

**Proposal to Provide  
Professional Auditing Services  
RFP No. 2016-028 to:**

***The City of Ft. Pierce, Florida***



**July 18, 2016**

**Proposer:**

**DiBartolomeo, McBee, Hartley & Barnes, P.A.  
Certified Public Accountants**

**Locations**

**2222 Colonial Road Suite 200  
Ft. Pierce, Florida 34950  
(772) 461-8833**

**591 S.E. Port St. Lucie Blvd.  
Port Saint Lucie, Florida 34982  
(772) 878-1952**

**Contacts:**

**Mark Barnes  
Phone:(772)461-8833  
E-Mail: mbarnes@dmhbcpa.com**

**Jim Hartley  
Phone:(772)461-8833  
E-Mail: jhartley@dmhbcpa.com**

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City of Ft. Pierce  
Audit Selection Committee

July 18, 2016

Dear Ladies and Gentlemen:

We are pleased to have this opportunity to present the qualifications of DiBartolomeo, McBee, Hartley & Barnes, P.A. (DMHB) to continue to serve as the City of Ft. Pierce's (the City's) independent auditors for the three fiscal years ending September 30, 2016 through 2018 with options. The City's audit is a significant engagement – demanding various professional resources, governmental knowledge and expertise, and, most importantly, experience serving Florida local governments. DMHB understands the services as outlined in the Request for Proposal and is committed to performing all these services within the required time frame.

***Proven Track Record***—The City knows our people and the quality of our work. We have always been responsive, met deadlines, and been willing to go the extra mile with the objective of providing significant value to mitigate the cost of the audit. This proven track record will provide the local presence that is important to maintaining the service levels you expect and deserve.

***Accomplishments in the Past***— We made a promise to provide a higher level of service to the City than they had received in the past and believe that we have succeeded. A few of our accomplishments are:

- ❖ Meet with City Commissioners individually every year to discuss their concerns and explain the audit.
- ❖ Provided the City Commission and management with a summarized five year history of revenue and expenditures by fund including Per Capita information.
- ❖ Continuity of staff- We have had very low staff turnover on the audit. This has improved the efficiency of the audit and less interruption of the City's staff.
- ❖ Communication- Annually we have met with the City Manager and Finance Director during the audits to provide them with updates on the status of the audit and on any problems or concerns.
- ❖ Have worked to improve the communications between the City and FPUA.
- ❖ Entrance and exit conferences with those charged with governance.
- ❖ Provided constructive management letters or recommendations for improvement to those charged with governance(none received before DMHB).
- ❖ Preparation of Cash Flows and analysis (5 years).
- ❖ Assisted staff with the implementation of recent GASB Pronouncements

***Experience***—DMHB has a history of providing quality professional services to an impressive list of public sector clients in Florida. We currently serve 32 public sector entities in Florida. In addition, our senior management team members each have between 25 and 40 years experience in serving Florida governments. DMHB is a recognized leader locally in providing services to governmental and non-profit agencies within the Treasure Coast area. We have been the independent auditors for a number of local governmental agencies and through our experience in performing their audits, we have been able to increase our audit efficiency and therefore reduce cost. We have continually passed this cost saving on to our clients and will continue to do so in the future. As a result of our experience and expertise, we have developed an effective and efficient audit approach designed to meet or exceed the performance specifications in accordance with audit 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 and the standards for financial and compliance audits contained in OMB Circular A-133, “Audits of States, Local Governments, and Non-profit Organizations,” with minimal disruption to your operations. Our firm has frequent technical updates to keep our personnel informed and up-to date on all changes that are occurring within the industry.

***Transition***—Should the City select us to continue as your auditors, there will be no transition. We have the same team in place that knows the City’s personnel, knows where the records are and will not disrupt the City’s personnel “**Training New Auditors**”. There will be no disruption in the daily operation of the City.

***Scheduling and Staffing the Audit***— The City and FPUA are significant engagements. As your current auditors, we have both jobs budgeted and personnel ready to start the audit on September 6, 2016. On September 6, 2016, when the audit firm is selected, we will not have to shuffle staff from other jobs, or hire new staff. We are ready to serve you.

***Communication and Knowledge Sharing***— Through frequent candid and open communication with management, we provide a “*no surprises*” engagement. During the course of the audit, we will meet with City management on a regular basis to provide you with a status report on the audit and to discuss any issues that arise, potential management letter comments, or potential audit differences. Our professionals are trained to look beyond the numbers with the objective of providing timely, constructive, and proactive management letter recommendations. With this in mind we believe a local proactive firm is invaluable to the City. As your auditors we plan on continuing and improving the communication. Communication is an essential part of the audit process. Our policy of having a partner on the job helps identify and address problems and issues as they surface.

*Timeliness*— We have always been responsive to deadlines and make every effort to meet report delivery dates. To ensure a timely efficient audit, we would continue with two partners on the engagement. Mark Barnes will serve as the in-charge partner on the City audit and Jim Hartley will serve as the in-charge partner on the Fort Pierce Utilities Authority audit. This will enable us to run simultaneous audits of each unit and ensure a timely report.

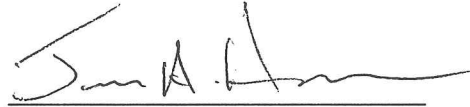
In the accompanying proposal, you will find additional information upon which you can evaluate DMHB's qualifications to serve the City. Our full team is in place and waiting to serve the City. Mark Barnes and Jim Hartley will be the authorized persons to make representations for the firm, and we are available for any questions. We can be reached at 2222 Colonial Road Suite 200, Ft. Pierce, FL 34950. Our phone number is 772-461-8833 and fax number is 772-461-8872. We look forward to further discussing how our team can work together with you to help the City continue to grow and flourish.

We certify and declare that the only persons, company or parties interested in the project as principals, are named therein; that the proposal is made without collusion with any other persons, company or parties that submitted a proposal; that it is in all respects fair and submitted in good faith, without collusion or fraud; and that the signers of the proposal has full authority to contractually bind the principals.

Very truly yours,



Mark Barnes, CPA  
Principal



Jim Hartley, CPA  
Principal

## A. Technical Proposal

### 1. General Requirements

On the following pages we have outlined our qualifications, as well as, our proposed audit plan. We believe we have proven our abilities over the past eleven years and hope we can continue to serve as your auditors.

### 2. Independence

Independence is a hallmark of our profession. We encourage our staff to use professional judgment in situations where our independence could be impaired or the perception of a conflict of interest might exist. In the governmental sector, public perception is as important as professional standards. Therefore, independent auditors must exercise utmost care in the performance of their duties.

As the City's auditor for the last eleven years, we review our independence on an annual basis. As additional services are requested from the City or component units, we have reevaluated and documented our independence as it relates to additional work. We are independent of the City of Fort Pierce, Fort Pierce Utilities Authority, and the Fort Pierce Community Redevelopment Agency as defined by the following rules, regulations, and standards:

- Au Section 220 – Statements on Auditing Standards issued by the American Institute of Certified Public Accountants
- The Code of Professional Conduct of the American Institute of Certified Public Accountants
- Chapter 61H1-21, Florida Administrative Code
- Section 473.315, Florida Statutes
- Government Auditing Standards, issued by the Comptroller General of the United States

### 3. License to Practice in the State of Florida

All Certified Public Accountants and DMHB are properly licensed to practice in the State of Florida.

Name	Florida License Number
Mark Barnes, CPA-Engagement Partner	AC0031705
Jim Hartley-Engagement Partner	AC0029542
Chrissy Kenny-Staff Accountant	AC0034844
DiBartolomeo, McBee, Hartley & Barnes, PA	AD0015570

**4. Firm Qualifications and Experience**

DiBartolomeo, McBee, Hartley & Barnes, P.A is a local public accounting firm with offices in the cities of Fort Pierce and Port St. Lucie. Through its principals and members, the firm has provided continuous in-depth professional accounting, auditing, and consulting services to local government units, nonprofit organizations, and commercial clients since 1974. The firm is comprised of 17 employees, seven of whom have extensive experience in serving governmental units. DMHB provides a wide range of services to various local governmental entities. We will staff this engagement with two partners, one supervisor, and two staff accountants, all of which will be full time. Our professionals have developed considerable expertise in performing governmental audits and single audits and in preparing governmental financial statements in conformance with continually evolving GASB pronouncements, statements, and interpretations. All of the 32 public sector entities we serve annually are required to be in accordance with GASB pronouncements and government auditing standards. We currently perform 7 Federal and State single audits in compliance with OMB Circular A-133 and under the Florida Single Audit Act. Our professionals are also experienced in assisting their clients with preparing Comprehensive Annual Financial Reports (GFOA). Included in the appendix is a copy of our most recent peer review.

DiBartolomeo, McBee, Hartley & Barnes, P.A has had no federal or state desk reviews in the past three years or any disciplinary action taken or pending against the firm in the past three years.

**5. Partner, Supervisory and Staff Qualifications and Experience**

DMHB has been the Auditors for the City of Ft. Pierce and the FPUA for the past eleven years and believe that our qualifications are second to none. All of our professionals that serve governmental clients who require State and/or Federal Single Audits are properly trained and experienced.

As in the past, the staff assigned to this engagement will be experienced, professional, and creative. They fully understand your business and will provide you with reliable opinions. In addition, they will make a point to maintain ongoing dialogue with each other and management about the status of our services.

The audit will be staffed as follows:

<b>City of Fort Pierce and Fort Pierce Redevelopment Agency</b>	<b>Fort Pierce Utilities Authority</b>
Mark Barnes, CPA-Engagement Partner Christina McKenzie-Senior Accountant Genevieve Funk-Staff Accountant Chrissy Kenny, CPA-Staff Accountant	Jim Hartley CPA-Engagement Partner Christina McKenzie-Senior Accountant Genevieve Funk-Staff Accountant Chrissy Kenny, CPA-Staff Accountant

Jay McBee, CPA is available for technical review and assistance if needed.

If the City and FPUA are in agreement with our current staffing plan, we would continue with the current audit team for the entire contract. Through our approach of with two partners on the engagement, any new staff would receive direct, hands on training. Also, by using the same staff on both engagements, staff utilized are cross trained.

The auditing firm you select is only as good as the people who serve you. Our team brings many years of relevant experience coupled with the technical skill, knowledge, authority, dedication, and most of all, the commitment you need to meet your government reporting obligations and the challenges that will result from the changing accounting standards.

All professional staff have received adequate continuing professional education within the preceding three years in accordance with the requirements of the Florida State Board of Accountancy and Government Auditing Standards. This includes quarterly in-house government and non-profit audit updates, the annual FGFOA accounting conference, annual FICPA accounting conference, a four hour ethics course, and various other CPE courses taken throughout each members reporting period. We also provide staff with on-going software training for our audit engagement software and related audit program software. DMHB also subscribes to online accounting and auditing research software that enables staff to access and research issues in the field, as well as, stay up to date on current pronouncements.

CPE is a vital part of our staff's progression and maintaining relevant knowledge of our engagements. The City and FPUA are important engagements to our firm and whenever possible, we attend relevant CPE including accounting for Utilities, Bond issuance, etc.

**Following are the resumes' of the partners and supervisors assigned to this engagement:**

## **Mark T. Barnes**

*Partner – DiBartolomeo, McBee, Hartley & Barnes*

### **Experience and training**

Mark has over 25 years of public accounting experience and would serve as the engagement partner on the city audit. His experience and training include:

- Specializing in serving local government entities.
- Has performed audits and advisory services for a variety of public sector entities including counties, cities and school districts.
- Has extensive experience performing audits of federal grant recipients in accordance with the Single Audit Act and the related Office of Management and Budget (OMB) guidelines, including Circular A-133 and the Rules of the Auditor General.
- Experienced in developing and maintaining the GFOA Certificate of Achievement.
- Over 120 hours of relevant CPE credits over the past 3 years.

### **Recent Engagements**

Has served as a partner on the City of Ft. Pierce and the Avenue D Boys Choir, a senior through partner on St. Lucie County and St. Lucie County School district. Has served as a staff accountant through manager on the City of Port St. Lucie. Has served as manager and partner on the Council on Aging of St. Lucie County, and the Early Learning Coalition of St. Lucie County. Has also served as a staff accountant and senior on the City of Okeechobee, Okeechobee County, St. Lucie County Fire District and New Horizons of the Treasure Coast.

### **Education and Registrations**

- Bachelor of Science in Accounting – Clarion University of Pennsylvania.
- Certified Public Accountant

### **Professional Affiliations**

- Member of the American Institute of Certified Public Accountants
- Member of the Florida Institute of Certified Public Accountants
- Member of the Florida Government Finance Officers Association

### **Volunteer Service**

Mark currently serves as the Treasurer for the State Board of Trustees of PACE Center for Girls, Inc., Healthy Start Coalition of St. Lucie, and the Port St. Lucie Botanical Gardens Foundation.

## **Jim Hartley**

*Partner – DiBartolomeo, McBee, Hartley & Barnes*

### **Experience and training**

Jim has over 25 years of public accounting experience and would serve as the engagement partner on the utility authority audit. His experience and training include:

- Specializing in serving entities ranging from Government to Associations and Special District audits.
- Has performed audits and advisory services for a variety of public sector entities.
- Has extensive experience performing audits of federal grant recipients in accordance with the Single Audit Act and the related Office of Management and Budget (OMB) guidelines, including Circular A-133 and the Rules of the Auditor General.
- Experienced in assisting governmental entities implementing best practices.
- 120 hours of relevant government CPE credits over the past 2 years.

### **Experience**

Has provided audit services on governmental entities including towns, villages, cities, counties, special districts and community development districts. Jim has assisted with financial statement preparation, system implementation, and a variety of services to a wide range of non-profit and governmental entities. Jim currently provides internal audit and consulting services to governmental entities and non-profit agencies to assist in implementing and maintaining “best practice” accounting policies and procedures. Jim provides auditing services to the Fort Pierce Utilities Authority, St. Lucie County Fire District, Tradition CDD #1 – 10, Southern Groves CDD, Legends Bay CDD, Town of St. Lucie Village, Town of Sewall’s Point, Town of Jupiter Island along with several other entities, including several special districts throughout the state of Florida.

### **Education and Registrations**

- Bachelor of Science in Accounting – Sterling College.
- Certified Public Accountant

### **Professional Affiliations**

- Member of the American Institute of Certified Public Accountants
- Member of the Florida Institute of Certified Public Accountants
- Member of the Florida Government Finance Officers Association

### **Volunteer Service**

- Treasurer & Executive Board - St. Lucie County Chamber of Commerce
- Budget Advisory Board - St. Lucie County School District
- Past Treasurer - Exchange Club for Prevention of Child Abuse & Exchange Foundation Board

## **Christina McKenzie**

*Senior Accountant – DiBartolomeo, McBee, Hartley & Barnes*

### **Experience and training**

Christina has over 7 years of relevant accounting experience and would serve as the Senior Accountant on the city and utility authority audits. Her experience and training include:

- 7 years of government and non-profit auditing experience.
- Specializing in serving local government entities and non-profit entities.
- Has performed audits for a variety of public sector entities including counties, cities, and special districts.
- Has experience performing audits of federal grant recipients in accordance with the Single Audit Act and the related Office of Management and Budget (OMB) guidelines, including Circular A-133 and the Rules of the Auditor General.
- Experienced in maintaining the GFOA Certificate of Achievement.

### **Recent Engagements**

Has served on the City of Fort Pierce and Fort Pierce Utilities Authority for six years first as a staff accountant and now as a senior. Also has served on the City of Port St. Lucie, St Lucie County Fire District, St. Lucie Village, Council on Aging, Avenue D Boys Choir, Early Learning Coalition of St. Lucie County, ORCA, several CDD audits, and Liberty Baptist Church.

### **Education and Registrations**

- Bachelor of Science in Accounting

### **Professional Affiliations**

- Associate member of the Florida Institute of Certified Public Accountants
- Member of the Florida Government Finance Officers Association

## 6. Similar Engagements With Other Government Entities

Client	Years	Annual Audit In Accordance With GAAS	Engagement Partner	Incl. Utility Audit/ Consulting	GFOA Cert.	Total Hours
City of Fort Pierce, Florida Johnna Morris, Finance Director (772) 460-2200	2005 – current	√	Mark Barnes	√	√	800
Fort Pierce Utilities Authority Nina Penick, Director of Financial Services (772) 466-1600	2005- current	√	Jim Hartley	√	√	500
City of Port St. Lucie, Florida Edwin Fry, Finance Director (772) 871-5200	1984 – 2012	√	Jay McBee	√	√	1,400
St. Lucie County Fire District Karen Russell, Clerk-Treasurer (772) 462-2300	1984 – current	√	Jim Hartley			300
Various Special District Audits: Patricia Comings-Thibault (321)263-0132	2013- current	√	Jim Hartley			250
Town of Sewall's Point Pamela Walker (772) 287-2455	2008 – current	√	Jim Hartley			200

DMHB provides a variety of accounting, auditing, tax litigation support, estate planning, and consulting services. Some of the governmental, auditing and advisory services currently provided to clients include:

- Annual financial and compliance audits including Single Audits of State and Federal financial assistance programs under the OMB A-133 audit criteria
- Issuance of Comfort Letters, consent letters, and parity certificates in conjunction with the issuance of tax-exempt debt obligations, including compiling financial data and interim period financial statement reviews
- Assisting in compiling financial data for first-time and supplemental submissions for the GFOA Certificate of Achievement for Excellence in Financial Reporting
- Audits of franchise fees received from outside franchisees
- Preparation of annual reports to the State Department of Banking and Finance
- Assistance with Implementation of GASB Pronouncements
- Assistance with obtaining Voluntary Cleanup Tax Credits
- Audits of Internal Controls – Governmental Special Project

## 7. Specific Audit Approach

### a. Proposed segmentation of the engagement

Audit Phase and Tasks	July-Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
<i>I. Planning Phase:</i>								
Meetings and discussions with City personnel regarding operating, accounting and reporting matters		■						
Discuss management expectations, strategies and objectives		■						
Review operations		■						
Develop engagement plan		■						
Study and evaluate internal controls		■						
Conduct preliminary analytical review		■						
<i>II. Detailed Audit Phase:</i>								
Conduct final risk assessment		■						
Finalize audit approach plan		■						
Perform substantive tests of account balances		■						
Perform single audit procedures		■						
Perform statutory compliance testing		■						
<i>III. Closing Phase:</i>								
Review subsequent events, contingencies and commitments				■				
Complete audit work and obtain management representations			■					
Review proposed audit adjustments with client				■				
<i>IV. Reporting Phase:</i>								
Review or assist in preparation of financial statement and the CAFR for the City				■				
Prepare management letter and other special reports				■				
Exit conference with City officials and management						■		
Delivery of final reports							■	

**Note:** In subsequent years interim work will be performed in July through September

**Our partners are not strangers who show up for an entrance conference and an exit conference.** We have developed an audit plan that allows the partners to directly supervise our staff in the field. By assigning two partners to the audit, we will have a partner on-site for a significant portion of the fieldwork. This also gives the City an additional contact individual for questions or problems that may arise during the audit.

The scope of our services will include a financial, as well as, a compliance audit of the City's financial statements. Our audit will be conducted in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit will be conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida.

Our audit approach places emphasis on the accounting information system and how the data is recorded, rather than solely on the verification of numbers on a financial statement. This approach enables us to:

- Maximize our understanding of the City's operating environment
- Minimize time required conducting the audit since we start with broad considerations and narrow to specific audit objectives in critical areas

Our audit approach consists of four phases encompassing our audit process:

1. Planning Phase
  - Detailed Audit Phase
  - Closing Phase
  - Reporting

### **Planning Phase**

#### **Meetings and Expectations:**

Our first step in this phase will be to set up a planning meeting with the financial and operating management of the City and FPUA. **Our goal here is to eliminate "surprises."** By meeting with responsible officials early on we can discuss significant accounting policies, closing procedures and timetables, planned timing of our audit procedures and expectations of our work. This will also be the starting point for our discussions with management related to *SAS No. 99-Consideration of Fraud in a Financial Statement Audit*. Inquiries will be made regarding managements knowledge of fraud and on management's views regarding the risk of fraud.

#### **Review Operations and Develop Engagement Plan**

It is critical that we understand the City's operating environment. To do this we will obtain and review such items as, organizational charts, recent financial statements, budget information, major contracts and lease agreements. We will also gather other information necessary to increase our understanding of the City's operations, organization, and internal control.

## **Study and Evaluate Internal Control**

As part of general planning, we will obtain an understanding and assessment of the City's control environment. This assessment involves a review of management's operating style, written internal control procedures, and the City's accounting system. The assessment is necessary to determine if we can rely on control procedures and thus reduce the extent of substantive testing.

We then test compliance with established control procedures by ascertaining that the significant strengths within the system are functioning as described to us. Generally, transactions are selected and reviewed in sufficient detail to permit us to formulate conclusions regarding compliance with control procedures and the extent of operation compliance with pertinent laws and regulations. This involves gaining an understanding of the City's procedures, laws and regulations, and testing systems for compliance by examining contracts, invoices, bid procedures, and other documents. After testing controls, we then evaluate the results of those tests and decide whether we can rely on controls and thus reduce other audit procedures.

## **Conduct Preliminary Analytical Review**

Also during the planning stage, we undertake analytical procedures that aid us in focusing our energies in the right direction. We call these analytical reviews.

A properly designed analytical review can be a very effective audit procedure in audits of governmental units. Analytical reviews consist of more than just a comparison of current-year actual results to prior-year actual results. Very effective analytical review techniques include trend analysis covering a number of years and comparisons of information not maintained totally within the financial accounting system, such as per capita information, prevailing market interest rates, housing statistics, etc.

Some examples of effective analytical reviews performed together and/or individually include:

- Comparison of current-year actual results with current-year budget for the current and past years with investigation of significant differences and/or trends
- Trend analysis of the percentage of current-year revenues to current-year rates for the current and previous years with investigation of significant changes in the collection percentage
- Trend analysis of the percentage of expenditures by function for the current and previous years with investigation of significant changes in percentages by department
- Monthly analysis of receipts compared to prior years to detect trends that may have audit implications

Conclusions reached enable us to determine the nature, timing and extent of other substantive procedures.

## Detailed Audit Phase

### **Conduct Final Risk Assessment and Finalize Audit Approach**

Risk assessment requires evaluating the likelihood of errors occurring that could have a material effect on the financial statements being audited. The conclusions we reach are based on many evaluations of internal control, systems, accounts, and transactions that occur throughout the audit. After evaluating the results of our tests of control and our final risk assessment we can develop detailed audit programs.

### **Perform Substantive Tests of Account Balances**

These tests are designed to provide reasonable assurance as to the validity of the information produced by the accounting system. Substantive tests involve such things as examining invoices supporting payments, confirmation of balances with independent parties, analytical review procedures, and physical inspection of assets. All significant accounts will be subjected to substantive procedures. Substantive tests provide direct evidence of the completeness, accuracy, and validity of data.

### **Perform Single Audit Procedures**

During the planning phase of the audit we will request and review schedules of expenditures of federal awards and state financial assistance. These schedules will be the basis for our determination of the specific programs we will test.

In documenting our understanding of the internal control system for the financial statement audit, we will identify control activities that impact major federal and state programs as well. This will allow us to test certain controls for the financial audit and the single audit concurrently. We will then perform additional tests of controls for each federal and state program selected for testing. We will then evaluate the results of the test of controls to determine the nature, timing and extent of substantive testing necessary to determine compliance with major program requirements.

### **Perform Statutory Compliance Testing**

We have developed audit programs for City's designed to test Florida Statutes and SBE Rules as required by the Auditor General. These programs include test procedures such as general inquiries, confirmation from third parties, and examination of specific documents.

## Closing Phase

During the closing phase we perform detail workpaper reviews, request legal letters, review subsequent events and proposed audit adjustments. Communication with the client is critical in this phase to ensure that the information necessary to prepare financial statements in conformity with accounting principles generally accepted in the United States has been obtained.

## Reporting Phase

### **Financial Statement Preparation**

As a local firm, we spend a considerable amount of time on financial statement preparation and support. With this in mind, we are more than happy to assist in the preparation of financial statements or simply review a draft of financials prepared by your staff. We let you determine our level of involvement.

### **Management Letters**

*We want to help you solve problems before they become major.*

Our management letters go beyond citing possible deficiencies in the City's internal control structures. They identify opportunities for increasing revenues, decreasing costs, improving management information, protecting assets and improving operational efficiency.

The diversity of experience of our personnel and their independent and objective viewpoints make the comments, observations, and conclusions presented in our management letters a valuable source of information. We have provided positive solution-oriented objective recommendations to our governmental clients regarding investments, accounting accuracy, data processing, revenue bonds, payroll, utility billing, purchasing, budgeting, risk management, and internal auditing.

This review ensures the integrity of the factual data in the management letter but does not influence or impair our independence.

### **Exit Conferences and Delivery of Reports**

We anticipate meeting with appropriate City personnel and the Chairman in January or February and issuing the final required reports in March of each year. To ensure timely delivery of the City's report, the FPUA would deliver prior to these dates.

#### **b. Level of staff and number of hours to be assigned to each proposed segment of the engagement**

Audit Phase and Tasks	City of Fort Pierce			FPUA		
	Part.	Sup.	Staff	Part.	Sup.	Staff
<i>I. Planning Phase:</i>	56	73	20	60	51	32
<i>II. Detailed Audit Phase:</i>	63	172	145	26	79	104
<i>III. Closing Phase:</i>	28	20	10	12	50	26
<i>IV. Reporting Phase:</i>	125	25	13	22	20	8
TOTAL	272	290	188	120	200	170

*CRA hours are included with the City of Fort Pierce*

**c. Sample size and the extent to which statistical sampling is to be used in the engagement**

DMHB uses statistical sampling to test controls primarily over the determined significant account processes such as, cash disbursement, payroll, cash receipt, and purchasing systems. Sample sizes are based on both the population and anticipated outcomes. If deviations are anticipated and a lower level of control risk is planned, sample sizes would increase. Our firm uses a random number generator to select samples from a population.

We also use statistical sampling in our substantive testing when material account balances are comprised of a large number of small balances. This allows us to reduce our overall testing of the account balance (i.e. Accounts Receivables and Customer Deposits in Utility Funds).

**d. Extent of use of EDP software in the engagement**

DMHB's entire audit process is automated. Each member of the audit team is equipped with a laptop and will generally utilize the following software (internet access would be helpful but not a necessity):

- Engagement CS
- Trial Balance Solutions (a Creative Solutions product)
- Checkpoint Tools for PPC (research and workpapers)
- PPC's Smart Practice Aids (risk assessment, evaluating internal control)
- Microsoft Word and EXCEL
- Random number generator software

We begin the audit process by reviewing and updating *PPC's Smart Practice Aids*, a software program that assists us in documenting our understanding of an entities internal control systems and processes, as well as, identifying risks, and helping us to understand the entity and the industry they operate in. Once we have documented the system and tested controls, we can then prepare our audit programs with the help of this software, as well as, *Checkpoint Tools for PPC*. Since we are your current auditors, this process can be merely updated without transition time.

*Engagement CS* is a document management software that integrates with *Trial Balance Solutions*, and *PPC's Smart Practice Aids*, and allows us to audit in a paperless environment. *Word and Excel* also integrate with *Engagement CS* and thus we can create, store and update workpapers in *Engagement CS*. This software enables us to roll forward workpapers and format to assist in reducing the total time spent on the engagement. As your current auditors we already have developed the format of our workpapers.

DiBartolomeo, McBee, Hartley & Barnes' strong computer capabilities as demonstrated by our progressive approach to computer auditing and extensive use of laptops. We view the City's computer operation as an integral part of its accounting systems. We would evaluate the computer control environment to:

- Understand the computer control environment's effect on internal controls
- Conclude on whether aspects of the environment require special audit attention
- Make preliminary determination of comments for inclusion in our management letter

This evaluation includes:

- System hardware and software
- Organization and administration
- Access

**e. Type and extent of analytical procedures to be used in the engagement**

A properly designed analytical review can be a very effective audit procedure in audits of governmental units. Analytical reviews consist of more than just a comparison of current-year actual results to prior-year actual results. Very effective analytical review techniques include trend analysis covering a number of years and comparisons of information not maintained totally within the financial accounting system, such as per capita information, prevailing market interest rates, housing statistics, etc.

Some examples of effective analytical reviews performed together and/or individually include:

- Comparison of current-year actual results with current-year budget for the current and past years with investigation of significant differences and/or trends
- Trend analysis of the percentage of current-year revenues to current-year rates for the current and previous years with investigation of significant changes in the collection percentage
- Trend analysis of the percentage of expenditures by function for the current and previous years with investigation of significant changes in percentages by department
- Monthly analysis of receipts compared to prior years to detect trends that may have audit implications

Conclusions reached enable us to determine the nature, timing and extent of other substantive procedures.

**f. Approach to be taken to gain and document an understanding of the City's internal control structure**

As part of general planning, we will obtain an understanding and assessment of the City's control environment. This assessment involves a review of management's operating style, written internal control procedures, and the City's accounting system. The assessment is necessary to determine if we can rely on control procedures and thus reduce the extent of substantive testing. As your current auditor's, this process will involve revisiting the control environment and updating our assessments.

We then test compliance with established control procedures by ascertaining that the significant strengths within the system are functioning as described to us. Generally, transactions are selected and reviewed in sufficient detail to permit us to formulate conclusions regarding compliance with control procedures and the extent of operation compliance with pertinent laws and regulations. This involves gaining an understanding of the City's procedures, laws and regulations, and testing systems for compliance by examining contracts, invoices, bid procedures, and other documents. After testing controls, we then evaluate the results of those tests and decide whether we can rely on controls and thus reduce other audit procedures.

**g. Approach to be taken in determining laws and regulations that will be subject to audit test work**

We have developed audit programs for City's designed to test Florida Statutes and SBE Rules as required by the Auditor General. These programs include test procedures such as general inquiries, confirmation from third parties, and examination of specific documents. These programs are reviewed and updated annually.

**h. Approach to be taken in drawing audit samples for purposes of tests of compliance**

Selecting tests of controls when **sampling** is used involves many considerations besides the type of test procedure. Our approach would involve:

- a. Define deviation for purposes of the test.
- b. Define the population to be sampled.
- c. Determine the tolerable rate of deviations.
- d. Determine the allowable risk of assessing control risk too low (risk of overreliance).
- e. Determine the expected rate of deviations.
- f. Compute the sample size and determine the sample selection method.

Our approach includes Distinguishing Features of **Sampling** in Tests of Controls as the example below outlines

- |               |  |
|---------------|--|
| OBJECTIVE     | <ul style="list-style-type: none"><li>• A control-transaction objective (e.g., all receipts are recorded) is specified to link with the related assertion (e.g., completeness).</li><li>• Should identify particular substantive procedures that will be modified in response to results of tests of controls.</li></ul> |
| DEVIATION     | <ul style="list-style-type: none"><li>• The characteristic of interest is adherence to a control; an exception or deviation is defined as a lack of adherence rather than monetary misstatement.</li></ul>   |
| POPULATION    | <ul style="list-style-type: none"><li>• Definition has to include time period covered.</li><li>• Units may be unpriced, so completeness may be considered by accounting for sequence of prenumbered documents rather than footing.</li></ul>   |
| SELECTION     | <ul style="list-style-type: none"><li>• No stratification. (The characteristic is an attribute, present or not present, so variance depends entirely on the deviation rate.)</li></ul>   |
| SAMPLE SIZE   | <ul style="list-style-type: none"><li>• Factors that influence size differ; the primary difference is concern with the rate, rather than the dollar amount.</li></ul>  |
| PERFORMANCE   | <ul style="list-style-type: none"><li>• Procedures applied include inspecting evidence of design and operation of controls.</li></ul>  |
| EVALUATION    | <ul style="list-style-type: none"><li>• Relation should be established between deviation rate and risk of monetary misstatement (precisely how sample results will relate to substantive tests).</li></ul>   |
| DOCUMENTATION | <ul style="list-style-type: none"><li>• As indicated in establishing the objective, the relation to particular substantive procedures should be specified.</li></ul>   |

## **8. Identification of Anticipated Potential Audit Problems**

DMHB does not anticipate any potential audit problems. As in the past, if issues arise we will immediately notify the City and FPUA of any problems.

As in prior years through our planning and updating meetings we attempt to identify and address any potential problems as we become aware. This includes timing, staffing, new pronouncements, and reporting issues.

## 9. Report Format

On the following pages are the audit reports for the City of Ft. Pierce from September 30, 2015 which include:

- Independent Auditors' Report
- 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 Awards Program, State Financial Assistance Project, and on Internal Control Over Compliance Required by OMB Circular A-133 and Chapter 10.550 Rules of the Auditor General
- Independent Accountant's Report on Compliance With Section 218.415, Florida Statutes
- Management Letter

In addition to the reports listed above, the single audit section of the financial would include a Schedule of Federal Awards and State Financial Assistance and would also include a Schedule of Findings and Questioned Costs-Federal Awards and State projects.

The FPUA's reports would be similar except that currently they do not receive a federal or state single audit.

We would anticipate these reports to be similar in the upcoming years.

## Independent Auditors' Report

To the City Commission  
Fort Pierce, Florida

March 18, 2016

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Pierce, Florida (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Pierce, Florida as of September 30, 2015, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, Community Redevelopment Agency Fund, and Hurricane Housing Recovery Fund for the year ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note A to the financials, the City restated its net position balances as of September 30, 2014, when adopting the requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB No. 27*.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis, and the schedule of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, 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 Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General, and is also not a required part of the basic financial statements.

To the City Commission  
Fort Pierce, Florida

March 18, 2016

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and state financial assistance, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards and state assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2016 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Certified Public Accountants

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 City Commission  
City of Fort Pierce, Florida

March 18, 2016

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Pierce, Florida (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Fort Pierce, Florida'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 of Fort Pierce, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fort Pierce, Florida'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 misstatements on a timely basis. A material weakness is a deficiency, or 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Fort Pierce, Florida'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.

Certified Public Accountants

Independent Auditor's Report on Compliance For Each Major Federal Awards Program, State Financial Assistance Project, and on Internal Control Over Compliance Required by OMB Circular A-133 and Chapter 10.550 Rules of the Auditor General

To the City Council  
City of Fort Pierce, Florida

March 18, 2016

**Report on Compliance for Each Major Federal Program and State Project**

We have audited the compliance of the City of Fort Pierce, Florida with the types of compliance requirements described in the *U. S. Office of Management and Budget (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 its major federal awards programs and state projects for the year ended September 30, 2015. The City of Fort Pierce, Florida'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 the requirements of laws, regulations, contracts, and grants applicable to its Federal Programs and State Projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Fort Pierce, Florida'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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 of Fort Pierce, Florida'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 of Fort Pierce, Florida's compliance.

## **Opinion on Each Major Federal Program and State Project**

In our opinion, the City of Fort Pierce, Florida complied, in all material respects, with the types of 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, 2015.

## **Report on Internal Control Over Compliance**

The management of the City of Fort Pierce, Florida 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 of Fort Pierce, Florida's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 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 of Fort Pierce, Florida'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 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 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 as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a Federal program 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 results of that testing based on the requirements of OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Certified Public Accountants

Independent Accountant's Report on Compliance With Section 218.415, Florida Statutes

To the City Commission  
Fort Pierce, Florida

March 18, 2016

We have examined the City's compliance with the requirements of Section 218.415, Florida Statutes with regards to the City's investments during the year ended September 30, 2015. 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, 2015.

This report is intended solely for the information and use of 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.

DiBartolomeo, McBee Hartley & Barnes, P.A.

## Management Letter

To the City Commission  
City of Fort Pierce, Florida

March 18, 2016

### **Report on the Financial Statements**

We have audited the financial statements of the City of Fort Pierce, Florida, as of and for the year ended September 30, 2015, and have issued our report thereon dated March 18, 2016, which was unqualified.

### **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, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the provisions of Chapter 10.550, Rules of the Auditor General.

### **Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 18, 2016, 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 significant findings and recommendations made in the preceding annual financial audit. There were no findings or recommendations noted in the preceding annual financial audit.

### **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 was created, established, and incorporated under the City Charter, as adopted by Laws of Florida Chapter 65-1351 and is further governed by state and local laws and regulations. The City also has two component units, the Fort Pierce Utility Authority (discretely presented) and the Community Redevelopment Agency (blended). The voters of the City of Fort Pierce, Florida authorized the organization of the Fort Pierce Utilities Authority at a special election held May 30, 1972. City Ordinance No. F-399 (as amended by City Ordinances G-295, 296, and 297) defines the powers, duties and responsibilities of the Authority. City Ordinance No. H-239 created the Community Redevelopment Agency and delegated powers to the Agency in accordance with Florida Law and State Statutes Chapter 163.

### **Financial Condition**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City of Fort Pierce, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City of Fort Pierce, Florida 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. It is management's responsibility to monitor the City of Fort Pierce, Florida'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.

### **Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City of Fort Pierce Florida for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

**Other Matters**

Section 10.554(1)(i)2, Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal control.

Section 10.554(1)(i)3, Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse 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.

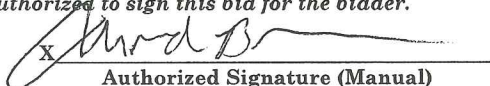
**Purpose of this letter**

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 and other granting agencies, the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Certified Public Accountants

# Appendix I

<p><b>DELIVER TO:</b>  City of Fort Pierce  100 North U.S. #1  Fort Pierce, FL 34950</p> <p><b>MAIL TO:</b>  City of Fort Pierce Procurement  Dept.  P.O. Box 1480  Fort Pierce, FL 34954-1480</p>	<p><b>REQUEST  FOR  PROPOSALS</b>  and  <b>PROPOSAL  ACKNOWLEDGMENT</b></p>
<p><b>Contact:</b> Gelencia Carter, (772) 467-3748</p>	<p><b>RFP No:</b> 2016-028</p>
<p><b>Pre-Proposal Conference Date:</b>  N/A</p>	<p><b>RFP Title:</b>  <b>PROFESSIONAL AUDITING  SERVICES</b></p>
<p><b>Pre-Proposal Location:</b>  N/A</p>	<p><b>RFP Opening Location:</b>  City of Ft. Pierce Procurement Dept.  100 North U.S. #1, 1st Floor  Ft. Pierce, Florida 34950</p>
<p><b>RFP Due Date &amp; Time:</b>  <b>3:00 PM, MONDAY, JULY 18, 2016</b></p>	<p>If you need any reasonable accommodation for any type of disability in order to participate in this procurement, please contact this department as soon as possible.</p>
<p><b>Proposer Name:</b>  DiBartolomeo, McBee, Hartley, &amp; Barnes, PA</p> <hr/> <p><b>Mailing Address:</b>  2222 Colonial Road, Suite 200</p> <p>-----</p> <p>-----</p> <p>-----</p>	<p><i>I hereby certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, or person submitting a bid for the same materials, supplies or equipment, and is in all respects fair and without collusion or fraud. I agree to abide by all conditions of this bid and certify that I am authorized to sign this bid for the bidder.</i></p> <p>  Authorized Signature (Manual)</p>
<p><b>City, State, Zip Code:</b>  Ft. Pierce, FL 34950</p>	<p><b>Typed or Printed Name:</b>  Mark Barnes</p>
<p><b>Type of Entity (Circle One):</b>  Corporation Partnership Proprietorship</p>	<p><b>Title:</b> Principal</p>
<p><b>Incorporated in the State of:</b> FL      <b>Year:</b> 1992</p>	<p><b>Delivery in _____ days, ARO</b></p>
<p><b>Phone Number:</b> (772)461-8833</p>	<p><b>Payment Terms:</b> Net 30 Days</p>
<p><b>Fax Number:</b> (772)461-8872</p>	<p><b>FEIN or SS Number:</b> 65-0361148</p>
<p><b>E-Mail Address:</b> mbarnes@dmhbcpa.com</p>	<p><b>Local Business:</b> <input checked="" type="checkbox"/>Y <input type="checkbox"/>N    <b>MWBE:</b> <input type="checkbox"/>Y <input checked="" type="checkbox"/>N</p>
<p><b>Bid Security is attached, when required, in the amount of \$ _____</b>  <b>F.O.B. DESTINATION</b></p>	<p><b>If returning as a "No Bid" state reason:</b></p>
<p><b>THIS PAGE MUST BE COMPLETED AND RETURNED WITH YOUR PROPOSAL</b></p>	

**July 5, 2016**

**ADDENDUM NO. 1**

**PROFESSIONAL AUDITING SERVICES**

**RFP NO. 2016-028**

The purpose of this addendum is to provide modifications and clarifications to the specification as follows:

1. Question: What were the audit fees for each of the last three fiscal years?  
**Response:** FY 15 combined audit fees \$105,559 (noted on page 12 of RFP)  
FY 14 combined audit fee \$102,455  
FY 13 combined audit fee \$99,000
2. Question: Are the current auditors allowed to respond to the RFP?  
**Response:** Yes, any qualified certified public accounting firm may respond to the RFP.
3. Question: How long has the current auditor been performing this audit?  
**Response:** **As noted on page 12 of the RFP, the current audit firm has been providing audit services for the city since FY 2005.**
4. Question: In fiscal year 2015, were there any additional services provided by the current auditors? If so, what were they and what were the fees?  
**Response:** In fiscal year 2015, the current auditors provided additional services regarding an agreed upon services procedures report related to the VCTC application. The fee for those services were \$2,400.
5. Question: Does the City expect to meet the requirements for a Federal Single Audit in 2016?  
**Response:** Yes, the City expects to meet the requirements for a Federal Single Audit in FY 2016.
6. Question: Does the City expect to meet the requirements for a Florida Single Audit in 2016?  
**Response:** Yes, the City expects to meet the requirements for a Florida Single Audit in FY 2016.
7. Question: Are there any material current events that will affect the City during the 9/30/16 fiscal year (lawsuits, debt issuances, changing software, new programs, loss/gain of major funding source...)?  
**Response:** The City defeased/refunded 6 bond series during FY 2016. Because the fiscal year is not over, at this time we do not have enough information to determine if there are material events which could affect the City.

8. Question: Who will be the members of the audit selection committee?  
Response: A listing of the audit selection committee roles is included on page 27 of the RFP.
9. Question: The RFP mentions a Drug Free WP form (Pg 4; Sec 17.); however there was not one included.  
Response: Drug Free Workplace form was inadvertently omitted, please see attached.
10. Question: Also, on Page 4, Section 18 it states to contact the purchasing dept. if we are a MWBD; we are. Is there something additional we need to do?  
Response: Please provide proof that you are certify as a MWBD with your submission

All other conditions of this bid remain the same.

Please acknowledge receipt of this addendum and include it with your submittal.

Signature: 

Manual

Signature: Mark Barnes

Typed or Printed

Company Name: DiBartolomeo, McBee, Hartley, & Barnes PA

Address: 2222 Colonial Road Suite 200

Ft. Pierce, FL 34950

Date: 7/14/16

/gc

# CITY OF FORT PIERCE BUSINESS TAX RECEIPT

No. 16-00010399

2015 - 2016

100 N. U.S. # 1 - Fort Pierce, FL - 34950  
772-467-3000

BUSINESS

NAME BARNES, MARK T. : BARNES, MARK T. PRINCIPAL

MAILING

ADDRESS 2222 COLONIAL RD LOCATION 2222 COLONIAL RD 200  
SUITE 200  
FT PIERCE FL 34950 PHONE 461-8833

may hereby engage in the following business, profession or occupation.

CLASSIFICATION: 002 ACCOUNTANTS OR AUDITORS

IN THE CITY OF FORT PIERCE, FLA. FOR THE PERIOD BEGINNING ON THE 1ST DAY OF OCTOBER AND ENDING SEPTEMBER 30.

ISSUED ~~.....SEPTEMBER 14.....~~ 2015

This Receipt becomes null and void if business name, classification, ownership or address is changed.

I understand and agree that issuance of a Business Tax Receipt **does not** allow occupancy, nor exempt the possessor from compliance with any City Code or Ordinance. Receipt may be revoked in accordance with Section 9-29.

*Linda W Cox* (SEAL)  
CITY CLERK  
TAX AMOUNT \$ 127.34  
NEW / RENEWAL FEE \$ 5.00  
PENALTY \$ .00  
TOTAL \$ 132.34

THIS RECEIPT MUST BE PROMPTLY POSTED FOR PUBLIC VIEW

# CITY OF FORT PIERCE BUSINESS TAX RECEIPT

No. 16-00010400

2015 - 2016

100 N. U.S. # 1 - Fort Pierce, FL - 34950  
772-467-3000

BUSINESS

NAME HARTLEY, JAMES A. : HARTLEY, JAMES A. PRINCIPAL

MAILING

ADDRESS 2222 COLONIAL RD, STE. 200 LOCATION 2222 COLONIAL RD 200  
FT PIERCE FL 34950 PHONE 461-8833

may hereby engage in the following business, profession or occupation.

CLASSIFICATION: 002 ACCOUNTANTS OR AUDITORS

IN THE CITY OF FORT PIERCE, FLA. FOR THE PERIOD BEGINNING ON THE 1ST DAY OF OCTOBER AND ENDING SEPTEMBER 30.

ISSUED ~~.....SEPTEMBER 14.....~~ 2015

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*Linda W Cox* (SEAL)  
CITY CLERK  
TAX AMOUNT \$ 127.34  
NEW / RENEWAL FEE \$ 5.00  
PENALTY \$ .00  
TOTAL \$ 132.34

THIS RECEIPT MUST BE PROMPTLY POSTED FOR PUBLIC VIEW

2015 / 2016 **ST. LUCIE COUNTY LOCAL BUSINESS TAX RECEIPT** RECEIPT # 8999-199

CHRIS CRAFT, ST. LUCIE COUNTY TAX COLLECTOR

FACILITIES OR MACHINES / ROOMS SEATS EMPLOYEES 1  
TYPE OF BUSINESS 8999 PROFESSIONAL/CPA (CPA)

EXPIRES SEPTEMBER

BUSINESS/ James A Hartley

DBA NAME DiBartolomeo, McBee, Hartley &  
MAILING James A Hartley  
ADDRESS 2222 Colonial Rd Ste 200  
Fort Pierce, FL 34950

BUSINESS LOCATION 2222 Colonial Rd Ste 200  
Fort Pierce, FL 34950  
City of Fort Pierce



RENEWAL ORIGINAL TAX PENALTY COLLECTION COST TOTAL

AC 0029542

Paid 09/17/2015 37.14

0116-20150917-005982

2015 / 2016 **ST. LUCIE COUNTY LOCAL BUSINESS TAX RECEIPT** RECEIPT # 8999-199

CHRIS CRAFT, ST. LUCIE COUNTY TAX COLLECTOR

FACILITIES OR MACHINES / ROOMS SEATS EMPLOYEES 1  
TYPE OF BUSINESS 8999 PROFESSIONAL/CPA (CPA)

EXPIRES SEPTEMBER

BUSINESS/ Mark T Barnes

DBA NAME DiBartolomeo, McBee, Hartley &  
MAILING Mark T Barnes  
ADDRESS 2222 Colonial Rd Ste 200  
Fort Pierce, FL 34950

BUSINESS LOCATION 2222 Colonial Rd Ste 200  
Fort Pierce, FL 34950  
City of Fort Pierce



RENEWAL ORIGINAL TAX PENALTY COLLECTION COST TOTAL

AC 0031705

Paid 09/17/2015 15.10

0116-20150917-005982

APPENDIX "C"

**PROPOSER GUARANTEES**

- I. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official:  \_\_\_\_\_

Name (typed): Mark Barnes

Title: Principal


Firm: DiBartolomeo, McBee, Hartley, & Barnes, PA

Date: 7/14/16

APPENDIX "D"

**PROPOSER WARRANTIES**

- A. Proposer warrants that it is willing and able to comply with State of Florida laws with respect to foreign (non-state of Florida) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Fort Pierce.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official:  \_\_\_\_\_

Name (typed): Mark Barnes

Title: Principal

Firm: DiBartolomeo, McBee, Hartley, & Barnes, PA

Date: 7/14/16

# FORT PIERCE

Florida

## DRUG FREE WORKPLACE FORM

The undersigned vendor in accordance with Florida Statute 287.087 hereby certified that

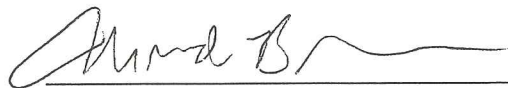
DiBartolomeo, McBee, Hartley, & Barnes, PA

does:

*(Name of Business)*

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 proposed 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 occurring 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.



Proposer's Signature

7/17/16

Date

# Michael C. Becker & Co.

Certified Public Accountants

400 Columbia Drive  
Suite 101  
West Palm Beach, Florida 33409

West Palm Beach (561) 689-4093  
Boca Raton (561) 391-0945  
Miami (305) 266-6691  
Fax (561) 697-4359

## System Review Report

January 5, 2015

To the shareholders of DiBartolomeo, McBee, Hartley & Barnes, PA  
and the Peer Review Committee of the Florida Institute of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of DiBartolomeo, McBee, Hartley & Barnes, PA (the firm) in effect for the year ended June 30, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice DiBartolomeo, McBee, Hartley & Barnes, PA in effect for the year ended June 30, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. DiBartolomeo, McBee, Hartley & Barnes, PA has received a peer review rating of pass.

*Michael C. Becker & Co.*

Michael C. Becker & Co.

