

The School Board of Broward County, Florida

Single Audit Reports
in Accordance With OMB Circular A-133
Fiscal Year Ended June 30, 2014

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**Independent Auditor's 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***

To the Chairperson and Members of
The School Board of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the *Comptroller General of the United States*, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The School Board of Broward County, Florida (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 25, 2014. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's 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 provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "McGladrey LLP".

Fort Lauderdale, Florida
November 25, 2014



Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Chairperson and Members of
The School Board of Broward County, Florida

Report on Compliance for Each Major Federal Program

We have audited the School Board of Broward County, Florida's (the District) compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

The District's basic financial statements include the operations of the discretely presented component units. Our audit, described below, did not include the operations of the discretely presented component units, because these component units engaged other auditors to separately perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 occurred. An audit includes examining, on a test basis, evidence about the District'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2014 and have issued our report thereon dated November 25, 2014 which contained an unmodified opinion on the financial statements. Our audit report was modified to make reference to the report of other auditors with respect to the discretely presented component units. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Fort Lauderdale, Florida
January 14, 2015, except for the Schedule of Expenditures of Federal Awards
which is dated November 25, 2014

The School Board of Broward County, Florida

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor/Pass-Through Entity Program Title	CFDA Number	Pass-through Grantor Number	Expenditures
United States Department of Agriculture:			
Indirect Programs:			
Child Nutrition Cluster:			
Florida Department of Agriculture and Consumer Services:			
National School Lunch Program – Commodities	10.555(2)(A)	None	\$ 6,594,786
Florida Department of Education:			
School Breakfast Program	10.553	321	15,429,116
National School Lunch Program	10.555	300	58,193,098
Summer Food Service Program for Children	10.559	323-325	1,135,503
Total Child Nutrition Cluster			<u>81,352,503</u>
Florida Department of Education:			
Fresh Fruit and Vegetables Program	10.582	None	425,768
Florida Department of Health:			
Child and Adult Care Food Program	10.558	None	<u>1,182,908</u>
Total United States Department of Agriculture			<u>82,961,179</u>
United States Department of Labor:			
Indirect:			
Florida Department of Education:			
Workforce Investment Act – Youth Activities	17.259	None	<u>530,976</u>
Total United States Department of Labor			<u>530,976</u>
United States Department of Transportation:			
Indirect:			
Florida Department of Transportation:			
State and Community Highway Safety	20.600	None	<u>3,684</u>
Total United States Department of Transportation			<u>3,684</u>
United States Department of Education			
Direct:			
Student Financial Aid Cluster			
Federal Supplemental Education Opportunity Grants	84.007	None	144,081
Federal Pell Grant Program	84.063	None	5,117,052
Total Student Financial Aid Cluster			<u>5,261,133</u>
Magnet Schools Assistance	84.165	None	3,456,795
Fund for the Improvement of Education	84.215	None	147,021
Transition to Teaching Program	84.350	None	619,822
High School Graduation Initiative	84.360	None	784,325
Total Direct			<u>10,269,096</u>

(Continued)

The School Board of Broward County, Florida

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2014

Federal Grantor/Pass-Through Entity Program Title	CFDA Number	Pass-through Grantor Number	Expenditures
Indirect:			
Special Education Cluster:			
Florida Department of Education:			
Special Education – Grants to States	84.027	262, 263	\$ 51,276,119
Special Education – Preschool Grants	84.173	266, 267	<u>1,377,564</u>
Total Special Education Cluster			<u>52,653,683</u>
Title I, Part A Cluster:			
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	<u>65,183,582</u>
Total Title I Part A Cluster			<u>65,183,582</u>
School Improvement Grants, Recovery Act Cluster:			
Florida Department of Education:			
School Improvement Grants	84.377	126	5,715,644
ARRA – Title I School Improvement Fund, Recovery Act	84.388	126	<u>334,892</u>
Total School Improvement Grants, Recovery Act			<u>6,050,536</u>
Education of Homeless Children and Youth Cluster:			
Florida Department of Education:			
Education for Homeless Children and Youth	84.196	127	<u>129,019</u>
Total Education of Homeless Children and Youth Cluster			<u>129,019</u>
State Fiscal Stabilization Fund Cluster:			
Florida Department of Education:			
ARRA – Race to the Top Incentive Grants, Recovery Act	84.395	RL111, RG411	<u>5,251,489</u>
Total State Fiscal Stabilization Fund Cluster			<u>5,251,489</u>
Florida Department of Education			
Adult Education – State Grant Program	84.002	191, 193, 194	4,362,866
Migrant Education – State Grant Program	84.011	217	141,660
Career and Technical Education – Basic Grants to States	84.048	151, 161	3,150,170
Charter Schools	84.282	298	821,508
21st Century Community Learning Centers	84.287	244	997,768
English Language Acquisition Grants	84.365	102	2,928,051
Improving Teacher Quality State Grants	84.367	224, 225	8,938,479
Teacher Incentive Fund	84.374	None	<u>2,970,947</u>
Total Indirect			<u>153,579,758</u>
Total United States Department of Education			<u>163,848,854</u>

(Continued)

The School Board of Broward County, Florida

Notes to Schedule of Expenditure of Federal Awards

Federal Grantor/Pass-Through Entity Program Title	CFDA Number	Pass-through Grantor Number	Expenditures
United States Department of Health and Human Services:			
Direct:			
Public Health Service:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	None	\$ 102,930
Head Start	93.600	None	13,742,842
Center For Disease Control:			
Cooperative Agreements to Support Comprehensive Schools Health			
Cooperative Agreements to Promote Adolescent Health Through School Based HIV/STD Prevention and School-Based Surveillance Injury Prevention and Control Research and State Community Based Programs	93.079	None	347,328
Programs to Prevent the Spread of HIV and Other Important Health Problems	93.136	None	76,776
Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	None	11,415
Total Center for Disease Control			<u>435,519</u>
Total Direct			<u>14,281,291</u>
Indirect:			
Florida Agency for Workforce Innovation:			
Cluster:			
Early Learning Coalition of Broward County, Inc:			
Child Care and Development Block Fund	93.575	None	138,653
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	None	269,638
Florida Department of Children and Families:			
ARRA - Child Care and Development Block Grant	93.713	None	155,585
Cluster			<u>563,876</u>
Florida Department of Education:			
Florida Department of Children and Families:			
Temporary Assistance for Needy Families	93.558	None	234,096
Social Services Block Grant	93.667	None	719
Block Grant for Prevention and Treatment of Substance Abuse	93.959	None	220,190
Total Florida Department of Children and Families			<u>455,005</u>
Total Indirect			<u>1,018,881</u>
Total United States Department of Health and Human Services			<u>15,300,172</u>
United States Department of Homeland Security			
Indirect:			
Division of Emergency Management			
Disaster Grants – Public Assistance	97.036	None	179,311
Total United States Department of Homeland Security			<u>179,311</u>
United States Department of Defense:			
Direct:			
Army Junior Reserve Officers Training Corps	Unknown	None	1,518,602
Air Force Junior Reserve Officers Training Corps	Unknown	None	191,011
Marine Corps Junior Reserve Officers Training Corps	Unknown	None	133,710
Navy Junior Reserve Officers Training Corps	Unknown	None	308,483
Total United States Department of Defense			<u>2,151,806</u>
Total Expenditures of Federal Awards			<u>\$ 264,975,982</u>

See Notes to Schedule of Expenditures of Federal Awards.

The School Board of Broward County, Florida

Notes to Schedule of Expenditure of Federal Awards

1. General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the expenditure activity of all federal awards of The School Board of Broward County, Florida (the District), for the year ended June 30, 2014. The District's reporting entity is defined in Note 1 of the District's basic financial statements. All federal awards received directly from federal and indirectly through state agencies, as well as amounts passed through other government agencies are included in the accompanying Schedule of Expenditures of Federal Awards.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the expenditures of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. Some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

3. Subrecipient Awards

Of the federal awards presented in the Schedule, the District provided the following amounts to subrecipients:

Name of Program/Projects	CFDA Number	Amount Provided to Subrecipient
Federal:		
Special Education – Grants to States	84.027	\$ 56,758
Title I Grants to Local Educational Agencies	84.010	2,716,802
Career and Technical Education	84.048	18,372
Charter Schools	84.282	821,508
Improving Teacher Quality State Grants	84.367	85,288
School Improvement Grants	84.377	614,592
ARRA – Race to the Top Incentive Grants, Recovery Act	84.395	847,576
Total Federal Awards		\$ 5,160,896

The School Board of Broward County, Florida

Schedule of Findings and Questioned Costs

Section I – Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X _____ No	
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X _____ No	
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____ No	

Federal Awards

Internal control over major program:

Material weakness(es) identified?	_____ Yes	_____ X _____ No	
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X _____ None reported	

Type of auditor's report issued on compliance for major programs:

		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ Yes	_____ X _____ No	

Identification of major programs:

<u>Federal CFDA No</u>	<u>Name of Federal Program or Cluster</u>
84.002	United States Department of Education: Adult Education - State Grant Program
84.027, 84.173	United States Department of Education: Special Education – Grants to States
84.048	United States Department of Education: Career and Technical Education – Basic Grants to States
84.367	United States Department of Education: Improving Teacher Quality State Grants
84.395	United States Department of Education: ARRA – Race to the Top Incentive Grants, Recovery Act Head Start

Dollar threshold used to distinguish between type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?	_____ X _____ Yes	_____ _____ No	
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The School Board of Broward County, Florida

Schedule of Findings and Questioned Costs (Continued)

Section II – Financial Statement Findings

None reported.

Section III – Federal Awards Findings and Questioned Costs

A. Internal Control over Compliance

None reported.

B. Compliance

None reported.

The School Board of Broward County, Florida

Summary Schedule of Prior Year Audit Findings

I – Financial Statement Findings

No material weaknesses or significant deficiencies reported.

II – Federal Awards Findings and Questioned Costs

No findings or questioned cost deficiencies reported.