

**LEE COUNTY  
DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(es) identified that are not considered to be a material weakness(es)?	Yes
Type of report the auditor issued on compliance for major programs:	Unqualified for all major programs

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB *Circular A-133*? Yes

Identification of major programs: Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559); Title I, Part A Cluster (CFDA Nos. 84.010 and 84.389 – ARRA); Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391 – ARRA, and 84.392 – ARRA); State Fiscal Stabilization Funds Cluster (CFDA Nos. 84.394 – ARRA and 84.397 – ARRA); Education Jobs Fund (CFDA No. 84.410); and Head Start Cluster (CFDA Nos. 93.600, 93.708 – ARRA, and 93.709 – ARRA).

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Yes

**LEE COUNTY  
DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**Federal Awards Finding No. 1:**

**Federal Agency: United States Department of Education**

**Pass-Through Entity: Florida Department of Education**

**Program: Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391 – ARRA, and 84.392 - ARRA)**

**Finding Type: Noncompliance and Significant Deficiency**

**Questioned Costs: \$514,035**

**Matching, Level of Effort, Earmarking – Maintenance of Effort.** Title 34, Sections 300.203 and 300.204, Code of Federal Regulations, require that the amount of State and local funds expended by the District on special education related services during the audit period be at least equal, in total or average per capita, to that of the prior fiscal year. Allowances for decreases in maintenance of effort may be made for certain reasons such as the departure of special education personnel; a decrease in the enrollment of students with disabilities; and the termination of costly expenditures for long-term purchases, such as the acquisition of equipment and the construction of school facilities.

The District generates and reviews quarterly reports to monitor its State and local maintenance of effort expenditure requirements; however, the District mistakenly included American Recovery and Reinvestment Act (ARRA) funds in its calculations, which should be excluded to demonstrate compliance. Consequently, for the 2010-11 fiscal year, District records indicated that State and local expenditures, in total and average per capita, decreased from the 2009-10 fiscal year to the 2010-11 fiscal year, as shown below:

Source	Fiscal Years		Difference
	2009-10	2010-11	
General Fund Special Education Expenditures	\$ 60,602,188	\$ 57,896,061	\$ 2,706,127
Add: State Fiscal Stabilization Funds Special Education Fund Expenditures	2,153,585	3,969,351	(1,815,766)
Less: General Fund Special Education Capital Outlay Expenditures	(11,743)	(11,381)	(362)
Subtotal Expenditures (Deficiency in Total Expenditures)	<u>\$ 62,744,030</u>	<u>\$ 61,854,031</u>	\$ 889,999
Full-Time Equivalent (FTE) Enrollment in Special Education	17,138	17,052	
Expenditures Per FTE	<u>\$ 3,661</u>	<u>\$ 3,627</u>	
Part B Entitlement Flow-Through Funds		\$ 16,189,739	
Less: Prior Year Entitlement		16,067,503	
Reduction of Maintenance of Effort (MOE)		<u>\$ 122,236</u>	
Allowance for MOE Flexibility (Reduction of MOE times 50%)			(61,118)
Allowance for Decrease in FTE (86 FTE Decrease times \$3,661 Average Expended for 2009-10 Fiscal Year)			<u>(314,846)</u>
Deficiency in Expenditures of State and Local Resources (Calculated Per Capita)			<u>\$ 514,035</u>

In addition, District records did not evidence that the District met a qualified exemption from the maintenance of effort requirement. Consequently, the deficiency in maintenance of effort from State and local funds totaling \$514,035 represents questioned costs subject to disallowance by the grantor. Without effective procedures to monitor

applicable maintenance of effort requirements, the risk increases that State and local funds will not be properly allocated and expended for special education services.

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**Recommendation:** The District should enhance controls over State and local resources allocated and expended for District Special Education programs to ensure compliance with Federal maintenance of effort requirements. In addition, the District should document to the grantor (Florida Department of Education) its compliance with these requirements or restore \$514,035 to the Special Education programs.

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District Contact Person: Greta Campbell, Executive Director of Financial Services

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**Federal Awards Finding No. 2:**  
**Federal Agency:** United States Department of Education  
**Pass-Through Entity:** Florida Department of Education  
**Program:** Special Education – Grants to States, Recovery Act (CFDA No. 84.391 – ARRA)  
**Finding Type:** Noncompliance and Significant Deficiency  
**Questioned Costs:** \$394,504

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**Period of Availability.** Title 34, Section 80.23, Code of Federal Regulations, provides that where a funding period is specified in a Federal award, a grantee may charge to the award only costs resulting from obligations incurred during the funding period. The District received Special Education – ARRA grant funds, totaling approximately \$13.2 million, with a grant period from April 20, 2009 to September 30, 2011. The District used grant proceeds, totaling \$526,005, to lease an online individual education plan (IEP) case management software system for the period July 1, 2010 through June 30, 2015. The Florida Department of Education-approved grant application for this program included a line item amount of \$108,000 for this lease.

District personnel indicated that the 5-year commitment was made to lock-in the price at the initial-year cost and avoid future costs for increases in company fees or the number of Special Education program students. However, the period of availability for the grant ended September 30, 2011, resulting in questioned costs of \$78,900.75 for the period October 1, 2011, through June 30, 2012, and \$315,603 for the period July 1, 2012 through June 30, 2015, a total of \$394,504 subject to disallowance by the grantor.

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**Recommendation:** The District should enhance its procedures to ensure that Federal grant expenditures are only incurred within the period of availability. In addition, the District should document to the grantor (Florida Department of Education) the allowability of the \$394,504 in questioned costs or restore these moneys to the Special Education – ARRA program.

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District Contact Person: Greta Campbell, Executive Director of Financial Services

**Federal Awards Finding No. 3:**

**Federal Agency:** United States Department of Education

**Pass-Through Entity:** Florida Department of Education

**Program:** Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391 - ARRA, and 84.392 – ARRA); Educational Technology State Grants Cluster (CFDA Nos. 84.318 and 84.386 – ARRA); State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA 84.395 - ARRA); State Fiscal Stabilization Fund Cluster (CFDA Nos. 84.394 – ARRA and 84.397- ARRA); and Education Jobs Fund (CFDA 84.410)

**Finding Type:** Noncompliance and Significant Deficiency

**Questioned Costs:** Not Applicable

**Reporting – Schedule of Expenditures of Federal Awards.** United States Office of Management and Budget *Circular A-133* requires the District to prepare a Schedule of Expenditures of Federal Awards (SEFA) that contains certain information, such as a list of Federal programs by Federal agency, individual Federal programs within a cluster of programs, and the total Federal awards expended for each Federal program. Also, *Circular A-133* requires the District to obtain compliance audits of major Federal awards at least once every three years for awards with expenditures that equal or exceed \$3 million for entities with Federal expenditures exceeding \$100 million but less than \$10 billion. In addition, Title 2, Section 176.210(b), Code of Federal Regulations, as amended in April 2009, requires the District to separately identify the expenditures for Federal awards under the American Recovery and Reinvestment Act (ARRA) on the SEFA.

We noted instances in which the District’s SEFA did not properly report certain required data, contrary to *Circular A-133*. For example, through our review of District records and inquiries, we determined that:

- The District did not separately identify Education Jobs Fund expenditures totaling \$17,363,509, but misreported these expenditures in the Special Education Cluster and ARRA – State Fiscal Stabilization Funds. As a result of these errors, total SEFA expenditures were overstated by approximately 12 percent.
- ARRA expenditures totaling \$768,102 were not separately reported on the SEFA for the Education Technology State Grants program, but were included in the program’s non-ARRA expenditures.
- ARRA expenditures totaling \$464,222 for the Race-to-the-Top program were misreported as State Fiscal Stabilization Grants.

Without procedures to accurately report Federal programs and related expenditures on the SEFA, the risk increases that major Federal programs may not be audited, contrary to Federal requirements, and costs associated with those programs may be subject to disallowance by the grantors.

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**Recommendation:** The District should enhance its procedures to ensure the accuracy of the Schedule of Expenditures of Federal Awards.

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District Contact Person: Greta Campbell, Executive Director of Financial Services

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**PRIOR AUDIT FOLLOW-UP**

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The District had taken corrective actions for findings included in previous reports on audits of the District’s financial statements and Federal awards.

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**MANAGEMENT’S RESPONSE**

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Management’s response is included as Exhibit A.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS

*LEE COUNTY  
 DISTRICT SCHOOL BOARD  
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS  
 For the Fiscal Year Ended June 30, 2011*

Listed below is the District's summary of the status of prior audit findings on Federal programs:

Audit Report No. and Federal Awards Finding No.	Program/ Area	Brief Description	Status	Comments
Cherry, Bekaert, & Holland, LLP		There were no prior Federal audit findings.		

EXHIBIT A  
MANAGEMENT'S RESPONSE



THE SCHOOL DISTRICT OF LEE COUNTY

2855 COLONIAL BLVD. ♦ FORT MYERS, FLORIDA 33966-1012 ♦ (239) 334-1102 ♦ WWW.LEESCHOOLS.NET

December 9, 2011

The Honorable David W. Martin, CPA  
Auditor General, State of Florida  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mr. Martin:

Enclosed is the response to the Preliminary and Tentative Audit Findings on the Financial Federal audit of the Lee County School Board for the fiscal year ended June 30, 2011. Thank you for your assistance.

Sincerely,

A handwritten signature in blue ink that reads "Joseph P. Burke".

Joseph P. Burke, Ed.D.  
Superintendent

Enclosures

Cc: Ms. Mary Fischer, Chairman, Lee County School Board  
Mrs. Jeanne Dozier, Vice Chairman, Lee County School Board  
Members, Lee County School Board  
Dr. Alberto Rodriguez, Chief Administrative Officer  
Mrs. Greta S. Campbell, Executive Director of Financial Services

MARY FISCHER, M.A.  
CHAIRMAN, DISTRICT 1  
JEANNE S. DOZIER  
VICE CHAIRMAN, DISTRICT 2  
JANE E. KUCKEL, PH.D.  
DISTRICT 3  
DON H. ARMSTRONG  
DISTRICT 4  
THOMAS SCOTT  
DISTRICT 5  
JOSEPH BURKE, ED.D.  
SUPERINTENDENT  
KEITH B. MARTIN, ESQ.  
BOARD ATTORNEY

EXHIBIT A  
MANAGEMENT'S RESPONSE (CONTINUED)

The School District of Lee County, Florida  
Response From the Audited District  
For Fiscal Year Ended June 30, 2011

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**Federal Awards Finding No. 1:**  
**Federal Agency:** United States Department of Education  
**Pass-Through Entity:** Florida Department of Education  
**Program:** Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391 – ARRA, and 84.392 - ARRA)  
**Finding Type:** Noncompliance and Significant Deficiency  
**Questioned Costs:** \$514,035

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**Recommendation:** The District should enhance controls over State and local resources allocated and expended for District Special Education programs to ensure compliance with Federal maintenance of effort requirements. In addition, the District should document to the grantor (Florida Department of Education) its compliance with these requirements or restore \$514,035 to the Special Education programs.

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**Response:** The District agrees that controls over resources expended for special education programs are critical. Our understanding of the allowance for reduction of maintenance of effort due to increase from prior year entitlement was different that what is presented in this finding. The IDEA ARRA entitlement was given to districts for a two year period. Because the entitlement was intended to be used over a two year period, we included IDEA ARRA expenditures from 2011 and 2010 in the comparison for allowance of reduction of MOE. Our calculation led to additional allowance of reduction of MOE, and is what we relied on to monitor our compliance. We will be applying for a waiver from the DOE, but are also prepared to restore the questioned amount if that waiver is denied.

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**Federal Awards Finding No. 2:**  
**Federal Agency:** United States Department of Education  
**Pass-Through Entity:** Florida Department of Education  
**Program:** Special Education – Grants to States, Recovery Act (CFDA No. 84.391 – ARRA)  
**Finding Type:** Noncompliance and Significant Deficiency  
**Questioned Costs:** \$394,504

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**Recommendation:** The District should enhance its procedures to ensure that Federal grant expenditures are only incurred within the period of availability. In addition, the District should document to the grantor (Florida Department of Education) the allowability of the \$394,504 in questioned costs or restore these moneys to the Special Education – ARRA program.

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**Response:** The District will enhance its procedures to include a regular review of all purchases approved by Departments using grant funds. However, according to the Reference Guide for State Expenditures, page 13, "Advance payment may be made for maintenance agreements, software license agreements, and subscriptions that meet one of the following criteria:

EXHIBIT A  
MANAGEMENT'S RESPONSE (CONTINUED)

**Advance payment will result in a savings to the Stat that is equal to or greater than the amount the State would earn by investing the funds and paying in arrears.**

**The goods or services are essential to the operation of a state agency and are available only if advance payment is made.**

**Prior approval of the Bureau of Auditing is required for advance payments made for maintenance agreements, software license agreements, and subscriptions that exceed the threshold of Category Two as defined by s. 287.017, F.S."**

**The purchase of the IEP software, meets the criteria one (1) because of the savings based on the cost per FTE and product price increases. Staff will continue to work with District Departments to ensure that advance payments are handled in accordance with the guidelines of prior approval by Florida Department of Education.**

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**Federal Awards Finding No. 3:**

**Federal Agency: United States Department of Education**

**Pass-Through Entity: Florida Department of Education**

**Program: Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391 - ARRA, and 84.392 - ARRA); Educational Technology State Grants Cluster (CFDA Nos. 84.318 and 84.386 - ARRA); State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act (CFDA 84.395 - ARRA); State Fiscal Stabilization Fund Cluster (CFDA Nos. 84.394 - ARRA and 84.397- ARRA); and Education Jobs Fund (CFDA 84.410)**

**Finding Type: Noncompliance and Significant Deficiency Questioned Costs: Not Applicable**

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**Recommendation: The District should enhance its procedures to ensure the accuracy of the Schedule of Expenditures of Federal Awards.**

**Response: The District will enhance its procedures to ensure the accuracy of the Schedule of Expenditures of Federal Awards.**

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DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450



PHONE: 850-488-5534  
FAX: 850-488-6975

The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Lee County District School Board as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the basic financial statements was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the aggregate discretely presented component units, as described in our report on the Lee County District School Board's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **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, rules, 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*.

The results of our operational audit of the District for the fiscal year ended June 30, 2011, will be presented in a separate report.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, 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.

Respectfully submitted,



David W. Martin, CPA  
December 16, 2011  
Audit Report No. 2012-059



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450



PHONE: 850-488-5534  
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The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB *CIRCULAR A-133***

### **Compliance**

We have audited the Lee County District School Board's compliance with the types of compliance requirements described in the United States Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2011. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of District management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB *Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB *Circular A-133* and which are described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding Nos. 1 through 3.

## Internal Control Over Compliance

District management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB *Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding Nos. 1 through 3. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Management's response to the findings described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report is included as Exhibit A. We did not audit management's response and, accordingly, we express no opinion on the response.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, 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.

Respectfully submitted,



David W. Martin, CPA

December 16, 2011

Audit Report No. 2012-059

**LEE COUNTY  
DISTRICT SCHOOL BOARD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
<b>United States Department of Agriculture:</b>			
Indirect:			
Child Nutrition Cluster:			
Florida Department of Education:			
School Breakfast Program	10.553	321	\$ 6,114,900
National School Lunch Program	10.555	300	19,263,588
Summer Food Service Program for Children	10.559	323	650,053
Florida Department of Agriculture and Consumer Services:			
National School Lunch Program	10.555 (2)	None	<u>304,029</u>
<b>Total Child Nutrition Cluster</b>			<u>26,332,570</u>
Florida Department of Education:			
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	371	6,234
Fresh Fruit and Vegetable Program	10.582	None	<u>137,367</u>
<b>Total United States Department of Agriculture</b>			<u>26,476,171</u>
<b>United States Department of Transportation:</b>			
Direct:			
ARRA - Federal-Aid Highway Program, Federal Lands Highway Program, Recovery Act	20.205	N/A	<u>2,400</u>
<b>United States Department of Commerce:</b>			
Direct:			
Congressionally Identified Awards and Projects	11.469	N/A	<u>15,209</u>
<b>United States Department of Education:</b>			
Direct:			
Impact Aid	84.041	N/A	20,234
Federal Pell Grant Program	84.063	N/A	2,006,931
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	186,190
Fund for the Improvement of Education	84.215	N/A	229,483
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grant)	84.330	N/A	23,982
Homeless Education Disaster Assistance Program	84.383	N/A	<u>26,418</u>
<b>Total Direct</b>			2,493,238
Indirect:			
Special Education Cluster:			
Florida Department of Education:			
Special Education - Grants to States	84.027	262, 263	12,979,285
Special Education - Preschool Grants	84.173	266, 267	454,099
ARRA - Special Education - Grants to States, Recovery Act	84.391	263	13,280,487
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	267	<u>240,127</u>
<b>Total Special Education Cluster</b>			26,953,998
Title I, Part A Cluster:			
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212, 222, 223, 226, 228	18,403,021
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	212, 223, 226	<u>5,308,759</u>
<b>Total Title I, Part A Cluster</b>			23,711,780
Education for Homeless Children and Youth Cluster:			
Florida Department of Education:			
Education for Homeless Children and Youth	84.196	127	111,037
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	127	<u>1,172</u>
<b>Total Education for Homeless Children and Youth Cluster</b>			112,209
Educational Technology State Grants Cluster:			
Florida Department of Education:			
Education Technology State Grants	84.318	121	44,224
ARRA Education Technology State Grants, Recovery Act	84.386	121, 122	<u>768,102</u>
<b>Total Educational Technology State Grants Cluster</b>			812,326
State Fiscal Stabilization Fund Cluster:			
Florida Department of Education:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	591	27,333,955
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	592	<u>565,009</u>
<b>Total State Stabilization Fund Cluster</b>			27,898,964

**LEE COUNTY**  
**DISTRICT SCHOOL BOARD**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**For the Fiscal Year Ended June 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
<b>Florida Department of Education:</b>			
Adult Education - Basic Grants to States	84.002	191, 193	678,207
Migrant Education - State Grant Program	84.011	217	473,432
Career and Technical Education - Basic Grants to States	84.048	151	1,214,712
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	43,691
Charter Schools	84.282	298	598,047
Twenty-First Century Community Learning Center	84.287	244	71,805
English Language Acquisition Grants	84.365	102	913,967
Improving Teacher Quality State Grants	84.367	224	2,973,515
State Fiscal Stabilization Funds (SFSF) - Race to the Top - Incentive Grants, Recovery Act	84.395	RL111	464,222
Education Jobs Fund	84.410	541	17,363,509
Washington County District School Board:			
Reading First State Grants	84.357	None	43,597
			<u>24,838,704</u>
<b>Total Indirect</b>			<u>104,327,981</u>
<b>Total United States Department of Education</b>			<u>106,821,219</u>
<b>United States Department of Health and Human Services:</b>			
Direct:			
Head Start Cluster:			
Head Start	93.600 (3)	N/A	5,259,050
ARRA - Head Start	93.708 (3)	N/A	867,131
ARRA - Early Head Start	93.709 (3)	N/A	1,331,754
<b>Total United States Department of Health and Human Services</b>			<u>7,457,935</u>
<b>Corporation for National and Community Service:</b>			
Indirect:			
Florida Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	234	14,652
<b>United States Department of Defense:</b>			
Direct:			
Army Junior Reserve Officers Training Corps	None	N/A	1,089,726
<b>Total Expenditures of Federal Awards</b>			<u>\$ 141,877,312</u>

Notes:

- (1) **Basis of Presentation.** The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.
- (2) **Noncash Assistance: National School Lunch Program** - Represents the amount of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (3) **Head Start.** For CFDA 93.600, expenditures include \$5,097,122 for grant number/program year 04CH3269/45 and \$161,928 for grant number/program year 04CH3269/44. For CFDA 93.708, expenditures include \$579,101 for grant number/program year 04SH3269/02, \$161,015 for grant number/program year 04SE3269/01, and \$127,015 for grant number/program year 04SH3269/01. For CFDA 93.709, expenditures include \$933,497 for grant number/program year 04SA3269/02 and \$398,257 for grant number/program year 04SA3269/01.



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

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The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Lee County District School Board, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the reports of the other auditors, provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the Lee County District School Board as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general

and major special revenue fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Lee County District School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS, and SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund financial statements and schedules, and **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, have been subjected to the auditing procedures applied in



the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the combining and individual fund financial statements and schedules, and **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in blue ink that reads "David W. Martin". The signature is written in a cursive style with a large initial "D".

David W. Martin, CPA  
December 16, 2011  
Audit Report No. 2012-059