

Lee County, Florida

# Single Audit Reports

For the Year Ended September 30, 2017

(With Independent Auditors' Report Thereon)



# LEE COUNTY, FLORIDA

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**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**

Honorable Board of County Commissioners  
Lee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 28, 2018. Our report includes a reference to other auditors who audited the financial statements of the Lee County Property Appraiser, the Lee County Sheriff, the Lee County Supervisor of Elections, and the Lee County Tax Collector, as described in our report on the County'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 of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-005 that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The County's Response to Findings**

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questions costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Fort Myers, Florida

February 28, 2018, except for finding 2017-005, for which the date is May 8, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT, REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550,  
RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Board of County Commissioners  
Lee County, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited Lee County, Florida's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the State of Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects, for the year ended September 30, 2017. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General Local Governmental Entity Audits. Those standards, the Uniform Guidance, and Chapter 10.550 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 on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the County's compliance.

### ***Opinion on Each Major Federal Program and State Project***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2017.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and Chapter 10.550, and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program and state project is not modified with respect to this matter.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The County's previously issued Schedule of Expenditures of Federal Awards and State Financial Assistance for the year ended September 30, 2017 has been restated to properly report the inclusion of Federal program DWSRF Cluster and State project Wastewater Treatment Facility Construction. The auditors' report dated February 28, 2018 on compliance for each major federal program and state project, report on internal control over compliance, and report on the schedule of expenditures of federal awards and state financial assistance required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, is not to be relied upon and is replaced by this auditors' report on compliance for each major federal program and state project, report on internal control over compliance, and report on the schedule of expenditures of federal awards and state financial assistance required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General.

### ***Report on Internal Control Over Compliance***

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and major state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, 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 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 or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

### **Report on Internal Control Over Compliance (Continued)**

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 material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as 2017-001, 2017-002, 2017-003, and 2017-004 that we consider to be significant deficiencies.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General**

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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated February 28, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the 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 the Uniform Guidance and Chapter 10.550 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Fort Myers, Florida

February 28, 2018, except for the restated Schedule of Expenditures of Federal Awards and State Financial Assistance, the Schedule of Findings and Questioned Costs, and the audits of major federal program DWSRF Cluster, CFDA 66.468 and major state project Wastewater Treatment Facility Construction, CSFA 37.077, for which the date is May 8, 2019

**LEE COUNTY, FLORIDA**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**For the Fiscal Year ended September 30, 2017**

Federal/State grantor /Program or Cluster Title	CFDA CSFA number	Grant number	Pass-through entity	Federal/State award amount	Expenditures	2016-2017 Transfers to Subrecipients
U.S. Election Assistance Commission:						
Help America Vote Act	90.401	MOA 2014-2015-0001-LEE	Florida Department of State, Div of Elections	97,771	97,771	-
Total program				97,771	97,771	-
U.S. Environmental Protection Agency						
Drinking Water State Revolving Fund Cluster:						
Capitalization Grants for Drinking Water State Revolving Funds-Advance Water Meter Installation	66.468	DW3602A0	Florida Department of Environmental Protection	17,637,000	8,196,310	
Total Drinking Water State Revolving Fund Cluster				17,637,000	8,196,310	
Total U.S. Environmental Protection Agency				17,637,000	8,196,310	-
U.S. Department of Health & Human Services:						
TANF Cluster:						
Temporary Assistance for Needy Famalies	93.558	HPZ7J	Florida Department of Children and Famalies	36,000	36,000	36,000
Total TANF Cluster				36,000	36,000	36,000
Child Support Enforcement Program (Federal Initiative)	93.563	COC36	Florida Department of Revenue	1,039,671	1,039,671	
Low Income Home Energy Assistance Program (LIHEAP) - FY16	93.568	16EA-0F-09-46-01-015	Florida Department of Economic Opportunity	1,438,017	691,572	-
Low Income Home Energy Assistance Program (LIHEAP) - FY17	93.568	17EA-OF-09-46-01-015	Florida Department of Economic Opportunity	1,324,100	737,272	-
Total program				2,762,117	1,428,844	-
Community Services Block Grant FY16	93.569	16SB-0D-09-46-01-014	Florida Department of Economic Opportunity	455,631	73,129	-
Community Services Block Grant FY17	93.569	17SB-0D-09-46-01-114	Florida Department of Economic Opportunity	467,142	165,810	-
Total program				922,773	238,939	-
Total U.S. Department of Health & Human Services				4,760,561	2,743,454	36,000
U.S. Department of Homeland Security:						
Transportation Security Administration:						
Emergency Management Performance Grant (FY16)	97.042	17-FG-P9-09-4601-109	Florida Division of Emergency Management:	149,604	137,042	-
Emergency Management Performance Grant (Citizen Corp)	97.042	None	Florida Division of Emergency Management:	7,000	7,000	-
Emergency Management Performance Grant (FY17)	97.042	18-FG-7A-09-4601-166	Florida Division of Emergency Management:	152,035	3,633	
Total program				308,639	147,675	-



**LEE COUNTY, FLORIDA**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**For the Fiscal Year ended September 30, 2017**

Federal/State grantor /Program or Cluster Title	CFDA CSFA number	Grant number	Pass-through entity	Federal/State award amount	Expenditures	2016-2017 Transfers to Subrecipients
Pre-Disaster Mitigation	97.047	16-DM-K1-09-46-01-434	Florida Division of Emergency Management:	94,950	94,950	-
Homeland Security Grant Program - Homeland Security Training	97.067	16-DS-T9-09-46-01-384	Florida Division of Emergency Management:	100,000	41,600	-
Homeland Security Grant Program -Operation Stone Garden	97.067	16DS-U8-09-46-01-295	Florida Division of Emergency Management:	150,000	63,941	-
Homeland Security Grant Program -FY15 DEM Issue 9 and 11	97.067	16-DS-T9-09-46-01-323	Florida Division of Emergency Management:	96,500	96,050	-
Homeland Security Grant Program -FY16 Operation Stone Garden	97.067	16-DS-W1-09-46-23-274	Florida Division of Emergency Management:	150,000	60,831	-
Homeland Security Grant Program-Hybrid Radio System	97.067	17-DS-V4-09-46-23-306	Florida Division of Emergency Management:	47,000	46,413	-
Homeland Security Grant Program-Training	97.067	16-DS-T9-09-46-01-404	Florida Division of Emergency Management:	100,000	99,465	-
Homeland Security Grant Program-USAR	97.067	16-DS-V4-09-21-01-349		100,315	15,945	-
Homeland Security Grant Program-Training	97.067	17-DS-V4-09-21-01-xx		13,500	13,500	-
Homeland Security Grant Program -FY16 DEM Issue 9 and 11	97.067	17-DS-V4-09-46-23-311	Florida Division of Emergency Management:	283,284	185,570	-
Total program				1,040,599	623,315	-
Total U.S. Department of Homeland Security						
U.S. Department of Housing & Urban Development:				1,444,188		
Community Development Block Grant Entitlement Grants Cluster:						
CDBG Urban County Entitlement - Year 24	14.218	B-13-UC-12-0013		2,433,479	865,940	153,723
CDBG Urban County Entitlement - Year 25	14.218	B-14-UC-12-0013		2,499,268	898,729	331,771
CDBG Urban County Entitlement - Year 26	14.218	B-15-UC-12-0013		2,537,415	1,628,127	381,220
CDBG Urban County Entitlement - Year 27	14.218	B-16-UC-12-0013		2,616,336	928,625	110,232
Neighborhood Stabilization Program	14.218	B-08-UN-12-0009		18,243,867	495,084	20,500
Neighborhood Stabilization Program 3	14.218	B-11-UN-12-0009		6,639,174	601,654	6,000
Total Community Development Block Grant Entitlement Grants Cluster:				34,969,539	4,717,334	1,003,446

**LEE COUNTY, FLORIDA**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**For the Fiscal Year ended September 30, 2017**

<b>Federal/State grantor /Program or Cluster Title</b>	<b>CFDA CSFA number</b>	<b>Grant number</b>	<b>Pass-through entity</b>	<b>Federal/State award amount</b>	<b>Expenditures</b>	<b>2016-2017 Transfers to Subrecipients</b>
Emergency Solutions Grant Program -Year 13 (FY16)	14.231	E-15-UC-12-0013		222,776	94,109	53,665
Emergency Solutions Grant Program	14.231	HPZ7E		63,000	59,018	57,443
Emergency Solutions Grant Program -Year 14 (FY17)	14.231	E-16-UC-12-0013		228,418	120,680	78,733
Emergency Solutions Grant Program	14.231	HP18D		63,000	7,334	5,952
Total program				577,194	281,141	195,793
Home Investment Partnership Program - Year 24 (FY16)	14.239	M-15-UC-12-0210		598,975	521,969	293,289
Home Investment Partnership Program - Year 25 (FY17)	14.239	M-16-UC-12-0210		663,553	45,646	-
Total program				1,262,528	567,615	293,289
Continuum of Care Program (SHP FY15)	14.267	Various		2,061,821	15,576	14,952
Continuum of Care Program (SHP FY16)	14.267	Various		1,762,276	1,084,981	1,072,390
Continuum of Care Program (SHP FY17)	14.267	Various		1,661,056	489,791	484,211
Total program				5,485,153	1,590,348	1,571,553
Housing Opportunities for Persons with Aids (HOPWA)	14.241	CODME	Florida Department of Health	148,000	68,551	-
Housing Opportunities for Persons with Aids (HOPWA)	14.241	CODME	Florida Department of Health	128,000	23,239	-
Total Program				276,000	91,790	-
Total U.S. Department of Housing & Urban Development				42,570,414	7,248,228	3,064,081
U.S. Department of Interior Fish and Wildlife Service						
Fish and Wildlife Cluster						
Sport Fish Restoration	15.605	FWC 16140	Florida Fish and Wildlife	120,000	113,600	-
Total Fish and Wildlife Cluster				120,000	113,600	-
Total U.S. Department of Interior Fish and Wildlife Service				120,000	113,600	-

**LEE COUNTY, FLORIDA**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**For the Fiscal Year ended September 30, 2017**

Federal/State grantor /Program or Cluster Title	CFDA CSFA number	Grant number	Pass-through entity	Federal/State award amount	Expenditures	2016-2017 Transfers to Subrecipients
U.S. Department of Justice:						
State Criminal Alien Assistance ( SCAAP)	16.606	2015-AP-BX-0703		100,541	96,144	-
State Criminal Alien Assistance ( SCAAP)	16.606	2015-AP-BX-0448		87,162	16,908	-
Total program				187,703	113,052	-
Justice Assistance Grant Program Cluster:						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAGC-LEE-5-H3-193	Florida Department of Law Enforcement	25,000	25,000	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JAGC-LEE-6-F9-106	Florida Department of Law Enforcement	24,472	24,472	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAGC-LEE-3-H3-127	Florida Department of Law Enforcement	27,547	27,547	27,547
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-LEE-3-F9-048	Florida Department of Law Enforcement	7,893	7,893	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JAGC-LEE-2-F9-011	Florida Department of Law Enforcement	67,475	67,475	-
Edward Byrne Memorial Justice Assistance Grant Program-IT Disaster Rec	16.738	2016-DJ-BX-0890		96,378	96,378	-
Total Justice Assistance Grant Program Cluster:				248,765	248,765	27,547
Paul Coverdell Forensic Sciences Improvement Grant Program (2016)	16.742	2016-CD-BX-0030	Florida Department of Law Enforcement	2,425	2,425	-
Crime Victim Assistance (FY16-17)	16.575	2016-VOCA- LeeCountySheriffOffi- 00481	Florida Office of the Attorney General	110,703	106,076	-
Federal Forfeiture- Justice	16.922	None		262,711	262,711	-
Total U.S. Department of Justice				812,307	733,029	27,547

**LEE COUNTY, FLORIDA**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**For the Fiscal Year ended September 30, 2017**

<b>Federal/State grantor/Program or Cluster Title</b>	<b>CFDA CSFA number</b>	<b>Grant number</b>	<b>Pass-through entity</b>	<b>Federal/State award amount</b>	<b>Expenditures</b>	<b>2016-2017 Transfers to Subrecipients</b>
U.S. Department of Transportation/non-FAA:						
Federal Transit Administration:						
Federal Transit Cluster:						
Federal Transit Capital Investment Grant- Vet Tran Initiat	20.500	FL-04-0169		1,309,200	467,296	-
Federal Transit Formula Grants-USC 5307	20.507	FL-20160043-00		5,731,365	2,847,789	-
Federal Transit Formula Grants-USC 5307	20.507	FL-90-X623		4,102,233	3,294	-
Federal Transit Formula Grants-USC 5307 (FY13)	20.507	FL-90-X806		6,527,494	26,073	-
Federal Transit Formula Grants-USC 5307 (FY14)	20.507	FL-90-X850		5,833,046	47,710	-
Federal Transit Formula Grants-USC 5307 (FY15)	20.507	FL-90-X883		5,787,589	545,701	-
Federal Transit Formula Grants-USC 5307	20.507	FL-2017-075		3,089,541	2,040	-
Total Federal Transit Cluster:				32,380,468	3,939,903	-
Transit Services Programs Cluster:						
Job Access Reverse Commute Grant -USC 5316	20.516	FL-37-X075		190,561	78,647	-
Total Transit Services Programs Cluster:				190,561	78,647	-
Formula Grants for Rural Areas -USC 5311	20.509	G0739	Florida Department of Transportation	376,225	180,146	-
Federal Highway Administration:						
Highway Planning and Construction Cluster:						
Highway Planning and Construction-(Lee Traffic and Operations Center)	20.205	429960-1-88-01	Florida Department of Transportation	1,500,000	280,169	-
Highway Planning and Construction-(Advanced Traffic Management)	20.205	412636-4-58-01	Florida Department of Transportation	9,203,900	469	-
Total Highway Planning and Construction Cluster:				10,703,900	280,638	-
Total U.S. Department of Transportation/non-FAA				43,651,154	4,479,334	-

LEE COUNTY, FLORIDA  
Schedule of Expenditures of Federal Awards  
and State Financial Assistance  
For the Fiscal Year ended September 30, 2017

Federal/State grantor /Program or Cluster Title	CFDA CSFA number	Grant number	Pass-through entity	Federal/State award amount	Expenditures	2016-2017 Transfers to Subrecipients
U.S. Department of Transportation/FAA:						
Federal Aviation Administration:						
Airport Improvement Program (Rehabilitate Runway 5-23 Phase 2-Page Field)	20.106	3-12-0027-019-2014		1,629,966	11,701	-
Airport Improvement Program (RSW PA System & Signage)	20.106	3-12-0135-053-2015		1,365,968	88,318	-
Airport Improvement Program (Page Field)	20.106	3-12-0027-020-2016		17,654,727	13,086,559	-
Total U.S. Department of Transportation/FAA				20,650,661	13,186,578	-
U.S. Department of Treasury:						
Federal Forfeiture-Treasury	21.000	None		115,500	115,500	-
Total U.S. Department of the Treasury				115,500	115,500	-
<b>Total expenditures of federal awards</b>				<b>131,859,556</b>	<b>37,779,744</b>	<b>3,127,628</b>
Florida Department of Children and Families:						
Homeless Challenge Grant FY15-16	60.014	HPZ6H		79,928	5,029	-
Homeless Challenge Grant FY16-17	60.014	HPZ70		118,000	107,386	104,238
Homeless Challenge Grant FY16-17	60.014	HP18D		107,142	19,481	19,481
Total Program				305,070	131,896	123,719
Public Safety, Mental Health, & Substance Abuse Local Matching Grant FY14-17	60.115	LHZ44		183,333	183,333	183,333
Public Safety, Mental Health, & Substance Abuse Local Matching Grant FY17-20	60.115	LHZ59		275,000	193,219	193,219
Total Program				458,333	376,552	376,552
Total Florida Department of Children and Families				763,403	508,448	500,271
Florida Department of Economic Opportunity:						
Florida Housing Finance Corporation:						
SHIP YR20 (State FY14-15)	40.901	LB022, LB023, LB024		2,027,971	353,792	353,792
SHIP YR21 (State FY15-16)	40.901	LB025		2,026,598	1,508,602	1,447,165
SHIP YR22 (State FY16/17)	40.901	LB026		2,698,989	158,678	118,627
Total Program				6,753,558	2,021,072	1,919,584
Spring Training Facility	73.016	SB13-235		15,000,000	500,004	-
Total Florida Department of Economic Opportunity				21,753,558	2,521,076	1,919,584

**LEE COUNTY, FLORIDA**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**For the Fiscal Year ended September 30, 2017**

<b>Federal/State grantor /Program or Cluster Title</b>	<b>CFDA CSFA number</b>	<b>Grant number</b>	<b>Pass-through entity</b>	<b>Federal/State award amount</b>	<b>Expenditures</b>	<b>2016-2017 Transfers to Subrecipients</b>
Florida Department of the Executive Office:						
Hazardous Material Emergency Response Plan	31.067	17-CP-11-09-46-01-190	Florida Division of Emergency Management	12,518	12,518	-
EMPA Base Grant FY16-17	31.063	17-BG-83-09-46-01-042		105,806	76,389	-
EMPA Base Grant FY17-18	31.063	18-BG-xx-09-46-01-xxx		115,806	39,666	-
Total Program				221,612	116,055	-
Total Florida Department of the Executive Office				234,130	128,573	-
Florida Department of Environmental Protection:						
Beach Management Funds Assistance Program-Lovers Key	37.003	10LE1		3,273,455	1,750	-
Beach Management Funds Assistance Program-Blind Pass Restoration	37.003	15LE1		1,000,000	716,909	-
Beach Management Funds Assistance Program-Bonita	37.003	16LE1		533,910	2,627	-
Beach Management Funds Assistance Program-Blind Pass	37.003	17LE1		1,225,000	183,693	-
Total Program				6,032,365	904,979	-
Statewide Surface Water Restoration and Wastewater Project -Nalle Grade	37.039	S0727		500,000	209,990	-
Statewide Surface Water Restoration and Wastewater Project -Powerline Easement	37.039	S0894		200,000	81,560	-
Statewide Surface Water Restoration and Wastewater Project -Yellow Fever Creek	37.039	S0840		175,000	49,970	-
Statewide Surface Water Restoration and Wastewater Project -Spanish Creek	37.039	S0864		300,000	264,730	-
Statewide Surface Water Restoration and Wastewater Project -Prarie Pines	37.039	S0895		300,000	190,670	-
Statewide Surface Water Restoration and Wastewater Project -Telegraph Creek	37.039	S0873		125,000	13,208	-
Statewide Surface Water Restoration and Wastewater Project -Bob Janes	37.039	S0871		100,000	89,320	-
Total Program				1,700,000	899,448	-
Wastewater Treatment Facility Construction-Three Oaks Construction Agreement	37.077	WW360200		28,800,000	14,952,138	-
Total Florida Department of Environmental Protection				36,532,365	16,756,565	-

LEE COUNTY, FLORIDA  
Schedule of Expenditures of Federal Awards  
and State Financial Assistance  
For the Fiscal Year ended September 30, 2017

Federal/State grantor /Program or Cluster Title	CFDA CSFA number	Grant number	Pass-through entity	Federal/State award amount	Expenditures	2016-2017 Transfers to Subrecipients
Florida Department of Health:						
2015 EMS County Award	64.005	C4036		98,399	5,920	-
2016 EMS County Award	64.005	C5036		94,628	94,628	-
Total Florida Department of Health				193,027	100,548	-
Florida Department of State:						
State Aid to Libraries Grant (FY16)	45.030	16-ST-25	Div of Library & Information Services	702,507	473,781	-
State Aid to Libraries Grant (FY17)	45.030	17-ST-25	Div of Library & Information Services	737,925	737,925	-
Total Florida Department of State				1,440,432	1,211,706	-
Florida Department of Transportation/non-FAA:						
Comumuter Assistance/Rideshare	55.007	AQM18		112,470	20,433	-
Total Program				112,470	20,433	-
State Transit Block Grant	55.010	AQQ17		1,844,306	1,844,306	-
Beach Park & Ride Summerlin Square	55.011	AOK93		2,325,000	1,084,580	-
Passenger Amenities on State Highway System	55.012	AQQ86		287,919	349	-
Service Develpoement Grant-Downtown Circulator	55.012	G0G37		495,400	165,133	-
Total Program				783,319	165,482	-
State Corridor Program	55.013	AQQ24		1,615,085	1,615,085	-
FDOT Grant Burnt Store Road	55.026	429814-1-58-01		5,228,684	1,919,825	-
Total Program				5,228,684	1,919,825	-
Total Florida Department of Transportation/non-FAA				11,908,864	6,649,711	-

LEE COUNTY, FLORIDA  
Schedule of Expenditures of Federal Awards  
and State Financial Assistance  
For the Fiscal Year ended September 30, 2017

Federal/State grantor/Program or Cluster Title	CFDA CSFA number	Grant number	Pass-through entity	Federal/State award amount	Expenditures	2016-2017 Transfers to Subrecipients
Florida Department of Transportation/FAA:						
Aviation Development Grants (Terminal Expansion Airside Design & Const.-RSW)	55.004	AOD19		27,096,000	3,189,809	-
Aviation Development Grants (Expand Midfield Entrance Road)	55.004	AQH04		3,097,424	950,821	-
Aviation Development Grants (Preliminary Design 6R/24L Phase I Parallel Runway - RSW)	55.004	AOK54		9,096,586	4,801,206	-
Aviation Development Grants (Airside Pavement rehabilitation)	55.004	ARR95		2,574,138	770,125	-
Aviation Development Grants (FDOT Airfield Signage Phase 2 )	55.004	ARK76		120,575	114,215	-
Aviation Development Grants (RSW)	55.004	G0D69		697,062	84,135	-
Aviation Development Grants (Page Field)	55.004	AR357		6,979,199	1,537,548	-
Aviation Development Grants (Public address system)	55.004	ARK77		259,520	217,763	-
Aviation Development Grants (Expand Midfield Entrance Road)	55.014	AQH04		180,424	114,401	-
Total Florida Department of Transportation/FAA				<u>50,100,928</u>	<u>11,780,023</u>	<u>-</u>
 Total expenditures of state financial assistance				 <u>122,926,707</u>	 <u>39,656,650</u>	 <u>2,419,855</u>

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

Year Ended September 30, 2017

#### (1) Basis of Presentation

The Board of County Commissioners (the Board) is the legislative body for the County having the responsibility of budgeting and providing all the funding used by the various County departments and the separate Constitutional Officers, with the exception of fees collected by the Clerk of Circuit Court, Property Appraiser, and Tax Collector. Under the direction of the Clerk of Circuit Court, the Finance & Records Department maintains the accounting system for the Board's operations. The other Constitutional Officers maintain their own accounting systems. For purposes of this report the operations of the County as a whole, including all Constitutional Officers, have been presented. In addition to the divisions of the Board and the Constitutional Officers, the Lee County Port Authority, a blended component unit, is included.

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, 2017, which are recognized on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 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. Because the Schedule presents only a selected portion of the operations of Lee County, it is not intended to and does not present the financial position, change in net position, or cash flows of the County.

#### (2) Indirect Costs

Lee County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The County 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 \$17,487.

**LEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued?	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

**Federal Awards Section**

Internal control over major programs:	
• Material weakness(s) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.267	Continuum of Care Program
20.106	Airport Improvement Program
66.468	DWSRF Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$1,133,392
Auditee qualified as low-risk auditee?	Yes

**LEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION I - SUMMARY OF AUDITORS' RESULTS (CONTINUED)**

**State Financial Assistance Section**

Internal control over major programs:

- Material weakness(s) identified? No
- Significant deficiency(s) identified that are not considered to be material weaknesses? Yes

Type of auditors' report issued on compliance for major projects? Unmodified

Identification of major State projects:

<u>State CSFA</u>	<u>Name of State Program or Cluster</u>
37.003	Beach Management Funding Assistance Program
55.004	Aviation Grant Programs
37.077	Wastewater Treatment Facility Construction

Dollar threshold used to distinguish between type A State projects \$1,189,700

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2017-005**

Type of Finding: Material Weakness in Internal Control over Financial Reporting

**Criteria:** The Florida Single Audit Act requires grant recipients to report all state financial assistance expenditures on the Schedule of Expenditures of State Financial Assistance.

**Condition:** The County improperly excluded federal grant expenditures in the amount of \$8.2 million and state grant expenditures in the amount of \$14.9 million on their original Schedule of Expenditures of Federal Awards and State Financial Assistance for the fiscal year ended September 30, 2017. The Schedule of Expenditures of Federal Awards and State Financial Assistance was subsequently adjusted to add the state grant expenditures.

**Cause:** The County's internal controls did not detect the error in a timely manner.

**Effect:** Improper reporting of state financial assistance can result in the suspension of funding.

**Repeat Finding:** No

**Recommendation:** We recommend that the County implement policies and procedures throughout the County departments to ensure all grants are being tracked and accounted for to assure completeness of the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**Management's Response:** Management agrees with the finding.

**LEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS**

**2017-001**

Federal agency: U.S. Department of Housing & Urban Development

Federal program title: Continuum of Care Program

CFDA Number: 14.267

Pass-Through Agency: None

Award Period: May 1, 2016 through April 30, 2017

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matters

**Criteria:** 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires compliance with the provisions of monitoring and reporting program performance. The County should have internal controls designed to ensure compliance with those provisions.

**Condition:** During our testing, we noted that the County did not have adequate internal controls designed to ensure that monitoring reports were submitted to the granting agency by the required due date.

**Questioned Costs:** None

**Context:** One out of five Annual Performance Reports (APR) selected for testing was not submitted to the granting agency within the required 90 days after year-end. The APR that was past the 90-day requirement also contained errors in the information reported.

**Cause:** The County did not file the report within in the required time.

**Effect:** The County was not in compliance with the monitoring and reporting requirements of the grant agreement.

**Repeat Finding:** No

**Recommendation:** We recommend that the County design controls to ensure that all monitoring and reporting requirements are followed and that reporting due dates be carefully monitored to ensure that reports are submitted timely.

**LEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS  
(CONTINUED)**

**2017-001 (Continued)**

**Management's Response:** The Department does have controls (Procedure) and a tracking database (CSN) in place to track reporting requirements and address timely submission of reports. We strive diligently to ensure reports are submitted timely, however the report that was submitted late was due to several issues which are noted below, however the main underlying reason was human error. It should be noted that this is not systematic or an ongoing issue; this is probably the only APR that has been submitted late for unexcused reasons within at least the last 10 years.

Factors contributing to late report:

- Issues utilizing new online database for submitting APRs (change from ESNAPS to SAGE effective 4-1-17). There was a software glitch requiring involvement and assistance from the vendor to resolve which delayed completion of report.
- Project included two agencies providing services, which complicated collection of data, especially since new system required different reporting protocol than previous system.

**2017-002**

Federal agency: U.S. Department of Housing & Urban Development

Federal program title: Continuum of Care Program

CFDA Number: 14.267

Pass-Through Agency: None

Award Period: May 1, 2016 through April 30, 2017

Type of Finding: Significant Deficiency in Internal Control over Compliance

**Criteria:** 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires all pass-through entities to monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

**Condition:** The County's policies and internal controls require that all subrecipients of Continuum of Care Program funds be monitored once during each contract period, and the monitoring report to be issued within 30 days on completion of the monitoring. We noted that the County's policies were not followed in all instances and monitoring was performed outside of the established time period.

**Questioned Costs:** None

**Context:** For one of the five subrecipients selected for testing, the County performed subrecipient monitoring procedures after the contract ended. Additionally, for two of the five subrecipients selected for testing, the monitoring report was issued more than 30 days after the monitoring procedures were completed.

**Cause:** The County's policies and procedures were not followed.

**LEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS  
(CONTINUED)**

**2017-002 (Continued)**

**Effect:** Noncompliance could exist and not be detected in a timely manner.

**Repeat Finding:** No

**Recommendation:** We recommend that the County strengthen internal controls to ensure that all subrecipient monitoring procedures are being performed within the time period required by the County's policies.

**Management's Response:** The onsite visit and written report are not required per 2 CFR Part 200 as long as activities of the sub recipient are adequately monitored to ensure compliance. Contract monitoring activities of sub recipients are ongoing and conducted throughout the term on the contract and include more than the written monitoring report of the onsite visit.

Various types of monitoring utilized include:

- Desk review of payment requests (invoices) and supporting documentation; program and beneficiary reports; monitoring reports from other funders, which are pertinent to the contracted program to determine if any common issues were identified that could affect contract performance; issues noted in CPA audits or other monitoring reports.
- Tracking and receipt of other contract deliverables including Section 3, Davis Bacon and other federal requirements.
- Spending analysis with sub recipient.
- On site monitoring and follow up visits as needed (may be scheduled or unscheduled) to ensure compliance with federal requirements such as Davis Bacon, Section 3, NSP and HOME rental regulations.
- Technical Assistance for numerous issues.

At the time the Monitoring section of the manual was created it was designed to be used a guide but was not intended to be utilized as strict internal controls for auditing standards. The time frames outlined have proven to be overly ambitious and unrealistic, especially with increased workload. The monitoring policy will be updated to reflect more realistic time frames to coincide with the requirements of the funding authority.

**LEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS  
(CONTINUED)**

**2017-003**

Federal agency: U.S. Department of Transportation

Federal program title: Airport Improvement Program

CFDA Number: 20.106

Pass-Through Agency: N/A

Award Period: October 1, 2016 through September 30, 2017

Type of Finding: Significant Deficiency in Internal Control over Compliance

**Criteria:** 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires compliance with the provisions of monitoring and reporting program performance. The County should have internal controls designed to ensure compliance with those provisions.

**Condition:** During our testing, we noted that the County did not have internal controls designed to ensure that the review and approval of monitoring reports is documented prior to submission to the granting agency.

**Questioned Costs:** None

**Context:** During our testing, it was noted that the County was not documenting review and approval of Annual Forms 5100-126 and 5100-127 prior to submission to the U.S. Department of Transportation.

**Cause:** The County's controls and processes were not designed to document review of the final report after compilation and prior to submission.

**Effect:** We noted no instances of noncompliance with the provisions of monitoring and reporting; however, the lack of internal controls over these compliance requirements provides an opportunity for noncompliance.

**Repeat Finding:** No

**Recommendation:** We recommend that the County design controls to ensure that all monitoring and reporting requirements are followed and that all reports have documented review and approval prior to submission.

**Management's Response:** The FAA forms 5100-126 and 5100-127 are accurately completed and approved by the Finance Director. No instances of non-compliance has been received or noted by auditors or the U.S Department of Transportation. The data is prepared by the Budget Manager and approved by the Finance Director. Once approved the data is directly entered into the FAA database with a confirmation from the FAA the data was received. In the future, the informal approval process, will be made formally and include evidence of the approval by the Finance Director or if necessary an authorized designee.

**LEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION IV - FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS**

**2017-004**

State agency: Florida Department of Environmental Protection

Federal program title: Beach Management Funds Assistance

CSFA Number: 37.003

Pass-Through Agency: N/A

Award Period: October 1, 2016 through September 30, 2017

Type of Finding: Significant Deficiency in Internal Control over Compliance

**Criteria:** The grant agreement for Beach Management Funds Assistance requires compliance with the provisions of monitoring and reporting program performance, which requires Quarterly Project Progress and Financial Reports to be filed with the Florida Department of Environmental Protection. The County should have internal controls designed to ensure compliance with those provisions.

**Condition:** During our testing, we noted that the County did not have internal controls designed to ensure that the review and approval of monitoring reports is documented prior to submission to the granting agency.

**Questioned Costs:** None

**Context:** For four of the four Quarterly Project Progress and Financial Reports selected for testing, it was noted that the County was not documenting review and approval of performance prior to submission to the granting agency.

**Cause:** The County's controls and processes were not designed to document review of the report after compilation and prior to submission.

**Effect:** We noted no instances of noncompliance with the provisions of monitoring and reporting; however, the lack of internal controls over these compliance requirements provides an opportunity for noncompliance.

**Repeat Finding:** No

**Recommendation:** We recommend that the County design controls to ensure that all monitoring and reporting requirements are followed and that all reports have documented review and approval prior to submission.

**Management's Response:** We agree with the finding. The County will develop and implement internal controls that ensure all monitoring and reporting requirements are followed and that all reports have documented review and approval prior to submission to the granting agency.



**LEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS  
(CONTINUED)**

**2017-001 (Continued)**

**Condition:** During our testing, we noted that the County did not have adequate internal controls designed to ensure that monitoring reports were submitted to the granting agency by the required due date.

**Questioned Costs:** None

**Context:** One out of five Annual Performance Reports (APR) selected for testing was not submitted to the granting agency within the required 90 days after year-end. The APR that was past the 90-day requirement also contained errors in the information reported.

**Cause:** The County did not file the report within in the required time.

**Effect:** The County was not in compliance with the monitoring and reporting requirements of the grant agreement.

**Repeat Finding:** No

**Recommendation:** We recommend that the County design controls to ensure that all monitoring and reporting requirements are followed and that reporting due dates be carefully monitored to ensure that reports are submitted timely.

**Management's Response:** The Department does have controls (Procedure) and a tracking database (CSN) in place to track reporting requirements and address timely submission of reports. We strive diligently to ensure reports are submitted timely, however the report that was submitted late was due to several issues which are noted below, however the main underlying reason was human error. It should be noted that this is not systematic or an ongoing issue; this is probably the only APR that has been submitted late for unexcused reasons within at least the last 10 years.

Factors contributing to late report:

- Issues utilizing new online database for submitting APRs (change from ESNAPS to SAGE effective 4-1-17). There was a software glitch requiring involvement and assistance from the vendor to resolve which delayed completion of report.
- Project included two agencies providing services, which complicated collection of data, especially since new system required different reporting protocol than previous system.

**LEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS  
(CONTINUED)**

**2017-002**

Federal agency: U.S. Department of Housing & Urban Development

Federal program title: Continuum of Care Program

CFDA Number: 14.267

Pass-Through Agency: None

Award Period: May 1, 2016 through April 30, 2017

Type of Finding: Significant Deficiency in Internal Control over Compliance

**Criteria:** 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires all pass-through entities to monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

**Condition:** The County's policies and internal controls require that all subrecipients of Continuum of Care Program funds be monitored once during each contract period, and the monitoring report to be issued within 30 days on completion of the monitoring. We noted that the County's policies were not followed in all instances and monitoring was performed outside of the established time period.

**Questioned Costs:** None

**Context:** For one of the five subrecipients selected for testing, the County performed subrecipient monitoring procedures after the contract ended. Additionally, for two of the five subrecipients selected for testing, the monitoring report was issued more than 30 days after the monitoring procedures were completed.

**Cause:** The County's policies and procedures were not followed.

**Effect:** Noncompliance could exist and not be detected in a timely manner.

**Repeat Finding:** No

**Recommendation:** We recommend that the County strengthen internal controls to ensure that all subrecipient monitoring procedures are being performed within the time period required by the County's policies.

**LEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS  
(CONTINUED)**

**2017-002 (Continued)**

**Management's Response:** The onsite visit and written report are not required per 2 CFR Part 200 as long as activities of the sub recipient are adequately monitored to ensure compliance. Contract monitoring activities of sub recipients are ongoing and conducted throughout the term on the contract and include more than the written monitoring report of the onsite visit.

Various types of monitoring utilized include:

- Desk review of payment requests (invoices) and supporting documentation; program and beneficiary reports; monitoring reports from other funders, which are pertinent to the contracted program to determine if any common issues were identified that could affect contract performance; issues noted in CPA audits or other monitoring reports
- Tracking and receipt of other contract deliverables including Section 3, Davis Bacon and other federal requirements.
- Spending analysis with sub recipient
- On site monitoring and follow up visits as needed (may be scheduled or unscheduled) to ensure compliance with federal requirements such as Davis Bacon, Section 3, NSP and HOME rental regulations.
- Technical Assistance for numerous issues

At the time the Monitoring section of the manual was created it was designed to be used a guide but was not intended to be utilized as strict internal controls for auditing standards. The time frames outlined have proven to be overly ambitious and unrealistic, especially with increased workload. The monitoring policy will be updated to reflect more realistic time frames to coincide with the requirements of the funding authority.

**2017-003**

Federal agency: U.S. Department of Transportation

Federal program title: Airport Improvement Program

CFDA Number: 20.106

Pass-Through Agency: N/A

Award Period: October 1, 2016 through September 30, 2017

Type of Finding: Significant Deficiency in Internal Control over Compliance

**Criteria:** 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires compliance with the provisions of monitoring and reporting program performance. The County should have internal controls designed to ensure compliance with those provisions.

**LEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS  
(CONTINUED)**

**2017-003 (Continued)**

**Condition:** During our testing, we noted that the County did not have internal controls designed to ensure that the review and approval of monitoring reports is documented prior to submission to the granting agency.

**Questioned Costs:** None

**Context:** During our testing, it was noted that the County was not documenting review and approval of Annual Forms 5100-126 and 5100-127 prior to submission to the U.S. Department of Transportation.

**Cause:** The County's controls and processes were not designed to document review of the final report after compilation and prior to submission.

**Effect:** We noted no instances of noncompliance with the provisions of monitoring and reporting; however, the lack of internal controls over these compliance requirements provides an opportunity for noncompliance.

**Repeat Finding:** No

**Recommendation:** We recommend that the County design controls to ensure that all monitoring and reporting requirements are followed and that all reports have documented review and approval prior to submission.

**Management's Response:** The FAA forms 5100-126 and 5100-127 are accurately completed and approved by the Finance Director. No instances of non-compliance has been received or noted by auditors or the U.S Department of Transportation. The data is prepared by the Budget Manager and approved by the Finance Director. Once approved the data is directly entered into the FAA database with a confirmation from the FAA the data was received. In the future, the informal approval process, will be made formally and include evidence of the approval by the Finance Director or if necessary an authorized designee.

**LEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION IV - FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS**

**2017-004**

State agency: Florida Department of Environmental Protection

Federal program title: Beach Management Funds Assistance

CSFA Number: 37.003

Pass-Through Agency: N/A

Award Period: October 1, 2016 through September 30, 2017

Type of Finding: Significant Deficiency in Internal Control over Compliance

**Criteria:** The grant agreement for Beach Management Funds Assistance requires compliance with the provisions of monitoring and reporting program performance, which requires Quarterly Project Progress and Financial Reports to be filed with the Florida Department of Environmental Protection. The County should have internal controls designed to ensure compliance with those provisions.

**Condition:** During our testing, we noted that the County did not have internal controls designed to ensure that the review and approval of monitoring reports is documented prior to submission to the granting agency.

**Questioned Costs:** None

**Context:** For four of the four Quarterly Project Progress and Financial Reports selected for testing, it was noted that the County was not documenting review and approval of performance prior to submission to the granting agency.

**Cause:** The County's controls and processes were not designed to document review of the report after compilation and prior to submission.

**Effect:** We noted no instances of noncompliance with the provisions of monitoring and reporting; however, the lack of internal controls over these compliance requirements provides an opportunity for noncompliance.

**Repeat Finding:** No

**Recommendation:** We recommend that the County design controls to ensure that all monitoring and reporting requirements are followed and that all reports have documented review and approval prior to submission.

**Management's Response:** We agree with the finding. The County will develop and implement internal controls that ensure all monitoring and reporting requirements are followed and that all reports have documented review and approval prior to submission to the granting agency.

**LEE COUNTY FLORIDA  
CORRECTIVE ACTION PLAN  
YEAR ENDED SEPTEMBER 30, 2017**

Lee County respectfully submits the following corrective action plan for the year ended September 30, 2017.

Audit period: October 1, 2016 through September 30, 2017

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS—FEDERAL AWARD PROGRAMS AUDITS**

U.S. Department of Housing & Urban Development

2017-001      Continuum of Care Program – CFDA No. 14.267

Recommendation: We recommend that the County design controls to ensure that all monitoring and reporting requirements are followed and that all reports have documented review and approval prior to submission.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: No action planned. Procedures/controls in place.

Name(s) of the contact person(s) responsible for corrective action: Deanna Gilkerson

Planned completion date for corrective action plan: NA

U.S. Department of Housing & Urban Development

2017-002      Continuum of Care Program – CFDA No. 14.267

Recommendation: We recommend that the County strengthen internal controls to ensure that all subrecipient monitoring procedures are being performed within the time period required by the County's policies.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Update monitoring policy.

Name(s) of the contact person(s) responsible for corrective action: Deanna Gilkerson

Planned completion date for corrective action plan: March 31, 2018

**LEE COUNTY FLORIDA  
CORRECTIVE ACTION PLAN  
YEAR ENDED SEPTEMBER 30, 2017**

**FINDINGS—FEDERAL AWARD PROGRAMS AUDITS**

U.S. Department of Transportation

2017-003      Airport Improvement Program – CFDA No. 20.106

Recommendation: We recommend that the County design controls to ensure that all monitoring and reporting requirements are followed and that all reports have documented review and approval prior to submission.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: In the future, the informal approval process, will be made formally and include evidence of the approval by the Finance Director or if necessary an authorized designee.

Name(s) of the contact person(s) responsible for corrective action: Brian McGonagle

Planned completion date for corrective action plan: March 31, 2018

**FINDINGS- STATE AWARD PROGRAMS AUDITS**

Florida Department of Environmental Protection

2017-004      Beach Management Funds Assistance – CSFA No. 37.003

Recommendation: We recommend that the County design controls to ensure that all monitoring and reporting requirements are followed and that all reports have documented review and approval prior to submission.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The County will design controls necessary to ensure that all monitoring and reporting requirements are followed and that all reports have documented review and approval prior to submission.

Name(s) of the contact person(s) responsible for corrective action: Bruce Westberry & Steve Boutelle

Planned completion date for corrective action plan: March 31, 2018

**LEE COUNTY, FLORIDA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2017**

Lee County respectfully submits the following summary schedule of prior audit findings for the year ended September 30, 2017.

Audit period: October 1, 2016 through September 30, 2017

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

**2016-005 – Significant Deficiency in Internal Control over Financial Reporting**

**Condition:** The County improperly excluded state grant expenditures in the amount of \$1.4 million on their original Schedule of Expenditures of Federal Awards and State Financial Assistance for the fiscal year ended September 30, 2016. The Schedule of Expenditures of Federal Awards and State Financial Assistance was subsequently adjusted to add the state grant expenditures.

**Status:** Corrective action has been fully implemented.

**FINDINGS— FEDERAL AWARD PROGRAMS AUDITS**

**2016 – 001 Significant Deficiency Homeland Security Grant Program – CFDA No. 97.067**

**Condition:** The County is working diligently with the state to meet all necessary guidelines for report submission.

**Status:** Corrective action has been fully implemented.

If the US Department of Homeland Security has questions regarding this schedule, please call Jennifer Fenske at (239)-533-3922.

**2016 – 002 Significant Deficiency Low Income Home Energy Assistance Program – CFDA No. 93.568**

**Condition:** All prepared reports are routed through the program manager for verification and signature before submission and hard copies have been saved in our files. No reports have been submitted past their submission date since the audit finding.

**Status:** Corrective action has been fully implemented and is working well.

If the US Department of Health and Human Services has questions regarding this schedule, please call Kim Hustad at (239)-533-7916.

**2016 – 003 Significant Deficiency Community Development Block Grant Entitlement Grants Cluster CFDA No. 14.218**

**Condition:** The County has implemented a formal review and approval process to increase internal controls over compliance reports for HUD entitlement programs (CDBG, HOME, and ESG). The process requires the Department Director, or designee, to review drafts of all compliance documents, which do not require review from the Board of County Commissioners, and provide written approval for submission.



**LEE COUNTY, FLORIDA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2017**

Formal approval from the Department Director, or designee, is obtained either by signature of a memorandum or by email, if in-person signature is not practicable.

**Status:** Corrective action has been fully implemented and is working well.

If the US Department of Housing and Urban Development has questions regarding this schedule, please call Jeannie Sutton at (239)-533-7958.

**2016 – 004 Significant Deficiency Emergency Solutions Grant Program - CFDA No. 14.231**

**Condition:** The County has implemented a formal review and approval process to increase internal controls over compliance reports for HUD entitlement programs (CDBG, HOME, and ESG). The process requires the Department Director, or designee, to review drafts of all compliance documents, which do not require review from the Board of County Commissioners, and provide written approval for submission. Formal approval from the Department Director, or designee, is obtained either by signature of a memorandum or by email, if in-person signature is not practicable.

**Status:** Corrective action has been fully implemented and is working well.

If the US Department of Housing and Urban Development has questions regarding this schedule, please call Jeannie Sutton at (239)-533-3922.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE  
PASSENGER FACILITY CHARGE AUDIT GUIDE**

Honorable Board of County Commissioners  
Lee County, Florida  
and  
Honorable Board of Port Commissioners  
Lee County Port Authority

**Report on Compliance for the Passenger Facility Charge Program**

We have audited Lee County Port Authority's (Authority), a blended component unit of Lee County, Florida (County), compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), that could have a direct and material effect on the Authority's passenger facility charge program for the year ended September 30, 2017.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the passenger facility charge program.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the Authority's compliance based on our audit of the types of compliance requirements referred to above. 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 Authority'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 on compliance with the passenger facility charge program. However, our audit does not provide a legal determination of the Authority's compliance.

Honorable Board of County Commissioners  
Lee County, Florida  
and  
Honorable Board of Port Commissioners  
Lee County Port Authority

### ***Opinion on Passenger Facility Charge Program***

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended September 30, 2017.

### **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance in accordance with the Guide, 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 Authority'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 the passenger facility charge 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 the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Honorable Board of County Commissioners  
Lee County, Florida  
and  
Honorable Board of Port Commissioners  
Lee County Port Authority

### **Report on 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated February 28, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of passenger facility charges collected and expended for the year ended September 30, 2017 is presented for purposes of additional analysis as required by the Federal Aviation Administration, 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges collected and expended is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
February 28, 2018

Lee County, Florida  
Schedule of Passenger Facility Charges (PFCs) Collected and Expended (As Reported to FAA)  
for the year ended September 30, 2017

	Quarter Ended December 31, 2016	Quarter Ended March 31, 2017	Quarter Ended June 30, 2017	Quarter Ended September 30, 2017	Year Ended September 30, 2017	Cumulative Totals as of September 30, 2016	Cumulative Totals as of September 30, 2017
<b>Collections</b>							
PFCs Collected	\$ 4,025,152	\$ 5,334,535	\$ 4,234,979	\$ 3,329,073	\$ 16,923,739	\$ 266,453,438	\$ 283,377,177
Interest Earned	72,315	86,294	100,754	131,061	390,424	8,740,763	9,131,187
<b>Total Collection</b>	<b>\$ 4,097,467</b>	<b>\$ 5,420,829</b>	<b>\$ 4,335,733</b>	<b>\$ 3,460,134</b>	<b>\$ 17,314,163</b>	<b>\$ 275,194,201</b>	<b>\$ 292,508,364</b>
<b>EXPENDITURES ON APPROVED PFC PROJECTS INCLUDED IN</b>							
Application No. 1							
92-01-C-00-RSW	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,686,294	\$ 12,686,294
Application No. 2							
93-02-U-00-RSW	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,711,378	\$ 9,711,378
Application No. 3							
94-03-U-00-RSW	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,441,067	\$ 76,441,067
Application No. 4							
97-04-U-00-RSW	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,605,139	\$ 3,605,139
Application No. 5							
03-05-C-00-RSW	\$ 687,668	\$ 911,367	\$ 723,516	\$ 568,748	\$ 2,891,299	\$ 84,809,416	\$ 87,700,715
Application No. 6							
06-06-C-00-RSW	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,838,689	\$ 4,838,689
Application No. 7							
10-07-C-00-RSW	\$ 1,850,168	\$ 1,675,979	\$ 4,019,848	\$ -	\$ 7,545,995	\$ 40,378,870	\$ 47,924,865
Application No. 8							
13-08-C-00-RSW	\$ 288,660	\$ 326,695	\$ 349,138	\$ 338,709	\$ 1,303,202	\$ 2,962,393	\$ 4,265,595
<b>Total Expenditures</b>	<b>\$ 2,826,496</b>	<b>\$ 2,914,041</b>	<b>\$ 5,092,502</b>	<b>\$ 907,457</b>	<b>\$ 11,740,496</b>	<b>\$ 235,433,246</b>	<b>\$ 247,173,742</b>

LEE COUNTY, FLORIDA

Notes to Schedule of Passenger Facility  
Charges Collected and Expended

Year ended September 30, 2017

(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.

**LEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PASSENGER FACILITY CHARGE PROGRAM  
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued?	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to the financial statements noted?	No

**Passenger Facility Charge Program Section**

Internal control over major programs:	
• Material weakness(s) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None Reported
Type of auditors' report issued on compliance for the passenger facility charge program?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Passenger Facility Charge Audit Guide for Public Agencies?	No

This Schedule encompasses the Lee County Port Authority only, and is provided as required by the Passenger Facility Charge Program.

**LEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PASSENGER FACILITY CHARGE PROGRAM (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no such findings required to be reported.

**SECTION III - FINDINGS AND QUESTIONED COSTS – PASSENGER FACILITY CHARGE PROGRAM**

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of the Passenger Facility Charge Program, as required to be reported by the Passenger Facility Charge Audit Guide.

There were no such findings required to be reported.



**LEE COUNTY, FLORIDA  
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS  
Passenger Facility Charge Program  
For the Year Ended September 30, 2017**

**Prior Year Findings**

There were no prior year audit findings reported.