

Lee County, Florida

# Single Audit Reports

For the Year Ended September 30, 2011

(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***

To the Honorable Board of County  
Commissioners of 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, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 8, 2012. 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**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Statement of Condition 2011-01, that we consider to be a significant deficiency in internal control over financial reporting. *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.

## 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 found no instances of noncompliance required to be reported under *Government Auditing Standards*.

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

We noted certain other matters that we have reported to management of the Board in a separate management letter dated March 8, 2012.

This report is intended solely for the information and use of management, the Board of County Commissioners of Lee County, Florida, and applicable state and federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Cheryl Behaert & Holland, L.L.P.*

Orlando, Florida  
March 8, 2012



**Independent Auditors' Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each Major Federal Awards  
Program and State Financial Assistance Project and on Internal Control  
Over Compliance in Accordance with OMB Circular A-133  
and Chapter 10.550, Rules of the Florida Auditor General**

To the Honorable Board of County  
Commissioners of Lee County, Florida:

**Compliance**

We have audited the compliance of Lee County, Florida ("the County") with the types of compliance requirements described in *OMB Circular A-133 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 its major federal awards programs and state financial assistance projects for the year ended September 30, 2011. The County's major federal awards programs and state financial assistance 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 awards programs and state financial assistance 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 non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal awards program or state financial assistance 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal awards programs and state financial assistance projects for the year ended September 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with *OMB Circular A-133* and are described in the accompanying schedule of findings and questioned costs as item 2011-02.

## Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal awards programs and state financial assistance projects. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal awards program or state financial assistance project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, 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 financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented, or detected and corrected, on a timely basis.

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

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

## 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, 2011, and have issued our report thereon dated March 8, 2012. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the 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.

This report is intended solely for the information and use of management, the Board of County Commissioners of Lee County, Florida, others within the entity and applicable state and federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Cheng, Behaert & Holland, L.L.P.*

Orlando, Florida  
March 8, 2012



**LEE COUNTY, FLORIDA**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year ended September 30, 2011**

Federal/State grantor / pass-through grantor	CFDA/ CSFA number	Grant Number	Federal/State award amount	Expenditures
U.S. Department of Agriculture:				
Natural Resources Conservation Service:				
WHIP-Alva Scrub Preserve	10.914	72-4209-0-81-5P	\$ 14,684	\$ 5,180
Total U.S. Department of Agriculture			<u>14,684</u>	<u>5,180</u>
U.S. Elections Assistance Commission:				
Passed through the Florida Department of State:				
Federal Elections Activities Grant (FY09-10)	90.401	None	56,992	39,452
Total U.S. Elections Assistant Commission			<u>56,992</u>	<u>39,452</u>
U.S. Department of Energy:				
ARRA - Energy Efficiency and Conservation Block Grant				
Passed through Florida Department of Agriculture & Consumer Services:	81.128	DE-EE0000787	3,046,600	932,502
ARRA - Design & Construct Solar PV System -FMY	81.041	17659	500,000	500,000
Passed through Florida Department of Community Affairs:	81.042	10-WX-7X-09-46-01-715	1,289,003	669,935
ARRA - Weatherization Assistance Program (FY10)			<u>4,835,603</u>	<u>2,102,437</u>
Total U.S. Department of Energy				
U.S. Environmental Protection Agency:				
Passed through Florida Department of Environmental Protection:				
Clean Water State Revolving Fund Loan	66.458	WW392330	33,559,467	227,503
Total U.S. Environmental Protection Agency			<u>33,559,467</u>	<u>227,503</u>
U.S. Department of Health & Human Services:				
Passed through Florida Department of Revenue:				
Child Support Enforcement Program (Federal Initiative)	93.563	CD336	999,007	999,007
Passed through Florida Department of Community Affairs:				
LIHEAP (FY10)	93.568	10EA-8F-09-46-01-015	2,676,674	1,717,365
LIHEAP (FY11)	93.568	11EA-8U-09-46-01-015	2,474,161	1,355,126
Total program			<u>5,150,835</u>	<u>3,072,491</u>
Community Services Block Grant Cluster:				
Community Services Block Grant (FY11)	93.569	11SB-8G-09-46-01-014	254,925	201,078
Total Community Services Block Grant Cluster			<u>254,925</u>	<u>201,078</u>
Total U.S. Department of Health & Human Services			<u>6,404,767</u>	<u>4,272,576</u>
U.S. Department of Homeland Security:				
Assistance to Firefighters Grant Program				
Transportation Security Administration:	97.044	EMW-2009-FO-10851	230,560	215,809
RSW-TSA National Explosives Detection Canine Team Prg	97.072	HSTS0208HCAN446	752,500	150,500
RSW-TSA Law Enforcement Officer Reimbursement	97.090	HSTS0208HSLR084	1,242,606	230,864
Passed through Florida Department of Community Affairs:				
County Emergency Operations Center	97.039	07-EC-33-06-46-01-490	3,150,606	61,366
Emergency Management Performance Grant (EMPG)	97.042	11-FG-15-09-46-01-055	128,897	91,484
Emergency Management Performance Grant (EMPG)	97.042	12-FG-R3-09-46-01-103	129,065	18,216
Total program			<u>257,962</u>	<u>109,700</u>
Homeland Security Cluster:				
State Homeland Security Grant Program (FY09) - Issues 3, 7 & 14	97.067	10-DS-39-09-46-01-409	131,000	37,779
State Homeland Security Grant Program Issues 2, 5, & 27	97.067	10-DS-39-09-46-01-403	598,700	351,993
State Homeland Security Grant Program Region 6-Issues 32 & 38	97.067	12-DS-9Z-09-46-01-155	350,000	99,756
Citizens Corps Council (FY10)	97.067	10-CC-43-09-46-01-393	7,000	3,353
Community Emergency Response Team (FY10)	97.067	10-CI-43-09-46-01-394	11,000	220
State Homeland Security Grant Program (SHSGP) Region 6	97.067	11-DS-9Z-09-46-01-441	75,000	19,440
Passed through Florida Department of Law Enforcement:				
Issue 830 Southwest FL Fusion Center	97.067	2009-SHSP-LEE-2-V3-026	500,000	376,210
Total Homeland Security Cluster			<u>\$ 1,672,700</u>	<u>\$ 888,751</u>

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**LEE COUNTY, FLORIDA**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year ended September 30, 2011**

Passed through Florida Department of Financial Services:				
USAR & Regional Domestic Security Hazardous Team	97.004	09-DS-51-13-00-16-409	\$ 366,208	\$ 129,279
USAR & Regional Domestic Security Hazardous Team	97.004	10-DS-39-13-00-16-414	201,936	29,281
Total program			<u>568,144</u>	<u>158,560</u>
Total U.S. Department of Homeland Security			<u>7,875,078</u>	<u>1,815,550</u>
U.S. Department of Housing & Urban Development:				
Community Development Block Grant Entitlement Grants Cluster:				
CDBG Urban County Entitlement - Year 16	14.218	B-05-UC-12-0013	2,449,422	38,152
CDBG Urban County Entitlement - Year 18	14.218	B-07-UC-12-0013	2,179,588	113,668
CDBG Urban County Entitlement - Year 19	14.218	B-08-UC-12-0013	2,122,575	135,550
CDBG Urban County Entitlement - Year 20	14.218	B-09-UC-12-0013	2,162,573	987,746
CDBG Urban County Entitlement - Year 21	14.218	B-10-UC-12-0013	2,335,601	1,100,553
Neighborhood Stabilization Program	14.218	B-08-UN-12-0009	18,243,867	5,974,569
Neighborhood Stabilization Program	14.218	B-11-UN-12-0009	6,639,174	1,105,262
ARRA - CDBG Urban County Entitlement	14.253	B-09-UY-12-0013	576,497	206
Total Community Development Block Grant Entitlement Grants Cluster			<u>36,709,297</u>	<u>9,455,706</u>
Emergency Shelter Grant -Year 7 (FY10)	14.231	S-09-UC-12-0023	94,504	2,614
Emergency Shelter Grant -Year 8 (FY11)	14.231	S-10-UC-12-0023	95,005	91,403
Total program			<u>189,509</u>	<u>94,017</u>
Supportive Housing Program (FY09)	14.235	Various	1,732,019	15,153
Supportive Housing Program (FY10)	14.235	Various	1,867,920	1,164,557
Supportive Housing Program (FY11)	14.235	Various	1,777,868	690,738
SHP LIFT Program (FY10)	14.235	FL0264B4D030802	119,722	51,470
SHP LIFT Program (FY11)	14.235	FL0264B4D031003	119,722	23,679
Total program			<u>5,617,251</u>	<u>1,945,597</u>
SHP Shelter Plus Care (FY10)	14.238	Various	278,028	104,173
SHP Shelter Plus Care (FY11)	14.238	Various	269,148	96,060
Total program			<u>547,176</u>	<u>200,233</u>
HOME - Year 17 (FY09)	14.239	M-08-UC-12-0210	691,060	98,270
HOME - Year 18 (FY10)	14.239	M-09-UC-12-0210	776,695	207,841
HOME - Year 19 (FY11)	14.239	M-10-UC-12-0210	770,760	81,636
Total program			<u>2,238,515</u>	<u>387,747</u>
ARRA - Homeless Prevention and Rapid Re-Housing Program	14.257	S09-UY-12-0023	881,538	139,172
Passed through Florida Department of Children and Families:				
ARRA - Homeless Prevention and Rapid Re-Housing Program	14.257	HFZ1A	256,419	234,093
Total program			<u>1,137,957</u>	<u>373,265</u>
Passed through Florida Department of Health:				
HOPWA Renewal (7/1/10-6/30/11)	14.241	CODBE-6	58,348	43,758
HOPWA Renewal (7/1/11-6/30/12)	14.241	CODDN-6	101,076	25,269
Total program			<u>159,424</u>	<u>69,027</u>
Total U.S. Department of Housing & Urban Development			<u>46,599,129</u>	<u>12,525,592</u>
Institute of Museum & Library Services				
Passed through Florida Department of State:				
Library Services & Tech Act Grant (FY11)	45.310	10-LSTA-E-04	9,995	9,995
Total Institute of Museum & Library Services			<u>9,995</u>	<u>9,995</u>
U.S. Department of the Interior:				
U.S. Fish & Wildlife Service:				
ARRA - Smokehouse Bay Preserve Restoration	15.656	40181RJ011	225,000	23,460
Total U.S. Department of the Interior			<u>\$ 225,000</u>	<u>\$ 23,460</u>

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**LEE COUNTY, FLORIDA**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year ended September 30, 2011**

U.S. Department of Justice:					
Federal Forfeiture - Justice	16.000	None	\$ 61,825	\$ 61,825	
Human Trafficking Initiative-FY10	16.320	2010-VT-BX-0008	170,000	126,796	
Solving Cold Cases with DNA	16.560	2010-DN-BX-K208	198,725	102,386	
State Criminal Alien Assistance ( SCAAP)	16.606	2009-G5066-FL-AP	243,376	54,239	
State Criminal Alien Assistance ( SCAAP)	16.606	2010-H3467-FL-AP	254,529	254,529	
Total program			<u>497,905</u>	<u>308,768</u>	
Bullet Proof Vest Program (FY09)	16.607	BOBX09047060	27,199	19,741	
Bullet Proof Vest Program (FY10)	16.607	BOBX10051187	36,961	36,961	
Total program			<u>64,160</u>	<u>56,702</u>	
Passed through Florida Office of the Attorney General:					
Victims of Crime Act (VOCA) (FY11)	16.575	V10265	64,182	59,248	
Passed through Florida Department of Children & Families:					
STOP Violence Against Women (FY10/11)	16.588	LN920	148,896	109,342	
STOP Violence Against Women (FY11/12)	16.588	12-8018-LE	167,831	39,448	
Total program			<u>316,727</u>	<u>148,790</u>	
Justice Assistance Grant Program Cluster:					
Edward Bryne JAG Program-Auto Theft	16.738	2008-DJ-BX-0121	52,784	2,226	
Justice Assistance Grant Program (FY10)	16.738	2010-DJ-BX-0120	175,920	52,497	
ARRA - Edward Bryne Memorial Justice Assistance Grant (JAG) (FY09)	16.738	2009-DJ-BX-1032	186,912	38,772	
Passed through Florida Department of Law Enforcement:					
Edward Bryne Memorial Justice Assistance Grant (JAG) Program	16.738	2011-JAGC-LEE-2-B2-208	129,244	129,244	
Pharmaceutical Investigations Law Enforcement Strategy	16.738	2011-JAGC-LEE-4-B2-130	93,745	93,450	
Total program			<u>638,605</u>	<u>316,189</u>	
ARRA - Edward Bryne Memorial JAG -Lee Co Forensics Enhancements	16.803	2010-ARRC-LEE-1-W7-181	1,155,329	49,485	
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804	2009SBB93154	768,977	312,601	
Total Justice Assistance Grant Program Cluster			<u>2,562,911</u>	<u>678,275</u>	
Paul Coverdell Forensic Sciences Improvement Grant (FY10)	16.742	2010-CD-BX-0006	5,510	5,510	
Total U.S. Department of Justice			<u>3,941,945</u>	<u>1,548,300</u>	
National Endowment for the Humanities:					
We the People-Lincoln: The Constitution and Civil War	45.164	LL-50082-10	2,500	1,761	
Total National Endowment for the Humanities			<u>2,500</u>	<u>1,761</u>	
U.S. Department of Transportation/non-FAA:					
Federal Transit Administration:					
Federal Transit Cluster:					
USC 5309 Bus Replacement	20.500	FL-04-0080	475,000	237,226	
USC 5307 Urbanized Area Formula Grant (FY10)	20.507	FL-90-X712	4,584,746	1,137,290	
FTA 5307 Capital FY06 NonUrbanized Area Formula	20.507	FL-90-X559	3,411,557	631,344	
USC 5307 Capital FY06 Urbanized Area Formula	20.507	FL-90-X596	3,508,619	8,939	
USC 5307 Capital FY06 Urbanized Area Formula	20.507	FL-90-X597	3,672,140	112,896	
USC 5307 Capital FY07 Urbanized Area Formula	20.507	FL-90-X623	4,102,233	152,751	
USC 5307 Urbanized Area Formula	20.507	FL-90-X647	4,386,928	427,881	
USC 5307 Urbanized Area Formula	20.507	FL-90-X682	4,676,781	428,450	
USC 5307 Urbanized Area Formula	20.507	FL-95-X043	1,500,000	1,500,000	
ARRA-USC 5307 Urbanized Area Formula Grant	20.507	FL-96-X006	6,206,681	2,662,157	
Total Federal Transit Cluster			<u>36,524,685</u>	<u>7,298,934</u>	
Transit Services Programs Cluster:					
USC 5316 Job Access Reverse Commute Grant	20.516	FL-37-X027	669,178	160,896	
USC 5316 Job Access Reverse Commute Grant	20.516	FL-37-X045	377,800	8,068	
USC 5317 New Freedom Grant	20.521	FL-57-X005	492,983	281,457	
USC 5317 New Freedom Grant	20.521	FL-57-X019	287,456	3,499	
Total Transit Services Programs Cluster			<u>\$ 1,827,417</u>	<u>\$ 453,920</u>	

(continued)

**LEE COUNTY, FLORIDA**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year ended September 30, 2011**

Alternative Transp in Parks & Public Lands-Ding Darling Nat'l Wildlife Refuge	20.520	FL-20-00001	\$ 2,223,571	\$ 315,255
Passed through Florida Department of Transportation:				
Highway Planning and Construction Cluster:				
Countywide Signal Retiming	20.205	414084-1-38-01	855,500	336,131
ARRA - LAP Buckingham Road Shoulders-Neal Rd to Gunnery Rd	20.205	APU53	390,943	355,477
ARRA - LAP Six Mile Cypress Parkway Four Laning	20.205	APR16	4,030,000	1,861,395
LAP-Business Way & South Loop Boulevard Sidewalk	20.205	APW58	204,872	115,896
Total Highway Planning and Construction Cluster			<u>5,481,315</u>	<u>2,668,899</u>
USC 5303 Planning (Federal Portion)	20.505	AOZ59	617,165	147,302
USC 5311 Non Urban Area Public Transit Services	20.509	AOV97	1,474,810	360,453
ARRA - USC 5311 NonUrban Area -Public Transportation Services	20.509	API17	175,000	43,924
Total program			<u>1,649,810</u>	<u>404,377</u>
Total U.S. Department of Transportation/non-FAA			<u>48,323,963</u>	<u>11,288,687</u>
U.S. Department of Transportation/FAA:				
Federal Aviation Administration:				
Aircraft Rescue & Firefighting Safety Equipment - RSW	20.106	3-12-0135-047-2009	1,299,926	1,168,353
Aircraft Rescue & Firefighting Building - RSW	20.106	3-12-0135-048-2010	8,354,381	4,117,317
Wildlife Mgmt Implementation Plan;Install Flight Tracker System - RSW	20.106	3-12-0135-049-2010	55,649	24,598
Total U.S. Department of Transportation/FAA			<u>9,709,956</u>	<u>5,310,268</u>
U.S. Department of the Treasury:				
Federal Forfeiture - Treasury	21.000	None	22,864	22,864
Total U.S. Department of the Treasury			<u>22,864</u>	<u>22,864</u>
U.S. Department of Veterans Affairs:				
VA Homeless Providers Grant	64.024	VA248-P-1603	92,000	80,575
Total U.S. Department of Veterans Affairs			<u>92,000</u>	<u>80,575</u>
<b>Total expenditures of federal awards</b>			<b>\$ 161,673,943</b>	<b>\$ 39,274,200</b>
Florida Department of Children and Families:				
Florida Challenge Grant (FY11)	60.014	HFZ1C	\$ 63,397	\$ 63,397
Criminal Justice, Mental Health & Substance Abuse Grant FY08-11	60.115	MOU #LHZ10	997,698	201,850
Criminal Justice, Mental Health & Substance Abuse Grant FY11-14	60.115	MOU #LHZ28	750,000	184,108
Total program			<u>1,747,698</u>	<u>385,958</u>
Total Florida Department of Children and Families			<u>1,811,095</u>	<u>449,355</u>
Florida Department of Community Affairs:				
FCT Wild Turkey Strand 2020	52.002	05-CT-E5-04-F4-A1-031	2,529,995	53,868
Florida Communities Trust Grant-Galt Preserve	52.002	09-CT-D1-08-F8-A1-012	1,493,927	37,908
Total program			<u>4,023,922</u>	<u>91,776</u>
County Emergency Operations Center	52.010	07-EC-33-09-46-01-490	1,480,839	849,090
Division of Emergency Management:				
EMPA Base Grant (FY11)	52.008	11-BG-05-09-46-01-155	77,043	77,043
EMPA Base Grant (FY12)	52.008	12-BG-05-09-46-01-036	105,806	21,214
Total program			<u>182,849</u>	<u>98,257</u>
Hazardous Material Emergency Response Plan	52.023	11-CP-03-09-46-01-220	9,484	9,484
Florida Housing Finance Corporation:				
SHIP YR13 (State FY07-08)	52.901	LB015	3,318,641	7,078
SHIP YR14 (State FY08-09)	52.901	LB016	3,718,567	2,293,241
SHIP YR15 (State FY09-10)	52.901	LB017	246,432	12,046
SHIP YR16 (State FY10/11)	52.901	LB018	40,230	9,000
SHIP YR17 (State FY11/12)	52.901	LB019	382,207	87
Total program			<u>7,706,077</u>	<u>2,321,452</u>
Total Florida Department of Community Affairs			<u>\$ 13,403,171</u>	<u>\$ 3,370,059</u>

(continued)

**LEE COUNTY, FLORIDA**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year ended September 30, 2011**

Florida Department of Environmental Protection:				
Blind Pass Ecozone Restoration Project	37.003	05LE1	\$ 1,149,923	\$ 30,160
Gasparilla Island Monitoring	37.003	09LE1	101,121	1,243
Estero Island Beach Restoration	37.003	09LE2	2,000,000	1,415,964
Total program			3,251,044	1,447,367
FDEP Caloosahatchee Creeks Preserve	37.039	LP6816	350,000	13,141
Popash Creek Project	37.039	LP6838	200,000	27,157
Total program			550,000	40,298
Total Florida Department of Environmental Protection			3,801,044	1,487,665
Florida Department of Health:				
EMS County Award (FY09)	64.005	C8036	175,049	42,592
EMS County Award (FY10)	64.005	C9036	135,305	27,866
EMS County Award (FY11)	64.005	C0036	92,486	2,003
Total Florida Department of Health			402,840	72,461
Florida Department of Management Services:				
Wireless 911 Board:				
E911 State Grant	72.002	S2-09-03-27	345,000	82,598
Total Florida Department of Management Services			345,000	82,598
South Florida Water Management District:				
FY11 N Lee Co Reverse Osmosis Wellfield Expansion Ph2	N/A	460002297	200,000	200,000
Total South Florida Water Management District			200,000	200,000
Florida Department of State:				
Division of Library & Information Services:				
State Aid to Libraries Grant (FY10)	45.030	10-ST-26	631,092	224,754
State Aid to Libraries Grant (FY11)	45.030	11-ST-25	588,346	103,918
Total Florida Department of State			1,219,438	328,672
Florida Department of Transportation/non-FAA:				
Commuter Assistance - Trip Planning Software	55.007	AO567	150,000	52,696
County Incentive Grant - I-75 Complementary Deployment	55.008	422602-1-38-01	400,000	117,471
County Incentive Grant - Daniels Parkway Six-Laning	55.008	428151-1-58-01	2,383,929	695,382
Total program			2,933,929	865,549
Transit Block Grant	55.010	AOV96	5,863,983	1,567,202
Beach Park & Ride Summerlin Square	55.011	AOK93	325,000	12,500
Lee-Collier Transit Connector	55.012	APO75	903,335	5,967
US 41 Transit Corridor Program	55.013	AOR30	6,428,623	1,400,000
Edison Mall Transfer Station	55.014	AOW00	1,000,000	230,505
TRIP - Colonial Blvd	55.026	420990-1-58-01	4,700,000	2,100,792
USC 5303 Planning (State Portion)	N/A	AOZ59	77,146	18,413
Total Florida Department of Transportation/non-FAA			22,232,016	6,200,928
Florida Department of Transportation/FAA:				
Terminal Expansion Airside Design & Construction-RSW	55.004	AOD19	27,096,000	522,577
Design & Construct General Aviation Terminal-Landside - FMY	55.004	AL433	7,520,632	4,829,918
ARFF Vehicle Purchase - FMY	55.004	AO564	278,434	173,500
Fowler St & Airport Entrance Road Improvements - FMY	55.004	APP26	1,463,836	1,158,794
Preliminary Design 6R/24L Phase I Parallel Runway - RSW	55.004	AOK54	17,452,872	1,771,539
Flight Tracking System - RSW	55.004	AQ177	3,980	2,388
Total Florida Department of Transportation/FAA			53,815,754	8,458,716
<b>Total expenditures of state financial assistance</b>			<b>\$ 97,230,358</b>	<b>\$ 20,650,454</b>

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

For the Fiscal Year Ended September 30, 2011

(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, 2011, 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 the 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 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 \$21,240.

(Continued)

LEE COUNTY, FLORIDA

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

For the Fiscal Year Ended September 30, 2011

(3) Subrecipients

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

CFDA #	Federal program	Amounts provided to subrecipients
14.218	CDBG Urban County Entitlement - Year 20	\$ 288,643
14.218	CDBG Urban County Entitlement - Year 21	471,523
14.218	Neighborhood Stabilization Program	2,044,015
14.218	Neighborhood Stabilization Program	222,471
14.231	Emergency Shelter Grant -Year 7 (FY10)	2,614
14.231	Emergency Shelter Grant -Year 8 (FY11)	86,678
14.235	Supportive Housing Program (SHP - FY09)	15,153
14.235	Supportive Housing Program (SHP - FY10)	1,083,521
14.235	Supportive Housing Program (SHP - FY11)	611,592
14.238	SHP Shelter Plus Care (FY10)	104,173
14.238	SHP Shelter Plus Care (FY11)	96,060
14.239	HOME - Year 18 (FY10)	2,861
16.738	Edward Byrne Memorial Justice Assistance Grant Program	129,244
16.804	ARRA - Edward Byrne Memorial Justice Assistance Grant	254,344
20.521	USC 5317 New Freedom Grant	131,616
64.024	VA Homeless Providers Grant	80,575
	Total federal program transfers to subrecipients	<u>\$ 5,625,083</u>
		Amounts provided to subrecipients
CSFA #	State project	Amounts provided to subrecipients
52.901	SHIP YR14 (State FY08-09)	\$ 1,929,534
52.901	SHIP YR15 (State FY09-10)	2,664
52.901	SHIP YR16 (State FY10-11)	9,000
60.014	Florida Challenge Grant FY11	36,981
60.115	Criminal Justice, Mental Health & Substance Abuse Grant FY08-11	201,850
60.115	Criminal Justice, Mental Health & Substance Abuse Grant FY11-14	184,108
	Total state projects transfers to subrecipients	<u>\$ 2,364,137</u>

LEE COUNTY, FLORIDA

Schedule of Findings and Questioned Costs -  
Federal Awards Programs and State Financial Assistance Projects  
Year Ended September 30, 2011

Part I - Summary of Auditors' Results

Financial Statement Section

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes        x   no

Significant deficiency(ies) identified?

  x   yes      \_\_\_\_\_ none reported

Noncompliance material to financial  
statements noted?

\_\_\_\_\_ yes        x   no

Federal Awards and State Projects Section

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes        x   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes        x   none reported

Type of auditors' report on compliance for  
major federal programs and state projects:

Unqualified

Any audit findings disclosed that are  
required to be reported in accordance with  
Circular A-133 and/or Chapter 10.550

  x   yes      \_\_\_\_\_ no



LEE COUNTY, FLORIDA

**Schedule of Findings and Questioned Costs -  
Federal Awards Programs and State Financial Assistance Projects  
Year Ended September 30, 2011**

**Part I - Summary of Auditors' Results (continued)**

**Federal Awards and State Projects Section (continued)**

Identification of major federal programs and state projects:

Federal Programs:

Name of Program or Cluster	CFDA Numbers
U.S. Department of Housing and Urban Development:	
Community Development Block Grants	14.218
Supportive Housing Program	14.235
U.S. Department of Justice:	
ARRA - Edward Byrne Memorial Justice Assistance Grants Program (cluster)	16.738, 16.803 and 16.804
U.S. Department of Transportation:	
Airport Improvement Program	20.106
U.S. Department of Transportation:	
Highway Planning and Construction	20.205
Federal Transit (cluster)	20.500 and 20.507

State Projects:

Name of Project	CSFA Numbers
State of Florida Department of Community Affairs:	
County Emergency Operations Center	52.010
Florida Housing Finance Corporation:	
State Housing Initiatives Partnership Program	52.901
State of Florida Department of Transportation:	
Aviation Development Grants	55.004
County Incentive Grant Program	55.008
Public Transit Block Grant Program	55.010

Dollar threshold used to determine Type A programs:

Federal programs	\$ 1,178,226
State projects	\$ 619,514

Auditee qualified as low-risk auditee for federal purposes?

yes  no

LEE COUNTY, FLORIDA

Schedule of Findings and Questioned Costs -  
Federal Awards Programs and State Financial Assistance Projects  
Year Ended September 30, 2011

**Part II - Schedule of 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*.

*Statement of Condition 2011-01:* During our testing of cutoff for revenues, it came to our attention that revenue was recognized in the governmental funds for EMS and for special assessments, interest and penalties receivable that were not received within the County's availability period.

*Criteria:* Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. If receivables are not collected within the County's availability period, revenue should be deferred. The County considers all revenues, except revenues from grants and EMS, available if they are collected within sixty days after year-end. EMS and grant revenues are recorded as earned if collected within ninety days after year-end.

*Effect of Condition:* In the Special Assessments District Fund, deferred revenue was understated and fund balance was overstated by approximately \$1.2 million for special assessments and related interest and penalties receivable that were recorded as revenue in previous years, but were not collected within the County's availability policy. In the General fund, EMS revenues were overstated by approximately \$2.3 million for EMS receivables that were not collected within the County's availability policy.

*Cause of Condition:* The portion of governmental fund receivables collected or collectable after the availability period were not recorded as deferred revenue.

*Recommendation:* We recommend that management evaluate pending collections after the availability period has passed in order to determine the portion of receivables that should be recorded as deferred revenue for governmental funds.

LEE COUNTY, FLORIDA

Schedule of Findings and Questioned Costs -  
Federal Awards Programs and State Financial Assistance Projects  
Year Ended September 30, 2011

**Part III - Federal Award Findings and Questioned Costs**

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 major federal programs, as required to be reported by Section 510(a) of OMB Circular A-133.

**U.S. Department of Housing and Urban Development - CFDA #14.218 - Community Development Block Grants  
CFDA #14.235 - Supportive Housing Program**

*Statement of Condition 2011-02:* During our audit of the major federal awards programs indicated above, we noted the County did not complete the subaward reporting requirement under the Federal Funding Accountability and Transparency Act (FFTA).

*Criteria:* The FFTA requires the Office of Management and Budget to maintain a single, searchable website that contains all information on spending associated with Federal awards. In connection with FFTA, prime recipients were required to report subawards starting October 1, 2010 with value exceeding \$25,000 if the prime contract award was \$550,000 or more. Among the items required to be reported are the name of entity receiving the award, amount of the award, funding agency, CFDA program number and program source.

*Effect of Condition:* The County is not in compliance with the requirements of FFTA and OMB Circular A-133.

*Cause of Condition:* The County's Human Service department overlooked this requirement, as it is was new in fiscal year 2011.

*Recommendation:* We recommend the reporting requirements be adhered to for future subawards and the County file the reports for the above programs as soon as possible.

**Part IV - State Project Findings and Questioned Costs**

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 major state projects, as required to be reported by Chapter 10.550, *Rules of the Auditor General*.

There were no findings required to be reported by Chapter 10.550, *Rules of the Auditor General*.

LEE COUNTY, FLORIDA

Summary Schedule of Prior Audit Findings and Corrective Action Plan –  
Federal Awards Programs and State Financial Assistance Projects  
Year Ended September 30, 2011

**Prior Year Findings**

There were no prior year audit findings.

**Corrective Action Plan**

*Statement of Condition 2011-01:* During our testing of cutoff for revenues, it came to our attention that revenue was recognized in the governmental funds for EMS and for special assessments interest and penalties receivable that were not received within the County's availability period.

*Recommendation:* We recommend that management evaluate pending collections after the availability period has passed in order to determine the portion of receivables that should be recorded as deferred revenue for governmental funds.

*Management Response:* We will look at this issue in the upcoming fiscal year and handle it appropriately.

*Statement of Condition 2011-02:* During our audit of the major federal awards programs indicated above, we noted the County did not complete the subaward reporting requirement under the Federal Funding Accountability and Transparency Act (FFTA).

*Recommendation:* We recommend the reporting requirements be adhered to for future subawards and the County file the reports for the above programs as soon as possible.

*Management Response:* Lee County has reviewed the Federal Funding Accountability and Transparency Act Sub-Recipient Reporting requirements and is in the process of submitting data to meet this regulation.



**Independent Auditors' Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on the Passenger Facility  
Charge Program and Internal Control over Compliance in  
Accordance with the Passenger Facility Program Audit Guide**

To the Honorable Board of County  
Commissioners of Lee County, Florida

and

To the Honorable Board of Port Commissioners of the  
Lee County Port Authority

**Compliance**

We have audited the compliance of Lee County Port Authority, a blended component unit of Lee County, Florida ("the Authority") with the types of 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, 2011. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its passenger facility charge program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority'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 non-compliance 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. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

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, 2011.

**Internal Control over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to the passenger facility charge program. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on the passenger facility charge program to determine the 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 with the Guide. 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.

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

### **Schedule of Passenger Facility Charges**

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 Authority as of and for the year ended September 30, 2011, and have issued our report thereon dated March 8, 2012. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Passenger Facility Charges Collected and Expended for the year ended September 30, 2011 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 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.

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

*Cheng, Behaert & Holland, L.L.P.*

Orlando, Florida  
March 8, 2012

**LEE COUNTY, FLORIDA**

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

Year ended September 30, 2011

	Quarter ended December 31, 2010	Quarter ended March 31, 2011	Quarter ended June 30, 2011	Quarter ended September 30, 2011	Year Ended September 30, 2011	Cumulative totals as of September 30, 2010	Cumulative totals as of September 30, 2011
<b>Collections:</b>							
PFCs collected	\$ 3,927,558	\$ 5,018,197	\$ 3,739,147	\$ 2,826,618	\$ 15,511,520	\$ 172,053,726	\$ 187,565,246
Interest earned	20,721	18,560	16,822	17,240	73,343	8,206,882	8,280,225
Total collections	\$ 3,948,279	\$ 5,036,757	\$ 3,755,969	\$ 2,843,858	\$ 15,584,863	\$ 180,260,608	\$ 195,845,471
<b>Expenditures on approved PFC projects included in:</b>							
Application No. 1							
92-01-C-00-RSW	\$ 4,769	\$ 4,769	\$ 5,299	\$ 5,299	\$ 20,136	\$ 18,908,325	\$ 18,928,461
Adjustments to Application No.1							
92-01-C-00-RSW	-	-	-	-	-	(6,286,802)	(6,286,802)
	4,769	4,769	5,299	5,299	20,136	12,621,523	12,641,659
Application No. 2							
93-02-U-00-RSW	-	-	-	-	-	9,711,377	9,711,377
Application No. 3							
94-03-U-00-RSW	72,504	72,504	80,560	80,560	306,128	75,456,365	75,762,493
Application No. 4							
97-04-U-00-RSW	3,287	3,287	3,652	3,652	13,878	3,560,493	3,574,371
Application No. 5							
97-04-U-01-RSW	1,532,502	857,323	638,806	482,907	3,511,538	66,099,365	69,610,903
Application No. 6							
06-06-C-00-RSW	-	25,000	-	-	25,000	4,821,352	4,846,352
Application No. 7							
10-07-C-00-RSW	1,551,083	1,989,644	662,572	1,009,332	5,212,631	-	5,212,631
Total Expenditures	\$ 3,164,145	\$ 2,952,527	\$ 1,390,889	\$ 1,581,750	\$ 9,089,311	\$ 172,270,475	\$ 181,359,786

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

LEE COUNTY, FLORIDA  
Notes to Schedule of Passenger Facility  
Charges Collected and Expended  
Year ended September 30, 2011

(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

Lee County Port Authority Schedule of Findings and Questioned Costs -  
Passenger Facility Charge Program  
Year Ended September 30, 2011

Part I - Summary of Auditors' Results

Financial Statement Section

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?            yes       x       no

Significant deficiency(ies) identified?            yes       x       none reported

Noncompliance material to financial statements noted?            yes       x       no

Passenger Facility Charge Program Section

Internal control passenger facility charge program:

Material weakness(es) identified?            yes       x       no

Significant deficiency(ies) identified?            yes       x       none reported

Type of auditors' report on compliance for the passenger facility charge program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the Passenger Facility Charge Audit Guide for Public Agencies            yes       x       no

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

LEE COUNTY, FLORIDA

Lee County Port Authority Schedule of Findings and Questioned Costs -  
Passenger Facility Charge Program  
Year Ended September 30, 2011

**Part II - Schedule of 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 financial statement findings required to be reported in accordance with *Government Auditing Standards*.

**Part III - Passenger Facility Charge Program - Findings and Questioned Costs**

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 Program Audit Guide.

There were no findings required to be reported in accordance with the Passenger Facility Program Audit Guide.

**LEE COUNTY, FLORIDA**

**Lee County Port Authority Summary Schedule of Prior Audit Findings  
and Corrective Action Plan - Passenger Facility Charge Program  
Year Ended September 30, 2011**

**Prior Year Findings**

There were no prior year audit findings.