

RESOLUTION NO. 08-265

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, APPROVING THE ATTACHED CONTRACT WITH KEEFE, MCCULLOUGH, & CO., LLP FOR EXTERNAL AUDITING SERVICES; PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City Commission via resolution 08-227 ranked the Keefe firm as its first choice for an external auditor and authorized the negotiation of a contract;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, AS FOLLOWS:

Section 1: That the attached contract is hereby approved.

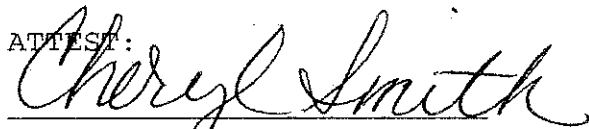
Section 2: That this Resolution shall go into effect immediately upon its passage and adoption and authentication by the signature of the presiding officer and the Clerk of the Commission.

Passed and adopted by the City Commission at a meeting held this 7th day of October, 2008.

Authenticated by the presiding officer and Clerk of the Commission on October 8, 2008.

Filed with the Clerk October 8, 2008.

ATTEST:


CHERYL SMITH, CITY CLERK


MORGAN MCPHERSON, MAYOR

**CITY OF KEY WEST, FLORIDA
AUDIT CONTRACT**

This CONTRACT is made and entered into this 17th day of October, 2008, by and between the City of Key West, Florida, a municipal corporation (hereinafter "CITY"), and KEEFE, McCULLOUGH & CO., LLP, (hereinafter "AUDITOR"), a Certified Public Accountant limited partnership licensed to do business in the State of Florida.

WHEREAS, CITY promulgated its Request for Proposals #08-013, soliciting proposals from qualified firms of certified public accountants to audit CITY'S financial statements commencing the fiscal year ending September 30, 2008; and

WHEREAS, AUDITOR submitted its Proposal for Auditing Services dated July 9, 2008 in response to CITY'S Request; and

WHEREAS, the City of Key West, Florida, Audit Selection Committee, in accordance with Section 218.391, Florida Statutes, has followed the statutory procedures, including public notice, and determined that the Auditor is qualified to provide professional auditing services; and

WHEREAS, terms satisfactory to both parties have been negotiated pursuant to said statute;

Now therefore, in consideration of the mutual promises and covenants below, the parties agree:

1. SCOPE OF SERVICES.

A. AUDITOR will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of City of Key West, Florida, as of and for the years ended September 30, 2008, 2009, 2010, and in the event CITY exercises the option referred to in paragraph 2 below, 2011 and 2012. Accounting standards generally accepted in the United States provide for certain required supplementary information, such as management's discussion and analysis (MD&A), to accompany CITY'S basic financial statements. As part of this Contract, AUDITOR will apply certain limited procedures to CITY'S required supplementary information. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to AUDITOR. Unless AUDITOR encounters problems with the presentation of the required supplementary information or with procedures relating to it, AUDITOR will disclaim an opinion on it. The following required supplementary information is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis.

Supplementary information other than required supplementary information, such as combining and individual fund financial statements, also accompanies CITY'S basic financial statements. AUDITOR will subject the following supplementary information to the auditing procedures applied in AUDITOR'S audit of the basic financial statements and will provide an opinion on it in relation to the basic financial statements;

- a. Schedule of expenditures of federal awards.
- b. Schedule of expenditures of state financial assistance.

The document will also include certain additional information related to the submittal of CITY'S Comprehensive Annual Financial Report (CAFR) that will not be subject to the auditing procedures applied in AUDITOR'S audits of the financial statements.

The objective of AUDITOR'S audit is the expression of an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. The objective also includes reporting on the following:

Internal control related to the financial statements and compliance with the provisions of applicable laws, regulations and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards; and

Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single audit Act Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of the audit and finance committee, management, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be used by anyone other than these specified parties.

AUDITOR'S audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of the accounting records of City of Key West, Florida, a determination of major program(s) in accordance with Circular A-133 and other procedures AUDITOR'S consider necessary to enable AUDITOR to express such opinions and render the required reports. If AUDITOR'S opinions on the financial statements or the Single Audit compliance opinions are other than unqualified, AUDITOR will fully discuss the reasons with CITY in advance. If, for any reason, AUDITOR is unable to complete the audit or are unable to form or have not formed opinions, AUDITOR may decline to express opinions or to issue a report as a result of this Contract.

City's Responsibilities

CITY'S Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of CITY and the respective changes in financial position, and where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for federal and state award program compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein.

CITY personnel will prepare a draft of the financial statements, schedule of expenditures of federal and state awards and related notes. CITY is responsible for making any decisions that involve management functions relating to the financial statements, schedule of expenditures of federal and state awards and related notes, and for accepting full responsibility for such decisions. CITY will be required to acknowledge in the management representation letter that CITY has reviewed and approved these financial statements prior to their issuance and has accepted responsibility for them. Further, CITY is required to designate a qualified management-level individual to be responsible and accountable for overseeing AUDITOR'S services.

Management is responsible for making all financial records and related information available to AUDITOR, including identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Management's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to AUDITOR that the effects of any uncorrected misstatements aggregated by AUDITOR during the term of this Contract and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

CITY is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing AUDITOR about all known or suspected fraud affecting the government involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. CITY'S responsibilities include informing us of CITY'S knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, CITY is responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for AUDITOR previous audits or other engagements or studies related to the objectives discussed in this Contract. This responsibility includes relaying to AUDITOR corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. CITY is also responsible for providing management's views on AUDITOR'S current findings, conclusions and recommendations, as well as CITY'S planned corrective actions and the timing and format related thereto.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, AUDITOR'S audit will involve judgment about the number of transactions to be examined and the areas to be tested. AUDITOR will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because AUDITOR will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by AUDITOR. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, AUDITOR will inform CITY of any material errors and any fraudulent financial reporting or misappropriation of assets that come to AUDITOR'S attention. AUDITOR will also inform CITY of any violations of laws or governmental regulations that come to AUDITOR'S attention, unless clearly inconsequential. AUDITOR'S responsibility is limited to the period covered by our audit and does not extend to later periods for which AUDITOR is not engaged.

AUDITOR'S procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors and financial institutions. AUDITOR will request written representations from CITY'S attorneys as part of the engagement, and they may bill CITY for responding to this inquiry. At the conclusion of AUDITOR'S audit, AUDITOR will also require certain written representations from CITY about the financial statements and related matters.

Audit Procedures - Internal Controls

AUDITOR'S audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that AUDITOR considers relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. AUDITOR'S tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in AUDITOR'S report on internal control issued pursuant to Government Auditing Standards.

As required by OMB Circular A-133, AUDITOR will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that AUDITOR considers relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal and state award program. However, AUDITOR'S tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in AUDITOR'S report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, AUDITOR will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards and Government Auditing Standards.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of CITY'S compliance with applicable laws and regulations, and the provisions of contracts and agreements, including grant agreements. However, the objective of AUDITOR'S audit will not be to provide an opinion on overall compliance and AUDITOR will not express such an opinion in AUDITOR'S report on compliance issued pursuant to Government Auditing Standards.

OMB Circular A-133 requires that AUDITOR also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. AUDITOR'S procedures will consist of tests of transactions and other applicable procedures described in the OMB Circular A-133 Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of CITY'S major programs. The purpose of those procedures will be to express an opinion on CITY'S compliance with requirements applicable to each of its major programs in AUDITOR'S report on compliance issued pursuant to OMB Circular A-133.

Audit Administration, Fees, and Other

AUDITOR understands that CITY'S employees will prepare all cash or other confirmations and will locate any documents selected by AUDITOR for testing.

At the conclusion of the term of this Contract, AUDITOR will complete the appropriate sections of and sign the Data Collection Form that summarizes AUDITOR'S audit findings. AUDITOR will provide copies of our reports to the CITY; however, it is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal and state awards, summary schedule of prior audit findings, auditors' reports and a corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of thirty (30) days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits. At the conclusion of the term of this Contract, AUDITOR will provide information to management as to where the reporting packages should be submitted and the number to submit.

The audit documentation for this Contract is the property of Keefe, McCullough & Co., LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, AUDITOR may be requested to make certain audit documentation available to the Auditor General or its designee, a Federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. AUDITOR will notify CITY of any such request. If requested, access to such audit documentation will be provided under the supervision of Keefe, McCullough & Co., LLP personnel. Furthermore, upon request, AUDITOR may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this Contract will be retained for a minimum of three years after the report release. If AUDITOR is aware that a Federal awarding agency, pass-through entity or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

2. TERM OF ENGAGEMENT.

This Agreement provides for professional auditing services for the fiscal years ending September 30, 2008, 2009, and 2010. CITY shall have the option, in its sole discretion, to engage AUDITOR'S services for two additional one year periods corresponding to the fiscal years ending September 30, 2011, and 2012. This agreement shall come into effect on the date first written above and shall remain in effect until the completion of the 2010 financial audit, unless earlier terminated in accordance with paragraphs 11 or 12, below, or unless extended as provided herein.

3. COMPENSATION AND TERMS OF PAYMENT.

The CITY shall compensate AUDITOR in accordance with the hourly fee schedule attached hereto, incorporated by reference, and more particularly described as Exhibit "A". However, AUDITOR expressly agrees herein that AUDITOR'S gross fee shall not exceed the following:

<u>FISCAL YEAR ENDING</u>	<u>CONTRACT AMOUNT</u>
September 30, 2008	\$105,000
September 30, 2009	\$109,340
September 30, 2010	\$113,840
September 30, 2011 (in the event option is exercised)	\$117,000
September 30, 2012 (in the event option is exercised)	\$121,000

The above fee is based upon anticipated cooperation from CITY'S personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, AUDITOR shall not incur additional costs prior to conferring with CITY and

agreeing upon a new fee estimate. Any requested work outside the scope of the audit will be discussed with CITY'S Finance Director and billed at the hourly rates referenced on Exhibit "A".

Termination prior to the end of this Contract year shall occur whenever funds cannot be obtained or cannot be continued at a level sufficient to allow for the continuation of this Contract pursuant to the terms herein. In the event that funds cannot be continued at a level sufficient to allow the continuation of this Contract pursuant to the terms specified herein, this Contract may then be terminated immediately by written notice of termination delivered in person or by mail to AUDITOR.

The invoices submitted will include detail as to the hours worked by each of the following personnel for both the annual audit and any single audit required: Partners, Managers, Associates, Senior Accountants and Staff Accountants. Invoices will also include any incidental out-of-pocket expenses incurred in the "not-to-exceed total." An invoice for the portion of the total amount proportionate to the work completed during the month shall be submitted to the CITY on a monthly basis, along with a narrative of work completed. The invoices shall be in a form approved by the CITY. CITY shall retain 10% of each billing until the audit has been completed. The maximum amount to be paid prior to fulfillment of the terms of the Contract shall be ninety (90) percent of the total annual compensation. The retainage shall be payable upon completion of each year's work.

4. RECORDS.

The AUDITOR shall keep such records as are necessary to document the performance of the agreement and give access to these records at the request of the CITY, the State of Florida or authorized agents and representatives of said government bodies. AUDITOR shall retain the documents related to this agreement and work thereunder, including all workpapers for a period of five years after the termination of the work under this Contract.

5. MODIFICATIONS, AMENDMENTS, ASSIGNMENT AND SUBCONTRACTING.

Any and all modifications of the terms of this agreement shall be only amended in writing and approved by the City Commission of the City of Key West, Florida. The AUDITOR shall not assign or subcontract or transfer any interest in this Contract or assign any claims for money due or to become due under this Contract.

6. INDEPENDENT CONTRACTOR.

At all times and for all purposes hereunder, the AUDITOR is an independent contractor and not an employee of the CITY. No statement contained in this Contract shall be construed as to find the AUDITOR or any of its employees, contractors, servants or agents to be employees of the CITY, and they shall be entitled to none of the rights, privileges or benefits of employees of CITY.

7. COMPLIANCE WITH LAW.

In carrying out its obligations under this agreement, the AUDITOR shall abide by all statutes, ordinances, rules and regulations pertaining to or regulating the provisions of this agreement, including those now in effect and hereafter adopted. Any violation of said statutes, ordinances, rules or regulations shall constitute a material breach of this agreement and shall entitle the CITY to

terminate this agreement immediately upon delivery of written notice of termination to the AUDITOR.

8. HOLD HARMLESS/INDEMNIFICATION.

The AUDITOR hereby agrees to indemnify and hold harmless the CITY and any of its officers and employees from and against any and all claims, liabilities, litigation, causes of action, damages, costs, expenses (including but not limited to fees and expenses arising from any factual investigation, discovery or preparation for litigation), and the payment of any and all of the foregoing or any demands, settlements or judgments arising directly or indirectly under this Contract. The AUDITOR shall immediately give notice to the CITY of any suit, claim or action made against the AUDITOR that is related to the activity under this Contract, and will cooperate with the CITY in the investigation arising as a result of any suit, action or claim related to this agreement.

9. ANTI-DISCRIMINATION.

The AUDITOR agrees it they will not discriminate against any of their employees or applicants for employment or against persons for any benefit or service because of their race, color, religion, sex, national origin, or physical or mental handicap where the handicap does not affect the ability of an individual to perform in a position of employment, and to abide by all federal and state laws regarding non-discrimination.

10. ANTI-KICKBACK.

The AUDITOR warrants that no person has been employed or retained to solicit or secure this agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, and that no employee or officer of the CITY has any interest, financially or otherwise, in the said funded project, except for general membership. For breach or violation of this warranty, the CITY shall have the right to annul this agreement without liability or, in its discretion, to deduct from the agreement price or consideration, the full amount of such commission, percentage, brokerage or contingent fee.

11. TERMINATION WITHOUT CAUSE.

This Agreement may be terminated, without cause, by either of the parties hereto upon written notice delivered to the other party at least 60 days prior to the intended date of termination.

12. TERMINATION FOR BREACH.

The CITY may immediately terminate this agreement for any breach of the terms contained herein. Such termination shall take place immediately upon receipt of written notice of said termination. Any waiver of any breach of covenants herein contained to be kept and performed by AUDITOR shall not be deemed or considered as a continuing waiver and shall not operate to bar or prevent the CITY from declaring a forfeiture for any succeeding breach either of the same conditions or of any other conditions.

13. ENTIRE AGREEMENT.

The City of Key West Request for Proposals #08-13-Audit dated June 1, 2008, a copy of which is attached hereto, incorporated by reference, and more particularly identified as Exhibit "B", AUDITOR'S Proposal for Auditing Services dated July 9, 2008, a copy of which is attached hereto, incorporated by reference, and more particularly described as Exhibit "C", and this Contract constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersede any and all prior agreements with respect to such subject matter between the CITY and the AUDITOR.

14. CONSENT TO JURISDICTION.

This agreement, its performance, and all disputes arising hereunder, shall be governed by the laws of the State of Florida, and both parties agree that the proper venue for any actions shall be in Monroe County.

15. ETHICS CLAUSE.

AUDITOR warrants that it has not employed, retained or otherwise had act on his behalf any former CITY officer or employee. For breach or violation of the provision the CITY may, at its discretion terminate this agreement without liability and may also, at its discretion, deduct from the agreement or purchase price, or otherwise recover, the full amount of any fee, commission, percentage, gift, or consideration paid to the former or present CITY officer or employee.

16. PUBLIC ENTITY CRIME STATEMENT.

A person or affiliate who has been placed on the convicted vendor list following a conviction for public entity crime may not submit a bid on an contract to provide any goods or services to a public entity, may not submit a bid on a agreement with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to public entity, may not be awarded or perform work as a contractor, supplier, sub-contractor, or consultant under a agreement with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

17. AUTHORITY.

AUDITOR warrants that it is authorized by law to engage in the performance of the activities encompassed by the project herein described. Each of the signatories for the AUDITOR below certifies and warrants that the AUDITOR'S name in this Contract is the full name as designated in its corporate charter (if a corporation); they are empowered to act and contract for the AUDITOR, and this agreement has been approved by the Board of Directors of AUDITOR or other appropriate authority.

18. LICENSES.

AUDITOR warrants that it shall have, prior to commencement of work under this agreement and at all times during said work, all required licenses whether federal, state, County or City.

19. INSURANCE.

AUDITOR agrees that it maintains in force at its own expense a liability insurance policy which will insure and indemnify the AUDITOR and the CITY from any suits, claims or actions brought by any person or persons and from all costs and expenses of litigation brought against the AUDITOR for such injuries to persons or damage to property occurring during the agreement or thereafter that results from performance by AUDITOR of the obligations set forth in this agreement. At all times during the term of this agreement and for one year after acceptance of the project, AUDITOR shall maintain on file with the CITY a certificate of the insurance of the carriers showing that the aforesaid insurance policy is in effect. The following coverage shall be provided:

1. Workers Compensation insurance as required by Florida Statutes.
2. Commercial General Liability Insurance with minimum limits of \$500,000 per occurrence for bodily injury, personal injury and property damage.
3. Comprehensive Auto Liability Insurance with minimum limits of \$300,000 combined single limit per occurrence.
4. Professional Liability Insurance which will respond to damages resulting from any claim arising out of the performance of professional services or any error or omission of the AUDITOR arising out of work governed by this agreement. Such insurance shall have the following minimum amounts of liability: \$250,000 per Occurrence/\$500,000 Aggregate.

The CITY shall be named as additional insured, except workers compensation. The policies shall provide no less than 30 days notice of cancellation, non-renewal or reduction of coverage. At all times during the term of this agreement and for one year after acceptance of the project, AUDITOR shall maintain on file with the CITY a certificate of insurance showing that the aforesaid insurance coverage is in effect.

20. NOTICE.

Any written notice to be given to either party under this agreement or related hereto shall be addressed and delivered as follows:

For AUDITOR: William G. Benson, Partner
Keefe, McCullough, & Co., LLP
6550 North Federal Highway, Suite 410
Fort Lauderdale, Fl. 33308

For CITY: Jim Scholl, City Manager
P.O. Box 1409
Key West, Florida 33041

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed the day and year first above written.



Cheryl Smith
Cheryl Smith, City Clerk

CITY OF KEY WEST, by and through its
KEY WEST CITY COMMISSION

By: [Signature]
Morgan McPherson, Mayor

09 day of October, 2008.

ATTEST:

By: [Signature]

KEEFE, McCULLOUGH, & CO., LLP

By: [Signature], CPA
William G. Benson, Partner

Pamela Von Tersch
(Print Name of Secretary)

17th day of October, 2008.

**KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS**

**PROPOSAL FOR AUDITING SERVICES
RFP 08-013
FOR**

CITY OF KEY WEST

SUBMITTED ON JULY 9, 2008

**KEEFE, MCCULLOUGH & CO., LLP, C.P.A.'S
6550 NORTH FEDERAL HIGHWAY
SUITE 410
FT. LAUDERDALE, FLORIDA 33308
954-771-0896**

FIRM CONTACT PERSONS:

**William G. Benson, C.P.A., Partner
Cynthia L. Calvert, C.P.A., Partner**

**KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS**

**PROPOSAL FOR AUDITING SERVICES
RFP 08-013
FOR**

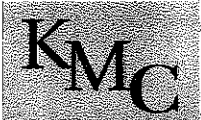
CITY OF KEY WEST

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**KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS**

TRANSMITTAL LETTER



KEEFE, MCCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

JOHN R. KEEFE, C.P.A.
STEVEN H. WOODS, C.P.A.
DAVID T. WILLIAMS, C.P.A.
JOSEPH D. LEO, C.P.A.
WILLIAM G. BENSON, C.P.A.
KENNETH G. SMITH, C.P.A.

LOUIS R. PROIETTO, C.P.A.
CYNTHIA L. CALVERT, C.P.A.
JOHNE. MCCULLOUGH, C.P.A. (RETIRED)
THOMAS T. CARPENTIER, C.P.A. (RETIRED)
PAUL B. SNEIDER, C.P.A. (RETIRED)
BRIAN D. PINNELL, C.P.A. (RETIRED)

ISRAEL J. GOMEZ, C.P.A.
CHARLES K. RUMPF, C.P.A.
JAMES R. LARAWAY, C.P.A.

ROSS S. GOTTHOFFER, C.P.A.
HILLARY B. DAYGLE, C.P.A.

6550 NORTH FEDERAL HIGHWAY
SUITE 410
FORT LAUDERDALE, FLORIDA 33308
(954) 771-0896
FAX: (954) 938-9353
E-MAIL: kmc@kmc CPA.com

July 8, 2008

City Clerk and City Audit and Finance Committee
City of Key West
525 Angela Street
Key West, Florida 33040-1409

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 and account groups of the City for an initial three-year period commencing with the fiscal year ending September 30, 2008, with the City's option of the two subsequent fiscal years (five years maximum).

Our examination of the City's financial statements will be conducted in accordance with;

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA);
2. The standards for financial audits set forth in the U.S. General Accounting Offices's (GAO) Government Auditing Standards (2007 Revision);
3. The provisions of the Federal Single Audit Act of 1984 (as amended in 1996 and subsequently);
4. The Florida Single Audit Act, should thresholds be met requiring such review;
5. The provisions of U.S. Office of Management and Budget (OMB) Circular A-133;
6. Audits of States, Local Governments and Non-Profit Organizations, Audits of State and Local Governments (revised) - AICPA;
7. Section 218.39 and 11.45, Florida Statutes;
8. State of Florida Department of Banking and Finance Regulations;
9. Rules adopted by the State of Florida Auditors General for form and content of government unit audits;
10. Any other applicable Federal, State and local laws or regulations as well as City of Key West Bond Ordinances and Resolutions.

Keefe, McCullough & Co., LLP, C.P.A.'s is committed to performing the auditing services within the prescribed time frame as outlined in the City's request for RFP number 08-013, beginning with the fiscal year ending September 30, 2008.

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

William G. Benson, C.P.A., Partner
Cynthia L. Calvert, C.P.A., Partner

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 best qualified to perform your audit engagement based on 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 accounting staff in this specialized area, our absolute dedication to excellence and quality in our practice and our unique service philosophy which has created a dedicated 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.

**KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS**

TECHNICAL PROPOSAL

TECHNICAL PROPOSAL

1. General Requirements

Keefe, McCullough & Co., LLP, C.P.A.'s has existed as a firm for over thirty-seven years and we are located in Fort Lauderdale to serve the South Florida area. Our office consists of nine partners, approximately fifty (50) 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 have listed several of these entities for your reference as part of this detailed proposal.

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 participates in the American Institute of Certified Public Accountants Quality Review Program and we received an unqualified opinion on our last four quality reviews. We have included documentation relating to the most recent review in Section IV.

TECHNICAL PROPOSAL

1. **General Requirements (continued)**

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.

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 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. Keefe, McCullough & Co., LLP is independent of all of the blended component units of the City of Key West as defined by those same standards.

The firm should also list and describe the firm's (and/or proposed subcontracts') 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 has had no previous professional relationships involving the City of Key West or any of its component units for the past five (5) years.

We will give the City of Key West written notice 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 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 respondent should state 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 or part-time basis.

Our governmental audit staff consists of thirty-five professionals. Keefe, McCullough & Co., LLP, C.P.A.'s has existed as a firm for over thirty-seven 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 III.

TECHNICAL PROPOSAL

4. Firm Qualifications and Experience (continued)

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement as to whether that quality control review included a review of specific governmental 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 IV. This quality control review included a specific review of the City of Weston and the City of Margate 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 action 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 also should 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.	Engagement Partner
Cynthia L. Calvert, C.P.A.	Second Review Partner
Ross S. Gotthoffer, C.P.A.	Field Leader

A profile of each audit team member is included in Section III, which lists specific governmental experience.

We have substantial experience in the areas of internal control and compliance auditing in accordance with "Government Auditing Standards" ("The Yellow Book"), Federal Single Audits in accordance with OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations," the Florida Single Audit Act, and the Rules of the Auditor General of the State of Florida. Due to the concentration of this type of work in our practice, we provide each of our Governmental and non-profit accounting staff members with at least eighty hours of continuing professional education every two years. In addition, the firm belongs to the AICPA, FICPA, AICPA Governmental Audit Quality Center, the Government Finance Officers Association and the Broward County League of Cities.

TECHNICAL PROPOSAL

5. Partner, Supervisory and Staff Qualifications and Experience

The firm should 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 should also indicate how the quality of staff over the term of the agreement will be assured.

A profile of each audit team member is included in Section III, which lists specific governmental experience, qualifications and continuing professional education. 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 a significant number of "governmental qualified" continuing education courses every year.

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 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. We will communicate with City finance personnel in the event of staff turnover and promptly identify a mutually agreeable and governmentally qualified replacement team member. However, we understand that the City retains the right to approve or reject replacements.

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 the City may change audit personnel, at its discretion, for replacements that have substantially the same or better qualifications or experience.

6. Prior Engagements with the City of Key West

The firm should list separately all engagements within the last five years, ranked on the basis of total staff hours, for the City of Key West by type of engagement (i.e., audit, management advisory services, other). For each engagement, the firm should indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

We have had no previous professional relationships involving the City for the past five (5) years.

TECHNICAL PROPOSAL

7. Similar Engagements with other Government 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.

All municipalities listed below have received the Certificate of Achievement for Excellence in Financial Reporting on their Comprehensive Annual Financial Reports (CAFR) every year with the exception of one city that elects not to participate in the program.

Mr. John Lavisky, City Administrator
City of Lighthouse Point
2200 N.E. 38th Street
Lighthouse Point, FL 33064
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
Assistance in helping the City comply with the requirements of Governmental Accounting Standards Board Statement Number 34 (GASB 34) and related pronouncements

Date of work: 1995 through 2008

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

Approximate number of hours: 250

Mr. Herbert Herriman, Finance Director
City of Plantation, Florida
400 N.W. 73rd Avenue
Plantation, FL 33317
954-797-2202

Scope of work:

Annual financial and compliance audits of the City and its blended component units
Assistance in helping the City comply with the requirements of Governmental Accounting Standards Board Statement Number 34 (GASB 34) and related pronouncements

Date of work: 1994 through 2008

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

Approximate number of hours: 800

Mr. John R. Flint, City Manager
City of Weston, Florida
2500 Weston Road, Suite 101
Weston, FL 33331
954-385-2000

TECHNICAL PROPOSAL

7. **Similar Engagements with other Government Entities (continued)**

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 2008

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

Approximate number of hours: 1,000

Ms. Maria Camacho, Finance Director

Town of Golden Beach

One Golden Beach Drive

Golden Beach, FL 33160

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

Date of work: 2002 through 2008

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

Approximate number of hours: 400

Dr. Robert Levy, Town Manager

Town of Pembroke Park

3150 S.W. 52nd Avenue

Pembroke Park, FL 33023

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

Date of work: 2002 through 2008

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

Approximate number of hours: 375

All of the municipalities listed above have implemented Governmental Accounting Standards Board (GASB) Statement Number 34.

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

City of Dania Beach

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

Assistance in helping the City comply with the requirements of
Governmental Accounting Standards Board Statement Number
34 (GASB 34) and related pronouncements

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

TECHNICAL PROPOSAL

7. Similar Engagements with other Government Entities (continued)

City of Lighthouse Point

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
Assistance in helping the City comply with the requirements of
Governmental Accounting Standards Board Statement Number
34 (GASB 34) and related pronouncements

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

City of Parkland

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
Assistance in helping the City comply with the requirements of
Governmental Accounting Standards Board Statement Number
34 (GASB 34) and related pronouncements

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

City of Plantation

Scope of work:

Annual financial and compliance audits of the City and its blended
component units
Assistance in helping the City comply with the requirements of
Governmental Accounting Standards Board Statement Number
34 (GASB 34) and related pronouncements

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

City of Weston

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
Assistance in helping the City comply with the requirements of
Governmental Accounting Standards Board Statement Number
34 (GASB 34) and related pronouncements

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

Islamorada, Village of Islands

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
Assistance in helping the Village comply with the requirements of
Governmental Accounting Standards Board Statement Number
34 (GASB 34) and related pronouncements

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

TECHNICAL PROPOSAL

7. Similar Engagements with other Government Entities (continued)

Town of Golden Beach

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
Assistance in helping the Town comply with the requirements of
Governmental Accounting Standards Board Statement Number
34 (GASB 34) and related pronouncements

Engagement partner(s):

Town of Hillsboro Beach

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
Assistance in helping the Town comply with the requirements of
Governmental Accounting Standards Board Statement Number
34 (GASB 34) and related pronouncements

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

Town of Pembroke Pines

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
Assistance in helping the Town comply with the requirements of
Governmental Accounting Standards Board Statement Number
34 (GASB 34) and related pronouncements

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

Town of Southwest Ranches

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
Assistance in helping the Town comply with the requirements of
Governmental Accounting Standards Board Statement Number
34 (GASB 34) and related pronouncements

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

Village of Pinecrest

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.

TECHNICAL PROPOSAL

7. Similar Engagements with other Government Entities (continued)

Village of Sea Ranch Lakes

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
- Assistance in helping the Village comply with the requirements of Governmental Accounting Standards Board Statement Number 34 (GASB 34) and related pronouncements

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

8. Specific Audit Approach

The proposal must set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of the Request for Proposal. In developing the work plan, reference should be made to such sources of information as the City of Key West's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems. Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff to be assigned 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 IT 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 subject to audit test work
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance

Keefe, McCullough & Co., LLP, C.P.A.'s anticipated approach to the examination of the financial statements of the City of Key West is summarized as follows:

Engagement work plan:

We have provided below a preliminary engagement work plan to perform the financial and compliance audits which involve the government-wide financial statements, the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and the capital assets and long-term debt of the City of Key West.

In performing the financial and compliance audits for the City of Key West and its separately issued component units 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:

TECHNICAL PROPOSAL

8. Specific Audit Approach (continued)

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.

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.

TECHNICAL PROPOSAL

8. Specific Audit Approach (continued)

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.

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 judgement 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 Report on the Basic Financial Statements as a part of the CAFR.

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 Schedule of Expenditures of Federal Awards and State Financial Assistance.

TECHNICAL PROPOSAL

8. Specific Audit Approach (continued)

Preparation of Schedule of Findings and Questioned Costs.

Preparation of the management letter.

Preparation of the Data Collection Form.

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.

Due to the fact that our firm presently represents numerous local South Florida municipalities and many governmental special taxing districts, we have substantial experience to provide other consulting services to the City. We also have experience in franchise fee auditing, audit work in connection with bond underwriting and other internal consulting projects which the City may require.

9. Identification of Anticipated Potential Audit Problems

The proposal should 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 of Key West's personnel.

**KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS**

AUDIT 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 23 years
Coopers & Lybrand, C.P.A.'s Senior 2 years

Engagement Experience

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

Audit Engagements:

- * After Care Educators, Inc.
- * Air-Conditioning & Refrigeration Wholesalers
- * Alzheimer's Family Center, Inc.
- * American Eldercare, Inc.
- * Arbor Greene Community Development District
- * Baywinds Community Development District
- * Bobcat Trail Community Development District
- * Bonita Springs Charter School
- * Bonnet Creek Resort Community Development District
- * Broward County League of Cities, Inc.
- * Cape Coral Charter School
- * Carnahan, Proctor and Cross, Inc. (DOT overhead audit)
- * Caroch Properties
- * Center for Family and Child Enrichment, Inc.
- * Championsgate Community Development District
- * Charter Schools USA, Inc.
- * Charter Schools USA 401(k) Plan
- * City of Margate, Florida
- * City of Plantation, Florida
- * City of Weston, Florida
- * Colonial Inn at Heritage Park, LLP
- * Community Asphalt Corp.
- * Coral Springs Improvement District
- * County Sanitation, Inc.
- * Delray Youth Enrichment Development Center, Inc.
- * Deer Island Community Development District
- * Downtown Development Authority
- * The Downtown Miami Charter School, Inc.
- * Driftwood Beach Club Association, Inc.
- * East Homestead Community Development District
- * Ecological Technologies, LLC
- * Falls at Marina Bay, Ltd.
- * Fiddler's Creek II Community Development District
- * First Presbyterian Continuing Church of Coral Springs, Inc.
- * Fogmaster Consolidated, Inc. and Subsidiaries
- * Fresh Harvest International, Inc.
- * Gateway Charter High School
- * Gateway Charter School
- * HBC, Inc. (Hillsboro Bay Club Apartments)
- * Habitat Community Development District
- * Hamal Community Development District
- * Henderson Mental Health Center, Inc.
- * Heritage Greens Community Development District
- * Heritage Harbour South Community Development District

- * Heritage Home Health, Inc.
- * Heritage Park, LLLP
- * Heritage Park, LLLP 401(k) Salary Reduction Plan and Trust
- * Heritage Park of West Delray, LLLP
- * Heritage Park Retirement Communities, LLC
- * Hillsboro Inlet District
- * Hollywood Academy of Arts & Science
- * The Homestead Charter Foundation, Inc.
- * Islamorada, Village of Islands, Florida
- * Junior Achievement of South Florida, Inc.
- * Key Largo Fire Rescue and EMS District
- * Killarney Community Development District
- * Lake Powell Community Development District
- * Lakewood Ranch Community Development District
- * Landmark at Doral Community Development District
- * Lewis Marine Supply, Inc. Profit Sharing Plan
- * Lexington Oaks Community Development District
- * Liberty Inn, LLC
- * Meadow Pointe Community Development District
- * Mediterra North Community Development District
- * Mediterra South Community Development District
- * Midtown Miami Community Development District
- * Miramar Lakes Community Development District
- * Monterra Community Development District
- * Narcoossee Community Development District
- * New River Cabinet and Fixture Holdings, Inc.
- * New River Cabinet and Fixture, Inc.
- * New River Corporate Holdings, Inc.
- * North Broward Academy of Excellence
- * North County Charter School
- * North Pompano Baptist Church Holding Company, Inc.
- * Northeast Academy
- * Northwood Community Development District
- * Oakwood Center of the Palm Beaches, Inc.
- * Ocean Grande Beach and Marina Condominium Association, Inc.
- * Old Palm Community Development District
- * Orchid Grove Community Development District
- * Palm Bay Community Development District
- * Palm Glades Community Development District
- * Parklands West Community Development District
- * Petmed Express, Inc.
- * Pine Air Lakes Community Development District
- * Plantation Acres Improvement District
- * Plaza South Association, Inc.
- * Regency Tower Association, Inc.
- * Remington Community Development District
- * Renaissance Charter School, Inc.
- * Renaissance Community Development District
- * Retirement Plan for Employees of Oakwood Center of the Palm Beaches, Inc.
- * River's Song Community Development District
- * Sarasota National Community Development District
- * South County Foundation for Mental Health, Inc.
- * South County Mental Health Center, Inc.
- * South Dade Venture Community Development District
- * Southern Specialties, Inc.
- * Spicewood Community Development District
- * Starlink Telecommunication Technologies, Inc.
- * Stevens Plantation Community Development District
- * Stonegate Community Development District
- * StoneLake Ranch Community Development District
- * Taplin Group Marina Bay, Ltd.
- * The Town Foundation, Inc.
- * University Square Community Development District
- * Verandah West Community Development District
- * Viera East Community Development District
- * VillaSol Community Development District
- * Village of Pinecrest, Florida
- * Vizcaya Community Development District
- * W. Jackson & Sons Construction Co.
- * Westwind Contracting, Inc.
- * 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

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 the acquisition of manufacturing companies

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

Assisted the First Presbyterian Continuing Church of Coral Springs, Inc. in restructuring their existing bond indenture

Past President and Treasurer of the Executives of Broward

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

Member of the Leadership Broward Foundation, Inc.

Member and Officer in Knights of Columbus

Appointed to the Broward County, Florida Homeless Initiative Partnership

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

Partner in charge of special audit procedures regarding various county franchise reports for waste hauling companies

Partner in charge of due diligence procedures in connection with potential mergers and acquisitions

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)

Past Treasurer of St. Gregory the Great Catholic School

Member of St. Gregory the Great Catholic School Advisory Board

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

Member of the Board of Directors of St. Thomas Aquinas High School

Member of the Board of Directors of Food for the Poor

Member of the Finance Council of the Archdiocese of Miami

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

**KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS**

SERVICE TEAM MEMBER PROFILE



Cynthia L. Calvert, C.P.A.
Partner

Education

Florida Atlantic University
Auburn University

BBA degree
BA degree

Major - accounting
Major - political science

Career Experience

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

Partner

13 years

Engagement Experience

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

Audit Engagements:

- * Achievement and Rehabilitation Centers
- * Amelia National Community Development District
- * American Red Cross of Greater Miami and the Keys
- * Arbor Greene Community Development District
- * Assistance Unlimited, Inc.
- * Baywinds Community Development District
- * Beaux Arts of Museum of Art, Inc.
- * The Benjamin Private School, Inc.
- * Big Brothers / Big Sisters Association of Florida, Inc.
- * Big Brothers / Big Sisters of Broward, Inc.
- * Bobcat Trail Community Development District
- * Bonnet Creek Resort Community Development District
- * Briger Community Development District
- * Broward Adjustment Services, Inc.
- * Broward County Chapter - American National Red Cross
- * Broward County League of Cities, Inc.
- * Broward House, Inc.
- * Broward Risk Management Association
- * Caroch Properties
- * Center for Independent Living of Broward, Inc.
- * Central and South American World Sector, Inc.
- * Championsgate Community Development District
- * Child Protection Team of Palm Beach, Inc.
- * Children's Service Council of Broward County
- * City of Aventura, Florida
- * City of Aventura Police Officers Retirement Plan
- * City of Dania Beach, Florida
- * City of Margate, Florida
- * City of Parkland, Florida
- * City of Plantation, Florida
- * City of Weston, Florida
- * City of Wilton Manors, Florida
- * The Clinton Mortgage Network, Inc.
- * Colonial Inn at Heritage Park, LLLP
- * Community Television Foundation of South Florida, Inc.
- * Community Television Foundation of South Florida, Inc. Money Purchase Thrift Plan
- * Community Television Foundation of South Florida, Inc. Retirement Plan
- * Coral Springs Improvement District
- * Daily Bread Food Bank, Inc.
- * Deer Island Community Development District
- * Downtown Development Authority
- * East Homestead Community Development District
- * Episcopal Church of St. Mark the Evangelist
- * Elizabeth H. Faulk Foundation, Inc.

- * Fiddler's Creek II Community Development District
- * Firefighters Charitable Foundation, Inc.
- * Florida Atlantic University Foundation, Inc.
- * Florida International Academy, Inc.
- * Fogmaster Consolidated, Inc.
- * Habitat Community Development District
- * Habitat for Humanity of Palm Beach County
- * Hamal Community Development District
- * Harbourage on Braden River Community Development District
- * The Haven, Inc.
- * Heritage Greens Community Development District
- * Heritage Harbour South Community Development District
- * Heritage Home Health, Inc.
- * Heritage Park, LLLP 401(k) Salary Reduction Plan and Trust
- * Heritage Park, LLLP
- * Heritage Park of West Delray, LLLP
- * Hugs for Kids
- * Islamorada, Village of Islands, Florida
- * Julington Creek Plantation Development District
- * Jupiter Marine International, Inc.
- * Keith and Schnars, P.A. (Overhead audit)
- * Key Largo Fire Rescue and EMS District
- * Killarney Community Development District
- * Lake Powell Community Development District
- * Lakewood Ranch Community Development District
- * Landmark at Doral Community Development District
- * Lexington Oaks Community Development District
- * Margate Community Redevelopment Agency
- * Meadow Pines Community Development District
- * Meadow Pointe Community Development District
- * Mediterra North Community Development District
- * Mediterra South Community Development District
- * Messianique Training Center & Institute, Inc.
- * Midtown Miami Community Development District
- * Miramar Lakes Community Development District
- * Mitigating Circumstances SKS Contractors, Inc.
- * Monterra Community Development District
- * Narcoossee Community Development District
- * Northwest Focal Point Senior Center
- * Northwood Community Development District
- * OCO Partnership, Inc.
- * Oakwood Center of the Palm Beaches, Inc.
- * Old Palm Community Development District
- * Orchid Grove Community Development District
- * Osprey Health Care, Inc.
- * PPGM Foundation, Inc.
- * Palm Bay Community Development District
- * Palm Glades Community Development District
- * The Pantry of Broward, Inc.
- * Parklands West Community Development District
- * Pine Air Lakes Community Development District
- * Pine Crest Preparatory School, Inc.
- * Place of Hope Foundation, Inc.
- * Place of Hope Holdings, Inc.
- * Place of Hope, Inc.
- * Planned Parenthood of Greater Miami & Florida Keys, Inc.
- * Plantation Acres Improvement District
- * Plaza South Association, Inc.
- * Remington Community Development District
- * Renaissance Community Development District
- * SKS Engineering & Planning, Inc.
- * SOS Children's Village of Florida, Inc.
- * St. Mark's Episcopal School
- * Sarasota National Community Development District
- * Saxon Business Systems, Inc.
- * Saxon Business Systems of North Florida, Inc.
- * Security Mortgage Group, Inc.
- * Severn Trent Services
- * South County Foundation for Mental Health, Inc.
- * South County Mental Health Center, Inc.
- * South Dade Venture Community Development District
- * Southeast Mechanical Contractors, Ltd.

- * The South Florida Church of Christ, Inc.
- * Spicewood Community Development District
- * Stevens Plantation Community Development District
- * Stonegate Community Development District
- * StoneLake Ranch Community Development District
- * Sunburst Sanitation Corporation (Franchise audit)
- * Tomoka Community Development District
- * The Town Foundation, Inc.
- * Town of Golden Beach, Florida
- * Town of Pembroke Park, Florida
- * Town of Southwest Ranches, Florida
- * University Square Community Development District
- * Verandah West Community Development District
- * Viera East Community Development District
- * Village of Pinecrest, Florida
- * Village of Sea Ranch Lakes, Florida
- * VillaSol Community Development District
- * Vizcaya Community Development District
- * WPBT Communication Foundation, Inc.
- * Westchase Community Development District
- * Westchase East Community Development District
- * Westwind Contracting, Inc.
- * YWCA of Palm Beach County, Florida, Inc.

Other Experience

Attended numerous seminars and courses dealing with accounting and audit problems and 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

Past President of Plantation Junior Woman's Club

Founding Board member of the Make-A-Wish Foundation of South Florida, Inc.

Past Director of DALI's, auxiliary of Young At Art

Past Director of Friends of Gilda's Club of South Florida

Participant in State of Florida Auditor General seminar for local governments and nonprofits regarding the Florida Single Audit Act

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

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

Member of the Leadership Broward Foundation, Inc.

Treasurer of Junior League of Ft. Lauderdale

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)

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)

**KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS**

SERVICE TEAM MEMBER PROFILE



Ross S. Gotthoffer, C.P.A.
Supervisor

Education

University of Florida
University of South Florida

BS degree
Master degree
Master degree

Major - business administration
Business administration
Accounting

Career Experience

Keefe, McCullough & Co., LLP, C.P.A.'s
Severn Trent Services
Southern Exchange Bank

Supervisor
Senior
Accounting Officer

3 years
2 years
3 years

Engagement Experience

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

- * America one Funding Group Corp.
- * Archimedean Academy, Inc.
- * Automotive Warranty Solutions, LLC
- * Boston Portfolio Advisors, Inc.
- * Broward Adjustment Services, Inc.
- * Broward Community College Foundation
- * Broward House, Inc.
- * Capital Partners Global Asset Fund, LLC
- * Capital Partners High Yield Mezzanine Fund I, LLC
- * Center for Family and Child Enrichment, Inc.
- * City of Lighthouse Point, Florida
- * City of North Bay Village, Florida
- * City of Parkland, Florida
- * Coral Springs Charter School
- * F.R.S. & Associates, Inc.
- * Finance First Mortgage Corp.
- * Foster Marine Contractors, Inc.
- * Heart to Heart Adoption Service, Inc.
- * Henderson Mental Health Center, Inc.
- * Hillsboro Inlet District
- * HUGS for Kids
- * Keith and Schnars, P.A.
- * Oakwood Center of the Palm Beaches, Inc.
- * Place of Hope, Inc.
- * Plantation Acres Improvement District
- * SEFLIN (Southeast Florida Information Network)
- * South County Foundation for Mental Health
- * South County Mental Health Center, Inc.
- * The South Florida Church of Christ, Inc.
- * Sunburst Sanitation Corporation
- * Village of Hope of Palm Beach County, Inc.
- * X Point Technologies, Inc.

Other Experience

Attended numerous courses and seminars dealing with numerous areas of accounting, auditing and taxation

Served as senior accountant for numerous districts as well as City of Weston, Florida

Expertise in general ledger, including going through two detailed general ledger conversions and setting up the general ledger

**KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS**

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

To the Partners
Keefe, McCullough & Co., LLP

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, 2005. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with 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 with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. (The engagements selected included among others, audits of Employee Benefit Plans and engagements performed under *Government Auditing Standards*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

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, 2005, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

Albert Gardner & Koon

Manchester, Georgia
December 2, 2005



FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

325 WEST COLLEGE AVENUE • P.O. BOX 5437 • TALLAHASSEE, FLORIDA 32314
TELEPHONE (850) 224-2727 • FAX (850) 222-8190

April 24, 2006

Joseph D. Leo, CPA
Keefe, McCullough & Co., LLP
6550 N Federal Hwy Ste 410
Fort Lauderdale, FL 33308-1417

Dear Mr. Leo:

It is my pleasure to notify you that on April 24, 2006 the Florida Peer Review Committee accepted the report on the most recent peer review of your firm. The due date for your next review is February 28, 2009. This is the date by which all review documents should be completed and submitted to the administering entity. Since your firm's due date falls between January and April, you may arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the reviewer's opinion was unmodified. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Paul N. Brown
Peer Review
Director of Technical Services

cc: David C Jordan, CPA

Firm Number: 10036786

Review Number: 227614

A I C P A

PEER REVIEW PROGRAM

is proud to present this

Certificate of Recognition

to

Keefe, McCullough & Co., LLP

For having a system of quality control for its accounting and auditing practice in effect for the year ended August 31, 2005 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 dark ink, appearing to read "David Jentho".

David A. Jentho, Chair
AICPA Peer Review Board
2005

**KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS**

PRICE PROPOSAL

**CITY OF KEY WEST
REQUEST FOR PROPOSAL**

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2008 FINANCIAL STATEMENTS
INCLUDING FEDERAL AND STATE SINGLE AUDIT WORK**

	Standard Hourly		Quoted Hourly	
	Hours	Rates	Hours	Rates
Partners	50	215	50	175
Managers	120	140	120	120
Supervisory staff	300	120	300	100
Senior Accountant	315	100	315	80
Staff	315	80	315	70
Other (specify):				
Subtotal	<u>1100</u>			

Out of Pocket Expenses:

Meals and Lodging	2,550
Transportation	1,500
Other - Report Printing	550

Total Price for the Comprehensive Annual
Financial Report \$ 105,000

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, 2008	\$ <u>105,000</u>
September 30, 2009	\$ <u>109,000</u>
September 30, 2010	\$ <u>113,000</u>
September 30, 2011	\$ <u>117,000</u>
September 30, 2012	\$ <u>121,000</u>

**KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS**

ADDENDA

01023

Board of County Commissioners, Broward County, Florida
BROWARD COUNTY LOCAL BUSINESS TAX RECEIPT

FOR PERIOD OCTOBER 1, 2007 THRU SEPTEMBER 30, 2008

FORM NO. 401-280/AC 25-081
RV200730729 (Rev. 3/07)

RENEWAL TRANSFER SEC # _____
 NEW DATE BUSINESS OPENED _____

STATE OR COUNTY CERT REG # _____
Business Location Address:
4500 N FEDERAL HWY #10
FT LAUDERDALE, FL 33308-0000
BUSINESS PHONE: (305) 771-0884

THIS RECEIPT MUST BE CONSPICUOUSLY DISPLAYED
TO PUBLIC VIEW AT THE LOCATION ADDRESS ABOVE



BROWARD COUNTY REVENUE COLLECTION
115 S. Andrews Avenue, Governmental Center Annex
FORT LAUDERDALE, FL 33301
www.broward.org/revenue

PAY TO: 07/24/07 7706808,0001

2007 - 2008

PAYMENT RECEIVED AS VALIDATED ABOVE

*SEE INSTRUCTIONS ON REVERSE SIDE

PENALTIES IF PAID:
OCT. - 10% NOV. - 15%
* DEC. - 20% After DEC 31 - 25%
Plus Tax Collection Fee of up to \$2500
Based on Cost of Business Tax If Paid
On or After November 30.

TAX \$31.7
BACK TAX \$55.00
PENALTY \$55.00
TOTAL \$141.70

ACCOUNT NUMBER
317-0000111

KEEFE MCULLOUGH & CO
4500 N FEDERAL HIGHWAY #100
FORT LAUDERDALE FL 33308-0000

TYPE OF BUSINESS TAX PAID
CPA GROUP 34 UNITS

CITY OF KEY WEST
ANTI-KICKBACK AFFIDAVIT

State of Florida)
County of Broward) ss.

I, the undersigned hereby duly sworn, depose and say that no portion of the sum herein bid 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 A. Penr CPA

Sworn and prescribed before me this 8th day of July 2008.

Beth C. Anderton
NOTARY PUBLIC, State of Florida

My commission expires:



Beth C. Anderton
Commission # DD471639
Expires October 1, 2009
Standard Title Fair Insurance, Inc. 888-285-7019

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

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

1. This sworn statement is submitted to: City of Key West.
by: William G. Benson, C.P.A.
Partner
for: Keefe, McCullough & Co., LLP
whose business address is: 6550 North Federal Highway, Suite 410
Fort Lauderdale, Florida 33308

Federal Identification Number (FEIN) is: 59-1363792

2. I understand that a "public entity crime" as defined in §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 with 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 or 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 §287.133(1)(b), 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 related to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, non-jury trial, or entry of a plea of guilty or nolo contendere.

4. I understand that an "affiliate" as defined in §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 agents 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 or 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 §287.133(1)(e), Florida Statutes, means any natural person or any 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 led 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.

CITY OF KEY WEST
SWORN STATEMENT PURSUANT TO SECTION 287.133(3)(A)
FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES
 (continued)

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

 X Neither the entity submitting the sworn statement, nor any of its officers, directors, executives, partners, shareholders, employees, members or agents who are active in management of the entity nor any affiliate of the entity have been charged with and convicted of a public entity crime subsequent to July 1, 1989.

 The entity submitting this sworn statement, or one or more of the officers, directors, executives, partners, shareholders, employees, members or agents who are active in management of the entity or an affiliated of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 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 1, 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.

William G. Benson CPA
 William G. Benson, C.P.A.

7-08-08
 Date

State of Florida)
) ss.
 County of Broward)

PERSONALLY APPEARED BEFORE ME the undersigned authority, William G. Benson who is personally known to me who affixed his signature in the space provided above on this 8th day of July 2008.



Beth C. Anderton
 Commission # DD471639
 Expires October 1, 2009
Bonded Troy Farm Insurance, Inc 888-383-7819

Beth C. Anderton
 NOTARY PUBLIC

My commission expires: