City of Key West, Florida

RFP 007-13 External Audit Services

Addendum 1-C

1. Can you please provide the audit fees for FY 2012 and FY 2011; and were those fees inclusive of a federal and/or a Florida single audit and all travel and related costs?

	FY12	FY11
Audit Services	$121,000	$117,000
CAFR	$ 6,500	$ 6,500
5311 and Block Grant	$ 5,000	$ 5,000

Yes

2. For the pricing under this proposal (page 130, it states to include an all inclusive maximum fee. Are you always subject to both the federal and Florida single audits? We ask because if you aren't subject to either a Florida or Federal single audit in any given year, are the proposed fees adjusted for this or does the proposed all inclusive fee remain the same?

Yes

N/A

3. Can you please provide the Yellow Book report as well as the Single Audit reporting including the SEFA and the Schedule of Findings and Questioned Costs.

See attached

CITY OF KEY WEST, FLORIDA

COMPLIANCE SECTION

For the Year Ended September 30, 2012

CITY OF KEY WEST, FLORIDA

COMPLIANCE SECTION

For the Year Ended September 30, 2012

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Keefe, McCullough & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' 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 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 27, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with 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. Other auditors 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 of Key West, Florida's financial statements. This report does not include the results of the other auditors' 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 Pension Trust Fund for Police Officers and Firefighters, as described in our report on the City of Key West, Florida's financial statements. The financial statements of Pension Trust Fund for Police Officers and Firefighters were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

The management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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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*.

We noted certain matters that we have reported to the management of the City of Key West, Florida in our Independent Auditors' Report to City Management included on pages 5 through 7. The City of Key West, Florida's written responses to the matters identified in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of City management, members of the City Commission, the State of Florida Office of the Auditor General, Federal and state awarding agencies and other grantor agencies, 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
March 27, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND AND CHAPTER 10.550, *RULES OF THE FLORIDA AUDITOR GENERAL*

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

Compliance

We have audited the City of Key West, Florida's (the "City") compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major Federal programs and state projects for the year ended September 30, 2012. The City's major Federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs and state projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*; and Chapter 10.550, *Rules of the Florida Auditor General*. Those standards, OMB Circular A-133, 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 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Key West, Florida complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and state projects for the year ended September 30, 2012.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program or state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 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 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 state project will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards and State Financial Assistance

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, 2012, and have issued our report thereon dated March 27, 2013, which contained unqualified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of Federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations,* and Chapter 10.550, *Rules of the Florida Auditor General,* 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 schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of City management, members of the City Commission, the State of Florida Office of the Auditor General, Federal and state awarding agencies and other grantor agencies, 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
March 27, 2013

INDEPENDENT AUDITORS' REPORT TO CITY MANAGEMENT

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

We have audited the financial statements of the City of Key West, Florida (the "City"), as of and for the year ended September 30, 2012, and have issued our report thereon dated March 27, 2013.

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; OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations;* and Chapter 10.550, *Rules of the Florida Auditor General*. We have issued our Independent Auditors' 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 Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 27, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Florida Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule.

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 annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted on page 6 under the heading Prior Year Findings and Recommendations.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have the following findings and recommendations:

PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

		STILL APPLICABLE	PARTIALLY IMPLEMENTED	IMPLEMENTED OR NO LONGER RELEVANT
2007-02:	Establish a City-Wide Schedule of Fees.		X	
2007-06:	Review and Adjust the Penalty Calculation for Stormwater.	X		
2007-07:	Unmatched Meters.			X
2008-07:	Review Collection Procedures – Sewer, Stormwater and Solid Waste Services.			X
2010-01:	Grant Projects – Designate a City-Wide / Full Time Grants Specialist			X

2007-02 Establish a City-Wide Schedule of Fees:

It was previously recommended that the City consider the implementation of a *City-Wide Schedule of Fees*. The City has substantially completed its City-Wide Schedule of Fees but awaits final review by management and presentation to the City Commission. This recommendation is considered as partially implemented until its final review and acceptance takes place.

Management's Response:

The City clearly recognizes the value to both internal and external customers in the codification of a centralized fee and charges schedule. Currently, the City is reviewing the schedule to determine the most effective way to maintain and adopt the fee schedule. The myriad of fees derive their basis from different authorizing legislation. Management is currently reviewing this to determine the most appropriate method to annually adopt the fee schedule.

2007-06 Review and Adjust the Penalty Calculation for Stormwater:

The penalty calculation for stormwater is not in compliance with the City's code. The City's code reads as follows: "user fees shall be subject to a five percent per month (not to exceed 25% late fee)". Our review revealed that the billing system is assessing a "one-time" five percent penalty charge. We recommend that the City brings the penalty calculation in compliance with the code. This could be achieved by either modifying the City's code or the billing system.

Management's Response:

City management will request the City Commission's approval to allow stormwater charges to be added to the citizen's ad valorem tax bill. This will require rewriting the existing ordinances and eliminating the need to assess penalties in the current manner.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS:

No matters to be reported.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, 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 more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and; (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., 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.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of 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.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2012, 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, 2012. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. 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.

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, and applicable management, 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
March 27, 2013

CITY OF KEY WEST, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended September 30, 2012

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA Number	CSFA Number	Federal or State Grant Contract Number	Expenditures
FEDERAL AWARDS:				
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:				
Direct Program:				
Housing Opportunities for Persons with AIDS	14.241	N/A	FL-H10-0010	$ 426,937
Pass-through Florida Department of Economic Opportunity				
Community Development Block Grants	14.228	N/A	11DB-3V-11-54-02-Z 12	1,870,613
Community Development Block Grants	14.228	N/A	08DB-D3-11-54-02-A 11	1,007,283
			14.228 Total	2,877,896
Pass-through Florida Department of Children and Families				
Emergency Solutions Grant Program	14.231	N/A	KFZ46	24,476
U.S. DEPARTMENT OF JUSTICE:				
Direct Programs:				
Bullet Proof Vest Partnership Program	16.607	N/A	2009BUBX08044212	10,140
ARRA - Public Safety Partnership and Community Policing Grants	16.710	N/A	2009RKWX0234	241,748
Public Safety Partnership and Community Policing Grants	16.710	N/A	2011UMWX0042	105,986
Public Safety Partnership and Community Policing Grants	16.710	N/A	2006CKWX0295	98,501
			16.710 Total	446,235
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	2012-DJ-BX-0509	15,372
Equitable Sharing Program	16.922	N/A	FL0440100	28,898
U.S. DEPARTMENT OF LABOR:				
Pass-through South Florida Workforce Investment Board				
WIA - Youth Activities	17.259	N/A	WS-YS-FATP-PY11-03-00	27,431
U.S. DEPARTMENT OF TRANSPORTATION:				
Direct Programs:				
Federal Transit-Capital Investment Grants	20.500	N/A	FL-03-0316-00	29,570
Pass-through Florida Department of Transportation				
Highway Planning and Construction	20.205	N/A	APQ64	1,779,511
Highway Planning and Construction	20.205	N/A	APQ62	256,875
Highway Planning and Construction	20.205	N/A	APD59	155,562
Highway Planning and Construction	20.205	N/A	AQ244	14,337
Highway Planning and Construction	20.205	N/A	ANT08	1,000
Highway Planning and Construction	20.205	N/A	APD75	360
ARRA - Highway Planning and Construction	20.205	N/A	APJ25	429,031
ARRA - Highway Planning and Construction	20.205	N/A	APJ26	212,929
ARRA - Highway Planning and Construction	20.205	N/A	APJ15	159,900
ARRA - Highway Planning and Construction	20.205	N/A	APJ21	5,515
			20.205 Total	3,015,020

CITY OF KEY WEST, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
(continued)
For the Year Ended September 30, 2012

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA Number	CSFA Number	Federal or State Grant Contract Number	Expenditures
FEDERAL AWARDS: (continued)				
U.S. DEPARTMENT OF TRANSPORTATION: (continued)				
Pass-through Florida Department of Transportation (continued)				
Formula Grants for Other Than Urbanized Areas	20.509	N/A	AQD39	252,806
Formula Grants for Other Than Urbanized Areas	20.509	N/A	AQ121	6,290
			20.509 Total	259,096
State and Community Highway Safety	20.600	N/A	AQK58	76,386
U.S. DEPARTMENT OF ENERGY:				
Pass-through Monroe County & Florida Energy and Climate Commission				
ARRA - State Energy Program	81.041	N/A	17522	34,998
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Pass-through Human Services Associates, Inc.				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	-	11,600
EXECUTIVE OFFICE OF THE PRESIDENT:				
Pass-through South Florida High Intensity Drug Trafficking Area				
High Intensity Drug Trafficking Areas Program	95.001	N/A	FC-FLS-1651	21,299
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Pass-through State of Florida Department of Community Affairs				
Disaster Grants - Public Assistance	97.036	N/A	13-IS-3S-11-54-01-542	148,841
Disaster Grants - Public Assistance	97.036	N/A	06-KF-B&-11-54-00-592	942
			97.036 Total	149,783
Pass-through State of Florida Division of Emergency Management				
Hazard Mitigation Grant	97.039	N/A	12HM-3B-11-54-02-001	864,462
Hazard Mitigation Grant	97.039	N/A	13HM-3B-11-54-02-136	469,738
Hazard Mitigation Grant	97.039	N/A	11HM-2V-11-54-02-004	74,186
				1,408,386
Total Expenditures of Federal Awards				**$ 8,863,523**
STATE FINANCIAL ASSISTANCE:				
EXECUTIVE OFFICE OF THE GOVERNOR:				
Enterprise Florida, Inc.	N/A	31.003	DIG-00-05	$ 9,394
DEPARTMENT OF STATE AND SECRETARY OF STATE:				
Historic Preservation Grants	N/A	45.031	F1005	33,145

CITY OF KEY WEST, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
(continued)
For the Year Ended September 30, 2012

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA Number	CSFA Number	Federal or State Grant Contract Number	Expenditures
STATE FINANCIAL ASSISTANCE: (continued)				
DEPARTMENT OF TRANSPORTATION:				
Commuter Assistance/Rideshare Grants	N/A	55.007	AQ173	394,998
Public Transit Block Grant Program	N/A	55.010	AQ110	174,134
Public Transit Block Grant Program	N/A	55.010	AQD36	160,853
			55.010 Total	334,987
Total Expenditures of State Financial Assistance				**$ 772,524**

CITY OF KEY WEST, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSITANCE
September 30, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Chapter 10.550, *Rules of the Florida Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2 – CONTINGENCY

The grant revenue amounts received are 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 agencies would become a liability of the City of Key West, Florida. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable Federal and state laws and other regulations.

NOTE 3 – TRANSFERS TO SUBRECIPIENTS

Total amount paid to subrecipients with Federal funds was $ 421,773 from the Housing Opportunities for Persons with AIDS, Federal program. Other Federal programs did not utilize subrecipients. There were no transfers to subrecipients related to the state financial assistance programs.

CITY OF KEY WEST, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2012

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified 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 Auditors' 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 City of Key West, Florida were disclosed during the audit.

4. No material weaknesses relating to the audit of the major Federal programs and state projects are reported in the Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*.

5. The auditors' report on compliance for the major Federal programs and state projects for the City of Key West, Florida expresses an unqualified opinion.

6. No audit findings relative to the major Federal programs 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 programs/projects include the following:

Federal Programs:	**CFDA Number**
U.S. Department of Housing & Urban Development - Community Development Block Grants	14.228
U.S. Department of Justice - Public Safety Partnership and Community Policing Grants	16.710
U.S. Department of Transportation - Highway Planning and Construction	20.205
U.S. Department of Homeland Security - Hazard Mitigation Grant	97.039
State Projects:	**CSFA Number**
Florida Department of Transportation - Commuter Assistance/Rideshare Grants	55.007
Florida Department of Transportation - Public Transit Block Grant Program	55.010

A. SUMMARY OF AUDITORS' RESULTS (continued)

8. The threshold for distinguishing Type A and Type B for Federal programs was $ 300,000. The threshold for distinguishing Type A and Type B for state projects was $ 231,757.

9. The City of Key West, Florida was determined to be a low-risk auditee pursuant to OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

No matters to be reported.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS AUDITS

No matters to be reported.

D. OTHER ISSUES

1. We noted certain matters that we have reported to the management of the City of Key West, Florida in our Independent Auditors' Report to City Management included on pages 5 through 7.

2. No summary schedule of prior audit findings is required because there were no prior audit findings related to Federal programs or state projects.

3. No corrective action plan is required because there were no findings required to be reported under the Federal and the Florida Single Audit Act.