

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

Blue Sheet No. **20040587**

1. REQUESTED MOTION:

ACTION REQUESTED:

Present to the Board of County Commissioners the Independent Auditors' Management Letter for the fiscal year ended September 30, 2003.

WHY ACTION IS NECESSARY:

Per Section 218.391, Florida Statutes, a copy of the report shall be submitted to the Board of County Commissioners and filed as permanent public record in the Minutes Office of the Clerk.

WHAT ACTION ACCOMPLISHES:

Compliance with Chapter 10.550, "Rules of the Auditor General- Local Governmental Entity Audits", and Section 218.391, Florida Statutes.

2. DEPARTMENTAL CATEGORY:

C15C

3. MEETING DATE:

05-25-2004

4. AGENDA:

CONSENT

ADMINISTRATIVE

APPEALS

PUBLIC

WALK ON

TIME REQUIRED:

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

STATUTE 218.391

ORDINANCE

ADMIN.
CODE

OTHER Chapter 10.550

6. REQUESTOR OF INFORMATION:

A. COMMISSIONER

B. CONSTITUTIONAL OFFICE
Clerk of Circuit Court

C. DEPARTMENT
Finance & Records Department

BY: **Donna G. Harn**

7. BACKGROUND:

The purpose of the Lee County Independent Auditors' Management Letter is to provide recommendations to improve the County's present financial management, accounting procedures, and internal control structure.

The Auditors' Management Letter was prepared by KPMG LLP for the fiscal year ended September 30, 2003. KPMG had no recommendations to improve Lee County's financial management, accounting procedures, or internal controls.

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>[Signature]</i>			<i>[Signature]</i>	<i>[Signature]</i> 5/10/04	OA 5/11/04	OM 5/11/04	Risk 5/12/04	GC 5/11/04	<i>[Signature]</i>

10. COMMISSION ACTION:

- APPROVED
- DENIED
- DEFERRED
- OTHER

REC'D.
by CO. ATTY.
5/11/04
8:55 AM
CO. ATTY.
FORWARDED TO:
Finance
5/10/04

RECEIVED BY
COUNTY ADMIN: *[Signature]*
5/10/04
10:55 AM 5/10/04
COUNTY ADMIN
FORWARDED TO: *[Signature]*
5-13-04
10:20

[Signature]



KPMG LLP
Suite 1800
111 North Orange Avenue
P.O. Box 3031
Orlando, FL 32802

January 23, 2004

Board of County Commissioners
Lee County, Florida:

We have audited the basic financial statements of Lee County, Florida (County) as of and for the year ended September 30, 2003, and have issued our report thereon dated January 23, 2004. In planning and performing our audit of the financial statements of the County we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, our Report on Compliance With Requirements Applicable to Each Major Federal Program and State Project and on Internal Control Over Compliance, Report on Compliance With Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance, and the related Schedule of Findings and Questioned Costs. Disclosures in those reports and the schedule, which are dated January 23, 2004, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*. Those rules (Section 10.554(1)(g)1.a.) require that we address in the management letter, if not already addressed in the auditors' reports on compliance and internal control or in the schedule of findings and questioned costs, whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no inaccuracies, shortages, defalcations, fraud or violations of laws, rules, regulations, or contractual provisions reported in the preceding annual financial audit.

The *Rules of the Auditor General* (Section 10.554(1)(g)1.b.) require that we address in the management letter, if not already addressed in the auditors' reports on compliance and internal control or in the schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. All comments made in the preceding annual financial audit report have been addressed.



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As required by the *Rules of the Auditor General* (Section 10.554(1)(g)2.), the scope of our audit included a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, we determined that the County complied with Section 218.415, *Florida Statutes* as it relates to the investment of public funds.

The *Rules of the Auditor General* (Section 10.554(1)(g)3.), require that we report any recommendations to improve the County's financial management, accounting procedures, and internal controls. There are no recommendations to improve the County's financial management, accounting procedures, and internal controls.

The *Rules of the Auditor General* (Section 10.554(1)(g)4.) require disclosure in the management letter of the following matters if not already addressed in the auditors' reports on compliance and internal controls or in the schedule of findings and questioned costs:

- a) Violations of laws, rules, regulations, and contractual provisions that have occurred, or were likely to have occurred, and were discovered within the scope of the audit,
- b) Improper or illegal expenditures discovered within the scope of the audit that may or may not materially affect the financial statements,
- c) Other matters requiring correction that may or may not materially affect the financial statements reported on, including, but not limited to:
 - 1) Improper or inadequate accounting procedures (e.g. the omission of required disclosures from the annual financial statements).
 - 2) Failures to properly record financial transactions.
 - 3) Other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

The results of our audit disclosed no items requiring disclosure.

The *Rules of the Auditor General* (Section 10.554(1)(g)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The disclosure of required information for the primary government and the component unit is made in the notes to the financial statements.

The *Rules of the Auditor General* (Section 10.554(1)(g)6.a.) state that a management letter shall include a statement as to whether or not a local governmental entity is in a state of financial emergency as a consequence of conditions described in Section 218.503(1), *Florida Statutes*. Section 218.503(1) states that a local governmental entity is in a state of financial emergency when any of the following conditions occur:

- a) Failure, within the same fiscal year in which due, to pay short-term loans from banks or failure to make bond debt service payments when due;
- b) Failure to transfer at the appropriate time, due to lack of funds: (1) taxes withheld on the income of employees; or (2) employer and employee contributions for a) federal social security, or b) any pension, retirement or benefit plan of an employee;



- c) Failure for any one pay period to pay, due to lack of funds: (1) wages and salaries owed to employees; or (2) retirement benefits owed to former employees;
- d) An unreserved or total fund balance or retained earnings deficit for which sufficient resources of the local governmental entity are not available to cover the deficit for two successive years; and
- e) Noncompliance of the local government retirement system with actuarial conditions provided by law.

Management of the County has determined that the County is not in a state of financial emergency as defined in Section 218.503(1). In connection with our audit of the financial statements of the County, the results of our tests did not indicate that the County is in a state of financial emergency as a consequence of the conditions in Section 218.503(1).

As required by the *Rules of the Auditor General* (Section 10.554(1)(g)6.b.), we compared the annual financial report for the County for the fiscal year ended September 30, 2003, to be filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, and noted no differences with the annual financial audit report for the fiscal year ended September 30, 2003.

As required by the *Rules of the Auditor General* (Section 10.554(1)(g)6.c.), we have applied the financial condition assessment procedures pursuant to Rule 10.556(8).

* * * * *

This management letter is intended solely for the information and use of the Board of County Commissioners, management, and the of the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP