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## Management Letter

The 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 (the County), as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 28, 2011, which was modified to refer to the adoption of new accounting pronouncements.

We conducted our audit in accordance with U.S. generally accepted auditing standards; the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. We have also issued our report dated February 28, 2011 on our consideration of the County's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. We have also issued our report dated April 28, 2011, on our consideration of the County's compliance and internal control over compliance applicable to each major federal program and state project, and the related findings and questioned costs. Disclosures in those reports and schedule, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The *Rules of the Auditor General* Section 10.554(1)(i)(1), require that we address in the management letter, if not already addressed in the auditors' report on internal control over financial reporting and compliance and other matters, whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit.

The *Rules of the Auditor General* Section 10.554(1)(i)(2), require that we determine whether or not the County complied with Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, nothing came to our attention that caused us to believe that the County was not in compliance with Section 218.415, *Florida Statutes*.

The *Rules of the Auditor General* Section 10.554(1)(i)(3), require that we address in the management letter, if not already addressed in the auditors' report on internal control over



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financial reporting and on compliance and other matters, any recommendations to improve the County's financial management. In connection with our audit, we did not have any such recommendations.

The Rules of the Auditor General, Section 10.554(1)(i)(4), require that we address in the management letter any violations of provisions of contracts, or grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

The *Rules of the Auditor General*, Section 10.554(1)(i)(5), provide for disclosure in the management letter based on the auditors' professional judgment of the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors, if not already addressed in the auditors' report on internal control over financial reporting and on compliance and other matters:

- (a) Violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse;
- (b) Deficiencies in internal control that are not significant deficiencies.

The results of our audit disclosed no violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, or other deficiencies in internal control that are not significant deficiencies.

The *Rules of the Auditor General* Section 10.554(1)(i)(6), also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. In that regard, the County was established by the Constitution of the State of Florida, Article VIII, Section 1(d).

The *Rules of the Auditor General* Section 10.554(1)(i)(7)(a), require that a management letter include a statement as to whether the County is in a state of financial emergency as a consequence of the conditions described in Section 218.503(1) *Florida Statutes*. Management of the County has determined that the County is not in a state of financial emergency as defined in Section 218.503(1), *Florida Statutes*. In connection with our audit, nothing came to our attention that would indicate that the County had met any of the conditions described in Section 218.503(1), *Florida Statutes*.

The *Rules of the Auditor General* Section 10.554(1)(i)(7)(b), require that we determine whether the annual financial report for Lee County, Florida for the fiscal year ended September 30, 2010, to be filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these reports were in agreement.



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As required by the *Rules of the Auditor General* Section 10.554(1)(i)(7)(c), we applied financial condition assessment procedures pursuant to Section 10.556(7). It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

\* \* \* \* \*

This management letter is intended solely for the information and use of the Board of County Commissioners, management, others within the entity, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

April 28, 2011  
Certified Public Accountants