

City of Key West, Florida
RFP 007-13 External Audit Services
Addendum 1-B

1. How long has the current auditor been auditing the City?

5 Years

2. Are the financial statements of the Key West Housing Authority audited? If so, is this a separate engagement excluded from the scope of this RFP?

Yes – they have an audit contract separate from the City
Yes

3. Does the auditor print and bind the CAFRs? If so, does the City provide the cover and tabs?

Yes
The City only provides the picture to be used on the cover

4. Will you please provide copies of the two agreed-upon procedure reports issued for FYE 9/30/12 that were required by the Florida Department of Transportation?

See attached reports
FY12 not finalized

5. Should the proposed cost of services include the fees for the two agreed-upon procedure engagements?

Yes

6. The RFP requests an all-inclusive maximum price; therefore, we assume the City does not want the cost of services itemized (financial and compliance audit vs. Single Audit). Is this correct?

Yes

7. Were there any additional services performed in the last three years for the City? If any, what were the services performed and the related fees?

State of Florida Driver and Vehicle Exchange (DAVE) audit - \$2,500

8. What were the external audit fees for the services outlined in this RFP for the prior three fiscal years (itemize, if applicable)?

	FY12	FY11	FY10
Audit Services	\$121,000	\$117,000	\$113,000
CAFR	\$ 6,500	\$ 6,500	Prepared by City
5311 and Block Grant	\$ 5,000	\$ 5,000	\$ 5,000

9. Does the City have a local preference provision in their procurement policies?

Yes

Ordinance 09-22 Section 2.798 : <http://library.municode.com/index.aspx?clientId=10053>

10. How many auditors were in the field performing the previous year's audit and how long were they there?

3-4 auditors

3-4 weeks

11. How many adjusting journal entries did the auditors propose for FY12?

13 - Adjusting Journal Entries

12. Are there any significant events or transactions that will affect the City in the near future that you are aware of (litigation, debt issuances, changing software, new funds/programs, etc.)?

City is in the process of refinancing outstanding Sewer Revenue Bond

City is in the process of reviewing vendors for software conversion within the next 24 months



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES

The Honorable Mayor,
City Commissioners and City Manager
City of Key West, Florida

We have performed the procedures enumerated below, which were agreed to by the management of the City of Key West, Florida (the "City"), solely to assist the City and the State of Florida Department of Transportation ("DOT") in determining compliance with certain requirements described in the *Section 5311 Program Procedures, Section 2.1.3* for the year ended *September 30, 2011*. The City's management is responsible for the City's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the City management and the DOT. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are summarized as follows:

1. We obtained from the Florida Department of Transportation's staff a confirmation letter verifying that there is no urbanized area map as approved by the Metropolitan Planning Organization, the Florida Department of Transportation and the Federal Highway Administration, available from the District Planning Sections for Monroe County, Florida, in order to determine that services provided under the program were in non-urbanized areas.

No exceptions were noted based on the procedure performed.

2. We obtained from the City's staff a confirmation letter verifying that there is no restriction on public use of the City's public transit system in order to determine that there was no restriction on public use of the services funded by the program.

No exceptions were noted based on the procedure performed.

3. We obtained from the City's records the detail of expenses for the eligible costs submitted under the program and determined that the program billings were 50% and/or 65% of the eligible costs in order to determine that the Federal and state's participation did not exceed fifty and/or sixty-five percent (50% and/or 65%) of the total costs, as specified in the corresponding approved project budgets.

No exceptions were noted based on the procedure performed.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

City of Key West, Florida

This report is intended solely for the information and use of the City of Key West, Florida management, and Florida Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP
KEEFE, MCCULLOUGH & CO., LLP

Fort Lauderdale, Florida
July 11, 2012



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES

The Honorable Mayor,
City Commissioners and City Manager
City of Key West, Florida

We have performed the procedures enumerated below, which were agreed to by the management of the City of Key West, Florida (the "City"), solely to assist the City and the State of Florida Department of Transportation ("DOT") in determining compliance with certain limitations, as described in the *Public Transportation Joint Participation Agreements* entered into between the City and the DOT for the year ended *September 30, 2010*. The City's management is responsible for the City's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the City's management and the DOT. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are summarized as follows:

1. We obtained from the City's accounting records the Public Transit Block Grant funds earned by the City in the amount of \$ 174,487 in order to determine that such funds did not exceed the City's local revenues of \$ 1,698,680.

No exceptions were noted based on the procedure performed.

2. We obtained from the City's accounting records the detail of expenditures submitted for the Public Transit Block Grant program in order to determine that there were no expenses recorded for depreciation or amortization of capital assets.

No exceptions were noted based on the procedure performed.

3. We obtained from the City's accounting records the detail of expenditures submitted for the Public Transit Block Grant program in order to determine that the state's participation did not exceed fifty percent (50%) of the costs.

No exceptions were noted based on the procedure performed.

4. We obtained from the City's accounting records the actual transfers in from the Internal Improvement Fund for operations for the years ended September 30, 2009 and 2010 of \$ 1,368,757 and \$ 663,649, respectively, noting that the amount decreased from the previous year due to a corresponding decrease in bus routes. The Public Transit Block Grant funds did not supplant local revenues made available for operations.

No exceptions were noted based on the procedure performed.

City of Key West, Florida

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Key West, Florida management, and Florida Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP
KEEFE, MCCULLOUGH & CO., LLP

Fort Lauderdale, Florida
June 22, 2011