

Lee County, Florida

Single Audit Reports

For the Year Ended September 30, 2012

(With Independent Auditors' Report Thereon)



LEE COUNTY, FLORIDA

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**Report of Independent Auditor 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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 11, 2013. 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.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated March 11, 2013.

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.

Cherry Bekant LLP

Tampa, Florida
March 11, 2013

Report of Independent Auditor on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 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 Lee County, Florida's ("the County") compliance with the types of compliance requirements described in the *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 the County's major federal awards programs and state financial assistance projects for the year ended September 30, 2012. The County's major federal awards programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs 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 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 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 programs and state financial assistance projects for the year ended September 30, 2012.

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 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 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. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-1. 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 awards program or state financial assistance 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.

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, 2012, and have issued our report thereon dated March 11, 2013, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements 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.

A handwritten signature in black ink that reads "Cherry Bekart LLP". The signature is written in a cursive, flowing style.

Tampa, Florida
March 11, 2013

LEE COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year ended September 30, 2012

Federal/State grantor / pass-through grantor	CFDA CSFA number	Grant Number	Federal/State award amount	Expenditures
U.S. Department of Commerce				
NOAA/Gulf of Mexico Foundation:				
Galt Preserve Restoration	11.463	11-02	\$ 63,000	\$ 56,459
Passed through the Florida Department of Environmental Protection:				
Caloosahatchee Creeks Preserve Wetland Enhancement	11.419	CM211	50,000	50,000
Total U.S. Department of Commerce			<u>113,000</u>	<u>106,459</u>
U.S. Elections Assistance Commission:				
Passed through the Florida Department of State:				
Federal Elections Activities Grant (FY10-11)	90.401	MOA #2010-2011-0001	56,992	56,992
Total U.S. Elections Assistance Commission			<u>56,992</u>	<u>56,992</u>
U.S. Department of Energy:				
ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-EE0000787	3,046,600	434,028
Passed through Florida Department of Economic Opportunity:				
ARRA - Weatherization Assistance Program (FY10)	81.042	10-WX-7X-09-46-01-715	1,244,003	236,903
Total U.S. Department of Energy			<u>4,290,603</u>	<u>670,931</u>
U.S. Department of Health & Human Services:				
Passed through Florida Department of Revenue:				
Child Support Enforcement Program (Federal Initiative)	93.563	CD336	1,050,712	1,050,712
Passed through Florida Department of Economic Opportunity:				
Low Income Home Energy Assistance Program (LIHEAP)	93.568	12EA-0F-09-46-01-015	1,814,919	891,078
LIHEAP (FY11)	93.568	11EA-8U-09-46-01-015	2,474,161	1,043,334
WAP-LIHEAP	93.568	12LH-9Z-09-46-01-015	230,108	67,610
Total program			<u>4,519,188</u>	<u>2,002,022</u>
Community Services Block Grant Cluster:				
Community Services Block Grant (FY12)	93.569	12SB-9Y-09-46-01-014	335,198	226,429
Total Community Services Block Grant Cluster			<u>335,198</u>	<u>226,429</u>
Total U.S. Department of Health & Human Services			<u>5,905,098</u>	<u>3,279,163</u>
U.S. Department of Homeland Security:				
Transportation Security Administration:				
RSW-TSA National Explosives Detection Canine Team Program	97.072	HSTS0208HCAN446	752,500	181,500
RSW-TSA Law Enforcement Officer Reimbursement	97.090	HSTS0208HSLR084	1,242,606	198,418
Passed through Florida Department of Economic Opportunity:				
County Emergency Operations Center	97.039	07-EC-33-06-46-01-490	3,150,606	2,646,203
Emergency Management Performance Grant (EMPG) FY12	97.042	12-FG-R3-09-46-01-103	129,065	110,849
Emergency Management Performance Grant (EMPG) FY13	97.042	13-FG-86-09-46-01-103	134,341	19,355
Total program			<u>263,406</u>	<u>130,204</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	2,555
State Homeland Security Grant Program Issues 2, 5, & 27	97.067	10-DS-39-09-46-01-403	598,700	234,300
State Homeland Security Grant Program Region 6-Issues 32 & 38	97.067	12-DS-9Z-09-46-01-155	350,000	167,840
Citizens Corps Council (FY10)	97.067	10-CC-43-09-46-01-393	7,000	3,418
Community Emergency Response Team (FY10)	97.067	10-CI-43-09-46-01-394	11,000	5,255
Community Emergency Response Team (FY11)	97.067	11-CI-A6-09-46-01-490	6,750	6,750
Community Emergency Response Team (FY12)	97.067	12-CI-24-09-46-01-391	9,600	3,146
Community Emergency Response Team (FY13)	97.067	13-CI-46-09-46-01-151	25,000	25,000
State Homeland Security Grant Program (SHSGP)	97.067	11-DS-9Z-09-46-01-294	9,000	9,000
State Homeland Security Grant Program (SHSGP)	97.067	12-DS-20-09-46-01-380	12,500	949
Passed through Florida Department of Financial Services:				
USAR Task Force 6	97.067	08DS-60-13-00-16-373	212,320	16,225
USAR & Regional Domestic Security Hazardous Team	97.067	09-DS-51-13-00-16-409	366,208	42,978
USAR & Regional Domestic Security Hazardous Team FY10-11	97.067	10-DS-39-13-00-16-414	201,936	124,615
USAR & Regional Domestic Security Hazardous Team	97.067	11-DS-9Z-13-00-16-436	201,542	45,826
Total Homeland Security Cluster			<u>2,142,556</u>	<u>687,857</u>
Subrecipient of United Way of Lee County:				
Emergency Food & Shelter Program	97.024	None	66,606	65,062
Total U.S. Department of Homeland Security			<u>\$ 7,618,280</u>	<u>\$ 3,909,244</u>

LEE COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year ended September 30, 2012

Federal/State grantor / pass-through grantor	CFDA CSFA number	Grant Number	Federal/State award amount	Expenditures
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	\$ 7,681
CDBG Urban County Entitlement - Year 17	14.218	B-06-UC-12-0013	2,220,523	16,500
CDBG Urban County Entitlement - Year 18	14.218	B-07-UC-12-0013	2,179,588	138,895
CDBG Urban County Entitlement - Year 19	14.218	B-08-UC-12-0013	2,122,575	328,947
CDBG Urban County Entitlement - Year 20	14.218	B-09-UC-12-0013	2,162,573	382,523
CDBG Urban County Entitlement - Year 21	14.218	B-10-UC-12-0013	2,335,601	897,604
CDBG Urban County Entitlement - Year 22	14.218	B-11-UC-12-0013	1,936,459	535,688
Neighborhood Stabilization Program	14.218	B-08-UN-12-0009	18,243,867	3,136,862
Neighborhood Stabilization Program 3	14.218	B-11-UN-12-0009	6,639,174	3,088,256
Total Community Development Block Grant Entitlement Grants Cluster:			40,289,782	8,532,956
Emergency Shelter Grant -Year 8 (FY11)	14.231	S-10-UC-12-0023	95,005	3,602
Emergency Shelter Grant -Year 9 (FY12)	14.231	E-11-UC-12-0023	147,852	94,625
Total program			242,857	98,227
Supportive Housing Program (FY10)	14.235	Various	1,867,920	98,073
Supportive Housing Program (FY11)	14.235	Various	1,777,868	1,010,591
Supportive Housing Program (FY12)	14.235	Various	1,867,601	502,432
SHP LIFT Program (FY11)	14.235	FL0264B4D031003	119,722	96,043
SHP LIFT Program (FY12)	14.235	FL0264B4D031104	119,722	65,382
Total program			5,752,833	1,772,521
SHP Shelter Plus Care (FY11)	14.238	Various	269,148	95,353
SHP Shelter Plus Care (FY12)	14.238	Various	243,444	96,049
Total program			512,592	191,402
HOME - Year 17 (FY09)	14.239	M-08-UC-12-0210	691,060	7,138
HOME - Year 18 (FY10)	14.239	M-09-UC-12-0210	776,695	53,104
HOME - Year 19 (FY11)	14.239	M-10-UC-12-0210	770,760	625,741
HOME - Year 20 (FY12)	14.239	M-11-UC-12-0210	681,871	36,579
Total program			2,920,386	722,562
ARRA - Homeless Prevention and Rapid Re-Housing Program Passed through Florida Dept of Health/Health Planning Council of SW FL:	14.262	S09-UY-12-0023	881,538	11,742
HOPWA Renewal (7/1/11-6/30/12)	14.241	CODDN-6	126,345	101,076
Total U.S. Department of Housing & Urban Development			50,726,333	11,430,486
U.S. Department of the Interior:				
U.S. Fish & Wildlife Service:				
ARRA - Smokehouse Bay Preserve Restoration	15.656	40181RJ011	225,000	76,078
Total U.S. Department of the Interior			225,000	76,078
U.S. Department of Justice:				
Human Trafficking Initiative-FY10	16.320	2010-VT-BX-0008	170,000	47,912
Solving Cold Cases with DNA	16.560	2010-DN-BX-K208	198,725	75,127
State Criminal Alien Assistance (SCAAP)	16.606	2011-H2368-FL-AP	200,764	153,492
Bullet Proof Vest Program (FY11)	16.607	BOBX11055986	5,724	5,724
Justice Assistance Grant Program Cluster:				
Justice Assistance Grant Program (FY10)	16.738	2010-DJ-BX-0120	175,920	28,791
Edward Byrne Memorial Justice Assistance Grant (JAG) (FY09)	16.738	2009-DJ-BX-1032	186,912	46,429
Passed through Florida Department of Law Enforcement:				
Pharmaceutical Investigations Law Enforcement Strategy	16.738	2012-JAGC-LEE-1-C4-174	87,939	83,240
Edward Byrne Memorial Justice Assistance Grant (FY12)	16.738	2012-JAGC-LEE-1-C4-178	104,731	104,731
Total program			555,502	263,191
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804	2009SBB93154	768,977	83,095
Total Justice Assistance Grant Program Cluster:			1,324,479	346,286
Passed through Florida Office of the Attorney General:				
Victims of Crime Act (VOCA) FY11-12	16.575	V11265	64,182	63,645
Passed through Florida Department of Children & Families:				
STOP Violence Against Women (FY11/12)	16.588	12-8018-LE	167,831	128,383
STOP Violence Against Women (FY12/13)	16.588	13-8018-LE	167,831	39,772
Total program			\$ 335,662	\$ 168,155

LEE COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year ended September 30, 2012

Federal/State grantor / pass-through grantor	CFDA CSFA number	Grant Number	Federal/State award amount	Expenditures
Passed through Florida Department of Law Enforcement:				
Paul Coverdell Forensic Sciences Improvement Grant (FY11)	16.742	2011-CD-BX-0026	\$ 7,650	\$ 7,645
Federal Forfeiture - Justice	16.922	None	50,943	50,943
Total U.S. Department of Justice			<u>2,358,129</u>	<u>918,929</u>
U.S. Department of Transportation/non-FAA:				
Federal Transit Administration:				
Federal Transit Cluster:				
FTA 5307 Capital FY06 NonUrbanized Area Formula	20.507	FL-90-X559	3,411,557	651,489
USC 5307 Capital FY06 Urbanized Area Formula	20.507	FL-90-X596	3,508,619	823,016
USC 5307 Capital FY06 Urbanized Area Formula	20.507	FL-90-X597	3,672,140	243,501
USC 5307 Capital FY07 Urbanized Area Formula	20.507	FL-90-X623	4,102,233	117,959
USC 5307 Urbanized Area Formula	20.507	FL-90-X647	4,386,928	40,802
USC 5307 Urbanized Area Formula	20.507	FL-90-X748	4,507,643	1,042,960
Total Federal Transit Cluster:			<u>23,589,120</u>	<u>2,919,727</u>
Transit Services Programs Cluster:				
USC 5316 Job Access Reverse Commute Grant	20.516	FL-37-X027	669,178	19,158
USC 5317 New Freedom Grant	20.521	FL-57-X005	492,983	14,630
USC 5317 New Freedom Grant	20.521	FL-57-X019	287,456	188,013
Total program			<u>780,439</u>	<u>202,643</u>
Total Transit Services Programs Cluster:			<u>1,449,617</u>	<u>221,801</u>
Alternative Transportation in Parks & Public Lands-Ding Darling NWR	20.520	FL-20-00001	2,223,571	314,987
Highway Planning and Construction Cluster:				
Passed through Florida Department of Environmental Protection				
Admiral Lehigh Trailhead	20.219	T1130	126,324	14,212
Passed through Florida Department of Transportation:				
Countywide Signal Retiming	20.205	414084-1-38-01	855,500	39,735
ARRA - LAP Six Mile Cypress Parkway Four Laning	20.205	APR16	4,030,000	2,117,959
LAP Sunniland Blvd & 25th St Sidewalk	20.205	AQF60	400,805	363,623
Enhancements and Operations of Lee Traffic and Operations Center	20.205	429960-1-88-01	300,000	71,736
Total Highway Planning and Construction Cluster:			<u>5,712,629</u>	<u>2,607,265</u>
Highway Safety Cluster:				
Impaired Driving Program	20.601	AQF76	32,234	32,234
Total Highway Safety Cluster:			<u>32,234</u>	<u>32,234</u>
USC 5303 Planning	20.505	AOZ59	694,311	148,320
USC 5311 Non Urban Area Public Transit Services	20.509	AOV97	1,822,691	347,881
ARRA - USC 5311 NonUrban Area -Public Transportation Services	20.509	API17	210,000	35,119
Total program			<u>2,032,691</u>	<u>383,000</u>
Total U.S. Department of Transportation/non-FAA			<u>35,734,173</u>	<u>6,627,334</u>
U.S. Department of Transportation/FAA:				
Federal Aviation Administration:				
Aircraft Rescue & Firefighting Building - RSW	20.106	3-12-0135-048-2010	8,354,381	2,528,495
Runway Protection Zone & Perimeter Road Phase 1 - Land Purchase	20.106	3-12-0027-017-2011	268,455	226,265
Rehabilitate Terminal Passenger Information System (FIDS) Phase 1-Design	20.106	3-12-0135-050-2012	178,965	86,535
Total U.S. Department of Transportation/FAA			<u>8,801,801</u>	<u>2,841,295</u>
U.S. Department of the Treasury:				
Federal Forfeiture - Treasury	21.000	None	9,446	9,446
Total U.S. Department of the Treasury			<u>9,446</u>	<u>9,446</u>
U.S. Department of Veterans Affairs				
VA Homeless Providers Grant YR2	64.024	VA248-P-1603	91,250	86,575
VA Homeless Providers Supplement	64.024	VA516-C-11246	91,250	91,250
Total U.S. Department of Veterans Affairs			<u>182,500</u>	<u>177,825</u>
Total expenditures of federal awards			<u>\$ 116,021,355</u>	<u>\$ 30,104,182</u>

LEE COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year ended September 30, 2012

Federal/State grantor / pass-through grantor	CFDA CSFA number	Grant Number	Federal/State award amount	Expenditures
Florida Department of Children and Families:				
Florida Challenge Grant FY11-12	60.014	HFZ2C	\$ 63,397	\$ 63,397
Criminal Justice Mental Health & Substance Abuse Reinvestment Grant FY11-14	60.115	LHZ28	499,725	262,972
Total Florida Department of Children and Families			<u>563,122</u>	<u>326,369</u>
Florida Department of Economic Opportunity				
Division of Emergency Management:				
EMPA Base Grant (FY12)	52.008	12-BG-05-09-46-01-036	105,806	84,592
County Emergency Operations Center	52.010	07-EC-33-09-46-01-490	1,480,839	280,898
Hazardous Material Emergency Response Plan	52.023	12-CP-03-09-46-01-199	10,049	10,049
Florida Housing Finance Corporation:				
SHIP YR14 (State FY08-09)	52.901	LB016	3,718,567	112,507
SHIP YR15 (State FY09-10)	52.901	LB017	246,432	234,386
SHIP YR16 (State FY10-11)	52.901	LB018	40,230	47,412
SHIP YR17 (State FY11-12)	52.901	LB019	382,207	274,571
SHIP YR18 (State FY12-13)	52.901	LB020	23,928	10
Total program			<u>4,411,364</u>	<u>668,886</u>
Total Florida Department of Economic Opportunity			<u>6,008,058</u>	<u>1,044,425</u>
Florida Department of the Executive Office:				
Florida Division of Emergency Management:				
EMPA Base Grant (FY13)	31.063	13-BG-06-09-46-01-036	105,806	34,819
Total Florida Department of the Executive Office			<u>105,806</u>	<u>34,819</u>
Florida Department of Environmental Protection:				
Blind Pass Ecozone Restoration Project	37.003	05LE1	1,149,923	27,981
Blind Pass Ecozone Restoration Project	37.003	12LE1	23,288	114,962
Bonita Beach Nourishment Project	37.003	01LE1	788,724	15,179
Esteros Island Beach Restoration	37.003	09LE2	2,022,500	543,174
Lovers Key Beach Nourishment Project	37.003	10LE1	3,273,455	85,891
Total program			<u>7,257,890</u>	<u>787,187</u>
Lakes Park Water Quality Restoration	37.039	S0604	510,000	448,231
FDEP Caloosahatchee Creeks Preserve	37.039	LP6816	350,000	17,725
Powell Creek Filter Marsh	37.039	S0606	440,000	440,000
Briarcliff Filter Marsh	37.039	S0610	400,000	400,000
Total program			<u>1,700,000</u>	<u>1,305,956</u>
Total Florida Department of Environmental Protection			<u>8,957,890</u>	<u>2,093,143</u>
Florida Department of Health:				
EMS County Award (FY11)	64.005	C0036	223,760	130,183
Total Florida Department of Health			<u>223,760</u>	<u>130,183</u>
Florida Department of State:				
Division of Library & Information Services:				
State Aid to Libraries Grant (FY11)	45.030	11-ST-25	588,346	484,428
State Aid to Libraries Grant (FY12)	45.030	12-ST-24	615,003	128,243
Total Florida Department of State			<u>1,203,349</u>	<u>612,671</u>
Florida Fish and Wildlife Conservation Commission:				
Boater Safety Education Program	77.006	11149	24,200	24,200
Total Florida Fish and Wildlife Conservation Commission			<u>24,200</u>	<u>24,200</u>
Florida Department of Transportation/non-FAA:				
County Incentive Grant - Daniels Parkway Six-Laning	55.008	428151-1-58-01	2,383,929	701,064
Transit Block Grant	55.010	AOV96	7,511,147	1,647,164
Lee-Collier Transit Connector	55.012	APO75	903,335	396,774
US 41 Transit Corridor Program	55.013	AOR30	7,445,761	1,396,764
Edison Mall Transfer Station	55.014	AOW00	1,000,000	333,010
LAP-Six Mile Cypress Parkway Four Laning	55.026	APR16	1,000,000	408,136
Total Florida Department of Transportation/non-FAA			<u>\$ 20,244,172</u>	<u>\$ 4,882,912</u>

LEE COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year ended September 30, 2012

<u>Federal/State grantor / pass-through grantor</u>	<u>CFDA CSFA number</u>	<u>Grant Number</u>	<u>Federal/State award amount</u>	<u>Expenditures</u>
Florida Department of Transportation/FAA:				
Terminal Expansion Airside Design & Construction-RSW	55.004	AOD19	\$ 27,096,000	\$ 1,163,223
Design & Construct South Entrance & Perimeter Roads - North Property Utilities & Road Safety Project	55.004	AQD61	1,760,000	479,075
Land Acquisition for Perimeter Road	55.004	AQE17	415,601	54,368
Expand Midfield Entrance Road	55.004	AQE25	7,000	5,249
I-75 Mitigation & Permitting - RSW	55.004	AQH04	2,917,000	2,914
Preliminary Design 6R/24L Phase I Parallel Runway - RSW	55.004	APV07	31,465	31,465
		AOK54	31,452,872	1,884,979
Total Florida Department of Transportation/FAA			<u>63,679,938</u>	<u>3,621,273</u>
Total expenditures of state financial assistance			<u>\$ 101,010,295</u>	<u>\$ 12,769,995</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

For the Fiscal Year Ended September 30, 2012

(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, 2012, 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 \$19,592.

(Continued)

LEE COUNTY, FLORIDA

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

For the Fiscal Year Ended September 30, 2012

(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 18	\$ 62,063
14.218	CDBG Urban County Entitlement - Year 19	64,171
14.218	CDBG Urban County Entitlement - Year 20	4,552
14.218	CDBG Urban County Entitlement - Year 21	267,159
15.218	CDBG Urban County Entitlement - Year 22	386,323
14.218	Neighborhood Stabilization Program	2,050,719
14.218	Neighborhood Stabilization Program 3	1,437,322
14.231	Emergency Shelter Grant -Year 8 (FY11)	3,602
14.231	Emergency Shelter Grant -Year 9 (FY12)	89,894
14.235	Supportive Housing Program (SHP - FY10)	98,073
14.235	Supportive Housing Program (SHP - FY11)	929,229
14.235	Supportive Housing Program (SHP - FY12)	420,405
14.238	SHP Shelter Plus Care (FY11)	95,352
14.238	SHP Shelter Plus Care (FY12)	96,049
14.239	HOME - Year 17 (FY09)	7,138
14.239	HOME - Year 19 (FY11)	115,614
16.738	Edward Byrne Memorial Justice Assistance Grant Program	104,731
16.804	ARRA - Edward Byrne Memorial Justice Assistance Grant	63,586
20.516	USC 5316 Job Access Reverse Commute Grant	7,946
20.521	USC 5317 New Freedom Grant	14,630
20.521	USC 5317 New Freedom Grant	88,013
64.024	VA Homeless Providers YR2 (FY12)	86,575
64.024	VA Homeless Providers Supplement YR2 (FY12)	91,250
	Total federal program transfers to subrecipients	<u>\$ 6,584,396</u>

CSFA #	State project	Amounts provided to subrecipients
51.901	SHIP YR14 (State FY08-09)	\$ 112,507
52.901	SHIP YR15 (State FY09-10)	205,786
52.901	SHIP YR16 (State FY10-11)	44,524
53.901	SHIP YR17 (State FY11-12)	225,320
60.014	Florida Challenge Grant FY11	63,397
60.115	Criminal Justice, Mental Health & Substance Abuse Grant FY11-14	262,972
	Total state projects transfers to subrecipients	<u>\$ 914,506</u>

LEE COUNTY, FLORIDA

Schedule of Findings and Questioned Costs -
Federal Awards Programs and State Financial Assistance Projects
Year Ended September 30, 2012

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

Federal Awards and State Projects Section

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? x yes 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 section 510(a) of OMB Circular A-133 and/or Chapter 10.550 yes x no

LEE COUNTY, FLORIDA

Schedule of Findings and Questioned Costs -
Federal Awards Programs and State Financial Assistance Projects
Year Ended September 30, 2012

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 Justice:	
Justice Assistance Grant Cluster	16.738 and 16.804
U.S. Department of Transportation:	
Highway Planning and Construction Cluster	20.205 and 20.219
U.S. Department of Energy:	
ARRA - Weatherization Assistance Program	81.042
ARRA - Energy Efficiency and Conservation Block Grant	81.128
U.S. Department of Health and Human Services:	
Child Support Enforcement Program	93.563
Low Income Home Energy Assistance Program	93.568
U.S. Department of Homeland Security:	
Hazard Mitigation Grant	97.039

State Projects:

Name of Project	CSFA Numbers
State of Florida Department of Environmental Protection	
Beach Erosion Control Program	37.003
Statewide Surface Water Restoration and Wastewater Projects	37.039
State of Florida Department of State:	
State Aid to Libraries	45.030
State of Florida Department of Transportation:	
Aviation Development Grants	55.004
Public Transit Service Development Program	55.012
Transit Corridor Program	55.013

Dollar threshold used to determine Type A programs:

Federal programs	\$ 903,125
State projects	\$ 383,099

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, 2012**

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 - 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.

There were no findings required to be reported by OMB Circular A-133.

LEE COUNTY, FLORIDA

Schedule of Findings and Questioned Costs -
Federal Awards Programs and State Financial Assistance Projects
Year Ended September 30, 2012

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.

2012-1: Florida Department of Environmental Protection - CSFA #37.039 - Statewide Surface Water Restoration and Wastewater Projects

Statement of Condition and Context: The Powell Creek Preserve Filter Marsh Project (Powell Creek) progress reports for the quarters ended March 31, 2012 and June 30, 2012, the Lake Parks Water Quality Improvement Project (Lake Parks) progress report for the quarter ended June 30, 2012, and the Briarcliff Filter Marsh Project (Briarcliff) progress report for the quarter ended June 30, 2012 were initially filed with the State with inaccurate amounts reported for expenditures, which were not in agreement with the accounting records. Subsequent to auditors identifying such differences, the County has since filed revised reports with the State and has corrected such differences.

Criteria: Reports should be supported by the County's accounting records.

Questioned Costs: None

Effect of Condition: The quarterly progress reports include a breakdown between the amount spent by the County and the amount spent by the Florida Department of Environmental Protection (FDEP). Such allocation reported initially for the various reports was not consistent with the accounting records. The allocation between the County and FDEP differed for each quarterly report noted below: Powell Creek 3/31/12, Powell Creek 6/30/12, Lake Parks 6/30/12, and Briarcliff 6/30/12. In addition to differences in the allocation between the County and FDEP lines items, total differences were present between the reports and general ledger for the Powell Creek quarter ended 6/30/12 report, which differed in total by \$131,574 and Lake Parks quarter ended 6/30/12 report, which varied in total by \$236,402.

Cause of Condition: Expenditures reported were not accurate, since the reports were not appropriately reconciled to the accounting records and were not reviewed by the accounting department. The cost share methodology utilized on the program side to report expenditures was not consistent with what was used in the accounting department, which resulted in expenditures reported for the County and FDEP that differed from the accounting records. In addition, the total expenditures were inaccurate, since certain invoices were improperly excluded in the case where work was completed during the reporting period and improperly included where costs were not eligible under the grant agreement due to the costs being incurred outside of the period of availability.

Recommendation: We recommend reconciliation to the general ledger be completed prior to submitting reports to the State, as well as a review be conducted by the accounting department. Such procedures are important steps in ensuring amounts reported to the grantor agencies are in agreement with the accounting records.

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, 2012**

Prior Year Findings

Fiscal year 2011 audit finding was addressed during fiscal year 2012 as follows:

**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).

Corrective Action: Lee County has reviewed the Federal Funding Accountability and Transparency Act Sub-Recipient Reporting requirements and has submitted data to meet this regulation.

Corrective Action Plan

**2012-1: Florida Department of Environmental Protection - CSFA #37.039 - Statewide Surface Water Restoration
and Wastewater Projects**

Statement of Condition and Context: The Powell Creek Preserve Filter Marsh Project (Powell Creek) progress reports for the quarters ended March 31, 2012 and June 30, 2012, the Lake Parks Water Quality Improvement Project (Lake Parks) progress report for the quarter ended June 30, 2012, and the Briarcliff Filter Marsh Project (Briarcliff) progress report for the quarter ended June 30, 2012 were initially filed with the State with inaccurate amounts reported for expenditures, which were not in agreement with the accounting records. Subsequent to auditors identifying such differences, the County has since filed revised reports with the State and has corrected such differences.

Recommendation: We recommend reconciliation to the general ledger be completed prior to submitting reports to the State, as well as a review be conducted by the accounting department. Such procedures are important steps in ensuring amounts reported to the grantor agencies are in agreement with the accounting records.

Management Response and Corrective Action: We concur that reports did not balance to the general ledger. Recommendations presented here were incorporated in September 2012.

**Report of Independent Auditor 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, 2012. 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 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. 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, 2012.

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 County as of and for the year ended September 30, 2012, and have issued our report thereon dated March 11, 2013, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of passenger facility charges collected and expended for the year ended September 30, 2012 is presented for purposes of additional analysis as required by the Federal Aviation Administration, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges collected and expended is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the Board of Port Commissioners of the Lee County Port Authority, 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.

A handwritten signature in black ink that reads "Cherry Bekant LLP". The signature is written in a cursive, flowing style.

Tampa, Florida
March 11, 2013

Lee County, Florida
Schedule of Passenger Facility Charges (PFCs) Collected and Expended (As Reported to FAA)
Year ended September 30, 2012

	Quarter ended December 31, 2011	Quarter ended March 31, 2012	Quarter ended June 30, 2012	Quarter ended September 30, 2012	Year Ended September 30, 2012	Cumulative totals as of September 30, 2011	Cumulative totals as of September 30, 2012
Collections:							
PFCs Collected	\$ 3,785,925	\$ 4,102,311	\$ 3,600,273	\$ 3,221,280	\$ 14,709,789	\$ 187,565,246	\$ 202,275,035
Interest Earned	20,147	23,861	24,598	25,681	94,287	8,280,225	8,374,512
Total Collections	\$ 3,806,072	\$ 4,126,172	\$ 3,624,871	\$ 3,246,961	\$ 14,804,076	\$ 195,845,471	\$ 210,649,547
Expenditures on approved PFC projects included in:							
Application No. 1							
92-01-C-00-RSW	\$ 4,484	\$ 4,484	\$ 4,484	\$ 4,484	\$ 17,936	\$ 18,928,461	\$ 18,946,397
Adjustments to Application No.1							
92-01-C-00-RSW	-	-	-	-	-	(6,286,802)	(6,286,802)
	4,484	4,484	4,484	4,484	17,936	12,641,659	12,659,595
Application No. 2							
93-02-U-00-RSW	-	-	-	-	-	9,711,377	9,711,377
Application No. 3							
94-03-U-00-RSW	68,169	68,169	68,169	68,169	272,676	75,762,493	76,035,169
Application No. 4							
97-04-U-00-RSW	3,091	3,091	3,091	3,091	12,364	3,574,371	3,586,735
Application No. 5							
97-04-U-01-RSW	1,530,142	700,850	615,081	550,333	3,396,406	69,610,903	73,007,309
Application No. 6							
06-06-C-00-RSW	-	-	(7,663)	-	(7,663)	4,846,352	4,838,689
Application No. 7							
10-07-C-00-RSW	58,486	325,092	531,696	695,996	1,611,270	5,212,631	6,823,901
Total Expenditures	\$ 1,664,372	\$ 1,101,686	\$ 1,214,858	\$ 1,322,073	\$ 5,302,989	\$ 181,359,786	\$ 186,662,775

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, 2012

(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, 2012**

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, 2012**

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, 2012**

Prior Year Findings

There were no prior year audit findings.