



DRY AND HEVISON

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LET'S THRIVE TOGETHER

# PROPOSAL TO SERVE



November 3, 2014

**W** Warren  
Averett  
CPAs AND ADVISORS

**Proposer**

Warren Averett, LLC  
45 Eglin Parkway, N.E., Suite 301  
Fort Walton Beach, FL 32548

**Submitted by**

Angela D. Balent, CPA  
Angela.Balent@warrenaverett.com  
850.244.5121

*Warren Averett just completed its 23rd year as auditors for Escambia County Florida. Their knowledge of governmental accounting and financial reporting has benefitted the county tremendously in implementing new GASB pronouncements and in obtaining the GFOA Certificate of Achievement each year. The audit has always been conducted professionally and efficiently with minimal disruption to our normal activities and we are fortunate to have a firm of this caliber serve as our auditors.*

**- Amy Lovoy, Director of Management and Budget  
Escambia County, Florida**

*Warren Averett has conducted the Santa Rosa County audit for 29 years, the last 18 years of which I have served as County Administrator, and is extremely capable in conducting this service for large governmental units. The staff is professional and thorough and the Board of Commissioners and Constitutional Officers are pleased with the Firm's work and I highly recommend them to large cities and counties seeking audit services.*

**- Hunter Walker, County Administrator  
Santa Rosa County, Florida**

*We chose Warren Averett, and have continued with them, because of their deep understanding and accounting knowledge of Florida County government. Okaloosa County has many complex issues that arise throughout the year that require research and expertise. The team that serves the County responds quickly and proficiently. Okaloosa County is always treated as an important client and we count on them for sound accounting advice. We have a great working relationship with Warren Averett.*

**- Gary Stanford, Finance Officer  
Okaloosa County, Florida**





November 3, 2014

Auditor Selection Committee  
Gulf Consortium  
100 South Monroe Street  
Tallahassee, FL 32301

Dear Auditor Selection Committee:

We are pleased to provide our qualifications to perform audit services for the Gulf Consortium (the Consortium) for the year ended September 30, 2014.

**Warren Averett, LLC believes we are the best firm to serve the Consortium as follows:**

- We live and work in 4 of the 23 Counties impacted by the Deepwater Horizon Oil Spill. We are personally vested in impacts from the spill and the programs for recovery of our ecosystem and our economy.
- We actively participate and serve as a long-time corporate partner with the Florida Association of Counties (FAC). Information gained from the FAC such as the status of the DJJ Rule Hearing, FEMA processes due to the recent flooding event in Northwest Florida and the Gulf Consortium activities are integral to our audit approach and allow us to best serve our clients. Further, we sponsor events such as Legislative Day and annual dinners as we recognize the importance of the FAC to us and the clients we serve.
- We have been involved in the RESTORE Act since its infancy. We have tracked the legislation and attended several meetings of the Consortium. We knew from the start we needed to be informed and engaged so we could best serve the Florida Counties we audit. Now we stand ready to best serve the Gulf Consortium.
- In Northwest Florida and Alabama we currently audit counties and cities representing total revenues of approximately \$2 billion and a population base totaling more than 6 million citizens. We audit governmental entities as large as Escambia County and as small as Almarante Fire District. We stand ready to assist the Consortium as they are configured today and what they will be when the RESTORE Act funds are at its height.

Warren Averett's Governmental Practice Group is second to none. It is one of the largest practice groups in the Firm and continues to grow. We employ over 60 auditors who are all "Yellow Book" qualified to serve our governmental clients. Our professionals are committed to providing you the highest level of service to meet your immediate and future needs. Inherent in our culture and our people is the promise to help you **THRIVE** and accomplish more of what is important to you.

**Team Mindset.** When you work with Warren Averett, you're a client of the Firm. That means you have more people with more experience looking out for you. This talent sharing mindset means you work with the Warren Averett team member who can make the most valuable contribution at the right time. Team members are selected for their knowledge, experience and understanding of requirements specific to government entities.



**Hands on Approach.** Warren Averett uniquely positions its leadership team as your key contacts, thus allowing for efficient use of your time, and ensuring that you will have experienced personnel involved throughout the engagement.

**Solid Relationships**—business and personal—are the foundation of Warren Averett. Beyond the business fundamentals, we have a deep interest in furthering our understanding the Consortium's structure and goals. We will become an extension of your team. We aim to be the absolute best at what we do, so the Consortium can be the best at serving Florida's Counties.

**Intense Client Focus.** To us, intense client focus starts with the notion that we're in the relationship business. Yes, it's personal. But it goes beyond the personal trust factor to forward thinking advice. We offer a sounding board for ideas, guidance for business improvement and connections where they count. In the end, we're a resource to help you take care of what is important.

**Expertise with Value.** An accounting relationship with Warren Averett offers an optimal mix of strong client service, superior technical expertise and proven value, at a fair price. As a Corporate Partner with the FAC, we already have a knowledge and understanding of the Gulf Consortium's goals. We also understand requirements of the RESTORE Act and the plans to develop a State Expenditure Plan for economic and environmental recovery of the Gulf coast in Florida following the Deepwater Horizon oil spill. Warren Averett currently audits 3 of the 7 disproportionately affected counties in Northwest Florida alone. It is with this experience and expertise in serving Northwest Florida Counties that we feel as though Warren Averett offers significant value to the Consortium.

**Effective Communications.** Warren Averett will maintain ongoing communication with management throughout the year, not just during the audit or at year end. As one of our valued clients, you should expect, and will receive, the highest level of technical expertise and timely response to your questions.

We hope the information enclosed offers you the insight needed to fully consider the advantages of expanding your relationship with Warren Averett as your service provider. Thank you for this opportunity, and we look forward to discussing any questions you may have about the proposal and our Firm.

Sincerely,

A handwritten signature in black ink that reads 'Angela D. Balent'. The signature is written in a cursive, flowing style.

Angela D. Balent, CPA

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# Description and History of Warren Averett

## FIRM RANKINGS

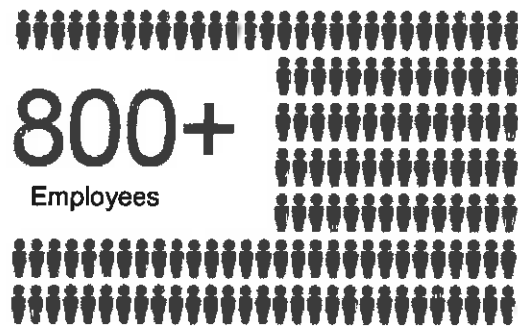
- 1** Pacesetter in Growth among U.S. Top 100 CPA firms 2013
- 2** Largest CPA firm among Gulf Coast states 2014
- 4** Largest CPA firm in the Southeast 2014
- 28** Largest CPA firm in the U.S. 2014

## OFFICE LOCATIONS



- |                |                |
|----------------|----------------|
| <b>ALABAMA</b> | <b>FLORIDA</b> |
| Anniston       | Destin         |
| Auburn         | Fort Walton    |
| Birmingham     | Beach          |
| Cullman        | Pensacola      |
| Foley          | Tampa          |
| Huntsville     | <b>GEORGIA</b> |
| Montgomery     | Atlanta        |

## SIZE OF FIRM



## PROFESSIONAL MEMBERSHIPS

- Government Finance Officers Association
- Association of Government Accountants
- Florida Government Finance Officers Association
- American Institute of Certified Public Accountants Governmental Audit Quality Center

## FEDERAL PROGRAMS AUDITED

**100+** Federal programs audited

## GOVERNMENTAL AUDIT STAFF

**60** Governmental auditors firm-wide

## ENGAGEMENT TEAM EXPERIENCE

**130+** Combined years of experience auditing Florida Governments

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## Description and History of Warren Averett

**Our passion for our clients underscores why we do what we do.** That passion remains at the core of our promise and mission to help you thrive and accomplish more of what's important to you, **always**. We do that by being on and at your side—helping you make the most of opportunities to create, grow and protect value.

**As the region's largest and most resourceful accounting, tax and advisory firm, we've expanded to keep pace with client demand across the Southeast.** We are the 28th largest firm in the country, with over 130 partners and more than 800 employees. From 14 offices located in Florida, Georgia and Alabama, we serve clients located all over the U.S. and abroad. Our Firm recognizes that our clients and the environment in which they operate have become more complex and challenging. Our strategy is to provide our clients the resources to thrive in this environment.

*Our team members also have a commitment to offer:*

- Excellence in all that we do
- High standards of honesty and integrity
- Passion to the profession
- Respect for our clients and team members
- Innovative technology and resources
- Personal attention and quality service

**The following are benefits and reasons why Warren Averett is the best choice to serve as your audit firm:**

- Knowledge of the RESTORE Act. Living and working in 4 of the 23 Florida Gulf Coast counties affected, we are personally vested in the impacts from the oil spill and programs for recovery of the ecosystem and the economy.
- Knowledge of the process. The interim final rule of Department of the Treasury became effective October 14, 2014. Understanding the compliance and auditing procedures required by the Treasury will be critical for the Consortium. We stand ready to consult in interpretation of the rule and development of required processes to ensure compliance.
- Quick access to individuals with thousands of hours experience serving governments. Their knowledge and experience from other engagements will translate into creative solutions to any problems the Consortium might encounter and desire assistance.
- Attention of full-time auditors who devote a majority of their time auditing governments. The Consortium will benefit from not being distracted by having to train our auditors to understand the financial and accounting operations of a government.



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## Description and History of Warren Averett

**The following are benefits and reasons why Warren Averett is the best choice to serve as your audit firm: - continued**

- An audit firm that is committed to public sector work. We have established a Public Sector Practice Group that has a dedicated financial budget and leadership and training strategy to grow our services to governmental entities.
- Twice per year meetings with your team to discuss any new standards that need implementation and help you develop an implementation plan.
- Auditors experienced in serving Florida governmental entities. We already know and understand the intricacies of the Florida Statutes relevant to the Consortium.
- No surprises....any potential findings or comments will be properly developed and discussed with appropriate management representatives before inclusion in any draft reports.
- Not being charged for phone calls and basic inquiries or help with technical matters that can be resolved relatively quickly.
- Reasonable bill rates and fairness in billing. Our quoted rates are very competitive and any additional services requested will be dealt with fairly. We will not attempt to unfairly profit through change orders.

Choosing an accounting firm that matches your needs is a critical decision. With Warren Averett, you are guaranteed a hard-working, client-focused team, dedicated to staying a step ahead so that all of your expectations are not only met, but exceeded.

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## Governmental Auditing Experience

Warren Averett has been a trusted advisor and external auditor for state and local governmental entities for over 50 years and is one of the largest providers of audit, accounting, and consulting services for governmental entities and nonprofit organizations in the Southeast. Our client base includes counties, cities, water and sewer systems, special districts, and other agencies that receive state or federal funding whose audits fall under *Government Auditing Standards*.

**60** Governmental auditors firm-wide

From revenue shortfalls and tax revenue fluctuations to rising healthcare costs and managing deficit spending, many governmental entities are facing mounting financial challenges. Warren Averett has the specialized knowledge to help fill this void and meet the needs of our government clients. We have an established Public Sector Practice Group comprised of more than 60 experienced members and managers whose primary focus is on this specific industry.

We apply various strategies and business-consulting services tailored to your specific needs, including:

- Governmental audits in accordance with OMB Circular A-133, the Florida Single Audit Act and Government Audit Standards
- Fraud prevention and internal control assessments
- Governmental accounting assistance
- Compliance requirements related to grants and cooperative agreements
- General accounting, budget and reconciliation assistance
- Operational policies and procedures analysis
- Grant advisory assistance

Our memberships and active participation in the following professional groups solidifies our partnerships with governmental entities and insures the Consortium will be served by individuals who are extremely knowledgeable in governmental accounting, financial reporting, auditing, and OMB A-133 matters.

- Government Finance Officers Association
- Florida Government Finance Officers Association
- Association of Government Accountants
- AICPA Governmental Audit Quality Center

A great benefit to the Consortium will be the fact that the audit team will consist of full time auditors who have been trained to be experts in governmental audits. This team will be efficient at conducting the audit and available to share their knowledge and expertise with the Consortium personnel whenever assistance is requested. By working one on one with the Consortium's leadership and employees, Warren Averett will help save you money, stay in compliance with laws and regulations and plan for the future.

## Government Industry Expertise – *continued*

### Grant Experience

We know that Federal and State grants are crucial to many of our clients' successes. Ensuring continued compliance is essential when seeking to maintain or increase the level of government funding our clients receive. Our Firm uses its diversified experience in planning and conducting Federal and State single audits to help our clients better understand and maintain compliance with current and future grant programs. As a large firm, we also believe in the benefits of specialization, and our team members belong to dedicated industry groups within the firm. All team members are trained to become experts within their assigned specialty, allowing us to assemble a team of governmental (GAO Yellow Book qualified) auditors.

We understand the difficulties facing the Consortium relating to the timing and finalization of the RESTORE Act rules. We also understand that the timing and amount depend upon the promulgation and finalization of Restoration Council regulations. Warren Averett stands ready and willing to assist the Consortium with single audit needs once the RESTORE Act funding is available.

The list below illustrates a sample of clients we provide compliance auditing services and single audits for federal and state funded programs.

Governmental Entity	Annual Grant Expenditures (millions)
Escambia County, Florida	\$ 10.5
Okaloosa County, Florida	7.9
Santa Rosa County, Florida	3.6
City of Gulf Breeze, Florida	3.1
City of Milton, Florida	1.3
City of Niceville, Florida	1.2
<b>TOTAL</b>	<b>\$ 27.6</b>

## References

Listed below are significant governmental engagements performed by our Firm in the last five (5) years. The scope of work for all engagements listed below includes a financial statement audit and a federal and state single audit.

Client Name	Date	Engagement Partner	Total Hours	Contact
Escambia County, Florida*	2013	Jack Rowell	2,000	Amy Loyoy, Director Management Budget Services 850.596.4825
Santa Rosa County, Florida*	2013	Jack Rowell	1,800	Hunter Walker, County Administrator 850.983.1951
Okaloosa County, Florida*	2013	Angela Bafent	1,800	Gary Stanford, Finance Director 850.689.5000 ext 3411

\*All of the listed entities participate and have been awarded the GFOA Certificate of Achievement in Excellence in Financial Reporting within the last two years. These entities have also implemented the requirements of Governmental Accounting Standards Board Statement 34.

A partial listing of Florida government clients currently served by Warren Averett follows:

Counties	Municipalities	Special Districts
<ul style="list-style-type: none"> <li>• Escambia County, Florida</li> <li>• Okaloosa County, Florida</li> <li>• Santa Rosa County, Florida</li> </ul>	<ul style="list-style-type: none"> <li>• City of Callaway, Florida</li> <li>• Town of Cinco Bayou, Florida</li> <li>• City of Fort Walton Beach, Florida</li> <li>• City of Milton, Florida</li> <li>• City of Niceville, Florida</li> <li>• Town of Shalimar, Florida</li> <li>• City of Valparaiso, Florida</li> <li>• City of Mary Esther, Florida</li> </ul>	<ul style="list-style-type: none"> <li>• Holley-Navarre Water System, Inc.</li> <li>• Mid-Bay Bridge Authority</li> <li>• Midway Fire District</li> <li>• Niceville, Valparaiso, Okaloosa County Regional Sewer Board</li> <li>• South Walton Fire District</li> <li>• Almarante Fire District</li> </ul>

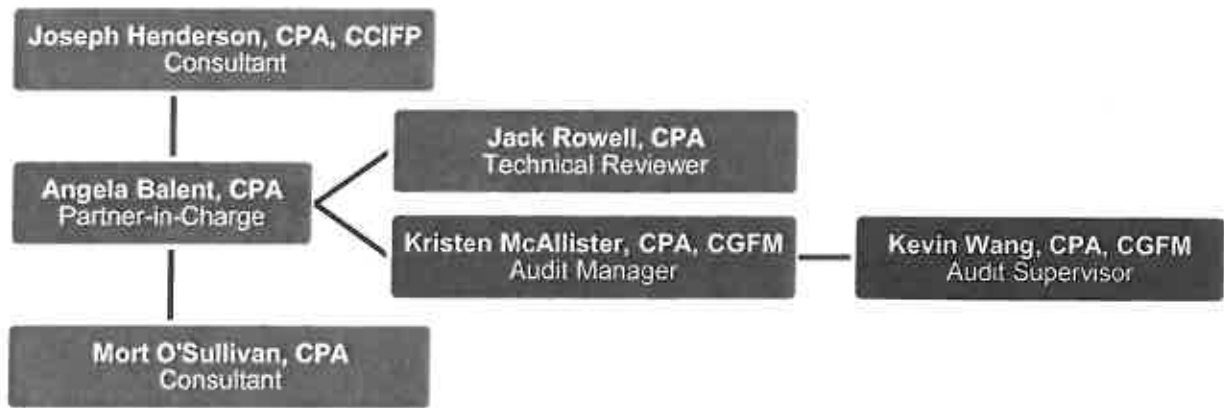
## Client Service Team

At Warren Averett our goal is to have a thorough understanding of the Consortium's operations, as that is the best way to bring value-added solutions to you. Open and frequent communication is encouraged and we will be available to meet regularly to keep up to date on your planning goals and development needs.

Our personnel approach utilizes client service executives to lead a qualified team of professionals. Team members are selected for their knowledge, experience and understanding of requirements specific to the governmental industry. As one of our valued clients, you should expect, and will receive, the highest level of technical expertise and timely response to your questions. We will work closely with management to provide the requested services. We will be flexible and will adjust our plans to meet your needs, as those needs change.

None of our Client Service Team leaders are subject to transfer, nor do we expect significant staff turnover, so you should expect great continuity in the service team on your account. Any controllable staffing changes will be discussed and agreed upon before changes take place.

We have outlined our proposed engagement team on the following pages.





## ANGELA D. BALENT, CPA

### Partner-in-Charge

D 850.275.1224 | F 850.664.2562

45 Eglin Parkway, N.E., Suite 301 | Fort Walton Beach, FL 32549

Angela.Balent@warrenaverett.com

Angela Balent will serve as the Partner-in-Charge for the Consortium's engagement. Angela joined the Firm in 1992 and is a Member in the Firm's Audit and Accounting Services Divisions. She has more than 20 years of experience in public accounting and specializes in audit and attest services, and serves as a leader for the Public Sector Practice Group. She also has extensive experience with governmental and nonprofit, Common Interest Realty Associations and construction and governmental contractors. She has served as a reviewer for the GFOA Certificate of Achievement program. Angela is a Certified Public Accountant in Florida.

## RELATIONSHIPS

### Governmental Auditing Experience

Okaloosa County, Florida  
 City of Fort Walton Beach, Florida  
 City of Callaway, Florida  
 City of Milton, Florida  
 City of Niceville, Florida  
 City of Valparaiso, Florida  
 Town of Shalimar, Florida  
 Town of Cinco Bayou, Florida

### Education

Bachelor of Science in Business  
 Administration, Accounting, Bowling Green  
 State University, Bowling Green, OH

### Professional Affiliations

- Government Finance Officers Association, CAFR and PAFR Special Reviewer
- Florida Government Finance Officers Association, Conference Committee
- Emerald Coast Chapter of the Florida Institute of Certified Public Accountants, Past President
- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants

### Relevant Continuing Professional Education (past 3 years)

Since 2011, Angela has earned 139 CPE hours with 55 hours pertaining specifically to Governmental Accounting and Auditing. A brief overview of relevant courses is listed below:

- Governmental Accounting and Auditing Update
- FGFOA Annual Conference - 2011, 2012, 2013 (*Course Instructor*)
- Governmental Accounting and Financial Reporting
- Preventing and Detecting Fraud and Forgery
- Risk Management
- Yellow Book Standards Update / Single-Audit Training
- Market and Economic Update and Outlook for 2014
- GASB Update
- Ethics in Tax Practice: Florida



## CLIENT FOCUS

### Governmental Auditing Experience

Escambia County, Florida  
 Santa Rosa County, Florida  
 Jefferson County Commission, Alabama  
 City of Foley, Alabama  
 City of Milton, Florida  
 City of Montgomery, Alabama  
 City of Selma, Alabama

### Education

Bachelor of Science in Accounting  
 Troy University, Troy, AL

## JACK ROWELL, CPA

Technical Reviewer, Audit Member

D 850.444.7204 | F 850.435.2888

316 South Baylen Street, Suite 300 | Pensacola, FL 32502

Jack.Rowell@warrenaverett.com

Jack Rowell has been with the Firm since 1980 and is a Member in the Firm's Audit Division. Jack has over 33 years of experience and has managed and supervised audits of large governmental entities representing over 110,000 total audit hours. Jack is an Audit Practice Leader for our Gulf Coast offices and over 80% of his client responsibilities rest with large governmental and nonprofit entities that file CAFRs and have significant federal and state funding. Jack is viewed as one of the Firm's leading experts in governmental accounting and auditing matters and routinely teaches training sessions to develop and improve the skills of the auditors that serve the Firm's governmental clients. He has served as a reviewer for the GFOA Certificate of Achievement program. Jack recently taught three CPE courses entitled "Common Financial Reporting Pitfalls", "Foundations in Governmental Accounting" and "Comprehending OMB A-133." Jack is a Certified Public Accountant in Florida and Alabama.

### Professional Affiliations

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

### Relevant Continuing Professional Education (past 3 years)

Since 2011, Jack has earned 204 CPE hours with 75 hours pertaining specifically to Governmental Accounting and Auditing. A brief overview of relevant courses is listed below:

- Governmental Accounting & Financial Reporting
- Foundations in Governmental Accounting (*Course Instructor*)
- Now I See! Comprehending OMB A-133 (*Course Instructor*)
- Yellow Book Standards Update / Single-Audit Training
- Government Boot camp (*Course Instructor*)
- FICPA State and Local Government Conference
- Governmental Accounting and Auditing Update
- Florida Auditor General Update (*Course Instructor*)



## OUR SUCCESS

### Areas of Special Emphasis

External Audit, Accounting Services, Business Consulting & Compliance, Construction, Government Contractors, Government, Hospitality, Manufacturing & Distribution, Nonprofits, Professional Services

### Education

Bachelor of Arts in Accounting  
University of West Florida, Pensacola, FL

## JOSEPH W. HENDERSON, CPA, CCIFP Member

D 850.275.1223 | F 850.664.2562

45 Eglin Parkway, N.E., Suite 301 | Fort Walton Beach, FL 32549

Jody.Henderson@warrenaverett.com

Jody Henderson has been with the Firm since 1986 and is the Firm's operations leader for the Gulf Coast. He is also a Member in the Firm's Audit and Consulting Divisions. Jody has more than 29 years of experience, and specializes in the areas of audit and accounting services for construction contractors and real estate developers, condominium associations, defense contractors, governmental entities and not-for-profit organizations. He is also proficient in income tax planning and preparation, retirement and estate planning and litigation support.

Jody has been actively involved with the RESTORE Act developments since the oil spill. He has attended various meetings of the Consortium and tracked the flow of funds. Jody would serve in an advisory role to the Consortium audit team. He would be available to discuss potential strategy and provide thought leadership as rules finalize and funds begin to flow.

### Professional Affiliations

- Government Finance Officers Association
- Florida Government Finance Officers Association
- Construction Financial Management Association
- Florida Institute of Certified Public Accountants
- American Institute of Certified Public Accountants

### Community Involvement/Recognition

- Economic Development Council of Okaloosa County
- Fort Walton Beach Chamber of Commerce
- Fort Walton Beach Rotary Club, Past President
- Northwest Florida State College District Board of Trustees, Past President
- All Sports Association, Past President





## MINDSET

### Areas of Special Emphasis

Strategic Facilitation, Economic Claims and Disaster Recovery, Litigation Support, Mergers & Acquisitions, Profit Enhancement, Compensation Planning, Performance Benchmarking, Federal Tax, Divorce and Family Events, Estate Planning, Wealth Management

### Education

Bachelor of Science in Accounting  
University of West Florida, Pensacola, FL

## J. MORT O'SULLIVAN, III, CPA

### Member

D 850.444.7201 | F 850.435.2888

316 South Baylen Street, Suite 300 | Pensacola, FL 32502

Mort.OSullivan@warrenaverett.com

Mort O'Sullivan has been with the Firm since 1981 and is the Managing Member of the Gulf Coast Division. Mort is a founding member of the former Gulf Coast firm, O'Sullivan Creel, which merged with Warren Averett in January 2012. Mort is a member of the Firm's Executive Committee and leads the Firm's BP Claims Disaster Recovery Team. He has over 38 years of experience in public accounting and began his career working with an international accounting firm in Atlanta. He currently focuses on consulting and management advisory services to clients, while continuing to offer his expertise in litigation support, business valuations and mergers and acquisitions.

Mort would also serve in an advisory capacity to the Consortium and the audit team. His experience with the commercial oil spill process and litigation support provides the Consortium valuable expertise in this uncharted territory.

### Professional Affiliations

- Florida Institute of Certified Public Accountants
- American Institute of Certified Public Accountants

### Community Involvement/Recognition

- University of West Florida Board of Trustees, Vice Chairman
- Gulf Power Company, Board Member
- Autism Society of Pensacola, Past Treasurer
- Community Foundation of Northwest Florida, Board Member
- Greater Pensacola Chamber of Commerce, Past Chairman
- University of West Florida Distinguished Alumnus Award
- University of West Florida Foundation
- Professional Business Leader of the Year, Pensacola Chamber Pace Award



## KRISTEN R. MCALLISTER, CPA, CGFM

### Manager

D 850.470.5537 | F 850.435.2888

316 South Baylen Street, Suite 300 | Pensacola, FL 32502

Kristen.McAllister@warrenaverett.com

Kristen McAllister is a Manager in the Firm's Audit Division and has more than 10 years of specialized audit experience working with governmental entities and nonprofit organizations. She is also a Certified Government Financial Manager (CGFM). Kristen oversees the planning of engagements and coordination of the fieldwork with clients and the team. She provides direct and continual communication with the client throughout the engagement, and ensures all deliverables are prepared timely. Kristen is a Certified Public Accountant in Florida.

#### Professional Affiliations

- Florida Government Finance Officers Association
- Emerald Coast Chapter of Florida Institute of Certified Public Accountants, Past Treasurer
- Florida Institute of Certified Public Accountants
- American Institute of Certified Public Accountants
- Pensacola Young Professionals
- Pensacola Mess Hall, Treasurer

#### Relevant Continuing Professional Education (past 3 years)

Since 2011, Kristen has earned 159 CPE hours with 73 hours pertaining specifically to Governmental Accounting and Auditing. A brief overview of relevant courses is listed below:

- AICPA Governmental and Not-for-Profit Training Program
- Governmental Accounting and Auditing Update
- Government Boot camp
- GASB Activities Update
- Single Audit Update
- Now I See! Comprehending OMB A-133
- GASB Pension Accounting and Financial Reporting Exposure Drafts – Parts I and II
- Yellow Book Standards Update / Single Audit Training
- Ethics in Tax Practice: Florida

## OUR SUCCESS

#### Governmental Auditing Experience

Escambia County, Florida  
 Santa Rosa County, Florida  
 Okaloosa County, Florida  
 City of Fort Walton Beach, Florida  
 City of Milton, Florida  
 City of Callaway, Florida  
 City of Foley, Alabama  
 City of Niceville, Florida  
 City of Valparaiso, Florida  
 Town of Shalimar, Florida  
 Town of Cinco Bayou, Florida

#### Education

Bachelor of Science in Business  
 Administration, Accounting  
 University of West Florida, Pensacola, FL  
 Master of Accountancy  
 University of West Florida, Pensacola, FL



**KEVIN H. WANG, CPA, CGFM**  
**Supervisor**

D 850.275.1247 | F 850.664.2562

45 Eglin Parkway, N.E., Suite 301 | Fort Walton Beach, FL 32548

Kevin.Wang@warrenaverett.com

Kevin Wang is a Supervisor in the Audit Division of the Fort Walton Beach office. Kevin's responsibilities include the review of entry and intermediate work and supervision of attest engagements. He specializes in single-audit engagements and focuses the majority of his time on nonprofit and governmental entities. Kevin is a Certified Public Accountant in Florida and recently became a Certified Government Finance Manager (CGFM).

**Professional Affiliations**

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

**Relevant Continuing Professional Education (past 3 years)**

Since 2011, Kevin has earned 198 CPE hours with 54 hours pertaining specifically to Governmental Accounting and Auditing. A brief overview of relevant courses is listed below:

- Accounting and Auditing Update (2012, 2013)
- Foundations in Governmental Accounting
- Fraud Seminar
- Government Boot camp
- Now I See! Comprehending OMB A-133
- ProSystem fx Engagement GASB Training
- Risk Management
- KPMG 404 Institute Webcast: Auditing and Monitoring: Critical Activities to Help Control Fraud

**Governmental Auditing Experience**

Okaloosa County, Florida  
City of Fort Walton Beach, Florida  
City of Milton, Florida  
City of Callaway, Florida  
City of Niceville, Florida  
City of Valparaiso, Florida  
Town of Shalimar, Florida  
Town of Cinco Bayou, Florida

**Education**

Bachelor of Science in Business  
Administration, Accounting  
Auburn University, Auburn, AL  
Master of Accountancy  
Auburn University, Auburn, AL

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## Statement to Exceed Performance Specifications

Warren Averett understands that the audit, of the Consortium, should be performed in compliance with the requirements of the following:

- Sections 11.45 and 218.39, Florida Statutes
- Regulations of the Florida Department of Banking & Finance
- Rules adopted by the Auditor General, relating to local government audits
- Audits of State and Local Government Units – American Institute of Certified Public Accountants
- Generally Accepted Auditing Standards and Generally Accepted Accounting Principles adopted by the Board of Accountancy under Chapter 473, Florida Statutes
- Government Auditing Standards
- State of Florida Single Audit Act

*Warren Averett understands the scope of services as detailed in Section 2 - Performance Specifications.*

- The final and complete opinion and report will be issued no later than April 15, 2015.
- We will provide 35 paper copies and two electronic copies on CDs of the final combined audit report, which will include the individual audits, management letters, and any reports on internal control for the Consortium, and Federal/State Financial Assistance reports.
- Warren Averett will prepare the Comptroller's Local Government Financial Report for the Consortium.
- We will conduct an exit conference with the Consortium or its designee.
- Angela Balent, the Partner-in-Charge of the audit and the audit manager, Kristen McAllister, will be available to attend an Executive Committee and a Board of Directors meeting of the Consortium, as requested, to discuss the audit.


## Tentative Schedule for Performing Audit

Due to the size of the Consortium's current finance operations, we could complete the audit in a short time span. This schedule assumes that books are adjusted and supporting schedules and workpapers would be available by November 30, 2014.

Audit Timeline	
Audit planning / documentation of internal controls and review of predecessor audit workpapers	December 2014
Audit fieldwork	December 2014
Exit conference with Management	January 2015
Issue final report	End of January 2015
Attend Board meeting	TBD

## Peer Review

Warren Averett is respected as an industry leader in developing and adhering to quality control standards, and has received unmodified opinions on all of its independent peer reviews. Our last peer review was conducted in 2013 by Henderson Hutcherson & McCullough, PLLC of Chattanooga, Tennessee. Warren Averett received a peer review rating of "pass." This quality control review included a review of specific governmental engagements, including Santa Rosa County and City of Fort Walton Beach, Florida.



**HENDERSON HUTCHERSON  
& MCCULLOUGH, PLLC**  
Certified Public Accountants

System Review Report

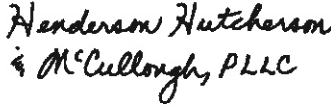
December 6, 2013

To The Partners  
Warren Averett, LLC  
And the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Warren Averett, LLC (the firm) applicable to non-SEC issuers in effect for the year ended July 31, 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 part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audit performed under FDICIA, and examinations of service organizations (Service Organizations Control I engagements).

In our opinion, the system of quality control for the accounting and auditing practice of Warren Averett, LLC applicable to non-SEC issuers in effect for the year ended July 31, 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 or fail*. Warren Averett, LLC has received a peer review rating of *pass*.



1000 MARKET STREET | CHATTANOOGA, TENNESSEE 37402 | TEL: 423.777.1140 | FAX: 423.265.9922 | WWW.HENDHUTCH.COM  
AN INDEPENDENT MEMBER OF THE PDC BEDMAN ALLIANCE

## Audit Procedures and Approach

### Segment 1: Planning & Audit Risk Assessment

- **Initial planning sessions**—Conduct internal planning sessions required by SAS 99 and make applicable fraud inquiries and discuss any significant events or transactions. We will also discuss with management areas where we feel further testing is deemed necessary, or if they have specific areas of concern prior to finalizing our audit approach.
- **Understanding of internal controls**—Review internal control documents to include written policy, manuals and other information of the Consortium and conduct interviews to document our understanding of internal controls relative to financial statements and controls over Federal and State programs.
- **Assessing audit risk**—Evaluate risks associated with the Consortium's operating environment (financial and compliance) and where your financial statements could be susceptible to material misstatement or fraud, while considering the controls you have in place to mitigate these risks.
- **Establishment of materiality**—When auditing governmental entities, Warren Averett has a specific approach for establishing materiality, focusing on total assets and total revenue, while evaluating areas historically susceptible to potential or actual errors.
- **Review of grant agreements**—Review the OMB Compliance Supplement and Florida Single Audit Act to ensure our audit will be planned to comply with OMB's risk based audit approach and structured to ensure adequate testing for compliance with laws, rules and regulations. Evaluate and document new grant funding received during the year.
- **Reporting and Disclosures**—Discuss effect of implementation of any new accounting pronouncements, such as GASB # 65 in the current year. Meet with Consortium personnel to determine if any report formatting or note disclosure changes are planned for the coming year. If so, review proposed changes to formats.

### Our Three-Segment Approach to Financial Statement Audits



## Audit Procedures and Approach

### Segment 2: Detailed Audit Testing & Procedures

Procedures could include, but will not be limited to the following:

- Substantive Procedures—Perform test of details based on audit risk assessment through either substantive detail testing or analytical testing. When possible, we will utilize analytical procedures, such as reasonableness tests, trend analysis, and predictive tests, to reduce substantive testing.
- 3rd Party Confirmations—Utilize third party confirmations for cash, receivables, and revenues, as deemed necessary.
- Compliance Testing—Perform detailed transaction testing for compliance with selected Florida Statutes and single audit requirements.
- Data Analysis—Utilize data extraction software where possible, to automate testing of large account balances.

Through these procedures we will become intimately familiar with your operation. This familiarity will help us write constructive recommendations for management's consideration. All team members will utilize laptop computers and set up a mini-network in the field in order to share electronic data files created as part of the audit.

### Segment 3: Management Review & Conferences

Near completion of field work, the necessary upward reviews including Member and Manager level reviews will be performed in the field. This will allow for resolution of any review questions and permit a more timely completion of the audit.

All preliminary audit adjustments and any audit findings which will appear in the report on compliance and internal control and in the management letter will be discussed in advance with client personnel.





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## Quality Control

### **Public Entity Crimes**

Warren Averett has never been convicted of a public entity crime.

### **Pending Litigation**

We are not aware of any instances of pending litigation against Warren Averett, LLC.

### **Disciplinary Action**

We take great pride in the fact that our Firm or any of Warren Averett's personnel have never had any sanctions or other disciplinary action taken relative to performance of audit work.

## Schedule of Fees

Warren Averett is pleased to submit our proposed fees to provide professional services for the Consortium:

Service (Lump Sum Fee)	2014
Audit	\$3,000

Our fees are based on your current level of operations and assume the current level of accounting and auditing standards. Changes in funding levels or a change in the reporting or filing requirements could require adjustments to these fees. We will consult with you regarding any proposed changes to our fees.

To gain optimum use for you of existing staff in your organization, fees are computed on the assumption that we will receive the assistance of your personnel in analyzing accounts, locating requested documents and drafting financial statements and footnote disclosures. If extraordinary circumstances are encountered, we will consult with you before performing additional procedures.

### Fees/Hourly Rates for Additional Services to the Consortium

Staff Level	Governmental Rate
Partner	\$ 235
Manager	\$ 150
Supervisor	\$ 125
Other Staff	\$ 100

### Fee Structure of Audits Performed of Local Governments of Similar Size

The Consortium at its current funding level would be one of our smallest units of government. Similar entities are as follows:

Similar Engagements to the Consortium	Annual Revenues	Fee Structure
Almarante Fire District *	\$ 62,000	Fixed - \$ 5,500
Town of Cinco Bayou, Florida	\$ 452,000	Fixed - \$ 13,000
Town of Shalimar, Florida	\$ 564,000	Fixed - \$ 13,770

\*Audit performed every third year per Florida Statutes. Additional work required on opening balances.

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## Acknowledgement of Receipt of Addenda

We acknowledge that there have not been any addenda issued regarding the RFP for Independent Audit Services for the Gulf Consortium.

