

MANAGEMENT LETTER

Honorable Board of County Commissioners
Lee County, Florida

Report on the Financial Statements

We have audited the financial statements of Lee County, Florida (County), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated February 13, 2015.

Auditors' Responsibility

We conducted our audit 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.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; 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; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 13, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. See Appendix A for the status of prior year findings and recommendations.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been included in the notes to the basic financial statements.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did make recommendations, which are included in Appendix B.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Honorable Board of County Commissioners
Lee County, Florida

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of County Commissioners, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
February 13, 2015

LEE COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS
Appendix A – Status of Prior Year Findings and Recommendations
Year Ended September 30, 2014

Prior Year Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
2013-A Amortization of bond premiums	Management Letter Finding	X		

LEE COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS
Appendix B – Other Matters – Findings and Recommendations
Year Ended September 30, 2014

ML 2014-001:

Restricted Net Position

Criteria: The County's policies and procedures for reviewing the classifications of restricted assets and reconciling net position was not effective in ensuring classifications of net position were accurately reported in the financial statements.

Condition: Reconciliations of net position were performed by the County during the preparation of their financial statements. The reconciliations did not identify misclassifications of assets and liabilities within that schedule, and as a result, an audit adjustment was required within the net position classifications.

Cause: The County's policies and procedures were followed, but were not effective in detecting and preventing errors.

Effect: Audit adjustments were required to correct the errors.

Recommendation: The County should review their policies and procedures that have been established to ensure that they are effective and being performed correctly in order to prevent and detect errors in financial reporting.

Management Response: We will develop a more effective reconciliation procedure to ensure the restricted assets and net position classifications are accurately reported in the financial statements going forward.