



LEE COUNTY, FLORIDA

Single Audit Reports

Year ended September 30, 2008

(With Independent Auditors' Report Thereon)

LEE COUNTY, FLORIDA

Single Audit Reports

Fiscal year ended September 30, 2008

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**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***

Board of County Commissioners
Lee County, Florida:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lee County, Florida (County) as of and for the year ended September 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 10, 2009. 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.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 County'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 the Board of County Commissioners, management, others within organization, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 10, 2009
Certified Public Accountants

LEE COUNTY, FLORIDA

Schedule of Expenditures of Federal Awards
and State Financial Assistance

Fiscal year ended September 30, 2008

Federal/State grantor/pass-through grantor	CFDA/ CSFA number	Grant number	Federal/ State award amount	Expenditures
U.S. Department of Defense:				
Department of the Army, Office of Chief of Engineering: Lee Co. Shore Protection Project (Estero & Gasprilla Islands)	N/A	None	\$ 5,866,812	15,708
Total U.S. Department of Defense			<u>5,866,812</u>	<u>15,708</u>
U.S. Elections Assistance Commission:				
Passed through Florida Department of State:				
Optical Scan Funds	90.401	None	1,181,687	1,184,320
Elections Activities Grant	90.401	None	62,668	50,615
Pollworker Recruitment and Training FY 05/06	90.401	None	88,806	19,740
Pollworker Recruitment and Training FY 06/07	90.401	None	29,602	32,783
Total program			<u>1,362,763</u>	<u>1,287,458</u>
Voters Education Funds	39.011	None	59,204	58,354
Total U.S. Elections Assistance Commission			<u>1,421,967</u>	<u>1,345,812</u>
U.S. Department of Energy:				
Passed through Florida Department of Community Affairs:				
Weatherization Assistance Program (WAP) FY07	81.042	07WX-6P-09-46-01-015	23,584	14,668
Weatherization Assistance Program (WAP) FY08	81.042	08WX-7H-09-46-01-015	20,334	8,827
Total U.S. Department of Energy			<u>43,918</u>	<u>23,495</u>
U.S. Environmental Protection Agency:				
Passed through SW Florida Regional Planning Council:				
Effectiveness of Best Management Practices	66.456	CE-97456002-2	250,000	43,197
Total U.S. Environmental Protection Agency			<u>250,000</u>	<u>43,197</u>
U.S. Department of Health & Human Services:				
Passed through Florida Department of Revenue:				
Child Support Enforcement Program (Federal Initiative)	93.563	CC336	N/A	439,110
Weatherization WAP-LIHEAP FY07	93.568	07LH-6G-09-46-01-015	62,150	50,675
Weatherization WAP-LIHEAP FY08	93.568	08LH-7B-09-46-01-015	44,748	3,633
LIHEAP FY07	93.568	07EA-6J-09-46-01-015	566,305	251,237
LIHEAP FY08	93.568	08EA-7B-09-46-01-015	480,894	267,145
Total program			<u>1,154,097</u>	<u>572,690</u>
Community Service Block Grant (FY08)	93.569	08SB-6I-09-46-01-015	260,580	259,134
Florida Fluoridation Grant	93.991	COHUI	150,000	30,205
Passed through Florida Department of State:				
Polling Place Accessibility Grant	93.617	None	48,870	9,974
Total U.S. Department of Health & Human Services			<u>1,613,547</u>	<u>1,311,113</u>
U.S. Department of Homeland Security:				
Transportation Security Administration:				
LETP Issue 63 Expansion of Public Information	97.067	2008-LETP-LEE-2-53-015	20,000	20,000
RSW-TSA National Explosives Detection Canine Team Prg	97.072	HSTS0208HCAN446	75,500	75,500
RSW-TSA National Explosives Detection Canine Team Prg	97.072	DTS A20-03-H-00977	75,000	75,000
Total program			<u>150,500</u>	<u>150,500</u>
RSW-TSA Law Enforcement Officer Reimbursement	97.090	HSTS0208HSLR084	1,242,606	184,042
Passed through Florida Department of Community Affairs:				
Region 6 SWAT/Bomb Buildout	97.004	2006-LETP-LEE-1-N1-003	106,665	21,643
USAR SHSGP FY 07 Region 6	97.004	07-DS-5N-13-00-16-217	479,407	110,246
Total program			<u>586,072</u>	<u>131,889</u>
Tropical Storm Fay	97.036	08-PA-B9-09-46-13-640	N/A	667,767
EMPA Base Performance Grant FY08	97.042	08-BG-04-09-46-01-292	56,130	56,130
SHSGP State Homeland Security Grant	97.067	08-DS-60-09-46-01-237	44,294	4,326
SHSGP State Homeland Security Grant	97.067	06-DS-3W-09-46-01-240	68,861	26,167
SHSGP State Homeland Security Grant	97.067	07-DS-5N-09-46-01-275	75,000	33,619
Homeland Security Initiatives	97.067	07-DS-5N-09-46-01-249	81,740	43,341
Homeland Security	97.067	07-DS-5N-09-46-01-260	193,640	28,519
SHSGP Region 6	97.067	08-DS-60-09-46-01-194	75,000	40,836
Citizens Corps Council	97.067	08-CC-65-09-46-01-074	11,600	2,059
Passed through Florida Department of Law Enforcement:				
RSW-Digital Surveillance	97.067	2008-LETP-LEE-1-S3-014	500,000	53,250
Total program			<u>1,050,135</u>	<u>232,117</u>
Passed through United Way of Lee County:				
FEMA Food and Shelter	97.024	None	52,000	52,000
Total U.S. Department of Homeland Security			<u>3,157,443</u>	<u>1,494,445</u>

LEE COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Fiscal year ended September 30, 2008

Federal/State grantor/pass-through grantor	CFDA/ CSFA number	Grant number	Federal/ State award amount	Expenditures
U.S. Department of Housing & Urban Development:				
CDBG Urban County Entitlement – Year 15	14.218	B-04-UC-12-0013	\$ 2,568,000	331,609
CDBG Urban County Entitlement – Year 16	14.218	B-05-UC-12-0013	2,449,422	466,360
CDBG Urban County Entitlement – Year 17	14.218	B-06-UC-12-0013	2,220,523	1,559,803
CDBG Urban County Entitlement – Year 18	14.218	B-07-UC-12-0013	2,179,588	928,169
Total program			9,417,533	3,285,941
Emergency Shelter Grant FY07	14.231	S-06-UC1Z0023	94,218	5,710
Emergency Shelter Grant FY08	14.231	S-07-UC1Z0023	95,776	93,128
Total program			189,994	98,838
Supportive Housing Program (SHP – FY04)	14.235	Various	1,762,715	29,300
Supportive Housing Program (SHP – FY05)	14.235	Various	2,107,267	90,481
Supportive Housing Program (SHP – FY06)	14.235	Various	1,770,295	111,995
Supportive Housing Program (SHP – FY07)	14.235	Various	1,816,392	1,171,807
Supportive Housing Program (SHP – FY08)	14.235	Various	1,969,787	677,160
SHP LIFT Program (FY07)	14.235	FL14B60-3006	119,722	94,173
SHP LIFT Program (FY08)	14.235	FL14B703003	119,722	44,781
Total program			9,665,900	2,219,697
SHP Shelter Plus Care (FY01)	14.238	FL14C003006	192,120	26,788
SHP Shelter Plus Care (FY01)	14.238	FL14C003001	247,320	26,713
Total program			439,440	53,501
HOME – Year 13 (FY05)	14.239	M-04-UC-12-0210	899,890	243,534
HOME – Year 14 (FY06)	14.239	M-05-UC-12-0210	809,030	358,156
HOME – Year 15 (FY07)	14.239	M-06-UC-12-0210	749,401	621,639
HOME – Year 16 (FY08)	14.239	M-07-UC-12-0210	721,979	374,497
HOPE III Sale Proceeds	14.239	H3-95-FL0003-1-A	N/A	94,961
Home Again Program	14.239	HA04-739	300,000	93,296
Total program			3,480,300	1,786,083
Passed through Florida Department of Community Affairs:				
CDBG Disaster Recovery	14.228	07-DB-3V-09-46-01-Z02	1,364,931	631,570
Passed through Florida Dept. of Health & Health Planning Council:				
HOPWA Renewal (7/1/07-6/30/08)	14.241	CODD2	70,140	52,605
HOPWA Renewal (7/1/08-6/30/09)	14.241	CODK7-5	70,140	17,535
Total program			140,280	70,140
Total U.S. Department of Housing & Urban Development			24,698,378	8,145,770
U.S. Department of the Interior:				
U.S. Fish & Wildlife Service:				
FWC 08 Artificial Reef Grant	15.605	FWC-07303	60,000	60,000
Passed through Florida Department of Environmental Protection:				
FWCF Caloosahatchee Creeks Improvement Project	15.916	LW500	150,400	119,323
Total U.S. Department of the Interior			210,400	179,323
U.S. Department of Justice:				
Human Trafficking Task Force	16.320	2005-VT-BX-1162	450,000	167,811
Gang Citation Equal Justice Initiative	16.480	2007-DD-BX-0660	235,686	146,045
State Criminal Alien Assistance (SCAAP)	16.606	2004-AP-BX-0045	142,645	24,169
State Criminal Alien Assistance (SCAAP)	16.606	2006-AP-BX-0579	186,685	93,216
State Criminal Alien Assistance (SCAAP)	16.606	2006-F3268-FL-AP	191,781	163,091
State Criminal Alien Assistance (SCAAP)	16.606	2007-F4525-FL-AP	193,048	193,048
Total program			714,159	473,524
Bullet Proof Vest Program (FY07)	16.607	2007BOBX07037001	7,488	5,873
Edward Bryne JAG – 2007	16.738	2007-DJ-BX-0378	147,072	88,949
Passed through Florida Department of Children & Families:				
STOP Violence Against Women	16.588	LN 020	600,755	171,057
Passed through Florida Department of Law Enforcement:				
Edward Byrne Memorial JAG-PILS Unit (FY 07-08)	16.738	2008-JAGC-LEE-1-Q9-201	259,516	232,454
Paul Coverdell Forensic Science Improvement Grant 2007	16.742	2007-CD-BX-0002	10,052	10,052
Passed through Florida Department of Juvenile Justice:				
Neighborhood Accountability Board SWFL	16.523	NB-707	65,997	52,112
DJJ Title III Restitution	16.540	Q6010	64,137	46,411
Civil Citation Equal Justice Initiative	16.540	N/A	43,850	43,850
Total program			107,987	90,261
Total U.S. Department of Justice			2,598,712	1,438,138
U.S. Department of Labor:				
Veterans Workforce Investment Program	17.802	HV-16544-07-60-5-12	7,000	3,648
Total U.S. Department of Labor			7,000	3,648

LEE COUNTY, FLORIDA

Schedule of Expenditures of Federal Awards
and State Financial Assistance

Fiscal year ended September 30, 2008

Federal/State grantor/pass-through grantor	CFDA/ CSFA number	Grant number	Federal/ State award amount	Expenditures
U.S. Department of Transportation/non-FAA:				
Federal Transit Cluster Program:				
FTA 5309 Capital	20.500	FL-03-0280	\$ 1,981,222	194,075
FTA 5307 Capital	20.507	FL-90-X532	1,984,659	728,556
FTA 5307 Capital FY06 NonUrbanized Area Formula	20.507	FL-90-X559	3,411,557	447,999
USC 5307 Capital FY06 Urbanized Area Formula	20.507	FL-90-X596	3,508,619	1,077,551
USC 5307 Capital FY06 Urbanized Area Formula	20.507	FL-90-X597	3,525,246	107,325
USC 5307 Capital FY07 Urbanized Area Formula	20.507	FL-90-X623	4,102,233	23,244
Total program			<u>18,513,536</u>	<u>2,578,750</u>
Transit Services Cluster Program:				
FTA 5316 Job Access Reverse Commute Grant	20.516	FL-37-X027	471,459	32,701
FTA 5317 New Freedom Grant	20.521	FL-57-X005	347,953	32,700
Total program			<u>819,412</u>	<u>65,401</u>
Alternative Transp. in Parks & Public Lands – Ding Darling Nat'l Wildlife Refuge	20.520	FL-20-00001	700,000	225,520
Passed through Florida Department of Transportation:				
Value Price Queue Jump (Metro Pkwy @ Colonial Blvd)	20.205	ANR10 409185-1-28-02	1,069,000	270,304
Landscaping Imprvmts (I-75 @ Daniels Pkwy & Corkscrew Rd)	20.205	ANJ33 414079-1-58-01	200,000	200,000
Traffic Control Device System	20.205	AO357 415622-1	220,321	198,287
Tice Street Sidewalk	20.205	AOP98 417944-1	215,000	164,992
Value Pricing Grant	20.205	421224-1-28-01	200,000	109,039
Countywide Signal Retiming	20.205	414084-1-38-01	655,500	247,889
Total program			<u>2,559,821</u>	<u>1,190,511</u>
USC 5303 Planning FY07 (Federal Portion)	20.505	AN562	128,366	121,312
USC 5303 Planning FY08 (Federal Portion)	20.505	AOZ59	140,667	38,213
Total program			<u>269,033</u>	<u>159,525</u>
USC 5311 Non Urban Area Program FY08	20.509	AOV97	342,992	342,992
LCSO Roadway Safety Program	20.600	RS-08-15-03	42,800	42,792
Aggressive Driving – FY07-08	20.600	SC-08-13-09	49,000	48,999
Impaired Driving Program	20.600	AL-08-05-05	61,600	57,519
Total program			<u>153,400</u>	<u>149,310</u>
Passed through Florida Department of Environmental Protection: Caloosahatchee Creeks Trail	20.219	T2419	114,296	114,296
Total U.S. Department of Transportation/non-FAA			<u>23,472,490</u>	<u>4,826,305</u>
U.S. Department of Transportation/FAA:				
Federal Aviation Administration:				
AARFF Vehicle & Midfield Building – RSW	20.106	3-12-0135-040-2006	2,291,049	562,500
Runway 6/24 & Taxiway Rehab – RSW	20.106	3-12-0135-038-2005	7,744,152	1,928,869
FMY – Construct Apron	20.106	3-12-0027-15-2008	6,118,766	542,216
RSW – Construct Midfield Terminal Bldg. – Public Use Area Phase VI Apron Phase V	20.106	3-12-0135-044-2008	1,406,364	1,406,364
RSW – Construct Midfield Terminal Bldg. – Public Use Area Phase VI Apron Phase V	20.106	3-12-0135-045-2008	481,083	481,083
Total U.S. Department of Transportation/FAA			<u>18,041,414</u>	<u>4,921,032</u>
U.S. Department of the Treasury:				
Federal Forfeiture – Treasury	21.000	None	N/A	38,886
Federal Forfeiture – Justice	21.000	None	N/A	154,978
Total U.S. Department of the Treasury			N/A	<u>193,864</u>
Total Expenditures of Federal Awards			\$ <u>81,382,081</u>	<u>23,941,850</u>
Department of Children and Families:				
State of Florida Challenge Grant FY08 Criminal Justice, Mental Health, and Substance Abuse	60.014 60.115	HFZ24 Various	\$ 100,000 997,698	95,486 145,729
Total Department of Children and Families			<u>1,097,698</u>	<u>241,215</u>
Department of Community Affairs:				
EMPA Base Grant FY08	52.008	08-BG-04-09-46-01-292	102,959	102,959
LEHRP (7/1/07 – 6/30/07)	52.015	08LE-L3-09-46-01-015	22,226	22,226
Hazardous Material Emergency Response Plan	52.023	08CP-04-09-46-01-054	9,592	9,592
GIS Census Grant	52.038	08-DD-J3-09-46-01-015	22,080	11,284
Florida Housing Finance Corporation:				
SHIP YR11 (State FY05-06)	52.901	LB009	2,404,932	1,519,422
SHIP YR12 (State FY06-07)	52.901	LB014	3,218,464	1,774,369
SHIP YR13 (State FY07-08)	52.901	LB015	3,318,641	1,142,757
SHIP YR14 (State FY08-09)	52.901	LB016	3,392,066	10,282
Total program			<u>12,334,103</u>	<u>4,446,830</u>
Hurricane Recovery Housing Assistance Plan	52.902	None	3,337,194	1,529,202
Total Department of Community Affairs			<u>15,828,154</u>	<u>6,122,093</u>

LEE COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Fiscal year ended September 30, 2008

Federal/State grantor/pass-through grantor	CFDA/ CSFA number	Grant number	Federal/ State award amount	Expenditures
Department of Environmental Protection:				
Lee County Shore Protection Projects	37.003	99LE1	\$ 9,041,936	92,135
Blind Pass Ecozone Restoration Project	37.003	05LE1	1,149,923	26,528
Bonita Beach Renourishment Project	37.003	01LE1	868,724	8,966
Total program			11,060,583	127,629
Popash Creek Project	37.039	LP6838	200,000	102,097
Innovative Waste Reduction & Recycling Grant	37.050	IG8-01	200,000	55,763
Total Department of Environmental Protection			11,460,583	285,489
Department of Health:				
Emergency Medical Services County Award FY07-08	64.005	C7036	175,799	175,799
Total Department of Health			175,799	175,799
Department of Juvenile Justice:				
DJJ Neighborhood Accountability Board	80.029	NB-707	44,218	13,324
Total Department of Juvenile Justice			44,218	13,324
Department of Management Services:				
Wireless 911 Board:				
E911 State Grant	72.002	None	428,524	428,524
Total Department of Management Services			428,524	428,524
Department of State:				
Division of Library & Information Services:				
Library State Operating – State Aid FY06	45.030	06-ST-27	1,182,820	107,124
Library State Operating – State Aid FY07	45.030	07-ST-27	1,164,282	244,712
Library State Operating – State Aid FY08	45.030	08-ST-27	1,043,576	536,871
Total Department of State			3,390,678	888,707
Department of Transportation/non-FAA:				
Transit Studies	55.007	ANX71	110,000	26,780
Commuter Assistance – Trip Planning Software	55.007	AO567	150,000	41,701
Total program			260,000	68,481
County Incentive Grant – SR 82	55.008	419950-1-28-01	783,924	577,307
Transit Block Grant FY08	55.010	AOV96	1,377,593	1,377,593
Passenger Amenities	55.012	AO006	75,000	41,138
US 41 Transit Corridor Program	55.013	AOR30	4,648,997	2,041,016
Toll Facility Revolving Trust Fund Loan-Colonial Blvd	55.019	AOE15	1,500,000	332,549
Pipe Installation – Estero Blvd.	N/A	406225-5-58-01	46,216	37,666
Value Pricing Queue Jump (Metro Pkwy @ Colonial Blvd)	N/A	ANR10	133,625	33,788
Value Pricing Grant	N/A	421224-1-28-01	25,000	13,630
USC 5303 Planning FY07 (State Portion)	N/A	AN562	16,046	15,164
USC 5303 Planning FY08 (State Portion)	N/A	AOZ59	17,583	4,777
Total Department of Transportation/non-FAA			8,883,984	4,543,109
Department of Transportation/FAA:				
Midfield Terminal – RSW	55.004	AH930	62,964,779	1,330,211
I-75 Right-of-Way Acquisition	55.004	AN241	5,000,000	4,703,083
Terminal Expansion Airside Design & Construction – RSW	55.004	AOD19	27,096,000	93,872
ARFF Vehicle Purchase – FMY	55.004	AO564	278,434	104,934
T-Hangars – FMY	55.004	ANT89	4,563,991	388,991
Fuel Farm – FMY	55.004	ANU99	206,000	22,830
Design of General Aviation Terminal Airside Dev – FMY	55.004	AOB23	948,000	364,414
Preliminary Design 6R/24L Phase I Parallel Runway – RSW	55.004	AOK54	17,266,761	816,578
Preliminary Design 6R/24L Phase I Parallel Runway – RSW	55.004	AOK55	750,000	682,500
Total program			119,073,965	8,507,413
I-75 Access Design – RSW	55.014	AD921	1,441,455	113,757
Total Department of Transportation/FAA			120,515,420	8,621,170
Total expenditures of state financial assistance			\$ 161,825,058	21,319,430

N/A = Not Available

See accompanying notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

LEE COUNTY, FLORIDA

Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance

Fiscal year ended September 30, 2008

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (Schedule) summarizes the expenditures incurred under all federal programs and state projects by Lee County, Florida for the fiscal year ended September 30, 2008 which are recognized on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, Section 215.97, Florida Statutes, and *Rules of the Auditor General*, Chapter 10.550. For purposes of this Schedule, federal programs and state projects include all grants and contracts entered into directly between Lee County, Florida and agencies and departments of the federal or state government. Federal programs or state projects passed through other government agencies, if any, are also included in the Schedule.

(2) Indirect Costs

Lee County, Florida provides certain services and facilities to federal and state programs such as disbursing, banking, general data processing, office space, and furnishings. Costs for these services are allocated based on certain pre-approved allocation criteria. Lee County, Florida allocated costs for these indirect services to the Department of Housing and Urban Development’s CDBG Grant (CFDA #14.218) in the amount of \$25,126.

(3) Subrecipients

Of the federal and state expenditures presented in the Schedule, Lee County, Florida provided awards to subrecipients as follows:

<u>CFDA #</u>	<u>Federal program</u>	<u>Amount provided to subrecipients</u>
14.218	CDBG Urban County Entitlement – Year 15	\$ 114,238
14.218	CDBG Urban County Entitlement – Year 16	60,617
14.218	CDBG Urban County Entitlement – Year 17	98,639
14.218	CDBG Urban County Entitlement – Year 18	322,184
14.231	Emergency Shelter Grant FY07	5,710
14.231	Emergency Shelter Grant FY08	88,340
14.235	Supportive Housing Program (SHP-FY04)	29,300
14.235	Supportive Housing Program (SHP-FY05)	86,381
14.235	Supportive Housing Program (SHP-FY06)	110,601
14.235	Supportive Housing Program (SHP-FY07)	1,094,562
14.235	Supportive Housing Program (SHP-FY08)	611,668
14.238	Shelter Plus Care (SHP-FY01)	53,501
14.239	HOME – Year 13 (FY05)	10,250
14.239	HOME – Year 14 (FY06)	68,000
14.239	HOME – Year 15 (FY07)	109,316
14.239	HOME – Year 16 (FY08)	17,940
	Total federal program transfers to subrecipients	<u>\$ 2,881,247</u>

LEE COUNTY, FLORIDA

Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance

Fiscal year ended September 30, 2008

CSFA #	State project	Amounts provided to subrecipients
52.901	SHIP YR 11 (State FY05-06) (LB009)	\$ 1,390,293
52.901	SHIP YR 12 (State FY06-07) (LB014)	1,227,552
52.901	SHIP YR 13 (State FY07-08) (LB015)	768,492
52.902	Hurricane Recovery Housing Assistance Plan	1,223,909
60.014	State of Florida Challenge Grant FY08	66,668
60.115	Criminal Justice, Mental Health & Substance Abuse	145,729
	Total state projects transfers to subrecipients	\$ <u>4,822,643</u>



KPMG LLP
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Tampa, FL 33602

**Report on Compliance with Requirements Applicable
to Each Major Federal Program and State Project and on Internal Control
Over Compliance in Accordance with OMB Circular A-133 and
Chapter 10.550, Rules of the Auditor General**

Board of County Commissioners
Lee County, Florida:

Compliance

We have audited the compliance of Lee County, Florida (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008. The County's major federal programs and state projects are identified in the summary of auditors' 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 and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the 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 County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008. 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 Chapter 10.550, *Rules of the Auditor General*, and which are described in the accompanying schedule of findings and questioned costs as items 2008-1 and 2008-2.



Internal Control over Compliance

The management of the 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 and state projects. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2008, and have issued our report thereon dated March 10, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.



This report is intended solely for the information and use of the Board of County Commissioners, management, others within the organization, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

April 3, 2009
Certified Public Accountants

LEE COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Fiscal year ended September 30, 2008

(1) Summary of Auditors' Results

- (a) An unqualified opinion was issued on the basic financial statements.
- (b) There were no material weaknesses identified or significant deficiencies noted during the audit of the basic financial statements.
- (c) There was no noncompliance which is material to the basic financial statements.
- (d) There were no significant deficiencies noted or material weaknesses identified in internal control over major federal programs. There were no significant deficiencies noted or material weaknesses identified over major state projects.
- (e) An unqualified opinion was issued on compliance for the major programs and state projects.
- (f) There were two findings relative to the major federal programs. There were no findings relative to the major state projects.
- (g) Major programs/projects:

CFDA #	Federal Programs
14.235	Supportive Housing Program (SHP)/Lift Program
20.106	Airport Improvement Grants
	Federal Transit Cluster:
20.500	Capital Investment Grants
20.507	Formula Grants
	Highway Planning and Construction Cluster:
20.205	Transportation Improvement Grants
90.401	Election Assistance Grants
CSFA #	State Projects
72.002	E911 State Grant
45.030	Library State Operating – State Aid
55.010	Transit Block Grant FY08
52.901	SHIP
55.004	Aviation Development Grants
55.008	County Incentive Grant – SR82

- (h) The thresholds for distinguishing Type A and Type B federal programs and state projects were \$718,255 and \$639,582, respectively.
- (i) The auditee did not qualify as a low-risk auditee under Section 530 of OMB A-133.

(2) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*: None

LEE COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Fiscal year ended September 30, 2008

(3) Findings and Questioned Costs Relating to Major Federal Programs:

Finding 2008-1:

Federal Agency: U.S. Department of Transportation
Passed through Florida Department of Transportation
Program: Highway Planning and Construction
CFDA number: 20.205
Award numbers: 414079-1-58-01 and 417944-1
Award years: 2004 and 2007

Criteria

Under the Davis-Bacon Act, the County is required to ensure that laborers and mechanics employed by contractors and subcontractors to work on construction projects with costs in excess of \$2,000 financed by Federal assistance funds are paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (40 USC 3141-3144, 3146, 3147).

Condition

Certified payroll reports are required to be signed by an owner, officer, or their designee (a person authorized by an owner or officer in writing to sign the payroll reports). Three contractors worked on the highway planning and construction contracts. 16 payrolls were paid during fiscal year 2008.

13 of 16 payrolls were not properly certified:

- Payrolls from 8 of 16 payroll periods we observed were certified but not by an owner, officer, or an authorized designee.
- Payrolls from 5 of the 16 payroll periods we observed were not certified.

Questioned Costs

Unknown.

Context/Effect

The County could be liable for additional payment of wages to construction workers if the wage rates actually paid were less than prevailing rates (as defined by the Department of Labor).

Perspective

These incidents are considered isolated to the conditions noted above.

LEE COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Fiscal year ended September 30, 2008

Recommendation

We recommend additional training for staff members responsible for Davis-Bacon compliance. Review of certified payrolls should be formally documented. We recommend use of a spreadsheet or other mechanism to track receipt and approval of reports from contractors. The Davis-Bacon coordinator should also be part of the review process for invoices. Prior to remitting any payments to contractors, the Davis-Bacon coordinator should formally indicate his/her approval of the invoice based upon the contractor's compliance with the Davis-Bacon Act.

Management's Response

In response to an audit conducted by the Federal Highway Administration (FHWA) of the Local Agency Program (LAP) administered by the Florida Department of Transportation (FDOT) a complete overhaul of compliance review practices was performed on all local agencies receiving federal funds in the State. FDOT has implemented a training program geared to teach local agencies how to administer federal contracts titled Construction Compliance for Local Agency Program (LAP) Projects. Lee County DOT employees have participated in the training, two at the May 13, 2008 session and two at the March 17, 2009 session. The training reviewed all applicable federal regulations that local agencies are responsible for when receiving federal funds. FDOT provided recommended checklists to guide local agencies in their review of contractor compliance.

As part of the training FDOT provided the local agencies with a recommended spreadsheet titled Certified Payroll Due Date Schedule, used to track payrolls to ensure they are received on time. Lee County started using the spreadsheet immediately after the May 13, 2008 training. After a contract is awarded a pre-construction meeting is scheduled to review all contractor compliance responsibilities with the prime contractor. During this pre-construction meeting the contractor makes the fiscal manager aware of their pay periods and the fiscal manager advises that bi-weekly payrolls are due to Lee County one week from the day the employees are paid. Submittal dates are now established for the duration of the project and inputted into the Due Date Schedule to assist with tracking. FDOT also provided Lee County with a checklist, Payroll Review Checklist that can be completed along with each payroll submittal. This checklist was implemented by Lee County DOT on May 13, 2008 and provides a record that each payroll was thoroughly reviewed to ensure that all Davis Bacon Wage requirements were followed by the contractor.

The fiscal manager for DOT, who also serves as the grants coordinator, receives all invoices where grant monies are expended and has to make final approval on payment. Once an invoice is received the fiscal manager will review the compliance file to indicate weather the contractor has fulfilled all the federal requirements for the month. Specifically, the fiscal manger will review that the two bi-weekly payrolls were received in that month on time and in proper form by reviewing the checklist and the Due Date Schedule. If a contractor has not complied during the month then payment is withheld and correspondence is sent to said contractor detailing what steps need to be followed before payment can be released.

Since this updated process has been established Lee County has completed and been reimbursed for two projects. In order to be reimbursed, compliance reviews were conducted and FDOT deemed compliance and released the grant funds in full.

LEE COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Fiscal year ended September 30, 2008

Finding 2008-2:

Federal Agency: U.S. Department of Transportation
Passed through Florida Department of Transportation
Program: Highway Planning and Construction
CFDA number: 20.205
Award numbers: 421224-1-28-01; 415622-1; 414084-1-38-01; 409185-1-28-02
Award years: 2004 to 2006

Criteria

The County is required to follow federal procurement regulations and develop procurement policies and procedures that follow these requirements. Control activities should also be in place to help ensure that compliance with procurement and suspension and debarment requirements are maintained (49 CFR and OMB Circular A-87).

Also, by accepting the grant agreement, the County agreed to include a clause titled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion-Power Tier Covered Transaction" in the Vendor Agreements.

Condition

There were no contractor suspension and debarment procedures performed for four of six vendors in fiscal year 2008. In addition, for all six vendors, the County did not include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion-Power Tier Covered Transaction" in the Vendor Agreements.

Questioned Costs

Unknown.

Context/Effect

The County did not include the required clause in the individual vendor contracts.

Perspective

These incidents are considered systemic in nature.

Recommendation

We recommend the County implement procedures to ensure that individuals responsible for grants are educated on grant requirements and that contracts include the required clause titled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion-Power Tier Covered Transaction."

LEE COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Fiscal year ended September 30, 2008

Management's Response

Florida Department of Transportation (FDOT) in conjunction with Federal Highway Administration (FHWA) has established a contract checklist to ensure that before a project is advertised for bid that all federal requirements are included in the package. Once a project manual for bid is completed the package is forwarded to FDOT along with a checklist completed by Lee County. The manual is reviewed by FDOT and once deemed complete a notice-to-proceed is issued allowing Lee County to proceed with the bidding process. Included in this package now is a certification of Suspension and Debarment that is required to be completed by the contractor and returned with their bid. Also, once an apparent low bid is found that contractor's information is forwarded to FDOT for another review of qualifications before Lee County can proceed with awarding the contract.

- (4) **Findings and Questioned Costs Relating to Major State Projects:** None



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**Report on Compliance with Requirements
Applicable to the Passenger Facility Charge Program
and on Internal Control Over Compliance**

Board of County Commissioners
Lee County, Florida:

Compliance

We have audited the compliance of Lee County, Florida (County) with the compliance requirements described in the *Passenger/Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide) for its passenger facility charge program for the year ended September 30, 2008. Compliance with the requirements of laws, regulations, contracts and grants applicable to its passenger facility charge program is the responsibility of the County's management. Our responsibility is to express an opinion on the 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 the Guide. Those standards and the Guide 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 the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the 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 County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended September 30, 2008.

Internal Control over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to the passenger facility charge program. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 entity's internal control over compliance.



A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be 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.

Schedule of Passenger Facility Charges Collected and Expended

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County as of and for the year ended September 30, 2008, and have issued our report thereon dated March 10, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within the organization, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

April 3, 2009
Certified Public Accountants

LEE COUNTY, FLORIDA

Port Authority

Schedule of Passenger Facility Charges (PFCs) Collected and Expended (As reported to FAA)

Year ended September 30, 2008

	<u>Quarter ended December 31, 2007</u>	<u>Quarter ended March 31, 2008</u>	<u>Quarter ended June 30, 2008</u>	<u>Quarter ended September 30, 2008</u>	<u>Year ended September 30, 2008</u>	<u>Cumulative totals as of September 30, 2007</u>	<u>Cumulative totals as of September 30, 2008</u>
Collections:							
PFCs collected	\$ 3,710,810	4,781,194	4,066,170	3,204,546	15,762,720	126,314,449	142,077,169
Interest earned	108,463	116,815	64,827	105,042	395,147	7,559,507	7,954,654
Total collections	<u>\$ 3,819,273</u>	<u>4,898,009</u>	<u>4,130,997</u>	<u>3,309,588</u>	<u>16,157,867</u>	<u>133,873,956</u>	<u>150,031,823</u>
Expenditures on approved PFC projects included in:							
Application No. 1							
92-01-C-00-RSW	\$ 24,782	24,782	24,782	24,778	99,124	18,636,587	18,735,711
Adjustments to Application No. 1							
92-01-C-00-RSW	—	—	—	—	—	(6,286,802)	(6,286,802)
	<u>24,782</u>	<u>24,782</u>	<u>24,782</u>	<u>24,778</u>	<u>99,124</u>	<u>12,349,785</u>	<u>12,448,909</u>
Application No. 2							
93-02-U-00-RSW	—	—	—	—	—	9,711,377	9,711,377
Application No. 3							
94-03-U-00-RSW	376,751	376,751	376,751	376,749	1,507,002	71,325,096	72,832,098
Application No. 4							
97-04-U-00-RSW	17,081	17,081	17,081	17,081	68,324	3,373,193	3,441,517
Application No. 5							
97-04-U-01-RSW	1,990,078	913,346	694,676	547,474	4,145,574	53,285,041	57,430,615
Application No. 6							
06-06-C-00-RSW	—	—	189,864	(391,359)	(201,495)	5,022,847	4,821,352
Total expenditures	<u>\$ 2,408,692</u>	<u>1,331,960</u>	<u>1,303,154</u>	<u>574,723</u>	<u>5,618,529</u>	<u>155,067,339</u>	<u>160,685,868</u>

See accompanying notes to schedule of passenger facility charges collected and expended.

LEE COUNTY, FLORIDA

Notes to Schedule of Passenger Facility
Charges Collected and Expended

Fiscal year ended September 30, 2008

(1) General

The accompanying schedule of passenger facility charges collected and expended presents the activity of all passenger facility charges of Lee County, Florida.

(2) Basis of Accounting

The accompanying schedule of passenger facility charges collected and expended is presented using the cash basis of accounting.