

**Lee County Board Of County Commissioners**  
**Agenda Item Summary**

Blue Sheet No. 20020379

**1. REQUESTED MOTION:**

**ACTION REQUESTED:**

That the Board of County Commissioners review and accept the annual Lee County Financial Assistance Report (FAR).

**WHY ACTION IS NECESSARY:**

To comply with the provisions of the Single Audit Act, as amended, Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and State of Florida, Florida Single Audit Act Statute 215.97.

**WHAT ACTION ACCOMPLISHES:**

Provides public notice of the availability of the Lee County Financial Assistance Report to the citizens of Lee County.

**2. DEPARTMENTAL CATEGORY:**

C15B

**3. MEETING DATE:**

04-23-2002

**4. AGENDA:**

CONSENT

ADMINISTRATIVE

APPEALS

PUBLIC

WALK ON

TIME REQUIRED:

**5. REQUIREMENT/PURPOSE:**  
(Specify)

STATUTE 215.97

ORDINANCE

ADMIN.  
CODE

OTHER OMB A-133

Internal Revenue  
Service  
Regulations

**6. REQUESTOR OF INFORMATION:**

A. COMMISSIONER

B. CONSTITUTIONAL  
OFFICE

Clerk of Circuit Court

C. DEPARTMENT

Finance & Records  
Department

BY: Donna G. Harn *dgh*

**7. BACKGROUND:**

The schedules for the Lee County Financial Assistance Report for the fiscal year ended September 30, 2001, were prepared by the Grants Accountant in the General Accounting Office of the Finance and Records Department and audited by the auditing firm of Markham, Norton, Stroemer, & Company, P.A. The audit is required pursuant to the Single Audit Act, as amended, Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and State of Florida, Florida Single Audit Act Statute 215.97. The FAR is a representation of federal and state grant awards, and other required sources of revenue by Lee County.

**8. MANAGEMENT RECOMMENDATIONS:**

**9. RECOMMENDED APPROVAL:**

A Department Director	B Purchasing or Contracts	C Human Resources	D Other	E County Attorney	F Budget Services				G County Manager
<i>dgh</i>				<i>[Signature]</i>	CA <i>[Signature]</i>	OM <i>[Signature]</i>	Risk <i>[Signature]</i>	GC <i>[Signature]</i>	<i>[Signature]</i>
					4/8/02	4/9/02	4/11/02	4/11/02	4-11-02

**10. COMMISSION ACTION:**

- APPROVED
- DENIED
- DEFERRED
- OTHER

REC'D.  
by CO. ATTY.  
4/8/02  
RECEIVED  
CO. ATTY. 4/8/02  
FORWARDED TO:  
Budget  
10:25 AM

RECEIVED BY  
COUNTY ADMIN.  
4/11/02  
10:45 am  
COUNTY ADMIN.  
FORWARDED TO:  
4/11 430

**LEE COUNTY, FLORIDA**  
**FINANCIAL ASSISTANCE REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2001**

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor’s Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	1-2
Independent Auditor’s Report on Schedules of Expenditures of Federal Awards and State Financial Assistance .....	3-4
Schedules of Expenditures of Federal Awards .....	5-8
Total Expenditures of Federal Awards .....	9
Schedules of State Financial Assistance .....	10-12
Total State Financial Assistance .....	13
Explanations of Footnotes to Schedules of Expenditures of Federal Awards and State Financial Assistance .....	14
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance .....	15-22
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and the Passenger Facility Charge Program, and Internal Control over Compliance in Accordance with OMB Circular A-133, Florida Single Audit Act (Florida Statute 215.97), and the Passenger Facility Charge Program Audit Compliance Guide .....	23-24
Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance.....	25-27
Independent Auditor’s Report on the Schedule of Passenger Facility Charges (PFC) Collected and Expended .....	28-29
Schedule of Passenger Facility Charges (PFC) Collected and Expended.....	30
Notes to the Schedule of Passenger Facility Charges (PFC) Collected and Expended .....	31
Independent Auditor’s Report to Management.....	32-40
Management’s Response to Independent Auditor’s Report to Management .....	Exhibit

**Independent Auditor's Report on Compliance and on Internal  
Control Over Financial Reporting Based on an Audit of  
Basic Financial Statements Performed in  
Accordance with Government Auditing Standards**

Board of County Commissioners  
Lee County, Florida

We have audited the Schedules of Expenditures of Federal Awards and State Financial Assistance of Lee County, Florida (the "County"), as of and for the year ended September 30, 2001, and have issued our report dated January 22, 2002. However, providing an opinion on the basic financial statements was not an objective of our audit. As such, we did not audit the basic financial statements and, accordingly, we do not express such an opinion. The basic financial statements of Lee County, Florida, were audited by other auditors whose report dated January 18, 2002 expressed an unqualified opinion.

Compliance

As part of obtaining reasonable assurance about whether the County's Schedules of Expenditures of Federal Awards and State Financial Assistance are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. More specifically, we performed tests of compliance, for the Lee County; Clerk of Circuit Court, Property Appraiser, Tax Collector, Sheriff, and the Supervisor of Elections, with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and have issued our reports thereon dated November 16, 2001, November 27, 2001, November 27, 2001, December 5, 2001, and November 26, 2001, respectively. Although we performed certain tests of compliance for the Board of County Commissioners (the "Board"), we did not audit the Board's financial statements. These statements were audited by other auditors whose report was dated January 18, 2002. 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 that are required to be reported under Government Auditing Standards. However, we noted certain instances of immaterial noncompliance that we have reported to the management of Lee County, Florida in our Report to Management dated January 22, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lee County, Florida's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Schedules of Expenditures of Federal Awards and State Financial Assistance and not to

provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses. However, we noted certain other matters involving the internal control over financial reporting that we have reported to management of Lee County, Florida in our Report to Management dated January 22, 2002.

This report is intended solely for the information and use of the Lee County Board of County Commissioners, the Lee County Constitutional Officers, management, federal and state awarding agencies and pass-through entities and the Auditor General of the State of Florida. This report is not intended to be, and should not be, used by anyone other than these specified parties.

*Markham Norton Stroemer & Company, P.A.*

MARKHAM NORTON STROEMER & COMPANY, P.A.

Fort Myers, Florida

January 22, 2002

**Independent Auditor's Report on Schedules of Expenditures  
of Federal Awards and State Financial Assistance**

Board of County Commissioners  
Lee County, Florida

We have audited the Schedules of Expenditures of Federal Awards and State Financial Assistance of Lee County, Florida (the "County"), as of and for the year ended September 30, 2001, and have issued our report dated January 22, 2002. These Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of the County's management. Our responsibility is to express an opinion on these Schedules of Expenditures of Federal Awards and State Financial Assistance based on our audit. However, providing an opinion on the basic financial statements of Lee County, Florida, was not an objective of our audit. As such, we did not audit the basic financial statements and, accordingly, we do not express such an opinion. The basic financial statements of Lee County, Florida, were audited by other auditors whose report dated January 18, 2002 expressed an unqualified opinion.

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, the provisions of Office of Management and Budget Circular A-133 and the Florida Single Audit Act (Florida Statute 215.97). Those standards, OMB Circular A-133 and the Florida Single Audit Act (Florida Statute 215.97) require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules of Expenditures of Federal Awards and State Financial Assistance are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Expenditures of Federal Awards and State Financial Assistance. An audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall Schedules of Expenditures of Federal Awards and State Financial Assistance presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance were prepared for the purpose of complying with the provisions of the Single Audit Act, as amended, Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and State of Florida, Florida Single Audit Act Statute 215.97 and are not intended to be a complete presentation or to present fairly the financial position of Lee County, Florida, as of September 30, 2001 and the results of its operations and cash flows of its proprietary funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Schedules of Expenditures of Federal Awards and State Financial Assistance present fairly, in all material respects, the federal awards and state financial assistance received and expended, as of and for September 30, 2001, in relation to the basic financial statements, which were audited by other auditors, as described previously, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 22, 2002 on our consideration of Lee County, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit.

*Markham Norton Stroemer & Company, P.A.*

MARKHAM NORTON STROEMER & COMPANY, P.A.

Fort Myers, Florida

January 22, 2002

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the fiscal year ended September 30, 2001

	<u>CFDA #</u>	<u>Grant Identification</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>		
<i>Natural Resources Conservation Service (NRCS)</i>		
<b>Natural Resource Manager Salary</b>	10.902	None
Total U.S. Department of Agriculture		
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>		
<i>Subrecipient of Lee County School Board</i>		
<b>Safe &amp; Drugfree Schools &amp; Communities Act (BRIDGES)</b>	84.184L	A82145
Total U.S. Department of Education		
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>		
<i>Passed through Florida Department of Community Affairs</i>		
<b>Weatherization Assistance Program (WAP) (FY01)</b>	81.042	01-WX-69-09-46-01-015
Total U.S. Department of Energy		
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>		
<i>Subrecipient of United Way of Lee County</i>		
<b>FEMA - Emergency Food and Shelter</b>	83.523	LRO 009
<i>Passed through Florida Department of Community Affairs</i>		
<b>Hazard Mitigation</b>	83.516	99HM-8B-09-46-15-016
<b>Flood Mitigation Assistance</b>	83.548	99FM-Q2-09-46-01-003
<b>Flood Mitigation Assistance</b>	83.548	00FM-J1-09-46-15-014
<b>EMPA Base &amp; Performance Grant (FY01) - (Federal Portion)</b>	83.552	01CP-04-09-46-01-036
<b>Terrorism Annex Grant</b>	83.552	00EO-D8-09-46-01-006
Total Federal Emergency Management Agency		



<u>Award Amount</u>		<u>Receipts/ Revenues</u>		<u>Disbursements/ Expenditures</u>
\$ 55,800		\$ 55,800		\$ 55,800
<u>55,800</u>		<u>55,800</u>		<u>55,800</u>
127,945		107,180		107,180
<u>127,945</u>		<u>107,180</u>	15	<u>107,180</u>
39,403		39,403		39,403
<u>39,403</u>		<u>39,403</u>	D	<u>39,403</u>
35,000		35,000		35,000
575,672	93	10,852	P	1,963
304,702	U	202,770		202,332
109,363		36,000	27	70,450
49,520		0	92	42,684
50,000		50,000		50,000
<u>\$ 1,124,257</u>		<u>\$ 334,622</u>		<u>\$ 402,429</u>

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended September 30, 2001

	<u>CFDA #</u>	<u>Grant Identification</u>
<b><u>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</u></b>		
<i>Passed through Florida Department of Children &amp; Families</i>		
Family Preservation & Support Srves (Family Connection Ctr-Visitation)	93.556	HJK13
Family Preservation & Support Srves (Family Connection Ctr-Parent Ed)	93.556	HJK16
Family Preservation & Support Srves (Family Connection Center)	93.556	HJJ09
Temporary Assistance for Needy Families (TANF Homeless Program)	93.558	MF689
<i>Passed through Florida Department of Revenue</i>		
Civil Case Filing Grant	93.563	HZF20
Child Support Enforcement Program (Federal Initiative)	93.563	CC336
<i>Passed through Florida Department of Community Affairs</i>		
Low Income Home Energy Asst Prog (LIHEAP 00-01)	93.568	00EA-F5-09-46-01-014
Weatherization LEHRP	93.568	01LE-35-09-46-01-015
Weatherization (WAP-LIHEAP)	93.568	01LH-62-09-46-01-015
LIHEAP FY01-02	93.568	01EA-90-09-46-01-014
CSBG FY01	93.569	01SB-11-09-46-01-014
Total U.S. Department of Health & Human Services		
<b><u>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</u></b>		
CDBG Urban County Entitlement - Year 5	14.218	B-94-UC-12-0013
CDBG Urban County Entitlement - Year 6	14.218	B-95-UC-12-0013
CDBG Urban County Entitlement - Year 7	14.218	B-96-UC-12-0013
CDBG Urban County Entitlement - Year 8	14.218	B-97-UC-12-0013
CDBG Urban County Entitlement - Year 9	14.218	B-98-UC-12-0013
CDBG Urban County Entitlement - Year 10	14.218	B-99-UC-12-0013
CDBG Urban County Entitlement - Year 11	14.218	B-00-UC-12-0013
CDBG Urban County Entitlement (Revolving Loan)	14.218	None
Supportive Housing Program (SHP - FY99)	14.235	Various
Supportive Housing Program (SHP - FY00)	14.235	Various
SHP LIFT Program	14.235	FL14B96-0101
HOME - Year 4	14.239	M-95-UC-12-0210
HOME - Year 5	14.239	M-96-UC-12-0210
HOME - Year 8	14.239	M-99-UC-12-0210
HOME - Year 9	14.239	M-00-UC-12-0210
HOPE III Sale Proceeds	14.239	H3-95-FL0003-I-A
<i>Passed through Florida Department of Health &amp; Health Planning Council</i>		
HOPWA Renewal (7/1/00-6/30/01)	14.241	None
HOPWA Renewal (7/1/01-6/30/02)	14.241	None
Total U.S. Department of Housing & Urban Development		

<u>Award Amount</u>		<u>Receipts/ Revenues</u>		<u>Disbursements/ Expenditures</u>
\$ 78,678		\$ 26,387	9	\$ 21,360
27,328		0		1,592
94,000	I	51,137	11	50,678
34,737	J	17,299	13	17,299
82,500		7,656		7,656
N/A		388,059	67	388,059
311,599	V	105,451		105,451
70,950	82	31,088	4	31,088
41,148	7	30,929	8	30,929
334,479	K	260,159	L	260,159
81,365	N	76,675	5	76,675
<u>1,156,784</u>		<u>994,840</u>		<u>990,946</u>
2,149,000		0		0
2,182,000		0	M	67,723
2,123,000		0	M	129,144
2,097,000		0	M	242,390
2,061,000		494,907	O	351,876
2,073,000		1,593,967	Q,85	885,824
2,085,000		110,751	2,86	461,686
N/A		0	Y	3,950
1,939,676		107,786	88	107,786
1,953,089	21	1,165,072	89	1,165,072
400,000	10	67,675	26	67,675
514,000		101	90	101
511,000		12,107	90	12,107
562,000		254,415		254,415
561,000		261,620	14	261,620
N/A		231,509	2,91	265,119
70,451	18	32,131		32,131
66,000		12,496	I	12,496
<u>\$ 21,347,216</u>		<u>\$ 4,344,537</u>		<u>\$ 4,321,115</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the fiscal year ended September 30, 2001

	<u>CFDA #</u>	<u>Grant Identification</u>
<b><u>U.S. DEPARTMENT OF THE INTERIOR</u></b>		
<i>U.S. Fish &amp; Wildlife Services</i>		
Challenge Cost Share Agreement	15.FEB(608)	1448-40181-00-G-131
Partners for Wildlife (Habitat Development-Bowditch)	15.617	1448-40181-98-G-135
Partners for Wildlife (Habitat Development-River Oxbow Restoration)	15.617	1448-40181-01-G-331
<i>Passed through Florida Fish and Wildlife Conservation Commission</i>		
Artificial Reef Construction (FY01)	15.605	FWCC 00161
<i>Passed through Florida Department of Environmental Protection</i>		
Land & Water Grant - Schandler Park	15.916	LWCF12-00395
<i>Passed through Florida Department of State/Div of Historical Resources</i>		
Historic Preservation Fund (Loco. 143 PH II)	15.904	S0071
Total U.S. Department of the Interior		
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>		
Victims of Child Abuse (CASA - Guardian Ad Litem)	16.547	FL-394-1298-E
Drug Court Implementation Initiative Grant	16.585	1999-DC-VX-0050
Local Law Enforcement Block Grant (LLEBG for CJIS)	16.592	1999-LB-VX-7163
Local Law Enforcement Block Grant (LLEBG for CJIS)	16.592	2000-LB-VX-2096
Bullet Proof Vest Program (FY 01)	16.607	Application ID 01006137
Bullet Proof Vest Program (FY 00)	16.607	00001149
Community Oriented Policing Services (COPS Universal-31 officers)	16.710	95CCWX0171
COPS MORE	16.710	98CLWX0085
COPS (Community School Based Partnerships)	16.710	98SBWX0042
<i>Passed through The Florida Office of the Attorney General</i>		
Victims of Crime Act (VOCA Guardian Ad Litem)	16.575	V0268
<i>Passed through Florida Department of Children &amp; Families</i>		
Victims of Crime Act (VOCA)	16.575	V7
<i>Passed through Florida Department of Community Affairs</i>		
Victims Advocate (Prevent & Reduce Acts of Domestic Violence)	16.588	00-DV-FL-09-46-01-047
<i>Passed through Florida Department of Law Enforcement</i>		
Edward Byrnes (CLEAN Program)	16.579	01-CJ-J1-09-46-01-150.
<i>Passed through Department of Juvenile Justice</i>		
JAIBG Juvenile Accountability Incentive Block Grant	16.523	PO: S8000101850
Juvenile Justice & Delinquency Prevention (Comm. Assmnt Center)	16.540	97-MU-FX-0007
Domestic Violence Diversion for Hispanic Youth (Drive by Shooting)	16.540	Q7045
<i>Passed through Fort Myers Police Department</i>		
Weed and Seed Program	16.595	001-WS-QX-001
Total U.S. Department of Justice		
<b><u>U.S. INSTITUTE OF MUSEUM &amp; LIBRARY SERVICES</u></b>		
<i>Passed through Florida Department of State/Division of Library &amp; Information Services</i>		
Born To Read - Year 3	45.310	00-LSTA-F-06
Crossroads Literacy - Year 2	45.310	00-LSTA-E-04
Total U.S. Institute of Museum & Library Services		

<u>Award Amount</u>		<u>Receipts/ Revenues</u>		<u>Disbursements/ Expenditures</u>	
\$ 28,000	24	\$ 25,423		\$ 25,423	
10,000		0		0	
10,000		0		0	
60,000		60,000		60,000	
100,000		0		0	
21,625		21,625	22	21,625	
<u>229,625</u>		<u>107,048</u>		<u>107,048</u>	
54,000		0	12	0	
389,319		126,477		123,222	
190,722		4,479	100	98,290	101
209,021		215,084	102	0	103
22,872		0		0	
53,484		20,748	83	20,748	
2,325,000		310,246		310,246	
2,400,000		71,826	45	71,826	
142,323		24,751	43	24,751	
50,000		28,695		28,481	
73,642		30,429	25	30,429	
87,616		47,508		47,508	
297,005		295,323	42	295,323	
20,320		20,320		20,320	
199,602		13,200		13,200	
70,000		1,069	112	1,069	
25,000		12,665	20	12,665	
<u>6,609,926</u>		<u>1,222,820</u>		<u>1,098,078</u>	
71,382		71,382		71,382	
42,879		42,879		42,879	
<u>\$ 114,261</u>		<u>\$ 114,261</u>		<u>\$ 114,261</u>	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the fiscal year ended September 30, 2001

	<u>CFDA #</u>	<u>Grant Identification</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>		
<i>Passed through Federal Highway Administration and Florida Department of Transportation</i>		
Congestion Pricing (Phase II) (Fed Portion)	20.205	CPP-8888-(426)
Value Pricing Pilot Program (Queue Jumps)	20.205	AJ185
Value Pricing Pilot Program (Heavy Vehicle)	20.205	AJ186
Speed and Aggressive Driving Awareness & Enforcement	20.600	AJ245
Speed Enforcement Project	20.600	AK091
<i>Passed through Florida Department of Transportation</i>		
State Infrastructure Bank Loan	20.205	AF738
USC 5303 Planning (AI029) (Fed Portion)	20.505	FL-08-0008
USC 5303 Planning (AJ214) (Fed Portion)	20.505	FL-08-0010
USC 5311 Rural Operating Assistance (AH710)	20.509	FL-18-0018
USC 5311 Operating - Non-Urbanized Area Formula (AJ675)	20.509	FL-18-0019
<i>Federal Transit Administration</i>		
USC 5307 Operating - Closed FY00	20.507	FL-90-4324
USC 5307 Capital	20.507	FL-90-0324
USC 5307 Capital	20.507	FL-90-0354
USC 5307 Operating - Closed FY00	20.507	FL-90-4354
USC 5307 Capital	20.507	FL-90-0423
<i>Passed through Florida Department of Environmental Protection</i>		
National Recreation Trails Funding Program (Hickey Creek)	20.219	T9805
Total U.S. Department of Transportation		
<b><u>U.S. DEPARTMENT OF THE TREASURY</u></b>		
Federal Forfeiture - Treasury	21.000	None
Federal Forfeiture - Justice	21.000	None
<i>Bureau of Alcohol, Tobacco and Firearms</i>		
Gang Resistance Education and Training (GREAT)	21.053	50100000213
Total U.S. Department of the Treasury		
<b><u>LEE COUNTY PORT AUTHORITY</u></b>		
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>		
<i>Federal Aviation Administration</i>		
Runway, Midfield Apron & Access Roads - RSW	20.106	AIP3-12-0135-19 97
Midfield Airfield Construction/Airport Development - RSW	20.106	AIP3-12-0135-21 99
Midfield - Design Building & Security - RSW	20.106	AIP3-12-0135-22 99
Midfield - Design International Arrival (PH 2) - RSW	20.106	AIP3-12-0135-23 99
Plans & Specs for Midfield Trmnl Bldg (PH 3) - RSW	20.106	AIP3-12-0135-24 00
Midfield Construction - RSW	20.106	AIP3-12-0135-25 00
Midfield Construction - RSW - Third Letter of Intent	20.106	AIP3-12-0135-26 01
Design 2 Angled Taxiways - FMY	20.106	AIP3-12-0027-08 00
Design 2 Angled Taxiways - FMY	20.106	AIP3-12-0027-09 01
Total U.S. Department of Transportation/Federal Aviation Administration		
Total Federal Awards		

Item-Segment Phase- Sequence (FM#)	Award Amount	Receipts/ Revenues	Disbursements/ Expenditures
WPI 1124553	\$ 16,000,000	\$ 1,196,797	\$ 1,196,797
409185-1-28-01	309,280	1,016	9,976
409186-1-28-02/01	1,032,000	9,051	25,515
SC-01-13-08-01	47,500	39,415	39,415
FS-01-27-104-01	40,000	39,990	39,990
205096-1-94-01	720,000	0	0
205082-1-14-01	34,468	21,702	21,702
205092-1-14-01	43,053	10,763	10,763
205084-1-84-01	178,531	0	131,221
205088-1-84-01	194,800	59,990	59,990
	524,021	0	0
	2,697,577	0	0
	1,761,935	206,355	206,355
	376,322	0	0
	8,059,105	6,316,479	6,316,479
	50,000	0	25,000
	<u>32,068,592</u>	<u>7,901,558</u>	<u>8,083,203</u>
	N/A	337,602	337,602
	N/A	142,391	142,391
	3,500	0	0
	<u>3,500</u>	<u>479,993</u>	<u>479,993</u>
DTFA0697A80196	4,560,000	1,695,193	1,695,193
DTFA0699A80049	2,000,000	3,375	3,375
DTFA0699A80048	1,219,514	693,822	693,822
DTFA0699A80144	355,970	134,232	134,232
DTFA0600A80016	1,328,733	487,112	487,112
DTFA0600A80069	2,000,000	0	0
DTFA0601A80169	4,000,000	0	0
DTFA0600A80070	55,800	55,800	55,800
DTFA0601A80157	491,587	25,875	25,875
	<u>16,011,604</u>	<u>3,095,409</u>	<u>3,095,409</u>
	<u>\$ 78,888,913</u>	<u>\$ 18,797,471</u>	<u>\$ 18,894,865</u>





**LEE COUNTY, FLORIDA**  
**TOTAL EXPENDITURES OF FEDERAL AWARDS**  
**For the fiscal year ended September 30, 2001**

<u>Federal Agency</u>	<u>Disbursements/ Expenditures</u>	<u>Percent</u>
<b>MAJOR GRANTS/ENTITLEMENTS (TYPE A)</b>		
U.S. Department of Health and Human Services - Child Support Enforcement, Civil Case Filing	\$ 395,715	
U.S. Department of Health and Human Services - EHEAP, LIHEAP, Weatherization LIHEAP/LEHRP	427,627	
U.S. Department of Housing and Urban Development – CDBG	2,142,593	
U.S. Department of Housing and Urban Development – HOME & HOPE III	793,362	
U.S. Department of Housing and Urban Development – SHP & SHP LIFT	1,340,533	
U.S. Department of Justice – COPS MORE, COPS Universal & Community School Based Partnership	406,823	
U.S. Department of Justice – Edward Byrnes CLEAN Program	295,323	
U.S. Department of Transportation/FHA – Congestion Pricing, Value Pricing & SIB Loan	1,232,288	
U.S. Department of Transportation/FAA	3,095,409	
U.S. Department of Transportation - Federal Transit Administration	6,522,834	
U.S. Department of Treasury - Forfeitures	479,993	
	<u>17,132,500</u>	<u>91%</u>
<b>NONMAJOR GRANTS/ENTITLEMENTS (TYPE B)</b>		
U.S. Department of Agriculture	55,800	
U.S. Department of Education	107,180	
U.S. Department of Energy	39,403	
Federal Emergency Management Agency	402,429	
U.S. Department of Health and Human Services	167,604	
U.S. Department of Housing and Urban Development	44,627	
U.S. Department of the Interior	107,048	
U.S. Department of Justice	395,932	
U.S. Institute of Museums and Libraries Services	114,261	
U.S. Department of Transportation and Federal Transit Administration	79,405	
U.S. Department of Transportation	248,676	
	<u>1,762,365</u>	<u>9%</u>
Total Expenditures of Federal Awards	<u>\$ 18,894,865</u>	<u>100%</u>

**SCHEDULE OF STATE FINANCIAL ASSISTANCE**

For the fiscal year ended September 30, 2001

	<u>CSFA #</u>	<u>Grant Identification</u>
<b><u>OFFICE OF THE ATTORNEY GENERAL</u></b>		
<i>Florida Motor Vehicle Theft Prevention Authority</i>		
Motor Vehicle Theft	41.004	99-022-00
Total Office of the Attorney General		
<b><u>DEPARTMENT OF COMMUNITY AFFAIRS</u></b>		
Pine Island Technical Assistance Grant	52.004	01DR-15-09-46-01-024
EMT (EMPA) Base Performance FY01 - (State Portion)	52.008	01CP-04-09-46-01-036
Emergency Management Trust (EMPA) Competitive	52.009	00CP-07-09-46-01-115
Emergency Management Trust (EMPA) Competitive	52.009	00CP-07-09-46-01-113
Hurricane Loss Mitigation (Gabriel House)	52.016	01RC-11-09-46-01-036
<i>Florida Housing Finance Corporation</i>		
SHIP YR4 (State FY98-99)	52.901	None
SHIP YR5 (State FY99-00)	52.901	None
SHIP YR6 (State FY00-01)	52.901	None
SHIP YR7 (State FY01-02)	52.901	None
Total Department of Community Affairs		
<b><u>FLORIDA DEPARTMENT OF EDUCATION</u></b>		
<i>Subrecipient of Lee County School Board</i>		
Safe Schools/After School (Prior School Year)	N/A	None
Safe Schools/After School (Current School Year)	N/A	None
Total Florida Department of Education		
<b><u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u></b>		
Lee County Shore Protection Projects (4)	37.003	99LE1
Bonita Beach Renourishment Project	37.003	01LE1
Litter Control and Prevention	37.009	LC01-34
Solid Waste Recycling and Education	37.011	RE01-34
Waste Tire Solid Waste Grant	37.015	WT01-36
Playground Surfacing Grant	37.015	PG01-21
Fla. Rec. Dvlpmnt. Asst. Prog. (FRDAP/Hickey Creek Mitigation Park)	37.017	F9132
Fla. Rec. Dvlpmnt. Asst. Prog. (FRDAP/Buckingham Comm. Park)	37.017	F1022
Fla. Rec. Dvlpmnt. Asst. Prog. (Land Acquisition-Schandler Hall)	37.017	F0332
Electronic Products Collection and Recycling	37.031	HW467
Halfway Creek Stormwater Management	37.039	SP546
DEP State Revolving Loan (FY01)	37.039	CS12039232P
Gator Slough Watershed Management Improvements	37.039	WAP037
Total Department of Environmental Protection		
<b><u>FLORIDA FISH &amp; WILDLIFE CONSERVATION COMMISSION</u></b>		
Derelict Vessel Removal	77.005	00064
Reef Monitoring Project	77.007	99076
Boat Facility Siting Plan	77.007	99136
Total Florida Fish & Wildlife Conservation Commission		

<u>Award Amount</u>		<u>Receipts/ Revenues</u>		<u>Disbursements/ Expenditures</u>
\$ 36,807		\$ 33,901	19	\$ 33,901
<u>36,807</u>		<u>33,901</u>		<u>33,901</u>
10,000		5,000		5,000
102,926		90,653		90,653
45,452		42,299	R	22,550
130,269		67,590		67,444
48,890		48,890	X	48,890
2,205,158	64	0	87	189,486
1,820,913	64	0	87	462,911
2,981,236	64	2,005,053	B,87	1,032,812
2,446,305	97	715,651	C	359,636
<u>9,791,149</u>		<u>2,975,136</u>		<u>2,279,382</u>
95,000		95,000	34	95,000
<u>95,000</u>		<u>21,813</u>	6	<u>21,813</u>
<u>190,000</u>		<u>116,813</u>		<u>116,813</u>
862,716		104,954	36	281,359
108,157		0		0
16,924		16,924		16,924
115,006		115,006		115,006
218,613		218,613	38	218,613
53,511		21,649	29	21,649
100,000	17	0		0
132,000		0		0
200,000		0		0
50,000		9,326	37	11,199
275,000		14,150	35	14,150
4,669,000		804,309	3	302,379
500,000		0		5,000
<u>7,300,927</u>		<u>1,304,931</u>		<u>986,279</u>
30,149	S	30,149	40	30,149
8,000		0	41	1,964
57,000		56,200		31,000
<u>\$ 95,149</u>		<u>\$ 86,349</u>		<u>\$ 63,113</u>

**SCHEDULE OF STATE FINANCIAL ASSISTANCE**

For the fiscal year ended September 30, 2001

	<u>CSFA #</u>	<u>Grant Identification</u>
<b><u>DEPARTMENT OF HEALTH</u></b>		
Emergency Medical Services Matching (AED)	64.003	M9064
Emergency Medical Services Matching (PIER)	64.003	M9063
Emergency Medical Services Matching (Lighted Helipads)	64.003	EM048
Emergency Medical Services Matching (Electronic Data Collection)	64.003	EM045
Emergency Medical Services Matching (Learn to Swim Safely)	64.003	EM046
EMS Matching (Paramedic 1st Response Bicycle Team)	64.003	EM047
Emergency Medical Services Co. Award	64.005	CG036
Teen Pregnancy Prevention	N/A	LE053
Teen Pregnancy Prevention FY01	N/A	LE039
Total Department of Health		
<b><u>DEPARTMENT OF JUVENILE JUSTICE</u></b>		
Juvenile Assessment Center	80.002	U4K01
Teen Court of Collier County Program	80.004	PG895
Total Department of Juvenile Justice		
<b><u>OFFICE OF THE STATE COURTS ADMINISTRATOR</u></b>		
Civil Traffic Hearing Officer - Grant-in-Aid	22.001	None
Article V Trust Fund (State FY 00-01)	22.003	None
Model Family Court Pilot	N/A	None
Quick Hit Mediation Program - Grant-in-Aid	N/A	N/A
Court Reporter Grant in Aid	N/A	N/A
Total Office of the State Courts Administrator		
<b><u>DEPARTMENT OF STATE</u></b>		
<i>Division of Library &amp; Information Services</i>		
Bridges To Literacy	45.025	00-FLL-09
Library State Operating - State Aid	45.030	01-ST-26
<i>Division of Elections</i>		
Voting Systems Assistance - Education	45.029	None
Voting Systems Assistance - Equipment	45.029	None
<i>Division of Cultural Affairs</i>		
East County Regional Library Construction Grant	N/A	01-9913
Total Department of State		

<u>Award Amount</u>	<u>Receipts/ Revenues</u>	<u>Disbursements/ Expenditures</u>
\$ 73,230	\$ 117,953	\$ 117,953
23,400	23,400	23,400
12,294	0	0
176,947	0	0
59,240	0	0
9,375	0	0
144,146	133,089	140,015
14,498	5,297	512
25,000	16,222	6,241
<u>538,130</u>	<u>295,961</u>	<u>288,121</u>
398,760	6,770	6,770
19,725	17,266	12,094
<u>418,485</u>	<u>24,036</u>	<u>18,864</u>
10,246	12,262	33,367
99,274	99,274	99,274
300,000	200,000	69,270
24,000	24,000	24,000
115,036	115,036	115,036
<u>548,556</u>	<u>450,572</u>	<u>340,947</u>
25,000	23,763	23,763
1,038,203	1,038,813	1,038,813
171,913	0	0
562,500	0	0
300,000	300,000	300,000
<u>\$ 2,097,616</u>	<u>\$ 1,362,576</u>	<u>\$ 1,362,576</u>

**SCHEDULE OF STATE FINANCIAL ASSISTANCE**

For the fiscal year ended September 30, 2001

<u>DEPARTMENT OF TRANSPORTATION</u>	<u>CSFA #</u>	<u>Grant Identification</u>	<u>Contract #</u>
Commuter Assistance	55.007		AG423
Commuter Assistance	55.007		AH709
County Incentive Grant Program (Three Oaks Pkwy/Alico)	55.008		
County Incentive Grant Program (Three Oaks Pkwy/Williams)	55.008		
County Incentive Grant Program (Livingston/Imperial Connection)	55.008		
Transit Block Grant	55.010		AJ779
Transit Corridor	55.013	WPI - 1814972	AD416
Intermodal Facility Construction	55.014	WPI - 1831016	AF367
Intermodal Facility (Cape Coral)	55.014	WPI - 1831018	AI827
Bus Capital (FY 03/04)	55.017		AI512
Right-of-Way Loan	55.019	WPA - 0110315	AE811
Toll Facilities Loan	55.019	WPA - 1114723	AD067
Infrastructure Bank Loan - Veterans Memorial Parkway	55.020	FPN:410554 I	
Congestion Pricing (Phase II) (State Portion)	N/A	WPI - 1124553	CPP8888 (426)
Value Pricing Pilot Program (Heavy Vehicle) (State Portion)	N/A		AJ186
Value Pricing Pilot Program (Queue Jumps) (State Portion)	N/A		AJ185
USC 5303 Planning (State Portion)	N/A	FL-80-0010	AJ214
USC 5303 Planning (State Portion)	N/A	FL-80-0008	AI029
Total Department of Transportation			

**LEE COUNTY PORT AUTHORITY**

**DEPARTMENT OF TRANSPORTATION**

Land Acquisition - RSW	55.004	WPI - 1824466	A7531
Land Acquisition - RSW	55.004	N/A	AK183
Midfield Terminal Design - RSW	55.004	WPI - 1824575	AG221
Design & Install Airfield Signage - FMY	55.004	WPI - 1824565	AF074
Interior/Exterior Signage - RSW	55.004	WPI - 1824574	AH344
Master Plan Update - FMY	55.004	WPI - 1824564	AG333
Design/Construct Aircraft Apron - FMY	55.004	N/A	AI175
Master Plan Update - RSW	55.004	WPI - 1824573	AH917
Midfield Terminal - RSW	55.004	WPI - 1824538	AH930
Design & Construct Two Angled Taxiways Exits - FMY	55.004	N/A	AJ780
Perform Environmental Audit & Cleanup - FMY	55.004	N/A	AJ830
Treeline Extension (South) - RSW	55.014	WPI - 1124546	AD921
Treeline Extension (North) - RSW	55.014	WPI - 1124516	AF771
Treeline North Construction - RSW	55.014	N/A	AJ746
Total Department of Transportation			

Total State Financial Assistance

JPA/JOB #	Item-Segment Phase- Sequence (FM#)	Award Amount	Receipts/ Revenues		Disbursements/ Expenditures	
	205068-1-84-01	\$ 55,000.	\$ 35,817	47	\$ 43,829	
	205103-1-84-01	55,000	9,537	71	9,537	
	410008-1-54-01	2,730,000	0		0	
	410006-1-54-01	672,000	0		0	
	410007-1-54-01	1,131,900	0		0	
	205090-1-84-01	974,276	974,276	73	974,276	
12001-3811	205094-1-84-01	8,264,881	1,208,026	76	1,311,334	
	207167-1-54-01	2,140,000	389,053	78	444,544	68
	207168-1-54-01	370,000	103,570	70	108,020	
	205085-1-94-01	650,000	0		0	
12000-2536		5,500,000	0		0	52
		500,000	0		100,000	53
	205096-1-94-01	6,000,000	6,000,000		756,072	44
12000-3526		2,000,000	149,600	51	149,600	
	409186-1-28-02/01	129,000	1,131	32	3,189	
	409185-1-28-01	38,660	126	39	1,247	
	205092-1-14-01	5,382	1,345	77	1,345	
	205082-1-14-01	4,309	2,713		2,713	
		<u>31,220,408</u>	<u>8,875,194</u>		<u>3,905,706</u>	
12000-3887	206498-1-84-01	43,838,180	1,207,318	60	1,207,318	
N/A	411238-1-94-01	25,000	13,173	62	13,173	
12900-3812	206605-1-84-01	10,742,670	3,609,128	58	3,609,128	
12900-3808	206595-1-94-01	640,000	471,843	59	471,843	
N/A	206604-1-94-01	154,000	109,357		109,357	
N/A	404184-1-84-01	100,000	4,000		4,000	
N/A	404139-1-94-01	1,060,100	370,097	63	370,097	
N/A	206603-1-94-01	224,000	65,548	65	65,548	
N/A	206570-1-94-01	38,782,186	0		0	
N/A	409464-1-94-01	3,100	3,100	30	3,100	
N/A	407941-1-94-01	400,000	0	31	0	
12000-3811	N/A	26,200,000	557,500		557,500	
12900-3811-50	199569-1-54-01	592,000	78,358	61	78,358	
N/A	408399-1-94-01	2,408,525	0		0	
		<u>125,169,761</u>	<u>6,489,422</u>		<u>6,489,422</u>	
		<u>\$ 177,406,988</u>	<u>\$ 22,014,891</u>		<u>\$ 15,885,124</u>	

**LEE COUNTY, FLORIDA**  
**TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**For the fiscal year ended September 30, 2001**

<u>State Agency</u>	<u>Disbursements/ Expenditures</u>	<u>Percent</u>
<b>MAJOR GRANTS/ENTITLEMENTS (TYPE A)</b>		
Department of Community Affairs - SHIP YR4, SHIP YR5, SHIP YR6, SHIP YR7	\$ 2,044,845	
Department of Environmental Protection - DEP State Revolving Loan FY01 Halfway Creek Stormwater Mgmt & Gator Slough Watershed Mgmt Improvements	321,529	
Department of State - Library State Aid FY01	1,038,813	
Department of State - East Co Regional Library Construction	300,000	
Department of Transportation - Transit Block Grant FY01	974,276	
Department of Transportation - Transit Corridor	1,311,334	
Department of Transportation - Intermodal Facility Construction, Intermodal Facility (Cape Coral)	552,564	
Department of Transportation - Treeline Extension (North), Treeline Extension (South), Treeline North Construction	635,858	
Department of Transportation - State Infrastructure Bank (SIB) Loan-Veterans Memorial Parkway	756,072	
Department of Transportation - Port Authority	5,853,564	
	<u>13,788,855</u>	<u>87%</u>
<b>NONMAJOR GRANTS/ENTITLEMENTS (TYPE B)</b>		
Office of the Attorney General	33,901	
Department of Community Affairs	234,537	
Florida Department of Education	116,813	
Department of Environmental Protection	664,750	
Florida Fish & Wildlife Conservation Commission	63,113	
Department of Health	288,121	
Department of Juvenile Justice	18,864	
Office of the State Courts Administrator	340,947	
Department of State	23,763	
Department of Transportation	311,460	
	<u>2,096,269</u>	<u>13%</u>
Total Expenditures of State Awards	<u>\$ 15,885,124</u>	<u>100%</u>



**LEE COUNTY, FLORIDA  
EXPLANATIONS OF FOOTNOTES TO SCHEDULES  
OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE**

For the fiscal year ended September 30, 2001

Footnote Referenced	Footnote Referenced	Footnote Referenced
B Includes recaptured funds of \$28,706	19 Includes receivable of \$5,397	70 Includes receivable of \$108,020 and \$4,450 receivable was uncollected in FY01
C Includes receivables of \$229,330 and recaptured funds of \$22,252	20 Includes receivable of \$4,101	71 Includes receivable of \$9,537
D Has fee for service component	21 Award extended	72 Includes receivable of \$59,990
E Includes receivable of \$1,260	22 Includes FY00 deferred revenue of \$5,406	73 Includes receivable of \$974,276
F Includes receivable of \$437	23 Includes receivable of \$9,051	74 Repayment begins in FY02, revenues and expenses were in prior years
G Net of proceed deferral of \$9,375	24 \$21,000 of agreement is administered to other cooperating agencies	75 Includes receivable of \$98,427
H Includes receivable of \$5,297	25 Includes receivable of \$7,263	76 Includes receivable of \$555,124 net of \$103,308 revenue not accrued and FY00 over accrual of \$60,473
I Award increase of \$14,000 for the supervised visitation program	26 Includes receivable of \$14,697	77 Includes receivable of \$1,345
J Award increase of \$10,240 and extended to 10/28/01	27 Includes receivable of \$36,000	78 FY00 expenses overstated by \$444,544-Project completed in FY01
K Award increase of \$138,961	28 Includes receivable of \$147,968	80 Includes receivable of \$10,763
L Includes receivable of \$31,907	29 Includes receivable of \$10,058	81 Net of interest returned of \$377
M Revenue in subsequent CDBG Years	30 Includes receivable of \$3,100	82 Award increase of \$13,793
N Award increase of \$7,126	31 Pre-qualified to FY04/05	83 Includes receivable of \$8,778
O Revenue recorded for prior and current CDBG years	32 Includes receivable of \$1,131	84 Includes receivable of \$1,016
P Includes receivable of \$1,168 and \$8,882 admin costs	33 \$174 claimed in subsequent fiscal year	85 Revenue in subsequent, prior and current CDBG years
Q Includes receivable of \$124,379	34 Includes receivable of \$44,118	86 Revenues in prior CDBG years
R Includes receivable of \$298 and advance of funds of \$19,799	35 Includes receivable of \$3,825	87 Revenue in prior fiscal years
S Award increase of \$10,000	36 DEP holding retainage of \$56,397 and revenue is net of a prior year disallowance and an overpayment that has a net amount of \$10,135	88 Includes receivable of \$5,813
T Includes \$18,250 returned to OSCA	37 Includes receivable of \$9,326	89 Includes receivable of \$2,722
U Award decreased and extended to 9/30/01	38 Includes receivable of \$85,963	90 Grant closed in FY01
V Award increase of \$52,123	39 Includes receivable of \$126	91 Revenue is net of sales commission of \$17,500
W Net of proceed deferral of \$59,239	40 Includes receivable of \$30,149	92 Reimbursement anticipated in FY02
X Revenue net of \$1,010 refund of unused funds to grant agency	41 Revenue will be requested in FY02	93 Includes 25% state match
Y Includes new Passage Program with \$0 activity	42 Includes receivable of \$63,450	94 Expenditures are limited to the award and program income
Z Includes receivables of \$6770	43 Includes receivable of \$1,037	95 Includes fee for service and program income
1 Includes receivable of \$3,300	44 Repayment begins in FY02	96 Fixed fee agreement
2 All revenue is program income	45 Includes receivable if \$26,136	97 Estimated award amount
3 Revenues are loan proceeds for actual project expenses, debt service loan not in repayment	46 Includes program income of \$44,723	98 Expenses reflect revenue collected, not actual expenses and contract was terminated in June 2001
4 Includes receivable of \$9,753 and fee for service component	47 Revenue recorded in FY02	99 FY00 over accrual of \$300 is book entry only
5 Includes receivable of \$15,113	48 Net of proceed deferral of \$12,294	100 Interest earnings on grant proceeds and local match dollars. Grant proceeds recorded in prior years
6 Includes receivable of \$21,813	49 Net of proceed deferral of \$176,947	101 All interest earnings expended, and grant is completed
7 Award increase of \$13,811	50 Includes FY00 deferred revenue of \$23,763	102 Includes interest earnings on grant proceeds and local match dollars
8 Includes receivable of \$25,765	51 Includes receivable of \$18,496, closed FY01	103 Grant will be spent in subsequent years
9 Includes program income of \$14,262 and receivable of \$12,125	52 Debt service only, not yet in repayment	104 Includes interest earnings on balance of program funds
10 Award extended to 5/31/02	53 Debt service only, principal payment only	105 Includes transfer to Collier County entire balance of program proceeds and interest earnings totaling \$31,429. Collier County is now responsible for the administration of state proceeds for the Civil Traffic Hearing Officer Program
11 Includes program income of \$2,067. Does not include Court Admin income \$13,100	54 Includes receivable of \$55,800	106 Verbal extension to spend down grant award
12 Federal CASA funding ended in FY00. The Twentieth Judicial Circuit Court Guardian Ad Litem Program was administered by local funding from the Guardian Ad Litem Advisory Board and a federal VOCA grant during FY01	55 Includes receivable of \$146	107 \$4,999 spent in prior fiscal year
13 Includes receivable of \$764	56 Includes receivable of \$28	108 Amounts differ from financial system due to the refund of \$18,250 to OSCA being netted in the revenue account
14 Includes receivable of \$69,494 and program income of \$104,098	57 Includes receivable of \$25,875	109 Includes interest earnings of \$5,659 and net deferral of \$47,607
15 Includes receivable of \$4,741	58 Includes receivable of \$838,807	110 Includes interest earnings of \$9,187 and net of deferral of \$43,054
16 Award extended to 8/31/02	59 Includes receivable of \$170,974	111 Passed through \$21,984 to Office of State Attorney
17 Award extended to 9/30/02	60 Includes receivable of \$420,370	112 Net of deferral \$12,739
18 Award increase of \$40,451	61 Includes receivable of \$17,954	
	62 Includes receivable of \$13,173	
	63 Includes receivable of \$139,372	
	64 Final award amount	
	65 Includes receivable of \$65,548	
	66 Includes receivable of \$39,990	
	67 Includes receivable of \$58,730	
	68 Prior year expenditures were overstated by \$444,544 in FY00	
	69 Includes receivable of \$362,207	

The following footnotes references were not used:

A, 79

See Accompanying Notes

**LEE COUNTY, FLORIDA**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**September 30, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following are the significant accounting policies specifically affecting the Schedules of Expenditures of Federal Awards and State Financial Assistance. Lee County's (the "County") complete summary of significant accounting policies is disclosed in Note 1 of the Lee County, Florida, basic financial statements for the year ended September 30, 2001.

**Basis of presentation**

The Schedules of Expenditures of Federal Awards and State Financial Assistance present only the receipts/revenues and disbursements/expenditures of federal awards and state financial assistance awarded to Lee County, Florida, and are not intended to present fairly the financial position of Lee County, Florida, as of September 30, 2001 and the results of its operations and cash flows of its proprietary funds, as of and for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

The Schedules of Expenditures of Federal Awards, as presented, include each federal program related to the following federal agencies:

- U.S. Department of Agriculture
- U.S. Department of Education
- U.S. Department of Energy
- Federal Emergency Management Agency
- U.S. Department of Health and Human Services
- U.S. Department of Housing and Urban Development
- U.S. Department of the Interior
- U.S. Department of Justice
- U.S. Institute of Museum and Library Services
- U.S. Department of Transportation/FAA/FHA/FTA
- U.S. Department of Treasury

The Schedules of State Financial Assistance as presented include the state programs required by grant document to follow the Single Audit Act of 1996, as Amended, OMB Circular A-133, and/or the Florida Single Audit Act (Florida Statute 215.97) and Rules of the Auditor General 10.550.

**Reporting entity**

Lee County (the "County") was founded in 1887 as a political subdivision of the State of Florida. It is governed by an elected 5 member Board of County Commissioners (the "Board") which is

**LEE COUNTY, FLORIDA**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**September 30, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Reporting entity (continued)**

governed by state statutes and regulations. In addition, to the members of the Board, there are five elected Constitutional Officers including the Clerk of Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. The Constitutional Officers maintain separate accounting records and budgets.

The accompanying financial statements present the combined financial position and results of operations of the entity as a whole, by major fund, and non-major fund in aggregate, that are governed by the Board and the Constitutional Officers of Lee County, Florida.

The County continues to apply Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity." This statement requires the financial statements of the County (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit may be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the criteria established in GASB 14 and as required by accounting principles generally accepted in the United States of America (GAAP), the financial statements of the reporting entity include those of Lee County (the primary government) and its component units.

The departments and divisions of the Board and the Constitutional Officers as well as the Lee County Port Authority, a blended component unit, and Gulf Environmental Services, a discretely presented component unit, are included in the Lee County Comprehensive Annual Financial Report.

**Component Units**

**Blended Component Unit**

The Lee County Port Authority is included in the County's reporting entity because of the significance of the operational and financial relationships with the County. This component unit has substantively the same governing body as the County, and is accounted for as an enterprise fund in the county-wide primary government financial statements.

In 1987, the Board authorized the creation of the Lee County Port Authority (the Port Authority) transferring the management and administration of the Department of Airports (including Page Field General Aviation Airport and the Southwest Florida International Airport) to the Port Authority. Ownership of the Port Authority's assets and liabilities was retained by the Board. The Port Authority was established under authority of Florida Statutes 125.01 and 332.03, Lee County Resolution Number 87-8-9, and subsequently, Lee County Ordinance Number 90-02, as amended.

**LEE COUNTY, FLORIDA**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**September 30, 2001**

Page 17 of 40

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Blended Component Unit (continued)**

The Board of Port Commissioners was established as the governing body for the Port Authority and consists of the members of the Board of County Commissioners. Also created was an Airports Special Management Committee, whose members were appointed by the Port Commissioners for the administration and management of the Lee County Airports (Airports).

The County viewed the Community Redevelopment Agency (CRA) as a potential component unit, but it was determined not to be and is combined with the Board's financial statements.

**Discrete Component Unit**

Gulf Environmental Services, Inc. (GES) is an IRC Ruling 63-20, not-for-profit, private corporation which provides water and wastewater services to a certain unincorporated portion of the County. GES, as a private corporation, is legally separate from the County, but its Board of Directors is approved by the County, as provided for by the terms and conditions under IRC Ruling 63-20. Although the County has the authority to appoint and remove the Board of Directors for GES, no County employees or County officials are members of the GES Board of Directors, and the County has no authority over the day to day operations or finances of GES. GES is franchised by the County, allowing it to issue tax-exempt municipal bonds for the purposes of expansion and improvements, and to operate as a water and wastewater utility pursuant to state law.

Complete financial statements of the individual component units can be obtained as follows:

Lee County Port Authority 16000 Chamberlin Parkway, Suite 8671 Fort Myers, Florida 33913	Gulf Environmental Services, Inc. 2172 McGregor Boulevard Fort Myers, Florida 33901
--	---

**Government-wide and Fund Financial Statements**

The County has elected early implement Governmental Accounting Standards Board Statement Number 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB 34) that requires a change in the reporting format. The government-wide financial statements and the major-fund financial statements along with the notes to the financial statements comprise the basic financial statements. This approach differs from the previous reporting model in that neither fiduciary funds nor component units that are fiduciary in nature are included.

The government-wide financial statements (the statement of net assets and the statement of activities) concentrate on the County as a whole and do not emphasize fund types but rather a governmental or a business-type classification, which are presented in separate columns. The governmental activities and business-type activities comprise the primary government and is reported separate from the component unit for which the County is accountable. General governmental and intergovernmental revenues support the governmental activities, whereas the

**LEE COUNTY, FLORIDA**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**September 30, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Government-wide and Fund Financial Statements, Continued**

business-type activities are primarily supported by user fees and charges for services. The purpose of the government-wide financial statements is to allow the user to be able to determine if the County is in a better or worse financial position than the prior year.

The statement of activities reflects the expenses of a given function or segment, which are offset by program revenues. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function. Taxes are reported under general revenue.

The County's major funds are presented in separate fund financial statements. These major funds are presented on a governmental fund financial statement, a proprietary fund financial statement, and a fiduciary fund financial statement. The latter is presented separately even though it is excluded from the government-wide financial statements. The definition of a major fund is one that meets certain criteria set-forth in GASB 34. The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the major fund financial statements.

GASB 34 not only mandated changed in the financial statement format but also set-forth reporting changes. One such change is to capitalize infrastructure. This capitalization is required prospectively and retrospectively for fiscal years that ended after June 30, 1981. Although GASB 34 does provide extra time to capture and value the prior 20 years of infrastructure, the County has chosen to report all infrastructure in fiscal year 2001. In valuing infrastructure, retrospectively actual costs were used for constructed assets whereas donated assets have been valued in current year's dollars and deflated using the Florida Department of Transportation's Price Trend Index of Florida Highway Construction.

GASB 34 also revised the method for recognizing contributed capital from being an amortized balance sheet item to revenue recognized in the year of contribution.

The County allocates indirect expenses and therefore reports this allocation in a separate column on the government-wide statement of activities.

The effect of interfund activity has been removed from the government-wide financial statements. However, the interfund services between functions are not eliminated. The internal service activity has been eliminated to the extent of the outside activity and is combined with the governmental activity on the government-wide financial statements. Internal services activity is reported in full on the proprietary fund financial statements. The internal service funds are combined and thus reported in a single summary column on the proprietary fund financial statements.

**LEE COUNTY, FLORIDA**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**September 30, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Preparation**

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are spent and the means by which spending activities are controlled.

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Bases of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared on a full accrual basis using the economic resources measurement focus, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all of the eligibility requirements imposed by the provider have been met. Fiduciary fund financial statements are also prepared on an accrual basis.

Proprietary funds record both operating and non-operating revenues and expenses. Operating revenues are those that are obtained from the operations of the proprietary fund that include user fees, tolls, rental and franchise fees, and concessions. Non-operating revenues are not related to the operations of the proprietary fund and include taxes, interest earnings, grants, excess fees, and passenger facility charges. Operating expenses are the cost of operations, which includes depreciation. Non-operating expenses are expenses not related to operations such as interest expense.

Governmental fund financial statements are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. The County considers all revenues available if they are collected within sixty days after year-end. Primary revenues, such as property taxes, special assessments, intergovernmental revenues, charges for services, sales and franchise taxes, rents, and interest are treated as susceptible to accrual under the modified accrual basis and so have been recognized as revenues. Expenditures reported in governmental fund financial statements are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule includes principal and interest on general long-term debt, which is recognized when due.

The business-type activities reported in the government-wide financial statements and proprietary funds follow private sector standards issues prior to December 1, 1989, to the extent those standards do not conflict with Governmental Accounting Standards Board statements. However,

**LEE COUNTY, FLORIDA**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**September 30, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Preparation, Continued**  
pursuant to Government Accounting Standards Board Statement Number 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the County has elected not to apply accounting standards issued after November 30, 1989 by the Financial Accounting Standards Board.

**Cash and Investments**

The County considers cash and cash equivalents to be cash on hand, demand deposits, highly liquid investments, including those held as restricted assets, with original maturities of three months or less when purchased, and those included in the internal investment pool.

When both restricted and unrestricted resources are available for the intended use, restricted resources will be used first for incurred expenses, and then unrestricted as needed.

For accounting and investment purposes, the County maintains a cash and investment pool that is available for use by all funds except those whose cash and investments must be segregated due to legal or other restrictions. Investments within this pool are treated as a demand deposit account by the various funds of the County that participate. Interest earned on investments in the pool is allocated to the various funds based upon each fund's equity balance in the pool during the allocation period.

The County shows all investments at fair value, with the exception of repurchase agreements, the Local Government Surplus Funds Investment Pool Trust Fund (State Board of Administration), and a non-participating guaranteed investment contract. All fair valuations are based on quoted market prices. The repurchase agreements, Local Government Surplus Funds Investment Pool Trust Fund's shares, and guaranteed investment contract are stated at amortized cost, which approximates fair value. The fair value of the position in the Local Government Surplus Funds Investment Pool Trust Fund, an external 2A7-like investment pool, is the same as the value of the pool shares.

**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 allocated costs for these indirect services to the Department of Housing and Urban Development's CDBG Grant in the amount of \$29,193. There were no other indirect costs charged specifically to major federal or state programs by Lee County, except as noted below in Note 3.

**LEE COUNTY, FLORIDA**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**September 30, 2001**

Page 21 of 40

**3. AIRPORT REVENUE**

As required by U.S. Department of Transportation, Federal Aviation Administration Advisory Circular 150/5100-18 under the provisions of 49 U.S.C. Sec. 47107(b), we noted no funds transferred from the "Lee County Port Authority" to any other government entity except for direct costs and specifically identified indirect costs in accordance with Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*.

**4. COMMITMENTS AND CONTINGENCIES**

Grant monies received and disbursed by Lee County are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the management of Lee County does not believe such disallowances, if any, would have a material effect on the financial position of Lee County.

**5. ECONOMIC DEPENDENCE**

The operations and capital budgets of Lee County, Florida are, in part, dependent on the receipts/revenue from grantor agencies and passenger facility charges. Loss of these funds and/or large decreases in these types of funding would have an impact on the operations and capital budgets of Lee County, Florida. For the year ended September 30, 2001, grant related receipts/revenue and passenger facility charges totaled approximately \$49 million, and comprised a significant portion of the County's revenue and contributed capital.

**6. DUE FROM OTHER GOVERNMENTS**

The County considers all amounts due from other governments related to grant awards to be collectible.

**7. LITIGATION**

The County is a defendant in various civil lawsuits in both state and federal courts on a variety of issues. The County is not in a position at this time to predict the final outcome of the lawsuits and claims or the exact amount of costs and/or potential recovery. Management does not believe any of the lawsuits relate directly to grant programs.

**8. UTILITY DIVISION OPERATIONS**

On October 17, 2000, the Lee County Board of County Commissioners approved their staff's recommendation that the Lee County Utilities Division's operation and maintenance be taken back "in-house" under County control with County personnel. The Board also directed staff to negotiate with the current Utilities operations contract vendor, ST-Avatar Utilities, L.L.C., for a final



**LEE COUNTY, FLORIDA**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**September 30, 2001**

Page 22 of 40

**9. UTILITY DIVISION OPERATIONS, CONTINUED**

extension to their existing contract extensions that expired on November 30, 2000, in order to effect an efficient transition of the utility operations to the County.

On November 28, 2000, the Board of County Commissioners approved an additional extension period of December 1, 2000 through January 31, 2001, to the vendor's existing contract. This provided an additional two months to complete the transition for Lee County to take back the operation and maintenance of the utilities functions, starting February 1, 2001. The County did assume operational control of the utility systems at February 1, 2001.



**Business Consultants / Certified Public Accountants**

*Member*

*American Institute of Certified Public Accountants  
Tax Division  
Private Companies Practice Section  
Management Consulting Services Division*

*Florida Institute of Certified Public Accountants*

*Government Finance Officers Association*

*Florida Association of Special Districts*

*Financial Consulting Group*

Page 23 of 40

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and the Passenger Facility Charge Program,  
and Internal Control Over Compliance in Accordance with OMB Circular A-133,  
Florida Single Audit Act (Florida Statute 215.97), and  
the Passenger Facility Charge Program Audit Compliance Guide**

Board of County Commissioners  
Lee County, Florida

*Compliance*

We have audited the compliance of Lee County, Florida with the types of compliance requirements described in the US. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and in the "State Projects Compliance Supplement" that are applicable to each of its major programs and its compliance with the types of compliance requirements applicable to the Passenger Facility Charge Program administered through the Lee County Port Authority and described in the Passenger Facility Charge Program Audit Compliance Guide for the year ended September 30, 2001. Lee County, Florida's major programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs – Federal Award and State Financial Assistance. The Lee County, Florida Passenger Facility Charges collected and expended are summarized in the accompanying Schedule of Passenger Facility Charges (PFC) Collected and Expended. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major programs and the Passenger Facility Charge Program is the responsibility of Lee County, Florida's management and the management of the Lee County Port Authority. Our responsibility is to express an opinion on Lee County, Florida'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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; the Florida Single Audit Act (Florida Statute 215.97) and Rules of the Auditor General 10.550; and the Passenger Facility Charge Program Audit Compliance Guide. Those standards 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, a major state program, or the Passenger Facility Charge Program occurred. An audit includes examining, on a test basis, evidence about Lee County, Florida'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 on Lee County, Florida's compliance with those requirements.

In our opinion, Lee County, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs and the Passenger Facility Charge Program administered through the Lee County Port Authority for the year ended September 30, 2001. However, we noted certain other instances of noncompliance, not related to the Passenger Facility Charge Program, that we have reported to the management of Lee County, Florida in our Report to Management dated January 22, 2002.

*Internal Control Over Compliance*

The management of Lee County, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs and the Passenger Facility Charge Program. In planning and performing our audit, we considered Lee County, Florida's internal control over compliance with requirements that could have a direct and material effect on a major federal and/or state program or the Passenger Facility Charge Program in order to determine our 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, the Florida Single Audit Act (Florida Statute 215.97) and Rules of the Auditor General 10.550, and the Passenger Facility Charge Program Audit Compliance Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal and/or state program or to the Passenger Facility Charge Program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted matters involving the internal control over compliance and its operation that we consider to be material weaknesses, as noted below.

Our audit procedures and that of the Lee County Clerk of the Courts' internal audit department identified matters that we considered to be material weaknesses (CFDA 20.509 / CSFA 55.010) related to Lee County Transit and its internal control over inventory and parts/supplies. Specifically those matters indicate weaknesses in certain recordkeeping, segregation of duties and supervisory controls that could result in inaccurate or missing inventory. Corrective action, as well as, a follow-up audit is recommended. Lee County Transit has committed to improved internal control and does not believe there to have been any loss of inventory. We, also, noted certain other matters involving the internal control over financial reporting that we have reported to management of Lee County, Florida, in our Report to Management dated January 22, 2002.

This report is intended solely for the information and use of the Board of County Commissioners, the Lee County Constitutional Officers, management, federal and state awarding agencies and pass-through entities and the Auditor General of the State of Florida. This report is not intended to be, and should not be, used by anyone other than these specified parties.

*Markham Norton Stroemer & Company, P.A.*

MARKHAM NORTON STROEMER & COMPANY, P.A.

Fort Myers, Florida

January 22, 2002

**LEE COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL**  
**AWARDS AND STATE FINANCIAL ASSISTANCE**  
**September 30, 2001**

**Section I - Summary of Auditor's Results**

Financial Statements (Audited by Other Auditors)

Type of auditor's report issued	Unqualified		
Internal control over financial reporting:			
Material weakness(es) Identified?	_____	Yes <u>      X      </u>	No
Reportable condition(s) Identified not considered to be material weaknesses?	_____	Yes <u>      X      </u>	None reported
Noncompliance material to financial statements noted?	_____	Yes <u>      X      </u>	No

Federal Awards

Internal control over major programs:			
Material weakness(es) Identified?	_____	Yes <u>      X      </u>	No
Reportable Condition(s) identified not considered to be material weaknesses?	_____	Yes <u>      X      </u>	None reported
Type of auditors report issued on compliance for major programs	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	_____	Yes <u>      X      </u>	No

Identification of major programs (Type A):

CFDA

<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.563	U.S. Department of Health and Human Services - Child Support Enforcement, Civil Case Filing
93.568	U.S. Department of Health and Human Services - EHEAP, LIHEAP, Weatherization LIHEAP/LEHRP
14.218	U.S. Department of Housing and Urban Development - CDBG
14.239	U.S. Department of Housing and Urban Development - HOME & HOPE III
14.235	U.S. Department of Housing and Urban Development - SHP & SHP LIFT
16.710	U.S. Department of Justice - COPS MORE, COPS Universal & Community School Based Partnership
16.579	U.S. Department of Justice - Edward Byrnes CLEAN Program
20.205	U.S. Department of Transportation/FHA - Congestion Pricing, Value Pricing & SIB Loan
20.106	U.S. Department of Transportation/FAA
20.507	U.S. Department of Transportation - Federal Transit Administration
21.000	U.S. Department of Treasury - Forfeitures

Dollar threshold used to distinguish between Type A and Type B programs

Threshold used was \$300,000.

Auditee qualified as low-risk auditee?	_____	Yes <u>      X      </u>	No
--	-------	--------------------------	----

**LEE COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL**  
**AWARDS AND STATE FINANCIAL ASSISTANCE, CONTINUED**  
**September 30, 2001**

State Financial Assistance

Internal control over major projects:

Material weakness(es) identified?	<u>    X    </u>	Yes	<u>          </u>	No
Reportable condition(s) identified not considered to be material weakness(es)?	<u>          </u>	Yes	<u>    X    </u>	None Reported
Type of auditor's report issued on compliance for major program		Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Rules of the Auditor General 10.554(1)(i)?	<u>          </u>	Yes	<u>    X    </u>	No

Identification of major programs (Type A):

CSFA

<u>Number(s)</u>	<u>Name of State Program or Cluster</u>
52.901	Department of Community Affairs - SHIP YR4, SHIP YR5, SHIP YR6, SHIP YR7
37.039	Department of Environmental Protection - DEP State Revolving Loan (FY01), Halfway Creek Stormwater Mgmt, Gator Slough Watershed Mgmt Improvements
45.030	Department of State - Library State Aid FY01
N/A	Department of State - East Co Regional Library Construction
55.010	Department of Transportation - Transit Block Grant FY01
55.013	Department of Transportation - Transit Corridor
55.014	Department of Transportation - Intermodal Facility Construction, Intermodal Facility (Cape Coral),
55.014	Department of Transportation - Treeline Extension (North), Treeline Extension (South), Treeline North Construction
55.020	Department of Transportation - State Infrastructure Bank (SIB) Loan-Veterans Memorial Parkway
55.004	U.S. Department of Transportation - Port Authority

Dollar threshold used to distinguish between Type A and Type B programs

Threshold used was \$300,000.

Auditee qualified as low-risk auditee?

<u>          </u>	Yes	<u>    X    </u>	No
-------------------	-----	------------------	----

Listing of Subrecipients and amounts passed-through:

CSFA

<u>Number(s)</u>	<u>Name of State Program or Cluster</u>	<u>Subrecipients</u>	<u>Amount</u>
52.004	Pine Island Technical Assistance Grant	Pine Island Comprehensive Land Use Plan Committee	\$ 5,000
52.016	Hurricane Loss Mitigation (Gabriel House)	Building Industry Association (BIA)	48,890
64.005	Emergency Medical Services Co. Award	Fire Districts (Estero, Lehigh Acres, FMB, Bonita, South Trail, San Carlos Park)	29,618
37.011	Solid Waste Recycling and Education	City of Ft Myers, City of Cape Coral, City of Sanibel	45,278
			<u>\$ 128,786</u>

**LEE COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED**  
**COSTS – FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**September 30, 2001**

***Section II – Financial Statement Findings***

There were no reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements.

***Section III – Federal Awards Findings and Questioned Costs***

There were no audit findings related to federal awards required to be reported by Circular A-133, Section 510(a).

There were no audit findings related to State Financial Assistance required to be reported by Rules of the Auditor General 10.554(1)(i).

**Status of Federal Prior Year Findings**

- 1) Prior Year Comment: For the year ended September 30, 2000, the County monitored its SHP (CFDA# 14.235) provider agency subrecipients and noted their documentation of participant eligibility to be lacking and/or not sufficiently documented. As a result of this issue, the County noted the noncompliance, submitted the proper documentation requirements and HUD forms to the provider agency subrecipients and intends to follow-up monitor the respective provider agency subrecipients. This issue involves two (2) provider agency subrecipients to which the County disbursed a total of \$1,214,053 for the year ended September 30, 2000.

**Current Year Status of Federal Prior Year Findings:**

**Finding Resolved:** The issue was resolved via HUD letter dated August 28, 2001 noting that the finding was resolved for one of the provider agency subrecipients. The County continues to monitor compliance and work with the provider agency subrecipient to ensure continued compliance. The other provider agency subrecipient submitted a written response and corrective action plan. The County Awarding Department has continued to work with the Agency. The grant for which the finding was noted ended. A new grant with similar requirements and goals was awarded. A fiscal year 2002 monitoring visit by the County Awarding Agency noted the provider agency subrecipient to be in compliance. Note: Management letter comment #2 noted to perform timely and routine monitoring visits.

**Status of State Prior Year Findings**

There were no prior year findings.

**Independent Auditor's Report on the Schedule of Passenger  
Facility Charges (PFC) Collected and Expended**

Board of County Commissioners  
Lee County, Florida

We have audited the Schedule of Passenger Facility Charges (PFC) Collected and Expended of Lee County, Florida (the "County") through the Lee County Port Authority (the "Port Authority"), for the year ended September 30, 2001 and for each quarter within the year then ended, and have issued our report dated January 22, 2002. The Schedule of Passenger Facility Charges Collected and Expended, for the year ended September 30, 2001 and each quarter within the year then ended, is the responsibility of the County's management as well as that of the management of the Port Authority and is presented as required by the Federal Aviation Administration of the U.S. Department of Transportation to implement Sections 9110 and 9111 of the Aviation Safety Capacity Expansion Act of 1990. Our responsibility is to express an opinion on the Schedule of Passenger Facility Charges Collected and Expended based on our audit. However, providing an opinion on the basic financial statements was not an objective of our audit and, accordingly, we do not express such an opinion. The basic financial statements of Lee County, Florida, were audited by other auditors whose report dated January 18, 2002 expressed an unqualified opinion.

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 and the provisions of Office of Management and Budget Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Passenger Facility Charges Collected and Expended are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Passenger Facility Charges Collected and Expended. An audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall Schedule of Passenger Facility Charges Collected and Expended presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Passenger Facility Charges Collected and Expended was prepared for the purpose of complying with the provisions of the Single Audit Act, as amended, Office of Management and Budget Circular A-133, Audits of States, Local governments and Non-Profit Organizations and as required by the Federal Aviation Administration of the U.S. Department of Transportation to implement Sections 9110 and 9111 of the Aviation Safety Capacity Expansion Act of 1990 and is not intended to be a complete presentation or to present fairly the financial position of Lee County, Florida, as of September 30, 2001 and the results of its operations and cash flows of its proprietary funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Schedule of Passenger Facility Charges Collected and Expended present fairly, in all material respects, the passenger facility charges collected and expended through the Lee County Port Authority, as of and for the year ended September 30, 2001, in relation to the basic financial statements, which were audited by other auditors, as described previously, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Lee County, Florida, Board of County Commissioners, the Lee County Constitutional Officers, management, and the Federal Aviation Administration Passenger Facility Charge Branch. This report is not intended to be, and should not be, used by anyone other than these specified parties.

*Markham Norton Stroemer & Company, P.A.*

MARKHAM NORTON STROEMER & COMPANY, P.A.  
Fort Myers, Florida  
January 22, 2002



**Lee County, Florida**  
**Schedule of Passenger Facility Charges (PFC) Collected and Expended (As Reported to FAA)**  
**for the year ended September 30, 2001**

	Quarter Ended December 31, 2000	Quarter Ended March 31, 2001	Quarter Ended June 30, 2001	Quarter Ended September 30, 2001	Year Ended September 30, 2001	Cumulative Totals as of September 30, 2000	Cumulative Totals as of September 30, 2001
<b>COLLECTIONS</b>							
PFC's collected	\$ 1,744,807	\$ 2,138,124	\$ 1,892,796	\$ 1,668,839	\$ 7,444,566	\$ 44,649,948	\$ 52,094,514
Interest earned	272,257	295,918	166,253	232,942	967,370	3,700,336	4,667,706
Total collection	<u>\$ 2,017,064</u>	<u>\$ 2,434,042</u>	<u>\$ 2,059,049</u>	<u>\$ 1,901,781</u>	<u>\$ 8,411,936</u>	<u>\$ 48,350,284</u>	<u>\$ 56,762,220</u>
<b>EXPENDITURES ON APPROVED PFC PROJECTS INCLUDED IN</b>							
Application No. 1							
92-01-C-00-RSW	\$ 33,944	\$ 33,944	\$ 33,944	\$ 101,586	\$ 203,418	\$ 17,719,223	\$ 17,922,641
Adjustments to Application No. 1							
92-01-C-00-RSW	-	-	-	-	-	(6,286,802)	(6,286,802)
	<u>33,944</u>	<u>33,944</u>	<u>33,944</u>	<u>101,586</u>	<u>203,418</u>	<u>11,432,421</u>	<u>11,635,839</u>
Application No. 2							
93-02-U-00-RSW	-	-	-	-	-	9,711,377	9,711,377
Application No. 3							
94-03-U-00-RSW	516,037	516,037	516,037	516,037	2,064,148	58,406,986	60,471,134
Application No. 4							
97-04-U-00-RSW	23,394	23,394	23,394	23,394	93,576	2,787,569	2,881,145
Total Expenditures	<u>\$ 573,375</u>	<u>\$ 573,375</u>	<u>\$ 573,375</u>	<u>\$ 641,017</u>	<u>\$ 2,361,142</u>	<u>\$ 82,338,353</u>	<u>\$ 84,699,495</u>

**LEE COUNTY, FLORIDA**  
**NOTES TO THE SCHEDULE OF PASSENGER FACILITY**  
**CHARGES COLLECTED AND EXPENDED**  
**September 30, 2001**

Page 31 of 40

**1. GENERAL**

The accompanying Schedule of Passenger Facility Charges (PFC) Collected and Expended presents the activity of all passenger facility charges of Lee County, Florida (the "County"). The County's reporting entity is defined in Note 1 to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Passenger Facility Charges Collected and Expended is presented using the cash basis of accounting.

**Independent Auditor's Report to Management**

Board of County Commissioners  
Lee County, Florida

We have audited the Schedules of Expenditures of Federal Awards and State Financial Assistance of Lee County, Florida (the "County"), as of and for the year ended September 30, 2001, and have issued our report dated January 22, 2002. These Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of the County's management and the management of the Lee County Port Authority. Our responsibility is to express an opinion on these Schedules of Expenditures of Federal Awards and State Financial Assistance based on our audit. However, providing an opinion on the basic financial statements was not an objective of our audit. As such, we did not audit the basic financial statements and, accordingly, we do not express such an opinion. The basic financial statements of Lee County, Florida, were audited by other auditors whose report dated January 18, 2002 expressed an unqualified opinion. In connection with our audit, we are submitting the following comments and recommendations in accordance with Chapter 10.550 "Rules of the Auditor General – Local Governmental Entity Audits" (September 30, 2001) Rule 10.557(3) and Section 218.39(4), of the Florida Statutes.

**Prior Year Comments, as revised, That Continue to Apply:**

**1. Subrecipient Award Agreements Should Be Updated for the Provisions of OMB Circular A-133 and the Florida Single Audit Act (as revised)**

During the fiscal year ended September 30, 1997, OMB Circular A-133 was revised, and as of July 1, 2000 the Florida Single Audit Act became effective. These revised laws changed the thresholds for compliance and affects the requirements of subrecipient entities of Lee County.

We recommend the County revise its subrecipient award agreements to incorporate these changes. Specifically, the agreements should disclose the source of the funds, the CFDA#, CSFA#, if applicable, respective audit and reporting criteria as well as the actual name of the grant. This will enhance the County's ability to track its grants more readily, meet the requirements of laws and allow the subrecipients to more readily comply with their reporting requirements.

Management is aware of the requirement and is implementing a plan to change its contracts and incorporate the required information in subrecipient agreements.

**1. Subrecipient Award Agreements Should Be Updated for the Provisions of OMB Circular A-133 and the Florida Single Audit Act (as revised), Continued**

Current Year Addendum: In an effort to assist the County in reaching its objective, we recommend the County centralize the task of reviewing all subrecipient contracts allowing for the Grants Analyst to approve contract contents in the draft stage. Also, it is recommended that all County departments obtain consistency with the format of the subrecipient contracts, such as a standard boilerplate with specific grant requirements as an attachment. However, it has been noted that state and federal funding is currently passing through Lee County via an appropriate standard contract format in some cases, but also via interlocal agreements, and letters that do not necessarily include all the necessary information relative to compliance with the Federal Single Audit or the Florida Single Audit.

**2. Internal Grant Monitoring and that of Subrecipients Should Be Increased (as revised)**

We recommend the County design a formal monitoring plan as well as increase its internal and external grant monitoring efforts to ensure compliance and assist grant administrators in coordinating grant reporting and reconciling to the Official County Financial Records. Resolution of compliance issues should be included in this effort, which should be documented in writing and approved by the all of the affected parties. All affected County departments should be made aware of the monitoring requirements and a formal follow-up procedure should be designed, implemented and documented. Monitoring of subrecipients and the receipt and follow-up on their audited financial statements should be formalized and documented. This will ensure consistent adherence to the grant requirements.

The County did design an internal monitoring plan in a prior year. The plan was initiated on a limited basis. The County's monitoring of its external subrecipients has improved and certain non-compliance consequences were levied.

Current Year Addendum: We, however, recommend a formal monitoring plan and audit program be designed. The process should include receipt of the subrecipient's external audit and the review and follow-up of the audit report. Contracts issued should reference the reporting and audit/monitoring requirements. A formal process of corrective action and consequences should be designed as well as the follow-up on such issues. We recommend the Grants Analyst perform a centralized function of reviewing departmental monitoring reports and assuring the follow-up process. Additionally, Lee County should establish an internal policy regarding frequency of monitoring subrecipients, annually would be optimal. We are aware, however, in November 2001 the Lee County Human Services Department installed a computerized contract database to assist with this task for that department's subrecipients. We commend this department's effort and encourage such tracking in all affected departments. We recommend the County perform a timely follow-up monitoring when non-compliance is noted in a monitoring or other factors indicate the possibility of non-compliance.

**3. Grant Activity Tracking Through The Life Of The Award Should Be Enhanced (as revised)**

We noted improvement in tracking grant activity by grant year and by fiscal year. However, we recommend continued improvement. Such tracking should be initiated when the grant is awarded and not concluded until the Grants Coordinator receives a closeout report/final report from the

**3. Grant Activity Tracking Through The Life Of The Award Should Be Enhanced (as revised), Continued**

administering department and when all required reporting is completed. This process will allow easier reporting, reconciliation to the general ledger, expedite internal monitoring and enhance cash management vs. the award amount.

Current Year Addendum: The County has designed the system of tracking. We recommend the Grant Analyst and Grant Accountant implement this process.

**4. Grant Coordination Function Should Continue to be Developed (as revised)**

The Grants Coordinator function was redefined during FY01. A new Grants Analyst (formerly Grants Coordinator) was hired in November 2001, having the primary function of monitoring grant activity and that of subrecipients. The financial responsibility of Lee County's federal and state grant activity was transferred to the Clerk's Office General Accounting Office in August 2001. During our audit, we noted the responsibilities of the two new positions are still being developed. We recommend the two positions and their respective responsibilities be designed in coordination with each other to avoid any possible duplication of efforts or potential oversights. We also recommend a continued coordinated operational and informational effort between these two positions on a routine basis.

We commend the County on its efforts to establish policies and procedures designed to monitor the administration of its grants and to ensure the Grants Analyst and the Grant Accountant act as a clearinghouse. We recommend a continuing effort ensure grant reporting is reconciled to the general ledger and that grant activity is segregated within the general ledger. The review of draft subrecipient agreements should be assigned to one or both of these positions.

We recommend the County continue to encourage the grant administering departments to work with the Grants Analyst and the Grants Accountant. We also recommend that continued operational and informational effort and training be provided to grant administrators to ensure reconciliation to the general ledger.

**5. Formalized System of Documenting Participant Eligibility and Follow-Up Should Be Implemented (as revised)**

**CFDA # 93.568 Weatherization LEHRP / LIHEAP – Eligibility**

During our audit testing of eligibility of participants relative to these grants we noted no formal comparison of documented income versus applicable acceptable amounts.

We recommend the County design and implement a formalized system to document these requirements.

Current Year Addendum: Upon review during current FY01 testing, it appears that no such formal comparison has been implemented.

## 5. Formalized System of Documenting Participant Eligibility and Follow-Up Should Be Implemented (as revised), Continued

### CFDA # 14.235 SHP (Supportive Housing Program)

The County monitored its two provider agency subrecipients and noted their documentation of participant eligibility to be lacking and/or not sufficiently documented. As a result of this issue, the County noted the non-compliance, submitted the proper documentation requirements and HUD forms to the provider agency subrecipients and intends to follow up monitor the respective provider agency subrecipients.

Current Year Addendum: During the September 30, 2001 audit, we noted that it appears that in one of the two above noted instances, a follow up visit was not performed. Management did receive a positive response from the provider, however it is recommended that site visits resulting in material findings should have timely follow up site visits to document evidence of corrective action and compliance. We recommend a formal policy be designed and adopted to address follow-up and monitoring. The policy should require all follow-up action be formally documented as well as any consequences levied by the County. Depending on circumstances, it may be necessary to suspend funding until compliance is resolved, and/or conduct a timely follow up site visit.

### Current Year Comments:

## 6. Subrecipient/Vendor Contract Format Should be Enhanced

During our audit for the year ended September 30, 2001, we reviewed subrecipient contracts that were applicable to our testing procedures. As such, we noted the related subrecipient contracts, interlocal agreements and other forms of subrecipient agreements did not consistently include all applicable compliance requirements. The items included but were not limited to the following information, either in whole or in part:

- Records retention period of related documentation of 3 years for state funded arrangements and 5 years for federally funded arrangements
- The aggregate expenditure threshold of \$300,000 that triggers a Florida Single Audit or a Federal Single Audit
- Reporting requirements of the Florida Single Audit or the Federal Single Audit
- Requirements that all related documentation is required to be made available for an audit
- Specific compliance issues related to each grant agreement
- Specific verbiage to be included in vendor contracts or advertisements that might be required by the grant agreements. Grants with subrecipient arrangements, with these items noted as missing, are as follows:
  - The State Housing Initiative Program (SHIP)
  - EMS County Award
  - Emergency Management Trust Competitive

#### **6. Subrecipient/Vendor Contract Format Should be Enhanced, Continued**

- EMS Matching Award (Learn to Swim Safely)
- Gator Slough Watershed Management Improvements
- Halfway Creek Stormwater Management (Vendor Contract)

We recommend a formal subrecipient contract procedure be established centrally that allows the Grant Analyst to review subrecipient contracts for completeness while still in the draft process. Additionally, we recommend that all Lee County subrecipient arrangements be compiled consistently in a standard format.

#### **7. Named Recipient and Contract Responsibilities Should Be Clarified for Court Administration's CASA and VOCA Grant Agreements**

During our audit, the CASA and VOCA grant agreements were reviewed. It was noted that both agreements appear to be between the State Office of the Court Administrator and the 20<sup>th</sup> Judicial Circuit. However, based on verbal correspondence with the Court Administrator of the 20<sup>th</sup> Judicial Circuit, it was intended that the agreements be made with the Guardian Ad Litem Advisory Board, a separate and unrelated nonprofit organization. This subtle difference caused confusion during the audit. However, since the grant agreements name the 20<sup>th</sup> Judicial Circuit as recipient, the grant activity of the 20<sup>th</sup> Judicial Circuit was recorded in the books of the Lee County Clerk of Circuit Court. The grant activity of the Clerk was included in the Lee County Single Audit, the grant agreements were within the scope of our audit, and therefore subject to our testing procedures.

Although there were no CASA funds expended during the year ended September 30, 2001, we have included both CASA and VOCA agreements in our comment in an effort to have both agreements reviewed by the parties of the agreements. The parties should then revise or clarify the agreements to clearly indicate the responsible parties in any potential future agreements.

#### **8. Transfer of Responsibility for the Administration of the Civil Traffic Hearing Officer Grant Program**

During our audit it was noted the 20<sup>th</sup> Judicial Circuit had received state grant funding for the Civil Traffic Hearing Officer Program for several years. An award was received during the year ended September 30, 2001 for \$10,856. The administration of the program subsequently was transferred to the Collier County Clerk of Courts. A total of \$31,429 was transferred to the Collier County Clerk of Courts, formally. This amount includes the current year allocation and residual amounts from unspent prior year awards, including accrued interest. It was noted the State Court Administrator's Office was not consulted prior to this transfer of responsibility. Also, no specific evidence was noted indicating prior year awards were due Collier County Clerk of Courts.

We recommend prior approval in the form of a contract amendment from the grantor agency any time the responsibility of a grant agreement is transferred to another party.

**9. Reporting Not Timely Performed:**

**CFDA # 14.235 SHP**

- Annual Progress Reports: (4) Four Reports Tested – (2) Two were filed late
- Subrecipient's Independent Financial Audit Reports: (3) Three Reports Tested - (2) Two were received late without formal acknowledgement of late filing or waiver.

**CSFA # 37.039 Halfway Creek Storm Water Management**

- Quarter End Progress Report was due January 20, 2001 and submitted late on February 9, 2001

**CSFA # 16.575 Sheriff's VOCA Grant V7**

- Grantor agency site visit summary noted the October and November Monthly Invoice and Actual Expense Reports were submitted late, subsequent to the 30 days after the end of every month as permitted.
- Grantor agency site visit summary noted the 1<sup>st</sup> Quarterly Report was filed late on March 3, 2001.

We recommend timely submission of all required reporting.

**10. Overpayment Noted for LLEBG Program.**

**16.592 Law Enforcement Block Grant # 2000-LBVX-2096**

During our audit, it was noted that an invoice was overpaid during FY01 by \$8,539.

We recommend a revised Financial Report be submitted to the U.S. Department of Justice. An additional expenditure of \$8,539 will have to be incurred prior to the spending period end date of March 31, 2002. Otherwise, a refund to the U.S. Department of Justice will be necessary.

**11. Formalized System of Documenting Participant Eligibility Should Be Implemented**

**CSFA # 52.901 State Housing Initiative Program (SHIP)**

The County monitored its provider agency subrecipients and noted their documentation of participant eligibility to be not sufficiently documented as to income verification. The Lee County SHIP files did evidence that subrecipient monitoring was being performed, however it was noted that monitoring reports that resulted in findings, were not routinely followed up to ensure that corrective action had been taken.

We also noted during our audit the collection and review of the required Independent Financial Audit Reports of the SHIP subrecipients was not formally documented or governed by specific policy.

It appeared that SHIP subrecipients often receive several allocations of SHIP funding and often it is



## **11. Formalized System of Documenting Participant Eligibility Should Be Implemented, Continued**

### **CSFA # 52.901 State Housing Initiative Program (SHIP), Continued**

the same subrecipients going through the application process. There are several qualifying factors that an organization must meet to be eligible for SHIP funding. It was noted that in one instance, the required documentation to evidence the nonprofit 501(c)(3) status for a subrecipient was not included in the Lee County SHIP files. It appeared that often the same documentation was obtained year after year, such as Articles of Incorporation and By-laws of the subrecipients. And the documentation obtained from each applicant to evidence a nonprofit status appeared to be inconsistent in form.

We recommend a formal process be designed to deal with noncompliance as well as the follow-up required until the noncompliance is resolved. The policy should specify that all follow-up procedures be documented as well as any consequences levied. We recommend that formal procedures be implemented to allow the most current Independent Financial Audit Reports to be consistently obtained and thoroughly reviewed for items that may alter the decision of awarding SHIP funding.

We recommend the coordination with all efforts and improvements of grant management with the Grants Analyst. To promote efficiency within the SHIP program we recommend that the application process require submission of voluminous documents such as Articles of Incorporation or By-laws from new applicants only or only when revisions have been made, and the most current federal informational return (Form 990) of the nonprofit applicant should be obtained for consistent documentation to evidence the required nonprofit status.

## **12. Internal Control Over Grant Funded Inventory at Lee County Transit Should be Reviewed**

During our audit we reviewed an Internal Audit (IA) Report prepared by the Lee County Clerk's Internal Audit Department regarding Lee County Transit. The report and our initial audit procedures noted internal control issues and recommended that certain duties be segregated in an effort to improve internal control. Audit procedures were then extended. Our audit procedures and that of IA indicate material weaknesses related to a need to enhance recordkeeping, supervisory controls, as well as segregation of duties over inventory.

It was also brought to our attention that a continuing audit is in progress and has not been concluded as to specific controls of purchasing and inventory of tires for Lee County Transit buses.

Subsequent to a release of a draft of this report, Internal Audit did complete its audit at Lee County Transit, related to inventory controls and tires. The report indicates the possibility of unaccounted inventory. Lee County Transit remains firm in its belief that there was no loss of inventory. A legal investigation is possible. No finding has been recorded as no definite conclusion as to loss is possible at this time. Our audit and that of the Lee County Clerk Internal Audit resulted in indications of material weaknesses of internal control (CFDA 20.509 / CSFA 55.010). We recommend immediate review of internal control, implementation of corrective action and that a follow up audit be performed to ensure corrective action was implemented. Lee County Transit has cited budget constraints, committed to improved internal control and does not believe there to have been any loss of inventory.

### **13. Increased Internal Monitoring Recommended For Lee County Port Authority**

During our audit, we reviewed the five (5) internal audit monitoring reports that were conducted on the Lee County Port Authority during the year ended September 30, 2001. There were no issues of non-compliance noted. We, however, did note that the Lee County Port Authority anticipates increased levels of grant funding for construction at the Southwest Florida International Airport.

We recommend that Lee County Port Authority increase the number of grant monitoring audits conducted in the subsequent year; to adequately monitor the increased level of grant funded activity.

### **14. Fiscal Monitoring of Subrecipients Should Be Enhanced**

During our audit we reviewed independent financial audit reports for subrecipient organizations of state or federal funding passed through the Lee County Board of County Commissioners. We noted that a Management Letter was not always included in the audit reports; however, it is required, in most cases (if yellow book applicable), to be bound with the independent financial audit report. We also noted that certain reports were not timely submitted to Lee County. After inquiry as to the procedures followed for reviewing the financial audit reports, we concluded the financial audit reports are being obtained, but not sufficiently reviewed in all cases.

We recommend Lee County establish a formal checklist of items to review the independent financial audit reports, and upon receipt stamp reports with a date stamp. It is important to receive the reports and utilize the information within, in order to adjust the monitoring and follow-up visits performed by Lee County grant administering departments. Ensuring that subrecipient organizations are conducting an independent Federal Single Audit or Florida Single Audit will assist Lee County by providing an independent auditor's report that is specific to the compliance of the grant dollars being administered by that subrecipient organization. It important to understand that an independent Single Audit (Federal/State) is required when the organization receives \$300,000 or more of state or federal dollars that are subject to a Single Audit. The \$300,000 is an aggregate total and includes all sources of the said state or federal dollars that are received, noting that state and federal amounts are totaled independently.

We encourage the Grant Analyst to coordinate a formal procedure to be implemented by all Lee County departments that administer pass through dollars, and include this review as part of the internal monitoring process.

We have included in this letter all comments which came to our attention during the course of our audit regarding Items 1 through 6, as applicable, of the "Rules of the Auditor General-Local Governmental Entity Audits," Rule 10.554, Section (1)(f). Additionally, in regard to Item 2, we were not engaged to and do not represent that the financial report filed with the Department of Banking and Finance, pursuant to Florida Statute 218.32(1)(a), is in agreement with the basic financial statements for the same period. In regard to Item 6a, in our role as described previously, nothing came to our attention to cause us to believe that at any time during the year Lee County, Florida met any of the criteria for being in a

state of financial emergency as defined in Florida Statute 218.503(1), nor did we note any significant indications of deteriorating financial conditions. We, however, were not engaged to and, therefore, do not represent whether or not the County to be in a state of financial emergency as a consequence of conditions described in Section 218.503(1), of the Florida Statutes. The basic financial statements were audited by other auditors, whose report is referred to previously. In regards to Item 4, we were not engaged to and do not represent the County has complied with Florida Statute 218.415 regarding investment of public funds.

This report is intended solely for the information and use of the Lee County, Florida, Board of County Commissioners, management, federal and state awarding agencies, pass-through entities, the Auditor General of the State of Florida, and the Federal Aviation Administration Passenger Facility Charge Branch. This report is not intended to be, and should not be, used by anyone other than these specified parties.

*Markham Norton Stroemer & Company, P.A.*

MARKHAM NORTON STROEMER & COMPANY, P.A.

Fort Myers, Florida

January 22, 2002

**EXHIBIT**

Bob Janes  
*District One*

Douglas R. St. Cerny  
*District Two*

Ray Judah  
*District Three*

Andrew W. Coy  
*District Four*

John E. Albion  
*District Five*

Dohald D. Stilwell  
*County Manager*

James G. Yaeger  
*County Attorney*

Diana M. Parker  
*County Hearing Examiner*

Jeff Tuscan, Partner  
Markham Norton Stroemer & Co., P.A.  
8961 Conference Drive  
Fort Myers, FL 33919

April 2, 2002

**SUBJECT: Lee County's Response to FY 00-01 Independent Auditor's Report to Management**

Dear Mr. Tuscan:

**1. Subrecipient Award Agreements Should Be Updated for the Provisions of OMB Circular A-133 and Florida Single Audit Act (as revised)**

**Management's Response (Lee County Grants Analyst)**

The Lee County Department of Human Services has developed a standardized subrecipient agreement/contract, which meets the requirement of OMB A-133 and the Florida Single Audit Act. This contract format is presently being reviewed by the County Legal Department in order to standardize the document to be used by all departments. Once approved, the new agreement will be used for all future grants involving subrecipients and existing multi-year awards.

It is the intent to establish a centralized review process of all subrecipient agreements/contracts by the Grants Analyst. It is anticipated that such review and the use of a boilerplate agreement will be in place within 60 days.

**2. Internal Grant Monitoring and that of Subrecipients Should be Increased (as revised)**

**Management's Response (Lee County Grants Analyst)**

The County had developed a formal monitoring plan for all grants and subrecipients. It is the intent that all grants be monitored each year unless circumstances require a more frequent schedule. The County is in the process of developing a policy of "corrective action" to be followed in areas of non-compliance.

**3. Grant Activity Tracking Through the Life of the Award Should be Enhanced (as revised)**

**Management's Response (Lee County Grants Analyst and Grants Accountant)**

The Grants Analyst and the Grants Accountant are working together using the existing tools to track all grants through the life of the award and to continually enhance existing systems.

**4. Grant Coordination Function Should Continue to be Developed (as revised)**

**Management's Response (Lee County Grants Analyst)**

The Grant Analyst and the Grants Accountant are working together to ensure compliance and to avoid duplication. New processes in the exchange of information are being explored. The County agrees with the recommendation to continue to encourage all Departments that administer grants to work with the Grants Analyst and the Grants Accountant and to provide information and training to Grant Administrators.

**5. Formalized System of Documenting Participant Eligibility and Follow-up Should Be Implemented (as revised)**

**Management's Response (Director of Lee County Human Services)**

**CFDA #93.568 Weatherization LEHRP/LIHEAP – Eligibility**

The forms used to calculate household income and determine eligibility for the above noted programs will be revised to include the chart illustrating the program income limits by household size and such forms will be updated accordingly.

**CFDA #14.235 SHP (Supportive Housing Program)**

The department will work on developing a "formal" monitoring plan for subrecipient contracts to include procedures for following up on monitoring reports. However, the monitoring in question occurred November 2000. Formal follow up was not conducted after the agency responded since the agency's response was considered adequate. Since that time, we have followed a standard of conducting a "formal" follow up visit if the monitoring resulted in "formal findings". The monitoring visit is conducted, a report is written and sent to the agency, the agency is required to respond in writing to address all areas of the report, and a follow up visit is conducted within three months of the response to ensure that changes were implemented and assure program compliance.

**6. Subrecipient/Vendor Contract Format Should Be Enhanced**

**Management's Response (Lee County Grant Analyst)**

A boilerplate Subrecipient Contract/Working Agreement is in the final stages of development which will be introduced and implemented after the mid year grants coordination meeting planned for April 2002. The issues of record retention, audit threshold, reporting requirements, compliance and language in vendor contracts will also be addressed.

**7. Named Recipient and Contract Responsibilities Should Be Clarified for Court Administration's CASA and VOCA Grant Agreements**

**Management's Response (Court Administration Senior Fiscal Officer)**

As stated in the past the CASA and VOCA Grant Agreements are not Court Administration's Grant Agreements. They are grant agreements pursued and obtained by the Guardian Ad Litem Advisory Board of Lee County.

The use of the 20<sup>th</sup> Judicial Circuit name should not be construed as approval by the circuit for any grant that has not been approved and signed by the 20<sup>th</sup> Judicial Circuit's Chief Judge or designee.

**8. Transfer of Responsibility for the Administration of the Civil Traffic Hearing Officer Grant Program**

**Management's Response (Court Administration Senior Fiscal Officer)**

It should be noted that although Court Administration was the grantee in FY 1998-1999, the Civil Traffic Hearing Officer Grant was for the benefit of Collier County. Subsequent to that time the Collier County Board of County Commissioners is the Grantee.

In all instances the Administrative Office of the Courts has the responsibility for disbursement of the funds as the Grant Manager.

The Collier County Clerk of Courts was not the Fiscal Agent prior to September 2001, because the Collier County Clerk previously refused to be the Fiscal Agent (NOTE, neither the Collier County Clerk of Courts or Lee County Clerk of Courts was ever the Grantee).

The Lee County Clerk of Courts became the Fiscal Agent because they allowed Court Administration to utilize their accounting system to track the grant funds.

In September 2001 at the insistence of the Collier County Clerk of Court and the request of the Collier County Board of County Commissioners, the Grant funds were moved to the Grantee's County, with the Collier County Clerk of Court becoming the Fiscal Agent for the funds.

**9. Reporting Not Timely Performed:**

**CFDA #14.235 SHP**

**Management's Response (Director of Lee County Human Services)**

The subrecipient contracts require submission of the annual progress reports no later than 45 days after the end of the operating year. This deadline is internal to Lee County Human Services, for the purpose of reviewing the reports for accuracy and requesting modifications if needed. The reports in question were received in final signed format after the 45 day deadline but were submitted to HUD prior to the Federal program compliance deadline, which is 90 days following the end of the operating year. Only the final approved copy of the Annual Progress Report is maintained in the contract file, draft copies are discarded.

All contacts contain standardized language, which requires a completed Independent Audit within 180 days of the end of the agency's fiscal year. The contract stipulates "Failure to submit the report within the required time frame will result in the withholding of payment requested or termination of the contract by the **COUNTY** at the county's option". When audit reports were not received timely, payment was suspended until the audit was received and the agency was aware of such suspension.

When the contracts database is fully functional, the standard practice will be to send each agency a reminder notice of the contract deliverable at the beginning of the month that the item is due. If the contract deliverable is not received by the deadline, it will be noted in the database that the contract is out of compliance and that funding is suspended. Once the information is submitted and reviewed, the contract manager will make a notation in the database and will release funding to the agency.

**CSFA #37.039 Halfway Creek Storm Water Management**

**Management's Response (Director of Lee County Natural Resources)**

The Lee County Division of Natural Resources will file reports in a more timely fashion.



**CSFA #16.575 Sheriff's VOCA Grant V7****Management's Response (Lee County Sheriff's Office, Director of Finance)**

Management agrees that November's Monthly Invoice was submitted 4 days late. Our Finance office was awaiting documentation from another department in order to submit a completed claim for November. There were no expenditures to claim for the October invoice. The first Quarterly Progress Report was filed late due to a change in Grant Project Directors. Future reports will be submitted on time.

**10. Overpayment Noted for LLEBG Program****16.592 Law Enforcement Block Grant #2000-LBVX-2096****Management's Response (Court Administration Senior Fiscal Officer)**

Due to an error on my part the purchase order and invoice was incorrectly processed at the full amount of \$70,716.35. It should have been processed at \$62,177.35 or held until the credit was received from the billing company. We are holding \$12,023.20 in invoices from the vendor, which will not be paid until the proper credits have been received. Also, I have checked with the Local Law Enforcement Block Grant coordinator in Washington as to the proper procedures for handling this. They informed me that as long as all transactions have taken place by the end of the original grant period 3/31/02 all that is necessary is an amended final grant report with a short explanation. There will be no change in the total expenditures of the grant after all of the credits have been given and bills have been paid.

**11. Formalized System of Documenting Participant Eligibility Should Be Implemented****CSFA #52.901 State Housing Initiative Program (SHIP)****Management's Response (Director of Lee County Planning)**

The auditor's comment is that while subrecipient monitoring is documented in the subrecipient files, there is not consistent documentation of routine follow-up to monitoring findings. The auditor recommends that a formal process be designed to deal with noncompliance as well as follow-up required until the noncompliance is resolved. The auditor further recommends that subrecipient audit reports be consistently obtained and thoroughly reviewed for items that may alter the decision regarding continued SHIP funding.

Over the years the Lee County SHIP program has improved its monitoring activities. The Lee County SHIP program is committed to implementing an efficient and effective monitoring system and intends to continue improving its monitoring activities. A formal process will be designed to deal with non-compliance, as well as follow-up until the noncompliance is resolved. The policy will specify the follow up procedures. Follow up actions and any consequences levied will be documented.

The SHIP program will implement formal procedures to allow the most current Independent Financial Audit Reports to be consistently obtained and thoroughly reviewed for items that may alter the decision of awarding SHIP funding.

To improve the efficiency of the SHIP program, the grant application process will require the submission of voluminous documents such as Articles of Incorporation or By-laws from new applicants only or when revisions have been made. The most current federal information return (Form 990) of the non-profit applicant will be obtained for consistent documentation to evidence the required nonprofit status.

As a result of the new determination that the Lee County SHIP program falls under the Florida Single Audit, the SHIP program will coordinate all efforts and improvements of grant management with the Grants Analyst.

**12. Internal Control Over Grant Funded Inventory at Lee County Transit Should be Reviewed**  
**Management's Response (Director of Lee County Transit)**

Currently the Lee Tran parts purchasing/ receiving/and inventory control is organized under the Maintenance Department, which is often the practice in the public transportation industry. The Clerk's Audit brought forward a control issue, recommending that the Maintenance Manager not have supervisory control over these functions. I have prepared a reorganization plan to address that control issue, which will place these functions under administrative control. The revised position responsibilities and job functions have been approved by Lee County Administration, and I am in the process of implementation.

The segregation of duties recommendation requires separation of the purchasing & receiving functions. Currently Lee Tran operates the Maintenance Department from 4:00A.M. to 11:00 P.M. six days per week, for a total of 114 hours. Covering those hours with two employees, in order to achieve the separation of duties, will require 6 employees; currently we are budgeted for 3. We have designated one employee to purchase, and two to receive and disburse inventory items, however this does not achieve a full separation at all times. An upgraded software system has been installed which time and date stamps transactions and identifies the user; exception procedures are being established for those instances when one of the separated duties is not staffed. We will seek to further remedy this issue with a budget request for FY-03 to add staff.

During the internal investigation of the specific documentation which the Clerks Audit questioned, the Lee Tran accounting, purchasing and maintenance staff were able to track almost all inventory items used in the maintenance of the fleet. An exception was tracking of core charges and credits, where documentation was not available to match credits received with cores returned. A procedure was immediately established to track core charges from the origin of the core to the issuance of the vendor credit. As a result of the control issues contained in the Clerk's Audit, a number of improvements have been made in the purchasing, receiving, inventory control, and documentation areas, all of which will reduce the risk of loss, or unaccounted or under accounted parts and supplies.

As pointed out in the above response, in almost all cases Lee Tran staff was able to track the transactions questioned in the Clerk's Audit, and prove that the parts and supplies were used for the maintenance of the fleet, or were purchased in reasonable quantities based on mileage operated by the fleet. Accordingly, I disputed any assertion that there was any intentional theft or fraudulent activity. I concurred that there were both weaknesses in the control, and documentation of transactions, and have implemented procedures to mitigate those weaknesses.

The following steps have been taken:

- Unauthorized access to the parts room has been eliminated.
- Supplies with small value and routine usage have been removed from inventory, and placed in a location accessible by mechanics.
- The purchasing and receiving functions have been separated to the extent possible within our existing budget authority.
- A working committee, made up of representatives from maintenance, purchasing, receiving, accounting, grants administration, and administration was formed immediately after the audit comments were available. This committee is addressing each of the issues raised in the Clerk's Audit, and making revisions to policies and procedures to achieve the recommended level of control.
- The maintenance software was upgraded, and the functionality of the system has been improved.
- A physical inventory was conducted by a third party contractor at the end of the fiscal year, and all balances were adjusted to actual levels on hand. Ongoing testing of the inventory by accounting staff is performed monthly.
- A reorganization plan, addressing the management control issue, has been proposed and accepted by County Administration, and will be implemented with assistance from Human Resources.

Lee Tran purchases tires from a local vendor under the terms of the State of Florida purchasing contract. Tire service (mounting, dismounting, recapping) is performed under contract with another vendor. Bulk purchases of tires are made, and the tires are mounted and kept in inventory until needed. Lee Tran staff installs the tires on the vehicles, and removes worn tires for recapping or disposal. A record is kept of the location on the vehicle of all original and recapped tires, and any scrapped due to damage or wear-out. The Clerk's Audit questioned the performance of the tires in this program, since the mileage between replacement was low. An analysis of the mileage of the original tread, as well as the recapped tread has been completed by the Maintenance Department, along with a lease-vs.-purchase analysis. The results appear to show that the program used by Lee Tran is the lowest cost method of purchasing tires for the fleet. I believe any further investigation of the program will reveal the same conclusion.

### **13. Increased Internal Monitoring Recommended For Lee County Port Authority**

#### **Management's Response (Port Authority Financial Project Analyst)**

The Lee County Port Authority (Port Authority) concurs that additional grant monitoring may be required as a result of higher grant activity levels related to the Midfield Terminal Project.

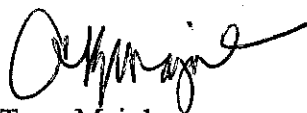
The Port Authority will coordinate with the Clerk of Courts Internal Audit Department to ensure, at a minimum, that the number of monitoring reports completed are weighted more towards the Midfield Terminal Project. Additional reports will be completed if determined necessary by the Internal Audit Department.

### **14. Fiscal Monitoring of Subrecipients Should Be Enhanced**

#### **Management's Response (Lee County Grants Analyst)**

The County will develop a procedure, addressing pass through funding in the internal monitoring process. A checklist will be created and used in the review of the independent financial report, insuring that information in the report is incorporated into the monitoring process.

Sincerely,



Tony Majul  
Budget Services Director