



**CITY OF KEY WEST
FINANCE DEPARTMENT
1300 White Street
Key West, FL 33040**

**ADDENDUM NO. 2
INDEPENDENT AUDITING SERVICES
RFP # 008-18**

The information contained in this Addendum adds information to be included in the Proposal and is hereby made a part of the Contract Documents. The referenced proposal package is hereby added in accordance with the following items:

QUESTIONS & CLARIFICATIONS:

1. Have the auditors recommended Journal Entries (entries that were either posted or passed on by the City) in any of the last several years? If so, can you please list out what they were for?

City size and complexity in the last several years, have resulted in about an average of 40 post closing entries. Entries prepared by both finance staff and auditors.

2. Are there any material current events that will affect the City during the 9/30/18 fiscal year (lawsuits, debt issuances, changing software, new programs, loss/gain of major funding source...)?

The City has ongoing software conversions taking place.
Finance (GL, AP, purchasing, cash receipts, AR) – completed Sept. 2016
HR and Payroll – completed August 2017
Fixed Assets - scheduled completion June 2018
Community (Building, Planning & Licensing) scheduled for late 2018

Hurricane Irma - FEMA and Insurance reporting and reimbursements

No other known material events for FY18

3. Can you please provide the audit fee for the last three years?

See Addendum #1 – question #1

4. Can you please provide the engagement hours for the last three years?

Average 1400-1450 hours per year

5. What aspects of the previous audits with Keefe McCullough did you enjoy? What aspects would you like to change? Are they allowed to bid on this RFP?

Open and timely communication, flexible and easy to work with.

No changes

Yes

6. Have there been any written verbal auditor recommendations as it relates to internal controls in the last two audit periods?

No written recommendations in the last 2 audits. Throughout the year upcoming pronouncements are discussed.

7. Can you please send us a copy of the 2017 Single Audit, Agreed Upon Procedures Report as required by the Florida Department of Transportation, and Schedule of Revenues and Expenditures for the U.S. Department of Navy (Fund 602)?

See attached documents

8. On the title/introductory page of the RFP it states the proposals need to be received by May 23rd; however, on page 3 it states the proposals are due May 9th. We just wanted to double check that May 23rd is the correct due date.

May 23rd is the correct date

INDEPENDENT ACCOUNTANT'S 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, as described in the *Public Transportation Joint Participation Agreements* entered into between the City and the DOT for the year ended *September 30, 2017*. 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 \$ 434,249 in order to determine that such funds did not exceed the City's local revenues of \$ 2,035,153.

No exceptions were noted based on the procedures 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 procedures 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 procedures performed.

4. We obtained from the City's accounting records the actual transfers in from the Gas Tax Fund for operations for the years ended September 30, 2017 and 2016 of \$ 386,046 and \$ 625,000, respectively, noting that the amount decreased from the previous year. The Public Transit Block Grant funds did not supplant local revenues made available for operations.

No exceptions were noted based on the procedures 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 the State of Florida Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

Keefe McCullough

KEEFE MCCULLOUGH

Fort Lauderdale, Florida
April 26, 2018

INDEPENDENT ACCOUNTANT'S 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, as described in the *Section 5311 Program Procedures* for the year ended *September 30, 2017*. 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 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 State of 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 accounting records the detail of expenses for the eligible costs submitted under the program and determined that the program billings were 50% of the eligible operating costs and 80% of the eligible capital costs in order to determine that the federal participation did not exceed fifty percent (50%) and eighty percent (80%), respectively, 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 the State of Florida Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

Keefe McCullough

KEEFE MCCULLOUGH

Fort Lauderdale, Florida
April 26, 2018

City of Key West, Florida

Compliance Section
For The Year Ended September 30, 2017

City of Key West, Florida

Compliance Section
For The Year Ended September 30, 2017

Table of Contents

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, <i>Rules of the Florida Auditor General</i>	3-5
Independent Auditor's Report to City Management	6-7
Independent Auditor's Report on Compliance with Section 218.415, Florida Statutes	8
Independent Auditor's Report on the Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill	9
Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill	10
Schedule of Expenditures of Federal Awards and State Financial Assistance	11-12
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	13
Schedule of Findings and Questioned Costs	14-15

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor, City Commissioners and City Manager
City of Key West, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Key West, Florida (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 25, 2018. Our report includes a reference to other auditors who audited the financial statements of The Housing Authority of the City of Key West, Florida, which is the sole discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Also, other auditors audited the financial statements of the Pension Trust Fund for Police Officers and Firefighters, as described in our report on the City's basic financial statements. The financial statements of the Pension Trust Fund for Police Officers and Firefighters were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

City of Key West, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 25, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER
10.550, RULES OF THE FLORIDA AUDITOR GENERAL

To the Honorable Mayor, City Commissioners and City Manager
City of Key West, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Key West, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the City's major federal programs and state projects for the year ended September 30, 2017. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects, respectively.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Florida Auditor General*. Those standards, Uniform Guidance, and Chapter 10.550, *Rules of the Florida Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and/or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs and state projects for the year ended September 30, 2017.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program and/or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and/or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and/or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated April 25, 2018, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

City of Key West, Florida

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 25, 2018

INDEPENDENT AUDITOR'S REPORT TO CITY MANAGEMENT

To the Honorable Mayor, City Commissioners and City Manager
City of Key West, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Key West, Florida (the "City"), as of and for the year ended September 30, 2017, and have issued our report thereon dated April 25, 2018.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*; Schedule of Findings and Questioned Costs; Independent Auditor's Report on the Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Florida Auditor General*. Disclosures in those reports and schedule, which are dated April 25, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Key West, Florida was established under the provisions of Chapter 23374, Laws of Florida (1945), as amended. The City of Key West, Florida, includes as its component unit, The Housing Authority of the City of Key West, Florida, created by Florida Statute Chapter 421 and by resolution in 1938.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management’s responsibility to monitor the City’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City, for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal, State and other granting agencies, the City Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 25, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

To the Honorable Mayor, City Commissioners and City Manager
City of Key West, Florida

We have examined the City of Key West, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of the City Commissioners, applicable management, and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 25, 2018

**INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF RECEIPTS AND
EXPENDITURES OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL**

To the Honorable Mayor, City Commissioners and City Manager
City of Key West, Florida

We have audited the financial statements of City of Key West (the "City"), as of and for the year ended September 30, 2017, and have issued our report thereon dated April 25, 2018 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Schedule of Receipts and Expenditures of Funds related to the Deepwater Horizon Oil Spill on page 10 is presented for the purpose of additional analysis as required by Florida Statute 288.8018 and the Rules of the Auditor General Chapter 10.557(3)(f), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 25, 2018

**City of Key West, Florida
 Schedule of Receipts and Expenditures of
 Funds Related to the Deepwater Horizon Oil Spill
 For the Year Ended September 30, 2017**

<u>Source</u>	<u>Amount Received in the 2016-17 Fiscal Year*</u>	<u>Amount Expended in the 2016-17 Fiscal Year</u>
British Petroleum:		
Agreement PTO NO.38 and FRE 408	\$	\$ 1,672,701

* The City received \$ 2,091,208 during Fiscal Year 2014-15

Note: The City of Key West, Florida did not receive any federal awards or state financial assistance for the year ended September 30, 2017 that are related to the Deepwater Horizon Oil Spill.

City of Key West, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended September 30, 2017

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA Number	CSFA Number	Grant/ Contract Number	Expenditures	Transfers to Subrecipients
Federal Awards:					
<u>U.S. Department of Agriculture:</u>					
Pass-through Florida Department of Agriculture and Consumer Services					
Cooperative Forestry Assistance	10.664	N/A	022776	\$ 20,000	\$ -
<u>U.S. Department of Commerce:</u>					
Pass-through National Ocean Service Office of National Marine Sanctuaries					
Education, Outreach, Conservation, and Heritage Partnerships with National Marine Sanctuaries	11.429	N/A	NA15NOS4290117	220,000	-
<u>U.S. Department of Housing & Urban Development:</u>					
Direct Program					
Housing Opportunities for Persons with AIDS	14.241	N/A	FL-H13-0026	259,739	253,107
Housing Opportunities for Persons with AIDS	14.241	N/A	FL-H16-0018	284,180	277,670
			14.241 Total	543,919	530,777
<u>U.S. Fish and Wildlife Service</u>					
Direct Program					
Boating Infrastructure Grant Program	15.622	N/A	14154	153,145	-
<u>U.S. Department of Justice:</u>					
Direct Program					
Bullet Proof Vest Partnership Program	16.607	N/A	2015BUBX15079053	3,877	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	2016-DJ-BX-0780	15,180	-
Equitable Sharing Program	16.922	N/A	FL0440100	9,702	-
<u>U.S. Department of Labor:</u>					
Direct Program					
WIA Adult Program	17.258	N/A	WIOA AD	19,174	-
<u>U.S. Department of Transportation:</u>					
Federal Transit Cluster:					
Direct Program					
Federal Transit-Capital Investment Grants	20.500	N/A	FL-04-0095-00	15,182	-
Pass-through State of Florida Department of Transportation					
Bus and Bus Facilities Formula Program	20.526	N/A	ARN65	43,947	-
Bus and Bus Facilities Formula Program	20.526	N/A	G0G70	12,114	-
			Federal Transit Cluster Total	71,243	-
Pass-through State of Florida Department of Transportation					
Highway Planning and Construction	20.205	N/A	G0E08	10,640	-
Highway Planning and Construction	20.205	N/A	G0E32	177,353	-
Highway Planning and Construction	20.205	N/A	ANT08	64,060	-
			20.205 Total	252,053	-
Formula Grants for Rural Areas	20.509	N/A	G0G83	219,111	-
Formula Grants for Rural Areas	20.509	N/A	G0598	313,414	-
Formula Grants for Rural Areas	20.509	N/A	AR707	6,055	-
			20.509 Total	538,580	-
National Priority Safety Programs	20.616	N/A	G0F77	301	-

See notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

City of Key West, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance (continued)
For the Year Ended September 30, 2017

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA Number	CSFA Number	Grant/ Contract Number	Expenditures	Transfers to Subrecipients
Federal Awards (continued):					
<u>U.S. Department of Health and Human Services:</u>					
Pass-through the Monroe County Coalition, Inc.					
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A		5,000	-
<u>Executive Office of the President:</u>					
Pass-through South Florida High Intensity Drug Trafficking Area					
High Intensity Drug Trafficking Areas Program	95.001	N/A	FC-FLS-1651	31,835	-
<u>U.S. Department of Homeland Security:</u>					
Pass-through State of Florida Division of Emergency Management					
Port Security Grant Program	97.056	N/A	EMW-2016-PU-00529	271,954	-
Total Expenditures of Federal Awards				\$ 2,155,963	\$ 530,777
State Financial Assistance:					
<u>Executive Office of the Governor:</u>					
Enterprise Florida, Inc.	N/A	31.003	DIG-05-05	\$ 86,891	\$ -
Florida Defense Support Task Force	N/A	40.014	16-137	57,326	-
Florida Defense Support Task Force	N/A	40.014	DTF 15-11	54,302	-
			40.014 Total	111,628	-
<u>Department of Environmental Protection:</u>					
Statewide Surface Water Restoration and Wastewater Projects	N/A	37.039	LP44030	411,348	-
<u>Department of Transportation:</u>					
Highway Beautification Grants - Keep Florida Beautiful	N/A	55.003	G0115	15,000	-
Seaport Grant	N/A	55.005	ARJ38	621,429	-
Commuter Assistance/Rideshare Grants	N/A	55.007	G0580	436,793	-
Public Transit Block Grant Program	N/A	55.010	G0G47	215,138	-
Formula Grants for Rural Areas	N/A	55.013	AR707	352,109	-
<u>Department of Highway Safety and Motor Vehicles:</u>					
Share The Road License Plate Challenge	N/A	76.015		4,500	-
Total Expenditures of State Financial Assistance				\$ 2,254,836	\$ -

See notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the federal and state grant activity of the City of Key West, Florida (the "City"). The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and Chapter 10.550, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* and Chapter 10.550, *Rules of the Florida Auditor General*, as well as other applicable provisions of contracts and grant agreements, wherein certain types of expenditures are not allowable or are limited as to reimbursements, as applicable.

Note 3 – Indirect Cost Rate

The City did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 – Contingency

The grant and contract revenue received is subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor/contract agencies would become a liability of the City. In the opinion of management, all grant and contract expenditures are in compliance with the terms and conditions of the grant agreements and applicable federal/state laws and other applicable regulations.

Note 5 – Prior Year Expenditures

The Schedule includes contract/grant number ARJ38 from the Florida Department of Transportation in the amount of \$ 394,210 that represents expenditures from the 2015/2016 fiscal year.

City of Key West, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the City of Key West, Florida.
2. No material weaknesses relating to the audit of the basic financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the City of Key West, Florida were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal program and state projects are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*.
5. The auditor's report on compliance for the major federal program and state projects for the City of Key West, Florida expresses an unmodified opinion.
6. No audit findings relative to the major federal program and state projects for the City of Key West, Florida are reported in Part C of this schedule.
7. The programs/projects tested as major program/projects include the following:

<u>Federal Program:</u>	<u>CFDA Number</u>
U.S. Department of Housing & Urban Development - Housing Opportunities for Persons with AIDS	14.241
<u>State Projects:</u>	<u>CSFA Number</u>
Florida Department of Transportation - Seaport Grant	55.005
Florida Department of Transportation - Commuter Assistance/Rideshare Grants	55.007
Florida Department of Transportation - Formula Grants for Rural Areas	55.013

8. The threshold for distinguishing Type A and Type B for federal programs was \$ 750,000. The threshold for distinguishing Type A and Type B for state projects was \$ 300,000.
9. The City of Key West, Florida was determined to be a low-risk auditee pursuant to the Uniform Guidance.

**City of Key West, Florida
Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2017**

B. Findings - Financial Statements Audit

No matters are reported.

C. Findings and Questioned Costs – Major Federal Program and Major State Projects

No matters are reported.

D. Other Issues

1. A separate management letter was not issued.
2. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to federal programs and/or state projects.
3. No Corrective Action Plan is required because there were no findings reported under the Uniform Guidance or the Florida Single Audit Act.