

Lee County, Florida

Single Audit Reports

For the Year Ended September 30, 2014

(With Independent Auditors' Report Thereon)



LEE COUNTY, FLORIDA

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Board of County Commissioners
Lee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lee County, Florida (County), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 13, 2015. Our report includes a reference to other auditors who audited the financial statements of the Lee County Property Appraiser, the Lee County Sheriff, the Lee County Supervisor of Elections, and the Lee County Tax Collector, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of County's internal control.

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

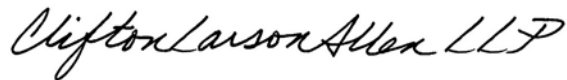
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Fort Myers, Florida
February 13, 2015



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Honorable Board of County Commissioners
Lee County, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Lee County, Florida's (County) compliance with the types of compliance requirements described in the *OMB 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 programs and state projects, for the year ended September 30, 2014. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General Local Government Entity Audits. Those standards, OMB Circular A-133, and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002. Our opinion on each major federal program and state project is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and major state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Honorable Board of County Commissioners
Lee County, Florida


Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as 2014-001 and 2014-02 that we consider to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated February 13, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Fort Myers, Florida
February 13, 2015

LEE COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Fiscal Year ended September 30, 2014

Federal/State grantor / pass-through grantor	CFDA CFSA 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	4,042
Total U.S. Department of Agriculture			14,684	4,042
U.S. Department of Commerce				
Economic Development Cluster				
EDA Grant - Extend Main Along Alico Road	11.307	04-79-0661	551,257	340,961
Total Economic Development Cluster			551,257	340,961
Passed through the Florida Environmental Protection:				
FL DEP/NOAA Coastal Zone Management	11.419	CM243	15,000	11,211
Total U.S. Department of Commerce			566,257	352,172
U.S. Department of Health & Human Services:				
Passed through Florida Department of Children and Families:				
Temporary Assistance for Needy Families Homeless Prevention	93.558	HPZ4E	23,788	3,917
Passed through Florida Department of Revenue:				
Child Support Enforcement Program (Federal Initiative)	93.563	CD336	1,183,327	1,183,327
Passed through Florida Department of Economic Opportunity:				
Low Income Home Energy Assistance Program (LIHEAP) - FY13	93.568	13EA-0F-09-46-01-015	1,749,542	768,301
Low Income Home Energy Assistance Program (LIHEAP) - FY14	93.568	14EA-0F-09-46-01-015	1,432,141	689,385
Low Income Home Energy Assistance Program (LIHEAP) - FY13	93.568	13WX-OG-09-46-01-015	277,463	238,382
Low Income Home Energy Assistance Program (LIHEAP) - FY15	93.568	14WX-OG-09-46-01-015	205,711	28,551
Total program			3,664,857	1,724,619
Community Services Block Grant Cluster:				
Community Services Block Grant FY14	93.569	14SB-OD-09-46-01-014	412,994	302,887
Total Community Services Block Grant Cluster			412,994	302,887
Total U.S. Department of Health & Human Services			5,284,966	3,214,750
U.S. Department of Homeland Security:				
Transportation Security Administration:				
RSW-TSA National Explosives Detection Canine Team Program	97.072	HSTS0208HCAN446	181,500	181,500
RSW-TSA Law Enforcement Officer Program	97.090	HSTS02-13-H-SLR204	394,200	131,400
Emergency Management Performance Grant				
Emergency Management Performance Grant	97.042	14-FG-1M-09-46-01-103	134,959	132,968
Emergency Management Performance Grant	97.042	15-FG-4D-09-46-01-103	145,708	28,605
Total program			280,667	161,573
Homeland Security Cluster:				
State Homeland Security Grant Program Region 6-Issues 2,11&20	97.067	12-DS-20-09-46-23-457	199,658	65,546
State Homeland Security Grant Program -FY11-Issue 7	97.067	12-DS-20-09-46-01-380	12,500	11,400
Citizens Corps Council -FY11 -Issue 36	97.067	12-CC-24-09-46-01-393	9,600	5,786
Community Emergency Response Team -FY11 -Issue 36	97.067	12-CI-24-09-46-01-391	9,600	2,634
Passed through Florida Division of Emergency Management:				
State Homeland Security Grant Program - Issue 2	97.067	13DS-97-09-46-23-456	13,750	13,750
State Homeland Security Grant Program - Homeland Security Training	97.067	13DS-97-09-46-01	14,200	10,000
State Homeland Security Grant Program - Issue 17	97.067	13DS-97-09-46-23-424	115,844	89,165
State Homeland Security Grant Program -Operation Stone Garden	97.067	13DS-B8-46-23-407	90,000	19,524
State Homeland Security Grant Program -Operation Stone Garden	97.067	14DS-D8-09-46-23-370	50,000	42,031
State Homeland Security Grant Program -Operation Stone Garden	97.067	14DS-C8-09-46-23-516	50,000	27,167
Passed through Florida Department of Financial Services:				
USAR & Regional Domestic Security Hazardous Team	97.067	12-DS-20-13-00-16-501	84,130	61,966
USAR & Regional Domestic Security Hazardous Team	97.067	13-DS-97-13-00-16-409	42,621	39,653
Total Homeland Security Cluster			691,903	388,622
Total U.S. Department of Homeland Security			1,548,270	863,095

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LEE COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Fiscal Year ended September 30, 2014

Federal/State grantor / pass-through grantor	CFDA CFSA 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 22	14.218	B-11-UC-12-0013	1,936,459	257,941
CDBG Urban County Entitlement - Year 23	14.218	B-12-UC-12-0013	2,074,186	1,139,720
CDBG Urban County Entitlement - Year 24	14.218	B-13-UC-12-0013	2,433,479	1,377,747
Neighborhood Stabilization Program	14.218	B-08-UN-12-0009	18,243,867	1,156,321
Neighborhood Stabilization Program 3	14.218	B-11-UN-12-0009	6,639,174	1,724,289
Total Community Development Block Grant Entitlement Grants Cluster:			31,327,165	5,656,018
Emergency Shelter Grant -Year 10 (FY13)	14.231	E-12-UC-12-0023	167,692	11,726
Emergency Shelter Grant -Year 11 (FY14)	14.231	E-13-UC-12-0023	151,318	78,735
Total program			319,010	90,461
HOME - Year 20 (FY12)	14.239	M-11-UC-12-0210	681,871	105,506
HOME - Year 21 (FY13)	14.239	M-12-UC-12-0210	576,631	309,840
HOME - Year 22 (FY14)	14.239	M-13-UC-12-0210	610,423	206,769
Total program			1,868,925	622,115
Supportive Housing Program (FY12)	14.235	Various	1,813,379	14,888
Continuum of Care Program (SHP FY13)	14.267	Various	2,044,655	1,333,962
Continuum of Care Program (FY13 - LIFT)	14.267	FL0264LAD031205	119,722	101,122
Continuum of Care Program (FY13 - Chrysalis Supp Housing Program)	14.267	FL0432B4D031100	27,111	27,111
Continuum of Care Program (SHP FY14)	14.267	Various	2,030,730	624,543
Total program			4,222,218	2,086,738
Passed through Florida Department of Health/Health Planning Council of SW FL:				
HOPWA	93.917	CODIL	103,000	57,362
HOPWA	93.917	CODJO	100,000	15,283
Total program			203,000	72,645
Total U.S. Department of Housing & Urban Development			39,753,697	8,542,865
U.S. Department of Justice:				
State Criminal Alien Assistance (SCAAP)	16.606	2008-F2074-FL-AP	201,361	1,250
State Criminal Alien Assistance (SCAAP)	16.606	2011-H2368-FL-AP	200,764	13,997
State Criminal Alien Assistance (SCAAP)	16.606	2012-H3697-FL-AP	151,775	3,602
State Criminal Alien Assistance (SCAAP)	16.606	2013-AP-BX-0015	152,097	142,974
Total program			705,997	161,823
Justice Assistance Grant Program Cluster:				
Justice Assistance Grant Program	16.738	2010-DJ-BX-0120	175,920	60,684
Justice Assistance Grant Program - License Plate	16.738	2013-DJ-BX-0080	89,341	2,341
Justice Assistance Grant Program (FY13)-IT Disaster Recovery Project	16.738	2014-DJ-BX-0118	95,814	95,814
Passed through Florida Department of Law Enforcement:				
Pharmaceutical Investigations Law Enforcement Strategy	16.738	2014-JAGC-LEE-2-E5-054	67,475	63,646
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-JAGC-LEE-4-E5-211	52,899	31,326
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-JAGC-LEE-5-E5-023	7,133	7,133
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-JAGC-LEE-6-E5-217	7,700	7,700
Total Justice Assistance Grant Program Cluster:			496,282	268,644
Passed through Florida Office of the Attorney General:				
Victims of Crime Act (FY13-14)	16.575	V13265	61,932	51,144
Passed through Florida Department of Children & Families:				
STOP Violence Against Women (FY13/14)	16.588	14-8018-LE	150,000	115,375
STOP Violence Against Women (FY14/15)	16.588	15-8018-LE-ENH	150,000	28,832
Total program			300,000	144,207
Passed through Florida Department of Law Enforcement:				
Federal Forfeiture - Justice	21.000	None	784,669	784,669
Total U.S. Department of Justice			2,348,880	1,410,487

Continued

LEE COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Fiscal Year ended September 30, 2014

Federal/State grantor / pass-through grantor	CFDA CFSA number	Grant Number	Federal/State award amount	Expenditures
U.S. Department of Transportation/non-FAA:				
Federal Transit Administration:				
Federal Transit Cluster:				
USC 5307 Urbanized Area Formula Grant (FY13)	20.507	FL-90-X806	6,527,494	1,899,957
USC 5307 Urbanized Area Formula Grant (FY10)	20.507	FL-90-X712	4,584,746	3,019,394
USC 5307 Capital FY06 Urbanized Area Formula Grant	20.507	FL-90-X596	3,508,619	30,276
USC 5307 Capital FY07 Urbanized Area Formula Grant	20.507	FL-90-X623	4,102,233	10,202
USC 5307 Capital FY08 Urbanized Area Formula Grant	20.507	FL-90-X647	4,386,928	721,122
USC 5307 Urbanized Area Formula Grant	20.507	FL-90-X682	4,676,781	3,190,851
USC 5307 Urbanized Area Formula Grant	20.507	FL-90-X748	4,507,643	2,603,051
USC 5307 Urbanized Area Formula Grant	20.507	FL-90-X777	4,583,483	3,620,980
USC 5309 Capital Investments Grant (Bus and Bus Facility Allocations)	20.500	FL-04-0170	5,000,000	5,000,000
Total Federal Transit Cluster:			41,877,927	20,095,833
Transit Services Programs Cluster:				
USC 5316 Job Access Reverse Commute Grant	20.516	FL-37-X027	669,178	156,437
USC 5316 Job Access Reverse Commute Grant	20.516	FL-37-X045	687,272	208,028
USC 5316 Job Access Reverse Commute Grant	20.516	FL-37-X075	190,561	48,126
USC 5317 New Freedom Grant	20.521	FL-57-X005	492,983	10,604
USC 5317 New Freedom Grant	20.521	FL-57-X019	327,456	28,247
USC 5339 Bus and Bus Facilities	20.526	FL-34-0016	564,014	564,014
Total Transit Services Programs Cluster:			2,931,464	1,015,456
USC 5303 Planning	20.505	AOZ59	973,133	120,833
Veterans Transportation & Community Living Initiative	20.514	FL-26-0022	50,000	41,214
USC 5311 Non Urban Program Multi Yr	20.509	AQR04	355,709	226,352
Federal Highway Administration:				
Highway Planning and Construction Cluster:				
Passed through Florida Department of Environmental Protection:				
Admiral Lehigh Trailhead	20.219	T1130	126,324	5,447
Passed through Florida Department of Transportation:				
Enhancements and Operations of Lee Traffic and Operations Center	20.205	429960-1-88-01	600,000	181,844
Total Highway Planning and Construction Cluster:			726,324	187,291
Highway Safety Cluster:				
Seniors Driving Safely	20.600	RS-14-15-05-ARA77	47,500	27,578
Impaired Driving Program	20.601	AR936	45,000	44,999
Total Highway Safety Cluster:			92,500	72,577
Total U.S. Department of Transportation/non-FAA			47,007,057	21,759,556
U.S. Department of Transportation/FAA:				
Federal Aviation Administration:				
Airport Improvement Grant (Aircraft Rescue & Firefighting Building - RSW)	20.106	3-12-0135-048-2010	8,354,381	12,117
Airport Improvement Program Grant - RSW	20.106	3-12-0135-051-2013	3,891,689	2,777,046
Airport Improvement Grant (Rehabilitate Runway 5-23 Phase 1)	20.106	3-12-0027-018-2013	139,812	119,756
Airport Improvement Grant (Rehabilitate Runway 5-23 Phase 2-Page Field)	20.106	3-12-0027-019-2014	1,629,966	54,583
Total U.S. Department of Transportation/FAA			14,015,848	2,963,502
U.S. Department of the Treasury:				
Federal Forfeiture - Treasury	21.000	None	33,941	33,941
Total U.S. Department of the Treasury			33,941	33,941
U.S. Department of Veterans Affairs				
VA Homeless Providers Supplement	64.024	VA248-13-C-0275	198,305	198,305
VA Homeless Providers Grant YR3	64.024	VA248-P-1603	91,250	69,975
Total U.S. Department of Veterans Affairs			289,555	268,280
US Election Assistance Commission:				
Passed through Florida Department of State Division of Elections:				
Federal Election Activities	90.401	MOA #2012-2013-0001	96,996	96,996
Federal Election Activities	90.401	MOA #2013-2014-0001	65,181	65,181
Total US Election Assistance Commission			162,177	162,177
Total expenditures of federal awards			111,025,332	39,574,867

Continued

LEE COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Fiscal Year ended September 30, 2014

Federal/State grantor / pass-through grantor	CFDA CFSA number	Grant Number	Federal/State award amount	Expenditures
Florida Department of Children and Families:				
Public Safety, Mental Health, & Substance Abuse Local Matching Grant FY11-14	60.115	LHZ28	750,000	12,837
Public Safety, Mental Health, & Substance Abuse Local Matching Grant FY14-17	60.115	LHZ44	747,458	137,500
Total Florida Department of Children and Families			1,497,458	150,337
Florida Department of Economic Opportunity:				
Florida Housing Finance Corporation:				
SHIP YR17 (State FY11-12)	52.901	LB019	382,207	16,475
SHIP YR18 (State FY12-13)	52.901	LB020	159,265	191,923
SHIP YR19 (State FY13-14)	52.901	LB021	628,062	160,945
Total Program			1,169,534	369,343
Facilities For new Professional Sports, Retained Professional Sports, or Retained Spring Training Franchise				
	73.016	SB13-235	15,000,000	500,004
Total Florida Department of Economic Opportunity			16,169,534	869,347
Florida Department of the Executive Office:				
Florida Division of Emergency Management:				
Hazardous Material Emergency Response Plan	31.067	14-CP-11-09-46-01	14,607	14,607
EMPA Base Grant FY13-14				
	31.063	14-BG-83-09-46-01-036	105,806	67,369
EMPA Base Grant FY14-15	31.063	15-BG-83-09-46-01-036	105,806	25,372
Total Program			211,612	92,741
Total Florida Department of the Executive Office			226,219	107,348
Florida Department of Environmental Protection:				
Gasparilla Island Monitoring	37.003	09LE1	44,977	9,779
Estero Island Beach Restoration	37.003	09LE2	2,035,000	12,866
Lovers Key Beach Renourishment Project	37.003	10LE1	3,273,455	619,070
Blind Pass Ecozone Restoration	37.003	12LE1	23,288	14,861
Total Florida Department of Environmental Protection			5,376,720	656,576
Florida Department of Health:				
2012 EMS County Award	64.005	C1033	77,718	14,544
2013 EMS County Award	64.005	C1036	90,533	90,533
Total Florida Department of Health			168,251	105,077
Florida Department of State:				
Division of Library & Information Services:				
State Aid to Libraries Grant (FY13)	45.030	13-ST-24	642,423	475,879
State Aid to Libraries Grant (FY14)	45.030	14-ST-26	674,397	196,238
Total Florida Department of State			1,316,820	672,117
Florida Department of Transportation/ non-FAA:				
State Transit Block Grant	55.010	AQQ17	1,748,413	1,763,766
Beach Park & Ride Summerlin Square	55.011	AOK93	2,325,000	24,887
Lee-Collier Transit Connector	55.012	APO75	1,031,688	265,154
State Transit Service Development Program-Downtown Fort Myers Circulator	55.012	AQM19	180,000	139,951
Passenger Amenities on State Highway System	55.012	AQQ86	237,919	154,022
Total program			1,449,607	559,127
Commuter Assistance/Rideshare	55.007	AQM18	112,470	29,520
State Corridor Program	55.013	AQQ24	1,869,398	1,399,999
Halfway Creek Filter Marsh	55.031	AQW95	100,000	32,029
Total Florida Department of Transportation/ non-FAA			7,604,888	3,809,328

Continued

LEE COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Fiscal Year ended September 30, 2014

Federal/State grantor / pass-through grantor	CFDA CFSA number	Grant Number	Federal/State award amount	Expenditures
Florida Department of Transportation/FAA:				
Aviation Development Grants (Terminal Expansion Airside Design & Const.-RSW)	55.004	AOD19	27,096,000	4,710,324
Aviation Development Grants (North Property Utilities & Road Safety Project)	55.004	AQE17	415,601	73,211
Aviation Development Grants (Land Acquisition for Perimeter Road)	55.004	AQE25	11,164	4,164
Aviation Development Grants (Expand Midfield Entrance Road)	55.004	AQH04	2,917,000	45,589
Aviation Development Grants (RSW Design & Construct ATCT & TRACON)	55.004	AQR25	8,758,592	234,339
Aviation Development Grants (Preliminary Design 6R/24L Phase I Parallel Runway - RS)	55.004	AOK54	31,452,872	1,210,169
Aviation Development Grants (FMY - Page Field Wildlife Hazard Assessment)	55.004	ARB55	6,400	1,534
Aviation Development Grants (Design and Construct Flight Info Display)	55.004	AR610	50,000	50,000
Aviation Development Grants (Page Field Runway Rehab. Design & Const.)	55.004	AR357	13,200	13,200
Total Florida Department of Transportation/FAA			70,720,829	6,342,530
Total expenditures of state financial assistance			103,080,719	12,712,660

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

LEE COUNTY, FLORIDA

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

Year Ended September 30, 2014

(1) Basis of Presentation

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

The accompanying schedule of expenditures of federal awards and state financial assistance (Schedule) summarizes the expenditures incurred under all federal programs and state projects by Lee County, Florida for the fiscal year ended September 30, 2014, which are recognized on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, Section 215.97, Florida Statutes, and *Rules of the Auditor General*, Chapter 10.550. For purposes of this Schedule, federal programs and state projects include all grants and contracts entered into directly between Lee County, Florida and agencies and departments of the federal or state government. Federal programs or state projects passed through other government agencies, if any, are also included in the Schedule.

(2) Indirect Costs

Lee County 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 \$23,445.

LEE COUNTY, FLORIDA

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

Year Ended September 30, 2014

(Continued)

(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 22	\$ 49,657
14.218	CDBG Urban County Entitlement - Year 23	129,279
14.218	CDBG Urban County Entitlement - Year 24	153,649
14.218	Neighborhood Stabilization Program	348,251
14.218	Neighborhood Stabilization Program 3	25,500
14.231	Emergency Shelter Grant -Year 11 (FY14)	72,782
14.235	Supportive Housing Program (SHP - FY12)	14,888
14.239	HOME - Year 20	86,850
14.267	Continuum of Care Program (SHP - FY13)	1,228,450
14.267	Continuum of Care Program (SHP - FY13-Chrysalis Supp Housing)	26,466
14.267	Continuum of Care Program (SHP - FY14)	529,758
16.738	Edward Byrne Memorial Justice Assistance Grant Program	31,326
20.516	USC 5316 Job Access Reverse Commute Grant	86,092
20.516	USC 5316 Job Access Reverse Commute Grant	208,028
20.521	USC 5317 New Freedom Grant	10,604
20.521	USC 5317 New Freedom Grant	28,247
64.024	VA Homeless Providers YR3	69,975
64.024	VA Homeless Providers Supplement	198,305
	Total federal program transfers to subrecipients	\$ 3,298,107
		Amounts provided to subrecipients
CSFA #	State project	
52.901	SHIP YR18 (State FY12-13)	\$ 175,634
52.901	SHIP YR19 (State FY13-14)	122,368
60.115	Public Safety, Mental Health & Substance Abuse Local Matching Grant FY11-14	12,837
60.115	Public Safety, Mental Health & Substance Abuse Local Matching Grant FY14-17	137,500
	Total state project transfers to subrecipients	\$ 448,339

LEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Programs and State Financial Assistance Projects
For the Year Ended September 30, 2014

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards Section

Internal control over major programs:	
• Material weakness(s) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of <i>OMB Circular A-133</i> ?	Yes

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant Entitlement
20.106	Airport Improvement Program
14.267	Continuum of Care Program
20.500/20.507	Federal Transit Cluster
93.568	Low Income Home Energy Assistance

Dollar threshold used to distinguish between type A and type B programs:	\$1,187,246
Auditee qualified as low-risk auditee?	Yes

LEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Programs and State Financial Assistance Projects
For the Year Ended September 30, 2014

SECTION I - SUMMARY OF AUDITORS' RESULTS (continued)

State Financial Assistance Section

Internal control over major programs:

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

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

Identification of major State projects:

<u>State ID</u>	<u>Name of State Program or Cluster</u>
60.115	Public Safety, Mental Health and Substance Abuse Local Matching Grant
52.901	State Housing Initiatives Partners
73.016	Facilities for New Professional Sports, Retained Professional Sports, or Retained Spring Training Franchise
55.004	Aviation Development Grants

Dollar threshold used to distinguish between type A State projects \$381,380

LEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Programs and State Financial Assistance Projects
For the Year Ended September 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts, and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 and Section 215.97, *Florida Statutes*, audit.

There were no such findings required to be reported.

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

Finding No 2014-001:* **Time and Effort*

Federal agency: U.S. Department of Transportation

Federal program: Federal Transit Cluster

CFDA Number: 20.500 and 20.507

Type of Finding: Significant Deficiency in Internal Control over Compliance

Condition: Employees' time and effort certifications were not completed.

Criteria: Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of work performed by the employee (OMB Circular A-87, Attachment B.8.h.3).

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency.

Cause: The County did not obtain or complete the required time and effort certifications for employees charged to the grant.

Effect: The County may be required to pay questioned costs due to not following the prescribed documentation guidelines.

Context: Time and effort certifications were not obtained for employees. Total payroll costs charged to the grant were \$1,679,905.

Questioned Costs: Unknown

LEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Programs and State Financial Assistance Projects
For the Year Ended September 30, 2014

Finding No 2014-001: **Time and Effort (Continued)**

Recommendation: We recommend that the County implement procedures and controls to ensure that time and effort certifications are obtained from County employees on at least a monthly basis for those who are split-funded and a semi-annual basis for those charged 100%. These certifications should state the percentage of time worked related to the program during the period covered by the certification.

***Management's
Response:***

The employees at LeeTran that work in cost center 41 spend 100% of their time on Vehicle Maintenance and Repair of Transit Vehicles. In addition, LeeTran uses KRONOS timekeeping software, TMT Fleet Maintenance Software, and JD Edwards Financial Software to independently track time and costs associated with Shop employees. The records and report are on file to support grant draw reimbursement requests. FTA does not have a specific requirement to complete the certification referenced in the OMB Circular; however, Lee County Transit will implement a procedure and controls to ensure that the "Time and Effort Certificate" is completed and on file.

LEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Programs and State Financial Assistance Projects
For the Year Ended September 30, 2014

SECTION IV - FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS

This section identifies the audit findings required to be reported under Rule 10.554(1)(l)4, Rules of the Auditor General.

***Finding No 2014-002:* Time and Effort**

Agency: Florida Housing Finance Corporation

Program: State Housing Initiatives Program (SHIP)

CSFA Number: 52.901

Type of Finding: Significant Deficiency in Internal Control over Compliance

Condition: Activities Allowed or Unallowed.

Criteria: Rule Chapter 67-37.007 (5)(a), Florida Administrative Code, states that funds may be used for the salaries of persons directly responsible for preparation of the plans or reporting required as part of the administration of the local SHIP plan. The salary allocated to SHIP administrative expenditures of any employee shall reflect activities involving administration of the SHIP program; no SHIP program funds are permitted to be expended for the administration of activities not involving SHIP funds.

Cause: The timesheets completed by the employees charged to the grant did not identify the time and effort spent by the employee on the project.

Effect: The County may fail to detect and/or prevent the occurrence of non-compliant program activity. The entity may be required to pay questioned costs for unallowed activity.

Context: While performing audit procedures, it was noted that the employees charged to the grant were not required to identify their time and effort spent on the grant.

Questioned Costs: Unknown. Total payroll costs charged to the grant were \$21,670.

Recommendation: We recommend that the County enhance its policies and procedures to ensure that the appropriate payroll costs are charged to the proper programs.

***Management's
Response:***

The County is currently addressing the issue by drafting procedures to have staff annotate time dedicated to grant work and as the procedures are implemented they will be followed up by training. This way time can be tracked reflecting direct involvement with grant work.

**LEE COUNTY, FLORIDA
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
For the Year Ended September 30, 2014**

Prior Year Findings

There were no prior year findings.

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

Honorable Board of County Commissioners
Lee County, Florida

and

Honorable Board of Port Commissioners
Lee County Port Authority

Report on Compliance for the Passenger Facility Charge Program

We have audited Lee County Port Authority's (Authority), a blended component unit of Lee County, Florida (County), compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), that could have a direct and material effect on the Authority's passenger facility charge program for the year ended September 30, 2014.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Authority's compliance based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the passenger facility charge program. However, our audit does not provide a legal determination of the Authority's compliance.

Honorable Board of County Commissioners
Lee County, Florida

and

Honorable Board of Port Commissioners
Lee County Port Authority

Opinion on Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

Honorable Board of County Commissioners
Lee County, Florida

and

Honorable Board of Port Commissioners
Lee County Port Authority

Report on Schedule of Passenger Facility Charges Collected and Expended

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated February 13, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of passenger facility charges collected and expended for the year ended September 30, 2014 is presented for purposes of additional analysis as required by the Federal Aviation Administration, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

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



CliftonLarsonAllen LLP

Fort Myers, Florida
February 13, 2015

Lee County, Florida
Schedule of Passenger Facility Charges (PFCs) Collected and Expended (As Reported to FAA)
for the year ended September 30, 2014

	Quarter Ended December 31, 2013	Quarter Ended March 31, 2014	Quarter Ended June 30, 2014	Quarter Ended September 30, 2014	Year Ended September 30, 2014	Cumulative Totals as of September 30, 2013	Cumulative Totals as of September 30, 2014
Collections:							
PFC's Collected	\$ 3,880,734	\$ 5,253,733	\$ 3,461,380	\$ 3,080,731	\$ 15,676,578	\$ 217,587,053	\$ 233,263,631
Interest Earned	11,442	10,512	11,416	12,192	45,562	8,454,793	8,500,355
Total Collection	\$ 3,892,176	\$ 5,264,245	\$ 3,472,796	\$ 3,092,923	\$ 15,722,140	\$ 226,041,846	\$ 241,763,986
Expenditures on approved PFC Projects included in:							
Application No. 1							
92-01-C-00-RSW	\$ 2,741	\$ 2,741	\$ 2,741	\$ 2,741	\$ 10,964	\$ 18,960,881	\$ 18,971,845
Adjustments to Application No.							
92-01-C-00-RSW						(6,286,802)	(6,286,802)
						<u>12,674,079</u>	<u>12,685,043</u>
Application No. 2							
93-02-U-00-RSW	-	-	-	-	-	9,711,377	9,711,377
Application No. 3							
94-03-U-00-RSW	41,673	41,673	41,673	41,673	166,692	76,255,369	76,422,061
Application No. 4							
97-04-U-00-RSW	1,889	1,889	1,889	1,889	7,556	3,596,719	3,604,275
Application No. 5							
03-05-C-00-RSW	662,996	897,563	591,352	526,321	2,678,232	76,460,945	79,139,177
Application No. 6							
06-06-C-00-RSW	-	-	-	-	-	4,838,689	4,838,689
Application No. 7							
10-07-C-00-RSW	3,385,163	2,179,387	2,280,164	795,367	8,640,081	25,042,183	33,682,264
Application No. 8							
13-08-C-00-RSW	17,027	-	26,024	60,266	103,317	17,986	121,303
Total Expenditures	\$ 4,111,489	\$ 3,123,253	\$ 2,943,843	\$ 1,428,257	\$ 11,606,842	\$ 208,597,347	\$ 220,204,189

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, 2014

(1) General

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

(2) Basis of Accounting

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

**LEE COUNTY, FLORIDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Passenger Facility Charge Program
 For the Year Ended September 30, 2014**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Passenger Facility Charge Program Section

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

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

LEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Passenger Facility Charge Program
For the Year Ended September 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

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

There were no such findings required to be reported.

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

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

There were no such findings required to be reported.

**LEE COUNTY, FLORIDA
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
Passenger Facility Charge Program
For the Year Ended September 30, 2014**

Prior Year Findings

There were no prior year audit findings reported.