

SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? ___yes X no

Significant deficiency(ies) identified? ___yes X none reported

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular? ___yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.002	Adult Ed-Basic Grants to States
84.027, 84.173, 84.391A, 84.392A	Special Education Cluster (IDEA)
84.367	Title II, Improving Teacher Quality
84.395	Race to the Top

Dollar threshold used to distinguish between Type A and Type B programs: \$2,728,048

Auditee qualified as low-risk auditee? X yes ___ no

SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II
FINANCIAL STATEMENT FINDINGS

None Reported

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None Reported

SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS

Federal Award Finding No. 1: Maintenance of Effort–U.S. Department of Education, Special Education (IDEA) Cluster (CFDA Nos. 84.027, 84.173, 84.391(ARRA), and 84.392(ARRA))

Finding: For the fiscal year ended June 30, 2011, the District mistakenly included American Recovery and Reinvestment Act (ARRA) funds in its calculations, which should be excluded to demonstrate compliance. In addition, the District records did not evidence that the District met a qualified exemption from the maintenance of effort requirement. This resulted in a deficiency in maintenance of effort from State and local funds totaling \$514,035, which was subject to disallowance by the grantor.

Status: The District implemented new procedures during the fiscal year ended June 30, 2012, to ensure compliance with maintenance of effort requirements and restored the questioned costs of \$514,035 to the Special Education Cluster. The results of our testing disclosed no instances of noncompliance and thus this finding was not repeated during the current fiscal year.

Federal Award Finding No. 2: Period of Availability–U.S. Department of Education, Special Education Grants to States, Recovery Act (CFDA No. 84.391(ARRA))

Finding: For the fiscal year ended June 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 grant period was from April 20, 2009 to September 30, 2011, resulting in questioned costs of \$394,504.

Status: The District implemented new procedures during the fiscal year ended June 30, 2012, to ensure compliance with period of availability requirements and requested approval for the lease with the Florida Department of Education. The results of our testing disclosed no instances of noncompliance and thus this finding was not repeated during the current fiscal year.

SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS

Federal Award Finding No. 3: Reporting–Schedule of Expenditures of Federal Awards (SEFA)–U.S. Department of Education, Special Education (IDEA) 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, Race to the Top Incentive Grants, Recovery Act (CFDA No. 84.395(ARRA))
State Fiscal Stabilization Fund Cluster (CFDA Nos. 84.394 (ARRA) and 84.397(ARRA))
Education Jobs Fund (CFDA No. 84.410)

Finding: For the fiscal year ended June 30, 2011, the District did not properly report certain required data, contrary to *Circular A-133*.

Status: The District implemented new procedures during the fiscal year ended June 30, 2012 to ensure the accuracy of the Schedule of Expenditures of Federal Awards. The results of our testing disclosed no instances of noncompliance and thus this finding was not repeated during the current fiscal year.

**INDEPENDENT AUDITORS' 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**

Superintendent and Members of the
School District of Lee County
Fort Myers, Florida

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 School District of Lee County, Florida (the "School District"), as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 19, 2012. Our report includes 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 all of the financial statements of the aggregate discretely presented component units, as described in our report on the School District'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

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School 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 School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School 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 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.

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 School 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*.

This report is intended solely for the information and use of management, the members of the School District, others within the entity, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
December 19, 2012

**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**

Superintendent and Members of the
School District of Lee County
Fort Myers, Florida

Compliance

We have audited the School District of Lee County, Florida's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012. The School District of Lee County's major Federal programs are identified in the summary of auditor's results section of the accompanying 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 the School District of Lee County's management. Our responsibility is to express an opinion on the School District of Lee County'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 School District of Lee County'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 School District of Lee County's compliance with those requirements.

In our opinion, the School District of Lee County complied, in all material respects, with the compliance requirements referred to above could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the School District of Lee County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the School District of Lee County's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the 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 School District of Lee County'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 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 over compliance 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.

This report is intended solely for the information and use of management, the members of the School District, others within the entity, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
December 19, 2012

**LEE COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Grantor Number</u>	<u>Amount of Expenditures (1)</u>
United States Department Of Agriculture:			
Indirect:			
Child Nutrition Cluster:			
Florida Department of Education:			
School Breakfast Program	10.553	321	\$ 6,445,028
National School Lunch Program	10.555	300	20,047,701
Afterschool Snack Program	10.555	300	222,026
Summer Food Service Program for Children	10.559	323	625,608
Fresh Fruit and Vegetable Program	10.582	300	206,134
Florida Department of Agriculture & Consumer Services:			
Food Distribution	10.555 ⁽²⁾	None	<u>440,176</u>
Total United States Department of Agriculture			<u>27,986,673</u>
United States Department of Commerce			
Direct:			
Congressionally Identified Awards (NOAA)	11.469	NA08SEC4690055	<u>24,770</u>
United States Department of Energy			
Direct:			
Impact Aid		None	<u>20,178</u>
United States Department Of Education:			
Direct:			
Federal Pell Grant Program	84.063	2965/4844	2,046,516
Magnet Schools Assistance	84.165	U165A110046	397,151
Safe and Drug-Free Schools and Communities_National Programs	84.184	Q184E090045	49,997
Fund for the Improvement of Education	84.215	U215F080072,U215X100303	<u>225,884</u>
Total Direct			<u>2,719,548</u>
Indirect:			
Special Education Cluster:			
Florida Department of Education:			
Special Education-Grants To States	84.027	262, 263	18,733,418
Special Education-Preschool Grants	84.173	266, 267	421,159
ARRA- Special Education-Grants To States, Recovery Act	84.391	263	82,210
ARRA- Special Education-Preschool Grants, Recovery Act	84.392	267	<u>170,977</u>
Total Special Education Cluster			<u>19,407,764</u>
Title I, Part A Cluster:			
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212,222,223,226,228	19,500,396
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	212,223	<u>2,128,688</u>
Total Title I, Part A Cluster			<u>21,629,084</u>
Educational Technology State Grants Cluster:			
Florida Department of Education:			
Education Technology State Grants	84.318	121	(2)
ARRA - Education Technology State Grants, Recovery Act	84.386	121,122	<u>138,027</u>
Total Educational Technology State Grants Cluster			<u>138,025</u>

**LEE COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Grantor Number</u>	<u>Amount of Expenditures (1)</u>
State Fiscal Stabilization Fund Cluster:			
Florida Department of Education			
State Fiscal Stabilization Fund-Government Services, Recovery Act	84.397	592	68,069
Total State Stabilization Fund Cluster			68,069
Florida Department of Education:			
Adult Ed -Basic Grants to States	84.002	191,193	981,374
Migrant Education - State Grant Program	84.011	217	410,155
Career and Technical Education - Basic Grants to States	84.048	161	1,021,226
Education for Homeless Children and Youth	84.196	127	98,967
Charter Schools	84.282	298	583,536
Twenty-First Century Community Learning Centers	84.287	244	75,988
English Language Acquisition Grants	84.365	102	1,349,954
Improving Teacher Quality State Grants	84.367	224,225	3,168,725
Race to the Top - Local Education Agencies Formula Subgrants	84.395	111, 211, 311	2,655,429
Education Jobs Fund	84.410	110	256,595
Total Indirect			10,601,949
Total United States Department of Education			54,564,439
United States Department Of Health & Human Services:			
Direct:			
Head Start	93.600	04CH3269/45&46	6,797,069
ARRA - Head Start, Recovery Act	93.708	04SH3269/02	113,630
ARRA - Early Head Start, Recovery Act	93.709	04SA3269/02	166,800
Total United States Department of Health & Human Services			7,077,499
Corporation For National & Community Service:			
Indirect:			
Florida Department of Education:			
Learn & Serve America - School & Community	94.004	234	672
United States Department Of Defense:			
Direct			
Army Junior Reserve Officers Training Corps		N/A	1,260,711
Total Expenditures of Federal Awards			\$ 90,934,942

Notes:

- (1) Basis of Presentation. The schedule of Expenditures of Federal Awards represents amounts 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 the District's accounting records from which the basic financial statements have been reported.
- (2) Noncash assistance: Food Distribution - Represents the amount of USDA Commodities received during the fiscal year. Donated foods are valued at fair market value as determined at the time of donation

INDEPENDENT AUDITOR'S REPORT

Superintendent and Members of the
School District of Lee County
Fort Myers, Florida

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 School District of Lee County, Florida, as of and for the year ended June 30, 2012, which collectively comprise the School District of Lee County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District of Lee County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit any of the financial statements of the aggregate discretely presented component units. All of those financial statements were audited by other auditors whose report thereon has 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 report 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously 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 of the School District of Lee County as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and the Federal Economic Stimulus Fund for the 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 our report dated December 19, 2012, on our consideration of the School District of Lee County'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress—Other Postemployment Benefits and Schedule of Employer Contributions—Other Postemployment Benefits on pages 16 through 32 and 85 and 86 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Lee County's financial statements. The combining and individual nonmajor fund financial statements, and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. **In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of Federal awards are fairly stated in all material respects in relation to the financial statements as a whole.**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Lee County, Florida's basic financial statements. The introductory and statistical sections, 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mauldin & Jenkins, LLC

Bradenton, Florida
December 19, 2012