

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**

**AUDITOR'S REPORTS REQUIRED BY  
THE OFFICE OF MANAGEMENT  
AND BUDGET (OMB) CIRCULAR A-133,  
AS RESTATED**

**For the Year Ended June 30, 2013**

APPROVED  
ESCAMBIA COUNTY SCHOOL BOARD

NOV 18 2014

MALCOLM THOMAS, SUPERINTENDENT  
VERIFIED BY RECORDING SECRETARY

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**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, AS RESTATED**  
**For the Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
<b>United States Department of Agriculture:</b>				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	321	\$ 3,562,609	\$ -
National School Lunch Program	10.555	(2) None	1,075,889	-
National School Lunch Program	10.555	300, 350	10,624,035	-
Summer Food Service Program for Children	10.559	323	75,283	-
<b>Total Child Nutrition Cluster</b>			<u>15,337,816</u>	<u>-</u>
Florida Department of Agriculture and Consumer Services:				
Fresh Fruit and Vegetable Program	10.582	330	49,044	-
<b>Total United States Department of Agriculture</b>			<u>15,386,860</u>	<u>-</u>
<b>United States Department of Labor:</b>				
Indirect:				
WIA Cluster:				
Workforce Escarosa, Inc.:				
WIA Youth Activities	17.259	WIA-2010-2011-03	467,425	-
<b>Total United States Department of Labor</b>			<u>467,425</u>	<u>-</u>
<b>United States Department of Education:</b>				
Direct:				
Student Financial Assistance Cluster:				
Federal Pell Grant Program	84.063	N A	1,075,381	-
<b>Total Federal Student Aid Cluster</b>			1,075,381	-
Impact Aid	84.041	(3) N A	701,600	-
<b>Total Direct</b>			<u>1,776,981</u>	<u>-</u>
Indirect:				
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027	262, 263	10,616,469	-
Special Education - Preschool Grants	84.173	266, 267	454,256	-
<b>Total Special Education Cluster</b>			<u>11,070,725</u>	<u>-</u>
Title I, Part A Cluster:				
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212, 222, 223, 226, 228	12,233,234	-
<b>Total Title I, Part A Cluster</b>			<u>12,233,234</u>	<u>-</u>
School Improvement Grants Cluster:				
Florida Department of Education:				
School Improvement Grants	84.377	126	2,054,715	-
ARRA - School Improvement Grants, Recovery Act	84.388	126	668,653	-
<b>Total School Improvement Grants Cluster</b>			<u>2,723,368</u>	<u>-</u>

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, AS RESTATED**

For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
<b>United States Department of Education (Continued):</b>				
Education for Homeless Children and Youth Cluster:				
Florida Department of Education:				
Education for Homeless Children and Youth	84.196	127	\$ 80,397	\$ -
<b>Total Education for Homeless Children and Youth Cluster</b>			<u>80,397</u>	<u>-</u>
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191	164,730	-
Career and Technical Education - Basic Grants to States	84.048	161	641,045	-
Charter School Start Up Grants	84.282	298	29,157	29,157
English Language Acquisition Grants	84.365	102	30,753	-
Improving Teacher Quality State Grants	84.367	224, 225	2,353,209	-
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top, Recovery Act	84.395	RL111	2,490,309	-
Mathematics and Science Partnerships	84.366	None	55,996	-
<b>Total Florida Department of Education</b>			<u>5,765,199</u>	<u>29,157</u>
<b>Total Indirect</b>			<u>31,872,923</u>	<u>29,157</u>
<b>Total United States Department of Education</b>			<u>33,649,904</u>	<u>29,157</u>
<b>United States Department of Health and Human Services:</b>				
Direct:				
Early Retiree Reinsurance Program	93.546	None	201,850	-
Indirect:				
Community Action Community - Head Start:				
Head Start Title I Preschool	93.600	None	395,946	-
<b>Total United States Department of Health and Human Services</b>			<u>597,796</u>	<u>-</u>
<b>United States Department of Homeland Security:</b>				
Indirect:				
Florida Division of Emergency Management:				
Hazard Mitigation Planning Grant	97.039	10HM-17-01-27-03-011	1,870	-
<b>Total United States Department of Homeland Security</b>			<u>1,870</u>	<u>-</u>
<b>United States Department of Defense:</b>				
Direct:				
Army Junior Reserve Officers Training Corps	None	N A	66,603	-
Air Force Junior Reserve Officers Training Corps	None	N A	53,069	-
Navy Junior Reserve Officers Training Corps	None	N A	315,936	-
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	N A	1,011,015	-
<b>Total United States Department of Defense</b>			<u>1,446,623</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 51,550,478</u>	<u>\$ 29,157</u>

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule.

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,  
AS RESTATED**

**For The Year Ended June 30, 2013**

**1. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards ("Schedule ") is presented using the modified accrual basis of accounting. Under the modified accrual basis, revenue is recognized if it is measurable and available for use during the year. Expenditures are recognized in the period liabilities are incurred, if measurable. The amounts reported in the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements were prepared.

**2. Nonmonetary Federal Financial Assistance-Donated Foods**

National School Lunch Program - Represents the amount of donated food received during the fiscal year. Donated food is valued at fair value, as determined at the time of donation by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution.

**3. Impact Aid**

Expenditures include \$30,885 related to grant number/program 19-FL-2007-0001, \$31,414 related to grant number/program 19-FL-2008-0001, \$12,215 related to grant number/program 19-FL-2009-0001, \$22,102 related to grant number/program 19-FL-2010-0001, \$69,563 related to grant number/program 19-FL-2011-0001, and \$535,421 related to grant number/program 19-FL-2013-0001.

**4. Restatement**

During fiscal year 2015, the District determined that expenditures related to the School Improvement Grant cluster were misclassified as expenditures related to the Title I, Part A cluster on the June 30, 2013 Schedule of Expenditures of Federal Awards. Accordingly, the District determined that a restatement of the Schedule of Expenditures of Federal Awards to reclassify the following items below was appropriate:

CFDA No.	Name	(Decrease) Increase
84.010	Title I Grants to Local Educational Agencies	\$ (2,054,715)
84.389	ARRA - Title I Grants to Local Educational Agencies	(668,653)
84.377	School Improvement Grants	2,054,715
84.388	ARRA - School Improvement Grants	668,653
	Total	<u>\$ -</u>

Total expenditures of federal awards did not change from those previously reported as a result of these corrections.



MOORE STEPHENS  
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

**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***

Chairman and Members of  
The District School Board of Escambia 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 District School Board of Escambia 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 16, 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 control 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 over financial reporting 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.

Chairman and Members of  
The District School Board of Escambia County, Florida

### **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*.

We noted certain other matters that we reported to management in a separate letter dated December 16, 2013.

### **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 results 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.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
December 16, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

Chairman and Members of  
The District School Board of Escambia County, Florida

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the District School Board of Escambia County, Florida (the "District"), with the types of compliance requirements described in the U.S. 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 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.



Chairman and Members of  
The District School Board of Escambia County, Florida

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2013-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-001 that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Chairman and Members of  
The District School Board of Escambia County, Florida

### **Purpose of this Report**

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 basic 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 the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 16, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. Our report on the basic financial statements included disclosures regarding our reference to the reports of other auditors. 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 basic 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 Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
December 16, 2013, except as to Note 4 to the  
schedule of expenditures of federal awards and  
CFDA Nos. 84.010, 84.377, 84.388, and 84.389,  
which are as of October 15, 2014.

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS,  
AS RESTATED**

**For the Year Ended June 30, 2013**

**Section I - Summary of Independent Auditor's Results**

**Financial Statements**

**Type of Auditor's Report Issued:**

**Unmodified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes      X No
- Significant deficiency(ies) identified? \_\_\_ Yes      X None reported

Noncompliance material to financial statements noted? \_\_\_ Yes      X No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes      X No
- Significant deficiency(ies)? X Yes      \_\_\_ None reported

Type of report issued on compliance for major federal programs: **Unmodified Opinion**

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

**Identification of Major Programs:**

<b><u>CFDA Numbers</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
84.027, 84.173	Special Education Cluster (IDEA)
84.010	Title I, Part A
84.377, 84.388 ARRA	School Improvement Grants Cluster
84.395	ARRA – Race-to-the-Top

Dollar threshold used to distinguish between Type A and Type B programs: \$1,546,514

Auditee qualified as low-risk auditee? \_\_\_ Yes      X No

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS,  
AS RESTATED (*Continued*)**

**For the Year Ended June 30, 2013**

**Section II – Findings Related to the Financial Statement Audit, as required to be reported in accordance with *Government Auditing Standards*.**

No matters are reported.

**Section III – Federal Award Findings and Questioned Costs Section reported in accordance with OMB Circular A-133.**

***2013-001 – Schedule of Expenditures of Federal Awards (“SEFA”)***

***Federal Agency***

United States Department of Education

***Pass-Through Entity***

Florida Department of Education

***Programs***

Title I, Part A (CFDA No. 84.010)

School Improvement Grants Cluster (CFDA Nos. 84.377 and 84.388 ARRA)

***Finding Type***

Noncompliance and Significant Deficiency in Internal Control over Compliance

***Criteria – Reporting***

Section 300 of OMB Circular A-133 requires recipients of federal awards to identify, in its accounts, all federal awards received and expended, and the federal programs under which they were received. Furthermore, Section 200 of OMB Circular A-133 requires the recipient or subrecipient of federal awards meeting the audit threshold requirements in any fiscal year of the nonfederal entity, to have a federal single audit conducted, which includes the testing of Type A programs that are not considered low-risk.

***Condition Found***

We noted that expenditures incurred during the year ended June 30, 2013 for the School Improvement Grants Cluster (CFDA Nos. 84.377 and 84.388 ARRA) were misclassified on the District’s SEFA as expenditures under the Title I, Part A Cluster (CFDA Nos. 84.010 and 84.389 ARRA). As a result, the expenditures for both federal programs were not reported correctly and the School Improvement Grants Cluster was not properly identified as a major federal program in the District’s single audit.

***Questioned Costs***

None

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS,  
AS RESTATED *(Continued)***

**For the Year Ended June 30, 2013**

**Section III – Federal Award Findings and Questioned Costs Section reported in accordance with OMB Circular A-133 *(Continued)***

***2013-001 – Schedule of Expenditures of Federal Awards (“SEFA”)(Cont.)***

***Context***

This finding appears to be a result of human error in the compiling of grant expenditures on the SEFA. The District implemented new accounting software and related procedures in fiscal year 2013 which may have led to this mislabeling of CFDA awards.

***Cause***

Due to the mislabeling of CFDA awards in the new software, the program expenditures for the School Improvement Grants Cluster were improperly identified as Title I, Part A expenditures on the District’s SEFA.

***Effect***

As a result of misclassifying the expenditures for the School Improvement Grants Cluster (CFDA Nos. 84.377 and 84.388 ARRA), this program was not selected as a major program during fiscal year 2013.

***Recommendation***

We recommend that the District review its existing process for identifying and reporting federal grants for inclusion in the schedule of expenditures of federal awards to ensure that it is adequately comprehensive to classify all expenditures appropriately.

***Management’s Response***

The District will take care to improve its process for properly classifying federal expenditures under appropriate CFDA numbers. A broader review system will be implemented which will include a double check of each classification of federal awards against the reported program expenditures. In this and future cases, ARRA funding will be researched as needed in order to ensure that major programs are correctly identified for reporting purposes.

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**For the Year Ended June 30, 2013**

**2011 FEDERAL AUDIT FINDINGS**

<u>Prior Year Reference Number</u>	<u>Corrective Action Not Yet Complete</u>	<u>Comment Has Been Addressed Or Is No Longer Relevant</u>
Federal Awards Finding No. 1		x
Federal Awards Finding No. 2		x
Federal Awards Finding No. 3		x
Federal Awards Finding No. 4		x
Federal Awards Finding No. 5		x