

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

Blue Sheet No. 20070399

1. ACTION REQUESTED/PURPOSE:

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

2. WHAT ACTION ACCOMPLISHES:

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

3. MANAGEMENT RECOMMENDATION:

4. Departmental Category:

C150

5. Meeting Date: March 27, 2007

6. Agenda:

- Consent
Administrative
- Appeals
Public
- Walk-On

7. Requirement/Purpose: (specify)

- Statute 215.97
- Ordinance
- Admin. Code
- Other OMB A-133


8. Request Initiated:

Commissioner
Department Clerk of Circuit Court/
Finance & Records
Department
Division
By: Donna G. Harn
Finance Director

9. Background:

The schedules for the Lee County Financial Assistance Report for the fiscal year ended September 30, 2006, were prepared by the Grants Accountant in the General Accounting Office of the Clerk's Finance and Records Department, and audited by KPMG, LLP. 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 Florida Single Audit Act, Section 215.97, Florida Statutes. The FAR is a representation of federal and state grant awards.

10. Review for Scheduling:

Department Director	Purchasing or Contracts	Human Resources	Other	County Attorney	Budget Services				County Manager/P.W. Director
					Analyst	Risk	Grants	Mgr.	
									

11. Commission Action:

- Approved
- Deferred
- Denied
- Other



LEE COUNTY, FLORIDA

Single Audit Reports

Year ended September 30, 2006

(With Independent Auditors' Report Thereon)



KPMG LLP
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Tampa, FL 33602

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of County Commissioners
Lee County, Florida:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lee County, Florida (County) as of and for the year ended September 30, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 21, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2006-1.

A material weakness is a reportable 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 caused by error or fraud 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described in item 2006-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those



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**Report on Compliance with Requirements Applicable to Each Major
Federal Program and State Project and on Internal Control
Over Compliance in Accordance with OMB Circular A-133 and
Chapter 10.550, Rules of the Auditor General**

Board of County Commissioners
Lee County, Florida:

Compliance

We have audited the compliance of Lee County, Florida (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the requirements described in the Executive Office of the Governor's *State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2006. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2006.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

LEE COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Fiscal year ended September 30, 2006

Federal/State grantor/pass-through grantor	CFDA CFSA number	Grant number	Federal/State award amount	Expenditures
U.S. Department of Agriculture:				
Passed through Florida Department of Agriculture: Urban & Community Forestry Grant – Deep Lagoon	10.664	10430	\$ 131,250	\$ 131,250
Natural Resources Conversation Service: Natural Resource Manager Salary	10.902	65-4209-6-0113	73,008	73,008
Total U.S. Department of Agriculture				<u>204,258</u>
U.S. Department of Education:				
Passed through Florida Department of Education: 21st Century Community Learning Center (FY07)	84.287	817-2447A-7RCC1	160,000	27,598
21st Century Community Learning Center (FY06)	84.287	817-2446A-6RCC1	160,000	84,889
Total U.S. Department of Education				<u>112,487</u>
U.S. Department of Energy:				
Passed through Florida Department of Community Affairs: Weatherization Assistance Program (WAP)	81.042	05WX-00-09-46-01-515	22,064	5,509
Weatherization Assistance Program (WAP)	81.042	06WX-6D-09-46-01-015	51,505	2,949
Total U.S. Department of Energy				<u>8,458</u>
U.S. Department of Environmental Protection Agency:				
Passed through SW Florida Regional Planning Council Effectiveness of Best Management Practices	66.456	CE-97456002-2	250,000	145,753
Total U.S. Department of Environmental Protection				<u>145,753</u>
Federal Emergency Management Agency:				
Subrecipient of United Way of Lee County: FEMA Food & Shelter FY06	83.523	None	45,000	45,000
Passed through Florida Department of Community Affairs: EMPA Base Performance Grant FY06	83.552	06BG-04-09-46-01-090	55,671	55,671
Total Federal Emergency Management Agency				<u>100,671</u>
U.S. Elections Assistance Commission:				
Passed through the Florida Department of State: Poll worker Recruitment and Training	90.401	None	88,806	31,819
Voters Education FY04-05	39.011	None	91,036	72,263
Voters Education FY05-06	39.011	None	88,806	30,179
Total U.S. Elections Assistance Commission				<u>134,261</u>
U.S. Department of Health & Human Services:				
Passed through Florida Department of Revenue: Child Support Enforcement Program (Federal Initiative)	93.563	CC336	N/A	676,639
Passed through Florida Department of Community Affairs: Low Income Home Energy Assistance Prg. (LIHEAP FY05)	93.568	05EA-5K-09-46-01-015	503,317	256,428
Low Income Home Energy Assistance Prg. (LIHEAP FY06)	93.568	06EA-5K-09-46-01-015	860,492	697,572
Weatherization Assistance Program (LIHEAP)	93.568	06LH-5K-09-46-01-015	45,641	18,698
CSBG FY05	93.569	06SB-4N-09-46-01-015	215,870	211,874
Passed through Florida Department of State: Polling Place Accessibility Grant	93.617	None	48,870	26,865
Total U.S. Department of Health & Human Services				<u>1,888,076</u>
U.S. Department of Homeland Security:				
Passed through Florida Department of Community Affairs: Citizens Corps Council	97.067	06-CC-4K-09-46-01-141	16,624	16,324
Regional Domestic Security Task Force	97.004	05-DS-2N-09-46-01-256	64,583	3,257
Homeland Security Initiative	97.004	05-CJ-L2-06-46-23-033	151,950	91,990
Homeland Security	97.004	05-DS-2N-09-46-01-314	109,339	3,489
Homeland Security	97.004	05-DS-2N-09-46-01-105	312,122	20,381
Region 6 Specialty Team Training	97.004	2006-SHSP-LEE-1-N9-045	47,687	42,214
Region 6 SWAT/Bomb Build Out	97.004	2006-LETP-LEE-1-N1-003	106,665	81,144
Disaster Relief Funding – TS Bonnie & Hurricane Charley	97.036	05-PA-C%-09-46-01-617	N/A	37,384
Disaster Relief Funding – Hurricane Wilma – Federal (Hurricane Wilma-State Portion-\$931,185)	97.036	06-WL-&L-09-46-01-579	N/A	8,033,892
Disaster Relief Funding – Hurricane Wilma – Federal (Hurricane Wilma-State Portion-\$21,263)	97.036	None	N/A	757,935
Deep Water Vessels	97.067	06-DS-3W-13-00-16	106,393	106,393
SHSGP State Homeland Security Grant	97.067	06-DS-3W-09-46-01-240	68,861	21,143
Homeland Security Grant DCA	97.067	06-DS-3W-09-45-01-288	12,628	5,296
Emergency Response Vehicle	97.067	05-CJ-L2-06-46-01-171	246,550	246,550
SHSGP Region 6	97.067	06-DS-3W-13-00-21-347	75,000	44,041
Region 6 Domestic Security Grant	97.067	06-DS-3W-09-46-01-325	321,125	265,939
Passed through Florida Department of Financial Services: Urban Search and Rescue Task Force	97.004	None	416,157	340,349
Total U.S. Department of Homeland Security				<u>10,117,721</u>

LEE COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Fiscal year ended September 30, 2006

Federal/State grantor/pass-through grantor	CFDA CFSA number	Grant number	Federal/State award amount	Expenditures
Passed through Florida Department of Transportation:				
Value Price Queue Jump (Metro Pkwy @ Colonial Blvd)	20.205	ANR10	\$ 1,069,000	\$ 244,834
LAP Interchange Imprvmt. (Pine Ridge Rd @ San Carlos SR865)	20.205	AN580	152,796	38,978
Traffic Operations Imprvmt. (Veterans Pkwy @ Del Prado Blvd)	20.205	ANM54	87,500	30,283
Local Agency Natural Disaster Emergency – Hurricane Wilma	20.505	H1166	980,000	555,122
USC 5303 Planning FY06	20.505	AN562	102,661	68,968
USC 5311 Nonurbanized Area Program FY06	20.509	AN681	172,658	172,658
Lee County Pedestrian & Bicycle Enforcement Program	20.600	AN850	24,500	22,103
Total U.S. Department of Transportation				3,230,483
U.S. Department of Transportation:				
Federal Aviation Administration:				
Runway Rehab Construction – RSW	20.106	3-12-0135-037-2005	10,833,899	10,465,867
AARFF Vehicle & Midfield Building – RSW	20.106	3-12-0135-040-2006	2,291,049	1,728,549
Runway 6/24 & Taxiway Rehab – RSW	20.106	3-12-0135-038-2005	6,961,434	349,163
Extend Taxiway C Construction Taxiway D Phase I	20.106	3-12-0027-013-2005	4,124,680	131,415
Midfield Construction – RSW – Equipment and Enhancements	20.106	3-12-0135-029-2002	8,138,666	418,222
Letter of Intent ASO-98-01 (Grant amount to be received in future years)	20.106	None	N/A	279,724
RSW – I75 Access Design	20.205	AN P76	2,485,250	1,031,056
Total U.S. Department of Transportation/FAA				14,403,996
U.S. Department of the Treasury:				
Federal Forfeiture – Treasury	21.000	None	N/A	49,319
Federal Forfeiture – Justice	21.000	None	N/A	5,987
Total U.S. Department of the Treasury				55,306
Total expenditures of federal awards				\$ 37,856,214
Department of Children and Families:				
State of Florida Homeless Challenge Grant:	60.014	HFZ16	100,000	\$ 100,000
Total Department of Children and Families				100,000
Department of Community Affairs:				
FCT Wild Turkey Strand 2020	52.002	05-CT-E5-04-F4-A1-031	2,529,995	3,330
EMPA Base Performance Grant FY06	52.008	06BG-04-09-46-01-090	102,959	102,959
Hazardous Material Emergency Response Plan	52.023	06CP-11-09-46-01-053	10,344	10,344
Florida Housing Finance Corporation:				
SHIP YR9 (State FY03-04)	52.901	LB007	2,475,257	896,387
SHIP YR10 (State FY04-05)	52.901	LB008	2,402,063	694,440
SHIP YR11 (State FY05-06)	52.901	LB009	2,404,932	213,932
SHIP YR12 (State FY06-07)	52.901	LB014	3,218,464	49,733
Hurricane Recovery Housing Assistance Plan	52.902	None	3,337,194	646,652
Total Department of Community Affairs				2,617,777
Department of Environmental Protection:				
Lee County Shore Protection Projects	37.003	99LE1	9,041,936	21,802
Bonita Beach Renourishment Project	37.003	01LE1	868,724	9,274
Blind Pass Ecozone Restoration Project	37.003	05LE1	72,702	21,843
FRDAP Veterans Park	37.017	F40064	200,000	200,000
Gator Slough Watershed Management Improvements	37.039	WAP037	1,000,000	9,306
Ten Mile Canal Filter Marsh	37.039	S0096	507,000	15,351
Total Department of Environmental Protection				277,576
Department of Health:				
EMS Bicycle Safety	64.003	M6063	16,988	16,988
Automatic External Defibrilators	64.003	M6062	9,950	9,950
Emergency Medical Services County Award	64.005	C5036	113,451	44,077
Total Department of Health				71,015
Department of Management Services:				
Wireless 911 Board:				
Wireless Emergency Telephone Systems Trust Fund	72.001	N/A	N/A	624,703
Total Department of Management Services				624,703

LEE COUNTY, FLORIDA

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

Fiscal Year ended September 30, 2006

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (Schedule) summarizes the expenditures incurred under all federal programs and state projects by Lee County, Florida (County) for the fiscal year ended September 30, 2006 and are recognized on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section 215.97, Florida Statutes, and *Rules of the Auditor General*, Chapter 10.550. For purposes of this Schedule, federal programs and state projects include all grants and contracts entered into directly between the County and agencies and departments of the federal or state government. Federal programs or state projects passed through other government agencies, if any, are also included in the Schedule.

(2) Subrecipients

<u>Federal program</u>	<u>CFDA#</u>	<u>Transfers to subrecipients</u>
CDBG Urban County Entitlement – Year 12	14.218	\$ 63,977
CDBG Urban County Entitlement – Year 13	14.218	17,847
CDBG Urban County Entitlement – Year 14	14.218	90,700
CDBG Urban County Entitlement – Year 15	14.218	343,477
CDBG Urban County Entitlement – Year 16	14.218	97,289
Emergency Shelter Grant	14.231	89,287
Supportive Housing Program (SHP-FY00)	14.235	34,147
Supportive Housing Program (SHP-FY02)	14.235	130,096
Supportive Housing Program (SHP-FY03)	14.235	44,637
Supportive Housing Program (SHP-FY05)	14.235	1,293,622
Supportive Housing Program (SHP-FY06)	14.235	408,692
Shelter Plus Care	14.238	67,403
HOME – Year 13 (FY05)	14.239	61,750
Total federal program transfers to subrecipients		\$ <u>2,742,924</u>

<u>State project</u>	<u>CSFA#</u>	<u>Transfers to subrecipients</u>
SHIP YR9 (State FY03-04)	52.901	\$ 896,387
SHIP YR10 (State FY04-05)	52.901	629,440
SHIP YR11 (State FY05-06)	52.901	54,000
Hurricane Recovery Housing Assistance Plan	52.902	299,047
State of Florida Homeless Challenge Grant	60.014	66,666
Total state projects transfers to subrecipients		\$ <u>1,945,540</u>

LEE COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
Fiscal Year ended September 30, 2006

(1) Summary of Auditors' Results

- (a) The type of report issued on the basic financial statements: **Unqualified opinion**
- (b) There was one reportable condition disclosed by the audit of the basic statements, which is considered to be a material weakness in internal control.
- (c) Noncompliance which is material to the basic financial statements: **No**
- (d) Material weaknesses in internal control over major programs: **No**; Reportable conditions: **None reported**
- (e) The type of report issued on compliance for major programs: **Unqualified opinion**
- (f) Any audit findings which are required to be reported under Section 0.510(a) of OMB Circular A-133: **No**
- (g) Any audit findings disclosed that are required to be reported in accordance with *Rules of the Auditor General*: **No**
- (h) Major programs/projects:

CFDA numbers	Federal programs
14.218	Community Development Block Grant
14.239	HOME
20.106	Airport Improvement Program
16.606	State Criminal Alien Assistance (SCAAP)
16.588	STOP Violence Against Women
16.738	Edward Byrne Justice Grant
CSFA numbers	State projects
55.004	Aviation Development Grants
55.026	Transportation Regional Incentive Program (TRIP)
52.902	Hurricane Recovery Housing Assistance Plan

- (i) Dollar threshold used to distinguish between Type A and Type B programs/projects:

\$1,135,686 for major federal programs
\$981,015 for major state projects
- (j) Auditee qualified as a low risk auditee:

Yes

LEE COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
Fiscal Year ended September 30, 2006

Management's Response:

We do not agree with the statement that we have a material weakness in our financial reporting. It is unfortunate that our accounting environment has gotten to the point that we are no longer depending on documentation and professional judgment but demand zero tolerance in the application of accounting standards written to cover a variety of situations and consequently vague in the actual application.

We questioned our accounting treatment for impact fees at the time we implemented GASB 33, but felt the requirement to refund the monies to the fee payer if certain criteria was not met, overrode the provision to declare the revenue in the year of collection. This interpretation has been commonly used by governments and continues to be argued as the proper treatment. We researched the issue again when an article by the Director of Technical Services Center of the GFOA was published on this issue in the October 2006 *GAAFR Review*. The article starts with "In practice, there has been some confusion about when revenue should be recognized in connection with developer fees." By talking with GASB and GFOA personnel and analyzing the GASB statement, we felt we needed to change our application of GASB 33 for impact fees. This of course, resulted in a "correction of an error in reporting."

The restatement did not impact any revenues pledged to debt, nor any state or federal contracts or grants and is less than 5% of the current value of our total net assets.

- (3) Findings and Questioned Costs Relating to Major Federal Programs: None**
- (4) Findings and Questioned Costs Relating to Major State Projects: None**



matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Passenger Facility Charges Collected and Expended

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County as of and for the year ended September 30, 2006, and have issued our report thereon dated December 21, 2006. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

KPMG LLP

February 23, 2007 (except for the
schedule of passenger facility charges
collected and expended which is as of
December 21, 2006)
Certified Public Accountants

LEE COUNTY, FLORIDA
Notes to Schedule of Passenger Facility
Charges Collected and Expended
Fiscal Year ended September 30, 2006

(1) General

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

(2) Basis of Accounting

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