REPORT NO. 2012-013
OCTOBER 2011

# REVIEW OF CHARTER SCHOOL, CHARTER TECHNICAL CAREER CENTER, AND DISTRICT SCHOOL BOARD 2009-10 FISCAL YEAR AUDIT REPORTS PREPARED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

The review was coordinated by Richard E. Voss, CPA, and supervised by David T. Ward, CPA. Please address inquiries regarding this report to Marilyn D. Rosetti, CPA, Audit Manager, by e-mail at marilynrosetti@aud.state.fl.us or by telephone at (850) 487-9031.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

# REVIEW OF CHARTER SCHOOL, CHARTER TECHNICAL CAREER CENTER, AND DISTRICT SCHOOL BOARD 2009-10 FISCAL YEAR AUDIT REPORTS PREPARED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

## SUMMARY

**Pursuant to Section 218.39, Florida Statutes[1], all charter schools and charter technical career centers (hereafter referred to as charter schools) and certain district school boards are required to provide for annual financial audits conducted by independent certified public accountants (CPAs). We are required to review all charter school and district school board financial audit reports submitted pursuant to Section 218.39(8), Florida Statutes. Audit reports for the 2009-10 fiscal year were required to be submitted to us within 45 days after delivery of the audit report to the charter school or district school board's governing body, but no later than 12 months after the end of the fiscal year (June 30, 2011). We reviewed audit reports for 394 charter schools and 16 district school boards received through August 25, 2011, and determined that the audit reports were generally presented in accordance with generally accepted government auditing standards, generally accepted accounting principles, and Rules of the Auditor General. However, we noted instances in which the audit reports were not submitted timely or were not prepared in accordance with all applicable requirements, as follows:**

**Finding No. 1: Audit reports for 9 charter schools were not submitted to us, including 6 that were closed during or subsequent to the 2009-10 fiscal year. Audit reports for 30 charter schools were not submitted to us within 45 days after delivery to the governing bodies. Additionally, audit reports for 10 charter schools and 5 district school boards were received after the June 30, 2011, deadline.**

**Finding No. 2: Audits of ten charter schools were performed by two different audit firms who did not hold active or temporary licenses certified by the Florida Board of Accountancy as of the date of the auditors' reports on the financial statements.**

**Finding No. 3: Our completeness reviews of audit reports received for 394 charter schools and 16 district school boards disclosed instances of noncompliance with certain requirements, primarily related to the auditors' reports or management letters, and presentation of financial statement note disclosures.**

**Finding No. 4: Our comprehensive reviews of a sample of charter school audit reports, and 16 district school board audit reports, disclosed instances of apparent noncompliance with certain requirements, primarily related to the presentation of financial statement note disclosures, required supplementary information (budgetary comparison schedules), and auditor's reports or schedules required for Federal Single Audits.**

## BACKGROUND

Section 218.39, Florida Statutes, provides for annual financial audits of each charter school and district school board. Section 218.31(17), Florida Statutes, defines a financial audit as an examination of financial statements in order to express an opinion on the fairness with which they are presented in conformity with generally accepted accounting principles (GAAP) and an examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements. Financial audits must be conducted in accordance with generally accepted auditing standards and generally accepted government auditing standards (*Government Auditing Standards* issued by the Comptroller General of the United States).

[1] All references to the Florida Statutes are to the 2010 statutes.

Section 218.39, Florida Statutes, establishes several requirements that independent CPAs must follow when conducting financial audits of charter schools and district school boards. Independent CPAs performing these financial audits must:

- Prepare a management letter that is included as a part of the financial audit report;
- Discuss all the findings that will be included in the financial audit report with the appropriate official(s); and
- Conduct the audits in accordance with Rules of the Auditor General.

Additionally, the law requires that the entity's officer(s) respond in writing to findings contained in the audit reports and management letters, and that the written response be submitted to the entity's governing body within 30 days after delivery of the CPA's findings.

We have developed rules that provide, among other things, procedural guidelines for independent CPAs to follow to ensure compliance with the above requirements (Chapter 10.800 – Audits of District School Boards and Chapter 10.850 – Audits of Charter Schools and Similar Entities). These rules require that the scope of a financial audit include: an examination of the financial statements in order to express an opinion on them; an examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements; an examination of any additional financial information necessary to comply with GAAP; and, when applicable, the additional activities necessary to determine compliance with the Federal *Single Audit Act of Amendments of 1996*. To assist auditors in complying with the requirements of generally accepted government auditing standards (GAGAS), GAAP, and applicable laws, rules, and regulations, we promulgated the District School Board, Charter School, and Charter Technical Career Center Audit Report Review Guidelines. These rules and guidelines are available on our Web site.

## FINDINGS AND RECOMMENDATIONS

### Finding No. 1: Timely Submission of Audit Reports

Section 218.39(8), Florida Statutes, requires that the charter school or district school board submit the audit report and a written response to any report or management letter findings to us within 45 days after delivery of the audit report to the entity's governing body, but no later than 12 months after the end of the fiscal year. As of August 25, 2011, 394 charter schools and 16 district school boards submitted a 2009-10 fiscal year audit report to us. Table 1 below shows compliance with the timely submission requirements for the 2009-10 fiscal year and the previous two fiscal years.

**Table 1:**

**Compliance with Audit Report Submission Requirements**

| Type of Exception | Fiscal Year Ended June 30 | | | | | |
|---|---|---|---|---|---|---|
| | Charter Schools | | | District School Boards | | |
| | 2010 | 2009 | 2008 | 2010 | 2009 | 2008 |
| Audit required, but report not submitted. | 9 | 16 | 8 | | | |
| Audit report submitted after 45-day deadline. | 30 | 25 | 26 | | 6 | 4 |
| Audit report submitted after June 30th deadline. | 10 | 21 | 31 | 5 | | 8 |

Source: Auditor General

Further, for the 2009-10 fiscal year information provided in Table 1:

- The 9 entities required to submit an audit report to us, but did not, were charter schools (see Exhibit A). These charter schools were in operation during the 2009-10 fiscal year, but 6 were closed during or subsequent to the 2009-10 fiscal year.
- Audit reports for 30 charter schools were not submitted to us within 45 days of delivery to the governing body (up to 169 days late), but not later than June 30, 2011 (see Exhibit B).
- Audit reports for 10 charter schools and 5 district school boards were submitted after the June 30, 2011, deadline (see Exhibit C).

Charter schools and district school boards that fail to provide for audits may be subject to a penalty pursuant to Section 11.40(5), Florida Statutes. Timely audits are necessary to ensure that management is promptly informed of control deficiencies and financial-related noncompliance. Additionally, timely filing of audit reports is necessary to allow timely review by appropriate State oversight agencies.

**Recommendation: Charter schools and district school boards should ensure that audit reports are completed and submitted within the required time frame.**

**Finding No. 2: Licensing of Auditors**

Section 218.39(1), Florida Statutes, requires that audits of charter schools and district school boards be performed by independent CPAs. Section 473.322, Florida Statutes, requires individuals or firms that practice public accountancy within the State to hold active licenses certified by the Florida Board of Accountancy (Board) to the Florida Department of Business and Professional Regulation. Additionally, Section 473.314(1), Florida Statutes, provides for the issuance of temporary licenses to certified public accountants or firms of other states to enable them or their employees to perform specific engagements involving the practice of public accountancy in Florida. Temporary licenses are not valid for more than 90 days after issuance, and do not cover more than one engagement. After the expiration of 90 days, a new license is required.

Based on information provided to us by Board staff, we determined that the 2009-10 fiscal year audits of ten charter schools were performed by two individual audit firms that did not hold active or temporary licenses certified by the Board as of the dates of the auditors' reports on the financial statements, as follows:

- Nine audits were performed by a firm that did not hold a firm license by the name indicated on the auditor's report on the financial statements; however, there was a licensed firm with a similar name and the same business address.
- One audit was performed by an out-of-state firm that did not have a temporary license.

For comparison purposes, Table 2 includes similar information for the 2009-10 and 2008-09 fiscal years.

**Table 2:**

**Auditor Licenses**

| Type of Exception | Fiscal Year | |
|---|---|---|
| | 2010 | 2009 |
| Audits performed by firms that did not hold active licenses. | 10 | 8 |
| Audit firms without appropriate licensure. | 2 | 5 |

Source: Florida Board of Accountancy

Audit firms identified with inappropriate licensure were reported to Board staff, and those that were previously licensed may be subjected to disciplinary actions as determined by the Board pursuant to Section 473.323, Florida Statutes, whereas those that were not previously licensed may be subjected to penalties prescribed in Section 455.228, Florida Statutes.

**Recommendation: Charter schools, in contracting for audits, should ensure that auditors hold active licenses certified by the Board. Also, auditors of charter schools should ensure that the license is active and current through the audit report date and that the name used on the audit report is consistent with the name on file in the Board's records.**

## Finding No. 3: Completeness Reviews

All charter school and district school board audit reports submitted to us as of August 25, 2011, pursuant to Section 218.39, Florida Statutes, were subjected to completeness reviews to determine: (1) whether the audit reports included the required financial statements, note disclosures, reports, and other items listed in Chapters 10.800 and 10.850, Rules of the Auditor General, as applicable; and (2) the extent to which they complied, for selected significant matters, with GAGAS, GAAP, and Chapters 10.800 and 10.850, Rules of the Auditor General.

Section 11.45(7)(b), Florida Statutes, requires us to request from charter schools and district school boards significant items omitted from audit reports. Accordingly, for those audit reports that did not include required items, such as financial statements, required supplementary information, auditor's reports/management letter, and auditee's response thereto, the charter school or district school board was requested by letter to provide the missing items. We concurrently provided a copy of the letter to the entity's auditor and the charter school's respective charter sponsors. Charter schools and district school boards are required to provide us with the requested items no later than 45 days after the date of our request.

For the 2009-10 fiscal year, 32 charter schools and 4 district school boards were sent letters requesting items omitted from the audit report. Most of the items requested related to information required to be included in the management letter, the auditee's response to findings included in the auditor's report or management letter, the government-wide and fund financial statements, and required supplementary information. Of the 32 charter schools and 4 district school boards sent letters requesting items omitted from the audit report, 11 charter schools had not provided the requested items as of September 14, 2011. Pursuant to Section 11.45(7)(b), Florida Statutes, on August 10, 2011, and September 14, 2011, we notified the Legislative Auditing Committee of those entities that had not provided the requested items.

Most of the audit reports included audited financial statements, and notes thereto, and the required auditor's reports on the financial statements and on compliance and internal control. Additionally, most audit reports were generally presented in accordance with GAGAS, GAAP, and Chapters 10.800 and 10.850, Rules of the Auditor General, as applicable. The majority of the instances of noncompliance disclosed by our completeness reviews relate to: (1) the presentation of auditor's reports or management letters in accordance with GAGAS and Chapters 10.800 and 10.850, Rules of the Auditor General; and (2) the adequacy of financial statement note disclosures in accordance with GAAP. For example:

- The auditor's report on internal control over financial reporting and compliance did not mention that there were additional matters, not considered significant deficiencies, or immaterial instances of noncompliance communicated in the management letter for 36 (32 percent) of the 114 applicable charter school audit reports and for 1 (9 percent) of the 11 applicable district school board audit reports.

- Contrary to Sections 1600.106 and .108, Codification of Governmental Accounting and Financial Reporting Standards (as of June 30, 2010), the notes to the financial statements did not disclose the revenue recognition policies under the modified accrual basis of accounting to include the period of availability, and the revenues susceptible to accrual for 222 (62 percent) of the 360 applicable charter school audit reports.
- Contrary to Section I50.121a., Codification of Governmental Accounting and Financial Reporting Standards (as of June 30, 2010), the notes to the financial statements did not disclose the types of investments authorized by legal or contractual provisions for 12 (63 percent) of the 19 applicable charter school audit reports and 2 (13 percent) of the 16 applicable district school board audit reports.

A summary of the deficiencies disclosed by our completeness reviews by type of entity, with comparative prior year information, is included in Exhibit D.

External parties rely on audits to provide independent assessments of the accuracy and completeness of the financial statements, and to provide, for financial reporting, a means for evaluating the effectiveness of an entity's internal controls and determining the extent to which an entity has complied with applicable laws, rules, regulations, charters, contractual requirements, and bond covenants. Accordingly, it is important that the various components of the audit report (auditor's reports and management letter, financial statements, notes to financial statements, etc.) be presented in accordance with GAGAS, GAAP, and Chapters 10.800 or 10.850, Rules of the Auditor General, so that the reader can form appropriate conclusions relating to the audited entity.

**Recommendation: Independent auditors of charter schools and district school boards should ensure that their reports are presented in accordance with GAGAS and Chapters 10.800 and 10.850, Rules of the Auditor General. In addition, charter schools and district school boards should ensure that financial statement and note disclosures are presented in accordance with GAAP.**

## Finding No. 4: Comprehensive Reviews

In addition to the completeness reviews, we made more comprehensive reviews of selected audit reports submitted for the 2009-10 fiscal year, as follows:

- We reviewed a sample of 50 charter school audit reports and all 16 district school board audit reports to determine the extent of compliance, on a more comprehensive basis, with GAGAS, GAAP, and Chapters 10.800 and 10.850, Rules of the Auditor General, as they apply to financial statements and notes thereto. For 19 of the 50 sampled charter schools and 16 district school boards that reported pension plans, this review included a determination of the extent of compliance with GAAP with respect to pension plan disclosures.
- We reviewed 16 district school board audit reports that contained other postemployment benefit plan disclosures to determine the extent of compliance with GAAP with respect to those plans. This is the first year that we conducted such reviews.
- We reviewed the 3 charter school audit reports and 16 district school board audit reports that indicated that the audit was done in accordance with the Federal *Single Audit Act Amendments of 1996* to determine the extent of compliance with the reporting requirements contained in United States Office of Management and Budget *Circular A-133* relative to Federal awards.

Our comprehensive reviews disclosed instances of apparent noncompliance with certain GAGAS, GAAP, or Chapters 10.800 or 10.850, Rules of the Auditor General, requirements (similar findings were noted in our report No. 2011-182). The exceptions disclosed by our comprehensive reviews primarily relate to the presentation of financial statement note disclosures, required supplementary information (budgetary comparison schedules), and auditor's reports or schedules required for Federal Single Audits. For example, for charter schools:

- Contrary to Section 2400.121, Codification of Governmental Accounting and Financial Reporting Standards (as of June 30, 2010), budgetary comparison schedules were not presented at the legal level of control and there were no notes referring to a separate budgetary report that is presented at the legal level for 13 (33 percent) of the 39 applicable charter school audit reports.
- Contrary to Section 2300.106h., Codification of Governmental Accounting and Financial Reporting Standards (as of June 30, 2010), the notes to the financial statements did not disclose significant violations of law for material overexpenditures at the legal level of control identified in the budgetary comparison schedules or the actions taken to address these significant violations of law for all 29 of the applicable charter school audit reports.
- Contrary to Section C50.145b., Codification of Governmental Accounting and Financial Reporting Standards (as of June 30, 2010), the notes to the financial statements did not disclose whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years for each type of insurance coverage for 17 (39 percent) of the 44 applicable charter school audit reports.
- Contrary to Section P50.120b.(2)., Codification of Governmental Accounting and Financial Reporting Standards (as of June 30, 2010), the notes to the financial statements did not disclose the contribution rate of the other postemployment benefit plan members, either as a rate or as a percentage of covered payroll, for 11 (69 percent) of the 16 applicable district school board audit reports.

A summary of the deficiencies noted in our comprehensive reviews by type of entity is included in Exhibit E (because of the limited number of items applicable to each type entity, we did not attempt to present comparative prior year information).

**Recommendation: Charter schools and district school boards should ensure that the financial statement note disclosures (including pension plan and other postemployment benefit disclosures) and required supplementary information (budgetary comparison schedules) are presented in accordance with GAAP. In addition, charter schools and district school boards, and their auditors, should ensure that reports and schedules are prepared in accordance with Federal requirements.**

## OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this project were to determine whether the audit reports for charter schools and district school boards submitted to us:

- Appeared to comply with GAGAS, GAAP, and Chapters 10.800 and 10.850, Rules of the Auditor General; and
- Were prepared by independent CPAs properly licensed by the Florida Board of Accountancy.

The scope of this project included a review of audit reports for 394 charter schools and 16 district school boards prepared by independent CPAs and submitted to us by August 25, 2011, for the 2009-10 fiscal year.

Our review of audit reports was conducted in accordance with applicable GAGAS. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

Our desk review (i.e., a review that does not include an examination of the CPA's working papers) was necessarily limited to the contents of the audit reports submitted to us and did not extend to a determination of whether the auditors followed all generally accepted government auditing standards in the actual conduct of the audits. Because our review was limited to the contents of the audit reports provided to us, the review cannot be used as the basis for determining the extent of the entity's compliance with applicable laws, rules, regulations, charters, contractual

requirements, or bond covenants. Likewise, our desk review would not disclose whether the auditor reported all instances of noncompliance or reportable internal control deficiencies noted during the audit, or whether certain required financial disclosures were completely omitted from the audit report.

Due to the volume of reports included in this review, evaluation criteria from our rules and report review guidelines (as discussed in the Background section) were established in the following checklists: basic completeness review, detailed comprehensive review (other than pension disclosures), pension disclosure review, other postemployment benefit review, and Federal compliance review. We applied the basic completeness review checklist to the audit reports for 394 charter schools and to the 16 district school board audit reports. We applied the detailed comprehensive review checklist (other than pension disclosures) to the 16 district school board audit reports and a judgmentally selected sample of 50 charter school audit reports. We applied the pension disclosure, other postemployment benefit disclosure, and Federal compliance review checklists, as applicable, to the 50 sampled charter school audit reports and the 16 district school board audit reports.

## AUTHORITY

Section 11.45(7)(b), Florida Statutes, requires us to review, in consultation with the Florida Board of Accountancy, all charter school and district school board financial audit reports prepared by independent CPAs and submitted pursuant to Section 218.39, Florida Statutes. Pursuant to the provisions of Section 11.45(7)(b), Florida Statutes, I have directed that this report be prepared to present the results of our review of charter school and district school board audit reports prepared by independent CPAs for the 2009-10 fiscal year.

David W. Martin, CPA
Auditor General

## EXHIBIT A
## CHARTER SCHOOLS REQUIRED TO SUBMIT AN AUDIT REPORT, BUT DID NOT FOR THE 2009-10 FISCAL YEAR

| CHARTER SCHOOLS | DISTRICT |
|---|---|
| Big Pine Elementary Academy | Monroe |
| CARE Charter School of Excellence (1) | Jefferson |
| Charter on the Beach Middle School (1) | Miami-Dade |
| Eagles' Nest Elementary Charter School | Broward |
| Eagles' Nest Middle Charter School | Broward |
| Excel Academy Charter School North (1) | Miami-Dade |
| Guided Path Academy (1) | Palm Beach |
| Rise Academy – South Dade Charter School (1) | Miami-Dade |
| Summit Charter School (1) | Orange |

Note: (1) Closed during or subsequent to the 2009-10 fiscal year.

## EXHIBIT B
## CHARTER SCHOOLS
## SUBMITTING AUDIT REPORT
## AFTER 45-DAY DEADLINE
## FOR THE 2009-10 FISCAL YEAR

| CHARTER SCHOOLS | DISTRICT | Days Late |
|---|---|---|
| Bay Haven Charter Academy | Bay | 156 |
| Boca Raton Charter School | Palm Beach | 52 |
| Broward Community Charter Middle School | Broward | 59 |
| Broward Community Charter School | Broward | 59 |
| Broward Community Charter School West | Broward | 54 |
| Clark Advanced Learning Center | Martin | 9 |
| DayStar Academy of Excellence | Palm Beach | 48 |
| Discovery Middle Charter School | Broward | 47 |
| Eagle Academy | Broward | 154 |
| Ed Venture Charter School | Palm Beach | 46 |
| Everglades Preparatory Academy | Palm Beach | 139 |
| Florida School for Integrated Academics and Technologies Gainesville | Alachua | 28 |
| Florida School for Integrated Academics and Technologies Jacksonville | Duval | 32 |
| Florida State College at Jacksonville Pathways Academy | Duval | 51 |
| Glades Academy of Agriculture & Ecological Studies | Palm Beach | 82 |
| Inlet Grove Community High School | Palm Beach | 46 |
| Island Village Montessori Charter School | Sarasota | 13 |
| Island Village Montessori North | Sarasota | 13 |
| Joseph Littles Nguzo Saba Charter School | Palm Beach | 83 |
| Oasis Middle School | Manatee | 8 |
| Palm Harbor Academy | Flagler | 169 |
| Paragon Elementary Charter School | Broward | 47 |
| Parkway Academy at Broward Community College | Broward | 164 |
| Pompano Charter Middle School | Broward | 47 |
| Riviera Beach Maritime Academy | Palm Beach | 52 |
| Smart School Inc., Charter Middle School | Broward | 154 |
| Suncoast School for Innovative Studies | Sarasota | 12 |
| St. Johns Community Campus Charter School | St. Johns | 116 |
| Therapeutic Learning Center Charter School | St. Johns | 116 |
| Toussaint L'Ouverture High School for Arts and Social Justice | Palm Beach | 62 |

## EXHIBIT C
## DISTRICT SCHOOL BOARDS AND CHARTER SCHOOLS SUBMITTING AUDIT REPORT AFTER JUNE 30, 2011, DEADLINE FOR THE 2009-10 FISCAL YEAR

| DISTRICT SCHOOL BOARDS | Date Received |
|---|---|
| Broward County District School Board | 07/29/11 |
| Leon County District School Board | 08/25/11 |
| Pinellas County District School Board | 07/27/11 |
| Sarasota County District School Board | 08/09/11 |
| St. Lucie County District School Board | 07/27/11 |

| CHARTER SCHOOLS | DISTRICT | Date Received |
|---|---|---|
| Central Charter School | Broward | 07/27/11 |
| Community Charter School of Excellence | Hillsborough | 07/28/11 |
| Doctors Charter School of Miami Shores | Miami-Dade | 09/09/11 |
| Easter Seals Charter School | Flagler | 09/19/11 |
| Henry McNeal Turner Learning Academy | Broward | 07/12/11 |
| Micanopy Middle School | Alachua | 07/29/11 |
| Montessori Elementary Charter School | Monroe | 08/18/11 |
| Student in the Arts TV/G-Star TV | Palm Beach | 08/02/11 |
| Volusia Flagler Advanced Technology College | Volusia | 07/27/11 |
| Wayman Academy of the Arts | Duval | 09/09/11 |

## EXHIBIT D
## COMPLETENESS REVIEWS
## SUMMARY OF DEFICIENCIES
## FOR THE 2009-10 FISCAL YEAR

| Description of Deficiencies - Reports Reviewed for Total of 394 Entities | Charter Schools | | | | District School Boards | | | |
|---|---|---|---|---|---|---|---|---|
| | Number of reports to which criteria applied | Number (1) | Percent (2) | Prior Fiscal Year Percent | Number of reports to which criteria applied | Number (1) | Percent (2) | Prior Fiscal Year Percent |
| **Auditor's Report on the Financial Statements** | | | | | | | | |
| The introductory paragraph of the report did not identify either all or some of the individual opinion units. | 366 | 47 | 13 | 19 | (3) | (3) | (3) | (3) |
| The auditor's report did not disclose that the charter school is a component unit of the sponsoring school district or identify the charter school as a part of another governmental entity. | 366 | 26 | 7 | (4) | (3) | (3) | (3) | (3) |
| The opinion on the audited financial statements did not identify either all or some of the individual opinion units upon which the auditor was opining | 394 | 84 | 21 | 26 | (3) | (3) | (3) | (3) |
| The report did not address the auditor's responsibility for supplementary information presented. | 138 | 36 | 26 | 35 | (3) | (3) | (3) | (3) |
| **Auditor's Report on Internal Control Over Financial Reporting and Compliance** | | | | | | | | |
| The report did not include a statement that noncompliance (not considered material to the financial statements) or items involving internal control over financial reporting (not considered to be significant deficiencies) were communicated to management in a separate management letter. | 114 | 36 | 32 | 24 | 11 | 1 | 9 | 15 |
| **Auditor's Management Letter** | | | | | | | | |
| The management letter did not include the name or official title of the charter school. | 394 | 52 | 13 | (4) | (3) | (3) | (3) | (3) |
| The management letter did not include a statement as to whether or not the school district (not applicable to charter schools) complied with Section 218.415, Florida Statutes, regarding the investment of public funds. | (3) | (3) | (3) | (3) | 16 | 4 | 25 | (4) |
| Management's written statement of explanation or rebuttal concerning findings and recommendations noted in the management letter was not provided. | 117 | 7 | 6 | 6 | (3) | (3) | (3) | (3) |
| **Notes to Financial Statements** | | | | | | | | |
| The notes did not disclose the revenue recognition policies used in the fund financial statements (i.e., the length of time used to define "available" for the purposes of revenue recognition for governmental funds and a description of revenues susceptible to accrual under the modified accrual basis). | 360 | 222 | 62(5) | 18 | (3) | (3) | (3) | (3) |
| The notes did not disclose the policy for capitalizing assets that are shown on the statement of financial position | 26 | 7 | 27 | (4) | (3) | (3) | (3) | (3) |
| The notes did not disclose the types of investments authorized by legal or contractual provisions. | 19 | 12 | 63 | 43 | 16 | 2 | 13 | (4) |

Notes:
(1) Number of reports for which the deficiency was noted.
(2) Percentage of applicable reports for which the deficiency was noted.
(3) Criteria not applicable to entity type or there were no reports for which the deficiency was noted for the 2009-10 fiscal year.
(4) Percentage not reported in prior year.
(5) Change in our review methodology for the 2009-10 fiscal year.

## EXHIBIT E
## COMPREHENSIVE REVIEWS
## SUMMARY OF DEFICIENCIES
## FOR THE 2009-10 FISCAL YEAR

| Description of Deficiencies - Reports Reviewed for Total of 66 Entities | Charter Schools | | | District School Boards | | |
|---|---|---|---|---|---|---|
| | Number of reports to which criteria applied | Number (1) | Percent (2) | Number of reports to which criteria applied | Number (1) | Percent (2) |
| **Financial Statements** | | | | | | |
| Beginning fund balances or net assets on the financial statements did not agree with the prior year's ending fund balances or net assets with no explanation provided in the notes. | 46 | 2 | 4 | 16 | 3 | 19 |
| **Auditor's Report on Internal Control Over Financial Reporting and Compliance** | | | | | | |
| The report did not include a statement that the auditor's consideration of internal control is not designed to identify all deficiencies, and therefore there can be no assurance that all significant deficiencies and material weakness have been identified. | 50 | 4 | 8 | (3) | (3) | (3) |
| The report did not include a definition of a deficiency in control and of a material weakness, and if applicable a definition of significant deficiency and, a statement that deficiencies were identified that are considered to be significant deficiencies. | 50 | 5 | 10 | (3) | (3) | (3) |
| **Required Supplementary Information** | | | | | | |
| The budgetary comparison schedules for the general fund and each major special revenue fund did not include both the original budget and the final budget. | 39 | 6 | 15 | (3) | (3) | (3) |
| Excess of expenditures over appropriations in individual funds were not presented in the notes to required supplementary information. | 35 | 5 | 14 | (3) | (3) | (3) |
| The basis of accounting applied to each budget was not included in either the notes to the financial statements or notes to required supplementary information. | 39 | 8 | 21 | (3) | (3) | (3) |
| Budgetary comparison schedules were not presented at the legal level of control and there were no notes referring to a separate budgetary report that is presented at the legal level. | 39 | 13 | 33 | (3) | (3) | (3) |
| Notes to the financial statements did not disclose significant violations of law for material overexpenditures at the legal level of control identified in the budgetary comparison schedules or the actions taken to address these significant violations of law. | 29 | 29 | 100 | (3) | (3) | (3) |
| **Notes to Financial Statements - Other Than Pension Plan and Other Postemployment Benefit Disclosures** | | | | | | |
| The notes did not include a description of the activities accounted for in all major funds, internal service funds, and fiduciary funds presented in the basic financial statements. | 40 | 7 | 18 | (3) | (3) | (3) |
| The notes did not include information about how the separate financial statements for the individual component units may be obtained. | 2 | 1 | 50 | 16 | 5 | 31 |
| The notes did not disclose the policy for eliminating internal activity in the statement of activities. | 17 | 8 | 47 | 16 | 1 | 6 |
| The notes did not include a description of the policy for capitalizing assets. | 42 | 4 | 10 | (3) | (3) | (3) |
| The notes did not include a description of the types of transactions included in program revenues. | 36 | 6 | 17 | (3) | (3) | (3) |
| The notes did not disclose the policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for which both restricted and unrestricted assets are available. | 24 | 8 | 33 | (3) | (3) | (3) |

## EXHIBIT E (CONTINUED)
## COMPREHENSIVE REVIEWS
## SUMMARY OF DEFICIENCIES
## FOR THE 2009-10 FISCAL YEAR

| Description of Deficiencies - Reports Reviewed for Total of 66 Entities | Charter Schools | | | District School Boards | | |
|---|---|---|---|---|---|---|
| | Number of reports to which criteria applied | Number (1) | Percent (2) | Number of reports to which criteria applied | Number (1) | Percent (2) |
| **Notes to Financial Statements - Other Than Pension Plan and Other Postemployment Benefit Disclosures (Continued)** | | | | | | |
| The notes did not disclose that the fiduciary funds are reported on the accrual basis of accounting. | 7 | 4 | 57 | 16 | 1 | 6 |
| The notes did not disclose whether deposits as of the combined balance sheet or statement of net assets date were entirely insured or collateralized with securities held by the entity or by the entity's agent in the entity's name, or, if not, the reported amount of the total deposits and the total amount of bank balances classified by the category of custodial credit risk. | 42 | 10 | 24 | (3) | (3) | (3) |
| The notes did not disclose current-year depreciation expense, with disclosure of the amounts charged to each of the functions in the statements of activities. | 41 | 6 | 15 | (3) | (3) | (3) |
| The notes did not disclose which governmental funds typically have been used to liquidate other long-term liabilities. | 3 | 2 | 67 | 16 | 9 | 56 |
| The notes did not disclose whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years for each type of insurance coverage. | 44 | 17 | 39 | (3) | (3) | (3) |
| The notes did not disclose future minimum rental payments on operating leases for each of the subsequent years and five year increments thereafter | 32 | 3 | 9 | (3) | (3) | (3) |
| The notes did not disclose the gross amount of assets recorded under capital lease as of the date of each balance sheet or statement of net assets. | 5 | 2 | 40 | 9 | 1 | 11 |
| The notes did not disclose the assets recorded under capital lease and accumulated amortization thereon. | 5 | 2 | 40 | 9 | 2 | 22 |
| The notes did not disclose the beginning and end-of-year balances for long-term liabilities. | 20 | 4 | 20 | (3) | (3) | (3) |
| The notes did not disclose the increases and decreases for long-term liabilities. | 20 | 4 | 20 | (3) | (3) | (3) |
| The notes did not disclose the principal and interest requirements for all long-term liabilities shown on the statement of net assets for each of the five subsequent years and in five year increments thereafter. | 12 | 3 | 25 | (3) | (3) | (3) |
| The notes did not disclose the purposes for all interfund balances. | 10 | 7 | 70 | 14 | 1 | 7 |
| The notes did not disclose the purpose of all interfund transfers. | 9 | 8 | 89 | 16 | 1 | 6 |
| **Pension Plan Financial Statement Note Disclosures** | | | | | | |
| For cost-sharing defined benefit plans, the notes did not include the required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years. | 9 | 5 | 56 | (3) | (3) | (3) |

## EXHIBIT E (CONTINUED)
## COMPREHENSIVE REVIEWS
## SUMMARY OF DEFICIENCIES
## FOR THE 2009-10 FISCAL YEAR

| Description of Deficiencies - Reports Reviewed for Total of 66 Entities | Charter Schools | | | District School Boards | | |
|---|---|---|---|---|---|---|
| | Number of reports to which criteria applied | Number (1) | Percent (2) | Number of reports to which criteria applied | Number (1) | Percent (2) |
| **Pension Plan Financial Statement Note Disclosures (Continued)** | | | | | | |
| For defined contribution plans, the notes did not indicate the name of the plan, identify the entity that administers the plan, or identify the plan as a defined contribution plan. | 14 | 6 | 43 | (3) | (3) | (3) |
| For defined contribution plans, the notes did not include a brief description of the plan provisions and the authority under which they were established or amended. | 14 | 4 | 29 | (3) | (3) | (3) |
| For defined contribution plans, the notes did not include the contribution requirements of plan members, employer, and other contributing entities. | 14 | 7 | 50 | (3) | (3) | (3) |
| For defined contribution plans, the notes did not include information related to actual contributions of plan members or the employer. | 13 | 6 | 46 | (3) | (3) | (3) |
| For defined benefit plans, the notes did not disclose the required contribution rate(s) of plan members. | 9 | 1 | 11 | 16 | 2 | 13 |
| **Other Postemployment Benefit Plan Financial Statement Note Disclosure** | | | | | | |
| The authority under which the obligation of plan members, employers, and any other parties to contribute is established and may be amended was not disclosed. | (3) | (3) | (3) | 16 | 3 | 19 |
| The contribution rate of plan members either as a rate or as a percentage of covered payroll was not disclosed. | (3) | (3) | (3) | 16 | 11 | 69 |
| The notes did not include a statement that the schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. | (3) | (3) | (3) | 16 | 5 | 31 |
| The notes did not include a statement that the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of costs shared between employer and plan members in the future. | (3) | (3) | (3) | 6 | 5 | 83 |
| **Federal Awards** | | | | | | |
| The Schedule of Expenditures of Federal Awards (SEFA) did not include total amounts expended for each Federal program (CFDA number) that reported multiple awards. | 2 | 1 | 50 | 6 | 5 | 83 |
| The Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 did not include an adequate restricted use statement. | 3 | 2 | 67 | 16 | 4 | 25 |
| The schedule of findings and questioned costs did not include a statement as to whether the audit disclosed any findings required to be reported pursuant to OMB Circular A-133. | (3) | (3) | (3) | 16 | 6 | 38 |
| The corrective action plan did not provide the name(s) of the contact person(s) responsible for the corrective action, the corrective action planned, and the anticipated completion date for each finding. | 1 | 1 | 100 | 4 | 4 | 100 |

Notes: (1) Number of reports for which the deficiency was noted.
(2) Percentage of reports for which the deficiency was noted.
(3) Criteria not applicable to entity type or there were no reports for which the deficiency was noted for the 2009-10 fiscal year.