

2008 AUDIT SERVICES

Dufresne & Associates Patrick & Robinson LIC Masters Smith & Wisby James Moore & Company

Check if firm has compiled required information

PROPOSALS MUST INCLUDE

1	Description and history of the firm			
2	A list of at least three recent governmental and utility audits performed by the firm and a contact reference and phone numbers for each of the audits listed			
3	Total staff available for this audit			
4	Resumes of partners, managers, and senior staff who will be assigned to this audit			
5	Location for the office which would serve the city			
6	Description of any regulatory action taken by any oversight body against the audit organization or local office			
7	Sworn statement pursuant to Florida Statute Section 287.133(3) (A) on Public Entity Crimes			
8	Drug Free Workplace Compliance Form			

Check the Audit firm that is best in each factor

FACTORS TO BE EVALUATED

1	Licensure of the Florida State Board of Accountancy			
2	Professional qualifications and ability of personnel			
3	Past performance			
4	Ability and willingness to meet time requirements			
5	Recent, current and projected work loads of proposers			
6	Volume of work previously awarded to proposers			
7	Audit experience of partners and staff assigned to the audit with governmental audits and audits of water and sewer and stormwater utilities			
8	Results of recent external quality reviews			
9	Fee compensation proposal			

CITY OF NEPTUNE BEACH

REQUEST FOR AUDIT SERVICES

The City of Neptune Beach, Florida is requesting proposals from qualified firms of Certified Public Accountants to audit its financial statements for the fiscal year ending September 30, 2008, and the next two subsequent fiscal years. These audits shall be performed in accordance with the Performance Specifications listed in Section B of this Request for Proposal.

The City of Neptune Beach, Florida desires the auditor to express an opinion on the fair presentation of its General Purpose Financial Statements in conformity with Generally Accepted Accounting Principles.

The firm selected will be retained for a period of three years, beginning with the audit for Fiscal Year 2007-08 and ending with Fiscal Year 2009-10, with the City having the option to renew for two additional years (through Fiscal Year 2012) at its discretion. Each year of the engagement will be dependent upon a satisfactory completion of the annual audit, and the contract period will be from April 1st to March 31st of each year. Copies of previous annual reports of the City are on file in the Finance Department. Questions concerning this Request for Proposal should be directed to Steven L. Ramsey, Director of Finance at (904) 270-2400.

A. General Information

The City of Neptune Beach is a municipal corporation of the State of Florida.

The various municipal departments make expenditures from several different funds, all of which will be subject to this audit. The budget approved by the City Council for Fiscal Year 2007-08 includes expenditures and transfers as shown in Attachment A.

The City has approximately 72 full-time and 36 part-time positions.

The original budget is modified to reflect changes approved by the City Manger or City Council during the year and Attachment A is not necessarily an all-inclusive list of funds to be audited included in this request for proposals for audit services. Any funds established or deleted during the time period covered by this request for proposals are also to be included in the scope of audit services to be provided. The most recent audit of the City of Neptune Beach was for the period October 1, 2006 through September 30, 2007. A copy of the auditor's report as well as the budget for the current fiscal year is available on line at <http://ci.neptune-beach.fl.us/> or from the City Clerk, 116 First Street, Neptune Beach, Florida 32266, and (904) 270-2400.

B. Scope of Services

1. Indicate in your proposal if you agree to meet or exceed the following performance specifications. Explain any exceptions you have regarding them.

The audit shall be performed in compliance with the requirements of the following:

- a. Section 218.39, Florida Statutes, and any other applicable Florida Statutes.
- b. Rules of the Florida Department of Financial Services.
- c. Rules of the Auditor General, State of Florida, Chapter 10.550.
- d. Audits of State and Local Governmental Units, issued by the American Institute of Certified Public Accountants.
- e. Codification of Governmental Accounting and Financial Reporting Standards - Governmental Accounting Standards Board.
- f. Government Auditing Standards issued by the Comptroller General of the United States.
- g. Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Office of Management and Budget.
- h. Federal Single Audit Act of 1984 and amendments of 1996.
- i. Florida Single Audit Act (Section 215.97, Florida Statutes).
- j. Statements on Auditing Standards (GAAS). Any other applicable federal, state, local regulations or professional guidance not specifically listed above, as well as

B. Scope of Services-Continued

- any additional requirements, which may be adopted by these organizations in the future.
- k. Section 216.349, Florida Statutes - Compliance with laws, regulations, contracts, grants related to State grants or grants-in-aid.
2. Final and complete reports of the audit shall be submitted to the City Council each year not later than February 28 unless otherwise authorized by the City Manager.
 3. The audit report shall contain the opinion of the auditor on the financial statements and an opinion on compliance with applicable legal provisions.
 4. The auditor shall be required to make an immediate written report of irregularities, illegal acts or indications of illegal acts, if any, and immediately make the City Manager aware of same.
 5. The auditor shall submit not later than January 31st a written draft report of any recommendations to strengthen internal controls.
 6. The auditors shall submit not later than February 15th a management letter which shall identify management weaknesses observed, assess their effect on financial management and propose steps to eliminate them.
 7. The partner-in-charge of the audit and the audit manager shall be free to attend up to two public meetings for discussion of the audit reports. The firm will also be available for consultation and advice to the Finance Department and the City Manager.
 8. The auditors shall, without charge, make available their work papers to the Finance Department and to subsequent auditors or to any federal or state agency upon request and in accordance with federal and state law regulations.
 9. The reports on the internal control structure and compliance, schedules of federal financial assistance and related auditor's report, and other reports that are or may be required pursuant to the performance specifications listed in B.1. above, are to be included in the AFR. The U. S. Department of Environmental Protection Agency will act as the cognizant agency in accordance with the provisions of the Single Audit Act of 1984 and amendments adopted in 1996, and U. S. Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments.

B. Scope of Services-Continued

10. The firm shall agree to utilize the City's staff to perform all work of an assisting nature consistent with Generally Accepted Auditing Standards, depending on the availability of City's employees. However, it is not the City's intent for its staff to prepare the auditor's workpapers. The City expects that the auditor will provide the City technical advice and recommendations as to current GASB and CAFR Certificate of Achievement requirements and assure the City's compliance with such if the City desires to participate during the audit year.
11. The auditors will provide bond covenant compliance letters where required by bond documents. In addition, the auditors will prepare the schedules disclosing certain information required by the covenants of the Utility Revenue Bond Series 2002 covenants for presentation in a separate section of the CAFR if the City desires to participate during the audit year.
12. If selected, the Respondent agrees to negotiate and execute an audit agreement, hereafter referred to as "contract", with the City of Neptune Beach. This contract is in addition to an annual or multi-year engagement letter required by the Respondent.
13. The Respondent will designate two (2) "key" members of the audit team. The Respondent may not substitute engagement partners or managers who are assigned to the audit without the prior written consent of the Director of Finance. 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 Neptune Beach. The reason for substitution, along with resumes describing the roles and experience of replacements, must be provided to the Director of Finance. Substitution will not be unreasonably denied; however, in either case, the City of Neptune Beach retains the right to approve or reject replacements. The City reserves the right to request the Respondent to replace assigned staff that are disruptive or that do not appear to be conducting themselves in a professional manner.
14. The City expects the Respondent to express an opinion on the fair presentation of its basic financial statements in conformity with applicable generally accepted accounting principles. The Respondent is also to provide an opinion on the combining and individual non-major fund statements and schedules in relation to the basic fund statements taken as a whole.

B. Scope of Services-Continued

15. The Respondent will prepare all adjusting journal entries converting data reported in governmental funds for presentation as *governmental activities* in the government-wide financial statements. The entries will be prepared on a conversion worksheet in an electronic format mutually agreed to by the Respondent and the City. All entries will be reviewed with the Director of Finance prior to issuance of the financial statement draft, and a copy of the electronic worksheet will be provided to the City.
16. The Respondent shall report to the City, at least weekly, the status of any potential audit adjustments, so that the City may have adequate opportunity to investigate, gather information and respond if necessary. Final audit adjustments shall be submitted to the City of Neptune Beach no later than January 31 following the end of the fiscal year under audit. All adjustments posted to the financial statements must be agreed to by the City of Neptune Beach and reconciled to the City's accounting records by City staff, prior to release of the final audit report.
17. The City of Neptune Beach will prepare the Management Discussion and Analysis (MD&A), and the City shall retain ultimate responsibility for the preparation and content of this document. However, the auditor shall provide the assistance in proof reading entire MD&A, performing an overall review, and suggesting improvements to MD&A.
18. The Respondent will prepare and print all financial statements, footnotes, schedules, including client-requested schedules to meet bond requirements, etc., and required reports during the contract period. The Respondent will bind all into a single document. Fifty (50) copies of the final report and one (1) copy on CD-ROM, in either Microsoft Word (.DOC) format or Adobe Acrobat (.PDF) format, shall be delivered to the Finance Officer no later than February 28 following the end of the fiscal year under audit.
- ~~19. The audit shall also include a review of the Annual Financial Report provided to the Department of Financial Services, to assure consistency with the City's financial statements.~~
- ~~20. The Respondent shall provide technical advice, as requested, for accounting and tax issues that may arise during the contract period.~~

21. The City may issue one or more official statements for the sale or refunding of bonds during the term of this contract. The official statement will contain the general-purpose financial statements. The Respondent shall be required to issue, upon request, a "comfort letter" and other documents necessary to issue or refund the bonds. Fees for such requests made by the City of Neptune Beach shall be based on hourly fees submitted by the Respondent.
22. Respondent shall provide the City of Neptune Beach with a copy of each external quality control review (peer review) conducted during the time period engaged by the City of Neptune Beach.
23. The Respondent agrees to notify the City immediately should any disciplinary actions be taken or complaints filed with any regulatory bodies against any of the Respondent's staff or the Respondent itself.

C. Instructions for Proposals

Seven (7) copies of the proposal shall be filed with Lisa Volpe, City Clerk, 116 First Street, Neptune Beach, Florida 32266 not later than 4:00 P.M. on Friday, June 10, 2008. Failure to submit seven (7) copies of each proposal may result in non-compliance and bid may be rejected. Joint proposals from more than one firm or those that include subcontracting any part of the audit engagement to other firms or individual auditors will not be accepted for consideration by the City.

Proposals must include the following:

1. Qualifications of the Auditor:
 - a. Description and history of the audit firm.
 - b. List at least three recent governmental and utility audits performed by the firm and a contact reference and phone number for each of the audits listed.
 - c. Total staff available for this audit.
 - d. Resumes of partners, manager, and senior who will be assigned to this audit.
 - e. Location of the office which would serve the City.
 - f. Description of any regulatory action taken by any oversight body against audit organization or local office.

- g. Description of experience with bond issuance or refundings involving a limited review of interim financial statements and official statements and times coverage calculations and certificates.
- h. Experience with utility rate design or studies.

2. Technical Approach

- a. An express agreement to meet or exceed the performance specifications stated in Section "B".
- b. Clearly describe the scope of the required services to be provided, including a full discussion of your firm's auditing techniques and procedures to be used for both financial and compliance aspects of the engagement.
- c. Clearly describe the procedures used by your firm to become familiar with a new client's operations.
- d. State your firm's approach to and understanding of providing technical assistance and advice concerning accounting and auditing issues which may arise during the course of an audit.
- e. Discuss the firm's approach and level of client staff support necessary to complete the work as outlined in the proposal.
- f. A tentative schedule for performing the key phases of the audit.

3. Fee Basis

The firm shall submit along with its proposal the basis of the fees for the three years of audit services included in its proposals. The basis of fees should include a not to exceed total fee for each year of audit services, as well as hourly rates for the various position levels that would be assigned to this audit. Audit fees for a four and fifth year will be negotiated if and when the two additional years of audit services are renewed at the sole discretion and option of the City.

D. Evaluation Procedure

The Request for Proposals submitted will be evaluated in accordance with the procedures included in "Auditor Selection Guidelines" prepared by the Auditor Selection Task Force and in accordance with Section 218.391, Florida Statutes, as amended by Chapter 2005-32, Laws of Florida. During the evaluation process, the City reserves the right to request additional information or clarifications from proposers or to allow corrections of errors or omissions. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

Among the factors to be considered by the City in evaluating proposals are:

1. Professional qualifications and ability of personnel.
2. Past performance.
3. Ability and willingness to meet time requirements.
4. Recent, current and projected work loads of proposers.
5. Volume of work previously awarded to proposers.
6. Audit experience by partners and staff assigned to the audit with governmental audits and audits of water and sewer, and stormwater utilities.
7. Results of recent external quality reviews.
8. Fee Compensation Proposal

The Audit Committee will review all proposals to make a determination as to which firm is the most qualified to perform the audit. The basis of fees submitted with the proposals will also be considered as one of the factors in the evaluation process, but price should not be construed as the overriding criteria for awarding the contract for audit services. Proposers will be ranked based on their qualifications. The determination of "most qualified" will be at the sole discretion of the City.

The City reserves the right to negotiate modifications to proposals that it deems acceptable, reject any and all proposals, and waive minor irregularities with the proposals.

E. Estimated Time Table

May 12, 2008	Distribute the Request for Proposals
June 10, 2008	Deadline for Receipt of Proposals
June 18, 2008	Notification of firms selected for interviews with the selection committee if necessary
July 7, 2008	Interviews and Approval by City Council

F. On-Site Inspections

Proposers may make on-site inspection in connection with preparing proposals. Time and extent of such inspections shall be coordinated with the Director of Finance.

BUDGET SUMMARY

CITY OF NEPTUNE BEACH, FLORIDA - FISCAL YEAR 2007 - 2008

General Fund

2.6460

GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	ENTERPRISE FUNDS	TRUST & AGENCY FUNDS	TOTAL ALL FUNDS
ESTIMATED REVENUES:					
Taxes:					
Ad Valorem Taxes	\$1,974,826				\$1,974,826
Sales and Use Taxes	754,124				1,532,030
Franchise and Utility Taxes	736,600				736,600
Charges for Services	180,188		4,174,145		4,354,333
Grants and Contributions	398,388			30,000	503,225
Fines and Forfeitures	66,500				100,300
License & Permits	110,050				110,050
Intergovernmental	187,139			268,612	455,751
Interest Income	30,500		15,694	100,700	169,722
Miscellaneous	10,000		12,000		22,000
TOTAL SOURCES	4,448,315	0	4,201,839	399,312	9,958,837
Transfers In	320,000	45,000	10,000		640,000
Fund Balances/Reserves/Net Assets	1,188,000	892,406		4,541,373	6,621,779
TOTAL REVENUE, TRANSFERS, & BALANCES	\$5,956,315	\$1,846,777	\$4,211,839	\$4,940,685	\$17,220,616
EXPENDITURES					
General Government	1,006,066				1,006,066
Public Safety	2,652,496			212,500	2,970,749
Public Works	342,846		3,474,011		5,078,449
Culture and Recreation	367,763				567,195
Debt Services	0	265,000	528,526		793,526
TOTAL EXPENDITURES	4,369,171	1,566,777	4,002,537	212,500	10,415,985
Transfers Out	310,000		50,000		640,000
Fund Balances/Reserves/Net Assets	1,277,144	0	159,302	4,728,185	6,164,631
TOTAL APPROPRIATED EXPENDITURES, TRANSFERS, RESERVES & BALANCES	\$5,956,315	\$1,846,777	\$4,211,839	\$4,940,685	\$17,220,616
THE TENTATIVE, ADOPTED, AND/OR FINAL BUDGETS ARE ON FILE IN THE OFFICE OF THE ABOVE MENTIONED TAXING AUTHORITY AS A PUBLIC RECORD.					

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

Exhibit A

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

1. This sworn statement is submitted to _____
(print name of the public entity)
by _____
(print individual's name and title)
for _____
(print name of entity submitting sworn statement)

whose business address is _____

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

(If the entity has no FEIN, include the Social Security Number of the individual signing
this sworn statement: _____.)

2. I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), **Florida Statutes**, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.
3. I understand that "convicted" or "conviction" as defined in Paragraph 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 relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.
4. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), **Florida Statutes**, means:
1. A predecessor or successor of a person convicted of a public entity crime; or
 2. 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 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 Paragraph 287.133(1)(e), **Florida Statutes**, means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors,

executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

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

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

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

(signature)

(date)

STATE OF _____

COUNTY OF _____

PERSONALLY APPEARED BEFORE ME, the undersigned authority,

_____ who, after first being sworn by me, affixed

(name of individual signing)

his/her signature in the space provided above on this _____ day of _____, 20_____.

NOTARY PUBLIC

My commission expires:

DRUG-FREE WORKPLACE CERTIFICATION

Section 287.087, Florida Statutes, effective January 1, 1991, specifies that preference must be given to vendors submitting a certification with their bid/proposal certifying they have a drug-free workplace. This requirement effects all public entities of the State and is as follows:

IDENTICAL TIE BIDS - Preference shall be given to business with drug-free workplace programs. Whenever two or more bids which are equal with respect to price, quality and service are received by the State or by any political subdivision for the procurement of commodities or contractual services, a bid received from a business that certifies that it has implemented a drugfree workplace program. In order to have a drug-free workplace program, a business shall:

- 1) Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.
- 2) Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
- 3) Give each employee engaged in providing the commodities or contractual services that are under bid a copy of the statement specified in subsection (1).
- 4) In the statement specified in subsection (1), notify the employees that, as a condition of working on the commodities or contractual services that are under bid, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of Chapter 893 or of any controlled substance law of the United States or any state, for a violation occurrence in the workplace no later than five (5) days after such conviction.
- 5) Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.
- 6) Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

AS THE PERSON AUTHORIZED TO SIGN THE STATEMENT, I CERTIFY THAT THIS FIRM COMPLIES FULLY WITH THE ABOVE REQUIREMENTS.

VENDOR'S SIGNATURE

DATE