become aware of during the audit. At that time, we would outline our approach to resolving such problem areas and the level of assistance necessary from the City's personnel.



PEER REVIEW DOCUMENTS



Abbott, Jordan & Koon, LLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 609 □ 405 Second Street □ Manchester, GA 31816
(706) 846-8401 □ Fax (706) 846-3370

SYSTEM REVIEW REPORT

To the owners
Keefe, McCullough & Co., LLP
And the Peer Review Committee of the Florida Institute of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Keefe, McCullough & Co., LLP (the firm) in effect for the year ended August 31, 2011. Our 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. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/summary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Keefe, McCullough & Co., LLP in effect for the year ended August 31, 2011, 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*. Keefe, McCullough & Co., LLP has received a peer review rating of *pass*.

Manchester, Georgia
December 7, 2011

PEER REVIEW DOCUMENTS



FICPA Peer Review Program

Administered in Florida by the
Florida Institute of CPAs



AICPA Peer Review Program

Administered in Florida by the
Florida Institute of CPAs

April 24, 2012

Joseph D. Leo, CPA
Keefe, McCullough & Co., LLP
6550 N. Federal Hwy., Ste. 410
Fort Lauderdale, FL 33308

Dear Mr. Leo:

It is my pleasure to notify you that on April 24, 2012 the Florida Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is February 28, 2015. This is the date by which all review documents should be completed and submitted to the administering entity. If your due date falls between January and April, you can arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Paul N. Brown
Director of Technical Services
brownp@ficpa.org

cc: David C. Jordan, CPA

Firm Number: 10036786

Review Number: 327539



PEER REVIEW PROGRAM

is proud to present this
Certificate of Recognition
to

KEEFE, MCCULLOUGH & COMPANY, LLP

For having a system of quality control for its accounting and auditing practice in effect for the year ended August 31, 2011 which has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and which was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

A handwritten signature in cursive script that reads "Tracey C. Golden".

Tracey Golden, Chair
AICPA Peer Review Board
2012



SERVICE TEAM MEMBER PROFILES

KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

SERVICE TEAM MEMBER PROFILE



William G. Benson, C.P.A.

Partner

Education

Washington and Lee University BS degree Major - accounting

Career Experience

Keefe, McCullough & Co., LLP, C.P.A.'s Partner 28 years
Coopers & Lybrand, C.P.A.'s Senior 2 years

Engagement Experience

Keefe, McCullough & Co., LLP, C.P.A.'s
Audit Engagements:

Governments

- * Broward County League of Cities, Inc.
- * City of Aventura, Florida
- * City of Hollywood (Internal audit)
- * City of Key West, Florida
- * City of Marathon, Florida
- * City of Margate, Florida
- * City of Plantation, Florida
- * City of South Miami, Florida
- * City of Weston, Florida
- * Islamorada, Village of Islands, Florida
- * The Town Foundation, Inc.
- * Town of Surfside, Florida
- * Village of Pinecrest, Florida

Special Taxing Districts

- * Baywinds Community Development District
- * Bobcat Trail Community Development District
- * Bonnet Creek Resort Community Development District
- * Boynton Village Community Development District
- * Championsgate Community Development District
- * Coral Springs Improvement District
- * Deer Island Community Development District
- * Downtown Development Authority
- * East Homestead Community Development District
- * Fiddler's Creek II Community Development District
- * Habitat Community Development District
- * Hamal Community Development District
- * Hillsboro Inlet District
- * Key Largo Fire Rescue and EMS District
- * Lake Powell Community Development District
- * Landmark at Doral Community Development District
- * Lexington Oaks Community Development District
- * Meadow Pointe Community Development District
- * Mediterra North Community Development District
- * Mediterra South Community Development District
- * Midtown Miami Community Development District
- * Miromar Lakes Community Development District
- * Monterra Community Development District
- * Narcoossee Community Development District

- * North Springs Improvement District
- * Northwood Community Development District
- * Old Palm Community Development District
- * Orchid Grove Community Development District
- * Palm Bay Community Development District
- * Palm Glades Community Development District
- * Park Place Community Development District
- * Parklands West Community Development District
- * Pine Air Lakes Community Development District
- * Plantation Acres Improvement District
- * Remington Community Development District
- * Renaissance Community Development District
- * Reserve Community Development District
- * River's Song Community Development District
- * Sarasota National Community Development District
- * South Dade Venture Community Development District
- * Stevens Plantation Community Development District
- * Stonegate Community Development District
- * StoneLake Ranch Community Development District
- * Treaty Oaks Community Development District
- * University Square Community Development District
- * Verandah West Community Development District
- * Viera East Community Development District
- * VillaSol Community Development District
- * Vizcaya Community Development District
- * Wentworth Estates Community Development District
- * Woodland Hammock Community Development District

Other Experience

Attended seminars and courses dealing with accounting and audit problems, reporting and disclosure issues (these courses include accounting and reporting for nonprofit organizations, governmental entities and the Federal and Florida Single Audit Acts)

Experienced and qualified with respect to "Yellow Book", OMB Circular A-133 and Rules of the Auditor General of the State of Florida compliance auditing and reporting

Served as an appointed "at large" member of the Florida Bar Seventeenth Judicial Circuit Grievance Committee "C"

Attended numerous seminars and courses dealing with accounting, auditing and taxation of employee benefit plans

Litigation support services in the areas of business valuations, business losses, contract settlements and divorce issues

Experience in dealing directly with the State of Florida Department of Children and Families concerning various compliance, audit and other issues

Special consulting partner regarding due diligence engagements and the acquisition of companies

Worked with underwriters regarding various certifications required in connection with the Florida Community Provider Pooled Loan Program and various bond issuances

Assisted clients with restructuring their existing loan agreements and bond indentures

Partner in charge of special audit procedures engagement of an Emergency Medical Services Company

Special consultant to Seventeen City Coalition (a Partnership of seventeen Broward municipalities) regarding special audit procedures of Broward County's Emergency Medical System records and negotiations with Broward County management

Extensive experience regarding accounting and tax issues of Limited Liability Companies (LLC's)

Experience in the development of annual operating budgets for municipalities, churches and schools

Consulting partner on State of Florida Broward County Health Department audit

Experience in assisting clients in dealings with financial institutions

Experience in assisting clients with the development of business plans, financial planning and proforma financial statements

Consulting assistance in the analysis of potential investment opportunities in a variety of industries. The analysis included due diligence procedures on both historical financial information and projected future financial results

Assistance in the planning for Family Limited Partnerships and other estate planning strategies

Consulting assistance to a court appointed reviewer regarding dispute among stockholders of various companies

Community Involvement

Vice President of the Board of Directors of St. Thomas Aquinas High School Foundation

Vice President of the Board of Directors of Food for the Poor

Treasurer of the Catholic Community Foundation of the Archdiocese of Miami

Member of the Finance Council of the Archdiocese of Miami

Member of St. Gregory the Great Catholic School Advisory Board

Past Treasurer of St. Gregory the Great Catholic School

Appointed to the Broward County, Florida Homeless Initiative Partnership

Member and Officer in Knights of Columbus

Member of the Leadership Broward Foundation, Inc.

Graduate of, and continuing involvement in, the Leadership Broward Program

Past President and Treasurer of the Executives of Broward

KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

SERVICE TEAM MEMBER PROFILE



Israel J. Gomez, C.P.A.

Partner

Education

University of Puerto Rico	BA degree	Major - accounting
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Career Experience

Keefe, McCullough & Co., LLP, C.P.A.'s Popular, Inc.	Partner	12 years
	Officer	4 years

Engagement Experience

Keefe, McCullough & Co., LLP, C.P.A.'s
Audit Engagements:

Governments

- * City of Aventura, Florida
- * City of Coconut Creek, Florida
- * City of Key West, Florida
- * City of Marathon, Florida
- * City of South Miami, Florida
- * City of Sunny Isles Beach, Florida
- * City of Weston, Florida
- * Downtown Development Authority
- * Islamorada, Village of Islands, Florida
- * Port of Miami Crane Management, Inc.
- * The Town Foundation, Inc.
- * Town of Golden Beach, Florida
- * Village of Pinecrest, Florida
- * Village of Sea Ranch Lakes, Florida

Special Taxing Districts

- * Plantation Acres Improvement District

Other Experience

Attended numerous seminars and courses dealing with accounting and audit problems, reporting and disclosure issues (these include accounting and reporting for nonprofit organizations, governmental entities and the Federal and Florida Single Audit Acts).

Experienced and qualified with respect to "Yellow Book," OMB Circular A-133 and Rules of the Auditor General of the State of Florida compliance auditing and reporting.

Participated in various seminars and in-house training programs concerning the requirements of GASB-34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments (the Financial Reporting Model).

Speaker for several seminars pertaining to current Federal Accounting Standards Board (FASB) and Government Accounting Standards Board (GASB) pronouncements and regulations.

Assisted municipalities and other governmental entities in planning for and implementing GASB-34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments (the Financial Reporting Model).

Involvement with various municipalities regarding their participation in the Certificate of Achievement for Excellence in Financial Reporting program.

Community Involvement

Member of the Florida Government Finance Officers' Association

Member of the South Florida Government Finance Officers' Association

Continuing involvement coaching various youth sports activities



PRICE PROPOSAL

PRICE PROPOSAL

CITY OF KEY WEST, FLORIDA FOR FINANCIAL AUDITING SERVICES FOR THE YEAR ENDING SEPTEMBER 30, 2013

	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total</u>
Partners	50	\$ 225	\$ 11,250
Managers	120	135	16,200
Supervisory staff	300	115	34,500
Senior Accountant	315	95	29,925
Staff	<u>315</u>	75	<u>23,625</u>
Subtotal	<u>1,100</u>		115,500
Out-of-pocket expenses:			
Meals and Lodging			<u>500</u>
Total Price for the Comprehensive Annual Financial Report			\$ <u>116,000</u>

We will agree to utilize the quoted hourly rates listed above for any additional work requested during the Contract period.

Total All-Inclusive Fee:

September 30, 2013	\$ <u>116,000</u>
September 30, 2014	\$ <u>118,000</u>
September 30, 2015	\$ <u>120,000</u>
September 30, 2016	\$ <u>122,000</u>
September 30, 2017	\$ <u>124,000</u>



ADDENDA

ANTI-KICKBACK AFFIDAVIT

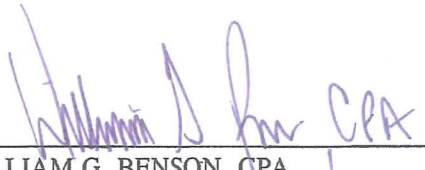
STATE OF FLORIDA

SS:

COUNTY OF MONROE

I the undersigned hereby duly sworn, depose and say that no portion of the sum herein response will be paid to any employee of the City of Key West as a commission, kickback, reward or gift, directly or indirectly by me or any member of my firm or by an officer of the corporation.

BY:


WILLIAM G. BENSON, CPA

sworn and prescribed before me this 19TH day of JUNE, 2013

NOTARY PUBLIC, State of Florida

My commission expires:

Beth C. Anderton
10/1/13



SWORN STATEMENT PURSUANT TO SECTION 287.133(3)(A)
FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER
OFFICIAL AUTHORIZED TO ADMINISTER OATHS,

1. This sworn statement is submitted to CITY OF KEY WEST, FLORIDA

by WILLIAM G. BENSON, CPA, PARTNER

(print individual's name and title)

For KEEFE, McCULLOUGH & CO., LLP

(print name of entity submitting sworn statement)

whose business address is 6550 N. FEDERAL HWY, STE 410, FT. LAUDERDALE, FL 33308

and (if applicable) its Federal Employer Identification Number (FEIN)

is 59-1363792 (if the entity has no FEIN, include the Social Security

Number of the individual signing this sworn statement):

2. I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.

3. I understand that "conviction" as defined in Paragraph 287.133(1)(g), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 01, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.

4. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), Florida Statutes, means:

A. A predecessor or successor of a person convicted of a public entity
crime: or

B. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members and agent who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment of income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.

5. I understand that a "person" as defined in Paragraph 287.133(1)(e), Florida Statute means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

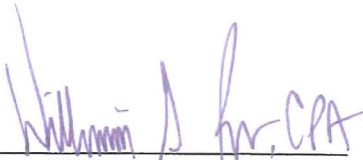
6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement (indicate which statement applies).

X Neither the entity submitting this sworn statement, or any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July, 1989.

_____The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 01, 1989.

_____The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 01, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. (attach a copy of the final order)

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH ONE (1) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES, FOR THE CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.


WILLIAM G. BENSON, CPA
(SIGNATURE)

JUNE 19, 2013

(DATE)

STATE OF FLORIDA

COUNTY OF BROWARD

PERSONALLY APPEARED BEFORE ME, the undersigned authority

WILLIAM G. BENSON who, after first being sworn by me,
(name of individual)
affixed his/her signature in the space provided above on this
19TH day of JUNE, 2013

NOTARY PUBLIC



My commission expires: 10/1/13



EQUAL BENEFITS FOR DOMESTIC PARTNERS AFFIDAVIT

STATE OF FLORIDA)

: SS

COUNTY OF BROWARD)

I, the undersigned hereby duly sworn, depose and say that the firm of KEEFE, McCULLOUGH & CO., LLP provides benefits to domestic partners of its employees on the same basis as it provides benefits to employees' spouses per City of Key West Ordinance Sec. 2-799.

By: *William G. Benson, CPA*
WILIAM G. BENSON, CPA

Sworn and subscribed before me this

19TH day of JUNE, 2013.

Beth C. Anderton
NOTARY PUBLIC, State of Florida at Large

My Commission Expires: 10/1/13





THE CITY OF KEY WEST

P. O. BOX 1409
KEY WEST, FLORIDA 33041-1409
www.keywestcity.com

ADDENDUM NO. TWO

City of Key West Request for Proposals (RFP) 007-13
External Audit Services

To All Bidders:

The following change is hereby made a part of RFP 007-13 as fully and as completely as if the same were fully set forth therein:

Proposals must be delivered in sealed envelopes clearly marked: External Audit Services. One (1) Signed Original, Three (3) copies and One (1) CD-ROM (or equivalent) of the proposal must be submitted.

All Bidders shall acknowledge receipt and acceptance of this Addendum No. 2 by acknowledging Addendum in their proposal or by submitting the addendum with the bid package. Bids submitted without acknowledgement or without this Addendum may be considered non-responsive.

Signature

[Handwritten Signature]

CPA

Name of Business

KEEFE McWILLOUGH & Co LLP

