

**REVIEW OF CHARTER SCHOOL,  
CHARTER TECHNICAL CAREER CENTER,  
AND DISTRICT SCHOOL BOARD  
2012-13 FISCAL YEAR AUDIT REPORTS  
PREPARED BY  
INDEPENDENT CERTIFIED PUBLIC  
ACCOUNTANTS**

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The review was coordinated by Edward A. Waller, and supervised by Derek H. Noonan, CPA. Please address inquiries regarding this report to Marilyn D. Rosetti, CPA, Audit Manager, by e-mail at [marilynrosetti@aud.state.fl.us](mailto:marilynrosetti@aud.state.fl.us) or by telephone at (850) 412-2881.

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**REVIEW OF CHARTER SCHOOL, CHARTER TECHNICAL CAREER CENTER,  
AND DISTRICT SCHOOL BOARD 2012-13 FISCAL YEAR AUDIT REPORTS  
PREPARED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**SUMMARY**

Pursuant to Section 218.39, Florida Statutes<sup>1</sup>, 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(7), Florida Statutes. Audit reports for the 2012-13 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 9 months after the end of the fiscal year (March 31, 2014). We reviewed audit reports for 554 charter schools and 20 district school boards received through May 31, 2014, 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 15 charter schools were not submitted to us, including 14 that were closed during or subsequent to the 2012-13 fiscal year. Audit reports for 24 charter schools were not submitted to us within 45 days after delivery to the governing bodies. Additionally, audit reports for 4 charter schools and 6 district school boards were received after the March 31, 2014, deadline.

**Finding No. 2:** Our completeness reviews of all audit reports received for charter schools and district school boards disclosed instances of noncompliance with certain requirements related to the auditors' reports, required supplementary information, and presentation of financial statement note disclosures.

**Finding No. 3:** Our comprehensive reviews of a sample of charter school audit reports, and 20 district school board audit reports, disclosed instances of apparent noncompliance with certain requirements, primarily related to auditors' reports and the presentation of financial statements and note disclosures.

**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).

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:

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<sup>1</sup> All references to the Florida Statutes are to the 2013 statutes.

- 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.

To assist auditors in complying with the requirements of generally accepted government auditing standards (GAGAS), GAAP, and applicable laws, rules, and regulations, we have developed rules (Chapter 10.800 – Audits of District School Boards and Chapter 10.850 – Audits of Charter Schools and Similar Entities, Florida Virtual School, and Virtual Instruction Program Providers) and audit report review guidelines that provide, among other things, procedural guidance for independent CPAs to follow to ensure compliance with the above requirements. The 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 Amendments of 1996*. These rules and guidelines are available on our Web site.

**FINDINGS AND RECOMMENDATIONS**

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

Section 218.39(7), 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 9 months after the end of the fiscal year. Table 1 below shows compliance with the timely submission requirements for the 2012-13 fiscal year as of May 31, 2014, 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		
	2013	2012	2011	2013	2012	2011
Audit required, but report not submitted.	15	15	7			
Audit report submitted after 45-day deadline.	24	27	53		1	2
Audit report submitted after March 31 <sup>st</sup> deadline.	4	4	13	6	8	4

Source: Auditor General

Further, for the 2012-13 fiscal year information provided in Table 1:

- The 15 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 2012-13 fiscal year, but 14 were closed during or subsequent to the 2012-13 fiscal year.
- Audit reports for 24 charter schools were not submitted to us within 45 days of delivery to the governing body (up to 153 days late), but not later than March 31, 2014 (see Exhibit B).
- Audit reports for 4 charter schools and 6 district school boards were submitted after the March 31, 2014, deadline (see Exhibit C).

Charter schools and district school boards that fail to provide for audits may be subject to consequences prescribed in Section 11.40(2), 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.

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

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### **Finding No. 2: Completeness Reviews**

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All charter school and district school board audit reports submitted to us as of May 31, 2014, 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 2012-13 fiscal year, 24 charter schools 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, or required supplementary information. Of the 24 charter schools that were sent letters requesting items omitted from the audit report, 5 charter schools had not provided the requested items as of June 11, 2014, and, pursuant to Section 11.45(7)(b), Florida Statutes, 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 instances of noncompliance disclosed by our completeness reviews related to: (1) the presentation of auditor's reports in accordance with GAGAS, (2) the presentation of required supplementary information in

accordance with GAAP, and (3) the adequacy of financial statement note disclosures in accordance with GAAP. For example:

- The auditor's report on the financial statements did not address the auditor's responsibility for supplementary information presented for 51 (71 percent) of the 72 applicable charter school audit reports.
- The notes to the required supplementary information did not present the excess of expenditures over appropriations in individual funds for 240 (72 percent) of the 332 applicable charter school audit reports.
- The notes to financial statements did not disclose significant violations of law for material overexpenditures at the legal level of control identified in the budgetary comparison schedule or the actions taken to address these significant violations of law for 227 (97 percent) of the 233 applicable charter school audit reports.
- The notes to financial statements did not disclose the required contribution rate(s) of other postemployment benefit (OPEB) plan members, expressed as a rate (amount) per member or as a percentage of covered payroll for 9 (45 percent) of the 20 applicable district school board 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.

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**Recommendation: Independent auditors of charter schools should ensure that their reports are presented in accordance with GAGAS. In addition, charter schools and district school boards should ensure that required supplementary information and financial statement note disclosures are presented in accordance with GAAP.**

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### **Finding No. 3: Comprehensive Reviews**

In addition to the completeness reviews, we conducted more comprehensive reviews of selected audit reports submitted for the 2012-13 fiscal year, as follows:

- We reviewed a sample of 50 charter school audit reports and 20 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. The exceptions disclosed by our comprehensive reviews primarily relate to the auditors' reports and presentation of financial statements and note disclosures. For example:
  - The auditor's report on the financial statements did not, for accompanying information, state the character of the audit, the degree of responsibility taken, that the audit was performed for the purpose of forming an opinion on the financial statements as a whole, and that the purpose of the accompanying information is for additional analysis and is not a required part of the basic financial statements for 8 (62 percent) of 13 applicable charter schools.
  - The ending fund balances or net assets amounts shown in the preceding year's financial statements did not agree with the beginning balances in the current year's financial statements, and the material

differences were not disclosed in the notes to financial statements, for 1 (2 percent) of 45 applicable charter school reports and for 5 (25 percent) of the 20 applicable district school board audit reports.

- The financial statements contained mathematical errors not related to rounding for 4 (8 percent) of 50 applicable charter school audit reports and for 3 (15 percent) of 20 applicable district school board audit reports.
  - The notes to financial statements did not include the method used to value and the valuation basis of inventories and for recognizing inventory expenditures for 4 (67 percent) of 6 applicable charter school audit reports.
- We reviewed audit reports for a sample of 30 charter schools and 20 district school boards that reported pension plans to determine the extent of compliance with GAAP with respect to pension plan disclosures. Our comprehensive review disclosed some pension plan note disclosure deficiencies. For example, the notes to financial statements for defined contribution plans did not disclose the plan provisions and authority under which they are established for 4 (24 percent) of 17 applicable charter school audit reports and for 1 (5 percent) of 20 applicable district school board audit reports.
  - We reviewed 3 charter school audit reports and 20 district school board audit reports that contained other postemployment benefit (OPEB) plan disclosures to determine the extent of compliance with GAAP with respect to those plans. Our review disclosed that the notes to financial statements for the OPEB plan did not disclose the amortization period for 3 (15 percent) of 20 applicable district school board audit reports.
  - Sections 10.805(5) and 10.855(10), Rules of the Auditor General, require that the scope of the audit, when applicable, encompass the additional activities necessary to establish compliance with the Federal *Single Audit Act Amendments of 1996*, Public Law 104-156 (31 U.S.C.A. ss.7501 to 7507); United States Office of Management and Budget (OMB) Circular A-133; and other applicable Federal laws. We reviewed 13 charter school audit reports and 20 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 OMB Circular A-133 relative to Federal awards. Our review disclosed that the schedule of expenditures of Federal awards did not provide the name of the pass through entity and the identifying number assigned by the pass through entity for 7 (64 percent) of 11 applicable charter school 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 present comparative prior year information).

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**Recommendation:** Independent auditors of charter schools and district school boards should ensure their reports are presented in accordance with GAGAS. In addition, charter schools and district school boards should ensure that the financial statements and note disclosures (including pension plan and other postemployment benefits disclosures) are presented in accordance with GAAP and the schedule of expenditures of Federal awards is prepared in accordance with Federal requirements.

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## 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:

- Complied 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 554 charter schools and 20 district school boards prepared by independent CPAs and submitted to us by May 31, 2014, for the 2012-13 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 554 charter schools and to the 20 district school board audit reports. We applied the detailed comprehensive review checklist (other than pension disclosures) to a sample of 50 charter school audit reports and the 20 district school board audit reports. We applied the pension disclosure review to a sample of 30 charter school audit reports and the 20 district school board audit reports. We applied the other postemployment benefit disclosure, and Federal compliance review checklists, as applicable, to all applicable charter school audit reports and the 20 district school board audit reports.

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#### AUTHORITY

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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 2012-13 fiscal year.



David W. Martin, CPA  
Auditor General

**EXHIBIT A**  
**CHARTER SCHOOLS REQUIRED TO SUBMIT AN AUDIT REPORT,**  
**BUT DID NOT FOR THE 2012-13 FISCAL YEAR**  
**AS OF MAY 31, 2014**

CHARTER SCHOOLS	DISTRICT
Ben Gamla Charter School (1)	Pinellas
Big Pine Elementary Academy	Monroe
Boston Avenue Charter School (1)	Volusia
Einstein Montessori Academy Charter (1)	Orange
Excel Leadership Academy (1)	Palm Beach
Florida International Language Academy (1)	Palm Beach
Igeneration Empowerment Academy (1)	Palm Beach
Kathleen C. Wright Leadership (1)	Broward
Lee Alternative Charter High School (1)	Lee
Lee Charter Academy (1)	Lee
Lehigh Charter School of Excellence (1)	Lee
Mavericks in Education South (1)	Pinellas
Newpoint High of Tampa (1)	Hillsborough
Next Generation Charter School (1)	Broward
Success Leadership Academy (1)	Broward

Note (1): Closed during or subsequent to the 2012-13 fiscal year.

**EXHIBIT B  
CHARTER SCHOOLS  
SUBMITTING AUDIT REPORT  
AFTER 45-DAY DEADLINE  
FOR THE 2012-13 FISCAL YEAR**

<b>CHARTER SCHOOLS</b>	<b>DISTRICT</b>	<b>Days Late</b>
Aloma High School	Orange	4
Alpha Charter of Excellence	Miami-Dade	47
Boca Raton Charter School	Palm Beach	8
Chancery High School	Orange	4
DayStar Academy of Excellence	Palm Beach	34
Ed Venture Charter School	Palm Beach	30
Everglades Preparatory Academy	Palm Beach	49
Glades Academy Elementary School, Inc. (Formerly Glades Academy of Agricultural & Ecological Studies)	Palm Beach	27
Innovations Middle Charter	Orange	102
Joseph Littles Nguzo Saba Charter School	Palm Beach	95
Lone Star High School	Duval	7
Murray Hill High School	Duval	7
New Dimensions High School	Osceola	153
Our Children's Academy	Polk	81
Our Children's Middle Academy	Palm Beach	81
Palmetto Charter School	Manatee	109
Quantum High School	Palm Beach	30
Riviera Beach Maritime Academy	Palm Beach	39
Sheeler High School	Orange	4
Suncoast School for Innovative Studies	Sarasota	7
Sunshine High School - Greater Orlando Campus, Inc.	Orange	4
Toussaint L'Ouverture High School for Arts and Social Justice	Palm Beach	55
Wakulla's Charter School of Arts, Science and Technology	Wakulla	19
Worthington High School	Palm Beach	30

**EXHIBIT C  
DISTRICT SCHOOL BOARDS AND CHARTER SCHOOLS  
SUBMITTING AUDIT REPORT  
AFTER MARCH 31, 2014, DEADLINE  
FOR THE 2012-13 FISCAL YEAR**

<b>DISTRICT SCHOOL BOARDS</b>	<b>Date Received</b>
Broward County District School Board	04/22/14
Lake County School Board	04/28/14
Polk County District School Board	04/23/14
Sarasota County District School Board	04/21/14
St. Johns County District School Board	04/21/14
St. Lucie County District School Board	04/23/14

<b>CHARTER SCHOOLS</b>	<b>DISTRICT</b>	<b>Date Received</b>
Chautauqua Learn and Serve at the Arc of Walton County	Walton	04/30/14
Global Outreach Charter Academy of Palm Coast	Flagler	04/25/14
Leadership Academy West	Palm Beach	04/21/14
St. Paul School of Excellence	St. Johns	04/21/14

**EXHIBIT D  
COMPLETENESS REVIEWS  
SUMMARY OF DEFICIENCIES  
FOR THE 2012-13 FISCAL YEAR**

Description of Deficiencies - Reports Reviewed for Total of 574 Entities	Charter Schools				District School Boards			
	Number of reports to which criteria applied	Number (a)	Percent (b)	Prior Fiscal Year Percent	Number of reports to which criteria applied	Number (a)	Percent (b)	Prior Fiscal Year Percent
<b>Auditor's Report on the Financial Statements</b>								
The introductory paragraph of the report did not identify one or more of the individual opinion units.	529	186	35	11	(c)	(c)	(c)	(c)
The opinion on the audited financial statements did not identify either some or all of the individual opinion units upon which the auditor was opining.	529	177	33	27	(c)	(c)	(c)	(c)
The report did not address the auditor's responsibility for supplementary information presented.	72	51	71	44	(c)	(c)	(c)	(c)
<b>Required Supplementary Information</b>								
The financial data included in the management discussion and analysis did not agree with the same data in the financial statements or the notes to the financial statements.	529	30	6	8	(c)	(c)	(c)	(c)
Excess of expenditures over appropriations in individual funds were not presented in the notes to the required supplementary information.	332	240	72	(e)	(c)	(c)	(c)	(c)
<b>Notes to Financial Statements</b>								
Notes to financial statements did not disclose significant violations of law for material overexpenditures at the legal level of control identified in the budgetary comparison schedule or the actions taken to address these significant violations of law.	233	227	97	(e)	(c)	(c)	(c)	(c)
The notes to financial statements did not include a description of the types of transactions included in program revenues.	511	85	17	(e)	(c)	(c)	(c)	(c)
The notes to financial statements 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 net position are available.	514	70	14	(e)	(c)	(c)	(c)	(c)
The notes to financial statements did not disclose that the fiduciary funds are reported on the accrual basis of accounting.	105	44	42	(e)	20	1	5	(e)
The notes to financial statements did not disclose the portion of each long-term liability that is due within one year of the statement date.	238	28	12	(e)	(c)	(c)	(c)	(c)
The notes to financial statements did not disclose appropriate risk categories by investment type.	19	3	16	(d)	(c)	(c)	(c)	(c)

**EXHIBIT D (CONTINUED)  
COMPLETENESS REVIEWS  
SUMMARY OF DEFICIENCIES  
FOR THE 2012-13 FISCAL YEAR**

Description of Deficiencies - Reports Reviewed for Total of 574 Entities	Charter Schools				District School Boards			
	Number of reports to which criteria applied	Number (a)	Percent (b)	Prior Fiscal Year Percent	Number of reports to which criteria applied	Number (a)	Percent (b)	Prior Fiscal Year Percent
<b>Notes to Financial Statements (Continued)</b>								
The notes to financial statements did not disclose the purposes for interfund balances.	211	24	11	13	(c)	(c)	(c)	(c)
The notes to financial statements did not disclose which governmental funds typically have been used to liquidate other long-term liabilities.	43	38	88	(e)	(c)	(c)	(c)	(c)
The notes to financial statements did not disclose a general description of the principal purposes of interfund transfers.	218	38	17	42	(c)	(c)	(c)	(c)
The notes to financial statements did not disclose whether the amounts of settlements exceeded insurance coverage for each of the past three years and, if applicable, the excess amounts.	486	231	48	16	(c)	(c)	(c)	(c)
The notes to financial statements did not disclose the required contribution rate(s) of plan members, expressed as a rate (amount) per member or as a percentage of covered payroll for defined benefit OPEB plan.	(c)	(c)	(c)	(c)	20	9	45	40
For cost-sharing defined benefit plans, the notes to financial statements did not include the required contributions in dollars and the percentage of that amount contributed for the current and each of the two preceding years.	96	48	50	(e)	(c)	(c)	(c)	(c)
For defined contribution plans, the notes to financial statements did not indicate the name of the plan, identify the entity that administers the plan, or identify the plan as a defined contribution plan.	39	7	18	(e)	(c)	(c)	(c)	(c)
For defined contribution plans, the notes to financial statements did not include information related to actual contributions of plan members or the employer.	32	11	34	(e)	(c)	(c)	(c)	(c)

- Notes: (a) Number of reports for which the deficiency was noted.  
 (b) Percentage of applicable reports for which the deficiency was noted.  
 (c) Criteria not applicable to entity type, or there were no reports for which the deficiency was noted for the 2012-13 fiscal year.  
 (d) Percentage not reported in prior year.  
 (e) Question was included in the Comprehensive Review in the prior year.

**EXHIBIT E  
COMPREHENSIVE REVIEWS  
SUMMARY OF DEFICIENCIES  
FOR THE 2012-13 FISCAL YEAR**

Description of Deficiencies - Reports Reviewed for Sampled Entities	Charter Schools			District School Boards		
	Number of reports to which criteria applied	Number (a)	Percent (b)	Number of reports to which criteria applied	Number (a)	Percent (b)
<b>Auditor's Report on the Financial Statements</b>						
The report did not state that the audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.	43	3	7	(c)	(c)	(c)
The report did not, for accompanying information, state the character of the audit, the degree of responsibility taken, that the audit was performed for the purpose of forming an opinion on the financial statements as a whole, that the purpose of the accompanying information is for additional analysis and the accompanying information is not a required part of the basic financial statements.	13	8	62	(c)	(c)	(c)
<b>Auditor's Report on Internal Control Over Financial Reporting and Compliance</b>						
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	3	6	(c)	(c)	(c)
The report does not state "that the purpose of the report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose."	43	4	9	(c)	(c)	(c)
<b>Financial Statements</b>						
The ending fund balances or net assets shown in the preceding fiscal year's financial statements did not agree with the beginning fund balances, net assets, or net position shown in the current fiscal year's financial statements, and the material differences were not disclosed in the notes to financial statements.	45	1	2	20	5	25
The financial statements contained mathematical errors (nonrounding).	50	4	8	20	3	15

**EXHIBIT E (CONTINUED)  
COMPREHENSIVE REVIEWS  
SUMMARY OF DEFICIENCIES  
FOR THE 2012-13 FISCAL YEAR**

Description of Deficiencies - Reports Reviewed for Sampled Entities	Charter Schools			District School Boards		
	Number of reports to which criteria applied	Number (a)	Percent (b)	Number of reports to which criteria applied	Number (a)	Percent (b)
<b>Notes to Financial Statements - Other Than Pension Plan and Other Postemployment Benefit Disclosures</b>						
The notes to financial statements did not include the policy for capitalizing assets.	41	5	12	(c)	(c)	(c)
The notes to financial statements did not include the method used to value and the valuation basis of inventories and for recognizing inventory expenditures.	6	4	67	(c)	(c)	(c)
The notes to financial statements did not include the current period depreciation expense, with disclosure of the amounts charged to each of the functions in the statement of activities	40	5	13	(c)	(c)	(c)
For deposits shown on the Fund Balance Sheet or Statement of Financial Position, the notes to financial statements did not disclose whether deposits as of the Fund Balance Sheet or Statement of Financial Position date are 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 total deposits and the total amount of bank balances classified by the three categories of custodial credit risk.	41	4	10	(c)	(c)	(c)
The notes to financial statements did not include the beginning and end of year balances for long-term liabilities.	20	5	25	(c)	(c)	(c)
The notes to financial statements did not include the principal and interest requirements to maturity for all outstanding long-term liabilities for each of the five subsequent years and in five increments thereafter for long-term liabilities.	15	3	20	(c)	(c)	(c)
The notes to financial statements did not disclose the increases and decreases for each long-term liability.	19	5	26	(c)	(c)	(c)

**EXHIBIT E (CONTINUED)  
COMPREHENSIVE REVIEWS  
SUMMARY OF DEFICIENCIES  
FOR THE 2012-13 FISCAL YEAR**

Description of Deficiencies - Reports Reviewed for Sampled Entities	Charter Schools			District School Boards		
	Number of reports to which criteria applied	Number (a)	Percent (b)	Number of reports to which criteria applied	Number (a)	Percent (b)
<b>Pension Plan Financial Statement Note Disclosures</b>						
For cost-sharing defined benefit plans, the notes to financial statements did not disclose whether the plan issues a stand-alone financial report, or is included in the report of a public employee retirement system or another entity.	23	3	13	(c)	(c)	(c)
For cost-sharing defined benefit plans, the notes to financial statements did not include the authority under which the obligations to contribute are established, or may be amended.	23	4	17	(c)	(c)	(c)
For cost-sharing defined benefit plans, the notes to financial statements did not include the required contribution rates of active plan members.	23	3	13	(c)	(c)	(c)
For defined contribution plans, the notes to financial statements did not include plan provisions and the authority under which they are established or amended.	17	4	24	20	1	5
<b>Other Postemployment Benefit Plan Financial Statement Note Disclosure</b>						
The notes to financial statements did not disclose the amortization period for the unfunded actuarial liabilities in the most recent actuarial valuation..	(c)	(c)	(c)	20	3	15
<b>Federal Awards</b>						
The Schedule of Expenditures of Federal Awards did not provide the name of the pass through entity and the identifying number assigned by the pass through entity.	11	7	64	(c)	(c)	(c)

Notes: (a) Number of reports for which the deficiency was noted.  
 (b) Percentage of reports for which the deficiency was noted.  
 (c) Criteria not applicable to entity type, or there were no reports for which the deficiency was noted for the 2012-13 fiscal year.