
JPWard and Associates LLC

TOTAL Commitment to Excellence

Flow Way

Community Development District

Board of Supervisor's Meeting

November 11, 2014



*JPWard and Associates LLC
2041 Northeast 6th Terrace
Wilton Manors, Florida 33305
E-MAIL: WARD9490@COMCAST.NET
PHONE: (954) 658-4900*

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

November 6, 2014

Board of Supervisors
Flow Way Community Development District

Dear Board Members:

The Regular Meeting of the Board of Supervisors of the Flow Way Community Development District will be held on **Tuesday, November 11, 2014 at 1:30 p.m.** at the **offices of Coleman, Yovanovich & Koester, P.A., 4001 Tamiami Trail North, Suite 300, Naples, Florida 34103.**

1. Call to Order & Roll Call.
2. Administration of Oath of Office for the newly elected Supervisor's from the Landowner's Meeting held just prior to the Regular Meeting.
 - Guide to Sunshine Amendment and Code of Ethics for Public Officers and Employees
 - Form 1 – Statement of Financial Interests
3. Consideration of Resolution 2015-1 Canvassing and Certifying the Results of the November 11, 2014 Landowners Election.
4. Consideration of Resolution 2015-2 Re-Designating the Officers of the Tern Bay Community Development District.
5. Consideration of Audit Proposals.
6. Staff Reports
 - a) District Attorney
 - b) District Attorney
 - c) District Manager
7. Supervisor's Requests and Audience Comments
8. Adjournment



James P. Ward
District Manager

2041 NORTHEAST 6TH TERRACE
WILTON MANORS, FL. 33305

PHONE (954) 658-4900

E-MAIL ward9490@comcast.net

Flow Way Community Development District

The second item is general in nature, and the new members elected at the Landowner's Election held just prior to the Regular Meeting of the Board of Supervisor's will subscribe to an oath of office.

The third item is Consideration of Resolution 2015-1 which canvasses and certifies the results of the November 11, 2014 Landowners Election.

The fourth order of business is to re-designate the officer's of the Tern Bay Community Development District. Currently the Board officer's are as follows:

Chairman:	John Asher
Vice Chairman:	Keith Berg
Assistant Secretaries:	Stephen Reiter
	Sal Simonetti
Secretary/Treasurer	James P. Ward

The fifth order of business is consideration of the request for proposals to provide independent auditing services to the District for the Fiscal Years 2014 through 2018.

Enclosed please find the following:

1. The District's Request for Proposals sent to auditing firms.
2. Auditor Evaluation Form.
3. Auditor Proposals – Technical and Pricing.

The evaluation form is for your use in evaluating the proposals submitted and if you could please review the proposals submitted and fill out the evaluation before the meeting that would be appreciated.

The balance of the Agenda is standard in nature and I look forward to seeing you at the meeting, and if you have any questions and/or comments, please do not hesitate to contact me directly at (954) 658-4900.

Flow Way Community Development District



James P. Ward
District Manager
Enclosures



James P. Ward
District Manager

2041 NORTHEAST 6TH TERRACE
WILTON MANORS, FL. 33305

PHONE (954) 658-4900

E-MAIL ward9490@comcast.net

OATH OR AFFIRMATION OF OFFICE

I, _____, a citizen of the State of Florida and of the United States of America, and being an officer of the **Flow Way Community Development District** and a recipient of public funds as such officer, do hereby solemnly swear or affirm that I will support the Constitution of the United States and of the State of Florida, and will faithfully, honestly and impartially discharge the duties devolving upon me as a member of the Board of Supervisors of the **Flow Way Community Development District**, Collier County, Florida.

Signature

Printed Name: _____

STATE OF FLORIDA
COUNTY OF COLLIER

Sworn to (or affirmed) before me this ____ day of _____, 2014, by _____, whose signature appears hereinabove, who is personally known to me or who produced _____ as identification.

NOTARY PUBLIC
STATE OF FLORIDA

Print Name: _____

My Commission Expires: _____

RESOLUTION 2015-1

A RESOLUTION OF THE BOARD OF SUPERVISOR'S OF THE FLOW WAY COMMUNITY DEVELOPMENT DISTRICT CANVASSING AND CERTIFYING THE RESULTS OF THE LANDOWNERS ELECTION OF SUPERVISORS HELD PURSUANT TO SECTION 190.006(2), FLORIDA STATUTES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING FOR CONFLICT AND PROVIDING AN EFFECTIVE DATE

WHEREAS, pursuant to Section 190.006(2), Florida Statute, a landowners meeting is required to be held within 90 days of the District's creation and every two years following the creation of a Community Development District for the purpose of electing Supervisors to the Board of Supervisors of the District; and

WHEREAS, following proper publication of notice thereof, such landowners meeting was held November 11, 2014, at which the below recited persons were duly elected by virtue of the votes cast in his favor; and

WHEREAS, this Resolution canvasses the votes, and declares and certifies the results of said election;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE FLOW WAY COMMUNITY DEVELOPMENT DISTRICT;

SECTION 1: Certification of Election Results. The following persons are found, certified, and declared to have been duly elected as a Supervisor of and for the District, having been elected by the votes cast in his favor as shown, to wit:

_____	(Seat 1)	_____ Votes
_____	(Seat 2)	_____ Votes
_____	(Seat 4)	_____ Votes

SECTION 2: Terms of Office: In accordance with said statute, and by virtue of the number of votes cast for the respective Supervisors, they are declared to have been elected for the following term of office:

RESOLUTION 2015-1

A RESOLUTION OF THE BOARD OF SUPERVISOR'S OF THE FLOW WAY COMMUNITY DEVELOPMENT DISTRICT CANVASSING AND CERTIFYING THE RESULTS OF THE LANDOWNERS ELECTION OF SUPERVISORS HELD PURSUANT TO SECTION 190.006(2), FLORIDA STATUTES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING FOR CONFLICT AND PROVIDING AN EFFECTIVE DATE

_____	four (4) year term
_____	four (4) year term
_____	two (2) year term

SECTION 3: Severability. That all Sections or parts of Sections or any Resolutions, Agreements or actions of the Board of Supervisor's in conflict are hereby repealed to the extent of such conflict.

SECTION 4: Conflict. The invalidity or unenforceability of any one or more provisions of this Resolution shall not affect the validity or enforceability of the remaining portions of this Resolution, or any part thereof.

SECTION 5: Effective Date. This Resolution shall take effect upon the passage and adoption of this Resolution by the Board of Supervisors of the Heritage Harbour North Community Development District.

Said terms of office shall commence immediately upon the adoption of this Resolution.

PASSED AND ADOPTED this 11th day of November, 2014

ATTEST:

**FLOW WAY
COMMUNITY DEVELOPMENT DISTRICT**

James P. Ward, Secretary

John Asher, Chairman

RESOLUTION 2014-2

A RESOLUTION RE-DESIGNATING CERTAIN OFFICERS OF THE FLOW WAY COMMUNITY DEVELOPMENT DISTRICT; PROVIDING FOR SEVERABILITY AND INVALID PROVISIONS; PROVIDING FOR CONFLICT AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of Supervisors of the Flow Way Community Development District desire to appoint the below recited person(s) to the offices specified.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE FLOW WAY COMMUNITY DEVELOPMENT DISTRICT:

SECTION 1. DESIGNATION OF OFFICERS OF THE DISTRICT. The following persons are, appointed to the offices shown.

Chairman	_____
Vice-Chairman	_____
Assistant Secretary	_____
Assistant Secretary	_____
Assistant Secretary	_____
Treasurer	<u>James P. Ward</u>
Secretary	<u>James P. Ward</u>

SECTION 2. SEVERABILITY AND INVALID PROVISIONS. If any one of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contract to the policy of express law, but not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way effect the validity of the other provisions hereof.

SECTION 3. CONFLICT. That all Sections or parts of Sections of any Resolutions, Agreements or actions of the Board of Supervisor's in conflict are hereby repealed to the extent of such conflict.

SECTION 4. PROVIDING FOR AN EFFECTIVE DATE. This Resolution shall become effective immediately upon passage.

PASSED AND ADOPTED this 11th day of November, 2014

RESOLUTION 2014-2

A RESOLUTION RE-DESIGNATING CERTAIN OFFICERS OF THE FLOW WAY COMMUNITY DEVELOPMENT DISTRICT; PROVIDING FOR SEVERABILITY AND INVALID PROVISIONS; PROVIDING FOR CONFLICT AND PROVIDING FOR AN EFFECTIVE DATE.

**Flow Way Community Development
District**

James P. Ward, Secretary

John Asher, Chairman

Technical Proposal for
STROEMER
& COMPANY, LLC ®
to Provide
External Independent Auditing Services

FLOW WAY
COMMUNITY DEVELOPMENT DISTRICT

STROEMER & COMPANY, LLC ®

1-855-STROEMER

14030 Metropolis Avenue, Suite 200, Fort Myers, FL 33912
9130 Galleria Court, Suite 102, Naples, FL 34109

20590 West Dixie Highway, Aventura, FL 33180
1640 Periwinkle Way, Suite 4, Sanibel, FL 33957

www.stroemercpa.com

STROEMER & COMPANY, LLC 

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INTEGRITY.....KNOWLEDGE.....SERVICE.....COMMITMENT ®

October 15, 2014

Board of Commissioners
Flow Way Community Development District
ATTN: James P. Ward, District Manager
2041 NE 6th Terrace
Wilton Manors, FL 33305

Dear Board of Commissioners:

Thank you for the opportunity to submit our proposal to perform independent auditing services to Flow Way Community Development District (the District) to examine the financial statements beginning with the fiscal year ending September 30, 2014 and subsequent years. The audit will be conducted in accordance with generally accepted government auditing standards. We will plan our audit engagement with timely parameters in mind and confirm that we will issue the financial statements and reports prior to the required due dates.

Stroemer & Company is pleased to present our qualifications, industry experience, and professional background to you. Our firm provides the highest level of service that is technically sound, efficient, and responsive to your needs. We will choose the very best of Stroemer & Company to serve you and perform the work you require within the requested time period. We will provide whatever resources necessary to satisfy your current and ongoing needs.

Many accounting firms appear to be similar, but they are as uniquely different as the people that own and operate them. Here you will gain a better understanding of Stroemer & Company. You will see the magnitude and level of knowledge we have with special districts. Stroemer & Company has a proven track record of serving these organizations in Southwest Florida. Our professionals are technically sound, efficient, and responsive to your ongoing needs. We believe our demonstrated performance and commitment to our clients is our best reference.

The District would be a very important client to Stroemer & Company and consider it an honor to have you as our client. Thank you for allowing us to present our qualifications and considering our firm. We are committed to meeting your needs and exceeding your expectations. We look forward to hearing from you.

Sincerely,

Stroemer & Company, LLC
John H. Stroemer, CPA, CFST, CAM, GRI

TECHNICAL PROPOSAL

Independence

We meet the independence standards of the **GAO Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, published by the U.S. General Accounting Office and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations**, as well as adhere to all professional requirements of the **AICPA Professional Standards**:

“Engagements for audit of government grants, governmental units, or other recipients of government monies typically require that such audits be in compliance with government audit standards, guides, procedures, statutes, rules, and regulations, in addition to generally accepted auditing standards. If a member has accepted such an engagement, and undertakes an obligation to follow specified government audit standards, rules and regulations, in addition to generally accepted auditing standards, he is obligated to follow such requirements. Failure to do so is an act discreditable to the profession in violation of Rule 501, unless the member discloses in this report the fact that such requirements were not followed and the reasons therefore.”

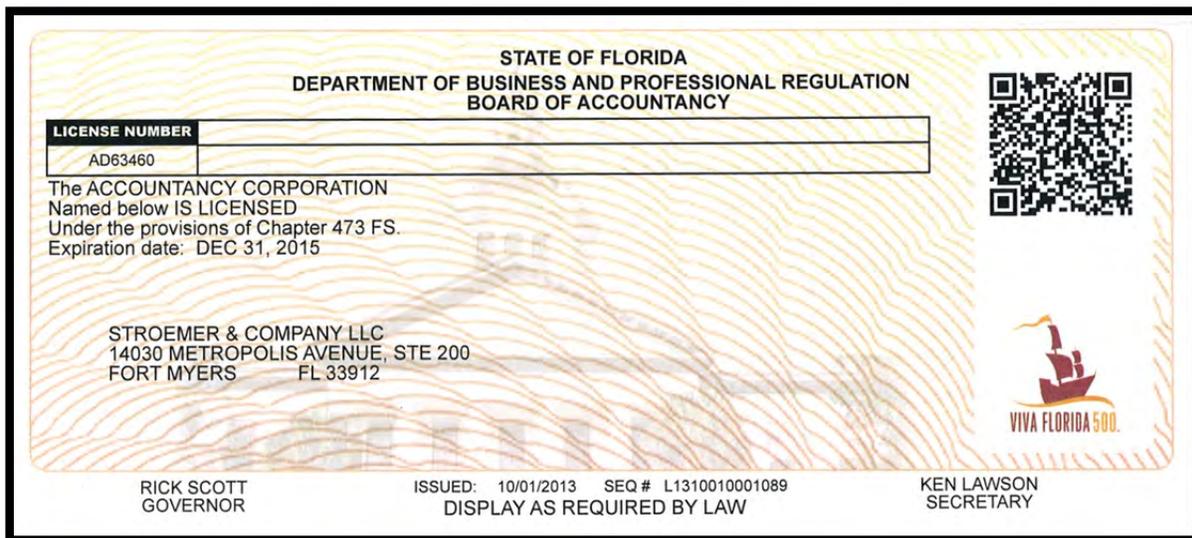
Stroemer & Company is independent of all of the components units of the District as defined by the above standards.

Stroemer & Company has not had any involvement in any professional relationship involving the District for the past five years, that would infringe on our independence and we do not have a conflict of interest relative to performing independent auditing services.

We shall provide the District written notice of any professional relationships entered into during the period of the engagement.

Firm

Stroemer & Company is a regional firm that has been practicing in Florida for over 20 years. We have a 15 year history of providing auditing and accounting services to organizations in the local government sector. The firm and all assigned team members are properly licensed to practice in the State of Florida. Below is Stroemer & Company’s current Business License:



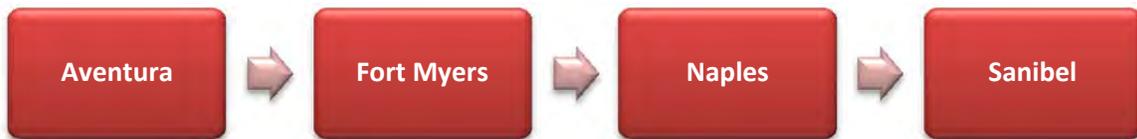
Firm Qualifications and Experience

Primary Office Location

Our Corporate Office located in Fort Myers, FL will be providing services to the District. The team members who will be assigned to this engagement have significant experience in governmental audit and accounting, and work very closely with all of our governmental entities. We are very dedicated to this industry and provide ongoing training to understand the ever changing issues, and laws and regulations.

Office Locations

Stroemer & Company is a large firm with a regional presence with offices serving clients throughout the State of Florida:



Size of the Firm

Audit & Tax Team

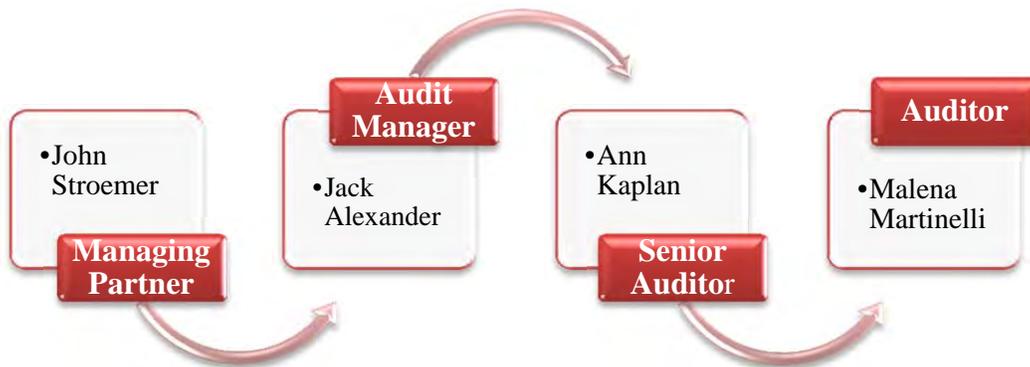
Employee Classification	Total Number
Partners	4
Principal	2
Managers	7
Audit Team Members	15
Audit Administrators	4
Tax Team Members	11
TOTAL	43

NPO/Governmental Team

Employee Classification	Total Number
Partner	1
Managers	3
Audit Team Members	4
Audit Administrators	2
Tax Team Members	3
TOTAL	13

Key Personnel

Below are the key personnel who will be assigned to the District’s engagements on a full-time basis:



Peer Review

Stroemer & Company elects to do a Peer Review every 3 years, covering 24 straight years, which we have received an **“Unqualified Opinion with No Letter of Comments”**. This represents the highest possible rating that can be obtained.

This external quality control review included engagements performed under the Government Auditing Standards and OMB Circular A-133.



FICPA
Administered in Florida by the
Florida Institute of CPAs

AICPA
Administered in Florida by the
Florida Institute of CPAs

April 30, 2014

John H. Stroemer, CPA
Stroemer & Company
14030 Metropolis Ave., Ste. 200
Fort Myers, FL 33912

Dear Mr. Stroemer:

It is my pleasure to notify you that on April 29, 2014 the Florida Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is October 31, 2016. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,



Paul N. Brown, CPA, CGMA
Director of Technical Services

cc: Judson B. Baggett, CPA

Firm Number: 10084970 Review Number: 349578

325 W. College Ave. | P.O. Box 5437 | Tallahassee, FL 32314 | (850) 224-2727 | (800) 342-3197 | Fax: (850) 222-8190 | www.ficpa.org

2013 Peer Review Certificate:



Field Review

Stroemer & Company has been through several desk reviews with **no change** in work product or audit report.

Disciplinary Action

No disciplinary actions have been made against Stroemer & Company or any individual associated with Stroemer & Company by the State of Florida Board of Accountancy or any other regulatory authorities. Therefore, no corrective actions have had to be taken by the firm.

Litigation

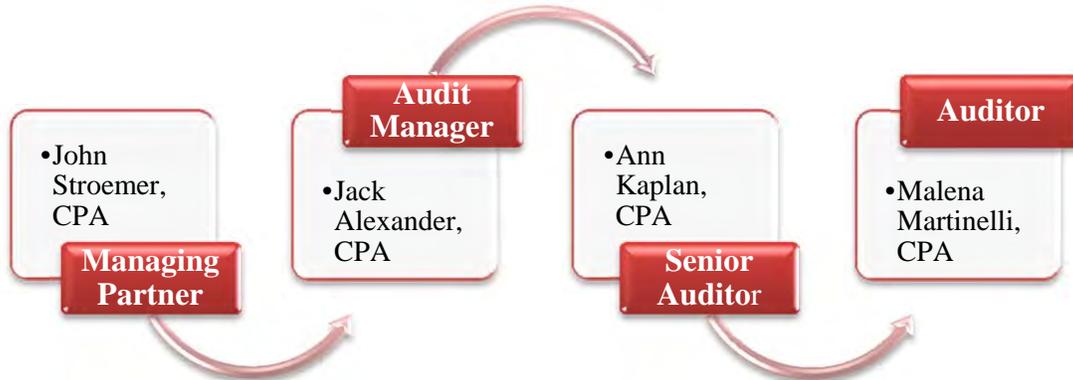
Stroemer & Company has not been investigated by any legal administrative agency due to conduct of the firm or Principals, nor have we had any adverse decision or settlement with any legal or administrative issue. Additionally, Stroemer & Company has not received complaints on work performance, nor has a Client withdrawn from of our engagement due to lack of performance.

Staff Qualifications

Key Personnel

The core service team for Stroemer & Company will include individuals with extensive experience in governmental accounting. Our service philosophy guarantees significant involvement of our executives as part of each client relationship.

Below are the key personnel who will be assigned to the District's engagements:



Please find each team members resume on the attached pages, highlighting their professional and academic qualifications.

Continuing Education Requirements

In order to maintain our technical expertise and to stay current on all technical and industry developments, we have accomplished the following:

- a. Developed extensive in-house continuing professional education training programs designed to exceed the specific needs of our clients. Our professional team members and partners receive at least 80 hours of formal education every two years, with a minimum of 20 hours each year.
- b. Additionally, each auditor performing work in accordance with generally accepted government auditing standards complete at least 24 hours of continual professional education every two years. This directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates.
- c. Our professionals are on state-wide technical committees of the Florida Institute of Certified Public Accountants. Thus, we are in a position to stay on the cutting edge of technical developments

Staff Continuity

We understand that continuity of staff is important to our clients. Stroemer & Company is dedicated to controlling staff turnover because we recognize that efficient client service benefits both our clients and our firm. Our reputation for quality service and talented people allows us to recruit and retain committed professionals. We have a strong firm culture, focusing on a team philosophy, education, pro-active approach, nurturing relationships, and an extremely productive environment.



JOHN H. STROEMER, CPA, CFST, CAM, GRI

John Stroemer is the Managing Partner of Stroemer & Company. He is a Certified Public Accountant licensed in the State of Florida. John is also certified in Florida Sales and Use Tax, and is a Registered Investment Advisor. John graduated from Florida International University with a Bachelor of Science degree in Accounting. After college John began his career working for a Big 8 firm. Subsequently, John relocated to southwest Florida and opened his own firm. Since then John has built one of the larger full service firms in Florida.

John has extensive industry experience with over 20 years combined experience with not-for-profit and governmental audit services, including A-133 and Yellow Book. He is the Quality Control Partner on all Stroemer & Company's not-for-profit and governmental clients.

As the Managing Partner, John's responsibilities include partnering with clients by understanding their business and industry and providing ongoing advice, insights, and support to help our clients build a better business. Also, he seeks regular client assessment of assignment progress and overall feedback on performance, as well as identifies and promotes the development of client recommendations, streamline operations, enhance reporting capabilities and maintains a year round relationship. John is continually developing industry expertise and technical expertise for the firm.

John has been a presenter at many workshops geared towards Not-For-Profit and Governmental Accounting, Tax and Auditing. Topics have included *Auditing and Accounting Updates*, *Fraud, Form 990 Tax Compliance*, *SEFA Requirements & Reporting (A-133)*, *Donations & Promises to Give*, and *Financial Disclosures*. John has also been a presenter at the FICPA State Conference, Edison State College, United Way, and Southwest Florida Community Foundation.

Professional Affiliations (past and present)

- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants Business Technology Committee
- Florida Institute of Certified Public Accountants State Legislative Policy Committee
- Association of Certified Fraud Examiners
- Florida Association of Special Districts
- Greater Fort Myers Chamber of Commerce



WILLIAM JOHN “JACK” ALEXANDAR, CPA

Jack Alexander is an Audit Manager at Stroemer & Company. He is a Certified Public Accountant licensed in the States of Ohio and Pennsylvania. He is currently pursuing his license in the State of Florida. Jack graduated from Ohio State University with a Bachelor of Science degree in Accounting. After graduation, Jack began working for a local CPA firm in his hometown of Steubenville, Ohio. He later moved to Pittsburgh where he spent the better part of the past decade working for one of the largest regional CPA firms in the area. Since relocating to Florida, Jack has been a great asset to the Stroemer & Company team.

Jack has extensive industry experience and concentrates his practice in the area of not-for-profit and governmental entities. He has over 10 years' experience in not-for-profit and governmental accounting, including A-133 and Yellow Book. Jack is the Manager on all of Stroemer & Company's not-for-profit and governmental clients.

As a Manager, Jack's responsibilities include maintaining client relationships, directly managing the work of the Audit Team Members assigned to his clients engagements, as well as direct field work on financial statement audit and accounting engagements, monitor the progress of engagements in relation to budgets and due dates, supervise and review engagement planning, train and evaluate team members, and review work before submission to Partners for further review.

Jack has been a presenter at workshops geared towards Not-For-Profit and Governmental Accounting and Auditing. Topics have included *Auditing and Accounting Updates SEFA Requirements & Reporting (A-133)*, *Donations & Promises to Give*, and *Financial Disclosures*. These presentations have been in conjunction with Edison State College, FASD, United Way, and Southwest Florida Community Foundation.

Professional Affiliations (past and present)

- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants State & Local Government Section Resource Council
- Florida Association of Special Districts
- United Way
- Sanibel-Captiva Chamber of Commerce



ANN B. KAPLAN, CPA

Ann Kaplan is an Auditor with Stroemer & Company. She is a Certified Public Accountant licensed in the State of Florida. Ann graduated from the University of North Carolina at Chapel Hill with a Bachelor of Science degree in Business Administration. She completed internships in accounting in Gothenburg, Sweden and Edinburgh, Scotland before obtaining a Master of Science of Accounting from the American University in Washington, DC. Ann then relocated to Florida where she was the controller for a not-for-profit organization before joining the Stroemer & Company team.

Ann has extensive industry experience and concentrates her practice in the areas of not-for-profits and governmental entities. She has over 15 years of experience in this area, which includes grant proposals, Community Development Block Grant (CDBG) regulations, contract compliance, and Lee Partnering for Results funding, as well as A-133 and Yellow Book. Ann is an Auditor on all of Stroemer & Company's not-for-profit and governmental clients.

As an Auditor, Ann's responsibilities include assisting with the completion of audit engagements, learning a thorough knowledge of the client's business and related needs, as well as preparing financial statements, and management letters in accordance with professional and firm standards. In addition, she must maintain client relationships with clients whose engagements have been assigned to her.

Ann is also a certified QuickBooks ProAdvisor and has led training seminars on various QuickBooks topics for general beginners, intermediate and advanced users. She has also conducted one on one sessions with many of our clients.

Professional Affiliations (past and present)

- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants
- Florida Association of Special Districts
- Association of Fundraising Professionals
- QuickBooks ProAdvisor
- United Way



MALENA MARTINELLI, MSAT, CPA

Malena is an Auditor with Stroemer & Company. She is a Certified Public Accountant licensed in the State of Florida. Malena graduated Cum Laude from Florida Gulf Coast University with a Bachelor of Science degree in Accounting, and continued her education earning a Master's of Science in Accounting and Taxation. After obtaining her degree she began her career in public accounting, working for a regional firm. Since joining Stroemer & Company, Malena has quickly become as essential part of the firm.

Malena has extensive industry experience and concentrates her practice in the areas of not-for-profits and governmental entities. She has over 5 years of experience in not-for-profit and governmental accounting, including A-133 and Yellow Book. Malena is an Auditor on all of Stroemer & Company's not-for-profit and governmental clients.

As an Auditor, Malena's responsibilities include assisting with the completion of audit engagements, learning a thorough knowledge of the client's business and related needs, as well as preparing financial statements, and management letters in accordance with professional and firm standards. In addition, she must maintain client relationships with clients whose engagements have been assigned to her.

Professional Affiliations (past and present)

- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants
- Florida Association of Special Districts
- Hispanic Chamber of Commerce
- United Way

Professional Societies

Stroemer & Company is a member in good standing of the American Institute of Certified Public Accountants (AICPA), AICPA Private Companies Practice Section, Florida Institute of Certified Public Accountants (FICPA), Association of Certified Fraud Examiners (CFE), and Florida Association of Special Districts (FASD):



We also teach various technical educational workshops in conjunction with the FICPA and FASD. Jack Alexander continues to be a featured speaker at the Annual FASD Conference:

- 2012 - 2014: Financial Reporting Requirements for Special Districts

State Committees

Team members serving on FICPA state committees:

- **John Stroemer, CPA, CFST, CAM, GRI**
Business Technology Committee - provides Florida CPAs with knowledge about technology and tools available to enhance their practice and assist their clients
State Legislative Policy Committee - discusses revisions to Florida Accountancy Laws and Rules; develops proposed legislative policies; coordinates with FICPA committees on potential legislative issues; and reviews pending legislation affecting the CPA profession
- **Jack Alexander, CPA**
State & Local Government Section Resource Council - plans and presents the FICPA State & Local Government Accounting Conference, enhances knowledge and promotes excellence among members interested in state and local government accounting, auditing and other related issues
- **Keith Wheeler**
Not-for-Profit Conference Committee - which plans and presents the FICPA Not-for-Profit Organizations Conference, as well as studies, reviews and comments on accounting, auditing and reporting for not-for-profit organizations
- **Christopher Conti, CPA**
Accounting Principles and Auditing Standards - which studies, reviews and comments on exposure drafts and research bulletins by various professional standard-setting bodies

Prior Engagements with the District

Stroemer & Company does not have any prior engagements with the District.

Engagements with Other Government Entities

Sanibel Fire & Rescue District			
	Services	YE	Total Hours
Mary Hickey, Admin Director 239-472-5525	Audit Services of the Financials	09/30	107
	Engagement Partner: John Stroemer		

Captiva Erosion Prevention District			
	Services	YE	Total Hours
Kathy Rooker, Senior Admin Consultant 239-472-2472	Prior to 2014 provided Audit Services, currently provide Bookkeeping Services	09/30	61
	Engagement Partner: John Stroemer		

Englewood Area Fire Control District			
	Services	YE	Total Hours
Paulette Tomlison, Bookkeeper 941-474-3311	Audit Services of the Financials & the Pension Fund	09/30	94
	Engagement Partner: John Stroemer		

Estero Fire Rescue			
	Services	YE	Total Hours
Thad Stevens, Chairman of the Retirement Fund 239-472-5525	Audit Services of the Pension Fund	09/30	36
	Engagement Partner: John Stroemer		

Other Governmental Client List (past and present):

- Alva Fire Control and Rescue Service District
- Barron Water Control District
- Bonita Springs Fire Control & Rescue District
- Collier Soil and Water Conservation District
- Collins Slough Water Control District
- East County Water Control District
- Fort Myers Beach Fire Control District
- Immokalee Fire Control and Rescue District
- Immokalee Water & Sewer District
- Gerber Groves Water Control District
- Lehigh Acres Fire Control and Rescue District
- Matlacha-Pine Island Fire Control District
- North Naples Fire Control and Rescue District
- North Fort Myers Fire Control & Rescue
- Port Labelle Community Development District

SCOPE OF WORK

Audit Approach

Stroemer & Company will provide independent auditing services to the District to examine their annual financial statements, beginning with the financial statements for the fiscal year ending September 30, 2014. The examination will be a financial and compliance audit made in accordance with current Government Auditing Standards promulgated by the Comptroller General of the United States and the standards as set forth by the Governmental Accounting Standard Board (GASB) for state and local governments (including required supplementary information – a section on management’s discussion and analysis (MD&A), and the budget to actual statement of revenues, expenditures and changes in fund balances for both the general and special revenue funds). The primary purpose of the audit is to express an opinion on the financial statements of the District. The audit procedures used should be sufficient to enable the proposer to express an opinion on the fairness with which the financial statements present the financial position of the District. In addition, such procedures should be adequate to determine whether the operations of the District were properly conducted in accordance with legal and regulatory requirements, including Florida Statutes.

A successful audit begins with proper planning prior to commencement of the audit. We will take a risk based approach to the audit, focusing more of our efforts and time on the financial statement areas that have more risk associated with them. The audit will be conducted in three phases – planning, fieldwork, and review and wrap-up. The phases are discussed in more detail below.

Significant areas of the audit and a general list of substantive procedures include, but are not limited to the following:

Cash (including restricted cash)

- Obtain bank confirmations for all accounts, if necessary
- Test bank reconciliations for proper cut-off, large and/or old outstanding items

Investments (as applicable)

- Obtain statements for all accounts, and ascertain if investments are being handled in accordance with Section 218.415 of the Florida Statutes

Assessments and Other Receivables (if material)

- Review supporting schedules and agree information to published tax roll data on the Highlands County website
- Obtain an aged accounts receivable listing for receivables from customers and perform subsequent receipts testing

Due from Other Governments (as applicable)

- Review agreements and/or other source documents giving rise to the intergovernmental receivable
- Vouch reimbursement requests to supporting documentation
- Test subsequent receipts

Prepaid Expenses/Deferred Outflows of Resources (as applicable)

- Obtain listing and vouch to supporting documentation
- Obtain schedule of refunded debt and calculate balance
- Ascertain proper financial statement classification

Deferred Charges (as applicable)

- Obtain original financing agreements and recalculate ending balance
- Test amortization expense for reasonableness between periods

Capital Assets

- Test supporting documentation for additions and disposals including Board approvals
- Review expense accounts (repairs and maintenance) for items that may need to be capitalized and consider considering testing certain expenditures
- Test depreciation expense for reasonableness between periods

Accounts Payable/Accrued Expenses

- Perform a search for unrecorded liabilities and ensure proper cutoff
- Recalculate accruals for payroll, payroll taxes, compensated absences and all other significant accruals

Compensated Absences (if material)

- Obtain reconciliation and perform substantive test on selected employees
- Recalculate ending balance

Notes/Bonds Payable and Accrued Interest

- Confirm outstanding balances, if necessary
- Obtain original financing agreement and vouch payments to the amortization schedule
- Test interest expense, and recalculate interest payable
- Test covenants, if any
- Ensure proper classification between current portion and long-term portion

Fund Balance

- Test classifications between unrestricted, restricted, and invested in capital (Statement of Net Position), and GASB 54 - *Fund Balance Reporting and Governmental Fund Type Definitions classifications (Balance Sheet)*

Income

- Obtain a copy of the tax roll and perform substantive tests and analytical procedures on assessments
- Perform analytic and reasonableness tests on other revenue sources

Expenditures

- Perform an analysis of expenses (current year to prior year, and budget to actual) with significant variations and obtain explanations for these variations.
- Dovetail testing of debt service expenses with the liability testing mentioned above.
- Perform analytical procedures and expand testing, if necessary

- Test functional allocations for propriety and consistency

Supplementary Information

- We will perform certain limited procedures to the required supplementary information (management’s discussion and analysis) consisting primarily of inquiries of management regarding the methods of measurement and presentation
- Additional information/schedules consisting of the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – General Fund will be subject to the auditing procedures applied to the basic financial statements

a. Proposed Segmentation of the Audit

As mentioned above, the audit will be conducted in three phases – planning, fieldwork, and review and wrap-up.

Planning phase: The planning phase includes, but is not limited to the following;

- Meeting with the prior auditor to review prior year workpapers and obtain appropriate prior year information
- Meet with the Board/District Manager to discuss the scope of the audit, timing of fieldwork, and address any concerns
- Obtain and read minutes of board meetings
- Perform walkthrough of key processes to help gain an understanding of internal controls
- Perform fraud and other inquiries of management
- Ascertain the risk of material misstatement
- Design/develop tailored audit programs based on the risk assessment
- Obtain year end trial balance and upload into our audit software program
- Prepare first draft of financials

Fieldwork phase: The fieldwork phase consists of performing the specific procedures designed for the audit area identified above in “Audit Work Plan”

Review and Wrap-up phase: The review and wrap-up phase includes the following:

- Obtain management discussion and analysis from management
- Reviewing work papers, financial statements and related footnote disclosures to ensure quality control and reporting requirements are met
- Summarizing findings (if any) and discussing with management, as applicable
- Draft management letter required by the Auditor General
- Present financials to the Board

b. Level of Staff

Professional Staff	Hourly Rate	Planning Hours	Fieldwork Hours	Wrap-up Hours
Support Staff	\$85	2	0	2
Senior	\$165	4	17	2
Manager	\$190	2	2	4
Partner	\$250	2	0	2

c. Sample Size and Extent of Statistical Sampling

We will utilize two different sampling methodologies based upon the financial statement area being tested. In some instances we will base the sample size on a fixed dollar amount – all transactions over a certain dollar amount to be determined during audit planning and risk assessment. This is utilized most frequently when testing subsequent disbursements. Alternatively, our other methodology will be a non-statistical approach and will include certain factors as the total population size (in dollars and number), our internal calculation of allowable misstatement, and expected errors in arriving at the sample size to be tested. This methodology is very similar to statistical sampling as 100% of the population is eligible for testing.

d. Extent of Use of EDP Software

Our use of EDP software will be limited to the audit software we use during the risk assessment process, the related audit programs designed and integration between the audit software and the preparation of the financial statements. Stroemer & Company make extensive use of excel and pdf documents as part of its workpapers and documentation process. Features contained in excel provide efficient and effect ways to extract data.

e. Type and Extent of Analytical Procedures

We will utilize an array of analytical procedures, including;

- Fluctuation analysis on current/prior year and budget/actual differences
- Ratio analysis on interest and depreciation expenses
- Perform reasonableness tests on recalculated balances

f. Approach Taken to Gain Understanding of Internal Control Structure

Auditing standards require the auditor to gain an understanding of internal control. Our understanding will be obtained in various during the planning phase of the audit. As noted above, we will perform walkthrough on key process, perform inquiries of management and complete various checklist and memos. Upon completion, we should gain an understanding of the following:

- How policies and procedures are designed and performed
- The effectiveness of the policies and procedures currently in use
- If the policies and procedures as designed are likely to prevent or detect fraud, material misstatements, or compliance violations in a timely manner.

g. Approach Taken in Determining Laws and Regulation Subject to Audit Work

We will follow all applicable Florida Statutes and the Rules and Regulations of the Auditor General's office, including, but not limited to Section 218.415 of the Florida Statutes pertaining to investments and Section 10.550, Rules of the Auditor General. Additionally, review of minutes and inquiries with managed will determine if the District is subject to state and federal Single Audit requirements pursuant to the Office of Management and Budget (OMB) Circular A-133.

h. Approach Taken in Drawing Audit Samples for Tests of Compliance

Samples for compliance testing will be determined as noted in 7c above as part of the non-statistical approach. The sample size is dependent on the total population, frequency of transactions, allowable misstatement and expected errors.

Financial Statements: We will review a draft of the financial statements and our audit findings, if any, with your management team along with recommendations to strengthen the system of internal controls and improve operational efficiency. We will spend as much time as needed with your personnel to ensure complete satisfaction of our work product.

Special Assessments: Stroemer & Company is available to assist with the treatment of special assessments. We can help determine the proper accounting treatment, including recognition of current year revenue and deferral of revenue to future periods. We can help train District personnel, and design template to assist with the record keeping/account treatment.

New Reporting Requirements: Stroemer & Company will ensure the District is compliant with the new reporting requirements (as they become applicable), and if necessary will conduct workshops and seminars to help educate the District's employees when new pronounces are issued.

Management Letter: Client service and communication is the "Name of the Game!" It is as important as providing a quality work product. We are here to serve you! Professional standards require that we communicate to "those charged with governance." We will provide SAS #114 communications at both the pre-audit and wrap-up phases. Also, we will provide management and the Board of Commissioners with recommendations on how to improve internal controls, build better reporting, and implement efficiencies and best business practices. Additionally, our management letter will address the required points as mandated by Section 10.554(1)(i), Rules of the Auditor General.

Audit Timeline: We will adhere to the requested schedule each fiscal year as stated in the Request for Proposal.

1. All fieldwork will be completed by November 30th of each year.
2. Management will receive the drafts of the audit report(s) and recommendations by December 15th of each year.
3. Final report will be delivered 1 business day from Management approval (2 printed, and 1 electronic)

We will work with management and plan our engagement with these parameters in mind and confirm that we will meet all agreed upon deadlines.

Level of Assistance

Subsequent to the planning meeting, we will issue a client assistance letter detailing a listing of items/documents/schedules to be provided by District. We will meet with your accounting team for a pre-audit planning conference. We will discuss the scope, testing/procedures, and expectations, in order to make sure both the District and Stroemer & Company are on the same page. Working together builds efficiencies and keeps costs down. Once your books are closed, the trial balance, other schedules, and documentation can be forwarded to us via the client portal. Additionally, this will help minimize frustrations, allowing for a fast, seamless, meaningful and effective audit.

Communication Process

Monitoring the progress of the audit and communicating with the client begins when the engagement letter is signed. Once Stroemer & Company is engaged, we will have a client meeting to review time frames, start dates, due dates, coordination of work flow, and issues relating to the audits.

Internally we have tracking systems, plus we have a designated audit administrator who follows the progress, work flow, open items, and final stages of the engagement, until its successful completion. In conjunction with this process, we have weekly work flow and job status meetings to monitor the status. During the engagement, we are in constant communication with the client to monitor and communicate the progress of the audit and to resolve any issues.

Professional standards require that we communicate to “those charged with governance.” We will provide SAS #114 communications at both the pre-audit and wrap-up phases. Also, we will provide management and the Board of Commissioners with recommendations on how to improve internal controls, build better reporting, and implement efficiencies and best business practices. Additionally, our management letter will address the required points as mandated by Section 10.554(1)(i), Rules of the Auditor General. We will spend as much time as needed with your personnel to ensure complete satisfaction of our work product.

If there is a perceived technical issue that arises during the engagement or throughout the year, we will gather the facts, review the technical requirements, and discuss the merits of the issue. We take a practical approach; not a checklist approach. Our goal is to resolve the issue so you are satisfied. Depending on the issue, we will meet with the appropriate level of District management.

Additional Services

We are a full service CPA and consulting firm with numerous resources available to help assist the District. These economic times have forced businesses to think differently and create new opportunities. Not only has Stroemer & Company restructured and redesigned our audit approach and systems, we have also adjusted our services to respond to our clients’ needs. As the audit is an extremely important process, ***value added consulting*** is just as vital to our client’s success. As such we would like to assist with the following:

- ✓ Updates on GASB developments
- ✓ Single Audit Compliance Guidelines
- ✓ Internal operational issues
- ✓ Ensure accounting principles and practices are in accordance with GAAP
- ✓ Reports on corporate operating performance
- ✓ Situation analysis
- ✓ Industry information and trends
- ✓ Regulatory, political and economic information
- ✓ Strategic planning
- ✓ Reports on major policies/management systems and organizational structure
- ✓ Teach grant compliance
- ✓ Develop or update annual budget
- ✓ Establish and/or streamline accounting systems or operations

APPENDIX A

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

AUDITED FINANCIAL STATEMENTS

Fee shall include all services, including but not limited to Out-of Pocket expenses, meals and lodging, transportation, printing and binding, telephone, fax, copies.

Fiscal Year 2014	_____
Fiscal Year 2015	_____
Fiscal Year 2016	_____
Fiscal Year 2017	_____
Fiscal Year 2018	_____
TOTAL ALL YEARS	_____

**PROPOSAL TO PROVIDE
AUDITING SERVICES TO THE**

**FLOW WAY COMMUNITY
DEVELOPMENT DISTRICT**

**FOR THE FISCAL YEARS ENDING
SEPTEMBER 30, 2014 THROUGH SEPTEMBER 30, 2018
REQUEST FOR PROPOSAL - AUDIT SERVICES**

October 21, 2014

Submitted by:

MCDIRMIT  DAVIS
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

**934 NORTH MAGNOLIA AVENUE
SUITE 100
ORLANDO, FLORIDA 32803
(407) 615-8215**

CONTACT: ELDEN McDIRMIT, C.P.A.

emcdirmit@mcdirmitdavis.com
www.mcdirmitdavis.com

**PROPOSAL FOR AUDIT SERVICES TO
THE FLOW WAY COMMUNITY DEVELOPMENT DISTRICT**

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LETTER OF INTEREST

October 21, 2014

James Ward, District Manager
Flow Way Community Development District
2041 NE 6th Terrace
Wilton Manors, Florida 33305

Thank you for the opportunity to submit our qualifications and experience to serve as independent auditors of the *Flow Way Community Development District*. The accompanying proposal will provide you detailed information regarding the scope of services to be provided, as well as a profile of the firm, the individuals who will serve you, our qualifications and experience, and representative clients, including specific references.

It is our understanding that we will provide the following services:

1. Financial audit as defined in Sec. 11.45(l)(b), Florida Statutes, of the basic financial statements of the *Flow Way Community Development District* for the fiscal years ending September 30, 2014 through September 30, 2018. We will commit to maintain staff required to conclude the audits within the time constraints indicated in the RFP.
2. The audit will be performed in accordance with generally accepted auditing standards, *Governmental Auditing Standards* and the Rules of the Auditor General of the State of Florida.

We believe we are the best-qualified firm to perform the engagement for the following reasons:

- We presently audit **forty five Community Development Districts**, twelve municipalities and one water authority and have an excellent working knowledge of generally accepted accounting principles related to governmental entities. We assist in the preparation of the CAFR for most of these governmental entities.
- We have assisted nine municipalities in receiving the GFOA "Certificate of Achievement for Excellence in Financial Reporting". Most of these municipalities have been receiving the "Certificate of Achievement" for between ten and twenty years. Elden McDirmit is active as a national review team member of the GFOA's "Certificate of Achievement for Excellence in Financial Reporting" program. As a review team member, Mr. McDirmit reviews and evaluates financial reports submitted by cities and counties to determine whether the financial reports meet the stringent requirements to receive the GFOA'S prestigious award. Participating as a review team member, Mr. McDirmit has demonstrated his expertise in governmental accounting and auditing.

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

- We have strong information technology ability and will input the District's general ledger balances into our ProSystem fx Engagement software and perform a virtually "paperless" audit. The District's CAFR is linked to the general ledger; therefore, the likelihood of errors on the financial statements is reduced.
- We have recent and continuous experience, and have devoted a great deal of our continuing education to the governmental auditing and accounting field. Our firm meets the independence and education requirements of the *Government Auditing Standards* issued by the Comptroller General of the United States. Our firm is independent of the *Flow Way Community Development District* as defined by *Government Auditing Standards*.
- We believe in continuing client contact throughout the year, not just during the audit. We encourage on-going client contact by not charging any fee for phone calls.
- We are members of the American and Florida Institutes of Certified Public Accountants and an Associate member of the Governmental Finance Officers Association. Our firm is active in governmental organizations throughout Central Florida and serves on governmental committees of the Florida Institute of CPA's.
- We are a local firm with personnel committed to quality and professional performance, accustomed to providing a high level of client satisfaction. We believe that our firm is part of a team effort to assist the District in developing the best financial reporting possible.
- We have a history of continuity of personnel assigned to the engagement. Our single office firm and low personnel turnover assures uninterrupted services from our partners and staff. We have a staff of 26 people and 10 of those are governmental audit staff.
- We do not discriminate on the basis of race, color, sex, religion, disability, national origin, ancestry, sexual orientation, familial status, age, or any other protected characteristic as established in the Equal Employment Opportunity law.

Because of our unique qualifications and a philosophy based on complete dedication to client service, we feel confident that we can provide you with responsiveness and a range of experience that will best serve your needs.

Mr. Elden G. McDirmit, partner is authorized to represent the firm and may be contacted at 934 North Magnolia Avenue, Suite 100, Orlando, Florida 32803, or phone (407) 615-8215.

We would consider it a privilege to serve as independent auditors for the *Flow Way Community Development District*.

Sincerely,

McDIRMIT DAVIS & COMPANY, LLC



Elden McDirmit, C.P.A.

COMPANY BACKGROUND

Company Background

Description and History of Audit Firm

McDermitt Davis & Company, LLC was incorporated in the State of Florida in August 1984 and serves Central Florida from its centrally located office in Orlando, Florida. The partners have over 150 years of combined experience in public accounting, and our firm has grown to be ranked as one of the top 10 accounting firms in Central Florida by the Orlando Business Journal.

Our firm now consists of the following staff:

Partners	4
Managers	3
Seniors	4
Staff Accountants/Paraprofessionals	12
Support Staff	2
Information Systems	
Technology Staff	<u>1</u>
	<u>26</u>

The total number of governmental audit staff is ten (10). We are members of the American and Florida Institutes of Certified Public Accountants and an associate member of the Governmental Finance Officers Association. We are also a member of the *Governmental Audit Quality Center*.

Our firm has a wide range of clients providing both goods and services in the Central Florida area. Our practice encompasses auditing, accounting, management advisory and tax services. A list of all governmental clients audited by us for the fiscal years 2007-2013 is as follows:

- **Sun'n Lake of Sebring Improvement District**
- **Forty Five Community Development Districts**
- City of Winter Springs, Florida *
- City of Ocoee, Florida *
- City of Longwood, Florida *
- City of Lake Mary, Florida*
- City of Belle Isle, Florida *
- City of Mascotte, Florida
- City of Tavares, Florida *
- Town of Windermere, Florida
- City of Clermont, Florida *
- City of Maitland, Florida *
- City of Oviedo, Florida*



- These entities are presently clients of McDermitt Davis & Company, LLC
- * These entities participate in the Certificate of Achievement for Excellence in Financial Reporting program.

Engagement Team

The following supervisory people will work on the audit:

- Elden McDirmit, C.P.A., engagement partner
- Kelly Leary, C.P.A., review partner
- Michele Wacker, audit senior
- Robert Hernandez, IT specialist



All of the above people have considerable experience on governmental audit engagements. Resumes detailing their experience follow on pages 8 through 11. All supervisory personnel assigned to the audit, except the IT Professional, are Certified Public Accountants. The engagement partner and audit senior will be assigned to audit on a full-time basis.

The professional staff of our firm has been conducting governmental audits in the Central Florida area for the past thirty years. We are experienced auditors in a variety of industries and offer experience in auditing federal grants under the Single Audit Act and performing compliance audits of state grants. Our policy is to assign staff accountants to the same audit each year, but rotate the areas they work on. We will notify the District prior to assigning new staff to the audit.

License to Practice in Florida

Our Firm and all key professional staff are properly licensed to practice in the state of Florida. In addition, our Firm and all assigned key personnel are in good standing with the Florida Board of Accountancy. We can provide a copy of actual License, if requested.

Independence

McDirmit Davis & Company, LLC is independent of the Flow Way Community Development District as defined by auditing standards contained in *Government Auditing Standards*.

Governmental Audit Quality Center

McDirmit Davis & Company, LLC is a member of the AICPA's Governmental Audit Quality Center which is dedicated to establishing the highest standards of audit quality in the governmental accounting and audit sector.

External Quality Control Review

Our Firm understands the importance of developing a formal quality control program, and therefore have been a member of the Private Companies Practice Section of the American Institute of Certified Public Accountants **since 1985**. Member firms are required to adhere to quality control standards established by the AICPA Quality Control Standards Committee and to submit to peer reviews of the firm's accounting and audit practice. Peer reviews are intensive reviews of a firm's quality control system by an independent CPA firm. Our firm has had seven peer reviews performed by the American Institute of Certified Public Accountants. Each peer review has included a review of a local governmental entity. We received a "pass" opinion on each review, which represents the best opinion that a firm can receive.

External Quality Control Review - Continued

On our most recent peer review performed in 2011, we received a peer review rating of “pass”, which is the highest rating that a firm can receive under the revised peer review standards. We have never been subject to any litigation or disciplinary actions by a client, the State or any professional organization for substandard field work. A copy of our firm’s most recent peer review report follows this page. These peer reviews included a review of at least two governmental engagements, and it should be noted that there were no findings as a result of this review. We have never withdrawn from an engagement prior to the agreed expiration date.

Federal or State Reviews

Any Federal or State desk review has resulted in no findings and we have never undergone a Federal or State field audit.

Other Services Provided

Our experience in governmental auditing has led to the development of efficient procedures that provide various client benefits. Our services provide our clients with a wide range of knowledge, confidence, and helpful management advice. Below is a listing of the type of other services that we have provided to governmental clients.

1. Assistance in preparation of Comprehensive Annual Financial Reports for recognition by the Government Finance Officers Certificate of Achievement Program.
2. Internal audit services.
3. Issuance of Comfort Letters and Consent Letters in conjunction with the issuance of tax-exempt bonds.
4. Assistance on early implementation of new GASB Statements.
5. Assisting in compiling historical financial data for first-time submissions for GFOA Certificate of Achievement for Excellence in Financial Reporting.
6. Detailed internal control studies and evaluations of accounting systems.

Insurance

McDermitt Davis and Company has Professional Liability Error & Omission coverage of \$2,000,000. We also have Commercial General Liability and Workers’ Compensation coverage.

PEER REVIEW LETTER

Davidson, Jamieson & Cristini, P.L.

Certified Public Accountants

1956 Bayshore Boulevard
Dunedin, Florida 34698-2503
(727)734-5437 or 736-0771
FAX (727) 733-3487

Members of the Firm
John N. Davidson, CPA, CVA
Harry B. Jamieson, CPA
Richard A. Cristini, CPA, CPPT, CGFM

Member
American Institute of
Certified Public Accountants
Florida Institute of
Certified Public Accountants

SYSTEM REVIEW REPORT

To the Stockholders of
McDirmit, Davis & Company, LLC
and the Peer Review Committee of the Florida Institute of
Certified Public Accountants

We have reviewed the system of quality control for the accounting practice of McDirmit, Davis & Company, LLC (the firm), in effect for the year ended June 30, 2011. 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. 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/prsunmary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of McDirmit, Davis & Company, LLC in effect for the year ended June 30, 2011 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*. McDirmit, Davis & Company, LLC has received a peer review rating of *pass*.

Davidson, Jamieson & Cristini, P.L.

Davidson, Jamieson & Cristini, P.L.
November 4, 2011

Continuing Education

McDermitt Davis & Company, LLC is committed to the personal and professional growth of its staff. Our firm requires an annual minimum of 40 hours of continuing professional education for each staff member.

Our governmental audit staff complies with the continuing education requirements of the State of Florida, the Governmental Accountability Office (GAO), and *Governmental Auditing Standards* (Yellow Book). Therefore at least 24 hours during a 2 year period must be in subjects directly related to the government environment and to governmental auditing. Our governmental audit staff always exceed this requirement since they attend each year the Florida Governmental Financial Officer's Association Annual Conference which provides 22 hours of training in governmental accounting and auditing.



As a result of our governmental experience, our staff has taught classes or lectured on various topics. We offer "in-house" education courses for our staff, which at times, our clients have attended. In addition, we would be happy to teach seminars for the benefit of the District's accounting staff.

Information Technology

Our firm has one dedicated Information Technology specialist who has several years' experience in setting up and administering computer systems and networks of all sizes. In addition, all ten governmental audit personnel are experienced with various governmental software programs. We utilize automated, paperless auditing software which stores all trial balances and audit workpapers electronically. We also use IDEA Data Analysis Software, which enables us to obtain 100% of selected data and **test** "through your computer system."

One of the services we provide our clients is CLIENT PORTAL. This is a convenient online storage space in which files can be effortlessly uploaded, downloaded, stored and shared in a safe and secure environment. We understand that every business has different requirements when it comes to IT systems. To help you find the best IT system to suit your needs, our IT Specialist will evaluate your network and provide a comprehensive solution.

Records Retention

Our firm maintains records in accordance with local, state, and Federal Public Records Retention Requirements.

EXPERIENCE



Resume - Elden G. McDermitt, CPA
Engagement Partner

Education, Certifications, and Licenses

- B.S. Degree in Accounting, University of Central Florida
- CPA, Certified Public Accountant - Florida, 1978
- CEA, Certified of Education Achievement from AICPA in Governmental accounting and auditing

Affiliations and Community Involvement

- American Institute of Certified Public Accountants (AICPA)
 - Florida Institute of Certified Public Accountants (FICPA)
 - Florida Government Finance Officers Association (FGFOA)
 - FICPA Peer Review Committee
- Reviewer for GFOA's "Certificate of Achievement for Excellence in Financial Reporting" program
 - Past Chairman of the Orange County Housing Finance Authority, which has authority to issue revenue bonds to address the needs of Orange, Seminole, Lake and Osceola Counties.

Continuing Professional Education

Elden has completed over 80 hours of Continuing Professional Education (CPE) in the area of governmental accounting and auditing within the past two years and meets the requirements of *Governmental Auditing Standards*.

Experience

- Elden started the firm McDermitt Davis & Company in 1984 and began the audit of the City of Ocoee in 1985 and City of Tavares in 1988. The firm still performs audits of both these cities.
- He has assisted municipalities with the issuance of comfort letter and consent letters in conjunction with the issuance of tax-exempt bonds.

Governmental Audit Experience (Past 5 years)

- **Sun'n Lake of Sebring Improvement District**
- **Over 50 Community Development Districts**
- City of Umatilla
- City of Ocoee
- City of Longwood
- City of Maitland
- City of Winter Springs
- City of Oviedo
- City of Lake Mary
- City of Belle Isle
- City of Clermont
- City of Mascotte
- Town of Windermere
- Homosassa Water District
- City of Tavares



Resume - Kelly D. Leary, CPA
Review Partner

Education, Certifications, and Licenses

- B.S. Degree in Accounting, University of Hawaii
- CPA, Certified Public Accountant - Florida, 1983
- CPA, Certified Public Accountant - California, 1980

Affiliations and Community Involvement

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Florida Government Finance Officers Association (FGFOA)
- FICPA State and Local Government Committee
- Board of Directors of Fairwinds Credit Union

Continuing Professional Education

Kelly has completed over 80 hours of Continuing Professional Education (CPE) in the area of governmental accounting and auditing within the past two years and meets the requirements of *Governmental Auditing Standards*.

Experience

- Kelly has 28 years of governmental accounting and auditing experience and has been with McDirmit Davis and Company since 1991. She has significant experience in the audits of governmental and not-for-profit entities, including those subject to Federal and Florida Single Audit requirements.
- She has written articles for the magazine Florida CPA Today relating to governmental pension plans and single audits.
- For many years she has been on a subcommittee that has revised Compliance Auditing in Florida, an FICPA Practice Aid.
- She has assisted municipalities with the issuance of comfort letter and consent letters in conjunction with the issuance of tax-exempt bonds.

Governmental Audit Experience (Past 5 years)

- | | |
|--|----------------------------|
| • City of Winter Springs | • City of Lake Mary |
| • City of Oviedo | • City of Tavares |
| • City of Umatilla | • City of Belle Isle |
| • City of Ocoee | • City of Clermont |
| • City of Longwood | • City of Mascotte |
| • City of Maitland | • Town of Windermere |
| • Sanford Airport Authority | • Homosassa Water District |
| • Various Community Development Districts | |

Resume - Michele Wacker
Audit Senior

Education, Certifications, and Licenses

- Bachelor of Science in Accounting, University of Florida

Affiliations and Community Involvement

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Florida Government Finance Officers Association (FGFOA)

Continuing Professional Education

Michele has completed over 40 hours of Continuing Professional Education (CPE) in the area of governmental accounting and auditing within the past two years and meets the requirements of *Governmental Auditing Standards*.

Experience

- Michele has 5 years of governmental accounting and auditing experience.
- He has significant experience in the audits of **community development districts** and not-for-profit entities.

Governmental Audit Experience (Past 5 years)

- **Over 40 Community Development Districts**
- City of Mascotte
- City of Longwood
- City of Ocoee
- City of Tavares

Resume - Robert Hernandez **Information Technology Specialist**

Education, Certifications, and Licenses

- A.S. Computer Technology, Florida Technical College
- MCSE Certification
- MCPS Certification

Experience

- Robert is an IT Professional with notable success, directing a broad range of corporate IT security initiatives while participating in planning, analyzing, and implementing solutions in support of business objectives. He has provided comprehensive secure network design, system analysis, and full lifecycle project management. Robert has hands-on experience leading all stages of system development, including design, architecture, testing and support. His outstanding project and program leadership allows him to be able to coordinate and direct all phases of projects.
- Robert has worked with different types of financial institutions in the technology field that have required installing, configuring, testing and protecting networks. He led projects for companies ranging from 10 to 1,000 employees. He has experience designing, implementing, supporting and testing networks and security environments. Robert can provide leadership and support to the project development team, staff and/or technical staff.

Key Skills

- Network & System Security
- Risk Management
- Vulnerability Assessments
- Authentication & Access Control
- System Monitoring
- System Integration Planning
- Multitier Network Architectures

Technology Summary

<u>Security Technologies:</u>	Network Security Scanner; SSH; SSL; Digital Certificates; Anti-Virus Tools; Disaster Recovery, Network Administration
<u>Systems:</u>	Windows (all), Mac, Linux
<u>Networking:</u>	LANs, WANs, VPNs, Routers, Firewalls, TCP/IP

References of Governmental Accounting Experience:

<u>Principal Client Contact</u>	<u>Scope of Work</u>	<u>Engagement Stockholder</u>	<u>Total Hours</u>	<u>Years</u>
<p>Ms. Tanya Cannady Sun'n Lake of Sebring Improvement District 5306 Sun'n Lake Blvd. Sebring, FL 33872 tcannady@snldistrict.org</p>	<ul style="list-style-type: none"> Annual Financial & Compliance Audit and preparation of Financials 	Elden McDirmit	210	2011 to Present
<p>Mr. Joe Kennedy Rizzetta & Company 3434 Colwell Ave. Suite 200 Tampa, Florida 33614 (813) 933-5571</p>	<ul style="list-style-type: none"> Annual Financial & Compliance Audit of thirty two (32) CDD's 	Elden McDirmit	960	2005 to Present
<p>Mr. James Ward JPWard and Associates, LLC 2041 NE 6th Terrace Wilton Manors, Florida 33305 ward9490@comcast.net</p>	<ul style="list-style-type: none"> Annual Financial & Compliance Audit of three (3) CDD's 	Elden McDirmit	120	2010 to Present
<p>Mr. Jim Gleason, City Mgr. City of Mascotte 100 East Myers Blvd. Mascotte, FL 34753 (352) 429-3341 jim.gleason@cityofmascotte.com</p>	<ul style="list-style-type: none"> Annual Financial & Compliance Audit and preparation of Financials 	Elden McDirmit	150	2000 to Present
<p>Ms. Carol Rogers, Fin. Dir. City of Umatilla, Florida 1 South Central Avenue Umatilla, FL 32784 (352) 669-8313 crogers@umatillafl.org</p>	<ul style="list-style-type: none"> Annual Financial & Compliance Audit (Single Audit) and preparation of CAFR 	Kelly Leary	250	2010 to Present

References of Governmental Accounting Experience - Continued:

<u>Principal Client Contact</u>	<u>Scope of Work</u>	<u>Engagement Stockholder</u>	<u>Total Hours</u>	<u>Years</u>
<p>Mr. John Williams, City Administrator City of Longwood, Florida 175 W. Warren Avenue Longwood, FL 32750 jwilliams@longwoodfl.org</p>	<ul style="list-style-type: none"> • Annual Financial & Compliance Audit (Single Audit) and preparation of CAFR • Received GFOA's "Certificate of Achievement" 	Kelly Leary	250	1991 to 1993 and 1997 to Present
<p>Mr. Robert Smith, Town Mgr. Town of Windermere 614 Main Street Windermere, FL 34786 (407) 876-2563 rsmith@town.windermere.fl.us</p>	<ul style="list-style-type: none"> • Annual Financial & Compliance Audit and preparations of Financials 	Kelly Leary	150	2000 to Present
<p>Ms. Lori Houghton, Fin. Dir. City of Tavares, Florida P.O. Box 1068 Tavares, FL 32778-1068 (352) 742-6212 lhoughton@tavares.org</p>	<ul style="list-style-type: none"> • Annual Financial & Compliance Audit (Single Audit) • Received GFOA's "Certificate of Achievement" • Utility and Franchise Tax Audits 	Kelly Leary	250	1988 to Present
<p>Ms. Wanda Horton, Fin. Dir. City of Ocoee, Florida 150 Lakeshore Drive Ocoee, FL 34761 (407) 905-3100 wandah@ci.ocoee.fl.us</p>	<ul style="list-style-type: none"> • Annual Financial & Compliance Audit (Single Audit) and preparation of CAFR • Received GFOA's "Certificate of Achievement" 	Elden McDirmit	350	1985 to Present
<p>Ms. Dianne Holloway, Fin. Dir. City of Lake Mary, Florida 100 N. Country Club Road Lake Mary, FL 32749 (407) 585-1409 dholloway@lakemaryfl.com</p>	<ul style="list-style-type: none"> • Annual Financial & Compliance Audit • Received GFOA's "Certificate of Achievement" 	Kelly Leary	200	1997 to Present

References of Governmental Accounting Experience - Continued:

<u>Principal Client Contact</u>	<u>Scope of Work</u>	<u>Engagement Stockholder</u>	<u>Total Hours</u>	<u>Years</u>
Mr. Shawn Boyle, Fin. Dir. City of Winter Springs, Florida 1126 E. State Road 434 Winter Springs, FL 32708 (407) 971-5544 sboyle@winterspringsfl.org	<ul style="list-style-type: none"> • Annual Financial & Compliance Audit and preparation of CAFR • Received GFOA's "Certificate of Achievement" 	Kelly Leary	400	2000 to Present

SERVICE APPROACH

Service Approach

Our audit will be segmented as follows:

- Phase 1: Audit Planning
- Phase 2: Evaluation and Testing of Internal Controls
- Phase 3: Substantive Testing
- Phase 4: Reporting

Phase 1: Audit Planning

Preliminary planning includes deciding on an overall strategy for the audit, obtaining an understanding of the entity and its environment, including its internal control, making an initial assessment of audit risk and materiality, and deciding on the overall timing of the engagement. We will also begin to assemble our “permanent file,” which consists of copies of organizational charts, District manuals, documents, and financial and other management systems.

We will meet with staff of the District to obtain an understanding of the flow of transactions through your accounting system. This includes understanding your computer environment in order to comply with the requirements of *SAS 94 The Effect of Information Technology on the Auditor’s Consideration of Internal Control in a Financial Statement Audit*. We will also gather information to identify fraud risks as required by *SAS 99 Consideration of Fraud in a Financial Statement Audit*.

We will also perform preliminary analytical procedures and compare trends for the current and at least the two previous years for unusual fluctuations. This will include review of both budget and actual amounts.

During this planning phase, we will ask management and staff at the District to identify areas of higher risk as well as other areas that they want us to focus on during our audit. We will also provide the District with a list of all schedules to be prepared by the District.

Phase 2: Evaluation and Testing of Internal Controls and Compliance

During Phase 2, we will evaluate your control policies and procedures to determine if they are functioning properly in significant transaction classes. To gain an understanding of the procedures in place, and current internal control structure, we typically conduct interviews with staff and management involved in the specific transaction class to be tested. We then perform tests of these controls to determine with reasonable assurance that control procedures are functioning as planned and whether further testing will be needed. As part of our tests of controls, we will include tests of compliance with applicable ordinances, and state and federal laws and regulations. In order to determine which ordinances, laws and regulations to test for compliance, we start by reviewing the FICPA Practice Aid *Compliance Auditing in Florida*. We then evaluate which ordinances, laws and regulations have a direct and material effect on the determination of financial statement amounts. Sample sizes are determined based upon our assessment of control risk and may be judgmental, random, or stratified, depending on the attributes of the population being tested. We will select samples from the significant transaction classes and trace from original documents through the computer system to the general ledger through the use of IDEA Data Analysis Software.



Service Approach - Continued

Phase 2: Evaluation and Testing of Internal Controls and Compliance - Continued

Our control testing includes obtaining an understanding of the computer software used by the District, and tracing sample selections through the system to determine the desired outcomes are being achieved. Our testing of Information Technology includes inquiries of appropriate personnel regarding data backups and access to District files.

After controls have been documented, evaluated and tested, we will finalize the District's audit plan. Audit programs will be tailored to fit the specifics of the District's accounting systems.

Phase 3: Substantive Testing

Prior to starting year-end substantive testing, we will have a pre-audit meeting with the District Manager. We plan to use an audit senior for the audit. The partner or senior will always be in the field to supervise the work.

Our year-end fieldwork will focus on verifying balances in accounts. For example, we will confirm cash balances, as well as debt balances with financial institutions. In addition to obtaining audit confirmations, representation letters and attorney letters, we will perform tests on account balances using analytical procedures, recalculation and verification. Our firm uses ProSystem fx Engagement electronic audit software which may allow us to interface with your accounting system and reduce the time required to transfer your accounting data to a separate software package. We believe it is important to use analytical review procedures in this substantive phase of the audit. We compare analytical results to our expectation of what the results should be in order to determine if additional audit procedures are required. Typical analytical procedures include expense variances with previous years and budget amounts, revenue variances with previous years and budgeted amounts.

We will keep the District's management up to date on the progress of the audit and will discuss preliminary findings and potential problems or opportunities as we encounter them. Our approach to resolving problems encountered is to discuss with the District Manager to make sure our understanding is correct. Our process to produce a meaningful "management letter" is to review results of testing of internal controls, as well as year-end field work and draft recommendations for improvements to be discussed with management.

Service Approach - Continued

Phase 4: Reporting

The audit work is reviewed by the engagement partner throughout the engagement. Once the engagement partner review is complete, a second review of the financial statements is performed by the review partner. This second review is required as part of McDermitt Davis and Company's internal system of quality control and ensures the District receives the best service possible.

We will prepare a draft of the financial statements and then issue the following:

- Auditor's report on financial statements
- 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"
- Management Letter

We will provide technical assistance to the District to meet changes in required disclosures. Once reports have been reviewed by management and approved in final form, we will issue final reports and supply in electronic format.

COST PROPOSAL

Cost Proposal

We understand the requested services include audits of the District's financial statements for the term of three years, beginning with the year ended September 30, 2014. The audits will be made in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

McDirmit Davis & Company, LLC is duly licensed under Chapter 473, Florida Statutes and is qualified to conduct audits in the State of Florida and audits in accordance with *Government Auditing Standards*.

Fees include all services, including but not limited to out-of-pocket expenses, meals and lodging, transportation, printing and binding, telephone, fax and copies. Invoices will be submitted as work progresses on each phase of the audit.

<u>Audit fees (All-Inclusive)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total audit fee	\$4,000	\$4,100	\$4,200	\$4,300	\$4,400



6550 N. Federal Highway
4th Floor
Fort Lauderdale, FL 33308



support@KMCcpa.com



www.KMCcpa.com



954.771.0896

PROJECT PROPOSAL

for Auditing Services

Prepared for

**Flow Way Community
Development District**

2041 NE 6th Terrace
Wilton Manors, FL 33305

Issued date
10.21.2014



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TECHNICAL PROPOSAL

Section I



October 21, 2014

District Manager's Office
Flow Way Community Development District
2041 NE 6th Terrace
Wilton Manors, FL 33305

Dear District Manager and Audit Selection Committee members:

We are pleased to propose to perform auditing services for the Flow Way Community Development District. It is our understanding that our proposal covers the annual financial and compliance audit of the various funds of the District for the fiscal years ending September 30, 2014, 2015, 2016, 2017 and 2018.

Our examination of these financial statements will be conducted in accordance with:

- Generally accepted auditing standards as set forth by the American institute of Certified Public Accountants;
- The standards for financial audits set forth in the most current applicable U.S. General Accounting Office's (GAO) Government Auditing Standards;
- The most current applicable provisions of the Federal Single Audit Act of 1984 (as amended);
- The most current applicable provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Audits of State and Local Governments;
- The most current applicable Codification of Governmental Accounting and Financial Reporting Standards as promulgated by the Governmental Accounting Standards Board;
- The most current applicable Statements on Auditing Standards issued by the American Institute of Certified Public Accountants;
- The most current applicable Government Auditing Standards published by the Comptroller General of the United States;
- The most current applicable Audit and Accounting Guide-Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants;
- The most current applicable Statements and interpretations issued by the Financial Accounting Standards Board;
- Applicable Florida Statutes;
- Regulations of the State of Florida Department of Financial Services;
- Rules of the Auditor General, State of Florida, Chapter 10-550 (Local Government Audits);
- Any other applicable Federal, state, local regulations or professional guidance not specifically listed above as well as any additional requirements which may be adopted by these organizations in the future..

Keefe McCullough is committed to performing the auditing services within the prescribed time frame as outlined in the District's request for proposal.

We believe our firm to be the best qualified to perform your audit engagements based on our substantial governmental experience obtained over the entire period of our firm's existence, our firm's commitment to continue to provide the necessary continuing professional education to qualify all of our professional governmental accounting staff in this specialized area, our absolute dedication to excellence and quality in our practice and our unique service philosophy which has resulted in a loyal and satisfied clientele over many years.

We hereby attest to our authority to submit this proposal and to individually bind Keefe McCullough to perform this audit in accordance with the resulting contract agreement should the firm be selected. This proposal is a firm and irrevocable offer for ninety (90) days from the date of the proposal.

Regards,

KEEFE McCULLOUGH

William G. Benson, C.P.A.



Independence

The firm should provide an affirmative statement that it is independent of the District as defined by generally accepted auditing standards/the most current applicable U.S. General Accounting Office's *Government Auditing Standards*.

We are independent of the Flow Way Community Development District as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards*.

The firm also should provide an affirmative statement that it is independent of all of the component units of the District as defined by those same standards.

We are independent of all component units of the District as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards*.

The firm should also list and describe the firm's professional relationships involving the District for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

We have not had any professional relationships involving the District in the past five years.

In addition, the firm shall give the District written notice of any professional relationships entered into during the period of agreement.

We will give the District written notice of any professional relationships entered into during the period of agreement.

License to Practice in Florida

An affirmative statement should be included that the firm and all assigned key professional staff are properly registered/licensed to practice in the State of Florida.

Keefe McCullough is properly licensed in the State of Florida by the Department of Professional Regulation. Our license number is AD 0010282. Further, all members of the firm that are designated as Certified Public Accountants are properly licensed in the State of Florida.

Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

Our office consists of nine partners, approximately sixty (60) professional accounting staff members and administrative support personnel. Our governmental audit staff consists of thirty-five professionals.

Keefe McCullough has grown as a firm for over forty (40) years and we are located in Fort Lauderdale to serve the South Florida area.

The number and level of full-time and part-time staff to be assigned to the engagements would be discussed and approved by client finance personnel. We have listed additional information regarding a proposed staffing plan in Section II.





The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific governmental engagements.

Our firm participates in the American Institute of Certified Public Accountants Peer Review Program and we have received unmodified opinions on all of our previous peer reviews. We have provided the most recent quality control review documentation for your reference in Section IV. This quality control review included a specific review of the City of Coconut Creek audit workpapers, financial statements and reports.

The firm shall also provide information on the results of any Federal or state desk reviews or field reviews of its auditors during the past three (3) years. In addition the firm shall provide information on the circumstances and status of any disciplinary actions taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations, as well as, an explanation of all pending litigation against governmental entities, including all accounts of Federal indictments for any civil or criminal matters for which the firm has been charged. The firm shall also provide information as to any and all litigation or arbitration in Florida within the last three (3) years, in which the firm is or was a Defendant.

Because our firm performs a substantial number of "Yellow Book" type engagements, we routinely receive desk reviews from various State of Florida departments (DCF, FDOT or DOEA). We have had no field reviews during the last three years, and we are not aware of any disciplinary action ever taken or now pending against our firm or any of our professional accounting staff.

Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Florida. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Our proposed audit team is comprised of the following principal supervisory and management staff:

William G. Benson, C.P.A.
Cynthia C. Calvert, C.P.A.

Engagement Partner
Second Review Partner

A profile of each audit team member is included in Section III, which lists specific governmental experience, qualifications, continuing professional education and memberships in professional organizations relevant to the performance of the audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specified staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Due to our firm's concentration of governmental and not-for-profit clients, we sponsor continuing professional education courses annually regarding a variety of governmental subjects, including Governmental Accounting Standards Board (GASB) pronouncements. One eight-hour governmental seminar is offered to our governmental clients. In addition, our entire professional governmental accounting staff takes eighty hours of "governmental qualified" continuing education courses every two years.





A profile of each audit team member is included in Section III, which lists specific governmental experience, qualifications and continuing professional education.

We have experienced very low turnover of our professional accounting staff members and our firm philosophy emphasizes direct partner involvement in each engagement including various phases of the audit fieldwork and review processes. We believe this partner involvement positively impacts engagement staff continuity.

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 District, which retains the right to approve or reject replacements.

We understand that the engagement partners, managers, other supervisory staff and specialists mentioned in this request for proposal may only be changed with the express prior written permission of the District.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially equivalent or better qualifications and experience.

We understand that consultants and firm specialists mentioned in this request for proposal may only be changed with the express prior written permission of the District.

Prior Engagements with the District

List separately all engagements within the last five years, ranked on basis of total staff hours, by type of engagement (i.e. audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

We have not been engaged in any type of work for the District in the last five years.

Similar Engagements With Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work; date; engagement partners, total hours; and the name and telephone number of the principal client contact.

Mr. Dan Daly, District Manager
Coral Springs Improvement District
10300 N.W. 11th Manor
Coral Springs, FL 33071
954-753-0380

Total Hours: 240
Scope of Work: Annual Financial and Compliance Audit
Time Frame: 2002 through present date
Engagement Partners: William G. Benson, C.P.A.





Mr. Craig Wrathell, Treasurer

Fiddler's Creek II Community Development District

6131 Lyons Road, Suite 100

Coconut Creek, FL 33073

954-426-2105

Total Hours: 175

Scope of Work: Annual Financial and Compliance Audit

Time Frame: 2004 through present date

Engagement Partners: William G. Benson, C.P.A.

Mr. Jack Holland, Chairman

Hillsboro Inlet District

2861 N.E. 22nd Court

Pompano Beach, FL 33062

954-782-4870

Total Hours: 140

Scope of Work: Annual Financial and Compliance Audit

Time Frame: 1995 through present date

Engagement Partners: Kenneth G. Smith, C.P.A.

Ms. Kay Woodward, Accountant

North Springs Improvement District

9700 N.W. 52nd Street

Coral Springs, FL 33076

954-796-6603

Total Hours: 275

Scope of Work: Annual Financial and Compliance Audit

Time Frame: 2010 through present date

Engagement Partners: William G. Benson, C.P.A.

Our firm also presently serves as independent auditors for over 200 other governmental entities (not-for-profit organizations, community development districts, schools and other entities).

Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal. In developing the work plan, reference should be made to such sources of information as District's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.



Proposers will be required to provide the following information regarding their audit approach:

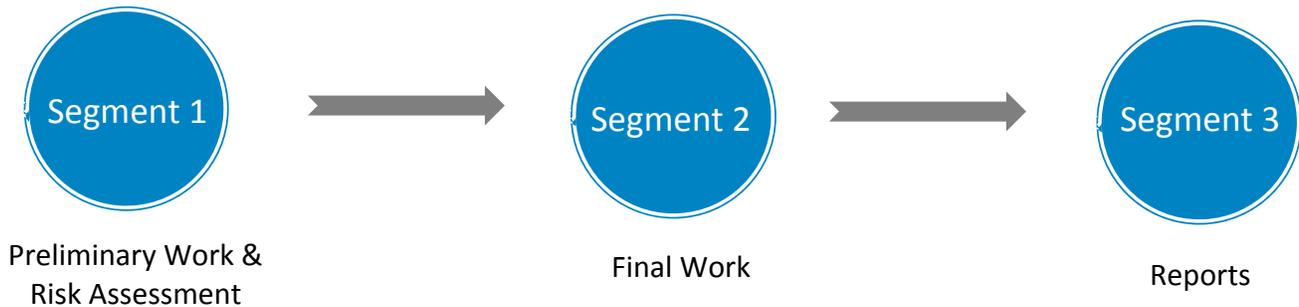
- **Proposed segmentation of the engagement.**
- **Level of staff to be assigned and number of hours to be assigned to each proposed segment of the engagement.**
- **Sample size and the extent to which statistical sampling is to be used in the engagement.**
- **Extent of use of EDP software in the engagement including the ability to audit through the computer.**
- **Type and extent of analytical procedures to be used in the engagement**
- **Approach to be taken to gain and document an understanding of the District's internal control structure.**
- **Approach to be taken in determining laws and regulations that will be subject to audit test work.**
- **Approach to be taken in drawing audit samples for purposes of tests of compliance.**

We have provided below a preliminary engagement work plan to perform the financial audits for the District.

In performing the financial and compliance audits for the District we will follow very detailed and comprehensive audit programs. Further, it is our policy to utilize the talents of our client's personnel wherever and whenever it is feasible to do so in the course of any engagement in order to most efficiently and economically perform the engagement.

The following pages show our summary of the audit work plan:





Segment 1

Preliminary Work &
Risk Assessment

The first segment will be performed by one professional staff member and will encompass approximately 16 hours.

Obtain an understanding of the accounting and management systems including documentation of the system of internal control through conferences with the various key finance department personnel and standardized checklists.

Obtain information needed to identify risk assessment by making certain inquiries and considering fraud risk factors and other information.

Obtain an understanding of the various funds, capital assets and long-term debt utilized.

Review the grants, contracts and various revenue sources and complete "Single Audit" checklist for determination of compliance audit and reporting requirements for both Federal and State single audit purposes.

Review of any bond indenture covenants and pertinent ordinances for determination and completion of compliance audit requirements.

Assess control risk and determine extent of testing.

Review and perform certain transaction and procedural tests which will include the examination of source documents. These tests of the system will include tests of cash receipts and disbursements, sales and utility billing, compliance, and payroll. Audit samples will be determined based on transaction size and number of total transactions.



Segment 1

Preliminary Work &
Risk Assessment

Perform preliminary analytical review procedures.

Review District Supervisor meeting and other pertinent minutes.

Perform compliance audit procedures where necessary.

Coordinate preparation of confirmation requests.

Working paper review.

Plan the additional segments of the financial audit procedures with the District's finance personnel including a list of schedules and working papers to be prepared by client personnel.

Segment 2

Final Work

The second segment will be performed by one professional staff member and will encompass approximately 40 hours.

Perform various tests and validation procedures on selected asset, liability and equity accounts in all funds and for capital assets and long-term debt. Examine certain revenue and expenditure accounts in all funds.

Send confirmations where applicable.

Send correspondence to attorneys as necessary.

Perform final compliance testing as necessary.

Perform final analytical procedures.

Obtain a management representation letter.

Working paper review and proposed journal entry approval.

Exit conference with District Manager.

Sample sizes in the various phases of the engagement would be determined based on population sizes, audit objectives and nature of transaction and/or account. We have standardized checklists and audit software that assists in the selection of these samples. Additionally, we would utilize both "statistical" and "non-statistical" methods to select certain test transactions.



Segment 2

Final Work

We will also utilize various forms of analytical procedures to accomplish certain audit objectives. We anticipate areas of concentration subject to analytical procedures to be services revenues and expenditures. We retain the right to use judgment as to the extent of analytical procedures to be used based mainly on the results of other testing completed.

In addition, we utilize personal computers and paperless audit software, where applicable, in connection with our audit workpaper preparation and documentation.

Segment 3

Reports

The third segment will be performed by one professional staff member and will encompass approximately 16 hours.

Preparation of the Basic Financial Statements.

Preparation of Reports on Internal Controls and Compliance.

Preparation of Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Program and State Project in accordance with OMB Circular A-133.

Preparation of Report to District Management which will include any material weaknesses and any irregularities and illegal acts.

Preparation of the management letter.

Review of the financial statements, reports and other information.

Cold review of the financial statements, reports and other information.



Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the District.

At this time we are not aware of any potential audit problem areas. If selected, we will communicate any potential problem areas we become aware of during the audit. At that time, we would outline our approach to resolving such problem areas and the level of assistance necessary from the District's personnel.

Report Format

The proposer should include sample formats for required reports.

We have included the Comprehensive Annual Financial Report from the Wentworth Estates Community Developemnt District for the year ended September 30, 2013 in Section V for your reference.





DOLLAR COST PROPOSAL

Section II



FEE STRUCTURE

Keefe McCullough certifies that William G. Benson, C.P.A. is entitled to represent the firm, is empowered to submit the proposal and authorized to sign a contract with the District.

Schedule of professional fees and expenses for the audit of the September 30, 2014 Financial Statements:

Team Member	Estimated Hours	Hourly Rates	Total
Partners	2	\$ 200	\$ 400
Managers	5	\$ 140	\$ 700
Senior Accountant	15	\$ 100	\$ 1,500
Staff	40	\$ 80	\$ 3,200
Expenses			\$ 200
SUBTOTAL	62		\$ 6,000
Total all inclusive maximum fees for the 2014 audit			\$ 6,000

Projected all-inclusive maximum fees for the 2014, 2015, 2016, 2017 and 2018 financial statements:

Financial Audit	Annual Fee
FY 2014	\$ 6,000
FY 2015	\$ 6,300
FY 2016	\$ 6,600
FY 2017	\$ 6,900
FY 2018	\$ 7,200
Total All Years	\$ 33,000

Progress Payments will be made in accordance with the Florida prompt payment act.

We agree to the District's manner of payment.





TEAM MEMBER PROFILES

Section III





BILL BENSON, C.P.A.

Partner

EXPERIENCE

30 years at Keefe McCullough

EDUCATION

B.S. (Business Administration & Accounting)
Washington and Lee University

PROFESSIONAL ORGANIZATIONS

American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
Florida Government Finance Officers Association

COMMUNITY LEADERSHIP

Food for the Poor
(vice chair of board, treasurer, vice president)

Catholic Community Organization
(board member, treasurer)

Executives at Broward
(past president, treasurer)

Leadership Broward

EXPERIENCE

Bill Benson has attended seminars and courses dealing with accounting and audit problems, reporting and disclosure issues. These courses include accounting and reporting for nonprofit organizations, governmental entities and the federal and Florida Single Audit Acts. He is experienced and qualified with respect to “Yellow Book”, OMB Circular A-133 and Rules of the Auditor General of the State of Florida compliance auditing reporting. Bill has experience dealing directly with the State of Florida Department of Children and Families concerning various compliance, audit and other issues. Bill assists his clients in many areas of accounting including restructuring their existing loan agreements and bond indentures, developing annual operating budgets, assisting with their dealings with financial institutions and the development of business plans, financial planning and proforma financial statements.

Bill takes great pride in his community involvement. He is the Vice President of the Board of Directors of St. Thomas Aquinas High School Foundation. He is Vice President of the Board of Directors of Food for the Poor. He is treasurer of the Catholic Community Foundation of the Archdiocese of Miami and a member of the Finance Council of the Archdiocese of Miami.

BILL BENSON, C.P.A.
Continued

ENGAGEMENT EXPERIENCE

Keefe McCullough Audit Engagements:

SPECIAL TAXING DISTRICTS

- * Boynton Village Community Development District
- * Coral Springs Improvement District
- * Downtown Development Authority
- * Fiddler's Creek II Community Development District
- * Gateway Services Community Development District
- * Heritage Harbour Market Place Community Development District
- * Heritage Harbour South Community Development District
- * Hillsboro Inlet District
- * Key Largo Fire Rescue and EMS District
- * Lake Powell Community Development District
- * Landmark at Doral Community Development District
- * Lexington Oaks Community Development District
- * Meadow Pointe Community Development District
- * North Springs Improvement District
- * Old Palm Community Development District
- * Orchid Grove Community Development District
- * Park Place Community Development District
- * Sarasota National Community Development District
- * South Dade Venture Community Development District
- * Stevens Plantation Community Development District
- * Stonegate Community Development District
- * StoneLake Ranch Community Development District
- * Treaty Oaks Community Development District
- * University Square Community Development District
- * Verandah West Community Development District
- * Viera East Community Development District
- * VillaSol Community Development District
- * Vizcaya Community Development District
- * Wentworth Estates Community Development District
- * Woodland Hammock Community Development District

GOVERNMENTS

- * Broward County League of Cities, Inc.
- * City of Aventura, Florida
- * City of Hollywood (Internal audit)
- * City of Key West, Florida
- * City of Marathon, Florida
- * City of Margate, Florida
- * City of Miami, Florida
- * City of Plantation, Florida
- * City of South Miami, Florida
- * City of Weston, Florida
- * Islamorada, Village of Islands, Florida
- * The Town Foundation, Inc.
- * Town of Surfside, Florida
- * Village of Pinecrest, Florida





CYNTHIA CALVERT, C.P.A.

Partner

EXPERIENCE

20 years at Keefe McCullough

EDUCATION

B.A. (Political Science) Auburn University
B.B.A. (Accounting) Florida Atlantic University

PROFESSIONAL ORGANIZATIONS

American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
Florida Government Finance Officers Association

COMMUNITY LEADERSHIP

Make-A-Wish Foundation of Southern Florida
(founding board member and board member emeritus)

Plantation Junior Women's Club
(past president)

Junior League of Greater Fort Lauderdale
(past treasurer)

EXPERIENCE

Cynthia Calvert has attended seminars and courses dealing with accounting and audit problems, reporting and disclosure issues. These courses include accounting and reporting for nonprofit organizations, governmental entities and the federal and Florida Single Audit Acts. She is experienced and qualified with respect to "Yellow Book", OMB Circular A-133 and Rules of the Auditor General of the State of Florida compliance auditing reporting. Cynthia has experience dealing directly with the State of Florida Department of Children and Families concerning various compliance, audit and other issues. She has assisted municipalities and other governmental entities in planning for and implementing GASB-34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (the Financial Reporting Model). Cynthia was a participant in State of Florida Auditor General seminar for local governments and nonprofits regarding the Florida Single Audit Act as well as various seminars and in-house training programs concerning the requirements of GASB-34.

Cynthia has long been involved in community leadership. She was one of the founding board members for Make-A-Wish Foundation of Southern Florida. She was the past president of the Plantation Junior Women's Club and the past treasurer of the Junior League of Greater Fort Lauderdale. Cynthia was previous the Director of DALI's, auxiliary of Young at Art and Friends of Gilda's Club of South Florida. She is also a member of the Leadership Broward Foundation, Inc.

CYNTHIA CALVERT, C.P.A.

Continued

ENGAGEMENT EXPERIENCE

Keefe McCullough Audit Engagements

SPECIAL TAXING DISTRICTS

- * Boynton Village Community Development District
- * Championsgate Community Development District
- * Coral Springs Improvement District
- * Deer Island Community Development District
- * Downtown Development Authority
- * Downtown Fort Lauderdale Transportation Management Association
- * East Homestead Community Development District
- * Fiddler's Creek II Community Development District
- * Gateway Services Community Development District
- * Habitat Community Development District
- * Heritage Greens Community Development District
- * Heritage Harbour Market Place Community Development District
- * Heritage Harbour South Community Development District
- * Julington Creek Plantation Development District
- * Key Largo Fire Rescue and EMS District
- * Lake Powell Community Development District
- * Landmark at Doral Community Development District
- * Lexington Oaks Community Development District
- * Margate Community Redevelopment Agency
- * Meadow Pines Community Development District
- * Meadow Pointe Community Development District
- * Monterra Community Development District
- * Narcoossee Community Development District
- * Old Palm Community Development District
- * Palm Bay Community Development District
- * Park Place Community Development District
- * Parklands West Community Development District
- * Pine Air Lakes Community Development District
- * Plantation Acres Improvement District

SPECIAL TAXING DISTRICTS *continued*

- * Remington Community Development District
- * Renaissance Community Development District
- * Sarasota National Community Development District
- * South Dade Venture Community Development District
- * Stevens Plantation Community Development District
- * Viera East Community Development District
- * VillaSol Community Development District
- * Wentworth Estates Community Development District

GOVERNMENTS

- * Broward County League of Cities, Inc.
- * City of Aventura Police Officers Retirement Plan
- * City of Aventura, Florida
- * City of Coconut Creek, Florida
- * City of Dania Beach, Florida
- * City of Key West, Florida
- * City of Marathon, Florida
- * City of Margate, Florida
- * City of Parkland, Florida
- * City of Plantation, Florida
- * City of South Miami, Florida
- * City of Sunny Isles Beach, Florida
- * City of Weston, Florida
- * City of Wilton Manors, Florida
- * Islamorada, Village of Islands, Florida
- * The Town Foundation, Inc.
- * Town of Golden Beach, Florida
- * Town of Pembroke Park, Florida
- * Town of Southwest Ranches, Florida
- * Village of Pinecrest, Florida
- * Village of Sea Ranch Lakes, Florida





PEER REVIEW DOCUMENTS

Section IV



AJ&K

Abbott, Jordan & Koon, LLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 609 □ 405 Second Street □ Manchester, GA 31816
(706) 846-8401 □ Fax (706) 846-3370

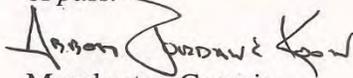
SYSTEM REVIEW REPORT

To the owners
Keefe, McCullough & Co., LLP
And the Peer Review Committee of the Florida Institute of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Keefe, McCullough & Co., LLP (the firm) in effect for the year ended August 31, 2011. Our 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. 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/summary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Keefe, McCullough & Co., LLP in effect for the year ended August 31, 2011, 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*. Keefe, McCullough & Co., LLP has received a peer review rating of *pass*.



Manchester, Georgia
December 7, 2011

MEMBERS OF
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS





FICPA Peer Review Program
Administered in Florida by the
Florida Institute of CPAs



AICPA Peer Review Program
Administered in Florida by the
Florida Institute of CPAs

April 24, 2012

Joseph D. Leo, CPA
Keefe, McCullough & Co., LLP
6550 N. Federal Hwy., Ste. 410
Fort Lauderdale, FL 33308

Dear Mr. Leo:

It is my pleasure to notify you that on April 24, 2012 the Florida Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is February 28, 2015. This is the date by which all review documents should be completed and submitted to the administering entity. If your due date falls between January and April, you can arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Paul N. Brown
Director of Technical Services
brownp@ficpa.org

cc: David C. Jordan, CPA

Firm Number: 10036786

Review Number: 327539





PEER REVIEW PROGRAM

is proud to present this
Certificate of Recognition

to

KEEFE, MCCULLOUGH & COMPANY, LLP

For having a system of quality control for its accounting and auditing practice in effect for the year ended August 31, 2011 which has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and which was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

Tracey Golden, Chair
AICPA Peer Review Board
2012

11834-392





SAMPLE REPORT

Section V



WENTWORTH ESTATES COMMUNITY
DEVELOPMENT DISTRICT
BASIC FINANCIAL STATEMENTS

September 30, 2013

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
BASIC FINANCIAL STATEMENTS
September 30, 2013

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BASIC FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Wentworth Estates Community Development District
Collier County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Wentworth Estates Community Development District (the "District") as of and for the year ended September 30, 2013 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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, and the major funds of the District as of September 30, 2013 and the respective changes in financial position, thereof and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 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 inquiries 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2014, on our consideration of the District's internal control over financial reporting and on our test 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 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 District's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
June 11, 2014

**WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013**

Our discussion and analysis of Wentworth Estates Community Development District's (the "District") financial performance provides an overview of the District's financial activities for the years ended September 30, 2013 and 2012. Please read it in conjunction with the District's financial statements, which immediately follow this discussion.

FINANCIAL HIGHLIGHTS

The following are the highlights of the government wide financial activity for the year ended September 30, 2013:

- The District's total assets exceeded its liabilities at September 30, 2013 by \$ 14,401,919.
- The District's total revenues were \$ 2,327,325, \$ 2,327,132 from non-ad-valorem assessments, and \$ 193 from interest income. The District's expenses for the year were \$ 4,080,026, which were funded with existing resources in addition to the above revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements.

Government-Wide Financial Statements

The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The statement of net position presents information on all the District's assets, liabilities and deferred outflows/inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has only one fund type: governmental funds.

**WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 9 through 13 of this report.

Notes to Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 14 through 23 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net position as of September 30, 2013 and 2012:

Wentworth Estates Community Development District Statements of Net Position		
	2013	2012
Current and other assets	\$ 1,338,291	\$ 1,371,671
Capital assets	50,563,672	52,332,293
Total assets	51,901,963	53,703,964
Other liabilities	3,676,211	3,030,127
Long-term liabilities	33,823,833	34,519,217
Total liabilities	37,500,044	37,549,344
Net position:		
Net investment in capital assets	14,124,839	15,873,076
Unrestricted	277,080	281,544
Total net position	\$ 14,401,919	\$ 16,154,620

**WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013**

Governmental Activities

Governmental activities for the year ended September 30, 2013 decreased the District's net position by \$ 1,752,701, as reflected in the table below:

Wentworth Estates Community Development District Statements of Activities		
	2013	2012
REVENUES:		
Program revenues:		
Charges for services	\$ 2,327,132	\$ 20,952,755
Operating grants and contributions	-	154,803
General revenue:		
Interest income	193	212
Special item	-	5,784,867
Total revenues	2,327,325	26,892,637
EXPENSES:		
Interest expense	2,072,483	2,372,283
Physical environment	1,770,194	1,184,422
General government	237,349	299,206
Total expenses	4,080,026	3,855,911
Change in net position	(1,752,701)	23,036,726
NET POSITION (DEFICIT), BEGINNING OF YEAR, RESTATED	16,154,620	(6,882,106)
NET POSITION, END OF YEAR, RESTATED	\$ 14,401,919	\$ 16,154,620

ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year. The General, Debt Service and Capital Projects Funds comprise the total governmental funds. As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance deficit of approximately \$ (776,700).

**WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2013**

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Districts' investment in capital assets, net of accumulated depreciation, for its governmental activities as of September 30, 2013 amounts to \$ 50,563,672, and consists of land, infrastructure, and improvements.

At the end of the year, the District had total bonded debt outstanding of \$ 36,638,833, net of unamortized discounts. The District's debt represents bonds secured solely by a specified revenue source (i.e., revenue bonds).

Additional information on the District's long-term debt can be found in Note 6 on pages 21 and 22 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

Both revenues and expenditures exceeded amounts originally budgeted for the fiscal year ending September 30, 2013.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The General Fund budget for 2014 includes planned revenues and expenditures of \$ 200,781.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Wentworth Estates Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District Manager, JP Ward & Associates, LLC; 2041 Northeast 6th Terrace, Wilton Manors, Florida 33305.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
September 30, 2013

	Governmental Activities
ASSETS:	
Cash and cash equivalents	\$ 1,317,586
Assessments receivable	20,705
Capital assets:	
Depreciable, net	50,563,672
Total assets	51,901,963
 LIABILITIES:	
Accrued interest payable	861,211
Bonds payable, due within one year	2,815,000
Bonds payable, due in more than one year	33,823,833
Total liabilities	37,500,044
 NET POSITION:	
Net investment in capital assets	14,124,839
Unrestricted	277,080
Total net position	\$ 14,401,919

The accompanying notes to basic financial statements are an integral part of these statements.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

		Program Revenues			Governmental Activities
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position	
FUNCTIONS/PROGRAMS:					
Governmental activities:					
Interest expense	\$ 2,072,483	\$ 2,056,044	\$ -	\$ -	\$ (16,439)
Physical environment	1,770,194	-	-	-	(1,770,194)
General government	237,349	271,088	-	-	33,739
 Total governmental activities	 \$ 4,080,026	 \$ 2,327,132	 \$ -	 \$ -	 (1,752,894)
 General revenues:					
Interest income					193
Change in net position					(1,752,701)
Net position, October 1, 2012 as restated (Note 10)					16,154,620
Net position, September 30, 2013					\$ 14,401,919

The accompanying notes to basic financial statements are an integral part of these statements.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2013

A S S E T S

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 84,566	\$ 1,232,974	\$ 46	\$ 1,317,586
Assessments receivable	51	20,654	-	20,705
Due from other funds	-	74,862	-	74,862
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 84,617</u>	<u>\$ 1,328,490</u>	<u>\$ 46</u>	<u>\$ 1,413,153</u>

L I A B I L I T I E S A N D F U N D B A L A N C E S (D E F I C I T)

LIABILITIES:				
Due to bondholders	\$ -	\$ 2,115,000	\$ -	\$ 2,115,000
Due to other funds	74,862	-	-	74,862
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>74,862</u>	<u>2,115,000</u>	<u>-</u>	<u>2,189,862</u>
 FUND BALANCES:				
Assigned for capital projects	-	-	46	46
Unassigned (deficit)	9,755	(786,510)	-	(776,755)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>9,755</u>	<u>(786,510)</u>	<u>46</u>	<u>(776,709)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances (deficit)	<u>\$ 84,617</u>	<u>\$ 1,328,490</u>	<u>\$ 46</u>	<u>\$ 1,413,153</u>

The accompanying notes to basic financial statements are an integral part of these statements.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 September 30, 2013

TOTAL FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS IN THE BALANCE SHEET, PAGE 9	\$ (776,709)
--	--------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Governmental capital assets	58,043,060
Less accumulated depreciation	(7,479,388)

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:

Accrued interest payable	(861,211)
Bonds payable	<u>(34,523,833)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES, PAGE 7	\$ <u><u>14,401,919</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2013

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Non-ad valorem assessments	\$ 271,088	\$ 2,056,044	\$ -	\$ 2,327,132
Interest income	74	119	-	193
Total revenues	271,162	2,056,163	-	2,327,325
EXPENDITURES:				
Current:				
General government	208,428	28,921	-	237,349
Physical environment	1,573	-	-	1,573
Debt service:				
Principal	-	665,000	-	665,000
Interest	-	2,068,453	-	2,068,453
Total expenditures	210,001	2,762,374	-	2,972,375
Excess (deficiency) of revenues over expenditures	61,161	(706,211)	-	(645,050)
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	32	32
Transfer out	-	(32)	-	(32)
Total other financing sources (uses)	-	(32)	32	-
Net change in fund balances	61,161	(706,243)	32	(645,050)
FUND BALANCES (DEFICIT), October 1, 2012	(51,406)	(80,267)	14	(131,659)
FUND BALANCES (DEFICIT), September 30, 2013	\$ 9,755	\$ (786,510)	\$ 46	\$ (776,709)

The accompanying notes to basic financial statements are an integral part of these statements.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, PAGE 11	\$ (645,050)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:	
Current year provision for depreciation	(1,768,621)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	665,000
Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Change in accrued interest payable	586
Provision for amortization of original bond discount	<u>(4,616)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES, PAGE 8	\$ <u><u>(1,752,701)</u></u>

The accompanying notes to basic financial statements are an integral part of these statements.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Non-ad valorem assessments	\$ 178,025	\$ 271,088	\$ 93,063
Interest income	<u>100</u>	<u>74</u>	<u>(26)</u>
Total revenues	<u>178,125</u>	<u>271,162</u>	<u>93,037</u>
 EXPENDITURES:			
Current:			
General government	178,125	208,428	(30,303)
Physical environment	<u>-</u>	<u>1,573</u>	<u>(1,573)</u>
Total expenditures	<u>178,125</u>	<u>210,001</u>	<u>(31,876)</u>
Net change in fund balance	-	61,161	61,161
 FUND BALANCE (DEFICIT), October 1, 2012	 <u>(51,406)</u>	 <u>(51,406)</u>	 <u>-</u>
 FUND BALANCE (DEFICIT), September 30, 2013	 <u>\$ (51,406)</u>	 <u>\$ 9,755</u>	 <u>\$ 61,161</u>

The accompanying notes to basic financial statements are an integral part of these statements.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - ORGANIZATION AND OPERATIONS

The Wentworth Estates Community Development District (the "District") was established on June 14, 2004, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190 of the Florida Statutes and by Collier County Ordinance 2004-37 (amended by Ordinance 2006-13). The Act provides, among other things, the power to manage basic services for community development, the power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purpose of planning, financing, constructing, operating and maintaining certain portions of community-wide infrastructure.

The District is governed by a Board of Supervisors (the "Board"), which is composed of five members. The Supervisors are elected on an at large basis by the owners of property within the District, and ownership of land within the District entitles the owner to one vote per acre. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

- Assessing and levying special assessments
- Approving and adopting budgets
- Exercising control over facilities and property
- Controlling the use of funds generated by the District
- Hiring the District Manager, District Engineer and District Attorney
- Financing, operating and maintaining improvements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments in accordance with those promulgated by the Governmental Accounting Standards Board (GASB). The District's more significant accounting policies are described below:

The financial reporting entity:

The criteria used for including component units consist of identification of legally separate organizations for which the Board of Supervisors of the District are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting District's financial statements to be misleading or incomplete. Based upon this review, there were no potential component units of the District.

Basis of presentation:

FINANCIAL STATEMENTS - GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the District's activities are classified as governmental activities.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2013 the District did not have any business-type activities and therefore, no business-type activities are reported. Interest income and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use or directly benefit from goods or services) are reported as general revenues. In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full-accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations, when and if applicable.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The net costs, by function, are also supported by general revenues. The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

This government-wide focus is more on the ability to sustain the District as an entity and the change in the District's net position resulting from the current year's activities.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds. The operations of the funds are accounted for with separate self-balancing accounts that comprise their assets, liabilities, fund equity, revenues and expenditures.

The District reports the following governmental funds:

General Fund - This fund is used to account for all operating activities of the District. At this time, revenues are derived principally from non-ad valorem assessments and interest income.

Debt Service Fund - This fund is used to account for the accumulation of resources for and the payment of long-term debt principal, interest and other financing costs.

Capital Projects Fund - This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

For the year ended September 30, 2013, the District does not report any proprietary funds.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus, basis of accounting and presentation:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current year.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Budget:

A budget is adopted for the General Fund and Debt Service Fund on an annual basis. Appropriations lapse at fiscal year-end. Changes or amendments to the total budgeted expenditures of the District must be approved by the District Board of Supervisors.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b. A public hearing is conducted to obtain property owner's comments.
- c. Prior to October 1, the budget is legally adopted by the District Board.
- d. The budgets are adopted on a basis consistent with generally accepted accounting principles.

Cash, cash equivalents and investments:

Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments, if applicable, are stated at their fair value, which is based on quoted market prices. Unrealized gains and losses in fair value are recognized. Certain money market investments are stated at amortized cost if they have a remaining maturity of one year or less when purchased.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets:

Capital assets, which include land, construction in progress, infrastructure and improvements, are reported in the governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Assessments:

Assessments are non-ad valorem assessments on certain land and all platted lots within the District. Assessments are levied each November 1 on property of record as of the previous January. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category.

Equity classifications:

Government-wide statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation, if applicable, and reduced by the outstanding balances of any bonds, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- b. Restricted net position - consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund statements

The District reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has no nonspendable fund balances as of September 30, 2013

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the Special Assessment Revenue Bonds and are restricted through debt covenants.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Supervisors (the "Board"). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed fund balance as of September 30, 2013.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned: This classification includes the residual fund balance for the General Fund.

When the District has expenditures for which committed, assigned or unassigned fund balance is available, the District would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Amortization of bond premiums and discounts:

Bond premiums and discounts are deferred and amortized over the life of the bond issue using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Date of management review:

Subsequent events have been evaluated through June 11, 2014, which is the date the financial statements were available to be issued.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits:

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities which have a market value equal to 50% of all public funds deposited at the end of each month in excess of any applicable deposit insurance. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by Governmental Accounting Standards Board, Statement Number 40, *Deposit and Investment Disclosures*.

At year end, the carrying amount and bank balance of the District's General Fund deposits were \$ 84,566 and \$ 552,907, respectively.

Investments:

Investments of the General Fund are governed by Section 218.415, Florida Statutes. The authorized investments include, among others, negotiable direct or indirect obligations which are secured by the United States Government, the Local Government Surplus Funds Trust as created by Section 218.415, Florida Statutes; and interest-bearing time deposits or savings accounts in authorized financial institutions.

Investments of the Debt Service Fund and Capital Project Fund are governed by the provisions of the Trust Indenture.

Investments of the Debt Service Fund and Capital Project Fund as of September 30, 2013 were \$ 1,233,020 and were in money market mutual funds.

These deposits and investments are reflected in the accompanying statement of net position and balance sheet - governmental funds in cash and cash equivalents.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Credit risk:

Florida Statutes require the money market mutual funds held by the District to have the highest credit quality rating from a nationally recognized rating agency. The money market mutual funds held by the District are rated AAAM by Standard and Poor's.

Interest rate risk:

Florida Statutes provide that the investment portfolio be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. The money market mutual funds have a weighted average maturity of 44 days.

Custodial credit risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2013, the District's investments were not subject to custodial credit risk.

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

At September 30, 2013, the General Fund owes the Debt Service Fund \$ 74,862. This balance is the result of a timing difference between when funds are received into the General Fund and when they are transferred to the Debt Service Fund.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

	Balance at October 1, 2012	Additions	Deletions	Balance at September 30, 2013
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,830,263	\$ -	\$ -	\$ 5,830,263
Construction in progress	21,463,342	-	21,463,342	-
Total capital assets, not being depreciated	<u>27,293,605</u>	<u>-</u>	<u>21,463,342</u>	<u>5,830,263</u>
Capital assets, being depreciated:				
Infrastructure	30,441,034	21,463,342	-	51,904,376
Improvements	308,421	-	-	308,421
Total capital assets, being depreciated	<u>30,749,455</u>	<u>21,463,342</u>	<u>-</u>	<u>52,212,797</u>
Total capital assets	<u>58,043,060</u>	<u>21,463,342</u>	<u>21,463,342</u>	<u>58,043,060</u>

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 5 - CAPITAL ASSETS (continued)

	Balance at October 1, 2012	Additions	Deletions	Balance at September 30, 2013
Less accumulated depreciation for:				
Infrastructure	5,579,396	1,742,750	-	7,322,146
Improvements	<u>131,371</u>	<u>25,871</u>	<u>-</u>	<u>157,242</u>
Total accumulated depreciation	<u>5,710,767</u>	<u>1,768,621</u>	<u>-</u>	<u>7,479,388</u>
Total capital assets, being depreciated, net	<u>25,038,688</u>	<u>19,694,721</u>	<u>-</u>	<u>44,733,409</u>
Governmental activities capital assets, net	<u>\$ 52,332,293</u>	<u>\$ 19,694,721</u>	<u>\$ 21,463,342</u>	<u>\$ 50,563,672</u>

Provision for depreciation was charged to functions as follows:

Governmental Activities:	
Physical environment	\$ <u>1,768,621</u>

NOTE 6 - LONG-TERM DEBT

a. Summary of Long-Term Debt of Governmental Activities

Long-term debt of the governmental activities at September 30, 2013 is comprised of the following:

\$ 38,145,000 Special Assessment Revenue Bonds, Series 2006A; due in annual installments through 2037; interest payable semi-annually at 5.625% (net of original issue discount of \$ 106,167).	\$ <u>36,638,833</u>
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The following is a summary of changes in governmental activities long-term debt for the year ended September 30, 2013:

	Balance October 1, 2012	Additions	Deletions	Amortization	Balance September 30, 2013	Due Within One Year
Special Assessment Revenue Bonds:						
Series 2006A	\$ 36,770,000	\$ -	\$ 25,000	\$ -	\$ 36,745,000	\$ 2,815,000
Original issue discount	<u>(110,783)</u>	<u>-</u>	<u>-</u>	<u>4,616</u>	<u>(106,167)</u>	<u>-</u>
	<u>\$ 36,659,217</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 4,616</u>	<u>\$ 36,638,833</u>	<u>\$ 2,815,000</u>

b. Summary of Significant Debt Terms of Governmental Activities

The District previously issued \$ 38,145,000 of Special Assessment Bonds, Series 2006A (the "Bonds"). The Bonds mature May 1, 2037 and have a fixed interest rate of 5.625%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Series 2006A Bonds is due annually on May 1. As of September 30, 2013, principal installments are forborne under a forbearance agreement (Note 9).

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2013

NOTE 6 - LONG-TERM DEBT (continued)

The Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District previously entered into a forbearance agreement (Note 9) which modified certain terms of the Bond Indenture. As of September 30, 2013, the balance in the debt service reserve fund was sufficient to meet the requirements under the settlement agreement.

The annual debt service requirements for the Series 2006A Special Assessment Revenue Bonds consist of:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,815,000	\$ 2,032,900	\$ 4,847,900
2015	740,000	1,891,700	2,631,700
2016	785,000	1,850,000	2,635,000
2017	830,000	1,805,900	2,635,900
2018	880,000	1,759,200	2,639,200
2019-2023	5,220,000	7,994,300	13,214,300
2024-2028	6,905,000	6,347,300	13,252,300
2029-2033	9,150,000	4,166,700	13,316,700
2034-2037	9,420,000	1,294,300	10,714,300
	<u>\$ 36,745,000</u>	<u>\$ 29,142,300</u>	<u>\$ 65,887,300</u>

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

NOTE 8 - DEVELOPER TRANSACTIONS

In a prior year, the District entered into an agreement with the Original Developer regarding the purchase and sale of impact fee credits. The total cost of the impact fee credits was \$ 8,854,978, of which, the District paid \$ 6,018,559 and the Original Developer paid \$ 2,836,419. Pursuant to the agreement, the Original Developer was managing the sale of the impact fee credits to builders within the District. The receipt of monies for these impact fee credits was first applied to the amount that was paid by the Original Developer. After the Original Developer had been repaid, the remaining receipts were to be remitted to the District. This agreement did not guarantee repayment in full. At September 30, 2013, the remaining amount due to the Original Developer was \$ 2,266,484. With the transition of the project to the New Developers, the status of this agreement is under review.

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

NOTE 9 – FORBEARANCE AGREEMENT

In order to resolve ongoing foreclosure litigation and to facilitate the continued development of the District, the District previously adopted Resolution 2012-01, which authorized a settlement agreement among the District, Treviso Holdings, LLC, an affiliate of Lennar Homes, LLC (together, the “New Developers”), the Trustee for the Bonds, and the District’s Bondholder. Certain principal payments securing the Series 2006A Bonds are subject to forbearance and certain operating and maintenance assessments are forgiven pursuant to the settlement agreement. Additionally, under the terms of the agreement, the New Developers agreed to provide to the District, at no cost, certain real property interests sufficient to allow the District to own, operate, and maintain the District’s existing Series 2006 project components. The New Developers did not assume any of the Original Developers obligations under the May 16, 2006 Completion Agreement. As of September 30, 2013, principal payments totaling \$ 2,115,000 have not been made as scheduled and have been accrued on the fund financial statements as due to the District’s Bondholders. Subsequent to year end, this agreement was terminated by all parties (Note 11)

NOTE 10 – RESTATEMENT OF BEGINNING OF NET POSITION

For the year ended September 30, 2013, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This resulted in a decrease to the beginning net position on the statement of activities of \$ 559,253 to remove bond issuance costs in accordance with GASB 65.

NOTE 11 – SUBSEQUENT EVENT

Subsequent to year end, the District Board of Supervisors adopted Resolution No. 2014-2, which authorized an amendment to the master trust indenture and first supplemental trust indenture between the District and the Trustee. Among various other things, this amendment allowed for the prepayment of special assessments by tendering bonds as a prepayment in kind and modified the debt service reserve requirement with respect to the 2006A Bonds to mean \$ 199,500. In connection with the amendment, the New Developers tendered \$ 8,475,000 in 2006A Bonds for cancellation. As a result, there is \$ 28,245,000 in principal amount of Series 2006A Bonds outstanding as of March 2014. With this tender, the Series 2006A Bonds are no longer in default.

**OTHER REPORTS OF
INDEPENDENT AUDITORS**

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 Board of Supervisors
Wentworth Estates Community Development District
Collier County, Florida

We have audited, in accordance with the auditing standards general 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 and each major fund of Wentworth Estates Community Development District (the "District") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 11, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
June 11, 2014

INDEPENDENT AUDITORS' REPORT TO DISTRICT MANAGEMENT

To the Board of Supervisors
Wentworth Estates Community Development District
Collier County, Florida

We have audited the basic financial statements of Wentworth Estates Community Development District (the "District"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 11, 2014.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated June 11, 2014, should be considered in conjunction with this management letter.

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

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

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any findings.

Wentworth Estates Community Development District

Section 10.554(1)(i)5., 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 District was established June 15, 2004 by Collier County Ordinance No. 2004-37, pursuant to the provisions of Chapter 190, of the laws of the State of Florida. The District does not have any component units.

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1)(a), Florida Statutes.

Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
June 11, 2014

Keefe M̄Cullough

CPA's + Trusted Advisors



6550 N. Federal Highway
4th Floor
Fort Lauderdale, FL 33308



support@KMCcpa.com



www.KMCcpa.com



954.771.0896



Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

Proposal to Provide Audit Services

FLOW WAY

COMMUNITY DEVELOPMENT DISTRICT

Proposal Due: October 21, 2014; 11:00AM

Submitted to:

Flow Way Ranch Community Development District
2041 NE 6th Terrace
Wilton Manors, Florida 33305

Submitted by:

Antonio J. Grau, Partner
Grau & Associates
2700 North Military Trail, Suite 350
Boca Raton, Florida 33431
Tel (561) 994-9299 / (800) 229-5728
Fax (561) 994-5823
tony@graucpa.com / www.graucpa.com

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October 21, 2014

Flow Way Community Development District
2041 NE 6th Terrace
Wilton Manors, Florida 33305

Re: Request for Proposal for Professional Auditing Services for the fiscal year ending September 30, 2014, with annual options through the fiscal year ending 2018.

Grau & Associates (Grau) is pleased to respond to the Flow Way Community Development District's (the "District") Request for Proposal (RFP). **We are the perfect external auditors for the District.** 98% of our work are audits for government and non-profit entities. Our team provided services in excess of 19,000 hours for our public sector clients last year alone and **we currently audit over 275 governmental entities.**

We understand your business! We audit Districts JUST like yours; we will work with you to complete an effective and efficient audit with **minimal staff interruption.** We will deliver our reports and complete the audit meeting your requirements.

- **Experience**

The personnel we assign to your audit are the most experienced auditors in the profession. Unlike most other firms, **our auditors work exclusively with governmental entities**, which mean they are more knowledgeable and efficient on audits like yours. Our engagement partners have decades of experience and take a hands-on approach to our assignments, which all ensures a smoother process for you. Also, Grau's very low turnover rate for our industry assures that YOU won't have to worry about training our auditors from year to year.

- **Service**

Our clients rave about the level of personalized service they receive from our staff. Due to our extensive experience, we make the transition to a new firm seamless. We constantly work with you to resolve any issues that arise so there are **no surprises** when the final report delivers. We even have daily offsite backups of your data for security!

- **Responsiveness**

We answer emails and telephone calls usually right away, but always the same day. **We even provide our cell phones for your access.** Being non-traditional auditors we remain in touch for the entire year, suggesting ways you can improve your Town's performance, procedures and controls. We will update, advise and educate you on new or revised reporting requirements so you are sure to always remain compliant

- **Standards**

Grau & Associates is a licensed certified public accounting firm. We are a member of the American Institute of Certified Public Accountants (AICPA) and the Florida Institute of Certified Public Accountants (FICPA). Additionally, individuals are members of both the (GFOA) and (FGFOA). Grau is also a member of the Governmental Audit Quality Center (GAQC). Our audit will follow the Auditing Standards of the AICPA, Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States, and the Rules of the Auditor General of the State of Florida, and any other applicable federal, state and local regulations. **We will deliver our reports in accordance with your requirements.**

- **Reputation**

Our reputation is impeccable. **We have never been involved in any litigation, proceeding or received any disciplinary action. Additionally, we have never been charged with, or convicted of, a public entity crime of any sort.** We are financially stable and have never been involved in any bankruptcy proceedings.

This proposal is a firm and irrevocable offer for 90 days. We certify this proposal is made without previous understanding, agreement or connection either with any previous firms or corporations offering a proposal for the same items. We also certify our proposal is in all respects fair, without outside control, collusion, fraud, or otherwise illegal action, and was prepared in good faith. Only the person(s), company or parties interested in the project as principals are named in the proposal. Grau has no existing or potential conflicts, and anticipates no conflicts during the engagement. Our Federal I.D. number is 20-2067322.

Grau & Associates would be a perfect fit with the District and we would be happy to answer any questions or provide additional information as needed. Please do not hesitate to call or email either of our Partners, Antonio J. Grau, CPA (tgrau@graucpa.com) or Racquel McIntosh (rmcintosh@graucpa.com) at (561) 994-9299. We thank you for considering our firm's qualifications and experience, and look forward to serving you.

Very truly yours,

Grau & Associates



Antonio J. Grau

INDEPENDENCE

Grau & Associates affirms we meet the independence requirements of the Standards for Audit of Governmental Organizations Programs, Activities and Functions published by the U.S. General Accounting Office, *Governmental Auditing Standards (GAS)* issued by the Comptroller General of the United States and the Laws and Rules of Florida Board of Accounting or any subsequent amendments or superseding revisions. As defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting office's *Government Auditing Standards*, we are independent of the District. Grau & Associates, their partners and employees are independent of all of the blended component units of the District. Grau has no conflict of interest as it regards the District.

Additionally, Grau & Associates shall give the District written notice of any professional relationship entered into during the period of this agreement.

LICENSE TO PRACTICE IN FLORIDA

Grau & Associates is a properly registered/licensed State of Florida professional corporation. All assigned supervisory professional staff are properly registered/licensed to practice in the State of Florida.

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
BOARD OF ACCOUNTANCY

LICENSE NUMBER	
AD64305	

The ACCOUNTANCY CORPORATION
Named below IS LICENSED
Under the provisions of Chapter 473 FS.
Expiration date: DEC 31, 2015

GRAU & ASSOCIATES
2700 N. MILITARY TRAIL #350
BOCA RATON FL 33431




RICK SCOTT GOVERNOR ISSUED: 09/26/2013 SEQ # L1309260000926 KEN LAWSON SECRETARY
DISPLAY AS REQUIRED BY LAW

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
BOARD OF ACCOUNTANCY

LICENSE NUMBER	
AC0015330	

The CERTIFIED PUBLIC ACCOUNTANT
Named below IS LICENSED
Under the provisions of Chapter 473 FS.
Expiration date: DEC 31, 2015

GRAU, ANTONIO JOSE
2700 NORTH MILITARY TRAIL
SUITE 350
BOCA RATON FL 33431




RICK SCOTT GOVERNOR ISSUED: 09/19/2013 SEQ # L1309190001232 KEN LAWSON SECRETARY
DISPLAY AS REQUIRED BY LAW

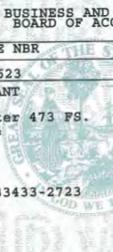
STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
BOARD OF ACCOUNTANCY

AC# 6378621 SEQ# L12091901219

DATE	BATCH NUMBER	LICENSE NBR
09/19/2012	128086196	AC0002623

The CERTIFIED PUBLIC ACCOUNTANT
Named below IS LICENSED
Under the provisions of Chapter 473 FS.
Expiration date: DEC 31, 2014

GRAU, ANTONIO S
20790 SONETO DR
BOCA RATON FL 33433-2723




RICK SCOTT GOVERNOR DISPLAY AS REQUIRED BY LAW KEN LAWSON SECRETARY

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
BOARD OF ACCOUNTANCY

LICENSE NUMBER	
AC38797	

The CERTIFIED PUBLIC ACCOUNTANT
Named below IS LICENSED
Under the provisions of Chapter 473 FS.
Expiration date: DEC 31, 2015

MCINTOSH, RACQUEL CEGELIA
8139 BELLAGIO LANE
BOYNTON BEACH FL 33472




RICK SCOTT GOVERNOR ISSUED: 09/22/2013 SEQ # L1309220001135 KEN LAWSON SECRETARY
DISPLAY AS REQUIRED BY LAW

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STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
BOARD OF ACCOUNTANCY

AC# 6438399 SEQ# L12100400669

DATE	BATCH NUMBER	LICENSE NBR
10/04/2012	128114332	AC44056

The CERTIFIED PUBLIC ACCOUNTANT
Named below IS LICENSED
Under the provisions of Chapter 473 FS.
Expiration date: DEC 31, 2014

CAPLIVSKI, DAVID JAMES
1901 N OCEAN BLVD #S-12B
FORT LAUDERDALE FL 33305




RICK SCOTT GOVERNOR DISPLAY AS REQUIRED BY LAW KEN LAWSON SECRETARY

FIRM QUALIFICATIONS & EXPERIENCE

Grau & Associates is a medium-sized, local accounting firm, providing comprehensive financial and compliance auditing, attestation and accounting, and other management consulting services. Grau & Associates is a properly registered/licensed State of Florida professional corporation; all assigned supervisory professional staff are properly registered/licensed to practice in the State of Florida. The Partners, Consultant and Managers of Grau are members of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants.

This engagement will be performed out of our Boca Raton office located at 2700 North Military Trail, Suite 350, Boca Raton, Florida 33431, (561) 994-9299.

- We are dedicated to serving **Governmental and Non-Profit Entities**.
- We currently audit over **275 Governmental and Non-Profit Entities**.
- Last year, Grau performed in excess of 19,000 **hours** of services for our Public Sector Clients under *Governmental Auditing Standards*.
- Grau currently **only** provides **audit and attestation** services principally for governmental and non-profit entities under government auditing standards. The firm and staff are 100% dedicated to the audit practice.

During Grau's history we have consistently focused on providing service to the public sector. By focusing our resources on this industry, we provide the highest level of services to our Public Sector Clients.

Grau & Associates has a total of 15 employees, 13 professional staff, including 2 Partners and 11 professionals who specialize in providing auditing services to governmental and non-profit clients and 2 administrative professionals. The number of professional staff by employee classification is as follows:

Team Member	Total Professional Staff	Total CPAs	Public Sector Staff
Partners *	2	2	2
Managers *	2	2	2
Advisory Consultant	1	1	1
Supervisor / Seniors *	3	3	3
Staff Accountants *	4	-	4
Staff Accountant Intern	1	-	1
Total	13	8	13

***ALL FULL TIME EMPLOYEES**

Compliance with Government Education Requirements

In order to maintain our high level of technical competence, we provide continuing professional education programs for all partners and professional staff members, which exceed national and state standards. **All of the audit professionals of Grau & Associates exceed the education requirements as set forth in Government Auditing Standards, published by the Comptroller General of the United States, and our continuing professional education programs ensure that all audit professionals meet the requirements to participate in audits of government agencies.**

Professional Staff Training

Partners - All of our Partners are CPA's and have diversified public accounting experience. They are responsible for overall engagement performance, policy, direction and quality control and have ***far exceeded minimum CPE requirements.***

Managers - All of our Audit Managers are CPA's who have demonstrated the ability to plan audit engagements, supervise personnel and maintain frequent contact with clients. They continually upgrade their skills through the firm's continuing education programs and courses sponsored by the AICPA, FICPA and GFOA. They have ***far exceeded minimum CPE Requirements.***

Seniors - All of our Seniors have a minimum of 3 years of diversified public accounting experience. They perform audits, evaluate staff, review findings and prepare audit reports. They possess the potential for upward mobility and have ***far exceeded minimum CPE requirements.***

Memberships

All of the firm's CPA's are properly licensed as CPA's and members in good standing of both the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants. In addition, certain firm professionals are members or have been members of the following professional groups:

- FICPA Committee on State and Local Government
- Florida Government Finance Officers Association
- Technical Resource Committee of the Government Finance Officers Association
- Special Review Committee of the Government Finance Officers Association
- Florida Association of Special Districts
- Florida Public Pension Trustees Association

In addition, we have an ongoing recruitment program that seeks only those accountants with a proven record of academic success. When we recruit at the senior and manager level, we select CPA's with proven governmental accounting and auditing experience.

Disciplinary Actions

Grau & Associates, its partners, managers and/or other key staff members, have never been subject to any disciplinary action with state regulatory bodies or professional organizations or by any court or administrative agency.

Litigation

Grau & Associates, its partners, managers and/or other key staff members, have never been subject to any litigation, arbitration, proceeding or named as a defendant, whereby, during the last three years, a court or any administrative agency has ruled against the firm in any manner related to its professional activities.

Results of State and Federal Reviews

During the last three years, state and federal reviews of the firm's reports and working papers have been accepted without change or revision to issued reports.

Quality Control and Confidentiality

Grau participates in an external quality review program requiring an on-site independent examination of our auditing practice. Grau has consistently received an unqualified opinion on the quality of our audit practice. During our firm's last external quality control review, six audits were reviewed, including five government audits. A copy of the report on the firm's most recent quality review can be found below and on the following pages.

In addition to scheduled Peer Reviews, our firm continually monitors performance to ensure the highest quality of services. Under the supervision of the Audit Partner, an Audit Manager is responsible for monitoring quality control of all appropriate engagements



System Review Report

To the Owners of Grau & Associates
And the Peer Review Committee of the Florida Institute of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Grau & Associates (the firm) in effect for the year ended June 30, 2013. 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.

As required by the standards, engagements selected for review included engagements performed under the Government Auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Grau & Associates in effect for the year ended June 30, 2013, 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*. Grau & Associates has received a peer review rating of *pass*.

Gregory, Sharer & Stuart, P.A.

Gregory, Sharer & Stuart, P.A.
October 25, 2013

Richard H. Cabon, CPA
M. Timothy Farrell, CPA
Thomas H. Gregory, CPA
Daniel J. Hevia, CPA
Robert L. Inglish, CPA
Troy Kinsburgh, CPA
James G. Newman, CPA
Paula D. Popovitch, CPA
Larry W. Sharer, CPA
Byron C. Smith, CPA
Charles L. Stuart, CPA
Richard G. Ulrich, CPA
Carole R. Vila, CPA



AICPA Peer Review Program
Administered in Florida by the
Florida Institute of CPAs

January 21, 2014

Antonio J. Grau Jr., CPA
Grau & Associates
2700 N. Military Trl., Ste. 350
Boca Raton, FL 33431

Dear Mr. Grau:

It is my pleasure to notify you that on January 16, 2014 the Florida Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is December 31, 2016. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Paul N. Brown, CPA, CGMA
Director of Technical Services

cc: Daniel J. Hevia, CPA

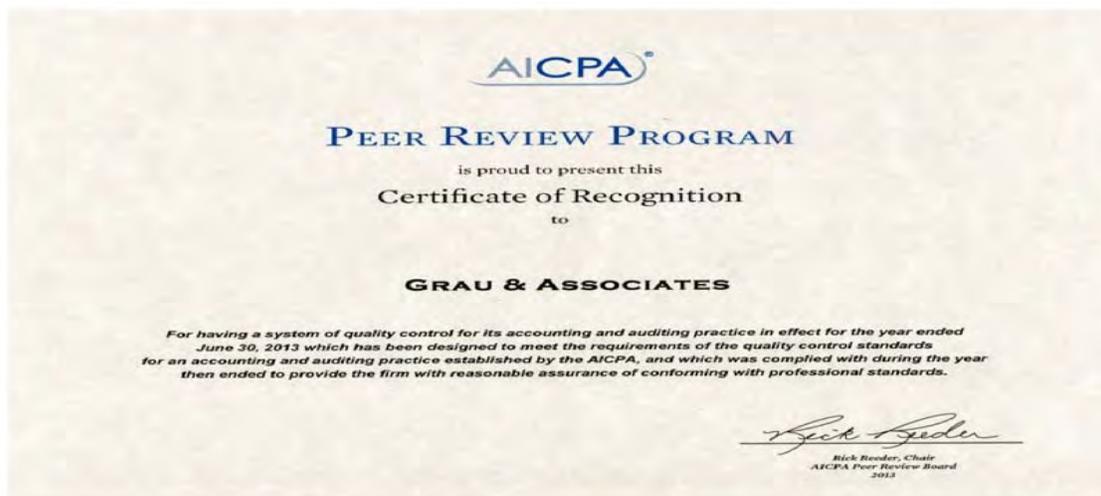
Firm Number: 4390114

Review Number: 352812



100 Second Avenue South, Suite 600
St. Petersburg, Florida 33701-4336
(727) 821-8161 | Fax: (727) 822-4573
www.aicpa.com

325 W. Koling Ave. | Ft. Lee 3452 | Tallahassee, FL 32314 | (904) 224-2277 | (800) 342-5197 | Fax: (850) 222-8190 | www.aicpa.org



PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

You will have a partner and our consultant available for any technical assistance. In addition, junior partner, Racquel McIntosh, will function as the audit manager and senior will be assigned to the engagement that will perform the majority of fieldwork. Additional staff are available to assist with the engagement should the need arise.

Name	Years performing government audits	CPE within last 3 years	Professional Memberships
ANTONIO J. GRAU, CPA/CFP/PFS/ABV (Partner & Key Member)	Over 30	Government Accounting, Auditing: 52 hours Accounting, Auditing and Other: 276 hours	AICPA FICPA FGFOA GFOA
ANTONIO S. GRAU, CPA (Concurring Review Consultant)	Over 40	Government Accounting and Auditing: 32 hours Accounting, Auditing and Other: 62 hours	AICPA FICPA ICPA
RACQUEL MCINTOSH, CPA (Partner & Key Member)	Over 9	Government Accounting and Auditing hours:48 Accounting, Auditing and Other: 89 hours	AICPA FICPA
DAVID CAPLIVSKI, CPA (Senior & Key Member)	Over 4	Government Accounting and Auditing hours:93 Accounting, Auditing and Other: 51 hours	AICPA FICPA

Continuity

We would like to emphasize our commitment to maintaining professional staff continuity in servicing this engagement. Many of our clients rely on having the same resources available to them because it reflects a commitment to their organization and a deeper understanding of what their organization is trying to achieve. Our staff builds a relationship based upon integrity, trust, and mutual respect, which is a primary reason that we maintain long-term professional relationships.

In assigning staff to engagements, we place high importance on maintaining continuity of staff from one year to the next. This is important from both a client service as well as an engagement efficiency perspective. **As our staff gains familiarity with a client, they are able to complete the engagement more efficiently and are able to identify recommendations for improvement within our client's operations.**

As with any accounting firm, it does at times become necessary to replace a member of the engagement team. When this occurs they are replaced with someone of comparable skills and experience. While we strive to maintain continuity, the turnover that is inherent in today's environment provides for staff rotation and the additional benefit of a fresh approach. We have been very successful over the years in appropriately staffing our jobs and this has resulted in high client retention rates and tremendous growth for the firm.

Grau & Associates understands that the District retains the right to approve or reject replacements.

Position Descriptions

Engagement Partner

The engagement will be performed under the direct supervision of an Engagement Partner. The Engagement Partner will participate extensively during the various stages of the engagement and has direct responsibility for engagement policy, direction, supervision, quality control, security, confidentiality of information of the engagement and communication with client personnel.

The Engagement Partner will also be involved in:

- ❖ coordinating all services;
- ❖ directing the development of the overall audit approach and plan;
- ❖ performing an overriding review of work papers;
- ❖ resolving technical accounting and reporting issues;
- ❖ reviewing, approving and signing reports, management letters, and other audit engagement products; and,
- ❖ ascertaining client satisfaction with all aspects of our engagement, such as services and the personnel assigned.



Concurring Review and Advisory Consultant

A Concurring Review Consultant will be available as a sounding board to advise in those areas where problems are encountered. He will also perform a second review of all reports to be issued by Grau & Associates.

Audit Manager and Senior

The assigned personnel will work closely with the partner and the District to ensure that the financial statements and all other reports are prepared in accordance with professional standards and firm policy. Responsibilities will include:

- ❖ planning the audit;
- ❖ preparing or modifying audit programs, as needed;
- ❖ evaluating internal control and assessing risk;
- ❖ communicating with the client and the partners the progress of the audit; and
- ❖ determining that financial statements and all reports issued by the firm for accuracy, completeness and that they are prepared in accordance with professional standards and firm policy.

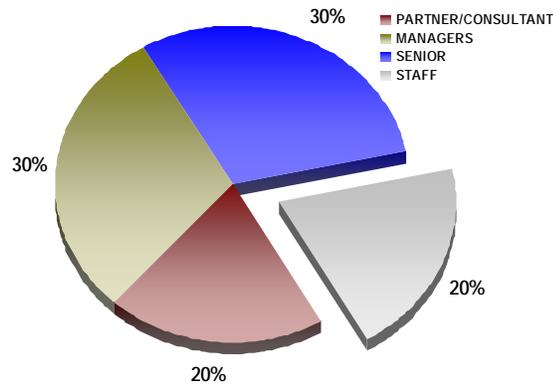
Information Technology Consultants and Personnel

In addition to the assigned personnel above, Grau and Associates has staff with significant IT auditing experience that will assist in the evaluation and testing of internal controls. Because our staff has both a financial audit and IT background, they are able to communicate effectively all IT related concerns to management. In addition, Grau contracts with an outside group of IT management consultants to assist with matters including, but not limited to; network and database security, internet security and vulnerability testing.

Composition of Engagement Team

In contrast to the majority of both national and local firms, Grau's proposed engagement team is comprised of an exceptionally large percentage of high-level audit professionals. This gives us the ability to quickly recognize problems and be more efficient as a result of our Team's **DECADES** of governmental auditing experience.

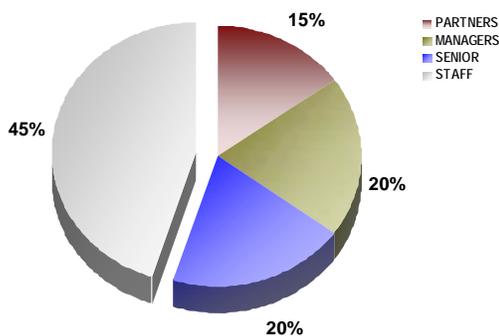
Grau & Associates



**80 percent of engagement will be performed by
*Partners, Management and Senior Staff***

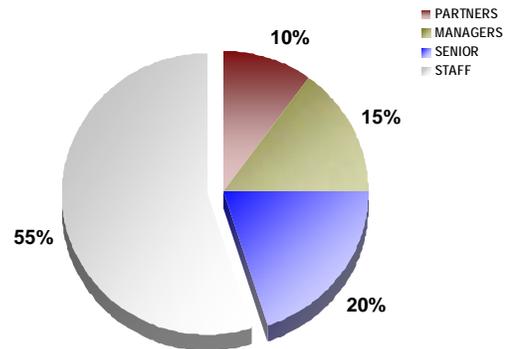
VS.

Typical Local CPA Firm:



55 percent of engagement is performed by "Management"

Typical National CPA Firm



45 percent of engagement is performed by "Management"

Resumes

The resumes of your engagement team can be found on the following pages.



Antonio J. Grau, CPA/CFP/PFS/ABV, Partner
 e-mail: tgrau@graucpa.com / 561-939-6672

Education

Bachelor of Arts, Business Administration, 1983 University of South Florida; Accredited in Business Valuation by the AICPA, 1998; Personal Financial Specialist, 1997

Professional History

CPA, in Florida since February 28, 1985, Certificate No. 15330		
Grau & Associates	Partner	2006-Present
Grau & Company	Partner	1995-2005
Grau & Company	Audit Manager	1987-1995
International Firm	Auditor	1985-1986
Grau & Company	Staff Accountant	1983-1984

Clients Served *(partial list)*

- | | |
|---|---|
| (>275) Various Special Districts | Key Largo Water Treatment District |
| Brevard Workforce Board | Mae Volen Senior Center, Inc. |
| Broward Education Foundation | North Lauderdale Academy High School |
| City of Cooper City | Orlando Housing Authority |
| City of Lauderdale Lakes | Palm Beach County Workforce Development Board |
| City of Lauderhill | Peninsula Housing Programs |
| City of Lauderhill General Pension | School Board of Broward County |
| City of North Lauderdale | School Board of Miami-Dade County |
| City of Oakland Park | School Board of Palm Beach County |
| Delray Beach Housing Authority | South Florida Water Management District |
| East Central Regional Wastewater Treatment Fac. | Southwest Florida Workforce Development Board |
| Florida Community College at Jacksonville | Town of Davie |
| Florida Department of Management Services | Town of Hypoluxo |
| Greater Boca Raton Park & Beach District | Village of Wellington |
| Highland County School District | West Palm Beach Housing Authority |
| Hispanic Human Resource Council | |

Professional Education *(over the last three years)*

<u>Course</u>	<u>Hours</u>
Government Accounting and Auditing	52
Accounting, Auditing and Other	276
Total Hours	<u>328</u>

Other Qualifications

As a member of the Government Finance Officers Association Special Review Committee, Mr. Grau participated in the review process for awarding the GFOA Certificate of Achievement in Financial Reporting. Mr. Grau was the review team leader for the Quality Review of the Office of Management Audits of School Board of Miami-Dade County.

Professional Associations/Memberships

- | | |
|--|---|
| American Institute of Certified Public Accountants | Florida Government Finance Officers Association |
| Florida Institute of Certified Public Accountants | Government Finance Officers Association Member |
| City of Boca Raton Financial Advisory Board Member | |

Antonio S. Grau, CPA, Concurring Review Consultant

e-mail: asgrau@graucpa.com



Education

Bachelor Degree, Business Administration, 1966, University of Miami, Certificate of Educational Achievement from the AICPA in Governmental and Not-For-Profit Accounting and Auditing, 1994/1995.

Professional History

CPA in Florida since April 29, 1970, Certificate No. 2623

Grau & Company	Partner	1977-2004
Public Company	Financial Officer	1972-1976
International Firm	Auditor	1966-1972

Clients Served (partial list)

Mr. Grau was the head of the governmental audit department of Grau & Company, and performs the concurring review and advises on all the governmental audits of the firm.

Atlanta Housing Authority	Hispanic Human Resource Council
Broward County Housing Authority	Mae Volen Senior Center, Inc.
City of Dania Beach	Miami Beach Housing Authority
City of Lauderdale Lakes	North Lauderdale Academy High School
City of Lauderhill	Palm Beach County Workforce Development Board
City of Lauderhill General Pension	School Board of Miami-Dade County
City of Miami Springs	South Florida Water Management District
City of Oakland Park	Town of Hypoluxo
City of Sweetwater Pension	Town of Miami Lakes
Florida Community College at Jacksonville	Town of Southwest Ranches
Highland County School District	Village of Biscayne Park
Downtown Development Authority of the City of Miami / Community Development Block Grants	West Palm Beach Housing Authority

Professional Education (over the last three years)

<u>Course</u>	<u>Hours</u>
Government Accounting and Auditing	32
Accounting, Auditing and Other	62
Total Hours	<u>94</u>

Other Qualifications

Mr. Grau was the review team leader for the Quality Review of the Office of Management Audits of School Board of Miami-Dade County.

Professional Associations

Member, American Institute of Certified Public Accountants
Member, Florida Institute of Certified Public Accountants
Past member, State and Local Government Committee, Florida Institute of Certified Public Accountants (1996-1997)
Past member, Quality Review Acceptance Committee, Florida Institute of Certified Public Accountants (1991 - 1993)
Past member of BKR International Committee on Government and Non-Profit Accounting and Auditing

Racquel C. McIntosh, CPA, Partner
e-mail: rmcintosh@graucpa.com / 561-939-6669



Education

Master of Accounting, MACC; Florida Atlantic University, December 2004; Bachelor of Arts – Majors: Accounting and Finance; Florida Atlantic University, May 2003

Professional History

Grau & Associates	Partner	2014-Present
Grau & Associates	Manager	2009-2014
Grau & Associates	Senior Auditor	2007-2009
Grau & Associates	Staff Auditor	2006-2007
Grau & Company	Staff Auditor	2005-2006

Clients Served *(partial list)*

(>275) Various Special Districts	Pinetree Water Control District
Brevard Workforce Development Board	San Carlos Park Fire Protection & Rescue District
Broward Education Foundation	Southwest Florida Workforce Development Board
Central Broward Water Control District	South Trail Fire Protection & Rescue
City of Cooper City	Sun N Lake of Sebring Improvement District
City of Pompano Beach (Joint Venture)	Town of Hypoluxo
East Central Regional Wastewater Treatment Fac.	Town of Lantana
East Naples Collier County Admin. Fire District	Town of Mangonia Park
Greater Boca Raton Beach & Park District	Village of Wellington
Key Largo Wastewater Treatment Plant	Village of Golf

Professional Education *(over the last three years)*

<u>Course</u>	<u>Hours</u>
Government Accounting and Auditing	48
Accounting, Auditing and Other	<u>89</u>
Total Hours	<u>137</u>

Professional Associations/ Memberships

American Institute of Certified Public Accountants	FICPA State & Local Government Committee
Florida Institute of Certified Public Accountants	FICPA Atlantic Chapter Board Member
FICPA Young CPAs Committee	FGFOA Palm Beach Chapter



David Caplivski, CPA, Senior Auditor

e-mail: dcaplivski@graucpa.com / 561-939-6676

Education

Master of Accounting; Florida Atlantic University, December 2009

Bachelor of Science – Major: Environmental Studies; Nova Southeastern University, May 2002

Professional History

Grau & Associates	Senior Auditor	2013-Present
Grau & Associates	Staff Auditor	2010-2013

Clients Served *(partial list)*

(>275) Various Special Districts	Pinetree Water Control District
Brevard Workforce Development Board	San Carlos Park Fire Protection & Rescue District
Broward Education Foundation	South Indian River Water Control District
Central Broward Water Control District	Southwest Florida Workforce Development Board
Central County Water Control District	South Trail Fire Protection & Rescue
City of Miami (program specific audits)	Town of Haverhill
East Central Regional Wastewater Treatment Fac.	Town of Hypoluxo
East Naples Collier County Admin. Fire District	Town of Hillsboro Beach
East Naples Fire Control & Rescue District	Town of Lantana
Greater Boca Raton Beach & Park District	Town of Lauderdale By - The - Sea
Hispanic Human Resource Council	Village of Wellington
Loxahatchee Groves Water Control District	Village of Golf

Professional Education *(over the last three years)*

<u>Course</u>	<u>Hours</u>
Government Accounting and Auditing	97
Accounting, Auditing and Other	51
Total Hours	<u>148</u>

Professional Associations

Member, American Institute of Certified Public Accountants

Member, Florida Institute of Certified Public Accountants

PRIOR ENGAGEMENTS WITH THE DISTRICT

Within the last five years, Grau & Associates has not had any engagements with the District.

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

We have included three references of government engagements that require compliance with laws and regulations, follow fund accounting, and have financing requirements, which we believe are similar to the District. Please refer to the Supplemental Information Section, Page 27 for a partial list of clients.

Harmony Community Development District	
Scope of Work	Financial audit
Hours	65
Engagement Partner	Antonio J. Grau
Dates	Annually since 2001
Client Contact	Steven Bloom 210 North University Drive, Suite 702 Coral Springs, Florida 33071 561-630-4922

Beeline Community Development District	
Scope of Work	Financial audit
Hours	35
Engagement Partner	Antonio J. Grau
Dates	Annually since 2003
Client Contact	Peter L. Pimentel 2501 A Burns Road Palm Beach Gardens, Florida 33410 561-630-4922

Sterling Hill Community Development District	
Scope of Work	Financial audit
Hours	34
Engagement Partner	Antonio J. Grau
Dates	Annually since 2004
Client Contact	William Rizzetta 3434 Colwell Avenue, Suite 200 Tampa, Florida 33614 813-933-5571

SPECIFIC AUDIT APPROACH

We recognize the District is an important entity and its responsibilities create a challenging and dynamic organization. We are confident our firm is eminently qualified to meet the challenges of this engagement and deliver quality audit services. **You would be a valued client of our firm and we pledge to commit all firm resources to provide the level and quality of services (as described below) which not only meet the requirements set forth in the RFP but will exceed those expectations.** Our audit will follow the Auditing Standards of the AICPA, Generally Accepted Government Auditing Standards, issued by the comptroller General of the United States, and the Rules of the Auditor General of the State of Florida and any other applicable Federal, State or Local regulations. **Grau & Associates fully understands the scope of professional services and work products requested and will deliver our reports in accordance with your requirements.**

a. Proposed segmentation of the engagement

Phase I - Preliminary Planning

- Kickoff meeting(s) with the District's stakeholders to identify any issues or suggestions that arose with the previous firm.
- Develop audit plans to incorporate the consideration of financial statement assertions, specific audit objectives, and appropriate audit procedures to achieve the specified objectives.
- Discuss and resolve any accounting, auditing and reporting matters which have been identified.

We involve our clients in this phase of the audit by providing relevant documents as to organization, structure and policies and procedures. We also set appointments to discuss information technology (IT) general controls, transaction processing and fraud inquiries. We would then request a planning meeting to discuss any concerns that management has or is aware of that should be addressed during the audit, set a timeline for the audit and establish your specific audit protocol.

Phase II – Execution of Audit Plan

The audit team will complete a major portion of transaction testing and audit requirements during this phase. The procedures performed during this period will enable us to identify any matter that may impact the completion of our work or require the attention of management. Tasks to be performed in Phase II include, but are not limited to the following:

- Apply analytical procedures to further assist in the determination of the nature, timing, and extent of auditing procedures used to obtain evidential matter for specific account balances or classes of transactions.
- Perform tests of account balances and transactions through sampling, vouching, confirmation and other analytical procedures.
- Perform tests of compliance.

Also, during the engagement, we will identify the major programs to be audited pursuant to OMB Circular A-133 and the Florida Single Audit Act. As required, the determination will be based on the dollar amount of federal and state expenditures and the associated program risk. Further, as appropriate, our audit will be planned to provide for a low level of assessed control risk.

During this phase of the audit we ask our clients for their assistance obtaining the necessary supporting documentation, answering questions on analytical procedures, providing the necessary support for compliance regarding the Single Audit testing and work with us to resolve any issues and potential journal entries that have been identified. As with our other governmental clients, we will create a schedule with you so that staff has time to plan accordingly in order to avoid adding to their workload.

Phase III - Completion and Delivery

In this phase of the audit, we will complete the tasks related to year-end balances and financial reporting. All reports will be reviewed with management before issuance and delivery, and the partners will be available to meet and discuss our report and address any questions you may have. Tasks to be performed in Phase III include, but are not limited to the following:

- Perform final analytical procedures.
- Review information and make inquiries for subsequent events.
- Meeting with Management to discuss preparation of draft financial statements and any potential findings or recommendations.

Clients assist us during this time with final inquiries regarding subsequent events, commitments and contingencies; review and approval of any journal entries discovered during the audit work performed; providing comments on any findings; reviewing draft audit report and providing necessary or requested changes; and providing the management representation letter.

You should expect more from your accounting firm than a signature in your annual financial report. Our concept of truly proactive and responsive professional service emphasizes taking an active interest in the issues of concern to our clients and serving as an effective resource in identifying and dealing with those issues. In following this approach, we not only audit financial information with hindsight but also consider the foresight you apply in managing the District's daily operations.

Application of this approach in developing our management letter is particularly important given the increasing financial pressures and public scrutiny facing local governments today. We will prepare the management letter at the completion of our final procedures.

In preparing this management letter, we will initially review any draft comments or recommendations with management. In addition, we will take necessary steps to ensure that matters are communicated to those charged with governance.

We will discuss with Management each of the following:

- The auditor's responsibility under generally accepted auditing standards;
- Significant accounting policies;
- Management assumptions, judgments and accounting estimates;
- Significant audit adjustments;
- Other information in documents containing audited financial statements;
- Potential disagreements with management;
- Management consultation with other accountants;
- Major issues discussed with management prior to retention; and
- Any difficulties encountered in performing the audit.

Any critique of operations will be confidential and constructive, and whenever recommendations have been already identified by District staff, the letter will highlight. Our findings will contain a statement of condition describing the District's comprehensive position and identify any areas that needs strengthening, what should be corrected and why. Our suggestions will withstand our basic tests of corrective action:

- The recommendation must be cost effective;
- The recommendations are to be the simplest to effectuate in order to correct a problem;
- The recommendation must go to the heart of the problem and not just correct symptomatic matter; and
- The corrective action must take into account why the deficiency occurred.

- We wish to assist you in identifying and solving problems before they become critical. Our personnel's diverse experience, and their independent and objective views, ensures valuable and meaningful comments, observations, and conclusions as presented in our management letters.

b. Level of staff to be assigned to each proposed segment of the engagement

	Partners	Managers	Seniors	Total
Preliminary Planning	2	4		6
Perform Audit Plan		8	16	24
Completion and Delivery	2	4		6
Total	4	16	16	36

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

Our professionals will utilize sampling methodologies designed to ensure effective audit procedures are applied in the most efficient manner.

Sampling Techniques

We will utilize representative audit sampling procedures with respect to tests of transactions and tests of controls, where a sample of documentation is to be tested as the principal evidence of a control. During tests of controls, the tests will generally consist of a combination of corroborative inquiry and either observation, examination of documents or re-performance. We will use attribute sampling to test documentary evidence as documentation will be the prime corroborative evidence of identified controls.

Statistical and Non-statistical Sampling

Tests of transactions and tests of controls can be performed using either statistically or non-statistically based techniques. Statistical approaches will be based on our calculation of risk factors. If a non-statistical approach is deemed appropriate, we will design our procedures to obtain levels of assurance that we judge to be equivalent to those required when using statistically based techniques.

Sample Sizes

For tests of controls, sample size will be based on the planned or supported assessed level of control risk and the number of planned or actual deviations expected. For transactions testwork, sample size will be a function of population, materiality, and risk factors.

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

Tests of compliance with laws and regulations are included with the tests of transactions and controls, when practical. Additional samples are sometimes necessary to test specific laws and regulations as well as for testing federal and state awards. Sample sizes for compliance testing are determined based on the number of transactions and the relative significance of the requirement.

d. Extent of use of electronic data processing software in the engagement

We are actively committed to using computer-based audit techniques. Our knowledge of information systems (IS) and the use of personal computers yield significant savings in the time required to complete an audit. Today's marketplace provides firms, large and small, national and local, with sophisticated computer-aided audit tools necessary to perform data analysis and report generation. Software products, such as Audit Command Language (ACL) for Windows, are used to analyze data and produce reports.

A client's IS environment influences the nature, timing, and extent of planned auditing procedures. Because most of our clients utilize computerized accounting systems, our professional team is experienced with various IS systems and software. As computers have become more integral to the financial management system, we have met the challenge by incorporating new audit techniques into the audit process. Staff members are trained on new software and are skilled in a wide variety of computerized applications.

Each team member possesses their own laptop computer equipped with pertinent audit-related software. We utilize ProSystem fx Engagement, Thomson Reuters/PPC audit guides and programs, ActiveData, ACL for Windows, database programs and spreadsheet applications for auditing purposes. Our IS expertise, combined with extensive auditing and consulting experience mean that we understand the technical intricacies of complex information systems in the context of real-world application.

Utilizing this expertise we will be able to:

- evaluate IS general controls within the computer environment;
- document critical transaction processing systems;
- identify key processes and controls within these transaction processing systems;
- evaluate the effectiveness of identified controls;
- advise the audit team on results of the evaluation and effect on planned audit procedures;
- design, develop and execute computer-assisted audit techniques using computer audit software packages; and
- assess the internal controls

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

Statement of Auditing Standards on *Analytical Procedures* provides guidance on the use and extent of analytical procedures in all audits. Analytical procedures are required in the planning and overall review stages of the audit, and are used in the following areas:

Audit Planning

Analytical procedures can provide great insight in planning an audit. These analyses can enhance our understanding of transactions and events that may have occurred during the year under audit.

Substantive Tests

Analytical procedures can be used as effective substantive tests in certain circumstances, for example, testing certain payroll related expenditures, such as payroll taxes, which are a specific percent of wages.

Overall Review

Analytical procedures used at the conclusion of the audit are designed to assess the conclusions reached and evaluate the overall financial statement presentation.

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

The internal control segment is the foundation for the entire audit and involves an extensive understanding and evaluation of operating and management information systems and all related internal controls. The results of this evaluation will influence the nature, timing and extent of our substantive audit procedures. This approach ensures that we achieve maximum efficiency and provides valuable feedback to management regarding the effectiveness of controls being relied upon throughout the year.

Once we have obtained an understanding of the design of relevant policies and procedures, we will determine whether such procedures have been placed in operation and assess control risk. This begins by asking your staff to complete simple questionnaires, holding interviews with personnel and evaluating the internal system and accounting documentation. We will then prepare documentation of the major systems. To the extent it is available we will also use internal control documentation you may have. Our goal is to learn as much about your internal controls as possible while also respecting your staff's valuable time.

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

Your auditor must consider laws and regulations that have a direct and material effect on the financial statements. Further, your auditor designs audit procedures to provide reasonable assurance that your financial statements are free of material misstatements resulting from violations of these laws and regulations that have a direct and material impact on the financial statements. Identifying applicable laws and regulations is fundamental to fulfilling the responsibility of understanding their effects. We will obtain this knowledge from various sources including:

- Discussion of compliance requirements with management and the governing body.
- Identification of compliance matters in statutes, financial ordinances, policies, contracts, and agreements.
- Our existing knowledge of federal, state and local laws.

In addition, we will obtain and read grant documents and will make inquiries of your personnel about restrictions, limitations, terms and conditions under which grants were provided.

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

Tests of compliance with laws and regulations are included with the tests of transactions and controls, when practical. Additional samples are sometimes necessary to test specific laws and regulations as well as for testing federal and state awards. Sample sizes for compliance testing are determined based on the number of transactions and the relative significance of the requirement.

IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

We are aware of the uniqueness of the District and will anticipate any issues by addressing them at their early stages.

We do not anticipate any potential audit problems. We want to help you solve problems before they become critical and this is why we will be involved throughout the entire year, at no extra cost, providing assistance in current and new evolving issues.

REPORT FORMAT

Please refer to Attachment 1, Page 22 for a sample report.

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Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

Attachment 1

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Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

Dollar Cost Proposal



October 21, 2014

Flow Way Community Development District
 2041 NE 6th Terrace
 Wilton Manors, Florida 33305

To Whom It May Concern:

Grau & Associates (Grau) is presenting our cost proposal to perform an audit of Flow Way Community Development District (District) as of and for the year ending September 30, 2014, with annual options through the fiscal year ending 2018.

I certify that Antonio Grau, Jr. is entitled to represent Grau & Associates, is empowered to submit a bid and is authorized to sign a contract with the District.

The fees below include all services, including but not limited to Out-of-Pocket expenses, meals and lodging, transportation, printing and binding, telephone, fax, copies:

<u>Year Ended September 30,</u>	<u>Fee</u>
2014	\$3,500
2015	\$3,600
2016	\$3,700
2017	\$3,800
<u>2018</u>	<u>\$3,900</u>
<u>TOTAL ALL YEARS</u>	<u>\$18,500</u>

The above fees are based on the assumption that the District maintains its current level of operations. Should conditions change or additional Bonds are issued the fees would be adjusted accordingly upon approval from all parties concerned.

Very truly yours,

Grau & Associates



Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

Supplemental Information

- INSURANCE CERTIFICATES
- PARTIAL CLIENT LIST
- ADDITIONAL SERVICES

INSURANCE - GENERAL / AUTO LIABILITY



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
12/11/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Premier Agents Group 900 S. Pine Island Road #300 Plantation FL 33324		CONTACT NAME: Middle Unit 1 PHONE (A/C No. Ext): (954) 382-4350 FAX (A/C. No): (954) 382-2810 E-MAIL ADDRESS: dannys@setnorbyer.com	
INSURED ANTONIO J GRAU, CPA, PA GRAU & ASSOCIATES 2700 N. MILITARY TRAIL #350 BOCA RATON FL 33431		INSURER(S) AFFORDING COVERAGE INSURER A: Hartford Casualty Ins Co NAIC #: 29424 INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	

COVERAGES **CERTIFICATE NUMBER:1/1/13** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR (GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC			21SBARM5295	1/1/2013	1/1/2014	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/PROP AGG \$ 2,000,000 \$
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			21SBARM5295	1/1/2013	1/1/2014	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			21SBARM5295	1/1/2013	1/1/2014	EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				WC STATUTORY LIMITS <input type="checkbox"/> DTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER (561) 994-5823 fstanford@graucpa.com Antonio J Grau, CPA, PA dba Grau & Associates 2700 N Military Trail Suite 350 Boca Raton, FL 33431	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Daniel Saunders/DANNY
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INSURANCE - PROFESSIONAL LIABILITY



DECLARATIONS

ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE POLICY

Policy Number: FLL104335-07

Effective Date: 01/01/2013 at 12:01 A.M. Standard time at the address shown below
Expiration Date: 01/01/2014 at 12:01 A.M. Standard time at the address shown below
Retroactive Date: 01/01/2006

Item 1 - Named Insured: Antonio J. Grau, CPA, P.A. d/b/a Grau and Associates

Item 2 - Business Address: 2700 N. Military Trail, Suite 350

Boca Raton, FL 33431

Item 3 - Limits of Liability: \$2,000,000 Per Claim
\$2,000,000 Policy Aggregate

Item 4 - Deductibles: \$5,000 Per Claim Deductible

Item 5a - Total Premium:

Item 5b - FL Hurricane Catastrophe Fund Surcharge:

Item 5c - Total Amount:

Item 6 - The policy consists of this Declarations page, and the following policy forms and endorsements:

PL-1000-A	Accountants Professional Liability Insurance Policy
PL-1043-A	Supplemental Policy Benefits and Liberalization
PL-2037-A (FL)	State Endorsement - Florida
PL-1015-A	Separate Defense Limit
PL-1026-A	Limited Coverage for Known Claims
PL-1007-A	Exclusion - Claims Following Insureds Suit for Fees
PL-1038-A	Privacy And Client Network Damage Endorsement

NOTICE OF TERRORISM INSURANCE COVERAGE: Coverage for acts of terrorism as defined under the Terrorism Risk Insurance Act of 2002 ("TRIA") is already included in your current policy. You should know that, effective November 26, 2002, under your existing coverage, any losses caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by CAMICO Mutual Insurance Company. The portion of your annual premium that is attributable to coverage for acts of terrorism is: \$0.

PLEASE READ THESE DECLARATIONS, THE POLICY AND ENDORSEMENTS CAREFULLY.

CAMICO Mutual Insurance Company

Authorized Representative

PL-1001-A

(rev. 03/08)

INSURANCE - WORKERS COMPENSATION



CERTIFICATE OF LIABILITY INSURANCE

DATE (MMDD/YYYY)
06/14/13

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Aon Risk Services, Inc of Florida 1001 Brickell Bay Drive, Suite #1100 Miami, FL 33131-4937	CONTACT NAME: Aon Risk Services, Inc of Florida	
	PHONE (A/C, No, Ext): 800-743-8130	FAX (A/C, No): 800-522-7514
EMAIL ADDRESS: ADP.COILCenter@Aon.com		
INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A: Illinois National Insurance Co		23817
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		
INSURER F:		

INSURED
 ADP TotalSource FL, XVI, Inc.
 10200 Sunset Drive
 Miami, FL 33173
ALTERNATE EMPLOYER
 Antonio J Grau CPA PA DBA Grau & Associates
 2700 N Military Trl, #350
 Boca Raton, FL 33431

COVERAGES **CERTIFICATE NUMBER:** 622702 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. LIMITS SHOWN ARE AS REQUESTED.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MMDD/YYYY)	POLICY EXP (MMDD/YYYY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COM/PROP AGG \$ \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$ \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB DEC RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	WC 015685235 FL	7/1/2013	7/1/2014	<input checked="" type="checkbox"/> WC STATUTORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ 2,000,000 E.L. DISEASE - EA EMPLOYEE \$ 2,000,000 E.L. DISEASE - POLICY LIMIT \$ 2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 All worksite employees working for the above named client company, paid under ADP TOTAL.SOURCE, INC.'s payroll, are covered under the above stated policy. The above named client is an alternate employer under this policy.

CERTIFICATE HOLDER GRAU & ASSOCIATES / ANTONIO J GRAU CPA PA 2700 N MILITARY TRAIL, #350 BOCA RATON, FL 33431	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Aon Risk Services, Inc of Florida</i>
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ACORD 25 (2010/05)

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Partial List of Clients

The following is a partial list of clients served and related experience:

COMMUNITY DEVELOPMENT DISTRICTS	Governmental Audit	Utility Audit	Current Client	Year End
Aberdeen Community Development District	✓			9/30
Allen Plantation Community Development District	✓			9/30
Amelia Concourse Community Development District	✓		✓	9/30
Amelia National Community Development District	✓			9/30
Amelia Walk Community Development District	✓			9/30
Anthem Park Community Development District	✓			9/30
Antigua at St. Augustine Community District	✓		✓	9/30
Aqua Isles Community Development District	✓		✓	9/30
Arlington Ridge Community Development District	✓		✓	9/30
Ave Maria Stewardship Community District	✓		✓	9/30
Bahia Lakes Community Development District	✓		✓	9/30
Ballantrae Community Development District	✓		✓	9/30
Bartram Springs Community Development District	✓		✓	9/30
Bay Creek Community Development District	✓		✓	9/30
Bay Laurel Community Development District	✓	✓	✓	9/30
Bay Tree Community Development District	✓		✓	9/30
Bayside Community Development District	✓		✓	9/30
Baywinds Community Development District	✓		✓	9/30
Beach Community Development District	✓		✓	9/30
Beacon Tradeport Community Development District	✓			9/30
Beeline Community Development District	✓		✓	9/30
Bella Verda East Community Development District	✓			9/30
Bella Verda Lake Community Development District	✓			9/30
Bella Vida Community Development District	✓		✓	9/30
Belmont Community Development District	✓		✓	9/30
Belmont Lakes Community Development District	✓		✓	9/30
Blackburn Creek Community Development District	✓		✓	9/30
Bluewaters Community Development District	✓		✓	9/30
Boggy Creek Community Development District	✓			9/30
Bonnett Creek Community Development District	✓			9/30
Bonita Village Community Development District	✓		✓	9/30
Brandy Creek Community Development District	✓			9/30
Bridgewater Community Development District	✓			9/30
Bridgewater of Wesley Chapel Community Development District	✓		✓	9/30
Briger Community Development District	✓		✓	9/30

COMMUNITY DEVELOPMENT DISTRICTS

(Continued)

	Governmental Audit	Utility Audit	Current Client	Year End
Brooks of Bonita Springs I Community Development District	✓		✓	9/30
Brooks of Bonita Springs II Community Development District	✓		✓	9/30
Candler Hills East Community Development District	✓		✓	9/30
Capital Region Community Development District	✓			9/30
Captain's Key Dependent District	✓		✓	9/30
Caribe Palm Community Development District	✓		✓	9/30
Cascades at Groveland Community Development District	✓			9/30
Catalina at Winkler Preserve Community Development District	✓		✓	9/30
CBL/BM Port Orange West Community Development District	✓			9/30
Cedar Pointe Community Development District	✓		✓	9/30
Celebration Point Community Development District	✓		✓	9/30
Century Gardens Community Development District	✓			9/30
Century Gardens at Tamiami Community Development District	✓		✓	9/30
Century Parc Community Development District	✓		✓	9/30
CFM (Coolidge Fort Myers) Community Development District	✓			9/30
Chapel Creek Community Development District	✓			9/30
Champions Gate Community Development District	✓		✓	9/30
City Center Community Development District	✓			9/30
City Place Community Development District	✓		✓	9/30
Clearwater Cay Community Development District	✓			9/30
Coastal Lake Community Development District	✓			9/30
Coconut Cay Community Development District	✓		✓	9/30
Concorde Estates Community Development District	✓			9/30
Concorde Station Community Development District	✓		✓	9/30
Connerton West Community Development District	✓			9/30
Copper Creek Community Development District	✓		✓	9/30
Copper Oaks Community Development District	✓		✓	9/30
Copperstone Community Development District	✓		✓	9/30
Coral Bay Community Development District	✓		✓	9/30
Coral Keys Homes Community Development District	✓		✓	9/30
Coral Town Park Community Development District	✓		✓	9/30
Coronado Community Development District	✓		✓	9/30
Country Club of Mount Dora Community Development District	✓			9/30
Country Greens Community Development District	✓		✓	9/30
Country Walk Community Development District	✓		✓	9/30
Covington Park Community Development District	✓		✓	9/30
Creeside Community Development District	✓		✓	9/30
Cross Country Home Services Community Development District	✓			9/30
Cross Creek Community Development District	✓		✓	9/30

COMMUNITY DEVELOPMENT DISTRICTS

(Continued)

	Governmental Audit	Utility Audit	Current Client	Year End
Cutler Cay Community Development District	✓		✓	9/30
Cypress Cove Community Development District	✓		✓	9/30
Cypress Grove Community Development District	✓		✓	9/30
Cypress Lakes Community Development District	✓		✓	9/30
Cypress Shadows Community Development District	✓		✓	9/30
Deer Island Community Development District	✓		✓	9/30
Deer Run Community Development District	✓		✓	9/30
Diamond Hill Community Development District	✓		✓	9/30
Double Branch Community Development District	✓		✓	9/30
Dove Pond Community Development District	✓		✓	9/30
Dunes Community Development District	✓	✓	✓	9/30
Dupree Lakes Community Development District	✓			9/30
Eagle Point Community Development District	✓		✓	9/30
East Bonita Bridge Road Community Development District	✓		✓	9/30
East Park Community Development District	✓		✓	9/30
Easton Park Community Development District	✓		✓	9/30
Enclave at Black Point Marina Community Development District	✓			9/30
Encore Community Development District	✓		✓	9/30
Enterprise Community Development District	✓	✓		9/30
Estates at Cherry Lake Community Development District	✓			9/30
Falcon Trace Community Development District	✓		✓	9/30
Fallschase Community Development District	✓		✓	9/30
Fiddler's Creek Community Development District	✓		✓	9/30
Fishhawk I Community Development District	✓			9/30
Fishhawk II Community Development District	✓		✓	9/30
Fishhawk III Community Development District	✓		✓	9/30
Fleming Island Plantation Community Development District	✓		✓	9/30
Founder's Ridge Community Development District	✓		✓	9/30
Fountainbleau Lakes Community Development District	✓		✓	9/30
Forest Creek Community Development District	✓			9/30
Gardens at Millenia Community Development District	✓		✓	9/30
Glen St. Johns Community Development District	✓		✓	9/30
Gramercy Farms Community Development District	✓		✓	9/30
Grand Hampton Community Development District	✓		✓	9/30
Grand Haven Community Development District	✓		✓	9/30
Greater Lakes/Sawgrass Community Development District	✓			9/30
Greyhawk Landing Community Development District	✓			9/30
Groves Community Development District	✓			9/30
Habitat Community Development District	✓		✓	9/30

COMMUNITY DEVELOPMENT DISTRICTS

(Continued)

	Governmental Audit	Utility Audit	Current Client	Year End
Hamal Community Development District	✓		✓	9/30
Hammocks Community Development District	✓		✓	9/30
Harbor Bay Community Development District	✓			9/30
Harbour Isles Community Development District	✓		✓	9/30
Harbourage at Braden River Community Development District	✓			9/30
Harmony Community Development District	✓		✓	9/30
Harrison Ranch Community Development District	✓			9/30
Hawk's Point Community Development District	✓		✓	9/30
Heritage Greens Community Development District	✓		✓	9/30
Heritage Harbor Community Development District	✓			9/30
Heritage Harbour Market Place Community Development District	✓			9/30
Heritage Harbour South Community Development District	✓			9/30
Heritage Isles at Viera Community Development District	✓			9/30
Heritage Isles Community Development District	✓			9/30
Heritage Landing Community Development District	✓			9/30
Heritage Oak Park Community Development District	✓		✓	9/30
Heritage Park Community Development District	✓		✓	9/30
Heritage Springs Community Development District	✓		✓	9/30
Heron Isles Community Development District	✓			9/30
Hickory Hammock Community Development District	✓		✓	9/30
High Ridge/Quantum Community Development District	✓		✓	9/30
Highlands Community Development District	✓		✓	9/30
Homestead 50 Community Development District	✓		✓	9/30
Hypoluxo-Haverhill Community Development District	✓		✓	9/30
Independence Park Community Development District	✓			9/30
Indigo Community Development District	✓		✓	9/30
Indigo East Community Development District	✓		✓	9/30
Islands at Doral III Community Development District	✓		✓	9/30
Islands at Doral (NE) Community Development District	✓		✓	9/30
Islands at Doral (SW) Community Development District	✓		✓	9/30
Islands at Doral Townhomes Community Development District	✓		✓	9/30
Journey's End Community Development District	✓		✓	9/30
Julington Creek Plantation Community Development District	✓		✓	9/30
Kendall Breeze Community Development District	✓		✓	9/30
Kendall Breeze West Community Development District	✓		✓	9/30
Keys Cove Community Development District	✓		✓	9/30
Keys Cove II Community Development District	✓			9/30
Laguna Estates Community Development District	✓		✓	9/30
Laguna Lakes Community Development District	✓		✓	9/30
Lake Ashton Community Development District	✓			9/30

COMMUNITY DEVELOPMENT DISTRICTS

(Continued)

	Governmental Audit	Utility Audit	Current Client	Year End
Lake Powell Residential Golf Community Development District	✓		✓	9/30
Lakes by the Bay South Community Development District	✓		✓	9/30
Lakeshore Ranch Community Development District	✓			9/30
Lakeside Community Development District	✓			9/30
Lakeside Landings Community Development District	✓		✓	9/30
Lakeside Plantation Community Development District	✓			9/30
Lakewood Ranch 1 Community Development District	✓		✓	9/30
Lakewood Ranch 2 Community Development District	✓		✓	9/30
Lakewood Ranch 3 Community Development District	✓			9/30
Lakewood Ranch 4 Community Development District	✓		✓	9/30
Lakewood Ranch 5 Community Development District	✓		✓	9/30
Lakewood Ranch 6 Community Development District	✓			9/30
Legacy Springs Community Development District	✓			9/30
Legends Bay Community Development District	✓			9/30
Lexington Community Development District	✓		✓	9/30
Live Oak No. 1 Community Development District	✓		✓	9/30
Longleaf Community Development District	✓			9/30
Lucaya Community Development District	✓			9/30
Madeira Community Development District	✓		✓	9/30
Magnolia Park Community Development District	✓		✓	9/30
Magnolia West Community Development District	✓			9/30
Main Street Community Development District	✓			9/30
Mainstreet Community Development District	✓			9/30
Majorca Isles Community Development District	✓		✓	9/30
Maple Ridge Community Development District	✓		✓	9/30
Marsh Harbour Community Development District	✓		✓	9/30
Marshall Creek Community Development District	✓		✓	9/30
Mayfair Community Development District	✓			9/30
Meadow Pines Community Development District	✓		✓	9/30
Meadow Point III Community Development District	✓		✓	9/30
Meadow Point IV Community Development District	✓			9/30
Meadow Woods Community Development District	✓			9/30
Mediterra North Community Development District	✓		✓	9/30
Mediterra South Community Development District	✓		✓	9/30
Mediterranea Community Development District	✓			9/30
Middle Village Community Development District	✓		✓	9/30
Miromar Lakes Community Development District	✓			9/30
Montecito Community Development District	✓		✓	9/30
Monterey/Congress Community Development District	✓		✓	9/30

COMMUNITY DEVELOPMENT DISTRICTS

(Continued)

	Governmental Audit	Utility Audit	Current Client	Year End
Moody River Estates Community Development District	✓		✓	9/30
Myrtle Creek Community Development District	✓			9/30
Naples Heritage Community Development District	✓		✓	9/30
Narcoossee Community Development District	✓		✓	9/30
Newport Tampa Bay Community Development District	✓			9/30
North Dade Community Development District	✓		✓	9/30
Northern Riverwalk Community Development District	✓		✓	9/30
Northwood Community Development District	✓		✓	9/30
Oak Creek Community Development District	✓			9/30
Oakridge Community Development District	✓		✓	9/30
Oakstead Community Development District	✓		✓	9/30
Orchid Grove Community Development District	✓		✓	9/30
Osprey Oaks Community Development District	✓		✓	9/30
OTC Community Development District	✓		✓	9/30
Pal Mar Water Control District	✓		✓	9/30
Palm Bay Community Development District	✓		✓	9/30
Palm Beach Plantation Community Development District	✓		✓	9/30
Palm Coast Park Community Development District	✓		✓	9/30
Palm Glades Community Development District	✓		✓	9/30
Palma Sola Trace Community Development District	✓		✓	9/30
Pan American West Community Development District	✓			9/30
Panther Trace I Community Development District	✓			9/30
Parker Road Community Development District	✓		✓	9/30
Parklands Lee Community Development District	✓		✓	9/30
Parklands West Community Development District	✓		✓	9/30
Parkway Center Community Development District	✓		✓	9/30
PBR Community Development District	✓			9/30
Pebblewalk Village Community Development District	✓		✓	9/30
Pelican Marsh Community Development District	✓			9/30
Pembroke Harbor Community Development District	✓		✓	9/30
Pentathlon Community Development District	✓		✓	9/30
Pine Air Lakes Community Development District	✓		✓	9/30
Pine Island Community Development District	✓			9/30
Pine Island South Community Development District	✓			9/30
Piney-Z Community Development District	✓			9/30
Pioneer Community Development District	✓		✓	9/30
Poinciana Community Development District	✓			9/30
Poinciana West Community Development District	✓		✓	9/30
Portico Community Development District	✓			9/30
Portofino Cove Community Development District	✓		✓	9/30

COMMUNITY DEVELOPMENT DISTRICTS

(Continued)

	Governmental Audit	Utility Audit	Current Client	Year End
Portofino Isles Community Development District	✓		✓	9/30
Portofino Landings Community Development District	✓		✓	9/30
Portofino Shores Community Development District	✓			9/30
Portofino Springs Community Development District	✓		✓	9/30
Portofino Vineyards Community Development District	✓			9/30
Portofino Vista Community Development District	✓		✓	9/30
Preserve at Wilderness Lake Community Development District	✓		✓	9/30
Principal One Community Development District	✓		✓	9/30
Quantum Community Development District	✓		✓	9/30
Quantum Park Overlay Community Development District	✓		✓	9/30
Randal Park Community Development District	✓		✓	9/30
Remington Community Development District	✓			9/30
Renaissance Independent Development District	✓		✓	9/30
Reserve Community Development District	✓			9/30
Reserve 2 Community Development District	✓			9/30
Reunion East Community Development District	✓			9/30
Reunion West Community Development District	✓			9/30
River Bend Community Development District	✓		✓	9/30
River Hall Community Development District	✓		✓	9/30
River Place on the St. Lucie Community Development District	✓			9/30
River Ridge Community Development District	✓		✓	9/30
Rivercrest Community Development District	✓		✓	9/30
Rivers Edge Community Development District	✓		✓	9/30
Sail Harbour Community Development District	✓		✓	9/30
Sampson Creek Community Development District	✓		✓	9/30
Sausalito Bay Community Development District	✓		✓	9/30
Seven Oaks I Community Development District	✓			9/30
Seven Oaks II Community Development District	✓			9/30
Six Mile Creek Community Development District	✓			9/30
Somerset Community Development District	✓			9/30
Sonoma Bay Community Development District	✓		✓	9/30
South Bay Community Development District	✓		✓	9/30
South-Dade Venture Development District	✓		✓	9/30
South Fork Community Development District	✓			9/30
South Fork East Community Development District	✓		✓	9/30
South Kendall Community Development District	✓		✓	9/30
South Village Community Development District	✓		✓	9/30
Southern Hills Plantation I Community Development District	✓			9/30
Southern Hills Plantation II Community Development District	✓			9/30
Southern Hills Plantation III Community Development District	✓			9/30

COMMUNITY DEVELOPMENT DISTRICTS

(Continued)

	Governmental Audit	Utility Audit	Current Client	Year End
Spicewood Community Development District	✓		✓	9/30
Split Pine Community Development District	✓			9/30
Springridge Community Development District (formerly Killarney)	✓		✓	9/30
St. John's Forest Community Development District	✓			9/30
Sterling Hill Community Development District	✓		✓	9/30
Stonebrier Community Development District	✓		✓	9/30
Stonegate Community Development District	✓		✓	9/30
Stoneybrook Community Development District	✓		✓	9/30
Stoneybrook Oaks Community Development District	✓		✓	9/30
Summerville Community Development District	✓		✓	9/30
Sunny Hills Units 12-15 Dependent District	✓			9/30
SWI Community Development District	✓			9/30
Talis Park Community Development District	✓		✓	9/30
Tampa Palms Open Space and Transport Community Development District	✓		✓	9/30
Tara Community Development District	✓		✓	9/30
Terra Bella Community Development District	✓		✓	9/30
Tesoro Community Development District	✓			9/30
Thousand Oaks Community Development District	✓		✓	9/30
Tison's Landing Community Development District	✓		✓	9/30
Tolomato Community Development District	✓			9/30
Tomoka Community Development District	✓		✓	9/30
Town Center at Palm Coast Community Development District	✓		✓	9/30
Tradition Community Development District	✓			9/30
Trails at Monterey Community Development District	✓		✓	9/30
Trails Community Development District	✓		✓	9/30
Tree Island Estates Community Development District	✓		✓	9/30
Treeline Preserve Community Development District	✓		✓	9/30
Triple Creek Community Development District	✓			9/30
Turnbull Creek Community Development District	✓			9/30
Turtle Run Community Development District	✓			9/30
Tuscany Reserve Community Development District	✓		✓	9/30
Twelve Oaks Community Development District	✓		✓	9/30
Two Creeks Community Development District	✓		✓	9/30
University Place Community Development District	✓		✓	9/30
University Square Community Development District	✓			9/30
Urban Orlando Community Development District	✓			9/30
Valencia Acres Community Development District	✓		✓	9/30
Vasari Community Development District	✓		✓	9/30
Venetian Community Development District	✓		✓	9/30
Venetian Isles Community Development District	✓		✓	9/30

COMMUNITY DEVELOPMENT DISTRICTS

(Continued)

	Governmental Audit	Utility Audit	Current Client	Year End
Verandah East Community Development District	✓		✓	9/30
Verandah West Community Development District	✓		✓	9/30
Verandahs Community Development District	✓			9/30
Verano Center Community Development District	✓		✓	9/30
Verona Walk Community Development District	✓			9/30
Villa Portofino East Community Development District	✓		✓	9/30
Villa Portofino West Community Development District	✓		✓	9/30
Villa Vizcaya Community Development District	✓		✓	9/30
Village Walk of Bonita Springs Community Development District	✓			9/30
Villages at Bloomingdale Community Development District	✓		✓	9/30
Village at Gulfstream Park Community Development District	✓		✓	9/30
Villages of Westport Community Development District	✓		✓	9/30
Vista Community Development District	✓		✓	9/30
Vista Lakes Community Development District	✓		✓	9/30
Vizcaya in Kendall Community Development District	✓		✓	9/30
Walnut Creek Community Development District	✓			9/30
Waterchase Community Development District	✓		✓	9/30
Waterford Estates Community Development District	✓			9/30
Waterlefe Community Development District	✓			9/30
Water's Edge Community Development District	✓			9/30
Waterset North Community Development District	✓			9/30
Waterstone Community Development District	✓		✓	9/30
Wentworth Estates Community Development District	✓			9/30
West Lake Community Development District	✓			9/30
West Villages Independent District	✓		✓	9/30
Westchase Community Development District	✓		✓	9/30
Westchester Community Development District	✓			9/30
Westridge Community Development District	✓			9/30
Willow Creek Community Development District	✓			9/30
Winston Trails Community Development District	✓		✓	9/30
Winter Garden Village at Fowler Groves Community Development District	✓			9/30
Woodlands Community Development District	✓		✓	9/30
World Commerce Community Development District	✓		✓	9/30
Wynnfield Lakes Community Development District	✓		✓	9/30
Wyndam Park Community Development District	✓		✓	9/30
TOTAL	351	3	230	

SPECIAL DISTRICTS

	Governmental Audit	Single Audit	Utility Audit	Current Client	Year End
Belle Fontaine Improvement District	✓				9/30
Central Broward Water Control District	✓			✓	9/30
Central County Water Control District	✓			✓	9/30
Citrus County Mosquito Control District	✓			✓	9/30
East Central Regional Wastewater Treatment Facility	✓		✓	✓	9/30
East Naples Fire Control and Rescue District	✓			✓	9/30
Greater Boca Raton Beach and Park District	✓			✓	9/30
Greenway Improvement District	✓				9/30
Hobe-St. Lucie Conservancy District	✓			✓	9/30
Homestead Educational Facilities Benefits District	✓			✓	9/30
Horizons Improvement District	✓				9/30
Key Largo Waste Water Treatment District	✓	✓	✓	✓	9/30
Lake Padgett Estates Independent Special District	✓				9/30
Lakewood Ranch Inter-District Authority	✓			✓	9/30
Lost Rabbit Public Improvement District	✓			✓	9/30
Loxahatchee Groves Water Control District	✓			✓	9/30
Myakka City Fire Control District	✓				9/30
Pal Mar Water Control District	✓			✓	9/30
Palm Beach Soil and Water Conservation District	✓			✓	9/30
Pinellas Park Water Management District	✓			✓	9/30
Pinetree Water Control District	✓			✓	9/30
Renaissance Improvement District	✓			✓	9/30
San Carlos Park Fire Protection and Rescue Service District	✓			✓	9/30
South Indian River Water Control District	✓	✓		✓	9/30
South Trail Fire Protection & Rescue District	✓			✓	9/30
St. Lucie West Special District	✓			✓	9/30
Sun 'N Lake of Sebring Improvement District	✓		✓		9/30
Sunshine Water Control District	✓			✓	9/30
Twelve Oaks Improvement District	✓			✓	9/30
West Lakeland Water Control District	✓				9/30
West Villages Independent District	✓			✓	9/30
TOTAL	31	2	3	24	

MUNICIPALITIES OR RELATED COMPONENT UNITS	Attestation Services	Consulting Services	Governmental Audit	Single Audit	Utility Audit	CAFR	Current Client	Year End
City of Cooper City			✓		✓	✓	✓	9/30
City of Lauderhill			✓	✓	✓	✓		9/30
City of North Lauderdale			✓		✓	✓	✓	9/30
City of North Palm Beach (Internal Audit)	✓							9/30
City of Pompano Beach (Joint Venture, 40%)			✓	✓		✓		9/30
Town of Cloud Lake			✓				✓	9/30
Town of Davie			✓	✓	✓	✓	✓	9/30
Town of Glen Ridge			✓				✓	9/30
Town of Haverhill			✓				✓	9/30
Town of Hillsboro Beach			✓				✓	9/30
Town of Hypoluxo		✓	✓				✓	9/30
Town of Lantana			✓			✓	✓	9/30
Town of Lauderdale by the Sea			✓		✓	✓	✓	9/30
Town of Mangonia Park			✓		✓			9/30
Village of Wellington			✓			✓	✓	9/30
TOTAL	1	1	14	3	6	8	11	

OTHER GOVERNMENTAL ENTITIES	Attestation Services	Consulting Services	Governmental Audit	Single Audit	CAFR	Current Client	Year End
Broward County School District (Joint Venture) (Assessment of Maintenance Operations)		✓					N/A
Broward County School District (Joint Venture, 20%)			✓	✓	✓		6/30
Florida Community College at Jacksonville (Internal Audit)	✓						6/30
Florida Transit Association Finance Corporation		✓	✓			✓	6/30
Highland County School District (Internal Funds Audit)			✓				6/30
Palm Beach County School District (Assessment of maintenance for Facility and Property Management) (Internal Funds Audit)		✓	✓				6/30
Palm Beach County School District (Joint Venture, 20%)			✓	✓	✓		6/30
Migrant Health Services of Palm Beach County			✓	✓			N/A
South Florida Water Management District				✓			9/30
South Florida Water Management District CERP Program Management Services (Joint Venture)	✓						N/A
State of Florida Department of Management Services (Construction)			✓				N/A
State of Florida Department of Transportation (Overhead Audits - Various)			✓			✓	N/A
TOTAL	1	3	9	4	3	2	

NON-PROFIT CLIENTS SERVED AND RELATED EXPERIENCE	Attestation Services	Financial Audit	Consulting Services	Governmental Audit	Single Audit	Tax Services	Current Client	Year End
Aid to Victims of Domestic Abuse, Inc.		✓		✓	✓	✓	✓	6/30
Alliance for Human Services, Inc.		✓				✓		6/30
Brevard Workforce Development Board, Inc.				✓	✓		✓	6/30
Broward County Human Rights Board/Division (Joint Venture, 30%)	✓		✓					N/A
Broward Education Foundation		✓		✓	✓	✓	✓	6/30
Christian Manor	✓	✓	✓	✓	✓	✓		12/31
Delray Beach Community Land Trust				✓		✓		9/30
Family Promise	✓						✓	12/31
Hispanic Human Resources Council	✓	✓	✓	✓	✓	✓	✓	9/30
Mae Volen Senior Center	✓	✓		✓	✓	✓	✓	6/30
National Board for Registration of Registrars		✓				✓		3/31
National Cancer Registration Board		✓				✓		6/30
North Lauderdale Academy High School	✓			✓				6/30
Northwood Development Corporation	✓	✓	✓	✓	✓	✓		9/30
Palm Beach Community College Foundation			✓	✓		✓		6/30
Palm Beach County Workforce Development Board (Joint Venture, 25%)	✓							6/30
Southwest Florida Workforce Development Board				✓	✓			6/30
Urban League of Palm Beach County				✓	✓			6/30
TOTAL	8	9	5	12	9	11	6	

RETIREMENT PLANS	Financial Audit	ERISA/DOL	Current Client	Year End
Campbell Property Management 401(k)	✓	✓	✓	12/31
City of Cooper City General Employee Retirement Plan	✓		✓	9/30
City of Lauderhill General Employee Retirement Plan	✓			9/30
City of Parkland Police Pension Fund	✓		✓	9/30
1ross County Home Services and Affiliates 401(k) Plan	✓	✓		9/30
Danmar Corporation 401(k) Plan	✓	✓		12/31
Florida Public Utilities 401(k) and Pension Plans	✓	✓		12/31
Jacksonville Police and Fire Pension Fund	✓		✓	9/30
Pinetree Water Control District Defined Contribution Retirement Plan	✓			9/30
Town of Davie General Employees Retirement Plan	✓		✓	9/30
Town of Hypoluxo Defined Contribution Retirement Plan	✓		✓	9/30
TOTAL	12	4	6	

Additional Services

CONSULTING / MANAGEMENT ADVISORY SERVICES

Grau & Associates also provide a broad range of other management consulting services. Our expertise has been consistently utilized by Governmental and Non-Profit entities throughout Florida. Examples of engagements performed are as follows:

- Accounting systems
- Development of budgets
- Organizational structures
- Financing alternatives
- IT Auditing
- Fixed asset records
- Cost reimbursement
- Indirect cost allocation
- Grant administration and compliance
- Appropriations and Transactions

ARBITRAGE

The federal government has imposed complex rules to restrict the use of tax-exempt financing. Their principal purpose is to eliminate any significant arbitrage incentives in a tax-exempt issue. We have determined the applicability of these requirements and performed the rebate calculations for more than 150 bond issues, including both fixed and variable rate bonds. Please find a partial list of clients served on the following pages.

***GRAU HAS PROVIDED ARBITRAGE SERVICES FOR
GOVERNMENTAL CLIENTS INCLUDING:***

- Aberdeen Community Development District
- Amelia Walk Community Development District
- Arlington Ridge Community Development District
- Bartram Park Community Development District
- Bartram Springs Community Development District
- Bayside Improvement District
- Baywinds Community Development District
- Beacon Lakes Community Development District
- Beacon Tradeport Community Development District
- Bobcat Trail Community Development District
- Boynton Village Community Development District
- Brandy Creek Community Development District
- Briger Community Development District
- Brighton Lakes Community Development District
- Brooks of Bonita Springs Community Development District
- Candler Hills East Community Development District
- Capital Region Community Development District
- Cedar Pointe Community Development District
- Championsgate Community Development District
- Chevel West Community Development District
- City Place Community Development District
- Coconut Cay Community Development District
- Colonial Country Club Community Development District
- Cory Lakes Community Development District
- Country Greens Community Development District
- Creekside Community Development District
- Double Branch Community Development District
- Dunes Community Development District
- Durbin Crossing Community Development District
- East Bonita Beach Road Plantation Comm. Development District
- East Homestead Community Development District
- East Park Community Development District
- Enclave at Black Point Marina Community Development District
- Falcon Trace Community Development District
- Fiddler's Creek Community Development District I
- Fiddler's Creek Community Development District II
- Fleming Island Plantation Comm. Dev. District
- Grand Haven Community Development District
- Griffin Lakes Community Development District
- Habitat Community Development District
- Hamal Community Development District
- Hammocks Community Development District
- Harbour Lakes Estates Comm. Development District
- Harmony Community Development District
- Heritage Bay Community Development District
- Heritage Palms Community Development District
- Heritage Pines Community Development District
- Heritage Springs Community Development District
- Huntington Community Development District
- Indigo East Community Development District
- Islands of Doral III Community Development District
- Julington Creek Plantation Comm. Dev. District
- Laguna Lakes Community Development District
- Lake Ashton Community Development District
- Lake Ashton II Community Development District
- Lake Powell Residential Golf Community Dev. District
- Lakes By The Bay South Community Dev. District
- Lakewood Ranch 1 Community Development District
- Landmark at Doral Community Development District
- Jurlington Creek Plantation Community Dev. District
- Lakewood Ranch 2 Community Development District
- Lakewood Ranch 3 Community Development District
- Lakewood Ranch 4 Community Development District
- Lakewood Ranch 5 Community Development District
- Lakewood Ranch 6 Community Development District
- Legacy Springs Improvement District No. 1
- Live Oak Community Development District
- Main Street Community Development District
- Marshall Creek Community Development District
- Meadow Pointe II Community Development District
- Mediterra North Community Development District
- Mediterra South Community Development District
- Mediterranea Community Development District
- Midtown Miami Community Development District
- Moody River Community Development District
- Monterra Community Development District
- Narcossee Community Development District
- North Springs Improvement District
- Oakstead Community Development District
- Old Palm Community Development District
- Orchid Grove Community Development District
- OTC Community Development District
- Overoaks Community Development District
- Palm Glades Community Development District
- Parklands Lee Community Development District
- Parklands West Community Development District
- Parkway Center Community Development District
- Pine Air Lakes Community Development District
- Pine Island Community Development District
- Pine Ridge Plantation Community Development District

ARBITRAGE SERVICES (Continued)

- Portofino Cove Community Development District
- Portofino Isles Community Development District
- Portofino Landings Community Development District
- Portofino Shores Community Development District
- Portofino Vista Community Development District
- Reunion East Community Development District
- Reunion West Community Development District
- Ridgewood Trails Community Development District
- River Place on the St. Lucie Community Dev. District
- Rolling Hills Community Development District
- Sampson Creek Community Development District
- South Dade Venture Community Development District
- South Village Community Development District
- Spicewood Community Development District
- Split Pine Community Development District
- Stonegate Community Development District
- Stoneybrook Community Development District
- Stoneybrook West Community Development District
- The Crossings at Fleming Island Comm. Dev. District
- Tison's Landing Community Development District
- Treeline Preserve Community Development District
- Turnbull Creek Community Development District
- Tuscany Reserve Community Development District
- University Place Community Development District
- Urban Orlando Community Development District
- Vasari Community Development District
- Verandah East Community Development District
- Verandah West Community Development District
- Verano Center Community Development District
- Villa Portofino East Community Development District
- Villa Vizcaya Community Development District
- Villages of Westport Comm. Development District
- Villasol Community Development District
- Vista Lakes Community Development District
- Vizcaya Community Development District
- Vizcaya in Kendall Community Development District
- Walnut Creek Community Development District
- Waterchase Community Development District
- Waterford Estates Community Development District
- Waterstone Community Development District
- Wentworth Estates Community Development District
- Westchester Community Development District #1
- Woodlands Community Development District
- Wynnfield Lakes Community Development District

**Grau provides value and services
above and beyond
the traditional auditor's "product"**

We look forward to providing the **Flow Way Community Development District with our resources and experience to accomplish not only those minimum requirements set forth in your Request for Proposal, but to exceed those expectations!**

**For even more information on Grau & Associates
please visit us on www.graucpa.com.**

**FLOW WAY
COMMUNITY DEVELOPMENT DISTRICT
PROPOSAL FOR AUDITING SERVICES**

October 21, 2014



**DUFRESNE & ASSOCIATES, CPA, PA
385 STILES AVENUE
ORANGE PARK, FLORIDA 32073
Contact Person: Linda Dufresne, CPA
(904) 278-8980 PHONE
(904) 278-4665 FAX
EMAIL – linda@dufresnepas.com**



Audits, Accounting, Budgeting and Training



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Attachment A – Most Recent External Quality Control Review

Attachment B – Business Continuity Management Plan

Attachment C – Sample Arbitrage Synopsis

Attachment D - Full Rebutable Arbitrage Liability Report

Evaluation Criteria

Our proposal addresses the evaluation criteria factors described in the Request for Proposals.

	Page
1. Mandatory Elements	
a. The audit firm is independent and licensed to practice in Florida.	1-2
b. The firm has no conflict of interest with regard to any other work performed by the firm for the District	1
c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal	
d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work	Attachment A
2. Technical Qualifications	
a. Expertise and Experience	
(1) The firm's past experience and performance on comparable government engagements	13
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(3) The firm provides information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm provides information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years, with state regulatory bodies or professional organizations, as well as, an explanation of all pending litigation against governmental entities, including all accounts of Federal indictments for any civil or criminal matters for which the firm has been charged. The firm also provides information as to any and all litigation or arbitration in Florida within the last three (3) years, in which the firm is or was a Defendant.	5
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DUFRESNE & ASSOCIATES, CPA, PA
CERTIFIED PUBLIC ACCOUNTANTS

385 STILES AVENUE
ORANGE PARK, FLORIDA 32073
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ORANGE PARK, FLORIDA 32067-1179
www.dufresnecpas.com

October 21, 2014

James P. Ward
District Manager
Flow Way Community Development District
c/o JPWard and Associates, LLC
2041 Northeast 6th Terrace
Wilton Manors, FL 33305

Dear Mr. Ward,

We sincerely appreciate the opportunity to provide you with our credentials and capabilities to serve as independent auditor for Flow Way Creek Community Development District (the District). Our combination of over sixty years of governmental auditing and accounting, with the added value of tax-exempt bond law experience, supports our assertion that Dufresne & Associates, CPA, PA is the best choice to serve you as independent auditor.

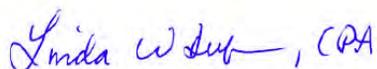
Is there an individual with five years of municipal bond paralegal experience on the audit teams of other firms proposing to perform your audit? Linda Dufresne, CPA, has five years of experience assisting attorneys with the preparation of all bond documents required to assure the tax exempt status of bonds. In addition, for over twenty-one years she has focused her practice in providing audit and arbitrage rebate services to governmental entities and issuers of tax exempt debt. This experience provides her with a rare depth of understanding of the bond issuance process and ongoing compliance required by applicable Internal Revenue Code Section 148 and related regulations.

Our commitment to the special district segment is evident in the exemplary service we provide to clients similar to the District for fair and reasonable fees. As proof of this commitment, we are offering to perform the annual audits below the approved budgeted amount, **A SAVINGS OF \$3,750 OVER A FIVE YEAR PERIOD.** In addition, our tax-exempt bond services division, GNP Services CPA, PA, will provide arbitrage rebate calculation services that, based on the District's approved budget amounts, would result in an another **\$3,000 SAVINGS OVER A 5 YEAR PERIOD.** It is our sincere desire to exceed your expectations by applying our combination of tax-exempt debt and certified public accounting expertise to your specific circumstances.

Thank you again for the opportunity to submit this proposal. We look forward to hearing from you at the conclusion of your evaluation. We believe after thoughtful consideration, you will agree that in light of our unique skill set and excellent service record, we offer a fresh approach that will be beneficial to the District and look forward to serving as your independent auditors.

Should you have any questions in the meantime, please feel free to call Linda Dufresne, CPA at 904-278-8980 or toll free at 1-800-428-8996.

Respectfully submitted,



Linda W. Dufresne, CPA

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.

Especially in the public sector, perception is as important as professional standards. Therefore, the utmost care must be exercised by independent auditors in the performance of their duties.

The professionals of Dufresne & Associates, CPA, PA and all audit team members have no conflicts of interest and are independent of the District, including its officials and related parties, at the date of this proposal, as defined by the Generally Accepted Auditing Standards and the United States General Accounting Office's *Government Auditing Standards*. Those standards prohibit auditors from performing certain non-audit procedures. Our firm has developed policies to assure that the independence rules are not violated and has sufficient staff to separate the non-audit functions from those of the audit team.

Previous Relationships with the District for the Past Five Years

In the past five years **Dufresne & Associates, CPA, PA** has not had any professional relationship with the District.

Firm Qualifications and Experience

About Our Firm

Linda Dufresne, CPA has been a resident of Clay County, Florida since 1976 and currently resides on Fleming Island. In 1993, Linda established **Dufresne & Associates, CPA, PA** with the vision that its services stay focused on clients in the governmental, non-profit and tax-exempt debt sectors. She chose these industry segments to build on her four years experience serving governmental audit clients and managing the tax exempt debt practice of the Jacksonville office of Deloitte & Touche and five years of paralegal experience with a municipal bond law firm. The firm's office is located at 385 Stiles Avenue, Orange Park, Florida 32073. All of our professionals work exclusively in the area of governmental and non-profit auditing and accounting.

Since its inception, the firm has been 100% woman-owned. This certification positions the firm to work alongside Ernst & Young, KPMG, Cherry Bekaert & Holland, RSM McGladrey and other regional, national and international firms as a subcontractor. We have built our own client base as prime contractor, securing multi-year contracts to provide services to many non-profit organizations, authorities, local governments, municipalities, special districts, and local housing finance.

Dufresne & Associates, CPA, PA is engaged by our clients to perform various services, including financial statement and single audits, agreed-upon procedures, compliance audits, overhead studies and forensic audits. The agreed-upon procedures cover internal control structure evaluations, forensic investigations and other special projects. We perform many compliance audits with respect to donor or grantor restrictions. We assist with the preparation of invoices for reimbursement from DEP, DOT and other Florida entities. In addition, we have an ongoing engagement with JEA to assist with the documentation supporting overhead reimbursements including general and administrative, inventory and benefit loading factors.

With a firm size of nine, we have ample resources available to serve you and our other existing clients. Five of our employees belong to our governmental audit staff and will be employed in this engagement. Please see the resumes included in the following pages for more information regarding the nature of our staff.

We are proud to say that Linda Dufresne, CPA and Cathy Liddy, CPA are certified to perform peer reviews of other CPA firms. This means that we examine other CPA firms' quality control procedures. We determine whether their quality control system meets professional standards. The process includes examining the working paper documentation supporting their audit conclusions, personnel policies regarding hiring, continuing education, staff development and other bedrock principles.

Experience with Completion of Audits Using Electronic Communications

Our firm is located at 385 Stiles Avenue, Orange Park, Florida 32073. We are always available through typical means of communication by phone, email, cell phone, etc.

As evidence of our experience with completion of audits using electronic communication, as will be the case with the District, we have included in our references MuniCap, a district management company located in Maryland. Linda Dufresne is partner on all audits of the districts managed by MuniCap, which are performed solely via electronic means. We are provided by MuniCap with documentation similar to that which will be provided to us in connection with the District's audit.

Firm Qualifications and Experience

Our Specialized Services to Governments

From our long standing relationships with governments, our firm developed the following specialized advisory services:

Governmental Audits – As prime, our audit team has performed governmental audit and accounting engagements including many special districts throughout the State of Florida such as CDDs and housing finance authorities. Certain audit clients on which audit team members have participated include the New Port Community Development Authority, H2O Community Development Authority, Heritage Hunt Community Development Authority, St. Johns River Power Park Pension Plan, financial statement audits of the City of Neptune Beach, Town of Orange Park and City of Flagler Beach. As M/WBE subcontractor, for several years our audit team has participated in the audits of the consolidated City of Jacksonville/Duval County government, JEA and Duval County Public Schools. A more thorough list is presented on subsequent pages.

Pension Plan Audits – Our personnel have performed audits of the St. Johns River Power Park pension plan and the St. Johns Country Day School pension plan, and in connection with the audits of the financial statements of the municipalities of the Town of Orange Park, City of Neptune Beach and the City of Flagler Beach, and as M/WBE subcontractor the City of Jacksonville, JEA and Duval County Public Schools, the required footnote disclosures and supplementary information related to pension plans.

CAFR Assistance - Our experience with CAFR preparation assistance includes the consolidated City of Jacksonville/ Duval County government, the Duval County School Board and the City of Neptune Beach. All entities were awarded the GFOA Certificate of Excellence in Financial Reporting for the CAFR's with which we assisted.

Consulting/Agreed-upon Procedures - Certain goals and objectives are met by developing and implementing a plan specific to a set of circumstances that management of an entity wishes to have independently evaluated. These types of situations require a report of a different nature than an audit. We perform these types of engagements for various clients to meet their particular needs including forensic examinations, contract compliance testing and testing of adherence to procurement processes and other internal control procedures.

Utility Rate Design or Studies - Utility services are provided to customers by several of our clients. Rate studies are commonly requested by governing bodies to be informed about the propriety of the rates being charged to their constituency, the effects of financing capital improvements or environmental remediation, or other important reasons. Bond issues in certain situations are secured by a revenue stream from a utility system and debt service coverages must be calculated. We review, participate in or have been required to analyze and utilize the information presented in rate studies.

Quality Control Review

The AICPA peer review program is voluntary; however to comply with *Government Auditing Standards*, firms that provide services to governmental entities are required to provide a copy of their peer review report to those clients. During our most recent peer review year, audit engagements for the period from July 1, 2010 – June 30, 2011 were included in the population from which selections were made. We are proud to say that our peer review report was a clean opinion. The presently applicable peer review report is included as Attachment A. During the term of the engagement we will provide a copy of the report resulting from any peer review conducted.

Firm Qualifications and Experience

Regulatory Issues and Disciplinary Actions

Dufresne & Associates, CPA, PA nor its members nor any of the employees have ever had any complaints or disciplinary action taken, nor is any pending, against them by the State Board of Accountancy or any other regulatory bodies or professional associations. The firm has never been charged in any civil or criminal matters, nor ever been a defendant in any litigation or arbitration in Florida. The firm has never been advised of any negative findings resulting from Federal or State desk reviews or field reviews of our audits.

Approach to Continuing Professional Education

Our emphasis on the governmental, non-profit and tax-exempt debt sectors is reflected in our CPE Plan. Partner, manager, senior and staff level personnel all meet or exceed the CPE requirements specified by *Government Auditing Standards*.

We regularly attend the Florida Government Finance Officers Association Annual Conference and the School of Government Finance, often teaching courses related to governmental or tax-exempt dept topics. The excellent curriculum that is offered at these events comprise a large part of our continuing professional education.

The AICPA Governmental Audit Quality Center and the Employee Benefit Audit Quality Center also provide bulletins and alerts, as well as continuing education courses, to its members. These courses are scheduled as soon as possible after new pronouncements or professional standards are released. The proactive and prompt attention given to these topics keep us current in our understanding of the ever-changing auditing and accounting environment.

Firm's and Firm Personnel's Involvement in Governmental Accounting Committees and Associations

We are proud of our record of involvement with governmental accounting committees and associations. For many years, the firm of **Dufresne & Associates, CPA, PA** has been a member of the Florida Government Finance Officers Association. Many times we volunteer to serve on the Program Committee and the Host Committee for both the FGFOA Annual Conference and the School of Government Finance. In addition, we make presentations on topics such as GFOA Certificate of Excellence in Financial Reporting, governmental financial statement presentation, preparation of cash flow statements, arbitrage rebate calculations, and municipal bond post-disclosure compliance.

Other evidence of our commitments includes memberships in the AICPA, FICPA, Government Finance Officers Association, Northeast Florida League of Cities, Georgia Government Finance Officers Association, the AICPA Governmental Audit Quality Center and the AICPA Employee Benefit Audit Quality Center.

Partner, Supervisory, and Staff Qualifications and Experience

Audit Team

An important understanding to establish when selecting a professional service team is who will actually be performing the work and what commitment is made to staff continuity. With this in mind, our firm has assembled a team of qualified professionals and para-professionals with over fifty years of combined experience serving governments and not-for-profit entities.

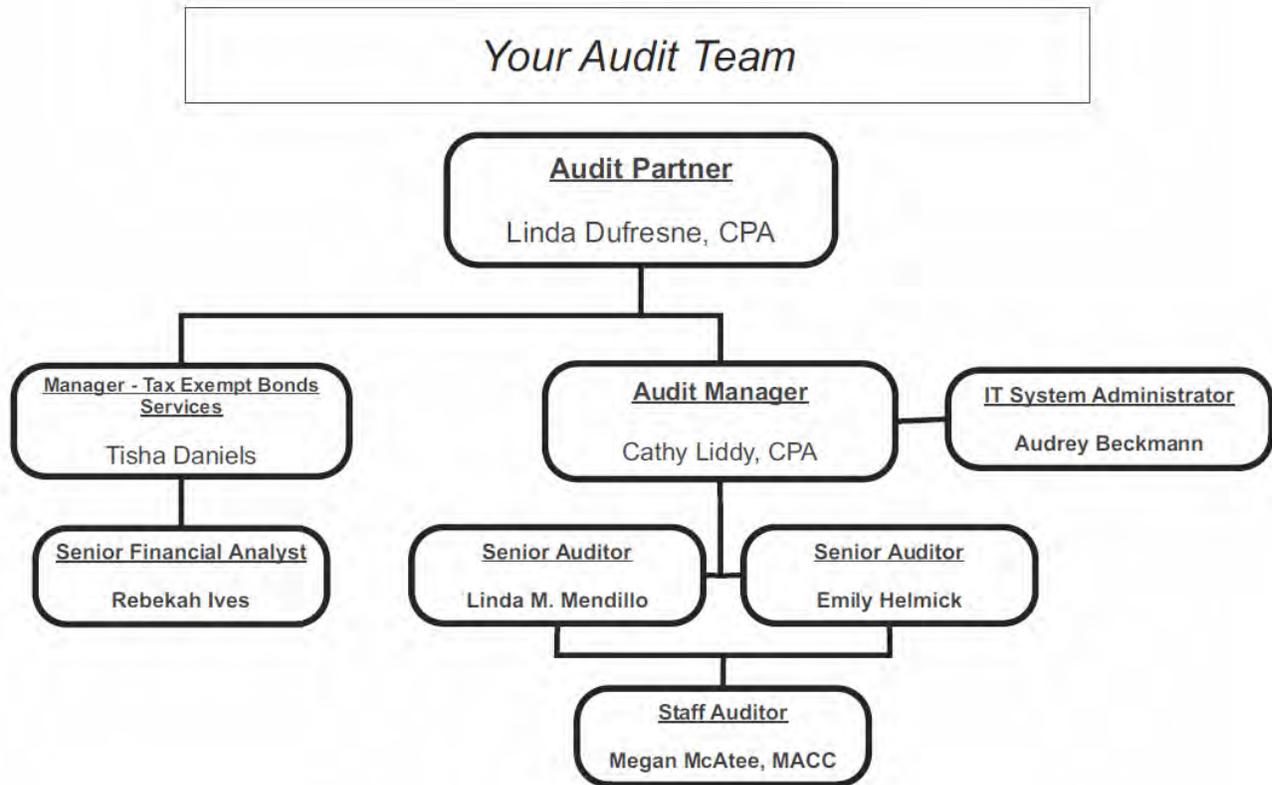
We would like to point out that a significant amount of the work to be performed on this audit will be by individuals recognized as leaders in the governmental, not-for-profit and tax-exempt debt industry segments and who each have three to twenty-four years of relevant experience. In addition, all professional staff maintain compliance with continuing professional education requirements set forth in the *Government Auditing Standards*. We are committed to the highest professional standards with respect to meeting your needs in the most timely and cost effective manner possible.

We are confident that our audit team members will be returning in subsequent years because we treat our staff like the professionals they are. They are our greatest asset. They are not members of a faceless staff pool that turns over frequently. The firm of **Dufresne & Associates, CPA, PA**, has the resources available to meet all client deadlines within the time frame specified.

Linda Dufresne, CPA and Cathy Liddy, CPA comprise the management team that will be assigned to manage all phases of the project. They are assisted by senior auditors, Linda Mendillo and Emily Helmick, and the staff auditor who have extensive experience in performing audit services similar to those described in the District's RFP.

Levels of Review	
CPAs	2
Senior Auditors	2
Staff Auditor	1
Financial Analysts	2
Clerical	2

Partner, Supervisory, and Staff Qualifications and Experience



Audit Team Responsibilities

Audit Partner

- Directly participates in all phases of your audits in order to ensure quality services are progressing appropriately.
- Works closely with senior auditors in the field and the District's management.

Audit Manager

- Provide input regarding the development of the audit plan and will be responsible for its implementation and for the supervision of the staff performing the services.
- Work closely with our senior auditors and the District's management during the process to follow up on questions that arise.

Senior Auditor

- Testing of information and preparation of workpaper documentation describing the tasks performed, selections made, attributes tested and conclusions reached as a result.
- Supervise our staff auditor and review workpaper documentation preparation, providing guidance and recommendations.

Information Technology System Administrator

- Troubleshoot computer problems, assist with hardware/software evaluations and other computer-related areas.

See the following resumes for more details regarding staff qualifications and experience.

Resumes

Linda W. Dufresne, CPA
Dufresne & Associates, CPA, PA
Audit Partner



Cathy V. Liddy, CPA
Dufresne & Associates, CPA, PA
Audit Manager



Education

- ◆ Bachelor of Business Administration in Accounting - University of North Florida
- ◆ University of North Florida, Miscellaneous post graduate classes required to meet 150-hour requirement for CPA examination
- ◆ Ongoing compliance with *Government Auditing Standards* and Florida Board of Accountancy CPE requirements.

Professional Credentials

- ◆ Certified Public Accountant - State of Florida and Washington
- ◆ Certified Peer Reviewer
- ◆ NEFLOC, AICPA, FICPA, GFOA, FGFOA, NALHFA, FLALHFA and NCSHA member
- ◆ FGFOA Conference Host and Conference Program Committees member
- ◆ Certified FICPA ethics instructor
- ◆ GFOA CAFR reviewer for Certificate of Excellence in Financial Reporting volunteer
- ◆ AICPA member

Experience

- ◆ 1993 – Present
Partner, Dufresne & Associates, CPA, PA
- ◆ 1989 – 1993
Manager, Deloitte & Touche Municipal Bond Services
- ◆ 1986 – 1989
Accounting Supervisor, University Hospital
- ◆ 1980 – 1986
Paralegal, Livermore, Klein & Lott, PA

Speaker

CAFR Preparation – FGFOA 2012 and 2013;
HFA Budgeting - FLALHFA 2011;
Financial Controls to Prevent Fraud - FGFOA 2011; Arbitrage Calculation and Compliance - FGFOA 2005 and 2007; Cash Flow Statement Preparation - FGFOA 2004; Arbitrage - GFOA 1999; Ethics - FICPA 2003, 2004, 2010, 2011 and 2012.

Years Serving Governmental Entities and Non-profit Organizations: 25

Education

- ◆ Bachelor of Science in Accounting - University of Florida
- ◆ University of North Florida, Miscellaneous post graduate classes required to meet 150-hour requirement for CPA examination
- ◆ Ongoing compliance with *Government Auditing Standards* and Florida Board of Accountancy CPE requirements.

Professional Credentials

- ◆ Certified Public Accountant - State of Florida
- ◆ Certified Peer Reviewer
- ◆ Florida Government Finance Officers Association (FGFOA) associate member
- ◆ AICPA member

Experience

- ◆ 1999 – Present
Audit Manager, Dufresne & Associates, CPA, PA

Speaker

Single audit - FGFOA 2005, 2010

Years Serving Governmental Entities and Non-profit Organizations: 15

Resumes

Linda M. Mendillo
Dufresne & Associates, CPA, PA
Senior Auditor



Emily Helmick
Dufresne & Associates, CPA, PA
Senior Auditor



Education

- ◆ Bachelor of Business Administration in Accounting - University of North Florida
- ◆ Associate in Arts, Business - Florida Community College at Jacksonville
- ◆ Ongoing compliance with *Government Auditing Standards* CPE requirements

Experience

- ◆ 2011 – Present
Auditor, Dufresne & Associates, CPA, PA
- ◆ 2010 – 2011
Teacher, Duval County School Board
- ◆ 2004 – Present
Lease Abstractor/Analyst – Bookkeeper, Contractor
- ◆ 1999 – 2004
Relationship Manager – AVP, The Bank of New York
- ◆ 1999 – 1999
Senior Accountant, Nemours Children's Clinic
- ◆ 1997 – 1999
Operations Administrator, The Bank of New York
- ◆ 1997
Equity Trader, Barnett Bank
- ◆ 1995 – 1997
Senior Accounting Clerk, Baptist Medical Center

Years Serving Governmental Entities and Non-profit Organizations: 14

Education

- ◆ Bachelor of Science - Clemson University
- ◆ Ongoing compliance with *Government Auditing Standards* CPE requirements.

Professional Affiliations

- ◆ Member of the Florida Government Finance Officers Association (FGFOA)

Experience

- ◆ 1998 – Present
Auditor, Dufresne & Associates, CPA, PA
- ◆ 1989 – 1998
Accountant, Claude Nolan, Inc. (Investments)
- ◆ 1986 – 1989
General Ledger Accountant, Winn Dixie Corporation
- ◆ 1985 – 1986
Paralegal, Livermore, Klein & Lott, PA (a nationally recognized municipal bond law firm)

Years Serving Governmental Entities and Non-profit Organizations: 17

Resumes

Megan E. McAtee, MACC
Dufresne & Associates, CPA, PA
Staff Auditor



Tisha Daniels
GNP Services, CPA, PA
Manager – Tax Exempt Bond Services



Education

- ◆ Bachelor of Political Science – University of Central Florida
- ◆ Bachelor of Accounting – University of North Florida
- ◆ Master of Accountancy – University of North Florida
- ◆ Ongoing compliance with *Government Auditing Standards* CPE requirements

HFA Experience

Bond Issue Audits:

- ◆ Jacksonville HFA

Bond Issue Compilations:

- ◆ HFA of Broward County

Experience

- ◆ 2012 – Present
Auditor, Dufresne & Associates, CPA, PA
- ◆ 2005 – 2012
Team Leader, Gate Petroleum Corporation

Years Serving Governmental Entities and Non-profit Organizations: 2

Education and Registrations

- ◆ Bachelor of Business Administration – Finance, University of North Florida

Experience

- ◆ 1994 – 2007
Arbitrage Rebate/Cash Flow Verification Analyst, Dufresne & Associates, CPA, PA
- ◆ 2007 – Present
Arbitrage Rebate/Cash Flow Verification Analyst, GNP Services, CPA, PA

Speaker

Arbitrage Calculation and Compliance – Florida Association of County Clerks – 2005 and 2008

Years Serving Governmental Entities and Non-profit Organizations: 20

Resumes

Rebekah R. Ives
GNP Services, CPA, PA
Senior Financial Analyst

Education

- ◆ Associates in Arts, emphasis in Mathematics, Florida Community College at Jacksonville
- ◆ Bachelor of Science – Mathematics, University of Washington

Experience

- ◆ 1996 – 2007
Arbitrage Rebate/Cash Flow Verification Analyst, Dufresne & Associates, CPA, PA
- ◆ 2007 – Present
Arbitrage Rebate/Cash Flow Verification Analyst, GNP Services, CPA, PA

Years Serving Governmental Entities and Non-profit Organizations: 18

Prior Engagements with the District

In the past five years **Dufresne & Associates, CPA, PA** has not had any prior engagements with the District.

Similar Engagements with Other Government Entities

Record of Audit Team's Past Performance and Present Clients

Present Clients:

Financial Statement Audits subject to *Government Auditing Standards*

- New Port Community Development Authority¹
- Heritage Hunt community Development Authority¹
- H2O Community Development Authority¹
- Housing Finance Authority of Pinellas County¹
- Housing Finance Authority of Broward County¹
- Jacksonville Housing Finance Authority¹
- Orange County Housing Finance Authority¹
- City of Flagler Beach¹
- St. Johns River Power Park Pension¹
- St. Johns Country Day School Pension¹
- City of Jacksonville²
- Duval County School Board²
- JEA²

Past Clients:

Financial Statement Audits subject to *Government Auditing Standards*

- Julington Creek Plantation Community Development District¹
- Bartram Park Community Development District¹
- Bella Verde Community Development District¹
- Durbin Crossing Community Development District¹
- Fleming Island Plantation Community Development District¹
- Heritage Harbor Community Development District¹
- Port of the Islands Community Improvement District¹
- Sampson Creek Community Development District¹
- Shingle Creek Community Development District¹
- South Village Community Development District¹
- Tampa Palms Open Space & Transportation Community Development District¹

¹Prime contractor ²Woman-owned small business subcontractor

Areas of Expertise

- Governmental Auditing (Yellow Book)
- Pension Plans
- Fund Accounting
- Preparation of government-wide and fund financial statements and CAFRs and Annual Financial Reports (AFR)
- Federal and State of Florida Single Audits
- Not-for-profit Auditing
- Tax-exempt finance services, including arbitrage rebate liability and cash flow verification reports
- Peer reviewer

Specific Audit Approach

Proposed Audit Workplan

Audit Segment Area	Estimated Hours					
	PARTNER	MANAGERS	SENIOR	STAFF	PARTNER/ MANAGER	SENIOR/ STAFF
1. General Planning Procedures - Planning activities covering engagement acceptance, determination of audit entity requirements, preliminary analytical review procedures of revenues and expenditures. Risk assessment procedures including communication with internal auditors, audit committee and investment committee. Determination of sequence of audit procedures and assignment of staff in cooperation with client financial staff. Obtain understanding of internal control system.	2	3	4	2	5	6
2. General Auditing Procedures - Obtain trial balances and related schedules, review budgets and amendments, review journal entries and related amounts, search for commitments and contingencies, review subsequent events, review related party transactions, review for completeness, supervise staff throughout audit.	2	3	4	8	5	12
3. Minutes, Contracts, Ordinance and Laws - Review Board minutes and abstract information relating to audit and amendments, change in policies, new loans, authorizations for investments, contributions, bank accounts and funds opened or closed and other financial related matters. Update general knowledge of federal and state laws and regulations applicable to entity. Obtain and review applicable entity policies and procedures manuals.	1	1	1	1	2	2

Specific Audit Approach

Proposed Audit Workplan, continued

Audit Segment Area	Estimated Hours					
	PARTNER	MANAGERS	SENIOR	STAFF	PARTNER/ MANAGER	SENIOR/ STAFF
4. Cash and Investments - Identify all depositories and request client to prepare confirmations. Obtain and audit all bank reconciliations, including all reconciling items. Assure that all banks are qualified depositories. Apply appropriate procedures to determine whether investments are presented at fair value, realized and unrealized gains (losses) are appropriately stated and perform other steps as required.	1	1	2	4	2	6
5. Revenues and Receivables - Identify and confirm major sources of revenues. Determine that assessments are properly classified and recorded. Audit that receivables are properly recorded. Apply appropriate procedures to specific balances.	1	1	2	4	2	6
6. Debt - Review debt documents. Perform tests to support debt service transactions, outstanding balances and other related accounts.	1	1	2	4	2	6
7. Administrative Expenses - Review policies relating to administrative expenses, select random sample of disbursements and perform attribute sampling procedures for compliance testing. Perform audit of accounts payable at year end. Search for unrecorded payables. Review detail of expense accounts and vouch unusual items. Perform other steps as required.	1	1	2	4	2	6

Specific Audit Approach

Proposed Audit Workplan, continued

Audit Segment Area	Hours					
	PARTNER	MANAGERS	SENIOR	STAFF	PARTNER/ MANAGER	SENIOR/ STAFF
8. Fixed Assets and Capital Expenditures - Obtain listing of fixed assets and capitalization policies. Document that evidence of current physical inventory has been performed. Trace current year additions for capital outlay expenditure accounts to fixed asset schedule. Examine supporting documentation from selected capital outlay expenditures for posting to proper account. For construction in progress examine supporting documentation. Trace authorizations for selected current year retirements. Test computation of current year depreciation.	1	2	3	6	3	9
9. General Auditing Completion Procedures - Perform manager and partner level review of all workpapers. Review and evaluate overall risk assessment procedures. Perform review of subsequent events. Obtain representation letters. Draft financial statements and compliance reports, including all findings. Draft other required reports. Hold exit interviews as required. Document and review all workpapers and audit documents. Complete financial reports and present or distribute as required.	4	6	6	8	10	14
Total Hours	14	19	26	41	33	67

Specific Audit Approach

Overview of Audit Approach - Basic Financial Statements

We believe that the audit approach used by our auditors is a positive approach that maximizes the efficiency and effectiveness of the audit. Our audit programs are “tailor-made” for each engagement to enhance our ability to provide quality professional services and to produce results that are qualitative in nature. Our specific examination procedures are principally oriented toward determining the effectiveness of the intended internal controls, ascertaining whether they are actually functioning as planned, and testing the final accounting results to determine that they are in fact sufficiently reliable and accurate to support the expression of a favorable audit opinion.

Engagement Scope

The scope of services to be provided to the District include an audit to be performed in accordance with generally accepted *Government Auditing Standards* of the District’s financial statements for the 2014 fiscal year, with the option to renew annually for up to a total of five years. In addition, we will adhere to the auditing standards and procedures recommended in the applicable American Institute of Certified Public Accountants’ Industry Audit Guide *Audits of State and Local Governmental Units*, as amended, *Governmental Accounting, Auditing and Financial Reporting (GAAFR)*, the Rules of the State of Florida Auditor General, and applicable Florida regulations. The purpose of such an audit is to provide us with a basis for expressing an opinion on the District’s financial statements. If it becomes evident that an unqualified opinion cannot be rendered on your financial statements, you will be promptly notified of the circumstances surrounding our findings.

Past and Present Record of Professional Performance and Applicable Experience

The audit objectives of your engagement are multi-faceted, as are many of the projects we have completed over the years. These projects are primarily related to the governmental segment and vary in complexity as a result of the needs of the client. We consistently receive very positive evaluations regarding the quality of our work, the level of cooperation and coordination with government staff and our level of performance with regard to adherence to the scope of services, compliance with contract terms, response time and ability to adhere to quoted fees. Frequently we are called upon by our clients to perform additional engagements as a result of our excellent performance. Below is a narrative describing specific examples of the ways in which our decades of governmental experience are applicable to the objectives sought to be achieved during your audit.

Primary Audit Objective a. Determine fairness of presentation of financial statements and the correctness and reliability of accounting transactions and supporting fiscal and administrative records and reports – All governmental audits require the performance of adequate tests to form an opinion regarding the fairness of presentation of financial statements. In addition, *Government Auditing Standards* require a report on internal control and compliance with applicable laws, regulations and contracts. Because of our focus on governmental clients, we are very skilled with developing and executing risk-based audit programs that are designed to give us assurance regarding the financial statement presentation unique to pension reporting and the public sector and the underlying transactions from which the financial statements are produced.

Primary Audit Objective b. Documentation of internal controls over financial and property accountability – Auditors are required to understand and document internal control processes, including performance of walk-throughs to observe that the written narrative descriptions are indeed being followed by District personnel. Each and every audit we perform is subject to this requirement. In addition, our firm has performed special agreed-upon procedures engagements regarding assessment of internal controls and reliability of processes. For example, JAXPORT requested us to test their controls over the expenditure of Homeland Security Grant funds which were used to purchase capital items including computer hardware and software.

Specific Audit Approach

Primary Audit Objective c. Compliance with applicable laws, regulations and contracts – As part of each governmental audit we perform, procedures are designed and executed to test compliance with the restrictions imposed by these types of items. In addition, we have an ongoing engagement with JEA in which we determine amounts that are reimbursable under their various grant agreements. This requires that we evaluate the appropriateness of amounts paid to vendors and indirect costs allocated internally as charges to specific jobs. Also, Federal and State single audits that we routinely perform for many clients require similar compliance analyses of grant funds expended by the recipient agency. As a result, we are well prepared to evaluate the District's existing agreements, laws and regulations with which it must comply and report on its adherence to the various requirements.

Primary Audit Objective d. Our responsibility as auditors is to perform the audit to obtain reasonable assurance as to the accuracy and completeness of the financial statements. The auditor's reports required by *Government Auditing Standards* will be delivered to the District in accordance with applicable deadlines.

Familiarization with New Client Operations

The process of gaining an understanding of a new client's operations can be a sizable task for the auditor and the client. It is our goal to make the process non-invasive, and complete our required procedures with as little disruption as possible. Each client is unique in certain aspects; however, all governments are similar in some ways. We will leverage our understanding of the operations of other CDDs and similar governmental clients gained through our years of service as their auditors.

Typically with a new client, there is a great deal of work required to assemble the documentation required to support our audit plan. Our planning phase includes performing extensive procedures prior to the end of the fiscal year including obtaining documentation for the permanent file. This would include narratives of the internal control policies and procedures of the entity, risk assessments, contracts, prior audit reports, correspondence received by the District from regulatory agencies, minutes, resolutions, ordinances, bond documents, press releases and other foundational documents.

Approach to Providing Technical Assistance

We pride ourselves on our accessibility and prompt response to client questions. We are a service organization and our priority is to be available to our clients when they need our assistance. As your auditors we expect to be a technical resource, at no charge, for questions that arise in the normal course of doing business that do not require a significant amount of time.

All firm personnel from staff level to partner are daily engaged in the performance of services to governmental entities. The firm is a member of the Governmental Audit Quality Center of the AICPA which provides alerts, updates to *Government Auditing Standards*, webcasts and other communications to its members which keeps us on the cutting edge of new developments. All continuing education courses enhance our understanding of governmental accounting or auditing. Our clients benefit from our knowledge because we keep them informed of the applicable changes, proactively communicating with them; further, there is always someone in the office or easily accessible by email or cell phone who can and will respond to your questions in a minimal amount of time.

Specific Audit Approach

Level of Client Staff Support

In planning our audits, we assign the appropriate level of staff to accomplish specific tasks. Partner, manager, senior and staff are scheduled throughout the audit process to provide the proper level of support at each stage. During planning, the Senior, Manager and Partner are involved to be certain that the audit procedures to be performed will result in the proper level of documentation to support our opinion. Fieldwork is done by the Senior and Staff Auditors, under the supervision of the Manager and Partner. Levels of review are performed throughout the audit process, beginning with the Senior Auditor's review of the Staff Auditor's work, which is then reviewed by the Manager and ultimately the Partner.

Client staff assistance will be requested where appropriate in connection with gathering supporting documentation and preparing certain schedules. None of our requests will substitute for auditor's working papers. Examples of typical assistance from clients include providing a beginning of year trial balance that agrees to the prior year ending audited balances; end of year trial balance; original and final budget documents; copies of insurance policies, contracts, grant agreements, leases, resolutions, ordinances and minutes; providing supporting documentation from your files that corresponds to our selected sample such as voucher packages and bank reconciliations; debt schedules and documents; payroll schedules; property and equipment detail listing including additions, disposals and depreciation expense calculations.

Procedural Approach

As in all audits, the opinion expressed on the fairness of the financial statements is reached by the process of evaluating the evidence gathered in the course of the audit. Our primary function is to gather competent evidential matter that corroborates the assertions made by management in the financial statements. The principal techniques used by our auditors to acquire evidence on which the expression of our opinion is based are as follows:

- **Examination (inspection)** - One of our principal objectives is to substantiate the authenticity of various recorded figures and entries. Evidence of such authenticity is typically gathered by reference to documents pertaining to the transaction that occurred. Therefore, procedures are implemented to gather evidence to support the financial statement assertions regarding the existence of recorded assets, liabilities, and fund equity components at year-end.
- **Confirmation** - The process of confirmation is closely related to that of inspection, but is used to obtain supporting evidence by direct requests from third parties rather than by reference to items of evidence readily available.
- **Observation** - To ascertain compliance with certain prescribed procedures, we will frequently use the technique of observing your financial operations. These procedures can be implemented to gather evidence to support the financial statement assertions regarding the completeness of selected account balances and transactions included in the financial statements.
- **Verification** - Generally, all of our activities related to the formulation of an opinion on your financial statements are referred to as verification procedures. However, specific tasks are performed to support the specific financial statements assertions regarding the:
 - Accuracy of recorded balances and related account classifications;
 - Valuations of account balances based on GAAP; and
 - Cut-off procedures employed by management to consistently record all transactions in the appropriate accounting period(s).

Specific Audit Approach

- **Inquiry** - In all audits, substantial information is gathered by direct inquiry of your personnel. Through inquiry, we can seek to ascertain the duties performed by given individuals, or by carefully phrased questions to ascertain that those individuals are properly carrying out the responsibilities assigned to them. We can also ascertain specific information about selected accounting items or transactions to support decisions made by management personnel when other corroborating evidence is not readily available.

Analytical Procedures

In performing analytical procedures, we will focus our attention inward, stressing your particular accounting system and the manner in which it develops reliable financial information about your operations. This is accompanied by a more intensive study of the resulting financial figures themselves. Our auditors perform analytical review procedures to ascertain that the recorded figures should “make sense”, by being consistent with each other and with known external changes that are taking place. Changes from the previous year, or even month-to-month changes in the financial figures as well as changes in ratios between various figures, are analyzed to ascertain that they are logical and reflect changes in operations or financial position that are known to have occurred. In addition to quantitative analysis, qualitative analytical procedures may be done. For example, we will scan a vendor list for certain attributes and also compare vendors used in the prior year to vendors used in the current year as a way to identify potential fraud in the payables process.

Audit Sampling

Audit sampling is the application of an audit procedure to less than 100% of the items within an account balance or class of transactions for the purpose of evaluating some characteristic of the balance or class. Our auditors extensively use sampling procedures to obtain satisfactory audit evidence. Those sampling procedures routinely include statistical and non-statistical sampling based upon:

- The nature of the sample population;
- The nature of the item(s) being examined and/or the proposed outcome of the sample results;
- The sample size; and
- The significance of the anticipated results.

Ordinarily, the significant portions of the sampling strategy are identified at the onset of the engagement, and are coordinated with the remaining auditing procedures to produce timely and efficient results. We also expect to utilize these procedures to assess the propriety of conclusions reached in the overall financial statement presentation.

We currently expect to perform the following types of sampling:

- **Attribute sampling** - to test the rate of deviation from a prescribed internal control procedure to determine whether planned reliance on that control is appropriate. In addition to tests of compliance with prescribed control procedures, attribute sampling will be used for certain substantive procedures to test for possible unrecorded transactions and for testing existing account balances. It is also used extensively to test compliance with applicable laws and regulations; and
- **Variable sampling** - to reach a conclusion about the adequacy or reasonableness of an account balance.

Specific Audit Approach

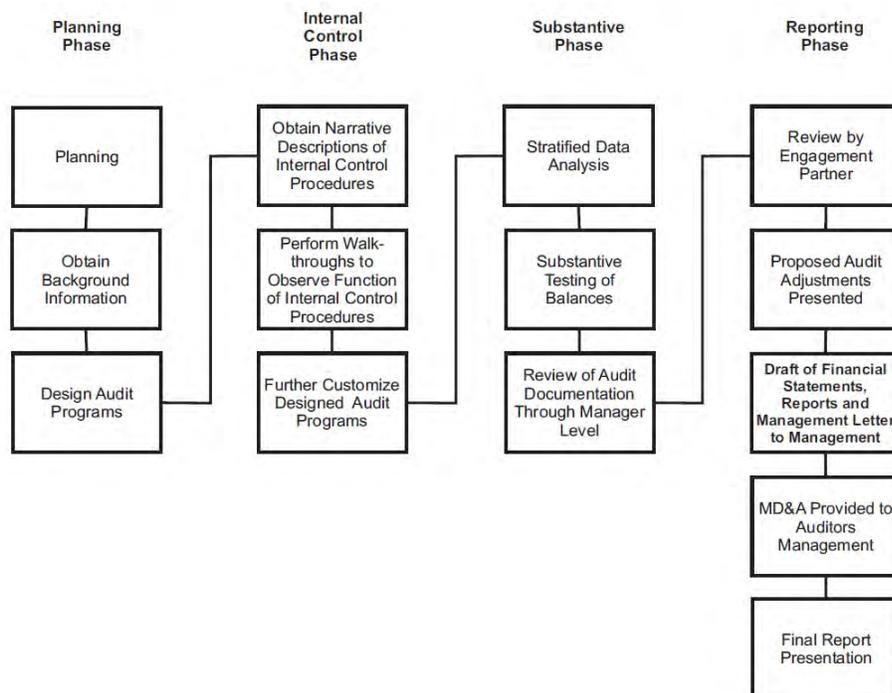
Examples of areas that we will apply sampling strategies include:

- Cash disbursement and payroll transactions;
- Accounts payable transactions;
- Subsequent disbursement transactions;
- Search for unrecorded liabilities;
- Journal entries; and
- Compliance with laws and regulations.

Internal Control Systems Review

The tests presented in the section entitled “Internal Control Phase” on page 22 are used to document our understanding of your internal control systems and to identify specific areas of your overall control environment, which require additional audit attention. It is also our policy to communicate the results of our compliance testing to your management on a timely basis as we note them so that corrective actions can be implemented, if necessary, prior to the end of the audit engagement.

Flowchart of Audit Phases



Planning Phase - Planning is critical for a smooth, effective and efficient audit. It is a key step that must be performed and well documented on each and every engagement. During the planning phase, we focus on gaining an understanding of the unique aspects of your particular government. For example, we will:

- Hold an audit team “brainstorming” session to pool our expertise with similar clients as a way to identify potential audit risks
- Gather contracts, grant agreements, leases and other documents
- Obtain copies of applicable laws, rule and regulations
- Obtain and read minutes of meetings of the governing body

Specific Audit Approach

- Obtain a copy of the prior year ending trial balance, the beginning of the year trial balance and the year to date trial balance as of the most recent month end
- Read the prior year audit report
- Prepare audit programs
- Identify schedules to be prepared by District personnel
- Meet with District personnel to schedule field work

Internal Control Phase – In this phase, we will determine the effectiveness of internal controls as they relate to IT processes, financial statement assertions and financial reporting. All governmental audits require a report on internal control and compliance with applicable laws, regulations, contracts, and grant agreements. Because of our focus on governmental clients, we are very skilled with developing and executing risk-based audit programs that are designed to give us assurance regarding the internal control system and compliance.

The team will execute appropriate steps to determine how well internal controls are designed and actually functioning. This will include:

- Interviews of various District employees, both within and outside of the finance department
- Review of narrative descriptions, flowcharts, questionnaires or other documentation of the internal control system, including IT processes
- Performance of walk-through observations of the internal control system in operation
- Determining whether audit programs must be modified to address additional risk areas noted during this phase
- Noting any matters that will be reported in the management letter and/or reports on internal control and compliance.

Substantive Phase – Our goal in this phase is to gather sufficient audit documentation to form our opinion regarding the fair presentation of the financial statements. To gain this assurance, we will:

- Execute the customized audit steps we have developed in the planning and internal control phases
- Further modify or add steps when necessary
- Note any additional matters that will be reported in the management letter and/or reports on internal control and compliance
- Review audit documentation through Manager level

Reporting Phase – This step is the culmination of the work we have performed. We are skilled in communicating with management during this phase to facilitate a smooth process from the presentation of document drafts to the issuance of the final report. We will:

- Perform Partner level review
- Present proposed audit adjustments for acceptance by management
- Post audit adjustments to create the final adjusted trial balance
- Read the Management, Discussion and Analysis
- Obtain management representation and legal letters
- Perform subsequent event identification procedures, including reading minutes and meeting summaries when minutes are not yet available
- Deliver final financial statements, required auditor's reports, governance letter and management letter

Specific Audit Approach

Information Systems and Software

As part of our audit, we routinely perform analysis of our clients' computer based financial management systems. To the extent possible, it is our policy to design our auditing procedures to maximize the application of computer assisted auditing procedures for compliance and substantive testing with your system. We also utilize the capabilities of our own in-house computer system to assist us in achieving efficiency in examining your financial accounting and reporting systems. Our auditors employ the use of several EDP software systems in conjunction with performing audits. All software systems are used exclusively on our own computer hardware brought on-site during the audit. We do not, and will not, install or use any of our proprietary software systems on client hardware systems.

Our clients utilize a variety of information and accounting systems. As such, we have experience with many software packages. As a result of our many years of work on the audits of the City of Jacksonville and JEA, we are skilled at utilizing software used by the District and others including FAMIS, TERMS, SAP, ORACLE, HTE, AS400, MYOB and QuickBooks.

CaseWare

Our firm utilizes customized governmental audit programs to test all the risk areas affecting the District. These programs are updated as circumstances affecting governments change.

We also use specialized software to complete our audit tasks. "CaseWare" provides us with the resources to enter the trial balances, print lead sheets, worksheets, adjusted trial balances, audit adjusting entries and other useful information. All audit staff are trained to properly document audit procedures and prepare reports using the CaseWare working papers, leadsheets and various analytical tools.

CaseWare facilitates completion of our engagements with efficiency and effectiveness and makes it easy for us to:

- Effectively manage the audit process by utilizing filtering and sorting codes assigned to each account balance.
- View the immediate effects of various journal entries on specific account balances.
- Calculate analytical ratios.
- Consolidate multiple funds by leadsheet code, leadsheet subcode, grouping codes, tax code, account type/class/subclass, consolidation code, or account number.
- Through proper coding and filtering, produce both fund and government-wide financial statements.
- Employ built-in safeguards and spreadsheets that identify potential discrepancies, to help the auditor find and correct any errant information.

Tests for Legal Compliance

As part of our audit, we routinely request copies of contractual agreements, debt documents and other items that may include legal requirements that are to be met by the District. To the extent possible, it is our policy to design our auditing procedures to identify any legal compliance issues through review of these documents, review of minutes of meetings and discussions with management. Once we have determined the legal requirements, we design our audit procedures to test compliance through confirmation, examination and inquiry.

Specific Audit Approach

GAAP: Firm Policy vs. Alternative Approaches and Interpretation of Intent

In certain cases, there is not a clear indication of whether an accounting principle is generally accepted in light of a specific set of circumstances. The District may also wish to early implement new GAAP. This may lead to the District wishing to follow an alternative approach or differences in interpretation between the District staff and the audit team. In the event that a transaction, account balance or footnote disclosure is material and there is no pronouncement or other source of established accounting principles on which to rely, professional standards require that adequate justification be documented. We will analyze the situation and research relevant accounting literature. The AICPA Governmental Audit Quality Center, AICPA Employee Benefit Audit Quality Center and the Florida Auditor General may be contacted for guidance. Once we have formulated a plan, we will meet with the District's finance department staff to reach an agreement as to the treatment of the item.

Management Letter Process

Recommendations presented in the management letter are a "value-added" service. From the planning through the reporting phases of the audit, our staff is alert to policies and procedures that could improve the efficiency and effectiveness of your operations. During the process of reviewing the narrative descriptions of your internal control system and performing walk-through observations, we will take note of positive suggestions that may be communicated to you in the management letter. Throughout the performance of the audit procedures and careful analysis of the financial statements and footnotes, we will continue to be alert to situations that warrant attention. We will notify the District with our findings.

Maintaining the Proper Perspective

While almost any type of auditing activity involves a considerable amount of detail, our auditors are constantly alert to the pitfall of becoming too absorbed in the detail aspects of the audit. We do not lose sight of the "big picture". The combination of familiarity with the operations and challenges of a governmental client, an independent viewpoint, and the broad knowledge gained through training and experience, place our auditors in an excellent position to make valuable constructive suggestions to your management.

Identification of Anticipated Potential Audit Challenges

It is expected that any potential audit challenges will relate to new pronouncements by the GASB or statutory changes mandated by the State of Florida. Our firm frequently monitors updates to assure our clients meet the requirements of any such changes.

Report Format

DUFRESNE & ASSOCIATES, CPA, PA CERTIFIED PUBLIC ACCOUNTANTS

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ORANGE PARK, FLORIDA 32067-1179
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DATE

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of _____, as of and for the year ended _____, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Report Format

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 and each major fund of the Entity as of _____, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages _____ - _____ and _____ 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 inquiries 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, on our consideration of the Entity's internal control over financial reporting and on 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 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 Entity's internal control over financial reporting and compliance.

Dufresne & Associates, CPA, PA

Dufresne & Associates, CPA, PA

Report Format

DUFRESNE & ASSOCIATES, CPA, PA
CERTIFIED PUBLIC ACCOUNTANTS

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DATE

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

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 and each major fund of _____, as of and for the year ended _____, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements, and have issued our report thereon dated _____.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Entity'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 Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

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

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

Report Format

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Entity's financial statements are free from 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.

Dufresne & Associates, CPA, PA

Dufresne & Associates, CPA, PA

Additional Data

Bond Issuance and Refunding Experience

In addition to being a CPA for twenty-five years, Linda Dufresne has five years of experience as a paralegal for a municipal bond law firm. As such, our firm has assisted issuers of municipal bonds with preparation of all documents required in connection with the sale and delivery of many types of bonds, including general obligation, special assessment, revenue, and refunding issues. The firm has a strong knowledge base to effectively communicate with bond counsel, underwriters, disclosure counsel, and District officials. Many of our clients issue bonds during the time key personnel of **Dufresne & Associates, CPA, PA** have been their independent auditor and we provide not only the required auditor documents, but expertise in municipal debt as well.

Financial Responsibility

One of our firm's greatest strengths is the financial responsibility we have shown over the twenty-one years we have been in business. Our capitalization level is appropriate for the size of the firm. We have adequate lines of credit to assure continuity of services. Excellent client retention indicates strong and secure market share and continued growth potential.

Business Continuity Management Plan

We are committed to continuing to serve our clients in all circumstances. Audrey Beckmann, our in-house System Administrator and Information Technology Specialist, maintains our hardware and software. We also have clerical staff in charge of maintaining our paper files. In order to protect all documentation, whether electronic or paper, we have put in place a Business Continuity Management Plan. Please see Attachment B for a copy of the plan.

Availability

We recognize the importance of being available to our clients for consultation and discussion under all circumstances, including very short notice. Our record is solid with respect to promptly returning phone calls and e-mails, and scheduling visits when it is to our clients' advantage to have us on-site. It has been our policy to attend selected meetings of our client's governing bodies over the years. In so doing, we are able to keep abreast of the issues and challenges faced by our clients.

Recent, Current and Projected Workload

It has always been our firm's policy to honestly assess our ability to complete any work prior to accepting or continuing an engagement, taking into account staff availability and all client deadlines. We also are committed to the management principle that the size of the firm must be a good match to the size of the client. Our firm consistently maintains its level of commitment successfully completing engagements in a timely manner by remaining true to this philosophy.

We devote the proper amount of effort to meet our client's needs through our consistent adherence to schedules. We analyzed our recent, current and projected workload, which supports our conclusion that our firm has the ability to meet the District's deadlines, along with those of all our clients.

Substandard Audit Work

Dufresne & Associates, CPA, PA does not have a record of substandard audit work.

Additional Data

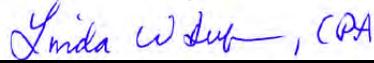
References

Client	Client Contact	Scope of Services	Most Recent Year Total Hours
MuniCap, Inc. 8965 Guilford Road, Suite 210 Columbia MD 21046	Molly Dearstine, M.Ac., L.Ac. Phone: 443-539-4114 molly.dearstine@municap.com	H2O, Heritage Hunt & New Port Community Development Authorities Financial Statement Audits and Arbitrage Rebate Calculations	302
Orange County Housing Finance Authority 2211 E. Hillcrest Street Orlando, FL 32803	Jim Singh Deputy Executive Director/ Chief Financial Officer Phone: 407-894-0014 jsingh@ochfa.com	Special District audit/accounting Arbitrage Rebate Calculations	215
Housing Finance Authority of Broward County 110 NE 3rd Street Fort Lauderdale, FL 33301	Norman Howard Assistant to the Executive Director Phone: 954-357-4925 nhoward@broward.org	Special District audit/accounting Arbitrage Rebate Calculations	324.25

Dollar Cost Proposal

DUFRESNE & ASSOCIATES, CPA, PA
385 STILES AVENUE
ORANGE PARK, FLORIDA 32073
Contact Person: Linda Dufresne, CPA
Phone 904-278-8980 Fax 904-278-4665
linda@dufresnepas.com

I Linda Dufresne, CPA, am entitled to represent the firm, empowered to submit the proposal and authorized to sign a contract with the District.



Signature

Total All-Inclusive Maximum Price

The term of the engagement will be to audit the 2014 fiscal year, with the option to renew annually for up to a total of five years. We agree to provide Flow Way Community Development District with the aforementioned professional auditing services for the following all-inclusive maximum fee:

Flow Way CDD

Request for Proposals – Audit Services

APPENDIX A

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

AUDITED FINANCIAL STATEMENTS

Fee shall include all services, including but not limited to Out-of Pocket expenses, meals and lodging, transportation, printing and binding, telephone, fax, copies.

Fiscal Year 2014	\$5,750
Fiscal Year 2015	\$5,750
Fiscal Year 2016	\$5,750
Fiscal Year 2017	\$5,750
Fiscal Year 2018	\$5,750
TOTAL ALL YEARS	\$28,750

The audit fee quoted above represents a savings of \$3,750 over a five year period as compared to the approved budget.

Note: Please see subsequent page for information regarding **NO COST** arbitrage rebate calculations that, based on the budget, will save the District \$3,000 over the five year contract period.

Dollar Cost Proposal

Manner of Payment

Our financial statement audit fee for year ended September 30, 2014 services will be at our discounted hourly rates with no add-ons for out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) and will not exceed \$5,750. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Final payment is expected upon presentation of the report and delivery of the electronic copy of the working papers. After thirty days if the invoice remains unpaid, interest charges will accrue. After ninety days if the invoice remains unpaid, the account may be turned over to a collection agency. Any costs related to collection will be your responsibility.

In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Rates for Additional Professional Services

No Cost arbitrage rebate calculations!

* In the years Dufresne & Associates, CPA, PA performs the audit services that are not in the same period as a fifth year arbitrage rebate installment computation date, our tax-exempt bond services division, GNP Services, CPA, PA, will **AT NO ADDITIONAL CHARGE** provide a synopsis (Attachment C) that quantifies the arbitrage rebate liability. In the years Dufresne & Associates, CPA, PA performs the audit that are in the same period as a fifth year arbitrage rebate installment computation date, GNP Services, CPA, PA, will provide a full rebatable arbitrage liability report for \$2,000 per bond issue (Attachment D). Based on the District's approved budget amounts, this would be a savings over a 5 year period of \$3,000.

If we are requested, or find it necessary, to perform additional procedures approved by the District related to the items outside the scope of the current year auditing services or to supplement the auditing services, our specific responsibilities will be documented as an addendum to our contract. The discounted hourly rates specified below will apply.

	<u>Standard Hourly Rates</u>	<u>Discounted Hourly Rates</u>
Partner	\$ 150	\$ 112
Audit Manager	\$ 125	\$ 98
Supervisory Staff	\$ 100	\$ 82
Staff	\$ 90	\$ 65

Attachment A

Dufresne & Associates, CPA, PA

Most Recent External Quality Control Review



System Review Report

July 8, 2011

To the Owner of Dufresne & Associates, CPA, P.A.
and the Florida Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Dufresne & Associates, CPA, P.A. (the firm) in effect for the year ended January 31, 2011. 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. 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.

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 of Dufresne & Associates, CPA, P.A. in effect for the year ended January 31, 2011, 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*. Dufresne & Associates, CPA, P.A. has received a peer review rating of *pass*.

Buttner Hammock & Company, P.A.
Buttner Hammock & Company, P.A.

ACCOUNTING SERVICES • TAX PLANNING & PREPARATION • FAMILY BUSINESS CONSULTING
LITIGATION SUPPORT SERVICES • INSURANCE INDUSTRY CONSULTING • FORENSIC ACCOUNTING

4237 Salisbury Road, Suite 100 • Building 1 • Jacksonville, Florida 32216
157 Hampton Point Drive • St. Augustine, Florida 32092
Phone 904-281-0080 • Fax 904-281-0518 • www.bhejax.com

Attachment B

Dufresne & Associates, CPA, PA

Business Continuity Management Plan

Business Continuity Management Plan

Daily Procedures:

Backups/Backup Storage: The Server is backed up using two automated processes. The first process backs up the Server every week night at 11:00 PM to a cassette using the Iomega backup software. This process will backup the last 5 revisions of a file that has been changed. The second process backs up any file that has been changed to temporary storage using the same Iomega backup software. This second process protects the last 9 revisions of a file. Finally, the backup cassettes are stored offsite in a safe by the server administrator.

User Access: User access on the Server has been restricted by the use of group permissions. These permissions allow different user types to access the file that they might need while blocking access to files not needed by that user group.

Monthly Procedures The Server is backed up using a complete system backup. This backup is also written to cassette and is stored offsite in a safe.

Emergency Procedures:

Predictable Events:

Securing the Server: In the event of the occurrence of inclement weather or other predictable hazardous event for which safety precautions are deemed necessary, the following procedures will be followed:

1. An emergency system backup will be run on the Server.
2. The Server will be shut down and secured against possible physical damage either through electrical disconnect and/or offsite storage.
3. All laptop computers will be taken to the residence of the person to whom they are assigned.
4. All desk top computers, office equipment and paper files will remain on site and be reasonably secured against possible physical damage.

Alternative Power Source: In the event of sustained power loss, all office activities will be powered by the onsite backup generator.

Alternative Hardware Source: In the event that the Server is damaged beyond use Dufresne & Associates, CPA, PA has taken the necessary steps to secure a replacement Server in a short turnaround. A temporary substitute Server is stored offsite and will be installed within 24 hours and used until the new Server is available.

System Recovery Process: Dufresne & Associates, CPA, PA will use the backup cassettes to recover any lost files or data.

Document Recovery Process: All issued reports and most supporting documentation are stored electronically, on the Server. When the backup cassettes are restored to the Server, all such electronic information will be immediately available.

Business Continuity Management Plan

Unexpected Catastrophic Events:

Alternative Site Source: In the event that the main site is destroyed by an unexpected catastrophic event, **Dufresne & Associates, CPA, PA** will temporarily commence operations on a site designated by the president. Recovery operations will begin using the alternative hardware source, alternative power source and following the System Recovery Process as needed. All issued reports and most supporting documentation are stored electronically, on the Server. When the backup cassettes are restored to the Server, all such electronic information will be immediately available.

Emergency Contacts:

Linda Dufresne	President	(904) 327-8377
Audrey Beckmann	Server Administrator	(904) 504-4169

Procedures for performing the above emergency backup/recovery tasks can be found in the **Server Standard Operating Procedure** notebook

Attachment C

GNP Services, CPA, PA

Sample Arbitrage Synopsis

DATE

RE: _____
Revenue Bonds, Series ____ (the "Bonds")

Dear _____:

GNP Services, CPA, PA has been requested to compute the Rebtable Arbitrage Liability with respect to the Bonds. All computations included on the attached synopsis are mathematically accurate and have been performed in accordance with the Internal Revenue Code of 1986 and existing applicable Treasury Regulations. We have determined the following:

- The results of our computations indicate that the Bonds have no Rebtable Arbitrage Liability or Yield Reduction Payment Amount for the period beginning _____ (the "Issue Date"), and ending _____ (the "Computation Date").
- The next full report will be provided for the period ending on the _____ Installment Computation Date.

If you have questions regarding this letter, or any other concerns, please call (800) 428-8996 or (904) 278-8980.

Very truly yours,

GNP Services, CPA, PA

Enclosure

cc:

SYNOPSIS OF COMPUTATION RESULTS

As of the Computation Date

DATE

Revenue Bonds, Series

Current Computation Period	
Fund 1	\$ 10,000,000.00
Fund 2	2,000,000.00
Computation Date Credit(s)	(1,620.00)
	<hr/>
Current Computation Period Total Rebatable Arbitrage Liability	\$ 11,998,380.00
	<hr/> <hr/>
Cumulative Computation Period	
Current Computation Period Total Rebatable Arbitrage Liability	\$ 11,998,380.00
Future Value of Rebatable Arbitrage Liability Reported at 4/18/13	(25,445.20)
	<hr/>
Cumulative Rebatable Arbitrage Liability	\$ 11,972,934.80
	<hr/> <hr/>

Gross Proceeds Subject to Arbitrage Rebate Remaining As of the Computation Date

Fund 1	\$ 6,000,000.00
Fund 2	1,500,000.00
Debt Service Fund(s)	4,000,000.00
	<hr/>
Total	\$ 11,500,000.00

Gross Proceeds Subject to Yield Restriction Remaining As of the Computation Date

Fund 1	\$ 500,000.00
Program Investment(s)	450,000.00
	<hr/>
Total	\$ 500,000.00

Attachment D

GNP Services, CPA, PA

Full Rebutable Arbitrage Liability Report

Revenue Bonds, Series _____

Installment Date Computation

For the period July 20, 1999 through July 20, 2014

DATE

RE: Installment Date Computation

Dear _____:

GNP Services, CPA, PA has been requested to compute the Rebatable Arbitrage Liability with respect to the _____ Revenue Bonds, Series _____. All computations included herein are mathematically accurate and have been performed in accordance with the Internal Revenue Code of 1986 and existing applicable Treasury Regulations. All capitalized terms are defined in the attached report.

- There is **no** Rebatable Arbitrage Liability or Yield Reduction Payment Amount for the Cumulative Computation Period. Accordingly, there is no amount due to the U.S. Government as of the Current Installment Computation Date.
- The Debt Service Funds and any other replacement proceeds must be analyzed for each Bond Year to determine whether they are exempt from rebate requirements.
- The next Installment Computation Date is July 20, 2019.

Please see attached supporting schedules for further details. If you have questions regarding this report, or any other concerns, please call (800) 428-8996 or (904) 278-8980.

Very truly yours,

GNP Services, CPA, PA

Enclosure

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SYNOPSIS OF COMPUTATION RESULTS	
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Computation of Arbitrage Yield - Yield Period 2	B
Future Value of Prior Rebatable Arbitrage Liability	C
Debt Service Funds Analysis	D

Definitions

Arbitrage Yield - The semiannual discount rate at which the present value of payments of principal and interest equals the par amount of the bonds adjusted as follows: if applicable, plus accrued interest and original issue premium, and less original issue discount, cost of credit enhancement and/or reserve surety.

Bona Fide Debt Service Fund - A fund that is used primarily to achieve a proper matching of revenues with principal and interest payments within each bond year and that may be excluded from the Rebatable Arbitrage Liability computation if the requirements specified in the Code and Regulations for the Bona Fide Debt Service Fund exception are met.

Bond Documents - Non-Arbitrage Certificate and IRS Form 8038 executed as of the Issue Date, IRS Form 8038-T and information regarding the investment and expenditures of gross proceeds and debt service. Nothing has come to our attention that has led us to conclude that any of the information included in these documents has been affected by events or circumstances occurring after their respective dates.

Bonds - _____
_____ Revenue Bonds, Series _____

Code and Regulations - Section 148(f) of the Internal Revenue Code of 1986 and existing applicable Treasury Regulations

Cumulative Computation Period - The period beginning on the Issue Date and ending on the Current Installment Computation Date

Cumulative Rebatable Arbitrage Liability - The Rebatable Arbitrage Liability for the Cumulative Computation Period

Current Computation Period - The period beginning on July 20, 2009 and ending on the Current Installment Computation Date

Current Installment Computation Date - July 20, 2014

Debt Service Funds - The Bond Fund - Series 1999A and Bond Fund - Series 1999B

Installment Computation Dates - Any date not later than the fifth anniversary of the Issue Date of the Bonds and each subsequent fifth year thereafter. For the Bonds, the Installment Computation Dates are July 20, 2004 and each subsequent fifth July 20 thereafter.

Issue Date - July 20, 1999

Issuer - _____ District

Prior Computation Date - July 20, 2009

Prior Rebtable Arbitrage Liability - The Rebtable Arbitrage Liability calculated as of the Prior Computation Date

Rebtable Arbitrage Liability - The excess of receipts over payments calculated in accordance with the Code and Regulations

Rebtable Arbitrage Liability Payment Due Date - The date that is no later than sixty days past each Installment Computation Date

Yield Reduction Payment Amount - The payment amount made to the federal government in order to reduce the yield on investment of Bond proceeds to meet yield restriction requirements under the Internal Revenue Code

Yield Period 1 - The period from July 20, 2009 through July 20, 2011

Yield Period 2 - The period from July 20, 2011 through July 20, 2014

Summary of Bond Document Representations and Related Conclusions

Representations

- The Bond Documents state the following:
 - The Bonds were issued on July 20, 1999.
 - The Debt Service Funds **are** expected to meet the requirements of a Bona Fide Debt Service Fund.
 - The Bonds bear interest at a variable rate.
 - The Bonds were issued for the purpose of financing the acquisition of certain land and the construction of a pilot training facility and the acquisition and installation of pilot training aircraft simulators, all to be located adjacent to the Miami International Airport.

Related Conclusions

- We have concluded the following:
 - The Bonds are subject to the 1993 Regulations. New regulations or rulings that apply to the Bonds may be enacted. If so, it should be determined that the computation of the Rebtable Arbitrage Liability complies with any applicable changes.
 - The next Rebtable Arbitrage Liability Payment Due Date is September 18, 2019, assuming an Installment Computation Date of July 20, 2019.
 - The **Debt Service Funds have** been appropriately **excluded from** the Rebtable Arbitrage Liability computation because **they met** the Bona Fide Debt Service Fund exemption requirements.

- The Arbitrage Yield - Yield Period 1 is calculated to be 0.522936% based on the Bond debt service transaction data provided to us.
- The Arbitrage Yield - Yield Period 2 is calculated to be 0.149834% based on the Bond debt service transaction data provided to us.

Assumptions

- Certain Bond documents, financial records and other materials relevant to the computation of the Rebatable Arbitrage Liability have been provided to us by various parties. Nothing has come to our attention to lead us to conclude that any of the information provided includes errors or omissions; therefore we have assumed that all information included in the materials provided to us is accurate and complete.
- We have assumed that all transaction activity provided to us is includable in the computation of the Rebatable Arbitrage Liability under the Code and Regulations.
- We have assumed the financial schedules and information provided with respect to the proceeds is accurate in all respects, including dates and amounts of the cash flow transactions. We further assumed that a current cash outlay occurred no later than 5 banking days after the date on which the allocation of gross proceeds to an expenditure was made.

Sources and Uses

Sources

Principal - Series 1999A	\$ 21,500,000.00
Principal - Series 1999B	21,500,000.00
Total	\$ 43,000,000.00

Uses

Construction Fund - Series 1999A	\$ 21,500,000.00
Construction Fund - Series 1999B	21,500,000.00
Total	\$ 43,000,000.00

Conclusions

Rebatable Arbitrage Liability

The Prior Rebatable Arbitrage Liability future valued to the **Current Installment Computation Date** plus the computation date credits results in a Cumulative Rebatable Arbitrage Liability in the **negative** amount of **\$(14,598.73)**. Further, the Debt Service Funds **have** been appropriately **excluded from** the Rebatable Arbitrage Liability computation during the **Current** Computation Period because **they met** the Bona Fide Debt Service Fund exemption requirements. Therefore no payment is due as of the **Current Installment Computation Date**.

No gross proceeds other than the Debt Service **Funds** were allocable to the Bonds during the Current Computation Period.

Record Keeping Requirements

Records evidencing the transaction data used to calculate arbitrage rebate and yield restriction amounts must be maintained until three years after the last outstanding bond of the issue is redeemed. This report, and documentation we maintain in our files, cannot be relied upon to meet the record retention requirement.

Potential Refund of Overpayment

Computation of Rebatable Arbitrage Liability on future installment computation dates may result in a negative liability indicating the possibility that an overpayment has occurred. In that event, the Issuer may be eligible to file a request for a refund.

Supporting Schedules

SYNOPSIS OF COMPUTATION RESULTS

As of the Current Installment Computation Date

DATE

Revenue Bonds, Series

Current Computation Period	
Debt Service Funds (*)	\$ -
Computation Date Credits	(7,842.69)
Current Computation Period Total Rebatable Arbitrage Liability	\$ (7,842.69)
Cumulative Computation Period	
Current Computation Period Total Rebatable Arbitrage Liability	\$ (7,842.69)
Future Value at 7/20/14 of Rebatable Arbitrage Liability Reported as of 7/20/09	(6,756.04)
Cumulative Rebatable Arbitrage Liability	\$ (14,598.73)

(*) The Debt Service Funds met the requirements of a Bona Fide Debt Service Fund and are therefore exempt from rebate for the Current Computation Period.

Schedule A
Rebatable Arbitrage Liability Computation
Computation of Arbitrage Yield - Yield Period 1

Revenue Bonds, Series

		Target Value/Yield	
Issue Date	20-Jul-99	Total Principal	\$ 40,440,000.00
Beginning Date	20-Jul-09	Total Interest and Fees	422,549.01
Computation Date	20-Jul-11	Adjusted Price	\$ 40,440,000.00
		Yield	0.522936%

Date	Series 1999A Interest	Series 1999B Interest	Series 1999A Principal	Series 1999B Principal	Total Debt Service	Present Value
20-Jul-09	\$ (10,685.32)	\$ (10,695.67)	\$ -	\$ -	\$ (21,380.99)	\$ (21,380.99)
02-Oct-09	35,558.53	35,593.71			71,152.24	71,077.96
04-Jan-10	30,608.45	30,638.76			61,247.21	61,101.67
01-Apr-10	27,003.88	27,030.61			54,034.49	53,838.09
01-Jul-10	25,835.57	25,861.13			51,696.70	51,441.59
04-Oct-10	26,643.95	26,670.32			53,314.27	52,979.65
03-Jan-11	26,666.15	26,692.54			53,358.69	52,955.38
01-Apr-11	25,121.30	25,146.15			50,267.45	49,823.86
01-Jul-11	21,644.07	21,665.50			43,309.57	42,871.37
20-Jul-11	2,773.32	2,776.06	20,210,000.00	20,230,000.00	40,445,549.38	40,025,291.42

Schedule B
Rebatable Arbitrage Liability Computation
Computation of Arbitrage Yield - Yield Period 2

Revenue Bonds, Series

			Target Value/Yield		
Issue Date	20-Jul-99		Total Principal	\$	40,440,000.00
Beginning Date	20-Jul-11		Total Interest and Fees		181,653.77
Computation Date	20-Jul-14		Adjusted Price	\$	40,440,000.00
			Yield		0.149834%

Date	Series 1999A Interest	Series 1999B Interest	Series 1999A Principal	Series 1999B Principal	Total Debt Service	Present Value
20-Jul-11	\$ (2,773.32)	\$ (2,776.06)	\$ -	\$ -	\$ (5,549.38)	\$ (5,549.38)
03-Oct-11	13,720.65	13,734.18			27,454.83	27,446.49
03-Jan-12	9,984.55	9,904.36			19,888.91	19,875.43
02-Apr-12	8,144.75	8,152.79			16,297.54	16,280.46
02-Jul-12	12,120.51	12,132.47			24,252.98	24,218.50
01-Oct-12	9,779.24	9,788.85			19,568.09	19,533.03
02-Jan-13	10,270.69	10,280.84			20,551.53	20,506.94
01-Apr-13	6,184.86	6,190.97			12,375.83	12,344.41
01-Jul-13	8,194.75	8,202.88			16,397.63	16,349.88
01-Oct-13	3,527.10	3,530.59			7,057.69	7,034.50
02-Jan-14	3,925.74	3,929.65			7,855.39	7,826.62
01-Apr-14	2,596.81	2,599.47			5,196.28	5,175.33
01-Jul-14	4,269.02	4,273.26			8,542.28	8,504.65
20-Jul-14	881.65	882.52	20,210,000.00	20,230,000.00	40,441,764.17	40,260,453.14

Schedule C
 Rebatable Arbitrage Liability Computation
 Future Value of Prior Rebatable Arbitrage Liability

Revenue Bonds, Series

Issue Date 20-Jul-99
 Beginning Date 20-Jul-09
 Computation Date 20-Jul-14

Arbitrage Yield	Rebatable Arbitrage Liability as of 20-Jul-09	Number of days future valued 20-Jul-09 - 20-Jul-11	Future Value at 20-Jul-11 of Rebatable Arbitrage Liability as of 20-Jul-09
0.522936%	\$ (6,655.87)	720	\$ (6,725.76)

Arbitrage Yield	Rebatable Arbitrage Liability as of 20-Jul-11	Number of days future valued 20-Jul-11 - 20-Jul-14	Future Value at 20-Jul-14 of Rebatable Arbitrage Liability as of 20-Jul-11
0.149834%	\$ (6,725.76)	1,080	\$ (6,756.04)

Schedule D
Rebatable Arbitrage Liability Computation
Debt Service Funds Analysis

Revenue Bonds, Series

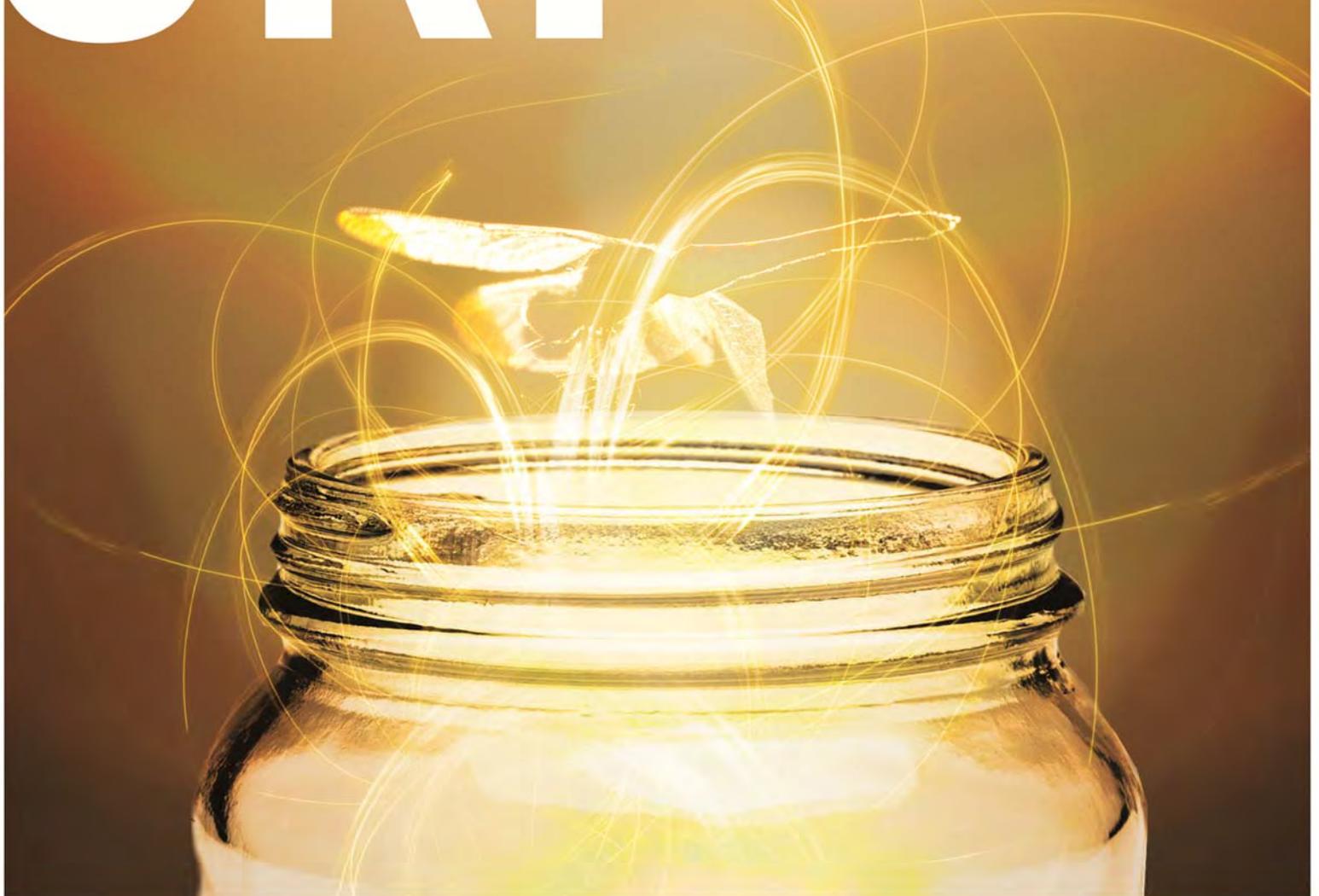
Issue Date 20-Jul-99
Beginning Date 20-Jul-09
Computation Date 20-Jul-14

Date	Principal & Interest Payments	Annual Allowable Carryover	Lowest Debt Service Funds balance in each Bond Year	Annual Debt Service Funds Earnings
20-Jul-09	\$ (21,380.99)	\$ -	\$ -	\$ -
02-Oct-09	71,152.24			
04-Jan-10	61,247.21			
01-Apr-10	54,034.49			
01-Jul-10	51,696.70			
20-Jul-10		18,062.47	0.00	0.00
04-Oct-10	53,314.27			
03-Jan-11	53,358.69			
01-Apr-11	50,267.45			
01-Jul-11	43,309.57			
20-Jul-11		16,687.50	0.00	0.00
03-Oct-11	27,454.83			
03-Jan-12	19,888.91			
02-Apr-12	16,297.54			
02-Jul-12	24,252.98			
20-Jul-12		7,324.52	0.00	0.00
01-Oct-12	19,568.09			
02-Jan-13	20,551.53			
01-Apr-13	12,375.83			
01-Jul-13	16,397.63			
20-Jul-13		5,741.09	0.00	0.00
01-Oct-13	7,057.69			
02-Jan-14	7,855.39			
01-Apr-14	5,196.28			
01-Jul-14	8,542.28			
20-Jul-14	1,764.17	2,534.65	0.00	0.00

Bond Year End	Requirement Met (yes/no)	
	Balance < Allowable Carryover	Earnings < \$100,000
20-Jul-10	yes	yes
20-Jul-11	yes	yes
20-Jul-12	yes	yes
20-Jul-13	yes	yes
20-Jul-14	yes	yes

CRI

Helping You Shine
by Illuminating Solutions



professional services

PROPOSAL FOR

Flow Way Community
Development District

October 21, 2014

PROPOSER

Carr, Riggs & Ingram, LLC
500 Grand Boulevard, Suite 210
Miramar Beach, FL 32550
(850) 837-3141



CRI CARR
RIGGS &
INGRAM
CPAs and Advisors

CRIcpa.com | blog.cricpa.com

SUBMITTED BY

Stephen C. Riggs, IV
Engagement Partner
SCRiggs@cricpa.com

K. Alan Jowers
Concurring Partner
AJowers@cricpa.com



Dear Audit Selection Committee:

Carr, Riggs & Ingram, LLC (CRI) appreciates the opportunity to propose on auditing services to Flow Way Community Development District (the "District"). We are genuinely excited about the prospect of serving you and establishing a long-term relationship. We pride ourselves on getting to know our clients and illuminating solutions by providing innovative **IDEAS** to move them from compliance to providing them a competitive advantage.

I **vestment in You.** We believe in developing long-term, mutually beneficial relationships and quickly demonstrating value with a fee structure and service solutions that provide immediate and continued savings. Our investment starts on "Day 1" as your assigned team begins with our proven, streamlined process that minimizes your time and disruption during the service provider change and continues throughout the relationship.

D **edicated Team.** CRI's team consists of more than 1,200 professionals, which allows us to tailor your service team by aligning their industry, service, and specialty skills with your needs. Our dedicated teams deliver the highest level of business acumen and knowledge to your organization; our commitment to consistent staffing allows you to maximize savings and remain focused on your needs.

E **quilibrium.** CRI delivers big firm expertise with small firm service. Of approximately 45,000 public accounting firms in the United States, CRI currently ranks among the top 25. Leveraging these resources while maintaining local decision-making authority means that simplified solutions are only a phone call away. And we believe that's the best of both worlds for our clients.

A **ctive Partner Participation.** Collectively, our partners deliver expertise derived from more than 4,200 years of business experience. With this level of talent, we thoughtfully choose a partner that aligns with your business' needs and industry. Our hands-on, working partners "show up" to convey our genuine commitment to your success. They strive to earn trusted advisor roles by digging in, proactively learning your business, and producing long-term value for you.

S **implified Solutions.** Having partners with approximately 200 cumulative partner certifications and designations is an impressive statistic, but we measure our success by our ability to translate complex concepts into easily understandable solutions for our clients. While accounting is the language of business, we're here to decipher the jargon and help you make educated decisions.

We welcome the opportunity to demonstrate to you the same teamwork, expertise, and responsiveness that have made us one of the fastest growing public accounting firms in the United States over the past ten years. Please contact me with any questions. Again, we appreciate your consideration.

Sincerely,

Stephen Riggs IV, CPA
Engagement Partner



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UNDERSTANDING & MEETING YOUR NEEDS

From the RFP, we understood your team to express the following needs, requests, and/or issues. We've detailed our proposed solutions below and are happy to discuss other related projects as they arise and upon request.

NEEDS & ISSUES		SOLUTIONS & SERVICES
Technical	The District is required to have independent audits performed on its financial statements.	Perform external audit services in accordance with auditing standards generally accepted in the United States of America (GAAS), in order to express an opinion on the District's financial statements.
Relational	The District's Board of Supervisors and management expect open and continuous communication with their CPA firm in order to avoid surprise findings at the end of the audit.	<ul style="list-style-type: none">• Communicate contemporaneously and directly with management regarding the results of our procedures.• Anticipate and respond to concerns of management and/or the Audit Committee (if/when formed).

YOUR SERVICES & FEES



We value creating mutually-rewarding, long-term relationships with our clients. Our goal is to provide high quality, responsive service that yields returns far greater than your investment in our professional fees. Please find below our proposal of fees to provide the requested services for the upcoming five respective fiscal years.

SERVICE	CRI FEES				
	2014	2015	2016	2017	2018
Perform external audit services in accordance with auditing standards generally accepted in the United States of America (GAAS)	\$6,000	\$6,100	\$6,200	\$6,300	\$6,400

If the District requests additional services outside of this proposal, professional fee hourly rates are as follows, but may be negotiated depending on the project request:

CLASSIFICATION	HOURLY RATE
Partner	\$225
Manager	\$140
Senior	\$100
Staff	\$80
IT Specialist	\$200
Fraud Specialist	\$200



FIRM PROFILE

1997

Year Founded

42

Offices

185

Partners

1200+

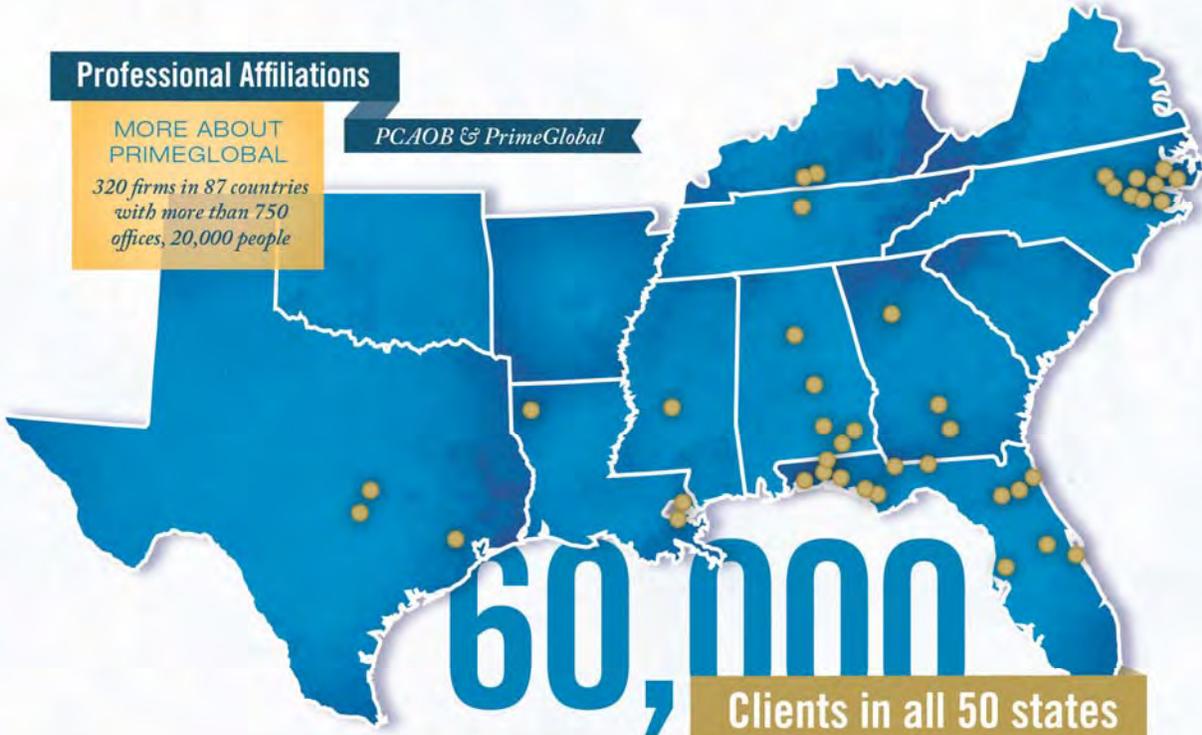
Professionals

Professional Affiliations

MORE ABOUT PRIMEGLOBAL

320 firms in 87 countries with more than 750 offices, 20,000 people

PCAOB & PrimeGlobal



60,000

Clients in all 50 states

plus Canada, Puerto Rico, and overseas military installations

Professional Organization Membership

American Institute of Certified Public Accountants (AICPA) Alliance for CPA firms

AICPA Private Companies Practice Section

Center for Audit Quality (CAQ)

Employee Benefit Plan Audit Quality Center of the AICPA

Governmental Audit Quality Center of the AICPA

Information Systems Audit and Control Association (ISACA)

Institute of Internal Auditors (IIA)

Public Company Accounting Oversight Board (PCAOB)

200

Total Partner Designations

24 are different

- | | | |
|-----|------|-------|
| CPA | CFE | CISA |
| CIE | PFS | CTGA |
| ABV | CVA | CGFM |
| CFE | CMA | FAHM |
| CFF | CAM | MCSE |
| AEP | MCP | Cr.FA |
| CFE | CITP | CGET |
| GFP | CFSA | CCIFP |

Current Ranking: 22nd in the U.S.



GOVERNMENTAL CREDENTIALS

Audit **450+** governmental entities
across the South with annual revenues totaling **\$22** billion

Our
GOVERNMENTAL
stats

1,000+ years
combined governmental partner expertise



Municipality clients of up to **\$550** million in annual total revenues

CPA
CGFM
CITP
CFE
9

Different Governmental Partner Designations

Perform Single Audits for approximately
30% of all governmental clients



CMA
CISA
CGEIT
CTGA
CFF

During the 7 years we have worked with Carr, Riggs & Ingram, I have found that their team has tremendous expertise in local government financial operations. They have demonstrated a keen understanding of our risks and worked with our city officials to develop sensible solutions to mitigate those risks. Moreover, they have provided us with a number of suggested "best practices" in day-to-day operations and have helped document the way we do things. I can say without question that Carr, Riggs & Ingram has truly made a measurable difference for the City of Moultrie and its finance department. I would recommend them for any work for which they are under consideration.

– Gary McDaniel, Finance Director
City of Moultrie, Georgia



RELEVANT EXPERIENCE

CRI delivers a depth of resources that ensures our understanding of your challenges and innovative solutions for overcoming them. Our governmental team’s 1,000+ years of combined experience is derived from providing audit and accounting outsourcing services to a client base that includes:

- 450+ governmental entity clients across the South totaling approximately \$22 billion in total revenues,
- Perform single audits for approximately 30% of all governmental clients,
- Municipality clients of up to \$550 million in total revenues, and
- Audit clients expending nearly \$6 billion in federal funds annually.

We parlay this vast experience and derived best practices into proven solutions that benefit you.

Below we share specific, relevant client references; we encourage you to consult with them.

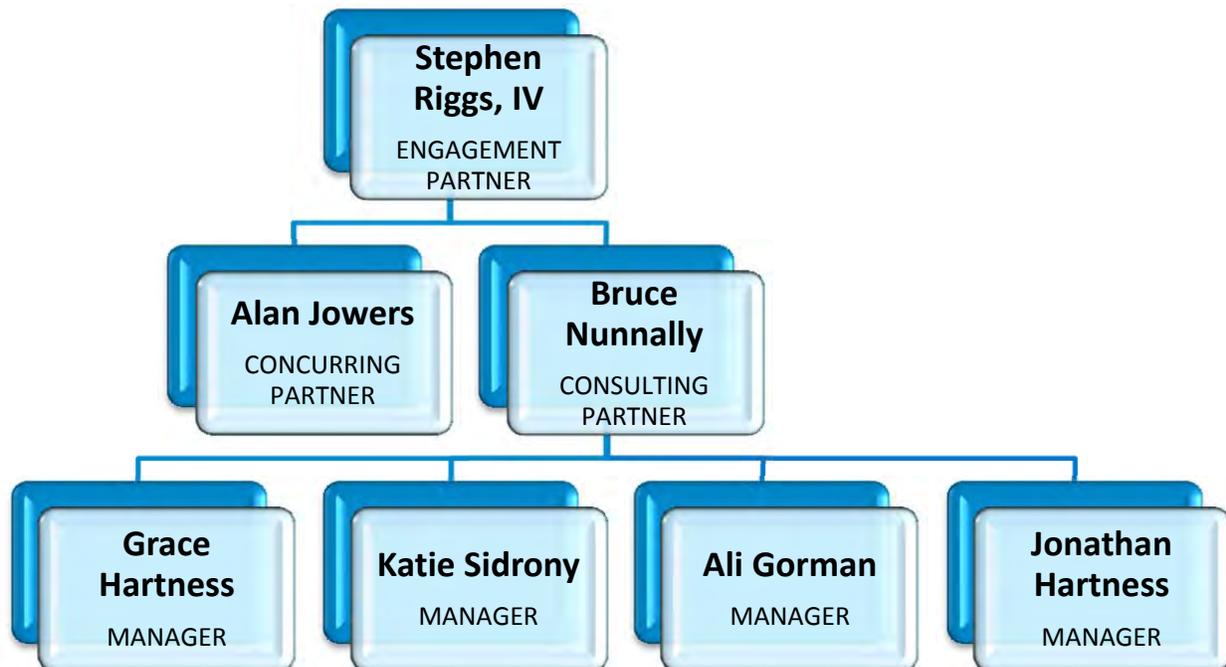
RELATIONSHIP	TIMELINE	SERVICE DESCRIPTION	RELEVANT POINTS TO CONSIDER
Rizzetta & Company Shawn Wildermuth 3434 Colwell Avenue Suite 200 Tampa, FL 33614 813.933.5571	2006 – Present	Annual Financial Statement Audits of Multiple CDDs	<ul style="list-style-type: none"> • Client service experience • Responsiveness to client needs • Long-term relationship • CDD management co.
GMS, LLC Dave DeNagy 14785 Old St. Augustine Road, Suite 4 Jacksonville, FL 32258 904.288.9130	2006 – Present	Annual Financial Statement Audits of Multiple CDDs	<ul style="list-style-type: none"> • Client service experience • Responsiveness to client needs • Long-term relationship • CDD management co.
DMS Brian Lamb 5680 W. Cypress Street Suite 5680A Tampa, FL 33607 813.873.7300	2006 – Present	Annual Financial Statement Audits of Multiple CDDs	<ul style="list-style-type: none"> • Client service experience • Responsiveness to client needs • Long-term relationship • CDD management co.
Wrathell, Hart, Hunt & Associates, LLC Jeffrey Pinder 6131 Lyons Road Suite 100 Coconut Creek, FL 33073 877.276.0889	2006 – Present	Annual Financial Statement Audits of Multiple CDDs	<ul style="list-style-type: none"> • Client service experience • Responsiveness to client needs • Long-term relationship • CDD management co.
Fishkind & Associates Jennifer Glasgow 12051 Corporate Blvd. Orlando, FL 32817 407.382.3256	2007 – Present	Annual Financial Statement Audits of Multiple CDDs	<ul style="list-style-type: none"> • Client service experience • Responsiveness to client needs • Long-term relationship • CDD management co.



YOUR SOLUTION TEAM

We have assembled a team of professionals who will ensure the highest level of personal dedication and professional excellence to you. Our team delivers exceptional services through a balanced blend of skills (service-driven, industry-specific, technical, and business) and experience that we know are important to you.

Brief profiles of each member of the team identified below follow on subsequent pages.





Stephen Riggs Engagement Partner

(850) 337-3548 phone
(850) 855-7789 mobile

SCRiggs@cricpa.com

Representative Clients

- Bainebridge CDD
- CFM CDD
- Gramercy Farms CDD
- Heritage Harbour North CDD
- River Hall CDD
- Tern Bay CDD
- Waterlefe CDD
- City of Key West, Florida – Internal Audit and Forensic
- Okaloosa County Sheriff's Office
- Bahama Conch Community Land Trust – Internal Audit and Forensic

Experience

Stephen has over 11 years accounting and audit experience, including three years with the international public accounting firm, Ernst & Young, LLP. His experience includes numerous clients in industries including governmental, not-for-profit, healthcare, SEC and privately held corporations.

Stephen is licensed to practice as a certified public accountant in Florida. He is a member of the State and local Governmental section of the Florida Institute of Certified Public Accountants and exceeds all continuing professional education requirements related to *Government Auditing Standards*.

He is currently a partner on engagements for many special districts in the State of Florida, including community development districts, fire districts and school districts. In addition to his public accounting experience, Stephen has served on the Board of Directors for a Community Development District and a non-profit organization.

Education, Licenses & Certifications

- Masters of Accountancy, University of West Florida
- BA, Economics, University of Florida
- Certified Public Accountant

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Past President, Emerald Coast Chapter of Florida Institute of Certified Public Accountants (FICPA)



K. Alan Jowers Concurring Partner

(850) 337-3213 phone
(850) 855-3503 mobile

AJowers@cricpa.com

Representative Clients

- Boggy Creek Improvement District
- Brighton Lakes CDD
- Capital Region CDD
- Celebration CDD
- Durbin Crossing CDD
- Hammock Bay CDD
- Lakeside Plantation CDD
- New River CDD
- Pier Park CDD
- Shingle Creek CDD
- University Square CDD
- Okaloosa Gas District
- Santa Rosa Island Authority
- City of Destin, Florida
- Okaloosa County District School Board
- Santa Rosa County District School Board

Experience

Alan has almost 20 years' experience in public accounting, primarily in financial statement attestation engagements. He is responsible for audits, reviews, and compilations of local governmental entities, condominium and homeowner associations, non-profit organizations and nonpublic companies. Prior to CRI, Alan worked in the Atlanta office of a large regional accounting firm.

Alan is licensed to practice as a certified public accountant in the states of Florida and Georgia. He is a member of the State and Local Governmental section and the Common Interest Realty Association section of the Florida Institute of Certified Public Accountants and exceeds all continuing professional education requirements related to *Government Auditing Standards*. He is currently a partner on engagements for over 75 governmental engagements in the State of Florida, including community development districts, fire districts and school districts.

Alan has been with CRI since 1999.

Education, Licenses & Certifications

- Masters of Accountancy, University of Alabama
- BS, Accounting, Florida State University
- Certified Public Accountant

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Governmental Finance Officers Association (GFOA)



Bruce Nunnally Consulting Partner

(850) 337-3203 phone
(850) 855-7686 mobile

BNunnally@cricpa.com

Representative Clients

- Escambia County Internal Audit
- Okaloosa County Sheriff's Office
- Okaloosa County School District
- City of Destin, Florida
- City of Mary Esther, Florida
- Regional Utilities
- CHELCO

Experience

Bruce Nunnally, Firm Director of Auditing for CRI, has over 20 years of public accounting experience, including over 10 years with the international public accounting firm, Ernst & Young, LLP.

Currently, Bruce serves as Engagement Partner on 11 significant governmental audit engagements which encompass more than 50% of his client responsibility time, and, as Firm Director of Audits, Bruce holds the ultimate responsibility for the technical aspects of the Firm's financial statement audits. Bruce has extensive experience in reviewing financial and internal controls of governmental entities, and serves as technical reviewer on over 50 governmental audits.

Bruce is a nationally sought-after lecturer and serves as an instructor of accounting and auditing issues for the American Institute of Certified Public Accountants. He has presented accounting and auditing continuing education classes for a quarter of the top 30 CPA firms in the U.S. Before Bruce was recognized as a national speaker, he was awarded by the Florida Institute of Certified Public Accountants as the "Outstanding Discussion Leader" in 2000.

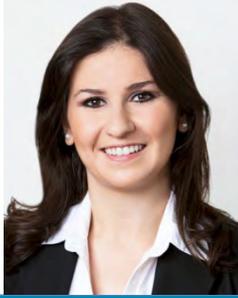
Bruce has been a partner with CRI since its inception.

Education, Licenses & Certifications

- BS, Accounting, summa cum laude, Harding University
- Certified Public Accountant

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Governmental Finance Officers Association (GFOA)
- Florida Government Finance Officers Association (FGFOA)



Grace Hartness
Manager

(850) 337-3243 phone

GHartness@cricpa.com

Representative Service Areas

- Community Development Districts
- Condominium and Homeowner Associations
- Utility Services
- School Districts
- County and Local Governments
- Non-Profit Organizations

Experience

Grace has over eight years accounting and audit experience with CRI. She has worked on several major construction companies, government entities, community development districts, condominium and homeowner associations and non-profit organizations. In addition, she has been involved in special audit projects for the Miami-Dade Airport Authority.

Grace is licensed to practice as a certified public accountant in Florida and exceeds all continuing professional education requirements related to Government Auditing Standards. In addition, Grace fluently speaks several languages including French and Arabic.

Grace currently supervises engagements for many special districts in the State of Florida including community development districts and school districts. She is active in our firm's condominium and homeowner association practice.

Grace started with CRI in August 2006, upon completion of her master's degree, and was promoted to manager in 2011.

Education, Licenses & Certifications

- MAcc, Accounting, University of West Florida
- Certified Public Accountant
- Community Association Manager (CAM), Licensed in Florida

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- American Society of Women Accountants (ASWA)



Katie Sidrony
Manager

(850) 337-3206 phone

KSidrony@cricpa.com

Representative Service Areas

- Community Development Districts
- Condominium and Homeowner Associations
- County and Local Governments
- Non-Profit Organizations
- Privately-held corporations

Experience

Katie has over seven years accounting and audit experience with CRI. She is in-charge of fieldwork on audits of clients in a variety of industries including governmental entities, condominium and homeowner associations, non-profit organizations and privately-held corporations.

Katie is licensed to practice as a certified public accountant in Florida. She is a member of the Florida Institute of Certified Public Accountants and exceeds all continuing professional education requirements related to Government Auditing Standards.

Katie currently supervises engagements for many special districts in the State of Florida including community development districts, fire districts, utility districts and school districts. She is active in our firm's condominium and homeowner association practice.

Education, Licenses & Certifications

- Master of Business Administration, Troy University
- BSBA, Professional Accountancy, University of West Florida
- Certified Public Accountant
- Community Association Manager (CAM), Licensed in Florida

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)



Ali Gorman
Manager

(850) 337-3254 phone

AGorman@cricpa.com

Representative Service Areas

- Community Development Districts
- Condominium and Homeowner Associations
- Utility Services
- School Districts
- County and Local Governments
- Non-Profit Organizations

Experience

Ali has over seven years auditing and accounting experience in both the Tallahassee and Destin offices of CRI. She is an audit manager with primary responsibility for fieldwork and reporting on audits of clients in a variety of industries including local governmental and non-profit entities as well as financial institutions and commercial businesses. She is currently the audit manager for over 25 community development districts, and works with several CDD management companies in the State of Florida.

Ali is licensed to practice as a Certified Public Accountant in Florida. She is a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants. She exceeds all continuing professional education requirements related to *Government Auditing Standards*.

Ali currently supervises engagements for many governmental entities in the State of Florida including community development districts, municipalities, utility districts, and other special governments. She is active in our firm's governmental industry line as well as the condominium and homeowner association practice. In addition, Ali has performed many single audits of federal grants under OMB Circular A-133.

Education, Licenses & Certifications

- BS, Accounting, Florida State University
- Certified Public Accountant
- Community Association Manager (CAM), Licensed in Florida

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)



Jonathan Hartness
Manager

(850) 337-3569 phone

JHartness@cricpa.com

Representative Service Areas

- Community Development Districts
- Condominium and Homeowner Associations
- Utility Services
- School Districts
- County and Local Governments
- Non-Profit Organizations

Experience

Jonathan has over seven years auditing and accounting experience with CRI. He is an audit manager with primary responsibility for fieldwork and reporting on audits of clients in a variety of industries including local governments, utility companies, condominium and homeowner associations, and small businesses. He is currently the audit manager for over 20 community development districts and works with several CDD management companies in the State of Florida.

Jonathan is licensed to practice as a Certified Public Accountant in Florida. He is a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants. He exceeds all continuing professional education requirements related to *Government Auditing Standards*.

Jonathan currently supervises engagements for many governmental entities in the State of Florida including community development districts. He is active in our firm's governmental industry line as well as our condominium and homeowner association practice. Jonathan is an integral part of our community development district practice.

Education, Licenses & Certifications

- MAcc, Accounting, University of West Florida
- Certified Public Accountant
- Community Association Manager (CAM), Licensed in Florida

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)



TECHNICAL TRAINING CRI'S CPE WEEK

You expect your service team to be up-to-date regarding hot topics in the following service areas:

- Accounting
- Attestation & Auditing
- Business Consulting
- Tax

Our firm professionals gather annually for "CPE Week," a continuing professional education series designed to provide needed technical updates to keep our teams informed of the latest from the various and relevant standard setters. Additionally, it provides a forum for our professionals to share best practices – ensuring that you receive the benefit of expertise from our firm's professionals.

LEADERSHIP TRAINING CRI'S LEADERSHIP ACADEMY

In today's world of constant communication, business skills are as important as technical expertise. Building the next generation of leaders is key to our success and essential for excellent client service. Therefore, we make a unique investment in our professionals through the CRI Leadership Academy, which is designed to provide training on the "soft skills" of business leadership including, but not limited to, teamwork, time and project management, business writing, communication, presentation, and our core values of client service, respect, and integrity.

OUR PEOPLE

The quality of a professional services firm is determined by its people and the firm's investment in them. To ensure the highest possible level of quality for every client, we employ carefully designed protocols for recruiting, developing, promoting, and supervising our staff. Our comprehensive, formalized training programs focus on five areas of development training: technical, leadership, ongoing, role/responsibility, and specialty.

ONGOING TRAINING

By virtue of the profession, accounting is an apprenticeship model. CRI's senior level management embraces this approach by leading and utilizing engagements teams that provide the proper mix of industry, service, and overall experience. This model ensures that all supervising, mentoring, and coaching are tailored to each individual's requirements and needed timetable.

SPECIALTY TRAINING

Just as every business is different, so are the accounting best practices for each industry and specialty service. Because of these differences, we deliver progressive training courses that address the current accounting issues affecting our clients served by our industry and specialty service teams, such as:

- Business Valuations
- International Accounting & Tax
- IT Audit & Assurance
- Employee Benefit Plan (EBP) Audits
- Forensic Accounting
- Service Organization Controls (SOC)
- SEC/PCAOB
- Financial Institutions & Insurance
- Construction
- Governmental & Not-for-Profits
- Healthcare

ROLE/RESPONSIBILITY TRAINING

In addition to basic technical and leadership skills, we know that our team requires specialized training for their individual responsibilities. So CRI has developed role-based training scenarios that include service-specific training and tools presented in a case study format. Our goal is to prepare all team members for their new level of responsibilities.



AUDIT METHODOLOGY

Our audit, tax, consulting, and client accounting services documentation is maintained electronically. Compliance with our methodology is regularly reviewed and evaluated as part of our internal quality program, which is further discussed in this section under [INTERNAL QUALITY CONTROL REVIEWS AND EXTERNAL REVIEWS](#). Comprehensive policies and procedures governing all of our practices and addressing professional and regulatory standards and implementation issues are constantly updated for new professional developments and emerging issues. See [PAGES 21 – 24](#) for a more detailed description of the relevant approach and methodology.

ENGAGEMENT QUALITY REVIEW PARTNER (CONCURRING PARTNER)

Each audit has an assigned engagement quality review (EQR) partner with the appropriate experience. This role is one of the most important elements of our quality assurance process, as it provides for a timely, independent review of all key accounting and auditing issues. The EQR partner also reviews the financial statements and related supporting documentation—including the disclosures—to evaluate their fair presentation under accounting principles generally accepted in the United States of America (GAAP).

INTERNAL QUALITY CONTROL REVIEWS AND EXTERNAL REVIEWS

Experienced partners and professional staff of our firm conduct quality control reviews of our audits. Our partners' work is reviewed annually, and the inspection process includes periodic testing of the effectiveness of our quality controls and a continuous improvement program.

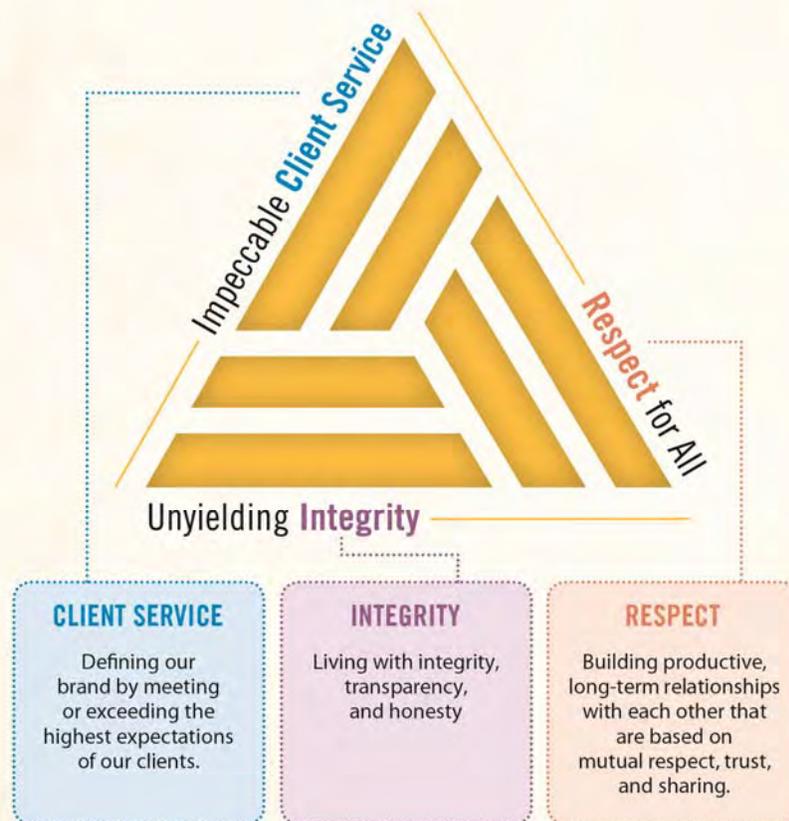
Peer reviews are performed every three years by another independent public accounting firm. The most recent review of our firm was performed in 2013 by EideBailly, whose report was the most favorable possible.

In addition, we are registered with the PCAOB and our 2006 and 2009 PCAOB inspection reports were also the most favorable possible—no audit deficiencies or quality control defects identified. The 2009 PCAOB report can be viewed at www.pcaob.com/inspections/public_reports/2009/Carr_Riggs.pdf.



SHARING CRI'S VALUES WITH YOU

We are proud of our hands-on, service-centric, and results-oriented approach. Combining that approach with quality controls and superior talent allows us to help you achieve your goals and strengthen your management systems and processes. This approach is further emphasized through our three core values which guide our team's behavior and function as the foundation for interactions with our clients and each other.



Additionally, using a separate 501 (c) 3, CRI aids team members during emergencies or hardships beyond control. What does it mean to our clients? CRI lives our values. We demonstrate respect and service to our team – just as we do for our clients.



JOINING OUR CONVERSATION



WEBSITE (CRIcpa.com)

CRI's website features financial calculators, current tax and estate tax guides, a record retention schedule, glossary of common financial terms, and hundreds of articles with topics ranging from current legislation to industry-specific news.



BLOG SITE (blog.CRIcpa.com)

Featuring articles and videos, CRI's interactive blog site provides helpful tips for readers both personally and professionally. Written by our partners from their perspective and experiences, these plain English explanations of current regulations and trends exemplify our commitment to open dialogue.



CRInsights (CRIcpa.com)

We understand that just because a topic makes perfect sense to a CPA doesn't mean that it will to our clients. That's why we developed CRInsights, our in-depth yet down-to-earth explanations of complex topics.



NEWSLETTER (Sign up at CRIcpa.com)

Our team is dedicated to keeping our clients informed, and we prove it by creating a custom monthly e-newsletter with widely-applicable topics. The articles are designed to help you improve your business and personal finances. Popular recent topics include:

- Reportable Health Care Coverage on W-2s
- Navigating Alternative Minimum Tax (AMT)
- Key Considerations of Health Care Law
- Six Commandments of Estate Planning



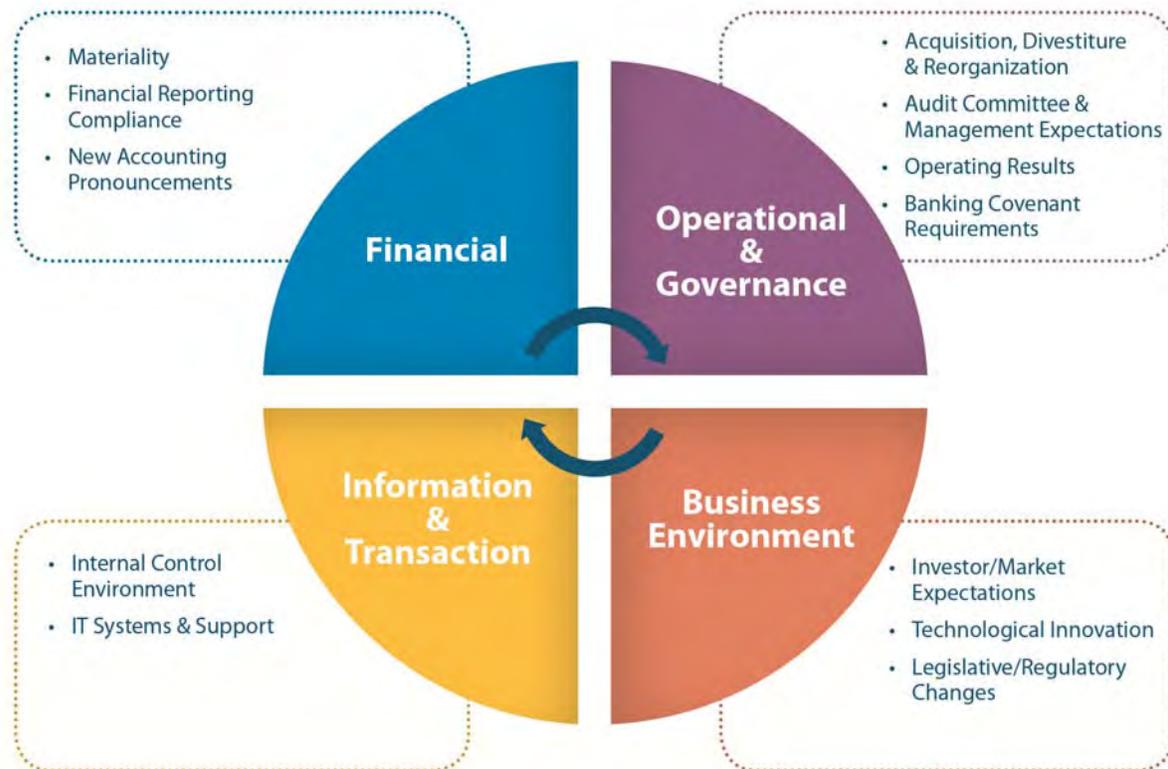
CRI AUDIT FRAMEWORK

Our proposed services require a coordinated effort between us and Flow Way Community Development District's team. Planning and continual communication are essential to developing the appropriate procedures, working collaboratively to resolve any identified issues, and meeting your timelines.

CRI's audit approach occurs within a framework of our client's business and industry; therefore, we assess risk by:

- Understanding management's perspectives and goals, and
- Considering business conditions and threats that could prevent management from achieving its business objectives.

We assess risks in the following areas:



CRI AUDIT FRAMEWORK



Our ultimate intent is to drill down from these broad risks to specific financial reporting risks. We understand both these risks and management's processes and procedures for mitigating them (i.e. internal controls) in order to develop our procedures to carry out our audit responsibilities.

Although our audits are conducted through a structured, risk-based model, we focus on understanding the client's needs, requirements, and expectations. We work collaboratively with management and the Audit Committee (or similar function) to develop a communication and work plan to continuously improve client service, by doing so we help in moving your team from simple **compliance** to providing you with a **competitive advantage**.

In planning, we concentrate on "key risks," (items with a greater risk of a material misstatement, a material weakness in internal controls, or other matters resulting in the issuance of an inappropriate audit report). We focus on "material" items (i.e. those items that would be important to the user of your financial statements). When evaluating materiality of identified misstatements, certain quantitative and qualitative factors must be considered—which may include:

- Impact on operating trends (revenue/income, expenses, net income, etc).
- Nature of the misstatement (i.e., did the misstatement result from an unlawful transaction?).
- Impact on liquidity, capital/surplus, earnings capacity, etc.
- Impact to loan covenants and contractual and regulatory requirements.

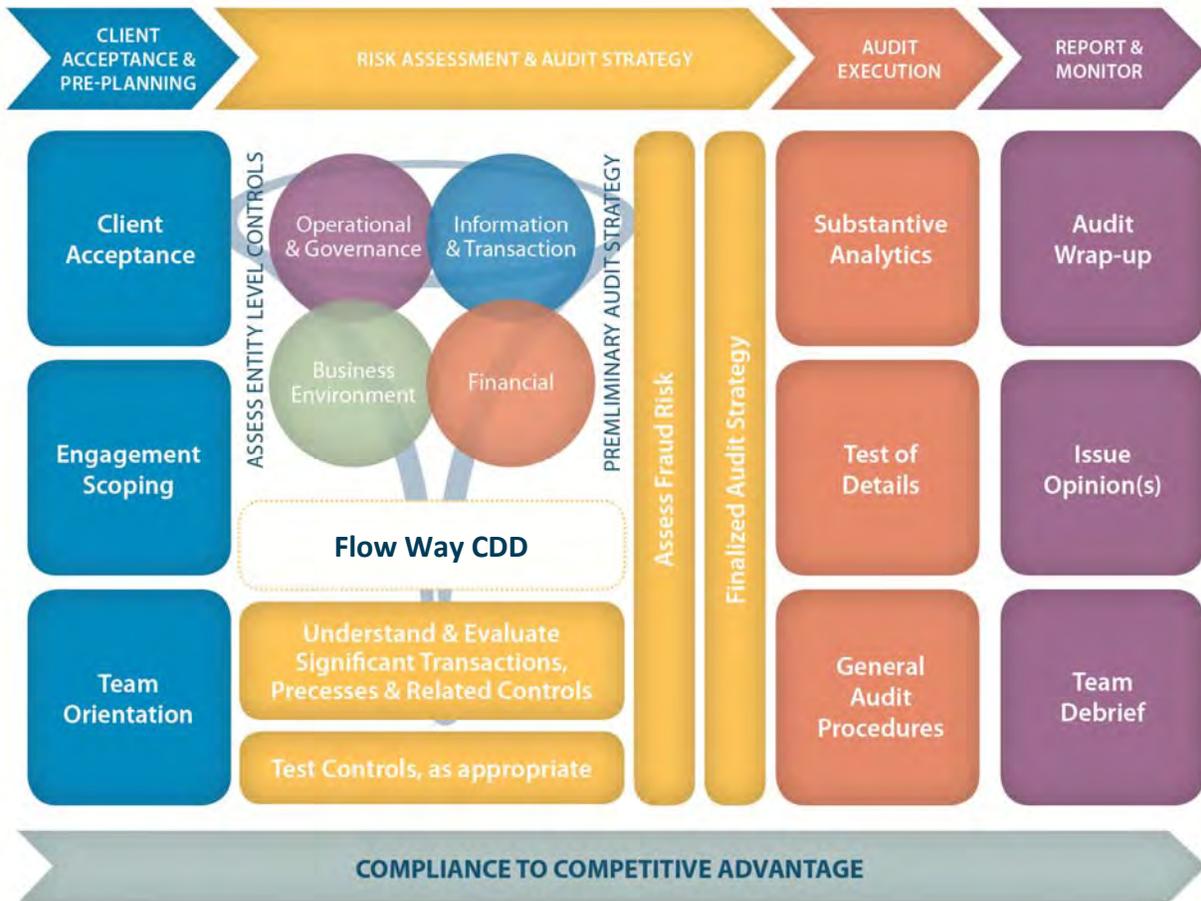
Consistent communication is a key to completion of the audit. By ensuring constant involvement, we are in a better position to respond to your issues timely and efficiently. Therefore, we plan to meet with your management to:

- Set-up the audit by reviewing the mapping of Flow Way Community Development District's financial information (financial statements and notes) to significant processes and IT systems to ensure that all significant account balances, transactions, procedures, and systems are tested as deemed necessary.
- Discuss ongoing changes—specifically new accounting pronouncements and key business transactions in their early stages, enabling us to agree on the resolution of various complex business issues on a timely basis.



CRI AUDIT APPROACH

Our audit approach is a four stage approach, as depicted in the summary below. Our client acceptance and risk assessment procedures (as noted on the previous page) occur during detailed conversations and observations with your team. The results of those procedures allow us to tailor an audit program to your specific risks and needs. We then execute the audit, report the results, and evaluate continuous improvement opportunities for ongoing service and benefit to you.





CRI AUDIT APPROACH

Stage 1: Client Acceptance & Pre-planning

- Perform client acceptance procedures where necessary.
- Collaborate with management to agree to expectations and scope.
- Assign appropriate staff to engagement based on client needs and assessed risk.

Stage 2: Risk Assessment & Audit Strategy

- Interview client personnel and others, as necessary to understand client-specific objectives and risks.
- Assess environmental and other external risks and potential impact on the audit planning.
- Assess entity level controls including: control environment, risk assessment, information & communication, and monitoring controls.
- Assess management's fraud and IT risk assessment models. Develop independent fraud and IT risk assessment.
- Assess IT General Computer (ITGC) controls, such as IT Environment, Developing & Delivering IT, and Operating IT & Monitoring IT.
- Assess materiality.
- Perform preliminary analytical procedures.
- Map financial statements to significant transactions, processes, IT systems and related controls.
- Develop understanding of significant processes and related controls.
- Determine existence of/reliance on SSAE 16 (formerly SAS 70(s)).
- Test controls including ITGC, as and if deemed appropriate. Tests will include a mix of:
 - inquiry,
 - observation,
 - examination and
 - re-performance.
- Determine reliance on Internal Audit, if applicable (e.g. controls or detailed tests).
- Determine reliance on specialist(s), if applicable (e.g. valuations, pension costs, etc.).
- Finalize risk assessments and develop final audit strategy.

Stage 3: Audit Execution

- Where possible, develop detailed analytical procedures to use as substantive tests to reduce tests of details. Examples include:
 - ratio analysis,
 - regression analysis,
 - trend analysis,
 - predictive tests or
 - reasonableness tests.
- Where possible utilize Computer-Assisted Audit Techniques (CAATs), such as IDEA or ACL to automate testing for more coverage and less disruption to the client.
- Where possible, perform targeted testing (also known as “coverage” testing) of account balances to tests large portions of account balances.
- Perform tests of details, including sampling, if applicable or necessary.
- Perform general audit procedures, as and if applicable, such as tests related to:
 - commitments and contingencies,
 - legal letters,
 - management representations,
 - reviews of Board minutes,
 - related party transactions,
 - debt covenants and
 - going concern.
- Perform other tests for compliance such as Yellow Book or Single Audit Tests.

Stage 4: Report & Monitor

- Continually monitor the audit and provide feedback as agreed during scoping or more frequently, as deemed appropriate.
- Conclude the audit (i.e. issue opinions and/or reports).
- Develop and present required communications, including management letter comments.
- Perform an internal team de-briefing to identify areas for improvement.
- Welcome the opportunity for an external de-briefing with our clients to improve.



APPENDIX A – PEER REVIEW



System Review Report

January 31, 2014

To the Partners of Carr, Riggs & Ingram, LLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Carr, Riggs & Ingram, LLC (the firm) applicable to non-SEC issuers in effect for the year ended June 30, 2013. 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.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; audits of employee benefit plans, and audits performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of Carr, Riggs & Ingram, LLC applicable to non-SEC issuers in effect for the year ended June 30, 2013, 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*. Carr, Riggs & Ingram, LLC has received a peer review rating of *pass*.

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