

The School Board of Broward County, Florida

Single Audit Reports in Accordance With OMB
Circular A-133
Year Ended June 30, 2013

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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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 5, 2013. 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

This report is intended 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 black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

Fort Lauderdale, Florida
December 5, 2013



**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, 2013. 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*.

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, 2013.

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.

Schedule of Expenditures of Federal Awards

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, 2013 and have issued our report thereon dated December 5, 2013 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 our opinions on the financial statements as a whole. 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 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 financial statements or to the 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.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of management of the District, the Chairperson and Members of the School Board of Broward County, Florida and the Chairperson and Members of the District's Audit Committee, the Auditor General of the State of Florida, federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

McGladrey LLP

Fort Lauderdale, Florida
January 13, 2014, except for the Schedule of Expenditures of Federal Awards
which is dated December 5, 2013

The School Board of Broward County, Florida

Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

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	\$ 5,864,486
Florida Department of Education:			
School Breakfast Program	10.553	321	14,683,919
National School Lunch Program	10.555	300	55,612,789
Summer Food Service Program for Children	10.559	323-325	958,359
Total Child Nutrition Cluster			<u>77,119,553</u>
Florida Department of Education:			
Fresh Fruit and Vegetables Program	10.582	None	514,007
Florida Department of Health:			
Child and Adult Care Food Program	10.558	None	<u>397,253</u>
Total United States Department of Agriculture			<u>78,030,813</u>
United States Department of Labor:			
Indirect:			
Florida Department of Education:			
Workforce Investment Act – Youth Activities	17.259	None	<u>347,592</u>
Total United States Department of Labor			<u>347,592</u>
United States Department of Transportation:			
Indirect:			
Florida Department of Transportation:			
State and Community Highway Safety	20.600	None	<u>88,405</u>
Total United States Department of Transportation			<u>88,405</u>
United States Department of Education			
Direct:			
Student Financial Aid Cluster			
Federal Supplemental Education Opportunity Grants	84.007	None	148,299
Federal Pell Grant Program	84.063	None	<u>4,969,158</u>
Total Student Financial Aid Cluster			<u>5,117,457</u>
Magnet Schools Assistance	84.165	None	2,600,495
Safe and Drug-Free Schools and Communities – National Programs	84.184	None	236,597
Fund for the Improvement of Education	84.215	None	272,400
Transition to Teaching Program	84.350	None	662,515
Early Reading First	84.359	None	61,816
High School Graduation Initiative	84.360	None	<u>1,059,716</u>
Total Direct			<u>10,010,996</u>

(Continued)

The School Board of Broward County, Florida

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

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	\$ 54,131,738
Special Education – Preschool Grants	84.173	266, 267	1,347,787
Total Special Education Cluster			<u>55,479,525</u>
Title I, Part A Cluster:			
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	60,684,343
ARRA – Title I Grants to Local Educational Agencies, Recovery Act	84.389	212, 222, 226	401,630
Total Title I Part A Cluster			<u>61,085,973</u>
School Improvement Grants, Recovery Act Cluster:			
Florida Department of Education:			
School Improvement Grants	84.377	126	5,959,663
ARRA – Title I School Improvement Fund, Recovery Act	84.388	126	2,557,532
Total School Improvement Grants, Recovery Act			<u>8,517,195</u>
Education of Homeless Children and Youth Cluster:			
Florida Department of Education:			
Education for Homeless Children and Youth	84.196	127	91,778
Total Education of Homeless Children and Youth Cluster			<u>91,778</u>
State Fiscal Stabilization Fund Cluster:			
Florida Department of Education:			
ARRA – Race to the Top Incentive Grants, Recovery Act	84.395	RL111, RG411	3,993,972
Total State Fiscal Stabilization Fund Cluster			<u>3,993,972</u>
Florida Department of Education			
Adult Education – State Grant Program	84.002	191, 193, 194	4,057,327
Migrant Education – State Grant Program	84.011	217	216,499
Career and Technical Education – Basic Grants to States	84.048	151, 161	2,813,484
Safe and Drug-Free School and Communities – State Grants	84.186	103	4,475
Charter Schools	84.282	298	2,049,250
21st Century Community Learning Centers	84.287	244	1,202,609
English Language Acquisition Grants	84.365	102	3,145,471
Improving Teacher Quality State Grants	84.367	224, 225	10,563,499
Teacher Incentive Fund	84.374	None	57,356
Total Indirect			<u>153,278,413</u>
Total United States Department of Education			<u>163,289,409</u>

(Continued)

The School Board of Broward County, Florida

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

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	109,710
Head Start	93.600	None	15,197,756
Center For Disease Control:			
Injury Programs	93.136	None	71,891
Problems	93.938	None	346,709
Total Center for Disease Control			<u>418,600</u>
Total Direct			<u>15,726,066</u>
Indirect:			
Florida Agency for Workforce Innovation:			
Cluster:			
Early Learning Coalition of Broward County, Inc:			
Child Care and Development Block Fund	93.575	None	86,897
Child care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	None	140,632
Cluster			<u>227,529</u>
Florida Department of Education:			
Florida Department of Children and Families:			
Temporary Assistance for Needy Families	93.558	None	228,213
Social Services Block Grant	93.667	None	411
Block Grant for Prevention and Treatment of Substance Abuse	93.959	None	303,178
Total Florida Department of Children and Families			<u>531,802</u>
Total Indirect			<u>759,331</u>
Total United States Department of Health and Human Services			<u>16,485,397</u>
United States Department of Homeland Security			
Indirect:			
Division of Emergency Management			
Disaster Grants – Public Assistance	97.036	None	237,292
Total United States Department of Homeland Security			<u>237,292</u>
United States Department of Defense:			
Direct:			
Army Junior Reserve Officers Training Corps	Unknown	None	1,486,260
Air Force Junior Reserve Officers Training Corps	Unknown	None	171,993
Marine Corps Junior Reserve Officers Training Corps	Unknown	None	129,626
Navy Junior Reserve Officers Training Corps	Unknown	None	296,718
Total United States Department of Defense			<u>2,084,597</u>
Total Expenditures of Federal Awards			<u>\$ 260,563,505</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, 2013. 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 assets 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	\$ 46,336
Title I Grants to Local Educational Agencies	84.010	2,262,309
Career and Technical Education	84.048	15,840
Charter Schools	84.282	2,049,250
Improving Teacher Quality State Grants	84.367	141,057
School Improvement Grants	84.377	838,365
ARRA – Race to the Top Incentive Grants, Recovery Act	84.395	126,522
Total Federal Awards		\$ 5,479,679

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
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Identification of major programs:

<u>Federal CFDA No</u>	<u>Name of Federal Program or Cluster</u>
10.555, 10.553, 10.555, 10.559	United States Department of Agriculture: Child Nutrition Cluster
84.010, 84.389	United States Department of Education: Title I, Part A Cluster
84.365	United States Department of Education: English Language Acquisition Grants
84.377, 84.388	United States Department of Education: School Improvement Grants, Recovery Act Cluster
84.395	United States Department of Education: State Fiscal Stabilization Fund Cluster
93.600	United States Department of Health and Human Services: 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

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

Finding #	Grant Title / Grant CFDA#	Finding Title / Condition	Status
2012-01 Allowable Cost and Procurement	Child Nutrition Cluster 10.553, 10.555 and 10.559	The District transferred \$625,202 of Special Revenue-Food Service moneys to the General Fund to reimburse the General Fund for time clocks purchased during the 2004-05 fiscal year, without preauthorization for the transfer, resulting in questioned costs.	Corrected
2012-02 Allowable Cost	Child Nutrition Cluster 10.553, 10.555 and 10.559	District records did not always evidence that the food service program director preapproved charges to the Child Nutrition Cluster program.	Corrected